# Shifting financial hierarchies:

# China's Financial Statecraft overseas in ASEAN and Latin America


## Xuan Li, Samuele Bibi and Italo Poty



### Abstract

The United States and European Union have increasingly abandoned neoliberal orthodoxy in favour of protectionist industrial policies and state intervention, weaponizing economic tools for geopolitical objectives rather than market efficiency. Concurrently, the hegemony of the U.S. dollar faces erosion through bilateral trade shifts, currency swap arrangements, and technological innovations including cryptocurrencies and alternative payment systems. While the dollar's dominance persists-maintaining 50-60% shares as reserves compared to the RMB's sub-5%-incremental transformations are evident in China's construction of financial infrastructures that bypass SWIFT and reduce USD dependencies. We contend that U.S. policy inconsistencies reflect a strategic pivot: economic and financial considerations have become subordinate to securing long-term dominance in the technological order, where first-mover advantages determine decades of hegemonic power. This explains ostensibly erratic behaviours, from pressuring the Federal Reserve on interest rates to compelling European bond purchases. Through case studies of China's financial engagement with ASEAN and Latin America, we demonstrate how distinct pathways toward de-dollarization are emerging-one characterized by proximate, trade-intensive integration fostering organic RMB adoption through fintech synergies, the other by distant, resource-driven diversification capitalizing on historical resentment of U.S. influence. These regional infrastructures provide the Global South with enhanced monetary autonomy, cheaper payment alternatives, and crisis mitigation tools. While China cannot displace the USD-cantered order imminently, it is systematically constructing parallel architectures that incrementally challenge dollar hegemony, redefining international finance through technological and institutional innovation rather than direct confrontation.



**Keywords:** De-dollarization, RMB internationalization, financial infrastructure, geopolitical economy, Global South

**JEL Classification :** F02, F33, F50, F55, G15, O19

## 1. Introduction

Drawing on Weiss and Thurbon (2021) 's economic statecraft as government initiatives designed to reach for or push the high-tech frontier in order to fend off, outflank, or move in step with clearly defined rival powers (p. 474), financial statecraft is introduced as a subset by Li and Ban (2025) to emphasize different recipes to innovation finance in an era where technological sovereignty and resilience are paramount. While Li and Ban's work explores the mechanics of China's Government Guidance Funds (GGFs) as a tool for leveraging state assets to steer market activities—and highlights how this differs from other models of government venture capital in technological ascendancy (Klinger-Vidra, 2018; Gomes and Ten Brink, 2023; Mocanu and Thiemann, 2024)—this paper situates financial statecraft in a broader geopolitical context. It emphasizes the external orientation of these policies: they are not merely about internal capacity-building but are deliberately calibrated to China's foreign policy environment, particularly relevant amid U.S.-China competition, supply chain vulnerabilities, and the fusion of economic and security objectives.

Since the 2008 global financial crisis, scholars in International Political Economy have increasingly examined three key dynamics shaping global finance. The first centers on public money flows between the US and Asia, characterized by an asymmetrical relationship wherein the US leverages its well-known "exorbitant privilege" (Eichengreen, 2010) as the issuer of the world's dominant reserve currency, while Asian economies serve as major purchasers of US debt. Mechanisms like the Federal Reserve's Foreign and International Monetary Authorities (FIMA) Repo Facility, a mechanism introduced in 2020 to temporarily lend dollars against Treasury collateral, extends dollar liquidity to central banks in non-allied countries, thereby mitigating geopolitical sensitivities while preventing outright sales of the US treasury securities (see Kalinowski, 2013; Pape and Petry, 2024 ). Joseph Wang [1] (2021) argues that the Fed's FIMA Repo Facility is effectively a "China Repo" because China—holding massive U.S. Treasuries and central to dollar markets—faces dollar liquidity risks during U.S.-China tensions. Unlike swap lines, which need trust, FIMA Repo lets China pledge Treasuries for dollars without direct Fed lending, highlighting East Asia's critical role in global financial stability.

[1] https://fedguy.com/china-repo-facility/

The second key dynamic focuses on private banking flows between the US and Europe, in which transatlantic financial flows started to dominate the global financial system after the collapse of Bretton Woods (Thiemann, 2014; Beck, 2022; Gabor, 2020; Konings, 2008). European finance has been described as a phenomenon of Americanisation when European banks are highly leveraged to borrow dollars and allocate capital to dollar-denominated securities (mortgage-backed securities as such), which is a key conduit for the global flow of US dollars and also the culprit of US's financial trouble spreading to the world (Hübner, 2016). The third dynamic centers on the ascendancy of market-based finance—encompassing shadow banking and the broader transition from intermediated (bank-centric) to disintermediated (market-centric) models—driven by Washington Consensus policies advanced by the World Bank (WB) and International Monetary Fund (IMF) since the 1980s (Aglietta & Breton, 2001; Lapavitsas, 2009). This shift manifests in instruments such as bonds, stock exchanges, securitized loans, repurchase agreements (repos), and other impersonal, autonomous, profit-oriented financial products and highlights how credit rating agencies (CRAs) serving as pivotal gatekeepers in this disintermediated landscape, assigning risk scores that profoundly shape capital allocation, market access, and the cost of funding for states and firms alike (Clift, 2018), thereby amplifying the structural power of market-based finance within global economic governance.

An expanding body of research highlights the pivotal role of the Asia-Pacific region in global finance. The region accounts for 39.3% of the world's bond markets, 48.3% of stock markets, and 61.3% of futures markets, and hosts the planet's largest banks, pension funds, and sovereign wealth funds (Pape and Petry, 2024; Pape, Petry & Rethel, 2025). Accordingly, studies have extensively examined the deepening integration of the global financial system, while emphasizing Asia's strategic pursuit of regional financial autonomy through indigenous institutions and actors. For instance, the emergence of alternative institutions such as the China-led Asian Infrastructure Investment Bank (AIIB) provides lending free from normative conditionalities and at market-based interest rates, thereby contesting liberal financial paradigms and amplifying Asia's sway in global credit governance (Urdinez, 2021). Exchanges in countries like Brazil, China, India, Russia, South Africa, and South Korea set the rules of the game for companies, investors, and states by defining what products can be traded, who can participate, and how markets function to align with national policies (Petry, Koddenbrock, & Nölke, 2021). In contrast, global exchange groups (GEGs) incentivize short-term speculation and high-frequency trading through mechanisms like cash settlement, flash

orders, and co-location that facilitate HFT to maximize trading volume and profits (Petry, 2020; 2025).

That said, efforts toward de-dollarization warrant a thorough systemic re-evaluation, particularly amid the intensifying technological rivalry between the US and China. While China is not poised to supplant the USD's dominance in the foreseeable future (Hofman &Petry, 2025), it has steadily constructed foundational financial infrastructures and regional innovations that account for fragmented globalization and empower the Global South. Therefore, this paper seeks to bridge a critical knowledge gap by examining how China constructs its own autonomous financial space—one that extends to its neighbouring countries and trading partners, closely intertwined with its real economy and technological dominance. This financial craftsmanship offers an alternative framework capable of mitigating global crises, enhancing monetary autonomy, and providing cheaper, faster payment systems amid rising USD volatility and escalating geopolitical tensions.

This paper examines two pivotal case studies—China's deployment of financial instruments and structures with ASEAN countries and with Latin American and Caribbean countries—to illustrate how these efforts are fostering incremental shifts away from USD hegemony. By focusing on these regions, the analysis reveals distinct pathways toward de-dollarization: one rooted in proximate, trade-intensive integration and the other in distant, resource-driven geopolitical realignments.

We derive our data from multiple sources. For trading data, we have utilized the OEC, ATLAS, and WITS databases, each possessing distinct advantages and disadvantages (for further details, refer to the Appendix). Regarding the 2025 Chinese foreign direct investment (FDI) data into the two regions, we have drawn from two existing datasets supplemented by manual searches. These datasets include the China Global Investment Tracker (AEI) and the Belt and Road Portal. The former effectively captures significant outbound investments and constructions by private investors but often overlooks activities involving state-owned enterprises. The Belt and Road Portal, which provides weekly updates, serves as a valuable complementary source. However, both sources occasionally exhibit inaccuracies and omissions in reported investment values, particularly the latter. To enhance the rigor of our data, we conducted manual searches using specific project names across various news platforms, including WeChat, Google, and Baidu. This multi-source triangulation approach, combined with manual verification, ensures a rigorously vetted compilation. The dataset "Official Statements on Financial Cooperation with China (ASEAN and Latin America & the Caribbean)" (see appendix X) was constructed through the collection of public statements and official documents issued between 2020 and 2026. Because they occupy constitutionally mandated roles in monetary and economic governance, statements by presidents, finance ministers, and central bank governors constitute

authoritative public signals of a state's policy narrative and constraints. Such remarks shape expectations among domestic agencies, markets, and external counterparts, making them suitable for mapping official framings of currency internationalization and de-dollarization. For each country, items were retrieved from central bank websites, government portals, and reputable press outlets quoting identifiable officials (e.g., presidents, finance ministers, central bank governors)[2]. Classification followed a two-level coding scheme. First, Type of discourse captured the explicit stance expressed in the text: de-dollarisation advocacy, renminbi (RMB/CNY) internationalisation, a hybrid stance (combining de-dollarisation and RMB internationalization), a pro-dollar reaffirmation or a neutral/technical description. Second, Frame captured the dominant justificatory logic invoked, such as commercial pragmatism, liquidity/financial stability, monetary sovereignty, or systemic contestation.

Our finding shows that these cases vary fundamentally in narrative scope: ASEAN tells a story of pragmatic, integration-focused innovation, emphasizing technological and infrastructural synergies (e.g., fintech linkages) that foster organic RMB adoption in a densely interconnected neighbourhood, driven by mutual economic gains rather than overt confrontation. Latin American and Caribbean countries, however, narrates a tale of strategic diversification in a distant, commodity-dependent region, where historical U.S. influence amplifies the appeal of Chinese alternatives, highlighting debt relief, political alliances (e.g., via BRICS), and resistance to dollar weaponization. Together, they demonstrate China's multifaceted approach, providing a comprehensive view of how Beijing is reshaping international finance without directly challenging the USD's core.

**2. Technological Imperatives and the Fragmentation of Global Finance**

The United States, long the architect of the neoliberal international economic order, has—particularly following Trump's re-election in 2025—emerged as one of its most formidable disruptors, increasingly deploying economic instruments as geopolitical weapons. This pivot is starkly illustrated in measures such as the federal government's acquisition of a 10% equity stake in Intel via targeted subsidies, the coerced redirection of 15% of Nvidia's China-bound chip revenues, and the imposition of anti-free-trade tariffs on nearly all trading partners. For the first time in modern history, tariffs—which have traditionally contributed a mere 2–2.7% to federal revenues and proven woefully inadequate against the ballooning national debt—

[2] For the following countries, no statements related to the mapped themes were found: Guyana, Honduras, Guatemala, Dominica, Antigua & Barbuda, Jamaica, Barbados, Grenada.

have been politicized not for fiscal rectification but as blunt instruments of leverage for non-economic aims, signaling a profound rupture from conventional economic rationality.

We argue that the U.S.'s primary concern lies not in upholding the existing economic norms but in securing dominance in the global technological order, where advantages are locked in for decades. Seemingly erratic actions—such as President Trump's pressure on the Federal Reserve to cut interest rates (prioritizing productive investments over financial asset inflows), his push for the Fed to purchase USD 40 billion in Treasury bills outright, and efforts to compel the EU to buy U.S. corporate bonds—reveal the inherent contradictions within the liberal economic and financial framework that the United States has long championed. In the context of great-power rivalry, these moves can be understood as pragmatic expediency driven by technological imperatives, as the technological race—intertwined with climate challenges—increasingly takes precedence, leading to a broader convergence toward "tech finance." The chaotic economic playbook thus becomes secondary to who shapes the technological order and how it reconstructs global norms.

Moreover, the United States' increasing weaponization of global financial interdependency—through sanctions, blacklistings, reserve freezes, and the exclusion of entire states from global payment networks—has revived interest in alternatives to the dollar-dominated financial system across emerging economies, accelerated by bilateral and multilateral trade shifts as well as technological innovations like cryptocurrencies and blockchain. In trade, key indicators include Saudi Arabia's decision not to renew its 1974 secret petrodollar agreement, ending exclusive oil sales in USD (Bibi, 2025); the BRICS bloc's pursuit of dollar alternatives; and the European Central Bank's efforts to elevate the euro's international role. China has bolstered liquidity through bilateral currency swaps, including renewals with Saudi Arabia (50 billion yuan in 2023), the UAE (US$5 billion equivalent in 2023), Argentina (US$5 billion in 2025), Brazil (190 billion yuan in 2025), and Chile (US$ 7,7 billion dating back to 2021). These arrangements facilitate non-dollar settlements, reducing reliance on the USD in regional transactions.

Technological advancements further transform the financial landscape, with digitalization and cryptocurrencies bypassing traditional banking systems. The U.S. GENIUS Act formalizes stablecoin issuance backed one-to-one by dollars to preserve USD centrality, while private cryptocurrencies like Tether (USDT) and USD Coin (USDC) dominate in inflation-prone regions such as Argentina, serving as hedges and low-cost transfer tools. Yet, this opens

avenues for other currencies: China has embraced CNH-based stablecoin trials in Hong Kong, and numerous countries are issuing stablecoins pegged to their own fiat (Julian Cruz, 2025). Offshore stablecoins now represent a new frontier in digital payments, potentially empowering the Global South.

Despite these evolutions, the global economic order's power dynamics remain largely intact, with U.S. dominance persisting in payment systems, development finance through institutions like the IMF, and global stock markets attuned to Federal Reserve signals. As Johannes Petry's forthcoming work highlights, RMB usage across functions—in reserves, debt, loans, payments, and forex turnover—remains modest at under 5%, compared to the USD's 50-60% share. While China was the largest trading partner for 120 countries, Chinese trade itself had long been overwhelmingly invoiced in dollars (Petry, 2025).

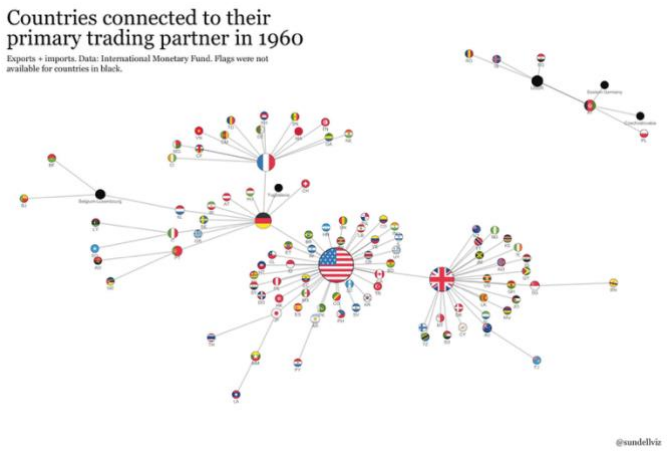
However, incremental shifts are underway. In trade settlement, the RMB eclipsed the USD by March 2025, comprising 54.3% of China's aggregate flows. In the linchpin arena of oil—bedrock for myriad economies—the RMB's share in Saudi Arabia's petroleum trade with China vaulted past 45% for the first time, doubling from 2023 benchmarks (IMF, October 2025). Concurrently, Saudi state-owned banks have integrated with China's Cross-Border Interbank Payment System (CIPS), diluting fealty to the entrenched SWIFT monopoly (Zhu, 2025). On the bond ledger, panda bonds, known as yuan or CNY)-denominated bonds issued in mainland China's onshore bond market by non-Chinese entities, swelled to US$45 billion by early 2025, with foreign issuers staking 28% of issuances by July 2024. A few countries such as Egypt, the Philippines, and Hungry have used Panda bond proceeds to fund its infrastructure projects. More strikingly, for the first time on record, China's dollar-denominated bonds have priced in lockstep with U.S. Treasuries, meaning it has managed to secure dollar borrowing at the same rates as the US, signaling a fundamental shift in global perceptions of risk. Exemplifying this, China's $4 billion dollar bond sale in early November 2025—oversubscribed nearly 30-fold with a $118 billion order book—evaporated in minutes, underscoring how select sovereigns now regard Chinese debt as a credible Treasury substitution (Bloomberg, November 6, 2025). Finally, in lending spheres, Chinese institutions ramped RMB-denominated overseas loans from 7% to 40% of their portfolios (2015–2024), with a post-2022 surge; This had a significant global impact, with total dollar lending to emerging market economies declining by ten percent between 2022 and 2024 (Federal reserve, 2025).

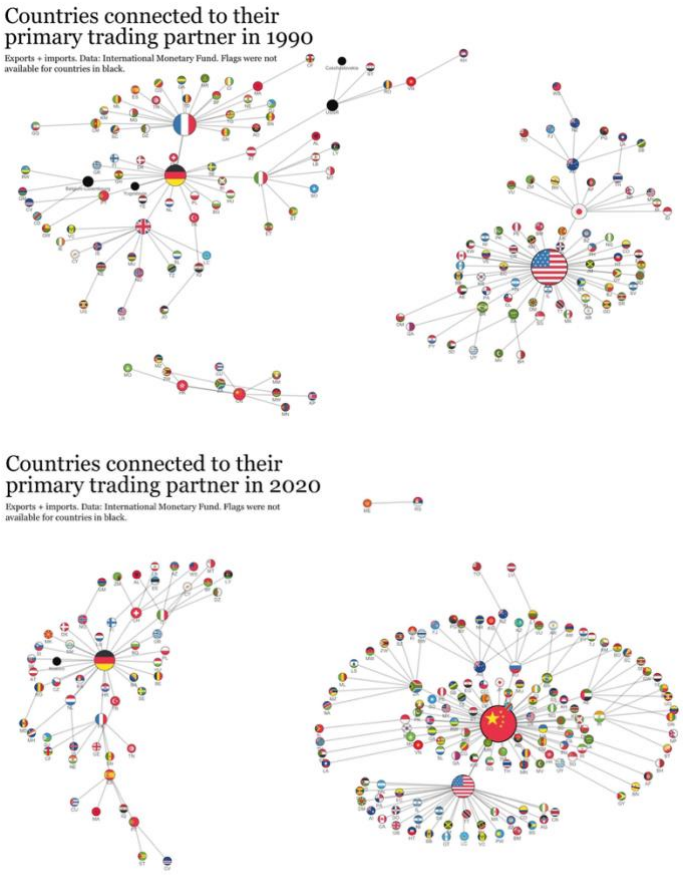
Above clearly demonstrates, the RMB's growing appeal is undeniable. Yet, beneath these figures lies a profound divergence in financial logics that is worth under investigation. As Petry (2025) argues that China is incrementally constructing a smaller-scale but parallel financial arena that deliberately weaves partner economies—particularly in the Middle East, Latin America, Africa, and Asia—into RMB-centric orbits. In stark contrast to British and US financial hegemony, which rested on open capital markets, private banking networks, and the proliferation of highly financialized instruments—from deep derivatives to speculative activity increasingly decoupled from the real economy—China's approach remains state-led and functionally oriented. Precisely because China's financial ecosystem is intimately bound to the real economy—trade, production, and infrastructure—China's financial statecraft cannot be conducted in isolation from policy, trade and investment dynamics.

Accordingly, in the sections that follow, we examine three evolving patterns in China's trade (Section three), investment (Section four), and policy initiatives (Section five and six) with ASEAN and Latin America and the Caribbean (LAC). These analyses reveal how such material linkages sustain and reinforce the emerging China-centric financial order.

### 3. Trade of China with Asian countries and LAC S.

Meanwhile, the USA increasingly emerged in the geopolitical arena until establishing themselves as the world superpower in economic terms (arriving to cover more than 30 percent of Global GDP in 1950s (figure 1??), monetary terms with an hegemonic role at international level (Bibi, 2025) and technological-military terms. In this framework, it is important to highlight that while the European powers were still very relevant as trade hubs in the 1960s (particularly the UK, France and Germany, (figure 2 ?), the USA already became the primary partner for the majority of the countries worldwide. In the following three decades (1960s-1990s) the USA retained its leading role as a global trading partner despite, mainly thanks to Deng Xiaoping opening trading measures, China started to appear again as a global player too. However, it is in three decades after (1990s-2020s) - during which China also joined the WTO - that China restored its leading position as a trade partner worldwide. In 2020 China already overtook the USA as the world's biggest trade partner (figure 2??, Bibi, 2025; Sundell, 2022).






Source: Bibi, 2025 (Double check)

In the following subsections we analyze the trade relationships of the two case studies under observation, namely the ASEAN and the Latina American countries. To frame them in the broader trade scenario of China, figure 3 presents the most recent data on China's import and export partner share (WITS, 2025). As it can be noted, East Asia & Pacific countries play the major role as a trade partner region both in terms of exports (absorbing about 39% of China's export) and imports (producing 49% of all Chinese imports). Globally, Latin America and the Caribbean (LAC) place itself in a completely different position as a regional partner for China with only 7% of exports and 8.5% of imports. In that sense, our two case studies represent a selection of different regions, also as trade partners, with a deep and emerging relevance for China.

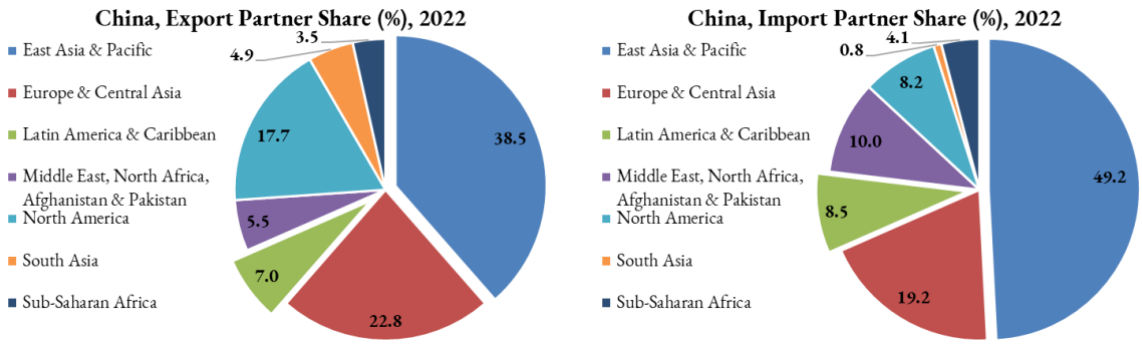



Figure 3: China, Import and Export Partner Share (%), 2024
Source: China Exports and Imports partners by region, 2024 - WITS

### 3.1 With ASEAN Countries

Analysing the trade of China with ASEAN countries, several features can be detected (figures xx, in Appendix??). First, China has been running an increasing trade surplus toward ASEAN countries from actually a trade deficit of about 11 $ billion in 2003, to 32 $ surplus in 2013 up to 111 $ billion in 2023 (the most updated data). That is in line with the increasing trade integration of China with ASEAN countries in the new millennium as figures xx above already highlighted.

Second, even if both exports and imports *values* across all the sectors have been increasing over time, their individual proportions have been roughly the same, especially since the 2003 SCB boom up to 2023. An exception to the previous point has been the machines sector (blue colour following the HS92 system) that, despite having consistently played the leading role toward ASEAN countries - both in exports and imports - saw its proportion declining from about 50% to 40% in the same period, their absolute value strongly increased.

Third, despite the declining relevance in percentage terms of the machines sector in trade, their contribution to the net trade has been undeniable: from a net deficit of 6 $ billion in 2003, to a net surplus of 24 $ billion in 2013 arriving to 56 $ billion in 2023.

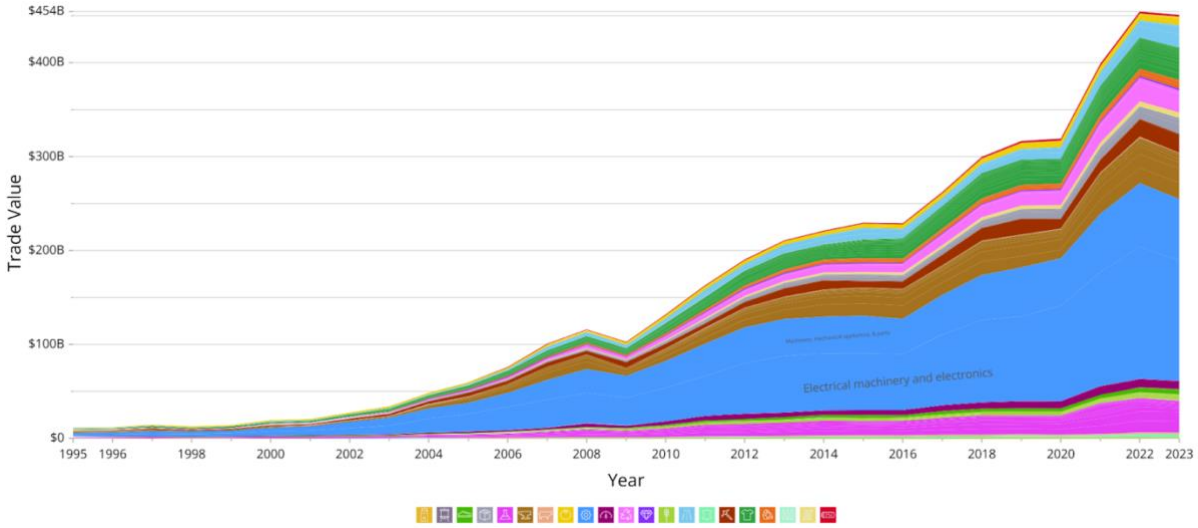



Figure xx: What does China export to ASEAN? HS 92, HS2
Source: OEC, 2025

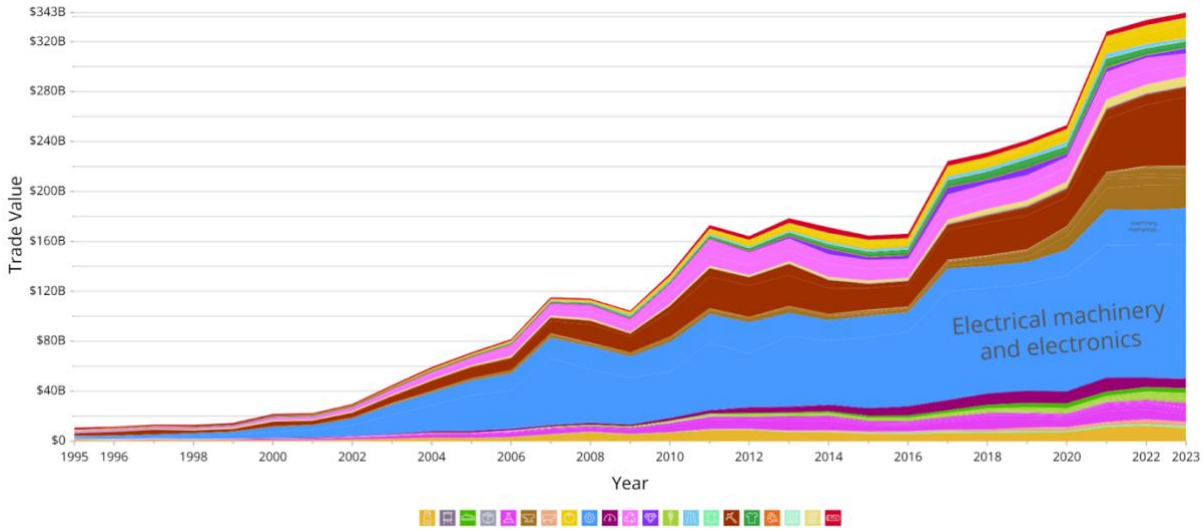
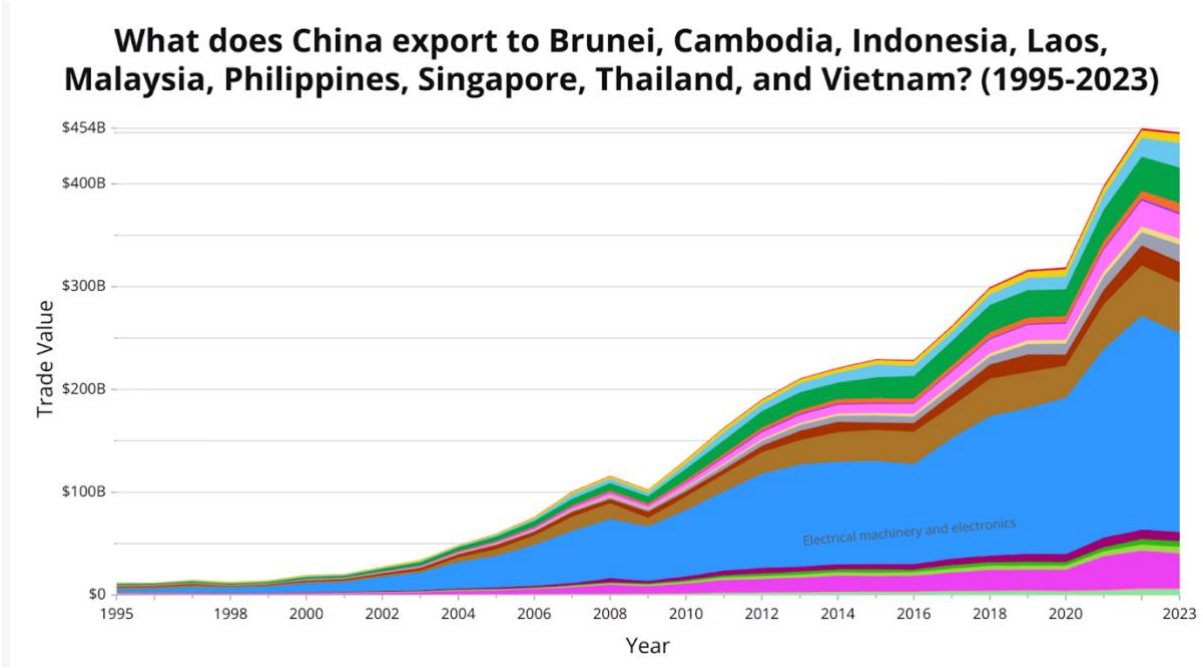



Figure xx: What does China import from ASEAN? HS 92, HS 2
Source: OEC, 2025




A general disaggregation of exports and imports (HS 92, HS 2) is offered in the Appendix to capture a better understanding of the most recent trade dynamics of China with ASEAN countries. Overall, machines (43%, blue), metals (11%, brown), textile (8%, green) and organic chemicals (8%, violet) were the major export sectors for China toward ASEAN countries. Among imports, machines (40%), mineral products (18%, dark red) and metals (10%) were instead the most important sectors in terms of magnitude. It should be highlighted the increased magnitude of mineral products among the imports of China from ASEAN countries, especially petroleum (both crude, refined and gas) and lignite, among other natural resources.

However, given the relevance of machinery both for exports and imports, here we present (figures xx) the major composition with a higher level of detail (H 4) in the same year. As it can be observed, **of the 193 $ billion of machines exported**, integrated circuits, broadcast equipment, computers , telephones, office machine parts and semiconductor devices account altogether more than 45% of the total exports toward ESEAN.

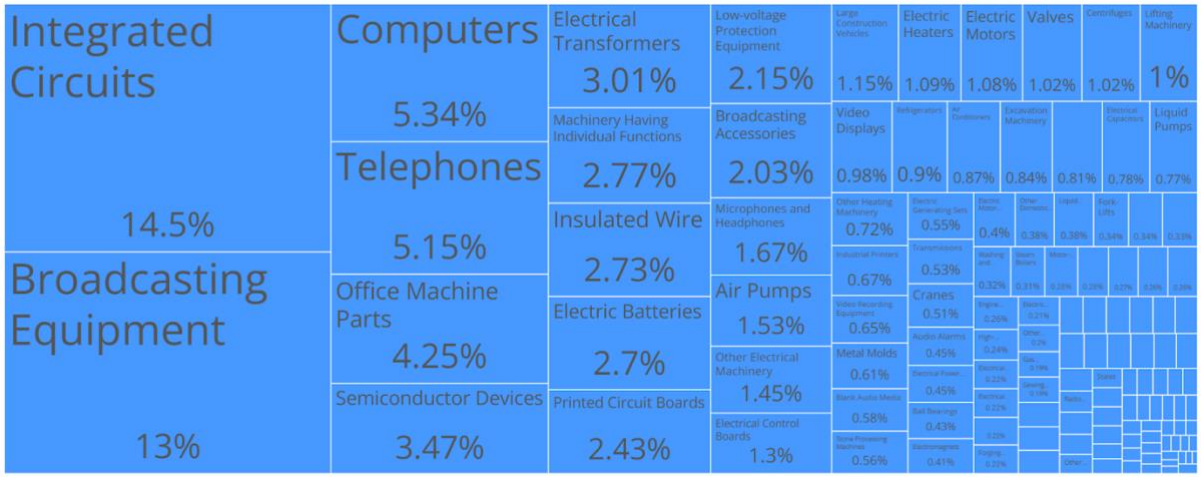



Figure xx: What does China export to ESEAN, 2023 in terms of Machines? (HS 92, HS4, Total: $193B)
Source: OEC, 2025

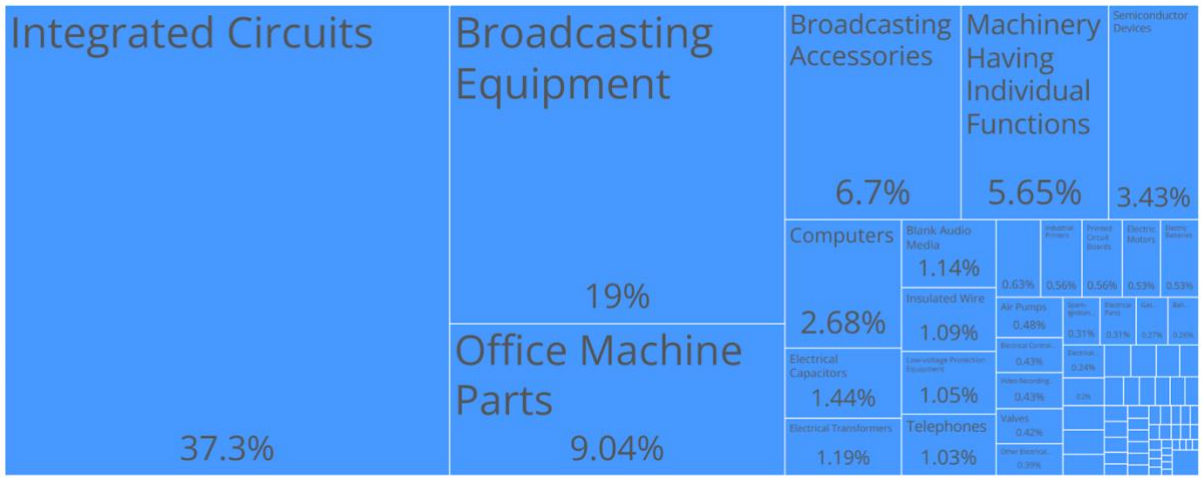



Figure xx: What does China import from ESEAN, 2023 in terms of Machines? (HS 92, HS4, Total: $137B)
Source: OEC, 2025

Similarly, of the 137 $ billion of machines imported, integrated circuits, broadcast equipment, and office machine parts account altogether more than 65% of the total imports from ESEAN. That way, considering that the aggregate next exports of machines to ASEAN in 2023 was 56 $ billion, the disaggregated data we are presenting allow us to highlight how China ran an important 23 $ trade deficit in terms of integrated circuits (exporting about 28 $ billion and importing 51 $ billion), a trade deficits of 4 $ in office machine parts (exporting about 8.2 $ billion and importing 12.3 $ billion) and one of 5 $ in broadcasting accessories (exporting about 3.9 $ billion and importing 9.2 $ billion).

Differently, instead, are the results in terms of the majority of all the other components that present - in aggregate level - a trade surplus more than double the previous deficits. A final related to the decomposition of machinery refers to their variety: if in fact our figures allow to detect how the imports of machinery (mainly components) are quite concentrated in relatively few (mainly intermediate) machinery components, exports seem to detect a much more variegated breath of machinery components, both intermediate and final ones (like computers and electronic batteries).

### 3.2 With Latin America and Caribbean countries

With respect to its trading relationship with China, the LAC region is substantially different to ASEAN countries in practically every terms, namely magnitudes, dynamics over time, and compositions of exports and imports. In fact, if similarly to ASEAN countries, China's trade surplus has been increasing also toward LAC countries, from 6 $ billion in 2003 up to 65 in 2023, the first difference is that such a surplus has not been ever-increasing. In fact, despite being very relevant - and differently from its relationship with ASEAN countries - China's trade balance from 2013 to 2023 has not been increasing but, in fact, slightly declining, down from 72 $ billion.

The non ever increasing trade balance toward LAC is an important feature of the trade structure of China with this region that constitutes the second remarkable difference. In fact, figure xx reveals that while the exports of China toward LAC have - also here - mainly driven by machines, i**ts imports have mainly been focused on natural resources, mainly mineral products (brown) and vegetable products (yellow and with soybeans constituting an increasing component of those)**. In that sense, the important surge that affected the commodities exported by LAC during the supercycle commodity boom of 2003-2013 and the recent one started after 2019 (Bibi et al., 2025 a, b) helps explain the partial reduction of the Chinese trade balance toward the region.

In particular, while **the net exports of machines** increased substantially over time (from 7 billion in 2003, to 89 in 2013 up to 120 billion in 2023) also the net imports of mineral products increased at a similar speed (from less than 1 billion in 2003 to 54 in 2013 up to 94 billion in 2023).

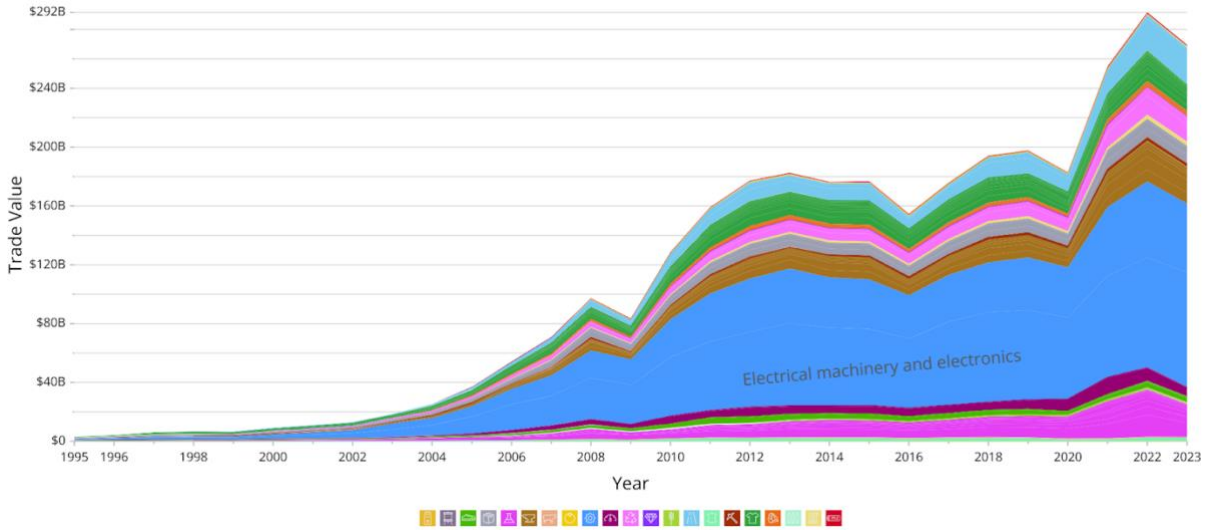



Figure xx: What did China export to LAC countries, 1995 – 2023, HS 92, HS 2
Source: OEC, 2025

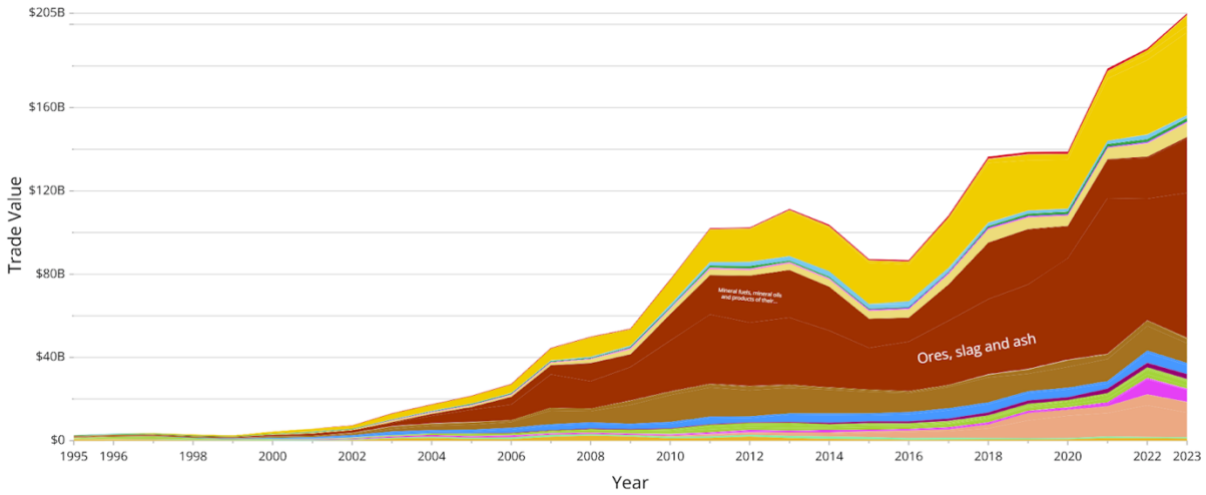
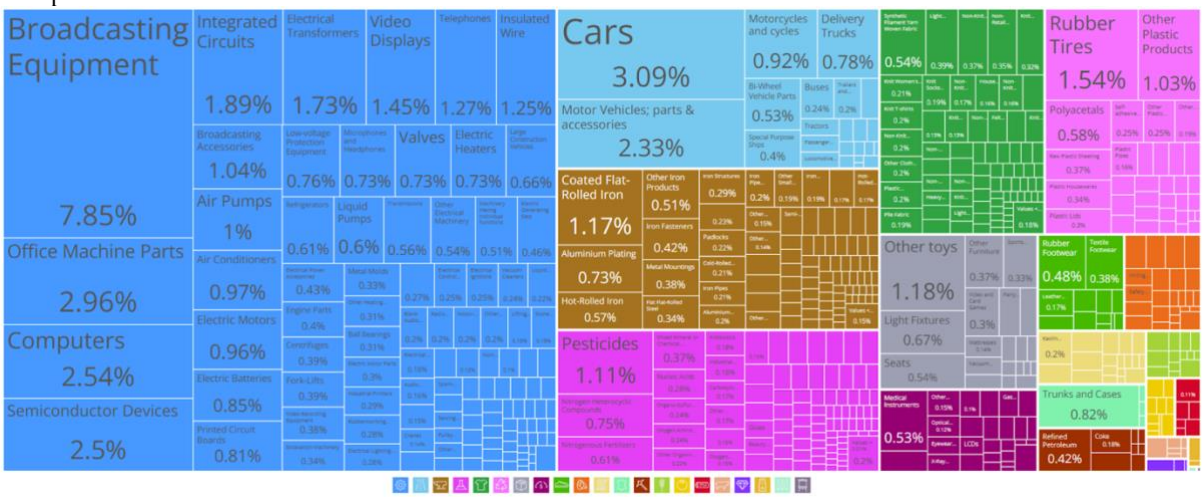



Figure xx: What did China import from LAC countries, 1995 – 2023, HS 92, HS 2
Source: OEC, 2025

As in the previous subsection, we proceed to present the most recent data (2023) at a more disaggregated level (HS 92, H4) to obtain a better understanding of the composition of China trade toward the region focusing the attention only on the most relevant exports and imports in 2023. However, given the relatively little differentiation in Chinese imports among the mineral products, we decided to maintain the analysis of the overall imports. Differently, as for ASEAN countries, we proceed with a more detailed analysis of China's exports toward ASEAN given their higher differentiation.

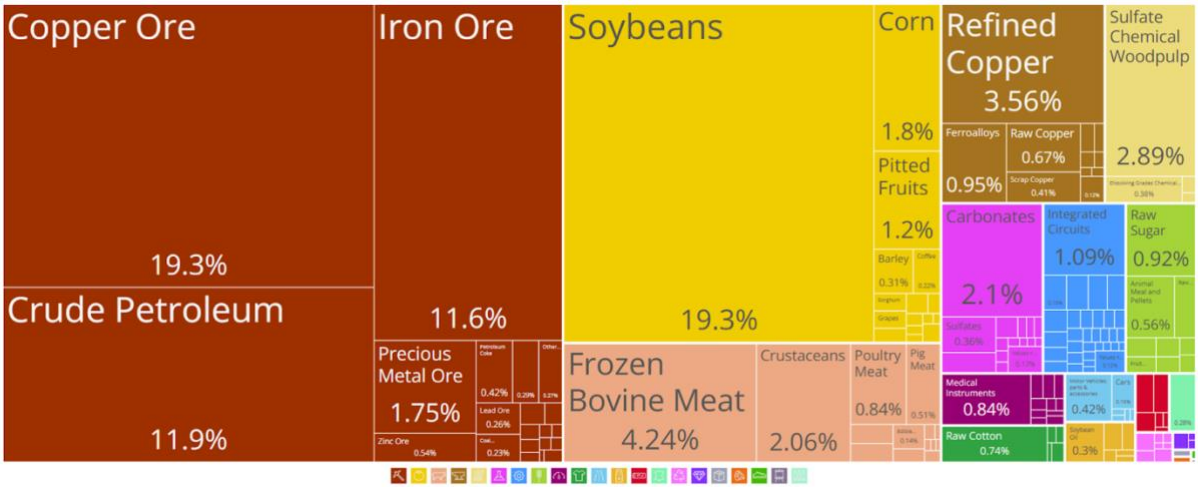
First, while in 2023 machines represented about 43% of the total exports toward LAC, exports were quite differentiated, including 10% of transportation products (light blue), 9% of metals (brown) and 8% of chemical products (violet), among others. That way, radio/TV transmit-receive apparatus, computers (in machines) and cars (in transports) constituted just some examples of the typical products broadly considered as capital.




What does China export to LAC, 2023? HS4 (Total: $270 B) HS 92, HS4
Source: OEC, 2025

Quite distinctive is the figure of the Chinese imports from LAC since these were mainly constituted by mineral products (copper ore, iron ore petroleum and crude petroleum). It is relevant to highlight here that all them as ore or crude are **raw material** that need to be refined to produce usable products either as in the form of copper metal or steel or in the form of gasoline, diesel, kerosene or plastics feedstock. Soybeans (as well as corn and several other products like raw copper, raw sugar and raw cotton) also constituted raw

material. That way, 4 raw material products alone constitute more than 60% of the exports of LAC toward China representing a completely different trade structure than ASEAN countries.




What does China import from LAC, 2023?, HS 92, HS4 (Total: $205B)
Source: OEC, 2025

**4. China's investment outflows: dual pursuit of economic resilience and hemispheric sway**

Analysis of China's foreign direct investment (FDI) activities in 2025 reveals distinct regional patterns in ASEAN and Latin America and the Caribbean (LAC). In ASEAN, Chinese investments—many exceeding USD 1 billion in value—concentrate heavily on "new economy" sectors, including digital infrastructure, electric vehicles (EV), and green energy. Notably, six of the eleven major projects are clustered in Indonesia (see appendix), underscoring ASEAN's role as a strategic hub for China's integrated "new energy + digital" investments, strongly linked to critical minerals and advanced technologies.

ASEAN has become the primary offshore platform for China's new-energy and digital industrialization, with Indonesia as the undisputed centre of new investments in 2025. In ASEAN, especially Indonesia, China is aggressively building the complete upstream-to-downstream supply chain of the global energy transition and digital economy. Indonesia dominates with 65% of global refined nickel and hosts a cascade of Chinese-led vertical integrations—from GEM's nickel smelters ($1.42 bn), CATL's battery manufacturing ($6 bn), to BYD's full-assembly hubs and data centers ($1 bn)—aiming for 20% EV production localization by 2025, but also extended to renewable power generation and storage (offshore wind, solar + BESS, pumped hydro), gas-to-power, data centers, and even pulp & paper megafactories. However, the flashiest and the most stunning figure of the investments of all

in 2025 belongs to BYD $8.8 billion investment in Thailand over the next five years to develop digital infrastructure including data centers.

This “new infrastructure” wave, including Thailand’s 12,000 charging stations by 2030, aligns with China’s export of high-tech standards. The core logic is clear: lock in resource security, localize high-value green industries, and turn Indonesia (six of the eleven ASEAN deals) into China’s offshore “new-energy + digital industrial base.” The “new infrastructure wave” is aligned with the upgraded China-ASEAN Free Trade Area (ACFTA) 3.0 version—involving China and the 10 ASEAN member states (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam)—focusing on emerging domains such as the digital economy, green economy, and supply chain connectivity, marking the first systematic framework for full-chain cooperation that encompasses “hard connectivity” in digital infrastructure (e.g., data centers, broadband networks, and cross-border e-commerce platforms) and “soft connectivity” in rules and standards (e.g., data governance, cybersecurity protocols, and mutual recognition of green certifications). This evolution represents a forward-looking upgrade of the FTA, building on the original 2010 agreement and its 2.0 version (signed in 2015), to foster deeper economic integration amid global challenges like supply disruptions and climate transitions. This approach aligns with ASEAN’s EV market surge, projected to hit $18.66 billion by 2030 at a 32.61% CAGR, driven by subsidies and intra-regional trade pacts that enable smaller, iterative bets.

However, Latin America remains the region where China still plays the classic infrastructure-for-influence game with a smaller number of very large, long-concession assets. In Latin America, by contrast, Chinese capital continues to follow the classic infrastructure-for-influence playbook, but with far fewer, much larger, and longer-duration trophies. LAC centers around traditional heavy infrastructure projects, exemplified by mega-projects like Colombia’s metro system and Brazil’s ultra-high voltage (UHV) transmission lines. While ASEAN’s average project size ranges widely, with a median of approximately $1.4 billion, LAC projects, albeit fewer, are larger, reflecting a preference for long-term control and operational rights, as seen in Peru’s port agreements of 30-year operating concession by COSCO. The three flagship deals—all above $1.3 billion and two exceeding $4 billion—center on traditional heavy assets: Bogotá, the largest city of Colombia, first metro line ($5 bn EPC by Xi’an Metro consortium), Brazil’s ±800 kV northeast UHV transmission

backbone ($4.3 bn, fully owned by State Grid Brazil), and the deep-water Chancay megaport in Peru (30-year operating concession by COSCO).

Worth mentioning, the Chancay megaport in Peru—60% majority-owned by COSCO Shipping Ports (a Chinese state-owned enterprise) in partnership with the Peruvian mining firm Volcan—has a first-phase capacity of about one million TEU per year and opens a new logistics route to Shanghai, reducing China–Peru transit time to 23 days from 35–40 days via traditional routes. The megaport lacks "oil terminal" but optimized for containers (electronics, textiles, consumer goods imports from Asia) and bulk dry goods (e.g., minerals like copper export from Peru/Chile and lithium export from Chile). It serves as a transshipment hub to decongest Peru's main port at Callao, emphasizing trade efficiency for non-energy commodities. These are slower-moving, one-per-country geopolitical signature projects executed almost exclusively by the traditional infrastructure SOEs (State Grid, China Harbour, COSCO). Long-term operational control and physical connectivity dominate over green or digital themes. Therefore, LAC projects are often standalone, with less direct resource integration, primarily serving market access and geopolitical interests. Though renewables (e.g., Brazilian wind) are rising, the core remains securing commodity flows via rails, ports, and grids, fostering dependencies amid $9 billion in new credit lines announced in 2025.

We also notice that Chinese market players are different in these two regions. In ASEAN, the investor and contractor roster reads like a complete cross-section of today's Chinese economy. Alongside traditional infrastructure giants (PowerChina, China Energy Engineering Group, Sinomach), the lead roles are increasingly taken by new-economy national champions and private/sector leaders: ByteDance (digital), CATL (batteries), BYD (electric vehicles), and GEM (recycling and nickel processing). Even when state-owned enterprises are involved, they are often provincial or second-tier SOEs (such as Shandong Hi-Speed Group) or specialized subsidiaries (such as China Tianchen under ChemChina). This diversity reflects a genuine whole-of-economy push: China Inc. is transplanting its most advanced, future-oriented industrial chains—electric-vehicle batteries, renewable power, and digital infrastructure—into Southeast Asia, with private and semi-private firms often taking the most visible and strategic projects.

Latin America, by contrast, remains almost exclusively the domain of the traditional infrastructure SOE titans: State Grid Corporation of China (Brazil UHV), China Harbour

Engineering and Xi'an Metro consortium (Bogotá Metro), and COSCO Shipping (Chancay Port). These are the mostly central-level, "national team" enterprises that have dominated Belt-and-Road flagship projects for the past decade. New-economy players such as CATL, BYD, or ByteDance are effectively absent from the 2025–2027 LAC pipeline. The region is still treated as a theater for classic, capital-intensive, long-concession infrastructure where only the largest, most politically connected state giants have the balance sheet, diplomatic backing, and risk appetite to operate.

In short, ASEAN has become the primary offshore platform for China's new-energy and digital industrialization, with Indonesia as the undisputed center. Latin America remains the region where China still plays the classic infrastructure-for-influence game with a smaller number of very large, long-concession assets. All together, we will challenge or complement the traditional dominant narrative construing the BRI merely as "a spatial fix" for offshoring surplus industrial capacity to partner countries along BRI corridors and to sustain its investment-driven capitalist model (Summers, 2016; Kenderdine, 2017; Zhang, 2017). This reductionist view, which posits the BRI primarily as a means to alleviate an overaccumulation crisis, overlooks the broader implications of China's international investments. Rather than merely addressing internal economic pressures, we argue that these investments represent an extension of China's governance model on a global scale. This extraterritorial expansion manifests through the China-led construction of physical infrastructure, the financing, the future management over critical shipping nodes, and the intricate organizational activities inherent in complex supply chains.

Importantly, we found out that China's outward foreign direct investment (FDI) frequently departs from conventional equity investment and sovereign lending modalities by embedding Chinese firms within an engineering–procurement–construction (EPC) role structured through Build–Operate–Transfer (BOT) arrangements. Under this configuration, Chinese contractors do not primarily seek indefinite ownership or extensive long-term operational control; rather, they construct project assets and retain time-bound operating rights before transferring the asset to the host state. Revenues accrued during the operational phase can function as a de facto repayment mechanism, helping to service project-related financial obligations and thereby improving bankability and reducing fiscal stress on host governments. This operational–financial coupling suggests that Chinese capital outflows along Belt and Road Initiative (BRI) corridors should be analyzed not merely as a strategy to

absorb surplus industrial capacity, but as an institutionalized mechanism capable of reshaping contracting practices, risk allocation, and governance norms. Reframing China's investment in these terms invites more rigorous scrutiny of its broader geopolitical and political-economic consequences for host countries and the wider international order.

## 5. Financial Instruments adopted with Asian countries and LAC X.

5.1 With Asian Countries

Back in November 2002, Chinese Premier Zhu Rongji and Leaders of 10 ASEAN Countries signed Framework Agreement on Comprehensive Economic Cooperation. This is the first free trade agreement signed between China and a foreign country, marking the official launch of the China-ASEAN Free Trade Area (FTA) construction. The goal is to establish the FTA with ASEAN original members (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand) by 2010, and with new members (Vietnam, Laos, Cambodia, Myanmar) by 2015, at which time most products will achieve zero tariffs.

Since 2018, Guangxi's role in China–ASEAN finance has been deliberately upgraded from a regional aspiration to a national strategic project. The launch of the *Overall Plan for the Guangxi Zhuang Autonomous Region to Build a Financial Open Portal Oriented towards ASEAN* positioned the province as a designated "financial gateway" to Southeast Asia, with a clear operational agenda rather than a purely symbolic label. A central priority was to encourage Guangxi's commercial banks to establish reciprocal local-currency accounts with ASEAN counterparts, expand bilateral deposit holdings, and support the development of offshore RMB markets. This policy direction was subsequently reinforced through more concrete instruments: a 2020 incentive mechanism introduced performance-based rewards for Guangxi-based banks and payment institutions conducting ASEAN-oriented cross-border RMB business, calibrated at 0.06% of the year-on-year increase in annual RMB settlement volume. By 2025, the strategy had moved beyond general facilitation into targeted institutional engineering. Nanning and Guining city, both in Guangxi Province, jointly issued the *Three-Year Action Plan for the Construction of the National Vietnamese Dong Cash Transportation Centre (2025–2027)*, explicitly aiming to strengthen Guangxi's initiative in RMB–Vietnamese dong exchange-rate quotation, accelerate the digitalization of cross-border financial services, and provide an implementable template for Belt and Road–aligned financial cooperation. Taken together, these measures suggest a shift from policy signalling to infrastructure-building: Guangxi is not only being framed as China's financial portal to ASEAN, but is being equipped

with incentives, platforms, and specialized capabilities intended to make that portal function in practice.

The *RMB Usage Report in ASEAN Countries*—compiled by the Guangxi Financial Society Institute since 2020—frames 2024 as a consolidation year in which policy intent began to translate into measurable transactional weight. It notes that total cross-border RMB receipts and payments between China and ASEAN reached roughly USD 1.25 billion in 2024, a 50.7% year-on-year increase. Read alongside the broader policy sequencing described earlier, this growth is not simply a story of "more trade therefore more RMB," but a signal that institutional scaffolding—banking linkages, settlement incentives, and payment connectivity—is gradually lowering the frictions that have historically kept regional invoicing anchored to the US dollar. At the intergovernmental level, the People's Bank of China's cooperation memorandums with the State Bank of Vietnam and the Bank of Thailand are notable less for their symbolism than for what they enable operationally: routine coordination on payment infrastructure, settlement arrangements, and the regulatory conditions under which RMB usage can expand without destabilizing domestic monetary management. In the same vein, the report's claim that bilateral local-currency swap agreements between China and ASEAN exceeded USD 112 billion points to a deeper logic of liquidity assurance. Swap lines function as a financial "backstop," making local-currency settlement more credible during periods of market stress by providing the means—at least in principle—to secure short-term liquidity when offshore access tightens. In other words, the political commitment to settlement diversification is being paired with instruments designed to manage the risks created by that diversification.

Crucially, this architecture is increasingly channeled through platforms that scale. By 2024, China's Cross-Border Interbank Payment System (CIPS) had processed USD 23.1 trillion across 8.9 million transactions, with 62% of activity originating outside China (Petry, 2025). The ASEAN relevance lies in the direction of travel: cross-border RMB business involving ASEAN countries saw transaction counts rise by 41.6% and transaction values by 95.6% year-on-year (Nanning Financial Cooperation& Development Forum, 2025). This divergence—values growing faster than volumes—can be read as early evidence of RMB settlement moving beyond small, episodic payments toward larger-value commercial flows (for example, higher-ticket trade invoices, supply-chain financing, or institutional transfers), even if the region remains far from any wholesale displacement of dollar-based settlement. The implication is that RMB internationalization here is being built as a "plumbing-first" project: expand clearing

channels, standardize messaging and compliance routines, and only then normalize usage. For Guangxi, this regional momentum matters because it supplies the external demand-side logic to the province's "financial open portal" agenda. If ASEAN-facing RMB settlement is rising, if swap and cooperation frameworks are thickening, and if CIPS is absorbing growing volumes and values, then Guangxi's initiatives—ranging from incentivizing RMB settlement to specialized facilities such as the Vietnamese dong-focused logistics plan—can be interpreted as an attempt to capture and organize these flows at a subnational level. The province's ambition is not merely to participate in China–ASEAN financial integration, but to become one of its operating hubs: a place where pricing initiative (exchange-rate quotation), settlement capacity (banking and payment channels), and digitized cross-border services converge into a repeatable model for BRI-adjacent financial cooperation.

5.2 With LAC countries

In November 2008, China's Ministry of Foreign Affairs released the *China's Policy Paper on Latin America and the Caribbean*—the first comprehensive government document to systematically articulate Beijing's approach to the region. More than a diplomatic gesture, the paper set out a staged roadmap for building what it described as a "comprehensive partnership" grounded in equality, mutual benefit, and shared development. That logic of institutionalization became clearer in the years that followed. Rather than relying solely on bilateral diplomacy, China increasingly pursued a structured, region-wide channel for dialogue and coordination—one that could aggregate priorities across diverse Latin American and Caribbean states and translate broad political intentions into recurring cooperation agendas. This process culminated in January 2015, when the China–CELAC Forum (the Forum of China and the Community of Latin American and Caribbean States) was formally launched at its inaugural Ministerial Meeting in Beijing. That meeting established the institutional foundation of China's collective engagement with Latin America and the Caribbean, producing three landmark documents: Beijing Declaration of the First Ministerial Meeting; China-Latin America and Caribbean Countries Cooperation Plan (2015-2019); and Institutional Rules and Operating Procedures of the China-CELAC Forum.

The most recent, the Fourth Ministerial Meeting, took place in 2025 and marked a significant step forward with the adoption of the Joint Action Plan for Cooperation in Key Areas between China and CELAC Member States (2025-2027). The plan has already generated more than 100 concrete triennial cooperation projects across the region. In essence, the China-CELAC Forum

has evolved from an initial framework-setting platform in 2015 into a structured mechanism that now delivers large-scale, multi-year cooperation packages—serving as the primary channel for China's region-wide diplomatic and economic strategy toward Latin America and the Caribbean.

The People's Bank of China (PBoC) and the Central Bank of Argentina signed their first currency-swap agreement in 2009 for 70 billion RMB / 38 billion Argentine pesos. Its main goals were to provide emergency liquidity, boost bilateral trade and investment in local currencies, and enhance financial stability. The arrangement has been repeatedly renewed and expanded to counter Argentina's chronic dollar shortages. The latest renewal in June 2023 raised the size to 130 billion RMB (≈ 4.5 trillion Argentine pesos at the time) and extended it for three years (until mid-2026). In practice, it has functioned as a critical lifeline, with Argentina activating large portions (over 50 billion RMB equivalent in 2023–2025.org/2025) to meet IMF repayments and stabilize reserves. Following the same model but on a larger scale, the PBoC and the Central Bank of Brazil renewed their local-currency swap line in May 2025 for 190 billion RMB / 157 billion Brazilian reais, valid for five years. This renewal reflects the growing economic weight of Brazil-China ties (bilateral trade exceeded $180 billion in 2024) and both countries' shared interest in reducing dollar dependence. Taken together, these two swap lines — now totaling 320 billion RMB in combined capacity — represent the largest local-currency liquidity backstops China has extended to any region outside Asia, underscoring Latin America's strategic role in Beijing's push for renminbi internationalization and de-dollarization in emerging markets.

Beyond bilateral currency-swap arrangements, China has promoted renminbi (RMB) usage in Latin America and the Caribbean (LAC) by establishing PBOC-authorized RMB clearing banks. To date, three such designations are documented in the region: ICBC Argentina (authorized by the PBOC on 17 September 2015), China Construction Bank (CCB) Chile Branch (authorized on 25 May 2015), and ICBC Brazil (authorized on 16 February 2023). In practice, these clearing banks provide a local hub for RMB clearing and settlement—allowing domestic banks and firms to access RMB payment and liquidity services via accounts with the local clearing bank, rather than relying exclusively on offshore correspondent chains, meaning that they don't need an account in China; they typically settle through an account relationship with the local RMB clearing bank (and/or their bank's correspondent arrangements. This infrastructure can reduce transaction frictions and lower

reliance on U.S.-dollar intermediation, though it does not automatically "bypass the dollar" unless trade and finance are actually invoiced and settled in RMB.

Latin American sovereign and quasi-sovereign borrowers have been invited—quite explicitly—into China's onshore RMB "Panda bond" market as a way to diversify funding away from traditional dollar- and euro-centric channels. Yet the uptake from Latin America has been cautious. Public reporting through mid-2025 still framed Brazil's prospective Panda bond as a plan in preparation, rather than a completed sovereign issuance, suggesting that a Latin American sovereign debut had not yet materialized at that point. To date, no Latin American sovereign has completed a Panda bond placement, though several development banks and corporates (e.g., from Brazil and Chile) are reportedly in the preparatory or approval pipeline.

5.3 Asean and LAC countries in comparison

We take stock of five financial instruments (RMB clearing bank → central bank swap → currency settlement frameworks → CIPS → direct RMB FX trading) in a progressive integration sequence from Gateway → Backstop → Routine use → Infrastructure embedding → Market pricing. Stage 1: Gateway/Access – RMB clearing banks for liquidity. Stage 2: Sovereign Backstop – Bilateral swaps for crisis liquidity. Stage 3: Routine Use – Local currency settlement frameworks. Stage 4: Infrastructure Embedding – CIPS for cross-border rails. Stage 5: Market Pricing – Direct RMB-local FX trading.

RMB-related financial cooperation can be understood as moving from "gateway" arrangements toward full market-based integration. At the entry level, an RMB clearing bankb(entry-level institutional foothold) establishes a local hub for RMB settlement and liquidity provision, typically centered on a single designated commercial bank and its local participants; this is institutionally meaningful but remains modular, since firms can opt in without fundamentally rewiring the host country's payments architecture—signaling, in effect, that "an RMB gateway exists in-country." A deeper step is the establishment of a central bank swap line line (sovereign-to-sovereign commitment), which constitutes sovereign-to-sovereign cooperation by creating a contingent liquidity backstop; even when rarely drawn, it formalizes a monetary relationship and can strengthen confidence in RMB availability, conveying that "RMB liquidity will be supported at the sovereign level," even if the effect is not always visible in routine transactions. Cooperation deepens further through currency settlement frameworks(behavioral + regulatory integration), which differ from swap lines precisely because they are designed for everyday use: by harmonizing rules, account

structures, compliance routines, participating banks, and sometimes designated dealers, these frameworks shape trade and trade-finance behavior over time and signal that "RMB or local-currency settlement is being normalized in routine commerce."

Beyond behavioral and regulatory alignment, CIPS represents system-level infrastructure embedding: whereas settlement frameworks may still rely on traditional correspondent banking pathways, direct or indirect participation in CIPS connects institutions to a China-centered clearing and settlement rail with standardized technical and operational requirements, increasing switching costs and creating path dependence as usage scales—signaling that "banks are plugged into RMB settlement rails at the infrastructure layer." At the deepest level, direct RMB–ASEAN FX trading (deepest market integration) reflects genuine market integration because it concerns price formation itself: sustaining direct currency pairs requires liquidity provision, market making, and credible hedging instruments supported by two-way flows and dealer networks, making it the hardest stage to achieve through policy declaration alone and indicating that "RMB exchange rates are being directly discovered and hedged in shared markets." This table summarizes the stages and instruments involved in the integration of the RMB within ASEAN and highlights differences in participation levels in Latin America.

| **Stage (progressive integration)** | Instrument | Core function | Key participants | Depth signal | ASEAN | LAC |
|---|---|---|---|---|---|---|
| **1. Gateway / access** | RMB clearing banks | Provide a local hub for RMB clearing/settlement and liquidity services | Designated clearing bank; local commercial banks; corporates | RMB use becomes operationally available in-country | ✅ | ✅ |
| **2. Sovereign backstop** | Bilateral currency swap agreements | Provide contingent liquidity between central banks (crisis buffer / confidence mechanism) | PBoC + ASEAN central bank counterparts | RMB settlement gains sovereign credibility via emergency liquidity | ✅ | ✅ |
| **3. Routine use / behavioral shift** | Bilateral local currency settlement frameworks | Normalize trade/investment settlement in RMB or | Importers/exporters; commercial banks; designated dealers/regulators | RMB moves from "available" to regularly used in transactions | ✅ | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | partner currency (avoid USD conversion) | | | | ⚠ |
| **4. Infrastructure embedding** | CIPS / mBridge | Provide RMB cross-border clearing/settlement rails (traditional + CBDC-based) | PBoC/CIPS & mBridge central banks, direct/indirect participants, commercial banks | Institutions become structurally connected to RMB infrastructure (higher switching costs) | ✅ | ⚠ |
| **5. Market pricing / deepest integration** | Direct RMB–ASEAN FX trading | Enable direct price discovery and liquidity for RMB–local currency pairs (hedging + market-making) | Interbank FX market participants; market makers; CFETS; banks | Cooperation reaches exchange-rate formation and sustained liquidity | ✅ | ⚠ |

As a concluding comparison, China's RMB-related financial cooperation with ASEAN and with Latin America reflects two distinct political-economic logics. In Southeast Asia, the core driver is deep industrial-chain integration and trade facilitation, which is reinforced by relatively mature multilateral coordination mechanisms (including ASEAN+3) and a high degree of "new economy" regional connectivity that supports broad-based scenarios such as general trade settlement, cross-border e-commerce, and infrastructure-linked payments. This setting has also positioned ASEAN as a technological frontier, where experiments such as mBridge signal a willingness to pilot more innovative forms of cross-border monetary infrastructure. In contrast, China's engagement with Latin America is more strongly shaped by bulk commodity trade and strategic considerations often framed in de-dollarization narratives, with cooperation mechanisms that remain largely bilateral and concentrated on key partners such as Brazil. Correspondingly, the dominant use-cases in Latin America tend to cluster around large-value commodity flows and project finance, while the enabling toolkit relies more heavily on conventional instruments—clearing banks and central bank swap agreements—rather than region-wide multilateral arrangements or cutting-edge digital settlement experimentation.

## 6. Multi Polar World: a perspective from the Global South

This section maps how financial and political authorities in Latin America and the Caribbean (LAC) and ASEAN approach the themes of dollarization/de-dollarization and the internationalization of the renminbi (RMB). By coding official and public statements by discourse type and dominant frame, the analysis seeks to capture national perspectives as they appear in public communication, distinguishing between reaffirmations of dollar primacy, calls for diversification, and pragmatic arrangements to expand RMB use in trade, finance, and payment infrastructures. The purpose is to identify regional patterns, outliers, and the main justificatory logics that structure official narratives across both regions.

### 6.1 Latin America & the Caribbean (LAC): discourse and frames

Across the LAC sheet, the dataset displays a variable discursive landscape: statements cluster into Pro-dollar and Explicit de-dollarisation almost symmetrically (six entries each), with a smaller but meaningful set of RMB internationalisation (four) and hybrid statements (three). In LAC, debates on renminbi use and de-dollarisation are related to different frames, from liquidity/financial stability to systemic contestation.

A first pattern is the Pro-dollar discourse anchored in commercial pragmatism and, in some cases, liquidity/financial stability. Paraguay, Ecuador, Mexico, Panama, and El Salvador articulate variants of the claim that no alternative currency is as reliable as the U.S. dollar for international trade, or they reaffirm legal and institutional commitments that entrench the dollar's monetary role (Bloomberg, 2023; Swissinfo, 2023 and 2025; SPB, 2024; IMF, 2025a). The framing focuses more on transactional certainty and macro financial stability, showing how those economies are structurally connected to the US via trade, investments and/or debt. El Salvador and Ecuador have dollarized economies, and countries such as Mexico and Panama are more subject to geopolitical influence, the first because of its neighbouring position, and the latter, due the strategic importance of the canal (Brun & Covarrubias; Duan, 2025).

A second pattern is the presence of Explicit de-dollarisation discourse that is nevertheless heterogeneous in framing. On one side, de-dollarisation is framed as portfolio and debt diversification, especially where institutions present currency composition and liability management in technical terms. Argentina's public-sector debt "de-dollarisation" framing exemplifies this approach, treating currency denomination as a sovereign risk-management decision (Banco Central de la República Argentina, 2020). On the other side, de-dollarisation is framed through monetary sovereignty and, at times, systemic contestation. Brazil's presidential-level rhetoric about reducing reliance on the dollar in trade settlement emphasizes autonomy and institutional alternatives (Ministério das Relações Exteriores, 2024), while Venezuela and Cuba present a confrontational narrative, linking alternative monetary architectures to constraints imposed by U.S. power (Ministerio del Poder Popular de Comercio Nacional, 2023; Granma, 2025).

Third, the dataset's RMB internationalisation discourse in LAC clusters around liquidity/financial stability frames (e.g., swap lines) and institutional recognition of renminbi as a reserve or reference currency. Chile's swap-line related statement highlights the RMB as a tool to secure liquidity and facilitate cross-border operations (Reuters, 2020). Colombia and Peru entries similarly foreground reserve-management or operational dimensions rather than overt geopolitical repositioning (Banco de la República de Colombia, 2024; Banco Central de Reserva del Perú, 2020). Where RMB appears positively in LAC, it often enters via central-bank infrastructure and risk mitigation, not as a declared strategic realignment.

The most divergent cases are the hybrid statements, notably Bolivia, where authorities simultaneously invoke pragmatic trade settlement benefits and diversification away from dollar dependence (Reuters, 2023a and 2023b). LAC's overall pattern is one of variable monetary orientation, with Pro-dollar guardrails coexisting with de-dollarisation arguments that range from managerial to systemic, and with RMB internationalisation confined to technical channels rather than explicit systemic contestation of the dollar.

### 6.2 ASEAN: discourse and frames

In contrast to LAC, ASEAN is dominated by RMB internationalisation discourse (eleven of fifteen entries), with only one "Hybrid," one "Explicit de-dollarisation discourse", one "Neutral/technical," and one "Pro-dollar." The dominant framing is consistently commercial pragmatism and liquidity/financial stability, producing a discourse that is less polarized and

more pragmatic in tone. The data therefore portray ASEAN as a region where RMB-related developments are most often narrated as payments innovation and trade facilitation, rather than as a direct challenge to dollar primacy, likewise this type of discourse in LAC.

A central pattern is the prevalence of swap lines, local currency settlement, and cross-border payment connectivity as the main discursive vehicles. Thailand's repeated central-bank communications on the bilateral swap arrangement describe it as supporting trade and investment while reinforcing market stability, an archetypal liquidity-and-pragmatism frame (Bank of Thailand, 2021 and 2025). Similar logic appears in Singapore and Indonesia entries, where RMB-related mechanisms are linked to settlement efficiency, reduced transaction costs, and resilience of payment channels (Reuters, 2024). The critical point is that ASEAN's "RMB internationalisation" is described as an operational improvement in regional finance.

A second pattern is the strong presence of diversification as a complementary frame. In ASEAN, diversification signals optional currency choice and risk distribution across invoicing and settlement options, meaning some extent of de-dollarization in pragmatical terms. Malaysia's prime-ministerial remarks are a partial exception: they more explicitly raise the theme of reducing reliance on the U.S. dollar, mixing pragmatic settlement arguments with a monetary sovereignty dimension (Reuters, 2023). Even then, the narrative is typically incremental: broaden local-currency use and settlement channels rather than abruptly displace the dollar.

Third, there is limited but visible sovereignty and systemic discourse in a few cases, yet it remains secondary to pragmatic framing. Cambodia and Laos exhibit stronger sovereignty-oriented language in parts of the dataset, but still situate RMB-related steps in practical cooperation frameworks (Kiripost, 2023; VietnamPlus, 2020). Myanmar's entries, meanwhile, are notable for their explicit acceptance and administrative framing of RMB settlement, reflecting a context where sanctions pressure and payment constraints elevate the practical value of RMB channels (Myanmar Ministry of Information, 2023). This is one of the clearest ASEAN cases where geopolitics plausibly intensifies the demand for RMB-linked infrastructure.

The dataset's primary outlier is Timor-Leste, whose Pro-dollar position reflects a distinct monetary regime: the use of the U.S. dollar domestically. Here, the frame is pragmatic and stability-oriented, emphasizing credibility and the constraints of small-state monetary capacity (IMF, 2022). The Philippines entry coded as "Neutral/technical" similarly stands apart: it treats de-dollarisation and RMB as global discussion points without committing to a directional policy shift (Wealth Insights, 2025).

Overall, ASEAN's pattern is best characterized as infrastructure-led RMB normalisation: RMB-related references cluster around swap lines, settlement frameworks, and payment connectivity, with commercial pragmatism and liquidity/stability dominating almost every observation (Bank of Thailand, 2021; Reuters, 2025). Deviations exist, especially where leaders articulate sovereignty or where sanctions environments raise the salience of RMB channels, but the regional baseline remains incremental diversification and a pragmatical stance.

### 6.3 LAC vs ASEAN: comparative interpretation with geopolitics

Comparatively, the dataset suggests ASEAN is more "infrastructure-forward" and less discursively polarized, while LAC is more politically bifurcated between Pro-dollar reaffirmation and de-dollarisation rhetoric. Geopolitically, LAC's proximity to the United

States and exposure to U.S.-centred financial influence plausibly strengthen the domestic incentives for public officials to signal dollar reliability and continuity, especially in trade and finance. ASEAN's proximity to China, dense production networks, and high-frequency cross-border trade create stronger practical demand for settlement and payment connectivity, conditions that make RMB-linked arrangements easier to frame as efficiency gains rather than alignment moves. Beyond geography, two additional factors help: (1) regional institutional density in ASEAN (payment linkages, swap networks) that routinizes incremental currency diversification; and (2) macroeconomic regime differences, where several LAC debates are shaped by sovereign debt and credibility constraints, making some countries more vulnerable to the US influence and others more prone to cooperation with China.

| **Stage** | **Instrument** | **ASEAN Status (2025)** | **LAC Status (2025)** |
|---|---|---|---|
| 1. Gateway/Access | RMB Clearing Banks | ✅ All 10 countries; $100B+ liquidity | ✅ In 5 countries; $50B liquidity |
| 2. Sovereign Backstop | Bilateral Swaps | ✅ RMB 1T+ total; all active | ✅ RMB 200B+; Brazil/Argentina expanded |
| 3. Routine Use | Local Currency Frameworks | ✅ 25% of trade settled in RMB | ⚠️ 5-10% in Brazil/Argentina; pilots in Chile |
| 4. Infrastructure Embedding | CIPS / mBridge | ✅ CIPS strong (1,000+ participants); mBridge via Thailand + extensions) | ⚠️ CIPS growing (17 participants in CIPS); mBridge observers only |
| 5. Market Pricing | Direct FX Trading | ✅ CNY vs. SGD/THB/IDR/MYR active | ⚠️ CNY/BRL launched; others in talks |

## 7. Conclusion I. & S. & X.

As China continues to expand the renminbi's international use, its experience offers valuable lessons for other emerging economies looking to increase their financial resilience.

We argue that the world is entering a financial interregnum: the dominance of the dollar is waning, and rising powers want more autonomy and influence but are not willing — or able — to assume hegemonic responsibilities. The result is a more fragmented and multipolar financial landscape.

The growing, though still selective, use of the yuan across ASEAN and parts of Latin America and the Caribbean should be read as a monetary and institutional expression of the broader shift toward multipolarity. In both regions, the mechanisms highlighted in the previous text, especially bilateral swap lines, local currency settlement frameworks, and the consolidation of offshore renminbi liquidity, function less as symbolic gestures and more as pragmatic responses to an increasingly fragmented and competitive global order.

In a context where the United States faces relative economic and geopolitical constraints, and China has expanded its role as a central trade, investment, and technology partner, central banks are incented to diversify their policy toolkits. The yuan becomes relevant not because it has replaced the dollar's global functions, but because it offers a credible auxiliary channel for trade finance, liquidity insurance, and payments infrastructure in bilateral corridors where China is already the dominant commercial counterpart. This logic is particularly visible in ASEAN, where patterns of regional production networks and deep China centered supply chains make local currency and RMB settlement economically practical, not merely politically desirable.

In Latin America and the Caribbean, the drivers appear more heterogeneous. For some countries, yuan liquidity is an instrument of macroeconomic breathing space during episodes of dollar scarcity and external fragility. For others, especially large commodity exporters, renminbi arrangements reflect a longer term strategy to reduce exposure to dollar denominated funding cycles and to enhance bargaining autonomy in a world of rival great powers.

Viewed together, these developments reinforce a key feature of contemporary multipolarity. Currency diversification is becoming part of a broader autonomy strategy. It allows states to hedge against external shocks, reduce single point dependence on US centered financial rails, and align financial governance incrementally with shifting trade realities. The prospect that China may surpass the United States economically strengthens these incentives by making RMB based options appear not only useful in the present, but potentially even more consequential in the medium term.

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