Great Power Politics, International Economic Relations and Regional Development in Latin America

Olukayode A. Faleye, Ozekhome G. Igechi, & Emmanuel S. Okla

Abstract

This paper examines the emerging pattern of international economic diplomacy and associated politics of development in Latin America. The regional economy of Latin America has been structured over time by external influences deployed through economic institutions controlled by great powers. This work reflects on the declining grip of the United States on Latin America and the rising Chinese and Brazilian influences as well as the impact of the emerging Indian private transnational firms in the region. It advances the existing literature on international economic relations in Latin America by unveiling the emerging governance architecture and regional economic dynamics.

Keywords: Economic Diplomacy, Economic Growth, Global Politics, Great Powers, Regional Integration.

Introduction

This paper examines the emerging economic globalization and the associated projection of global power politics and economic governance in Latin America. The International political economy characterized by an unending dialogue between global economic and global power architecture impacts national and regional economies. This is a process embedded in the localization of global capital in North America, Europe and East Asia (Babic, 2023). This phenomenon illustrates an unequal power structure in the international system with serious implications for development in developing societies in Asia, Africa and Latin America.

The West led by the United States has played a dominant role in crafting the nature of international relations, especially across the North-South unequal developmental divide. The contraction of US global influence in the face of emerging powers in the global south has led to a re-direction of significant global exchange from the North-South to South-South networks.

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In this vein, China has become a vital source of conditional and non-conditional finance for infrastructural development in the global south (Norris, 2016; Mendez & Mariano, 2020). Furthermore, the rise of Indian private transnational corporations in Latin America offers a different way to offset the region's growing Chinese export market through private enterprise and public-private partnerships. The dominance of a hegemonic power at the nucleus of global peace, economy and politics is expected to provide a stabilizing unilateral force of cohesion (Kindleberger 1973). Nevertheless, in a multi-polar world, the balance of power in the international system is built on a constantly changing complex network of global, regional and local actors rather than a unilateral realm of political power. In this vein, regional economic stability in Latin America in the early twenty-first century showcases an interesting case of the politics of international development. Based on the content analysis of relevant official records, periodicals and extant literature, the paper provides an important insight into the political and economic relations between Latin America and global powers, as well as the impact of the latter on the former in the early twenty-first century. It is organized into four sections. The first is this introductory section followed by a conceptual framework. The third section presents the primary data and analysis of international economic relations and geopolitics in Latin America. Finally, the conclusion summarizes the analysis and provides policy insights in this regard.

Conceptual Clarifications

Economic diplomacy has become an essential instrument for countries to pursue their foreign policy objectives, particularly in the realm of trade, investment, and development in a globalizing world. Economic diplomacy refers to the use of diplomatic tools and strategies to promote national economic interests abroad. This includes enhancing trade relations, attracting foreign direct investment (FDI), negotiating trade agreements, securing international loans, and managing relations with multinational organizations like the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO) (Okano-Heijmans & Asano, 2018; Bayne & Woolcock, 2017). In addition to the more general diplomatic agendas that result from market integration processes like negotiations for intellectual property rights, e-commerce agreements, and transnational finance, the study of economic diplomacy also looks at how diplomacy has changed, particularly the rise of new diplomatic actors, new diplomatic modes, and new formal and informal diplomatic structures (Lee & Brian, 2010). Indeed, the nature of economic diplomacy is changing amidst the transformation in global power architecture. For instance, the global south has become the theatre of diplomatic struggle between the United States and China over regional hegemony. This is the case in Far East Asia where the United States and China compete amidst other regional actors (Debnath, 2024). In Latin America, economic diplomacy plays a critical role in shaping the region’s approach to globalization, economic development, and regional integration. Economic diplomacy allows countries to improve their terms of trade, navigate the complexities of global markets, and address domestic challenges through strategic international partnerships.

In a globalized world, the interplay of economic diplomacy among great powers makes regional integration a core strategy of regional powers. Regional integration refers to the process by which countries within a specific geographic region work together to enhance economic, political, and social cooperation (Lombaerde & Langenhove, 2006). The aim is often to create a more interconnected and mutually beneficial environment that allows member states to achieve collective growth and stability, which may be difficult to attain independently. Through regional integration, countries can leverage their collective strengths, share resources, and address challenges that are too large or complex to handle alone. For instance, the European Union plays an important role in the making of a multipolar world order since the 1990s (Kissack, 2012). The collapse of the USSR in the aftermath of the Cold War witnessed the establishment of the European Union in the making of a multilateral world order in line with the principle of balance of power.

Over the decades, Latin America has pursued regional integration through various economic and political frameworks, the most notable of which are the MERCOSUR (Southern Common Market), UNASUR (Union of South American Nations), the Pacific Alliance and MERCOSUR. These initiatives aim to reduce trade barriers, encourage joint economic development projects, and increase the region's bargaining power on the global stage (Urquidi, 2022; Chodor, 2021). These regional institutions seek to create a customs union and a common market that would allow for free trade among member states, facilitating regional economic development and reducing dependence on great powers. Despite these efforts, Latin America has faced several challenges in achieving deeper economic integration. Political differences among countries, uneven economic development, and external pressures such as protectionism from global powers have hindered the realization of a fully integrated regional economy.

In the modern international system, the dynamics between great powers and regional powers play a crucial role in shaping global political, economic, and security landscapes. Great powers, often defined by their global influence, military capabilities, and economic strength, engage in international politics with a focus on maintaining or expanding their global status. Regional powers, on the other hand, possess significant influence within their geographic regions but may not have the same global reach or comprehensive capabilities as great powers. Despite these differences, both types of powers influence global geopolitics and often find themselves interacting in complex ways (Destradi, 2010). The relationship between great powers and regional powers is marked by both cooperation and rivalry (Mazarr et al. 2021). Great powers may seek to establish alliances with regional powers to further their interests in a particular region. For example, the United States has historically forged strong ties with countries like Saudi Arabia, Israel, India and Japan, using these relationships to secure strategic advantages in the Middle East and East Asia (Miglietta, 2002; Smith & Kartha, 2018). On the other hand, regional powers may resist external influence from great powers, asserting their autonomy and sometimes using their regional standing as leverage in negotiations with larger states. This phenomenon showcases Lula's Brazil diplomatic engagement with China in the region.

Beyond state actors, partnerships with transnational private enterprises could stimulate alternate paths to leverage the influence of great powers in the regional economy. The evolving relationship between state policies, local businesses, labour movements, and global markets will continue to define the future of development in Latin America. The role of the private sector and the emergence of Public-Private Partnerships (PPPs) have become increasingly pivotal in driving economic transformation in the region (Carbonara & Pellegrino; Peinado-Vara, 2022). PPP has been defined as a framework for structured cooperation between public and private entities. PPP puts the economy at the centre of everything and implies that logical economic considerations frequently lead to these kinds of partnerships. The method also maintains that the fundamental elements of PPPs are the public policy decisions made by the ruling political elites. PPPs can thus carry some of the prevailing class's attitudes, ideas, and ideologies particularly those of the hegemonic elements and their supporters (Koppenjan, 2005; Rodrigues, 2023; Faleye & Igechi, 2025). Public-private partnerships have gained traction as a mechanism for addressing infrastructure deficits and improving the delivery of public services in Latin America. PPPs involve collaborations between the government and private companies, where the private sector provides financing, expertise, and management in exchange for a share of the benefits. These partnerships are particularly relevant in sectors such as transportation, energy, education, healthcare, and water infrastructure, where large capital investments are required. The concept of embeddedness posits that economic behaviour is deeply embedded within social structures, norms, and institutions, which shape and influence economic outcomes (Beckert, 2003; Krippner & Alvarez, 2007). The sources, behaviours, and representations that permit resource extraction and territorial control are elements of geopolitics (Flint, 2021). By fostering a more supportive environment embedded into the social, cultural, and institutional fabrics for private sector development and inter-governmental cooperation, regions could unlock their full economic potential in the face of the geopolitics of great powers.

Mapping the International Politics of Development in Latin America

The contestation of influence between great powers in Latin America has been propelled by political and economic ideologies such as democracy, neo-liberalism and neutrality. Here, the declining grip of the United States on Latin America and the rising Chinese influence in the face of the growing impact of Indian private transnational firms project the nature of emerging economic diplomacy and geopolitics in Latin America in the early twenty-first century. An important tool of capitalist expansion under the United States' hegemony in Latin America from the 1980s to the early 2000s was the democratization movement (Bethell, 2008). Democratization is the political driver of neo-liberalism and the Washington Consensus. This doctrine as prescribed by Washington bequests political stability, the rule of law and the associated economic prosperity in a democracy. This is the perception that political stability and the protection of human rights propel economic growth. However, a deep insight into the democratization movement in the early twenty-first century in the global south seems to prove otherwise.

Beyond external actors, Latin America is home to emerging regional powers such as Brazil, Mexico, and Argentina. Moreover, an emerging great power such as India is gradually making inroads into the region's economy and geopolitics. However, the economic strength of Brazil with a GDP by Purchasing Power Parity (PPP) of USD 3.13 Trillion, Mexico (2.42 Trillion), Argentina (USD 986.13 Billion) and India (9.28 Trillion) in 2021 vividly reveal limited financial capabilities to engage in economic diplomacy at a global scale. The financial statistics show that the combined GDP by PPP of Brazil, Mexico and Argentina did not equate to a quarter of that of the United States or China and only about half of India's (see Figure 1) [1]. Indeed, the dominant economic position of external actors such as the USA and China undermines the relevance of other emerging powers in the region.

The dominance of the two great powers in global politics is largely a product of their economic strength in the context of their contribution to the growth of the world's Gross Domestic Product (GDP). In 1990, the United States GDP by PPP was 10.1 Trillion USD, and China's GDP by PPP for the same year stood at 1.62 Trillion. In 2000, the United States GDP by PPP was 14.16 Trillion USD, and China (4.36 Trillion USD). In 2010, the United States accounted for 16.86 Trillion GDP per PPP, and China (11.88 Trillion). The year 2017 was a landmark in the global economy with USA GDP per PPP at 19.48 Trillion and China surpassing the United States at 19.89 Trillion USD. Subsequently, China maintained a lead with 22.49 Trillion in 2019 and the United States accounted for 20.51 Trillion. In 2020, China's GDP by PPP totalled 23 Trillion while the USA accounted for 19.95 Trillion and by 2021 China's GDP by PPP stood at 24.86 Trillion compared with the United States' 21.13 Trillion USD (Figure 1). This comparison of the sizes of the United States and China's economies in line with the estimated real cost of living evaluates the countries' capacity for economic diplomacy at the global level. In this vein, a significant change occurred in 2017 when the world development indicators and economic growth rate leapt in favour of China. The rise of China in global trade has had a tremendous impact on Latin America. The intensification of industrialization in China and the expansion of her industrial base in the twenty-first century have created a serious need for energy which has been the basis for her engagement with Venezuela amongst others (Yin-Hang & Acuna, 2019). It has been observed that the growing Chinese influence in Latin America is an indication of American carelessness and its declining power in the region (Leon-Manriquez, 2016). The changing power asymmetry will impact the region's economy and political architecture.

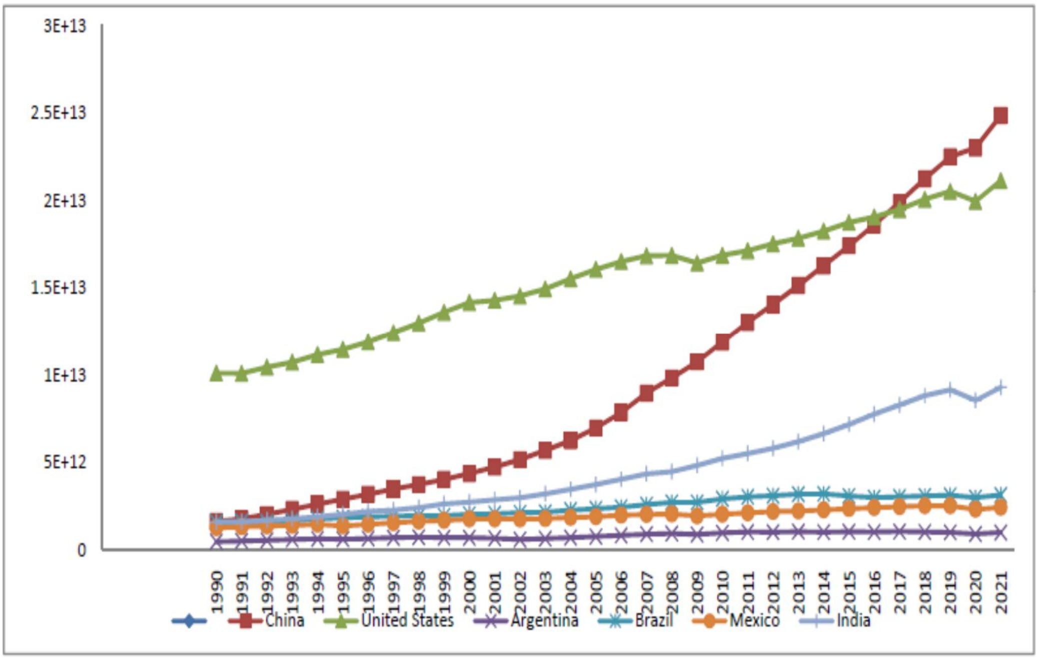

Figure 1: GDP by Purchasing Power Parity: China, United States, Argentina, Brazil, Mexico and India, 1990-2021 (constant 2017 international $).
Source: Authors' computation based on World Bank's World Development Indicators database. Available at https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?. Accessed 21 March 2023.

In Latin America, China has, over the last two decades, established herself in trade and infrastructure investments as the nation made economic inroads into areas that had been largely dominated by the United States. China's State-Owned Enterprises have been operating in the region's infrastructure, energy, financial, and of late digital and telecommunication sectors. It has overtaken the United States as South America's biggest trading partner. While China has recently reduced its loans in Latin America, it has nevertheless remained a big financial player and infrastructural innovator in the region. China's activities in the region have been received with some level of suspicion. At the close of the twentieth century, the Chinese market was responsible for only a meagre 2 per cent of Latin American exports. Chinese trade with Latin American countries grew in leaps and bounds such that by 2010 it became \$180 billion (Roy, 2022). As of 2021, this had surpassed the \$450 billion mark with development economists and trade experts suggesting that it will be over \$700 billion by 2035 (Zhang & Prazeres, 2021). Considering these numbers, China rattled the liberal West and has indeed announced itself as an important global power.

In specific terms, some import and export primary and high-value chain commodities and products connect China to Latin America. The Chinese import petroleum, copper, soya beans, and other primary produce needed to drive industrial development at home while they export more finished cheap products that are said to weaken the Latin American indigenous firms. In this sense, it has been argued that these countries export their employment opportunities to mainland China and deepen the disarticulation of their domestic economies (Lew et al., 2021). The promise of infrastructure loans and finance has made over twenty Latin American states sign up for a free trade agreement with China. Amongst others, Ecuador negotiated for free trade with China in 2022. For countries like Venezuela, the partnership for development with China is a conduit of opportunity in the face of American sanctions. Consequently, Venezuela has been the biggest borrower from China in the region (Dialogue, 2022). The economic cooperation between China and Venezuela has been categorized as neo-dependent, neo-extractivist and imperial (Yin-Hang & Acuna, 2019). This argument is anchored on the debt trap narrative where China is expected to take control of the critical infrastructures of the borrowers. However, the debt trap hypothesis has been roundly disproved due to the willingness of the Chinese to renegotiate terms of debt financing in Argentina, Ecuador, and Suriname (Soutar, 2022). Indeed, the so-called imperial dynamics are changing as China divests its capital and re-strategises amidst global economic changes.

Scholars have argued against the "debt trap" hypothesis debunking the folly around the obsession that had been coming from some mainstream Western literature. The assumption that China's economic diplomacy is tantamount to a debt trap appears to be a product of strategic information war to ridicule the Chinese expanding influence in the developing world (Brautigam, 2020; DeBoom, 2020). Nevertheless, the Chinese economic engagement with Latin America has a political complexion. For instance, the United States' affinity for Taiwan has always been a sour point for Beijing leading it to embrace countries that have diplomatic frictions with the United States. Perhaps, Chinese economic diplomacy provides an inroad for China's political influence in Latin America as a strategic measure to counter the United States' influence in East Asia.

Certainly, replacing the United States with China or any other nation is not the antidote to the malaise of underdevelopment that has plagued Latin America. However, the geopolitical combat between the United States and China could afford the developing countries an opportunity for an unprecedented economic ascension through strategic diplomatic engagements (Schindler, DiCarlo & Paudel, 2022). The institutionalization of economic ideas is not dependent on the global power concentration but rather an outcome of regional power weaknesses which facilitates global power spread. This is the result of the "effect of countervailing forces at a lower level of analysis: the region" (Allen, 2016: 1073). In essence, a global power engages in economic diplomacy by inducing states with financial benefits below the accruable profit of the financier rather than a coercive drive to enforce a predetermined global economic and political order. Hence, the local agency is a prime determinant of the successes or failures of global powers in spreading their economic and political agenda. It is the lack of harmony among the leading nations of Latin America that undermines the region's synergy in international economic relations (Agostinis & Nolte, 2021). This is a clash of diverse national interests; hence the need for the convergence of states' interests in order to build strong regional institutions.

Considering Brazil's place as an emerging power as illustrated by its membership in the BRICS (Brazil, Russia, India, China and South Africa), the country might have a greater role to play in fogging regional synergy in Latin America. However, the unilateral engagement of China with Latin America reveals the weaknesses of the BRICS to project a geostrategic front to contest the US-led post-war liberal world order in the region. This scenario undermines the potential of Brazilian economic leadership in the region. At the regional level, scholars have provided dichotomized perspectives of dependency and complementarity narratives where China's dominance as a regional produce importer stimulates foreign exchange earnings of concerned countries but with dire implications for marketing the manufactured exports from the region (Menezes & Bragatti, 2020). Baumann (2013) observed the overdependence of Brazilian exports on the regional market. In essence, Chinese exploration of the Latin American market undermines Brazil's economic leadership in the region.

The growing Chinese investment and economic embeddedness in Latin America are more visible in the region's energy sector. In the early twenty-first century, China leads other great powers in the generation of clean and renewable energy such as hydroelectric dams and solar systems in Latin America (Ugarteche & Leon, 2022). Moreover, China's economic strategy in Latin America is dynamic and timely. In an era of climate change China is divesting into clean energy (solar panels, batteries, and electric vehicles (EVs) in a world where increasing state revenue is invested in climate-change mitigation. In this direction, The Economist Magazine reported on 10 April 2024 that "in 2022 announced foreign direct investment in renewable energy globally totalled over $350bn, dramatically more than annual investments in any other sector not only that year but in decades. That has made green technology the latest front in the United States' rivalry with China". The widespread Chinese investment in renewable energy in Latin America is reported to be "prompting anxiety in the United States about security, coercion and competition" (The Economist, 2024, 10 April).

The growing Chinese dominance in the economic architecture of Latin America is cemented by the lack of a harmonious economic strategy within the BRICS. As observed by Vanaik (2015) the BRICS member countries often than not implement unilateral economic policies through bilateral treaties in the international system. Thus, in the absence of ideological convergence within the framework of the BRICS, China acts unilaterally in the shaping of Latin American economies and politics. As illustrated in Figure 2 below, the trade imbalance between China and Mercusor persisted between 2010 and 2015 in favour of

China. As the trade statistics show, in 2010, the value of Mercosur's exports to China (US$'000) stood at 36,944,483.42 compared to its imports accounting for 37,005,447.26. By 2015, the trade imbalance reached a pick with a total export figure of 41,425,029.41 compared to importation from China at a value of 45,986,320.48. The year 2016 marked a fundamental change in the balance of trade between Mercosur and China in favour of the former as Mercusor's export value rose to 40,457,437.34 against a total import valued 37,315,515.59. This trend reached an unprecedented peak in 2023 with a total Mercosur export of 111,050,866.24 compared to a total importation from China valued 74,139,623.48 (US$'000) [2]. Even though the bulk of the exports from Mercusor to China comprised primary goods, albeit manufactured products imported from China, the Chinese relations with the region help generate significant capital vital to the regional economy. In essence, using the south-south development movement as a channel, China pursues its national interests of economic appropriation and geostrategic counter-balancing of the United States in the region through soft power and economic diplomacy.

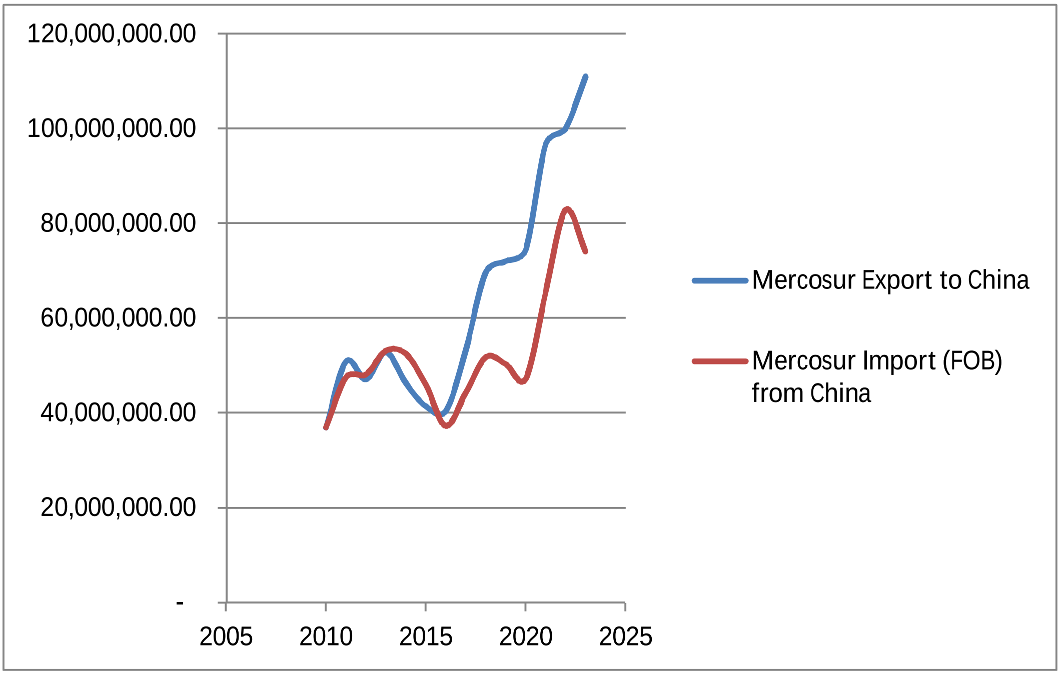

Figure 2. Value of Mercusor-China Trade, 2010-2023
Source: Authors' computation based on the trade records Mercosur, 2024. Available at https://estadisticas.mercosur.int/?language=en.

Beyond China, India is an emerging economic power in Latin America. The records of the Department of Commerce, Government of India, show a rising bilateral trade between India and Latin America moving up to an estimated export value of $5.6 billion in the 2009-10 fiscal year, $9.3billion (2010-11), $12.3billion (2011-12), $13.5 billion (2012-13), $10.8billion (2013-14), $11.5billion (2014-15), $7.5billion (2015-16), $7.2 billion (2016-17), $8.6 billion (2017-18), $9.7 billion (2018-19), $10 billion (2019-20), $10.1 billion (2020-21) and $14.9 billion in 2021-22. This is in comparison to imports from Latin America that stood at $9.4 billion in the year 2009-10, $13 billion (2010-11), $16.2 billion (2011-12), $27.5 billion (2012-13), $28.1 billion (2013-14), $27 billion (2014-15), $17.7 billion (2015-16), $17.3 billion (2016-17), $20.7 billion (2017-18), and $20.5 billion (2018-

19). The import trade nose-dived to $17 billion in 2019-20 and $12.5 billion (2020-21) due to the COVID-19 pandemic. The recovery from COVID-19 was marked by a rise in importation to $ 21.7 billion in 2021-22 (see Figure 3) [3].

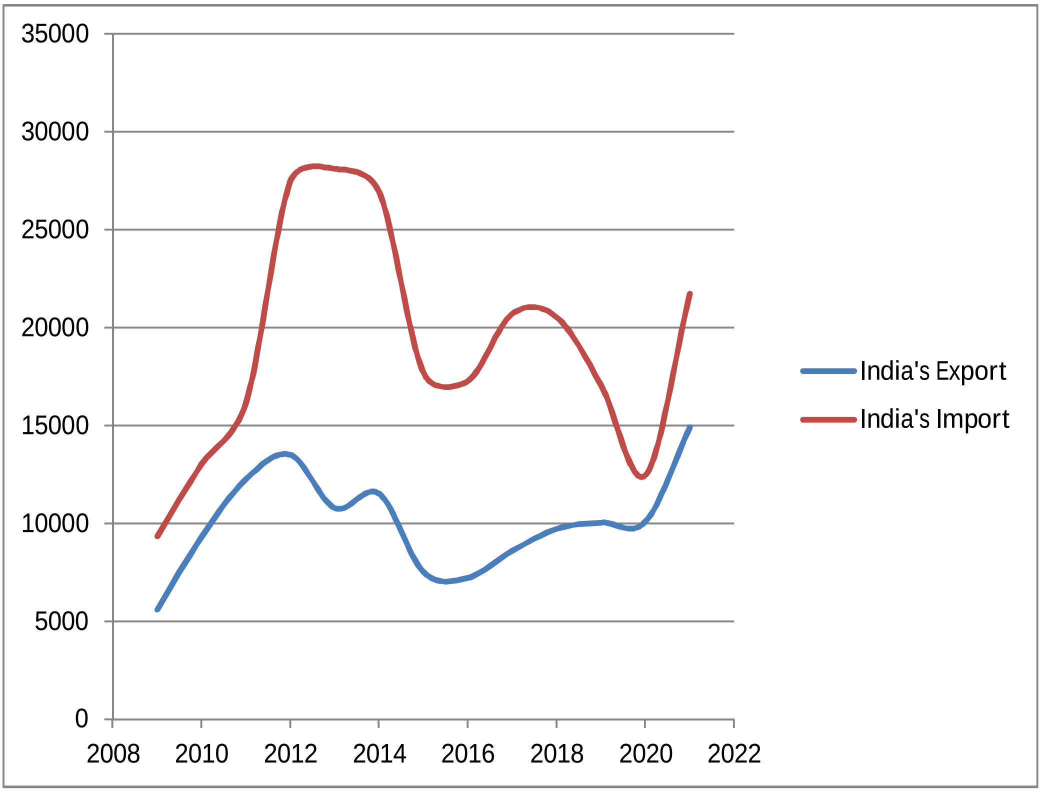

Figure 3: India’s Bilateral Trade with Latin America: 2009-2022
Source: Authors’ computation based on statistics of the Government of India, Ministry of Commerce and Industry, 2023.

Figure 3 reveals a steady outflow of Latin American commodities in support of the growing Indian manufacturing sector. On the other hand, the export of manufactured goods from Indian industries to Latin America experienced fluctuations from 2010 to 2022. This implies that India emphasizes importation from Latin America more than its exports to the region. This scenario illuminates Indian foreign policy of engaging diverse markets based on its strategic economic interests. This shortfall in Indian exports is complemented by the established export flow of manufactured goods from China to the region.
The proposal of America’s Partnership for Economic Prosperity (APEP) is a response of the United States to the changing geopolitics of Latin America marked by the unprecedented engagement of great powers of Asia with the region. The willingness of the United States to negotiate APEP was announced at the Ninth Summit of the Americas on 8 June 2022. Within the framework of APEP, the United States emphasizes proximity and the associated spatial integration as an important basis of an unalienable regional integration of the Americas. APEP is envisioned as a renewed attempt to facilitate regional integration in the Western Hemisphere through economic cooperation and the standardization of human and environmental resource use through pronouncements such as “creating clean energy jobs and advancing decarbonization and biodiversity”[4]. This seems to technically counter the

Chinese extractive activities in Latin America.

Furthermore, the growth of Indian private transnational businesses in Latin America creates an alternative path to counterbalancing the expanding Chinese export market in the region. Engaging in local manufacturing and industrialization would be actualized in the long run. Whereas Latin America belongs to the periphery of Indian foreign policy, the Indian private sector contributes to the direct foreign investment in the region. This is the case of Indian industries such as UPL in the agrochemical sector, Aditha Birla in the metallurgical sector and TCL in the Information Technology amongst others in the pharmaceutical and automobile sectors. In this vein, it has been noted that “India’s investments in Latin America, estimated between $12 billion to $16 billion, may be far smaller in value when compared to China at $159 billion, but they create […] jobs in services and manufacturing in a region that actively seeks to diversify away from its dependence on commodities” (Seshasayee, 2022, p. 4). Rather than the Chinese pre-occupation with the extractive sector and transportation infrastructure, Indian private firms work to diversify the Latin American economy, thereby facilitating valuable direct investment and creating employment opportunities devoid of stringent external economic conditionalities. Hence, the growing dominance of Indian companies in the Latin American private sector constitutes a third force that could be harnessed through Public-Private partnerships in order to negotiate the status quo of global power politics in the region. However, aware of the growing Indian private businesses in the region, one of the important goals of APEP is the strengthening and deployment of “regional economic institutions” such as the “Inter-American Development Bank” to propel “private sector development”[4]. This could create an open gate for the influx of United States private businesses as engendered by the Indo-American alliance and consolidate the operations of the emerging Indian private companies in the region.

The regional economy of Latin America has been structured over time by external influences deployed through economic institutions controlled by world powers such as the United States. While political independence led to the emergence of new nation-states, the post-independence period was largely neocolonial. It was characterized by the dominance of Western great powers in the economic and political structure of the region (Bulmer-Thomas, 2003; Berkin et al., 2011). The failure of structural adjustment programmes championed by Bretton Wood Institutions undermined economic productivity and development in Latin America by the end of the twentieth century. This economic crisis led to the call by countries such as Brazil for regional integration under the Southern Common Market (Mercosur). This was a call for regional integration against the regional hegemony of the United States. In the twenty-first century, the process of regional unity was spearheaded by Brazil under the leadership of Lula da Silva in 2002 in the context of the Post-Washington Consensus. The earlier successes recorded in this direction involved the strategic cooperation between Brazil, Venezuela and Argentina through political consensus on regional trade. The Brazilian strategy for regional cohesion was further cemented through the re-invigoration of regional institutions such as the Mercosur and the Union of South American Nations (UNASUR) (Bernal-Meza & Ortega-Brena, 2022). However, the progress made was later reversed by internal and external challenges in the form of economic and political crises within Brazil as well as the dominant influence of the United States and China in the region.

While regional powers such as Brazil, Mexico and Argentina could be the arrowhead of regional cohesion, the enormous resources at the disposal of great powers such as the United

States and China undermine any hegemonic revival from within the region. Moreover, Brazil lost its grip on Mercosur which could have been a channel for its regional hegemonic rise due to internal contradictions that characterized the country's political transition in the early twenty-first century. Moreover, the strong influence of the region's heads of state on Mercosur undermines its regional leadership (Hoffmann, 2023). The implication is regional economic vulnerability amidst contending great power presence and geopolitics. Nevertheless, realizing its limitation in regional politics, Brazil under Lula da Silver's rebound leadership in 2023 is seeking an alliance with China in the making of a regional hegemony based on a dual power model. As Lula confirmed during a state visit to China on 12 April 2023: "Brazil is back [...] The time when Brazil was absent from major world decisions is in the past" (VOA, 2023). According to the Chinese Ministry of Foreign Affairs:

> President Xi […] pointed out that China and Brazil are the two biggest developing countries and emerging markets in the Eastern and Western hemispheres […] China always views and develops relations with Brazil from a strategic and long-term perspective, and sees the relationship as a high priority on its diplomatic agenda. China will work with Brazil to create a new future for their relations in the new era, deliver greater benefits to the two peoples, and play an important and positive role for peace, stability and prosperity in their regions and around the world [5].

The foregoing confirms the Chinese willingness to form an alliance with Brazil in the shaping of the emerging geopolitical architecture of Latin America. However, Brazil has rejected China's Belt and Road Initiative in Latin America (Global Construction Review, 2024, November 8). This decision shows Brazil's willingness to lead as China's equal partner in the economic and political architecture of the region. Beyond the state-centric dilemma, the ability of governments in Latin America to harness the growing embeddedness of the emerging transnational private enterprises would impact the future of the region's international economic relations.

Conclusion

This paper has shown that the external control of Latin America's economic machinery has resulted in partial economic growth and local yearnings for better conditions of living over time. This entrapment in the geopolitics of the great powers is illustrated by the challenges of economic development and regional integration in the region. The growth of the renewable clean energy sector sets the pace for a new dimension of power play between major actors such as China and the United States in Latin America. However, the convergence of multi-dimensional blocs of power could ginger a new power arrangement in Latin America with the rolling-back of US dominance and the entry of China and India.

In essence, regional development and cohesion in Latin America would require the region's strategic engagement with global capitalism. This can only be achieved through the strengthening of local institutions to negotiate global power trajectories, a task that the Lula-led Brazil promises to actualize in partnership with China. Moreover, the emerging growth of Indian private firms in the economy of Latin America portends a third force in the configuration of the region's economic and geopolitical architecture.

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