Chinese Investment in Latin America: A Case Study of Argentina, and Venezuela

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Abstract

This article examines the growing influence of Chinese investments in Latin America, focusing on Venezuela and Argentina. It explores how these countries benefit from Chinese capital and how this investment impacts their economies. Venezuela has relied on oil-backed loans to sustain its political system, worsening its economic challenges. In contrast, Argentina has channeled Chinese investment into infrastructure, including hydroelectric dams, nuclear plants, railway modernization, and energy diversification projects. The study highlights that while infrastructure investment can enhance economic stability and reduce reliance on further loans, both countries remain vulnerable due to their dependence on raw material exports. Despite these challenges, the study underscores that with institutional improvements and a shift toward diversification, such investments can contribute to sustainable growth in both nations. A qualitative research approach using secondary sources was employed to analyze the long-term implications of Chinese investments in these two economies.

Keywords: Investment, Economy, China, Argentina, and Venezuela

Introduction:

China's ambitions have grown dramatically in Latin America to pursue opportunities for the importation of natural resources and generate exports to the region. The Chinese presence in Latin America has also become more attractive because of emerging international investment prospects other than America. In Latin America, China has four interests: primary goods gained, China's export markets received, Taiwan's foreign isolation acquired, and China's global role as a superpower protecting its geopolitical alliesChina has various political and economic motives for

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retaining close relations with Latin America. Ellis (2009) stated that China establishes strategic alliances with Latin American countries that have a powerful influence over their territories, such as Mexico, Venezuela, Brazil, and Argentina, which are more geographical than simply economic. The Chinese counterweight is established to defend against unwanted American sovereignty in these territories. Furthermore, Kaplan says that China's state-led capitalism is an effective form of patient wealth (Kaplan, 2016). Compared to the short-term view of private market money, both long-term and short-term partnerships define patient capital. Furthermore, Kaplan claims China is an additional trading partner with Latin America because, compared to the United States, China does not need to shield its agricultural products as the U.S. government does with tariffs, thus providing a cheaper commodity exchange for both nations. China does not need to safeguard its agricultural products. It promotes trade between Latin America and China much better than the rivalry between America and Latin America regarding agricultural trade.

Between 2015 and 2019, Chinese President Xi Jinping vowed to provide the Caribbean and Latin America with about $50 billion a year in foreign direct investment, according to David Dollar, (2017). Although not all the beneficiaries of these funds were known, the Chinese plan to continue to invest in the area. The Chinese FDI in other countries, which is now 10 percent of world FDI, compared to just 2 percent a decade earlier, is surprising to many economists, such as Sean Miner, Angel Melguizo, and Rolando Avendano. FDI has recently crossed $200 billion. This foreign investment flow is centered on fusions and investments from higher-value firms with technical expertise, market value, and strategic properties, such as semiconductors and other specialized manufacturers (Avendano, 2017). This article offers the context for China's energy stability needs and the Chinese vacuum filled by Venezuela's anti-American upturn. The article also outlines the changes that the populist leftist governments of President Kirchner introduced to reverse the crisis and how they have paved the way for Chinese investment in Argentina. Argentina compares and contrasts with the previous case study of Venezuela to assess if Chinese investment has been advantageous to Argentina in the last ten-and-a-half years. Argentina keep an eye on its manufacturing sector and stop focusing on product exports to China because Argentina has been distracted by its investment in many countries.

Theotonio Dos Santos, a leading pioneer of dependency theory, defines reliance as a scenario in which the growth and expansion of one economy influence the development and extension of another economy. In addition, this theory would explain Venezuela and Argentina's ability to benefit from Chinese investments in Latin America.

Research Methodology

This study adopts a qualitative research methodology to investigate the dynamics and implications of Chinese investment in Latin America, focusing on the cases of Argentina and Venezuela. A qualitative approach is well-suited for exploring the multifaceted nature of international investments, emphasizing interpretive analysis rather than numerical quantification. The research relies exclusively on secondary sources, including academic journal articles, books, of, publications by international organizations, and credible news articles. These sources provide comprehensive and diverse perspectives on Chinese investments and their economic, political, and social impacts.

Latin America—Chinese Investment and Interest:

Latin America is vital to China; however, in the coming years, Chinese participation will be offset by barriers to more recent and sustained intervention at home and abroad. A study on-the-ground trends in Latin America currently shows that Chinese investors or Latin American governments, which are in some cases pursuing links with a broader spectrum of economic partners, are moderating their level of operation. Though the exchange is still volatile, foreign direct investment and financing of China in Latin America are now slightly slow. According to the Sustainable Development Policy Center, fusions, acquisitions, and greenfield investments plummeted from a historic $17.5 billion in 2017 to just $7.6 billion in 2018 (Margaret, 2019). Projects from Greenfield in 2018 contributed to a mere $1.6 billion, the lowest in 2006. In the past two years,

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reasonably modest amounts of funding have been provided to Latin American governments by the China Export-Import Bank, the China Development Bank, and Chinese policy banks. Various causes trigger this drop-in activity, some of which have hindered Chinese activity in the area for decades. China's official policies cast Latin America as a land full of vitality and promise. Still, Chinese investors have seen the area's distance from Asia as prohibitive, with distances averaging around 12,000 miles from Santiago, Montevideo, and Buenos Aires. Others consider the geographic regulatory environments to be extremely complex or taxing bidding procedures. (Margaret, 2019)

Furthermore, as it retains ties with the government of Nicolá Maduro, Venezuela has been a frequent source of tension for the Chinese leaders and several banks and companies that trade there. In 2018, China extended Venezuela another $5 billion loan, but at that moment, Venezuela's crucial debt payment grace period expired. The latter was seen as a symbol of Beijing's becoming gradually impatient with Maduro's economic mismanagement. Chinese policymakers face another challenge, especially if a new Venezuelan government tries to restructure remaining debts against China. Juan Guaidó's claims to the Venezuelan presidency are another challenge for Chinese decision-makers. Some in China regretted the danger of openings given to Chinese firms in Latin America, taking Venezuela and other partners into account. As Xu Peiiyuan and Wang Yongzhong of the Chinese Academy of Social Sciences stated in a 2018 journal paper, China must allocate money to higher-risk countries and regions as a latecomer in foreign investment (Margaret, 2019).

Governments must resist the temptation of using simple Chinese funds to free Western institutions from the inconvenience of surveillance and good governance. As shown by Rafael Correa and Hugo Chavez in Venezuela, this is essentially an undermining of the regime's negotiation role and its bureaucratic capacity to properly compromise, creating a downswing of corrupt ventures that favor the insiders that are signing them, to the detriment of the populace and the government (Christopher, 2017). At the same time, they are undermining their position. While governments of all political orientations would still cooperate with China, considering their perception of risks. For that purpose, they must improve their supervision capacities to ensure that the terms and conditions decided upon on the use of labor and conformity with environmental and other legislation are upheld by Chinese institutions and other contractors of public funds. Finally, governments in the region could restrict China's entrance into vulnerable areas such as telecommunications and security, which might jeopardize its leaders' and managers' capacity to make successful and autonomous choices. Allowing Chinese firms or their business and political leaders' details to handle the most confidential commercial and political data encourages misuse, thus rendering the job of sharing sensitive information impossible for other allies, such as America (Evan, 2019).

China's Interests and Investment in Venezuela:

Although Beijing is an important political and economic partner for Caracas, China also attaches great importance to the Latin American nation. China finds the communist oil-rich nation a significant trade partner. Moreover, Venezuela has been an essential component of China's potential economic growth and protection due to China's investments over the past few decades. After Hugo Chavez's rise to power in 1999, a collaboration between Venezuela and China started to expand significantly. The friendly ties between the two nations continued under Maduro's presidency after Chavez's death in 2013. Trade between the two countries rose more than 20 times between 2000 and 2018, and the volume of direct Chinese investment amounted to $6 billion.

Meanwhile, Venezuela exceeded $60 billion in gross Chinese loans. Most loans and investments from China in Venezuela refer to the petroleum industry. In 2007, Beijing set up the FCCV, which allowed Venezuela to accept loans of up to $5 billion from China and be reimbursed for crude oil shipments. The FCCV authorized the Chinese government, which is believed to have the world's largest oil reserve, to invest in oil production in the Orinoco Oil Belt (Carlos, 2019).

China is developing as a diplomatic and economic power in the region and seeks to influence Latin American strategy. The Chinese presence is neither open nor market-oriented in

Latin America, and no nation has suffered more repercussions than Venezuela. China provided funds for Venezuela at the detriment of the Venezuelan citizen and its long-term progress with loans and outbound direct investment. Xi Jinping's foreign strategy to increase Chinese power includes a presence in Venezuela (Bonnie, 2017). Following China's worldwide aspirations, the government took advantage of Venezuela's collapsed, cash-strapped financial deals. Nicolas Maduro and Hugo Chavez accepted China's financial help to stimulate their 21st-century socialism influenced by state-dominated economic structures. While other countries have withdrawn from Venezuela, China has doubled its funding. Venezuela received 53 percent of all Chinese loans to Latin America a decade ago, more than 62 billion dollars (David, 2017). China is the highest creditor to the nation, with $23 billion worth of Venezuela's external debt. Venezuela is undergoing an ongoing refugee crisis, hyperinflation, and the country's first oil output crash, triggered by an artificial economic and humanitarian catastrophe. China was the only source of cash to assist Maduro's government in repaying its debt. In 2017, Venezuela did not issue a sovereign bond, and according to Caracas Capital reports, 16 sovereign bonds and coupons totaling 1.81 billion dollars are already in default (Katia, 2017). Recently, China seemed hesitant to expand its exposure to Venezuela, given Venezuela's debt restructuring (Tracy, 2017).

Whereas other Latin American countries perceive Chinese participation as an exciting road to growth, short-term advantages also lead to long-term dependence. China's spending is concentrated on natural resource exploration and trade of Latin American commodities with Chinese high-value-added producers. China can only raise its demand for commodities. Since 1980, half of the Chinese citizens have entered the middle class, and the middle class is expected to grow by over 80% (Salvatore, 2018). It would generate enhanced consumption and demand for energy services. In the coming decades, China will become more reliant on Latin American natural resources, leaving little cause for producing more advanced goods of higher value for countries like Venezuela. Commodity-led ties in resource-rich countries such as Venezuela will rapidly improve economic efficiency but do not need expanded institutions. While China may be able to sustain these economies, for the time being, the region could be devastated by a shift in resource demands or the discovery of more cost-effective products elsewhere. Venezuela, a nation entirely reliant on its natural capital, has disproportionately influenced such a partnership. Also, the most common accountability requirements are missing in Chinese investment.

Usually, China spends as outbound direct investment or as loans from Chinese policy banks. Chinese activity in Venezuela was difficult to trace in the context of petroleum-for-loan agreements. Moreover, China declined to join the Paris Group, which establishes bilateral investment requirements. The international community cannot grasp the scale of Chinese investment in Venezuela without the transparency of a platform like the Paris Club. This lack of accountability only contributes to Maduro's deep-seated abuse. Since 2017, Venezuela has been ranked as the 11th most corrupt country (Transparency International, 2018). The international community may be suspicious of the huge amounts of untraceable money that have entered a world with a history of graft and narcotics trade in remote nations with no checks and balances.

Over the last decade, 12 of China's 17 energy-specific loans to Venezuela totaled $55 trillion. China was most notably engaged in the oil sector in Venezuela by participating in the Orinoco Belt, which generates extra-heavy crude oil and is located in central Venezuela, one of the world's wealthiest oil zones. In 2010, China's domestic petroleum firm signed a 25-year land subsidy for 40% of expenditure in the Orinoco Belt. From an economic policy and social perspective, the oil sector is essential to Venezuela (Joseph, 2018). Oil accounts for 95% of the country's exports and offers the cash needed to purchase all other goods. China's move should be seen as a power maneuver to assert control over Venezuela's social and political institutions and its large petroleum reserves. In reality, the Maduro government has prioritized buying guns and military equipment over food and medication, even as the extreme food and medicine shortages have devastated Venezuelans. Venezuela gained more than $5.6 billion in arms between 2000 and 2017, and China also bought $628 million in arms. Russia was historically Venezuela's leading

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weapons supplier, but China took over this position in 2013. Venezuela ranks among the countries that spend the most on military goods and is the first in Latin America (Madrid, 2017). Venezuelan military police were firmly responsible for the future flow of lethal and nonlethal weapons, which raised questions about domestic and regional security. The military leadership of Venezuela is aggressive and corrupt, which has prompted the International Criminal Court to investigate officially (Moises, 2018).

Year	Investment
2000-2018	Trade between China and Venezuela rose more than 20 times, with direct Chinese investment reaching $6 billion.
2007	Beijing established the FCCV, allowing Venezuela to accept loans of up to $5 billion and repay them through crude oil shipments
2013	China provided a $4.7 billion loan to cover 85% of the costs for two hydroelectric dams in Patagonia, Argentina.
2015	Construction of the Patagonia hydroelectric dams, financed by China's loan, began.
2015-2019	Chinese President Xi Jinping pledged $50 billion annually in foreign direct investment to the Caribbean and Latin America.
Currently	China remains Venezuela's largest creditor, holding $23 billion worth of its external debt.

Source: https://www.transparency.org/en/news/corruption-perceptions-index-2017

Investment of China in Argentina and Interest:
According to Inter-American Dialog fellow Bruno Binetti stated that China has "demonstrated persistence for and may continue to do Argentina's economic and political changes." They try to search for medium-term financial resources and contemplate short-term investment shocks. After the default is 2001 and the conflict with U.S. hedge funds, Argentina was shunned by financial markets. At the time, analysts, including Macri, cautioned that Argentina is connected to costly infrastructure investments that restrict the government's potential policy choices.

Over the past decade, Argentina has received Chinese funds from the Chinese Export-Import Bank of China and the China Development Bank for eleven ventures, including dams, nuclear energy, hydro, and roads (Fermin, 2018). The nation even had a currency exchange of US$19 billion. It led to the Central Bank strengthening its foreign currency reserves, which have declined by US$28 billion. Leonardo Stanley, a research assistant at the Argentina Center for State and Society Studies, said China had become one of Argentina's most important creditors. The largest, according to Stanley, is multilateral organizations such as the IMF, for which Macri received a $57 billion bailout package (Uki, 2018). One notable Chinese loan came in at $4.7 billion, covering 85 percent of Patagonia's costs for building two hydroelectric dams. The building scheme was won in 2013 and began in 2015 (Fermin, 2017). It then stalled because of the fears of environmental activists over unsatisfactory environmental studies. The Chinese Development Bank Lender included a credit clause that required acceptance of the dams for other irrigation projects in Argentina. Macri understood that, albeit on a smaller scale, and offered them the green light. Chinese lenders backed similar adaptability with a US$ 10 billion loan for the construction of the two-story nuclear complex (Fermin, 2019). When Macri took power in 2015, he broke the contract despite concerns over nuclear energy's present and potential affordability. He accepted the proposal once again but limited it to one farm. Despite the losses, Chinese investors are always

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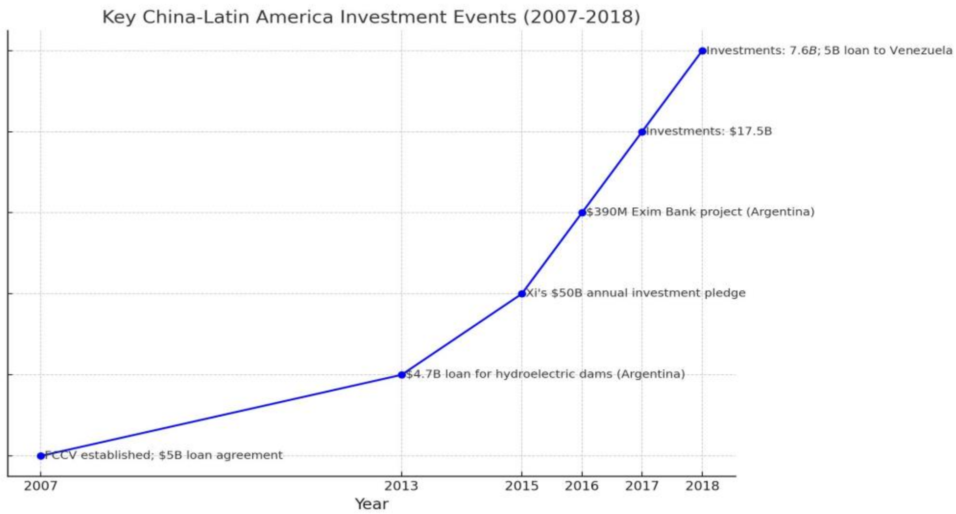
looking to Argentina for prospects. According to economist Ariel Slipak, Chinese businesses still find connections to their core primary capital and hope to secure markets for their goods. China's loans to Latin America also have a geopolitical motive. China adapts and demonstrates versatility to the political characteristics of each region. In addition to mega-projects, China is mobilizing capital for lower-cost, faster implementation firms. Some often advocate green energies in the country's vital gas and oil matrix. That is the case with Cauchari, a solar farm in the Jujuy province of northern Argentina. In 2016, China Exim Bank decided to finance the 390 million U.S. dollar project cost. China must guarantee that debts are repaid until the management transition because it is now exploring further short-term ventures. The plant is expected to start producing electricity next month. Binetti said it is part of the learning process (Martin, 2019).

Furthermore, Argentina decided to build massive dams and nuclear power plants without any long-term energy sector policy or cost-benefit analysis of various energy resources. Former energy secretary Jorge Lapea stated that, while the loans provided for unfeasible projects, they concentrated Argentina's debt obligations to China on significant projects that would take a long time to repay. The approval of the ventures under Fernández de Kirchner, which China sponsored, was now carried out by Lapel and a group of other energetic secretaries who reported political links rather than sound economics. In a 2017 report, Argentina demonstrated that a nuclear kilowatt generation costs 4.8 times more than a wind turbine and 6.6 times more than a solar panel, which was downgraded to the rank of the secretariat in 2018. Those arrangements constrain Argentina's policy-making sovereignty. "We need a proper energy policy where the government has a great role to play," said Lapel. An administration under Fernandez will accelerate or even negotiate new initiatives that were postponed under Macri. The currency exchange arrangement may also be extended to ease Argentina's interest payments. Fernández recently proposed that, after believing he would draw investment from international lenders, Macri had not understood China's position as a credible foreign investor (Fermin, 2019).



Source: Developed by author

Chinese investments in the oil industry :

Back at the beginning of the 1990s, China became the second-largest oil importer after the U.S. This shift was directly connected to its rapid economic development, growing urbanization, an extension of its transport networks, and increasing refinery demand. Since the mid-1980s, China's oil output has increased rapidly, with current volumes double those of their previous peaks. Consequently, its share of world oil output has risen from 3.3% in the 1980s to 5.0%. According to the American Energy Information Administration, in 2012, China was the fourth-largest oil producer and second-largest buyer. The output of natural gas has grown exponentially. Between 1990 and 2012, China's share of global production increased from 0.6% to more than 2.5%, accounting for 3.9% of the global market for natural gas. So, China is a net energy importer in both situations (Julian & Andrés, 2015). In China, the energy market is dominated by three big oil firms.

Next, the CNOOC regulates much of the development and discovery of offshore oil. Secondly, Sinopec is associated with processing and marketing. Third, as a spin-off of the Oil Industry Ministry in 1988, the Chinese National Petroleum Corporation was founded and focused on onshore development (Strecker & Levaux, 2000). In the late 1990s, the Chinese government sought the development of multinational, vertically integrated companies, pressuring SINOPEC and CNPC to renovate. In the upstream segment, CNPC remains influential, while Sinopec dominates the downstream segment. While the major oil firms are SOEs, they somehow enforce the private management requirements and work in a dual pricing structure to sell gas and oil exceeding the government's quota at market rates. Residual profits or bonds would fund the investment, eventually decreasing public financial assistance (Houser, 2008). In turn, the refining sector has been modernized and consolidated as public policies have facilitated fusions and closures of smaller refineries for economies of scale and improved efficiency. Chinese corporations' increasing energy requirements led to increased exploration and development at sea and the pursuit of foreign expansion

Another goal of internationalization in non-conventional resource production is to obtain access to lucrative parts of the upstream sector (EIA, 2013). Wu (2008) notes that it does not represent the strategic policy of the Chinese government but domestic political concerns and rivalries between agencies. Indeed, instead of competing with each other, the Chinese government has pushed companies to form investment alliances abroad. Lastly, Chinese firms are eager to invest in countries that some foreign oil companies deem overly dangerous. In summary, China's oil FDI continues to be motivated by a mixture of market-based SOE decisions, rivalry for government favor between them, and political constraints on rising access to electricity. In addition to the foregoing, China's aggressive approach to acquiring new businesses has raised concerns about the country's global energy demand development in the coming years. Outward Chinese FDI has risen since the beginning of the 21st century, with Chinese companies purchasing assets in the Middle East, America, Latin America, Asia, and Africa since 2009.

In 2011, according to EIA numbers, the undertakings, mainly in connection with natural and unconventional gas, invested USD 18 billion in energy reserves. Consequently, China's oil production abroad fell to over $1.5 billion in 2011 from 140 million barrels daily in 2000. Projects show that their share will continue to grow in the years to come. Currently, 20% of Chinese corporations' gas and oil output comes from overseas (EIA, 2013). Alone, Chinese oil corporations acquired assets worth over USD 38 billion, more than a third of the overall amount linked to activities in Latin America (Diario, 2020).

Chinese Investment Effects in Argentina:

Instead of a Washington arrangement, Chinese investment has developed a product agreement. Sly says that the term "commodity consensus" has been used by several writers since the Chinese ties are entirely focused on neo-extractive, significant commercial asymmetries, the lack of food control, and environmental destruction (MercoPress, 2016). Argentina's reliance to exports to China increasing by 156% between 2003 and 2007, compared to China's 886 percent growth with Argentina. In comparison, Argentina's trade deficit with China rose by over 700 percent between 2008 and 2014, which was the same time as the Argentinean debt with China started, implying that its associations with Chinese goods began as loans. The dependence on raw soy and crude petroleum as primary products has been steadier than the agricultural peripheral appendage of the Chinese industrial center.

In 2017, for example, both countries signed a nuclear cooperation agreement in which China supplies two nuclear plants worth $15 trillion to Argentina, and China is willing to lend 85% of the programs. Thousands of units of special equipment are needed to operate each exported Chinese nuclear reactor, and hundreds of factories are necessary to produce and construct the facilities. It is calculated that 150,000 new employees for the Chinese industry will be shipped to Argentina for specialist components, instruments, and skills. In addition, the Chinese economy would profit from expenditures amounting to RMB 100 billion over the entire lifetime of the reactor. If nuclear plants in Argentina are successful and are transferred to other South American countries, this could be lucrative for China.

Chinese factories may profit, but manufacturing in Argentina would probably have a less positive effect. However, for South Americans, more opportunities can be developed because they have the requisite expertise and can make acceptable arrangements with China to participate in their work and manufacture ample domestic supplies. Soybean remains the foundation for sustaining a united China and Argentina. However, Argentina once exported to China soybean oil and soy meal, which are better than raw soybeans. China has substituted its locally manufactured soybean oil and meal for Argentina's crushed and refined soybean oil and meal. It is an outstanding example of Argentina's soy supply chain erosion. With China boosting its home soy industry, it reduces Argentina's demand for soy and oil plants, rendering Argentina more dependent on raw materials.

Sly also argues that China has artificially increased Argentine soy oil's price to enable its domestic soy oil supply to expand and improve by placing a 9 percent tariff on soy oil imports (Sly, 2017). President Macri intends to double soya exports, but if commodity prices stay low, such an initiative does not even raise revenue. Gallagher points out that 600,000 workers in Argentina's shoe industry felt the strain from low-cost China shoe imports, and Argentina launched an anti-dumping lawsuit against China in 2009. In exchange, China boosted shoe exports to Argentina to reduce the shoe cost further and stopped Argentina from competing at such low rates. Five years ago, Argentina shot back at Chinese shoes with heavy tariffs. As China was unintentionally aware of Argentina's dependence on soybean exports to China, there is a solid incremental soy export tax to finance the famous programs that import 77 percent of Argentina's soybeans, and the nationalist government relies on it to hold the taxes. As a result, China reduced its imports into Argentina by 65%, importing only 12% of Argentina and paralyzing its farmers and government profits. Finally, President Cristina Kirchner visited China to discuss plans for a rail modernization program that would raise Chinese debt and connect with Chinese funds (Gallagher, 2016).

It is a classic case in geo-economics, as China targeted Argentina's principal export, soya, to sell low-cost goods while preserving and boosting its factories. It forecasts what countries can anticipate if they want to drive China down, which would not reverse its operation internationally. As Leslie Gelb says, Beijing played the modern market game at the master level. By avoiding war and political confrontations and focusing on business and its global impact, it went far beyond the current economic power. People do not fear the military might of China; they fear its capacity to exchange, invest, or withhold it (Leslie, 2010).

President Macri has a challenging problem for himself. He wants to collaborate with China to stop withdrawing financing and construction to finalize the $20 billion highway, dam, and two nuclear power plant contracts. For example, President Macri felt he might use the TPP to forge new dealings with countries such as Canada, Singapore, Japan, America, and others to secure new transactions for Argentina, and he took a bold step and halted the development of two controversial Santa Cruz dams in the area. China also said in an exchange that if one project is halted, it has a "cross-default" provision to halt both projects. In comparison, China started to consume less soy, putting Argentina on the table. After that, Macri flew to Beijing, reversed his firm decision to stop the dam building, and interconnected further ties between Argentina and China by signing 16 additional investment dealings in China (Patey, 2017). Macri's relations with China have also driven China to use soft leverage to sustain deep financial inclusion and link itself more tightly with European and American markets and investments. As Argentina's government moved from a populist system to a more open foreign economy, China remained highly relevant to Argentina (Los, 2015). He wanted to reverse Chinese investments but quickly discovered that there wasn't as much room as he had hoped. China might be in danger of ending all ventures with the cross-default provision if the dam-building was canceled. President Macri is not ready to abandon the strengthened and extended rail infrastructure in all ventures in light of questionable hydroelectric dams.

Although it is too early to determine precisely how Chinese expenditure in energy diversification has supported Argentina, the 930 kilometers of railway and the quintupling of cargo capacity prove that the growth of the infrastructure has helped Argentina. The connection makes it possible for more grain, building materials, and minerals to rapidly enter ports and sites, grow soy export taxes, and speed up Chinese development activities. Consequently, it seems that Chinese investment is not a promise of economic prosperity but is still focused on the structures of the recipient region. Douglass North describes institutions as humane limitations that shape the foundations of social, economic, and political engagement (Douglass, 1991). Strong institutions were the cornerstone to prosperity, progress, and equality, as were the most effective development transformations. Argentina has developed reasonably stable political institutions and vital economic planning that ensure the people are not exposed to a similar crisis as in 2001. Although the structures are still incomplete, free elections have enabled the change from a 12-year populist dictatorship to a center-right government feasible in Argentina, guaranteeing that no faction controls the political landscape for a limited time and raising the possibility for corruption.

Conclusion:

China's advancement and economic growth abroad, as well as the fact that investment is strongly privatized and removed from solid government control and forces. However, one of the world's biggest economies is led by a one-party regime and involved in multinational financial negotiations and ventures. Venezuelans face economic circumstances associated with an incompetent administration, with China's total lending, more spending by Chinese state-owned firms, and China's laissez-faire approach towards its courts. The negligence on both sides contributed to the disintegration of the petroleum sector. With China focused on oil and Venezuela dependent on oil to boost its government, the reasoning will lead us to conclude that oil output is at a record high. Venezuela's oil production facilities are state-of-the-art, thanks to massive Chinese credits and substantial investments. However, such apathy now highlights the costs of the populist regime's destructive policies. Venezuela might easily enjoy improved links with China, but the emphasis should be shifted toward less dependence on oil rentals and diversifying its wealth. Venezuela's crown jewel oil market has been ignored to a considerable degree, with rigs, refineries, and tankers in chaos and an unprecedented drop in oil demand. It is time for Venezuelans to demand that technical expertise be allowed into the country to fix the broken petroleum industry without fear of penalization, to demand Chinese loans made without legislative competition be requested as evil, and to start increasing efforts to produce more refined products gradually in their own countries and then ship them to Chinese markets. The institutions of Venezuela have used oil revenue to avoid the obligation to tax their citizens, contributing to intensified repression and authoritarian rule. It led to governments having so much financial leverage, culminating in greater dominance and a resulting decay of society due to the widespread patronage of widely demanded social services. Institutional improvements are the best means of fixing the issues.

The landlords and farmers in Argentina have the power to influence soy taxes by lobbying, hitting and storing soy when circumstances are unfavorable, and then cutting soy revenue off from the government if the acts of the state are viewed as abusive or unethical or if the price of commodities is considered too low. Thus, the sponsorship of crooked government officials has not contributed to detrimental secondary problems in Chinese investment. Often disproportionate soy taxation has raised the country's income to fulfill debt commitments and provide social services.

The voice of the citizens was able to maintain an acceptable balance. Overall, China seems to have the same geopolitical relationship as the Kirchner administration with the non-populist Macri administration, even though the Macri administration seems to have introduced defense nets to make it easier to mix in foreign investment diversification. Chinese-Argentina diplomacy remains unchanged and indicates that China can infiltrate both modes of the regime in South America. It has undoubtedly weakened China's soft power—at least throughout its government. Chinese investment has strengthened Argentina's railways, eventually improving their capacity to carry goods from the state's interior to remote markets at a cheaper rate and offering Argentinean employees better transportation. It is too early to see how the construction of nuclear facilities and hydroelectric dams will impact the nation. If the capital market in Argentina stays strong for building significant ventures, they may succeed. As long as good governance takes place, China's investment can be advantageous. During the unbinding cycles of democracy, driven by Chinese credit, crooked officials were able to open foreign countries and their people to Chinese investment. Argentina gains mainly from Chinese funding, but the deterioration of manufacturing employment should be emphasized in greater detail. In developing these ventures, Argentina must ensure that Chinese investment includes local firms to generate additional jobs while studying the best practices of Chinese companies.

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