

# The US Could Tariff China's \$3.5 Billion Mega Port in Peru

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View of the Chancay mega port in the small town of Chancay, north of the Peruvian capital Lima, on Oct. 29, 2024. Cris Bouroncle/AFP via Getty Images



By Anders Corr

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*Commentary*

Xi Jinping opened a mega port in Peru on Nov. 15. Beijing plans to make the **\$3.5 billion** deepwater port the start of a road network that reaches throughout Latin America and extracts raw materials like lithium, iron ore, and soybeans in exchange for China's electric vehicles, electronics, and other exports.

China already exports **\$33 billion** more annually to Latin America than the other way around. The port will accelerate that dynamic, which used to be denounced as mercantilism: a country's accumulation of wealth through massive exports combined with tariffs and regulations that limit imports. Now, economists with links to corporations that export to China defend its trade accumulation like it were their own.

The aggressive mercantilism of the Chinese Communist Party (CCP) is why U.S. President-elect Donald Trump has made such a big deal of China's nearly **\$1 trillion** annual global trade deficit, despite the economists, and why he plans to give China back some of its own medicine in the form of high tariffs—as much as 60 percent. These tariffs, which could get even higher, will punish the CCP and help revive U.S. manufacturing, which are compelling reasons.

But they will not stop the CCP from shifting its trade and growing its power elsewhere. Beijing's answer to the tariffs will, in part, be to shift exports that previously went to the United States to Latin America and other parts of the "Global South," including Africa, South Asia, and Southeast Asia. Xi will use trade with other countries, combined with anti-U.S. ideology, to try and reorient the world away from Washington and to Beijing, not only economically but also diplomatically. That is the nature of the geopolitical conflict that Beijing decided to pursue against the United States.

The CCP is using the wealth China accumulates through trade to build a global military that is on its way to being more powerful than the U.S. military. At that point, the CCP will be able to impose authoritarian measures globally at an even faster rate than it is achieving now with its influence in places like Russia, Iran, and North Korea.

Ultimately, the CCP wants [global hegemony](#), as is well-recognized by experts. To get there, the CCP could use a more powerful People's Liberation Army (PLA) to start taxing U.S. international trade or impound U.S. commercial and naval ships. This would give the CCP even greater wealth and military power to impose its influence.

The PLA's rapid expansion on the back of China's growing trade puts the world at a [tipping point](#) that threatens to replace the U.S. rules-based order since after World War II with a far more authoritarian and communist version led by the CCP that could then be used to transform democracies and free markets everywhere into the image of the CCP. Just look at what the CCP has done to places like Xinjiang, Tibet, Hong Kong, and the South China Sea for clues as to what it will do to the rest of the world if it gets the chance.

The Peruvian mega port, called the Port of Chancay, is emblematic of this shift in favor of the CCP. It is much more than a port for Beijing. The CCP will—for the first time and by contract with Peru—have near total control of what goes in and out of the port, including from outside of Peru. This is unprecedented for a China-built port anywhere in the world, and there are many.

The CCP's Peru contract is for [30 years](#) and was conducted without public consultation. Beijing will likely use the port for military and intelligence purposes in addition to trade. Lima, the capital of Peru, will be unable to do much, given that it gave away its sovereign rights to decide imports and exports. Lima's giveaway of these rights was reportedly a mistake and later disputed by Peru. Still, Beijing refused to change the contract and threatened the country with sufficient consequences to get it to back down.

The port is, therefore, arguably more the sovereign territory of China now than of Peru. This is likely why Xi opened the port personally—he sees it as part of his historical legacy and the expansion of CCP control of global trade at a qualitatively higher level that compromises the sovereignty of the countries where the CCP operates.

Chancay is something like the port of Hong Kong was to the British Empire for over 150 years—a lucrative and sovereign gateway of trade

to an entire continent. The CCP's disruption of Peru's sovereignty is yet another piece of evidence that the CCP's denunciation of British or American "imperialism" is hypocritical and self-serving. Beijing is only against the imperialism of others, not of itself.

Latin America used to be under the protection of the [U.S. Monroe Doctrine of 1823](#). President James Monroe would not allow authoritarian powers like the Spanish or British empires to meddle there. Now, Washington allows what is arguably a far worse authoritarian threat—the CCP—near free rein on the continent. The United States does so because of the failed policy of allowing the privileges of global free trade to CCP-controlled China.

Nobody ever elected the CCP. It has no popular mandate. So there is no ethical reason that the United States or our allies should give the same trade privileges to CCP-controlled territory as we do to democracies and our other allies and partners. The CCP has no right to impose its control over China, much less over a Peruvian port over 10,000 miles away, even if the Peruvian president was tricked into signing an unenforceable contract giving away the country's sovereignty.

Meanwhile, the CCP is bullying the U.S. Navy and our partners in places like the South China Sea and Taiwan Strait, through both of which we are allowed by international law to traverse. As long as China is complicating U.S. and allied shipping in those places, there are plenty of ways for the United States to respond in kind by complicating CCP-controlled shipping to Latin America.

At least until the CCP retreats from its illegal claims over Taiwan and the South China Sea, the United States could easily impose a [30 percent tariff](#) on China's Latin America trade to help our South China Sea partners, including Taiwan and the Philippines, with their defense expenditures. If China's massive cargo ships do not pay the tax, the U.S. Navy could impound and sell them to even better effect.

Given the growing U.S. national debt, this is the kind of winning financial approach to China that Trump accomplished so well in the past. His tariffs on China in his first term were shocking at first but gradually accepted globally, including by the Europeans, who now

impose their own tariffs on China. Anything less than taxing China's global shipping, and countries like Taiwan and the Philippines will not have the money to defend themselves. Countries like Peru will be tricked into giving away their sovereignty, thus opening themselves to exploitation by the CCP. That would be to the detriment of the United States, liberty, democracy, human rights, international law, and, in the long run, the entire world.

*Views expressed in this article are opinions of the author and do not necessarily reflect the views of The Epoch Times.*

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**Anders Corr**

Author

Anders Corr has a bachelor's/master's in political science from Yale University (2001) and a doctorate in government from Harvard University (2008). He is a principal at Corr Analytics Inc., publisher of the Journal of Political Risk, and has conducted extensive research in North America, Europe, and Asia. His latest books are "The Concentration of Power: Institutionalization, Hierarchy, and Hegemony" (2021) and "Great Powers, Grand Strategies: the New Game in the South China Sea" (2018).



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