China’s Digital Silk Road: Challenges and Opportunities for Latin America and the Caribbean

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Abstract. The Belt and Road Initiative (BRI) is a Beijing-led format for international cooperation through the building of land and sea corridors connecting China with other countries and regions. One of its pillars is the Digital Silk Road (DSR), which aims to reduce the digital divide and improve the digital connectivity of the participating countries. The COVID-19 pandemic has led to the DSR’s activation, which makes it urgent to study its practical implementation in different regions. The aim of this article is to analyze the conceptual foundations of the DSR and its implementation in Latin America and the Caribbean (LAC). The study relies on the technology leadership theory, which allows considering the DSR as an alternative format of cooperation used by China to reform digital international relations. Since it challenges the technological dominance of the West, especially the United States, the power transition theory is also of heuristic value. The methodological basis of the research covers a wide range of general scientific methods of political analysis. The primary sources of empirical analysis are government documents, papers of think tanks, international organizations and forums, statistical data, interactive maps, speeches by officials, etc. In the course of the study, the following objectives are achieved: to trace the evolution of the DSR concept in the official policy discourse; to systematize scientific works on the issue; to highlight key elements of the initiative; to identify opportunities and limitations for its implementation in the LAC region; to present the US response to the intensification of Sino-LAC digital cooperation. It is concluded that the DSR plays an important role in achieving the strategic objective of transforming China into a technological superpower. Therefore, it is highly likely to become a backbone of cooperation under the BRI.

Key words: Belt and Road Initiative, digital infrastructure, digital geopolitics, COVID-19 pandemic, US-Chinese confrontation, technology leadership, power transition theory

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Цифровой Шелковый путь КНР: вызовы и возможности для региона Латинской Америки и Карибского бассейна

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Аннотация. Инициатива «Пояс и путь» — предложенный Пекином формат международного сотрудничества посредством строительства сухопутных и морских коридоров, соединяющих Китай с другими странами и регионами. Одним из ее направлений выступает Цифровой Шелковый путь (ЦШП), стратегической целью которого заявлено сокращение цифрового разрыва и улучшение цифровой связанности стран-участниц. Пандемия COVID-19 привела к активизации ЦШП, что обусловливает актуальность изучения его практического внедрения в разных регионах мира. Цель исследования — анализ концептуальных оснований ЦШП, а также возможностей и ограничений реализации проекта в регионе Латинской Америки и Карибского бассейна (ЛАКБ). Автор опирается на концепцию технологического лидерства, что позволяет рассмотреть ЦШП как альтернативный формат сотрудничества, продвигаемый Китаем для реформирования международных отношений в цифровой сфере. Поскольку это бросает вызов технологическому доминированию Запада, в первую очередь США, эвристическую ценность имеет также теория властного транзита. Методологическую основу исследования составляет широкий спектр общеучёных методов политического анализа. Основными источниками для эмпирического анализа служат правительственные документы, материалы аналитических центров, международных организаций и форумов, статистические данные, интерактивные карты, выступления официальных должностных лиц и т. д. Получены следующие результаты: прослежена эволюция концепта «Цифровой Шелковый путь» в официальном политическом дискурсе КНР; систематизированы научные работы по теме; выделены ключевые элементы данной инициативы; определены возможности и ограничения ее внедрения в регионе ЛАКБ; охарактеризована реакция США на активизацию китайско-латиноамериканского сотрудничества в цифровой сфере. Автор пришел к выводу, что ЦШП играет важную роль в реализации стратегической задачи по превращению КНР в технологическую сверхдержаву, поэтому с большой долей вероятности он станет основой сотрудничества в рамках «Пояса и пути».

Ключевые слова: Пояс и путь, цифровая инфраструктура, цифровая геополитика, пандемия COVID-19, противостояние США и КНР, технологическое лидерство, теория властного транзита

Заявление о конфликте интересов. Автор заявляет об отсутствии конфликта интересов.


Introduction

The Belt and Road Initiative (BRI) is a new format of international cooperation aimed at China’s large-scale entry into the global market by creating trade and economic corridors supported by the necessary cross-border infrastructure. As these corridors connect China with other countries and regions by both land and by sea, the initiative officially has two dimensions: the land-based (Trans-Eurasian) Silk Road Economic Belt and the 21st Century Maritime Silk Road (MSR). In recent years, the project has increasingly diversified, including such cooperation directions as the Green Silk Road, the Health Silk Road, and the Digital Silk Road (DSR).
The DSR’s strategic goal is to reduce the digital divide and improve the digital connectivity of participating countries. Until 2020, this vector was overshadowed by logistics projects and trade-economic ties; however, during the COVID-19 pandemic, China increased funding for research and development (R&D), which activated DSR cooperation. This underscores the relevance of studying its practical implementation in different regions of the world. The purpose of this article is to analyze the conceptual framework of the DSR, as well as the opportunities and limitations of its implementation in the Latin American and Caribbean (LAC) region, which has been considered a “natural extension” of the MSR since 2018.

Conceptual Framework

The key concept of the article — the Digital Silk Road — is closely linked to the idea of building the BRI as a new platform for international cooperation, first officially unveiled by Chinese President Xi Jinping in the autumn of 2013. In March 2015, the Chinese government approved the program document “Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road,” highlighting the need to create infrastructure to connect Asia with Europe and Africa, and indicating some elements of the DSR in the current understanding (cross-border and transcontinental fiber-optic networks, satellite communication, etc.), but it was the term “Information Silk Road” (Xin xi si chou zhi lu) used to designate them.2

In the same year, a series of programs were adopted to promote the development of advanced technologies, including “Made in China 2025” and “Internet+”. In December, the second World Internet Conference (WIC–2015) took place, attended by representatives from more than 120 countries, including six heads of state and government. At the opening ceremony, Xi Jinping emphasized the importance of building a “digital China” and proposed to jointly create “a community with a shared future in cyberspace” by forming a global Internet infrastructure, launching an online platform for cultural exchanges and mutual learning, developing the digital economy, securing cyberspace, and promoting fair Internet governance.3 A thematic sub-forum of the WIC–2015 discussed key issues of digital cooperation between BRI participating countries (Cheng, 2022, p. 274). In 2016, the 13th Five-Year Plan (2016–2020) for China’s development was adopted, in which the term “Online Silk Road” (Wang shang si chou zhi lu) was used once, but in a narrow sense — in the context of high-speed Internet.4

The concept of the Digital Silk Road (Shu zi si chou zhi lu) was officially introduced into the political discourse in May 2017 at the First Belt and Road Forum for International Cooperation. In his speech, Xi Jinping emphasized that the BRI should become a road of innovations to turn it into a “Digital Silk Road of the 21st Century,” for which it is necessary to activate cooperation in areas such as the digital economy, artificial intelligence (AI), nanotechnology, and quantum computing, and to advance the development of big data, cloud computing, and smart cities.5

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5 President Xi’s Speech at Opening of Belt and Road Forum // China Internet Information Center. May 15, 2017. URL: http://www.china.org.cn/english/china_key_words/2017-05/15/content_41055107.htm (accessed: 30.11.2023).
It should be noted that by that time, according to the estimates of McKinsey Global Institute, China had already become a force to be reckoned with in digital technologies and possessed tremendous growth potential. Thus, by early 2017, it had concentrated 42% of global e-commerce (about 10 years ago it was less than 1%) and entered the top three in the world for venture capital investment in key types of digital technology, including virtual reality, 3D printing, robotics, autonomous vehicles, drones, and AI.6

Since 2017, the concept of the DSR has been increasingly used in official discourse. In April 2018, at the National Cybersecurity and Informatization Work Conference, Xi Jinping announced China’s intention to become a cyber superpower and to use the BRI as an opportunity to strengthen cooperation with other countries, especially developing ones, and jointly build the DSR. The head of state’s speech is notable for providing a comprehensive overview of priorities in digital development not only at the national level, but also at the global level, expressing the desire to actively participate in cyberspace governance processes.7 A year later, at the Second Belt and Road Forum, the President of China, stressing the need to keep pace with the trends of the Fourth Industrial Revolution (4IR), and once again called for the joint establishment of the Digital Silk Road and the Silk Road of Innovations.8

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been ongoing for a month and a half at the time of the report’s release) and the US efforts to provide alternative infrastructure projects for developing countries.\textsuperscript{10}

The CFR report, on the contrary, claims that although some Chinese companies involved in DSR projects are nominally private, they are closely linked to the state. According to the report, China has signed DSR agreements with at least 16 countries, but the true number is likely much larger, as many of these go unreported. Some estimates suggest that one-third of BRI participants (138 at that point) are working with China on DSR projects. DSR-related investments are expected to grow significantly throughout the 2020s.\textsuperscript{11}

A report was also issued by the Spanish Instituto for Strategic Studies (Instituto Español de Estudios Estratégicos, IEEE), the research center of the Ministry of Defense of Spain. IEEE experts assessed the DSR as one of the tools of China’s global expansion, ensuring its emergence as a world power. The United States and the European Union have to develop new competitive strategies in order to continue shaping the technological development of the world.\textsuperscript{12}

At the beginning of 2021, the CFR published a paper by Argentine researcher Jorge Malena, which traces the evolution of the DSR concept and analyzes the DSR’s extension to LAC. At the same time, the author’s caution in assessments is noticeable. On the one hand, he highlights many risks, often referring to the US vision of the Chinese project; on the other hand, he understands that Latin American countries lack telecommunication technologies and need to modernize digital infrastructure.\textsuperscript{13}

Another paper, published in 2021, was written by Jonathan Hillman, a senior fellow at the Center for Strategic and International Studies (CSIS). He considers the DSR as a China-centric concept wrapped in fuzzy rhetoric about cooperation and mutual benefits. In his opinion, the mistake of Western IT companies was that they focused primarily on larger, richer markets. Digital disparities emerged between developed and developing countries, between urban and rural areas, and between rich and poor. China, focusing on developing markets, turned these fault lines into runways for its tech giants (Hillman, 2021).

LSE IDEAS, the London School of Economics and Political Science’s think tank, published its analysis of the DSR. According to the authors, assessments of BRI’s drivers are often focused on China’s political ties with participating countries, trade, financial institutions, and traditional (“hard”) infrastructure — railways, ports, etc. However, the digital (“soft”) aspects tend to be overlooked. Meanwhile, China is encouraging its companies to build digital infrastructure abroad, generating security externalities. This thesis is substantiated by the authors using the example of Huawei’s activities in Nigeria.\textsuperscript{14}


A report analyzing the DSR’s implementation in Central Asia was prepared by the US experts from the Davis Center for Russian and Eurasian Studies in cooperation with researchers from Kazakhstan. It notes that the Chinese government has stretched the reach of its project to include countries all around the world, but the region is central to the BRI for historical, geographical and strategic reasons. China’s digital policy in Central Asia has been quite successful due to a mix of state-backed loans and agreements, big corporations’ investments, and small traders’ cross-border commercial activities.

The London-based International Institute for Strategic Studies (IISS) issued two special reports on the DSR. The first one, published in February 2021, states that the escalating geopolitical dispute between the United States and China is taking place on the fault line of global telecommunications infrastructure and digital technologies. Beijing is using both public and private sector companies to integrate Chinese technologies and standards into the digital ecosystems of the least-developed, emerging and developed economies alike. In analyzing DSR-related projects, the authors categorize them into three main types:

— digital platforms (e-commerce, e-governance, and financial technologies);
— digital services (smart cities, security information systems, and data centers);
— digital infrastructure (fiber optics, telecommunications, 5G networks, and satellite tracking ground stations).

The authors of the report believe that although the DSR is officially touted as part of the BRI, it differs in scope, the types of projects included, and the relationship between key stakeholders and the Chinese government. This would suggest that the DSR is a larger initiative in its own right, and that its future development might also be less dependent on the future of the BRI. The report also examines the cases of Indonesia, the Republic of Korea, the United Arab Emirates, Israel, and Poland.

In November 2022, the IISS published another report with assessments from 8 experts analyzing the development of the DSR, its impact on the economy, security, and governance in recipient countries, as well as a broader context — its impact on the global economy, on the emerging rules and norms of technological globalization, and on global geopolitics. According to the authors, as Beijing’s interventionism grows, Chinese firms will increasingly be seen as instruments of the state, which will generate the pushback from recipient countries. To achieve great power status, China might need to change tack (Gordon & Nouwens, 2022).

Finally, it is worth noting the book published in 2022 by Professor Gerald Chan from the University of Auckland. He defines the DSR as a multifaceted effective program for connecting the world via digital means. The role of the project in strengthening China as a major digital competitor to established powers is particularly emphasized (Chan, 2022).

The review allows us to conclude that the concept of the DSR is evolving, expanding, and being filled with new content as changes occur in China’s foreign policy. In Chinese political and academic discourse, the project is positioned, on the one hand, as the realization of the 4IR imperatives, and on the other hand, as a new model of South — South cooperation and as a tool that allows countries of the Global South to

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15 About the role of Central Asia in the implementation of the BRI, see also: (Kurylev, Gabrielyan & Faraktinova, 2021).
overcome, with China’s help, one of the key obstacles to economic growth — the lagging behind in the area of information and communication technology (ICT).

However, many foreign experts believe that the implementation of the Chinese initiative will not lead to the reduction of the digital divide but to the division of the world by a “digital iron curtain,” digital authoritarianism, and even cybercolonialism (Crosston, 2020), where China will play the role of a digital metropolis and the recipient countries will be digital colonies. In other words, the DSR is viewed in the terms of digital geopolitics as a kind of “Trojan horse virus” designed to disrupt Western digital leadership. It is also argued that “China’s digital colonialism is a direct threat to democracy and human rights” (Liaropoulos, 2022, p. 133).

The approach of Russian scholars (Degterev, Ramich & Piskunov, 2021), analyzing the U.S. — China confrontation in the digital sphere as a confrontation between decentralized and centralized models of governance, is more balanced. Developing countries, unable to influence global digital governance in the face of the dominance of Western private companies, are seen as the main beneficiaries of the Chinese model. Therefore, such countries are considered as a “strategic asset” of the DSR (Gamza, 2022, p. 74).

**Materials and Methods**

The study relies on the Technology Leadership Theory, which defines a world technology leader as an actor in international relations establishing rules for global cyber governance, principles for Internet development, and normative legal regulation (Degterev, Piskunov & Eremin, 2023). In this context, the DSR can be considered a new format of international cooperation aimed at achieving China’s leadership in the IT-sphere and countering Western technological dominance through the implementation of Chinese digital technologies and standards in recipient countries. The power transition theory also has heuristic value. According to this theory, the USA, as a global hegemon, seeks to maintain the existing world order, while China creates alternative international formats for its reform (Degterev, Ramich & Tsvyk, 2021). At the core of China’s strategy for expanding global influence lies orientation towards regions, where a vacuum of influence is formed due to the declining importance of these regions in the US foreign policy. One such region is Latin America and the Caribbean (Skosyrev, 2023), the relationships with countries of which, under Donald Trump, reflected a crisis of pan-Americanism ideology (Eremin, 2022), and Trump’s destabilizing policies toward “hostile” (left-leaning) regimes proved not only ineffective but also often counterproductive (Sudarev, 2020). Today, China has a significant presence in most countries in the region, entering into intense competition with the U.S. in economic and political leadership (Yakovlev, 2019).

The research methodology includes a wide range of theoretical and empirical methods of policy analysis. Comparative and critical analysis was used when working with scientific literature, allowing us to trace how the academic discourse on DSR changes, identify commonalities and differences in its implementation in different countries, and consider contrasting assessments, thereby ensuring greater validity of the conclusions.

The G2 Research Project’s data played an important role, where an index of countries’ dependence on the U.S. and China in various spheres, including technology, was calculated. The primary empirical method was the analysis of

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18 The case studies mainly deal with African countries. See: (Gravett, 2020; 2022).

19 According to the data from the RUDN University’s project “USA vs. China: Outlines of Global Competition” (G2 Research Project), most countries in the Global South either lean towards a coalition with China or maintain a neutral position in the technological sphere. For more details, see: Data Visualization // G2 Research Project. URL: https://g2.rudn.ru/ (accessed: 30.11.2023).
of documents and speeches by officials, providing insight into the views of the Chinese leadership on the DSR and its main elements. World digital competitiveness rankings, interactive maps, statistical data, and other tools were also used.

The Inclusion of LAC Countries in the Chinese Project

The BRI initially focused on building infrastructure between Asia, Europe, and Africa. The LAC region was not mentioned in China’s policy papers, but it was emphasized that the initiative was open to all countries and organizations. The decision to expand the BRI to the region was made at the second ministerial meeting of the Forum of China and the Community of Latin American and Caribbean States (CELAC), held in Chile in January 2018.

As of now, two-thirds of LAC countries — 22 out of 33 — have signed a Memorandum of Understanding (MoU) on cooperation under the BRI with the Chinese government. According to the CFR interactive map, four countries — Venezuela, Cuba, Peru, Ecuador — have also signed DSR agreements. In reality, as we have noted, the number of participants is likely much higher. Moreover, DSR-specific memorandums do not play a significant role; this is just only direction of cooperation.

Let us highlight some factors contributing to the DSR implementation in LAC.

Firstly, there is an infrastructure investment shortfall. The great digital divide exists both between and within countries. For example, broadband connectivity in Chile and Uruguay is on average six times faster than in Paraguay. Internet access is available to 67% of urban residents and only 23% in rural areas. However, the overall digitalization levels in LAC significantly lag behind developed countries. In 2020, more than 60% of the population did not have access to quality digital infrastructure. According to UNCTAD’s readiness index, the region has a low capacity to use, adopt and adapt frontier technologies; on these indicators, it ranks second to last in the world, ahead only of Africa.

The DSR implementation is facilitated by growing economic ties. According to the World Economic Forum, China’s trade with LAC increased from 12 billion USD to 315 billion USD from 2000 to 2020, making it the region’s second-largest trading partner (and South America’s first). In 2022, trade amounted to about 486 billion USD. Additionally, China implemented 135 infrastructure projects in LAC.

20 For more details about the participating countries, see: (Zottele & Zottele, 2020; Arsentyeva, 2022; 2023).
22 It is also important to note that LAC countries, which are of strategic interest to China, receive funding regardless of their participation in the BRI. The most notable examples are Brazil and Mexico, ranking 1st and 3rd respectively in the region in terms of the number of infrastructure projects being implemented on their territories.

countries from 2005 to 2019. During this period, two policy banks — the Export-Import Bank of China and the China Development Bank — provided 117 loans totaling about 138 billion USD, making them among the region’s leading creditors. Since the outbreak of COVID-19, China has focused on financing its own companies and Sino-Latin American consortiums, but nonetheless, in 2020–2021, Chinese state and commercial banks issued 12 loans to LAC countries. China has also become one of the main vaccine suppliers, providing 29% of all purchases in the region.

In addition to economic ties, political contacts are being strengthened. In November 2008, the Chinese government released its first white paper on relations with LAC; the strategy was updated eight years later. The first paper did not contain sections that could be attributed to elements of the DSR. It focused on building traditional (“hard”) infrastructure. The second white paper includes cooperation in the field of scientific and technological innovation and space cooperation. In 2014, the China — CELAC Forum was officially launched, and ministerial meetings were held in 2015, 2018, and 2021, where joint action plans in priority areas were adopted. A comparative analysis of these documents reveals a growing attention to digital cooperation, especially in the 2022–2024 plan.

Strengthening economic and political ties entails an increase in China’s presence in digital markets. Even before the launch of the BRI, significant projects in the IT-sphere were underway. Huawei, which has been operating in LAC since the late 1990s, is the undisputed tech leader and DSR’s standard-bearer in the region. The Chinese IT-giant is building mobile networks and Internet infrastructure. In 2019, a project worth 100 million USD was announced to construct a Chilean data center with AI cloud services, the first of its kind in Latin America.

Several countries are piloting 5G, with Huawei being a major provider in about one-third of 5G deployments.

According to the Cities@Risk Security Index, 62 out of the world’s 100 most dangerous cities are located in Latin America, making the issue of public security particularly acute. Chinese companies are involved in implementing safe/smart city projects, including supplying

surveillance cameras, building data processing centers and laboratories, etc. For example, as early as 2011, Huawei and the China National Electronics Import & Export Corporation (CEIEC) created the ECU-911 video surveillance system in Ecuador. In 2019, the Argentine province of Jujuy signed a contract with ZTE Corporation for the supply of surveillance cameras and related equipment. In the same year, Bolivia launched the BOL-110 integrated citizen security system, for which ZTE provided facial recognition security cameras. The installation of the system required the construction of a specialized center in La Paz, which was also carried out by China.

China is showing interest in submarine optical fiber cables that are creating the infrastructure of global Internet. Several cables with Chinese participation have been laid in Latin America. For example, in 2010, Huawei Marine Networks Co. completed the construction of the Suriname — Guyana Submarine Cable System (SGSCS); in 2016, the Strategic Evolution Underwater Link (SEUL) was built to connect the mainland of Belize with its islands. Following the launch of the BRI, the Austral Fiber Optic (Fibra óptica Austral in Spanish) in Chile and the Pacífico Fiber Optic (Fibra óptica del Pacífico) in Peru (with Bolivia’s participation) were put into operation in the region. The most significant project is the South Atlantic Inter Link (SAIL), a submarine communications cable between Brazil and Cameroon. Discussions have been ongoing for several years about laying a transoceanic cable between China and South America.

Even this brief list of projects shows that China is actively exploring the potential for digital cooperation with LAC. Countries in the region are interested in obtaining high-quality and relatively inexpensive equipment, for which Chinese banks provide low interest loans. However, there are factors that significantly hinder the implementation of the DSR. One of the main obstacles is the region’s low Digital Readiness Index. The unstable economic and political situation in LAC countries also has a negative impact. For example, changes in government have repeatedly led to a reconsideration of BRI policies. Argentina is of particular interest, because Javier Milei, the ultra-right candidate, won the 2023 presidential elections. During his campaign, he announced plans to sever ties with China. After coming to power, however, he has significantly softened the rhetoric.

Considering the DSR within the analytical framework of power transition theory, let’s examine the reaction of the West. According to Italian experts, “China’s aggressive telecommunications investments… raise security concerns about placing the region’s communications backbone on Chinese networks; an increasing portion of data and message traffic will flow through and come to depend on, Chinese-supplied infrastructure.” For example, Huawei, subsidized by the Chinese government, is able to offer its equipment at lower prices, with the difference from competitors sometimes exceeding 50%. For more details, see: U.S. Pushes Hard for a Ban on Huawei in Europe, but the Firm’s 5G Prices Are Nearly Irresistible // The Washington Post. May 29, 2019. URL: https://www.washingtonpost.com/world/national-security/for-huawei-the-5g-play-is-in-europe--and-the-us-is-pushing-hard-for-a-ban-there/2019/05/28/5828f06-78d4-11e9-b7ae-390de4259661_story.html (accessed: 12.05.2023).

For more details, see: (Ellis, 2022).
Australian Strategic Policy Institute (ASPI) experts emphasize that the ways some projects are structured create serious concerns about the erosion of sovereignty for recipient countries, which do not have full control of the operations, management, digital infrastructure, or data being generated through those projects. The United States has taken the most stringent position, especially evident under the Trump administration, by imposing embargoes and sanctions on several Chinese companies. Huawei felt the brunt of these actions, with then-Secretary of State Mike Pompeo labeling it as an arm of the Chinese Communist Party’s state surveillance. According to the New York Times, under Xi Jinping, the Chinese government has vastly expanded domestic surveillance, fueling a new generation of companies that make sophisticated technology at ever lower prices. The BRI is spreading that technology even further. FBI Director Christopher Wray stated that China’s goal is to become the world’s only superpower, surpassing the USA in economic and technological leadership, albeit through unlawful competition, espionage, and theft. Experts at the Center for European Policy Analysis (CEPA) assert that Chinese surveillance cameras are a means of infiltrating Western societies and economies in order to surreptitiously gather data for both economic and geopolitical advantage. Concerns have been raised that developing countries, by adopting the Chinese surveillance model, are moving toward digital authoritarianism. This has already assisted some LAC regimes in controlling dissidents. Venezuela is often cited as an example, where ZTE participated in creating the Homeland card (carnet de la Patria) containing extensive personal data, including presence on social media and voting activity.

Washington is particularly concerned about the deployment of 5G technology in LAC, as while the United States continues to lead in the global digital competitiveness ranking, China dominates in 5G. According to the China National Intellectual Property Administration, in 2022, China obtained 39.9% of 5G standard essential patents. Clarivate patent analysts note that nearly 88% of core patents are held by the top 14 companies, six of which are Chinese.

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45 Cytera C. The Chinese Communist Trojan Horses in Our CCTV // Center for European Policy Analysis.
By imposing sanctions and embargoes, the United States pressures other governments to follow its lead. However, many LAC countries still hold a different position. As Jorge Malena notes, they believe that China is primarily responding to demand in developing countries for faster and relatively inexpensive digital infrastructure.50

The COVID-19 pandemic has had a contradictory impact on the DSR. On the one hand, it has slowed down the implementation of many major projects; on the other hand, the economic crisis has increased the importance of China’s export market, loans, and investments. Beijing has gained new leverage in the region through medical and vaccine diplomacy. And most importantly, the role of digital technologies has grown significantly. LAC governments have begun to consider them as a means of overcoming the economic crisis, which guarantees further expansion of the DSR.

Conclusion

Currently, China is striving not only to achieve technological independence but also to carve out a niche in the global digital market, primarily targeting developing countries. The DSR, part of the broader BRI, plays a significant role in this process. It aims at transforming the initiative into a high-tech innovation network through the building of fiber-optic communication lines, 5G, e-commerce, satellite communication and navigation systems, data centers, smart cities, an alternative cross-border payment system using the digital yuan, etc. Thus, Chinese digital technologies and standards are being internationalized, which has the potential to trigger global transformations, including a shift in global digital leadership.

The current successes of the DSR are the result not only of a well-thought-out strategy combining economic resources with political impulses, but also of the mutual interest of the participating countries in responding to the dynamics of supply and demand in the global digital market. When speaking of Latin America and the Caribbean, where the DSR is only beginning to be implemented, it provides an additional opportunity for development. China is interested in expanding the project to the region for several reasons. On the one hand, this opens up a new and quite promising (especially after the pandemic) market for its IT-companies. On the other hand, the DSR strengthens China’s position on the global stage by developing international ties and creating new opportunities for foreign policy maneuvers.

However, there are some limitations to implementing the project in LAC.

Firstly, the region’s digital infrastructure is still in its infancy compared to developed economies. Most countries have a low readiness index for adopting advanced technologies (at the same time, it should be taken into account that China is focusing on the Global South, promoting its initiative as a tool to bridge the digital divide).

Secondly, the region is unstable socio-economically and politically, and changes in government and ideological programs have repeatedly led to a revision of attitudes towards the BRI.

Thirdly, China — U.S. competition in the LAC digital market, as well as some states’ concerns about digital dependence on China, act as a restraining factor for expanding Sino-Latin American cooperation.

Fourthly, China’s growing presence in the region, ‘long considered the USA’s “backyard,” is increasing tensions in their relations and forces LAC countries to navigate between Washington and Beijing. Nevertheless, in our view, cooperation with China provides more opportunities for digital development due to the reasons listed above.
The DSR serves as a kind of “digital bridge” in realizing the strategic task of transforming China into a technological superpower. Therefore, it is highly likely that this project will become a cooperation backbone under the BRI in the future, leading to further activation of digital cooperation with LAC countries. Based on this, they should reconsider digital policies to minimize the risks and maximize the benefits of participating in the Chinese initiative.

References


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