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Trabajo Fin de Grado

Geoeconomic fragmentation and the reconfiguration of global trade

U.S.-China rivalry in Latin America

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Resumen

Este Trabajo de Fin de Grado de Relaciones Internacionales examina cómo la fragmentación geoeconómica ha generado una reconfiguración de las relaciones comerciales y financieras en América Latina entre 2019 y 2025. Utilizando literatura sobre geoeconomía y fragmentación económica, el estudio analiza cómo la competencia estratégica entre países como Estados Unidos y China está transformando la integración geoeconómica. Para realizar este análisis, se utiliza una metodología mixta, combinando el análisis cuantitativo de datos comerciales y de inversión con el cualitativo de documentos de política económica, iniciativas estratégicas y literatura académica.

La primera dimensión en la que se centra la investigación es la comercial. En esta se analizan las materias primas estratégicas, la reorganización de las cadenas de suministro y las dinámicas de *nearshoring*.

La segunda dimensión se centra en las finanzas, donde se estudian aspectos relacionados con la inversión extranjera directa, la financiación para el desarrollo y los proyectos de inversión en infraestructura.

Finalmente, los resultados demuestran que la fragmentación geoeconómica no está reduciendo la integración económica de América Latino, sino que está reorganizándola en base a aspectos estratégicos, geopolíticos y de seguridad. En consecuencia, el comercio, la inversión y la financiación se han convertido en instrumentos cada vez más relevantes de competencia e influencia internacional.

Palabras clave:
Fragmentación geoeconómica; América Latina; Comercio; Inversión Extranjera Directa; Competencia Estados Unidos - China

Abstrac

This International Relations dissertation examines how geoeconomic fragmentation has driven a reconfiguration of trade and financial relations in Latin America between 2019 and 2025. Drawing on literature on geoeconomics and economic fragmentation, the study analyses how strategic competition between major powers, such as United States or China, is transforming the region's geoeconomic integration. To do so, it employs a mixed methodology, combining quantitative analysis of trade and investment data with qualitative examination of economic policy documents, strategic initiatives and academic literature.

The first analytical dimension is trade, which covers strategic raw materials, supply-chain reorganization and nearshoring dynamics. The second focuses on finance, examining foreign direct investment, development finance and infrastructure investment projects.

The findings show that geoeconomic fragmentation is not reducing Latin America's economic integration, it is reorganizing it along strategic, geopolitical and security lines. Trade, investment and finance have, as a result, become increasingly significant instruments of international competition and influence.

Key Words:
Geoeconomic fragmentation; Latin America; Trade; Foreign Direct Investment (FDI); US-China rivalry

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Introduction

i. Motivations and justification

The global economic system has experienced increasing tensions the past years. According to International Monetary Fund (IMF, 2023), the amount of trade restrictions and industrial policy interventions have increased notably since 2019. This has generated a growth as well in concerns about security, technological competition and supply chain resilience. The period between 2019 and 2025 captures this shift at its most intense, US–China strategic rivalry deepening, global supply chains fracturing and reorganizing in the wake of the COVID-19 pandemic, and critical minerals and infrastructure investment acquiring a strategic salience they had not previously held.

This has led to structural transformations, with trade relations, financial flows, and global value chains being increasingly influenced by both market forces and states' strategic considerations. Therefore, in this context, economic instruments such as trade policies, investment strategies, and financial mechanisms have become tools through which states pursue geopolitical and strategic objectives. At the same time, geopolitical tensions have increasingly influenced investment decisions, trade relations and global value chains. This translates into economic interactions that are no longer only shaped by market forces but also by states' strategic considerations, affecting the global economy (UNCTAD, 2024).

These changes have renewed academic and policy interest in the concept of geoeconomics, understood as the use of economic instruments to achieve strategic goals in the international system. Furthermore, the global debate on geoeconomic fragmentation highlights the fact that economic integration is evolving towards a more fragmented and strategic system. Scholars such as Farrel and Newman (2019) argue that economic interdependence is acting more as strategic leverage nowadays, which allows states to pursue their objectives through geopolitical instruments such as trade, investment, finance and technology.

Latin America is a particularly interesting region through which to examine these dynamics. It plays a considerable role in the global commodity trade, including critical minerals such as lithium and copper, which have become essential elements for the energy transition and for emerging technologies (European Parliamentary Research Service, 2024; OECD, 2026). At the same time, the region is also a significant recipient of foreign investment and infrastructure finance, as reflected in the region's persistent infrastructure gap and the volatility of FDI flows (IDB, 2020; UNCTAD, 2025). These characteristics make Latin America unusually sensitive to shifts in global trade, investment and development finance. As strategic competition between major powers intensifies, its effects land with force in a region whose development opportunities, productive structures and external economic relationships are so directly tied to the terms of global integration. (EPRS, 2025; IMF, 2023).

Given the central role of the United States and China in contemporary geoeconomic competition, their rivalry in Latin America serves as the empirical case through which this thesis examines broader processes of fragmentation (IMF, 2023; EPRS, 2025). The region is a particularly useful setting for this kind of analysis — it combines strategic resources, growing infrastructure needs and strong economic ties to both powers, which means the effects of global competition show up in concrete, traceable form across trade, investment and financial dynamics (OECD, 2026; IDB, 2020; UNCTAD, 2025).

ii. State of the Art

The literature on geoeconomics has increasingly focused on the relationship between economic interdependence and strategic power. Where globalization was once associated primarily with efficiency and market integration, recent scholarship has shown that trade, finance, investment and technology can also function as instruments of state influence. Luttwak (1990), Blackwill and Harris (2016), Farrell and Newman (2019) and Wigell et al. (2019) have each contributed to a framework through which geoeconomics is understood not as a departure from economics but as its strategic deployment.

A second relevant debate concerns geoeconomic fragmentation. Rather than characterizing the current period as straightforward deglobalization, recent studies suggest that global economic relations are being reorganized around security, resilience and geopolitical alignment. The IMF (2023) points to the rise of trade restrictions, industrial policy measures and supply-chain reconfiguration as evidence of this shift, while broader work on global trade suggests that interdependence has not disappeared, it has moved, settling into new patterns of production, investment and exchange.

In the Latin American context, existing research has concentrated on trade dependence, commodity exports, foreign direct investment and infrastructure finance. The literature establishes that the region remains heavily reliant on natural resources and external financing, while critical minerals such as lithium and copper have gained strategic value through the energy transition and technological competition (Ventura-Dias et al., 2005; Ocampo & Ros, 2011; Sánchez-López, 2023; OECD, 2026). Studies such as UNCTAD's *América Latina y el Caribe: La inversión extranjera cayó en 2024 pero sigue habiendo oportunidades* (2025), ECLAC's *Financing for Development in Latin America and the Caribbean: Challenges and Perspectives in a Changing Global Context* (2023) and the IDB's *The Infrastructure Gap in Latin America and the Caribbean* (2020) have further documented the centrality of investment and infrastructure finance to the region's development trajectory.

This thesis contributes to that literature by connecting these debates through a single empirical lens: US–China competition in Latin America. Rather than treating trade, investment, critical minerals and infrastructure as separate analytical objects, it examines how they interact within the broader process of geoeconomic fragmentation

between 2019 and 2025, and what that interaction reveals about the changing terms of Latin America's integration into the global economy.

iii. General and specific objectives

The general objective of this study is to analyze how geoeconomic fragmentation, understood as the increasing segmentation of international economic relations along geopolitical and security line, influences the reconfiguration of trade and financial relations in Latin America between 2019 and 2025.

In order to achieve this objective, the research pursues the following specific objectives:

- To examine the role of trade and financial instruments within geoeconomic dynamics.
- To analyze how the growing strategic importance of critical raw materials is reshaping Latin America's position within global trade relations.
- To analyse hoe the evolution of foreign direct investment and infrastructure in the region contribute to the reconfiguration of economic relations.
- To assess how US–China competition is contributing to the reconfiguration of trade, investment and supply-chain relations in Latin America.

iv. Analytical Methodology

The analytical methodology of the research is based on a mixed method that includes both qualitative and quantitative analysis. The quantitative part of the analysis is based on the study of secondary data related to trade, foreign direct investments, and financial data. These data enable researchers to identify changes in the structure of economic relations.

The qualitative part of the analysis is based on the study of policy documents, strategic initiatives, and academic literature related to geoeconomic relations. In addition, the interaction of powerful nations such as China and the United States in Latin America is taken into consideration as a case study that helps researchers understand the influence of systemic changes in the global economy on the economy of the region.

The research is based on a descriptive, explanatory, and longitudinal method, as it seeks to identify changes in trade and finance from 2019 to 2025 and their association with geoeconomic fragmentation.

v. Structure of the study

This study is structured in four different chapters. The first chapter consists of providing a theoretical and conceptual framework. The objective is to discuss the main debates in geoeconomics and geoeconomic fragmentation, explaining different concepts as well as the role of trade and finance as analytical dimensions.

The second chapter outlines the methodological framework, explaining the research design, the variables of analysis, and the data sources used in the study.

The third chapter applies the theoretical concepts to real events and data by using the methodology stated in chapter 1. In this chapter, a case study will be presented, analyzing concepts such as trade exports, investments, strategic instruments and technology.

The fourth chapter takes up the case study at the heart of the thesis: the growing economic rivalry between the United States and China in Latin America. It looks at how both powers use trade, investment, development finance, technology and strategic sectors to project geoeconomic influence across the region — and what that actually means for Latin America's position in the global economy. The focus falls on critical raw materials, infrastructure, supply-chain reconfiguration and financial relations, tracing how fragmentation at the global level is landing, concretely, in the region.

Chapter I. Theoretical-Conceptual Framework

This chapter develops the theoretical and conceptual foundations necessary to analyse how geoeconomic dynamics are reshaping trade and finance relations with Latin America. This topic lies within of international political economy, debates on geoeconomic fragmentation, and the study of regional economic development with the continent. Therefore, it is essential to clarify the main concepts and theoretical approaches. This conceptual foundation helps interpret whether the economic actions of both powers in the region genuinely reflect parallel, competitive dynamics.

To address this, the chapter draws on key theoretical perspectives within international political economy. In particular, it examines the concept of geoeconomics, the literature on economic statecraft, and the theory of weaponized interdependence in order to understand how states use economic instruments to pursue strategic objectives. Furthermore, recent debates on geoeconomic fragmentation and global value chains are also taken into account to explain the broader structural transformations affecting trade and financial relations.

Geoeconomic fragmentation, as used in this thesis, refers to the increasing segmentation of international economic relations along geopolitical and security lines (IMF, 2023). This implies that globalization captures the growing tendency for trade, investment and financial relations to be shaped by strategic rivalry, economic security concerns and geopolitical alignment as much as by market logic. That framing allows Latin America to be examined not only as a region affected by global economic change, but as a space where trade, finance, infrastructure and technology reveal, in concrete terms, how major-power competition is reshaping the architecture of economic integration.

1. Conceptualising geoeconomics

In 1990, Edward Luttwak defined geoeconomics as the use of economic instruments, such as trade, investment, regulations, technology, and market access, as tools to pursue strategic objectives traditionally associated with geopolitics (Luttwak, 1990). His formulation marked a conceptual rupture: power was no longer exercised through coercive force but through a manipulation of markets, access and interdependence.

Based on this foundation, contemporary researchers have expanded the concept of geoeconomics into a more systematic and analytical framework. In the book *"War by other means: Geoeconomics and statecraft"* by Blackwill and Harris (2016), geoeconomics is defined as "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results". This definition considers two dimensions: (1) the instruments to exercise this idea, such as sanctions, export controls, investment, development finance, and currency policies; and (2) the

intended outcomes that evolve and alter other states' behaviour, shaping the structure of global markets and consolidating spheres of influence.

Moreover, recent scholarship has further emphasized the strategic position that geoeconomics take in a world where economic interdependence has become a source of vulnerability and a tool of influence. Henry Farrell and Abraham Newman in *Weaponized Interdependence: How Global Economic Networks Shape State Coercion*, developed in 2019 the concept of *weaponised interdependence*, which explains how states use control over financial and technological systems as a form of geoeconomic power. This highlights how nations that control key nodes in global networks can convert these structural positions into political leverage. Therefore, this reinforces the idea that geoeconomics is not simply about economic competition, but about the deliberate use of economic asymmetries to shape the behaviour of other actors.

Other scholars such as Wigell, Scholvin and Aaltola in their volume *"Geo-economics and power politics in the 21st century: The Revival of Economic Statecraft"* (2019) have broadened the debate by analysing geoeconomics as a form of statecraft that operates at the intersection of markets and power politics. They argue that economic tools function as part of the national strategy, often blurring the boundaries between traditional foreign policy, industrial policy, and security concerns. This explains why states increasingly seek to secure supply chains, influence technological standards, or control access to critical resources, key areas of today's global competition.

Taken together, these contributions suggest that geoeconomics is best understood not as a fixed definition but as a multidimensional framework connecting economic instruments to strategic objectives. It refers both to the specific tools that states employ and to the broader structural environment in which those tools acquire political meaning (Luttwak, 1990; Blackwill & Harris, 2016; Wigell et al., 2019). From this perspective, geoeconomics helps explain how states compete and project influence in a system where military force is increasingly constrained, and where economic power, interdependence and control over strategic networks have become the primary sources of leverage (Farrell & Newman, 2019; Wigell et al., 2019).

2. Instruments of geoeconomic statecraft

When pursuing strategic influence, nowadays states rely on a wide range of economic tools known as geoeconomic statecraft. Rather than using military force, in today's world, governments seek to shape international outcomes through policies that affect trade, investment, finance, technology, and the organization of supply chains. These instruments operate both independently and in combination, allowing states to reward those who support them, penalise their rivals, and secure long-term advantages across key sectors.

The main instruments examined in this chapter include trade policy and market access, investment and development finance, monetary and financial instruments, as well as technology and supply chain control.

Trade is a very important tool to consider when analysing geoeconomics, as it is the first layer of geoeconomic leverage. It is considered the most traditional visible instrument, as it allows actors to shape behaviour of others through the regulation of market access. States use tariffs, export controls, standards, and market rules to influence other actors, either to strategically reward partners with preferential access or to restrict rivals' ability to compete in sensitive sectors. As authors such as Luttwak and Blackwill and Harris explain, these instruments are not purely economic since they also operate as tools of influence that reflect broader geopolitical aims. As a result, trade has evolved from being considered purely an economic activity to becoming a key domain in which states project power and manage strategic dependencies within the global economy.

Another important set of instruments within geoeconomic statecraft is investment and development finance, as they enable states to project influence by shaping the financial and infrastructural environments of other countries. Investment flows are not merely market-driven movements of capital but can also be guided or facilitated by states when placed in strategically relevant sectors, such as energy, transport, telecommunications or extractive industries (Fonseca et al., 2023). In this sense, foreign direct investment (FDI) can establish long-term economic linkages that strengthen political alignment and create durable forms of dependence. This happens particularly when these investments are channelled through state-owned companies, wealth funds or enterprises operating under government guidance.

From a geoeconomic perspective, FDI plays a significant role because it allows states to embed their economic presence within key sectors of foreign economies, influencing production structures, access to strategic resources and participation in global value chains (Baldwin, 2016; Antràs, 2020). As a result, investment patterns can become closely connected to broader geopolitical strategies and long-term economic positioning.

On the other hand, development finance operates in a similar way but through instruments such as concessional loans, infrastructure funding, grants, credit lines or policy-bank lending. These mechanisms often support large-scale infrastructure projects or development programs that shape recipient countries' economic trajectories and institutional frameworks. Development finance therefore allows states to influence development pathways and strengthen economic ties over long periods of time (International Monetary Fund, 2023).

Recent analysis of the resurgence of state-led companies show that development finance increasingly blurs the boundary between economic cooperation and geopolitical

positioning. The reason behind this is that infrastructure investments, financial support and long-term financing arrangements can provide the lender with significant leverage over regulatory decisions, economic stability or future policy orientations (Fonseca et al., 2023).

Both investment and development finance illustrate how geoeconomic statecraft extends far beyond traditional trade measures. These tools therefore form a critical component of geoeconomic competition, as they reflect how states seek to integrate their preferences within other countries' economic systems through long-term commitments rather than through political pressure.

Monetary and financial tools can also confer structural power, understood as the capacity to shape the frameworks, rules and structures within which other actors operate, rather than influencing them through direct coercion or bargaining alone. As Arabi (2026) notes in her analysis of Susan Strange's work from 1988, structural power derives from control over the underlying structures of the global political economy: finance, production, security and knowledge. In that sense, dominance over financial networks and institutions does not just reflect power it generates it, by creating asymmetries of dependence that states can strategically exploit to advance their interests.

Monetary tools including currency swap arrangements, reserve currency status, and regulatory frameworks, also play a significant role as they determine how easily other states can access liquidity, manage debt, or engage in international transactions. Furthermore, nowadays financial sanctions and restrictions on capital flows have become increasingly prominent as the use non-military weapons is not as acceptable. Together, these mechanisms demonstrate how macro-financial structures serve not only economic purposes but also function as a way through which states pursue strategic goals in an interconnected global economy.

In today's interconnected world where technology and supply chain governance play a significant role in every sector, these have become increasingly important instruments of geoeconomic statecraft. States recognise the strategic value of controlling the infrastructures and networks that underpin the global economy. Many studies highlight that technological systems generate long-term dependencies that can be translated into political influence. As Wigell, Scholvin and Aaltola (2018) argue, the ability to regulate digital infrastructures, shape technological standards or dominate critical stages of value chains enables states to extend their strategic reach beyond traditional policy tools.

At the same time, academic attention has been directed towards the political implications of supply chain interdependence. Farrell and Newman (2019) show that global networks can be used as channels of leverage when states control key parts of the chain, especially when talking about essential technologies or logistical chokepoints.

This demonstrates that supply chains' structure is not only an economic arrangement but also a potential source of strategic advantage. This is seen when disruptions, access restrictions or preferential integration can influence the choices made by dependent actors.

These perspectives reveal that technology and supply chain control have become key components of geoeconomic statecraft. By determining how global production networks are organized states can create or reinforce dependencies that last over time, often without using overt coercion. These instruments illustrate the increasingly blurred boundaries between economic governance, innovation policy and strategic competition in a digital world.

3. Trade and finance as analytical dimensions of geoeconomic rivalry

In order to analyze the global geoeconomic dynamics in a structured and operational way, this study focuses on two dimensions: trade and finance. These areas represent the most direct channels through which geoeconomic competition is expressed in practice and show how states' strategic objectives are translated into concrete economic outcomes.

Trade and finance occupy a central position in International Political Economy precisely because they structure relations of dependence and influence between states. In trade, recent debates on geoeconomic fragmentation have made clear that market access, export controls, strategic commodities and supply-chain dependencies can all become instruments of leverage when economic relations are asymmetric (IMF, 2023; Farrell & Newman, 2019). In finance, Arabi's (2026) reading of Susan Strange's concept of structural power shows that capital allocation is only part of what finance does, it is also one of the primary structures through which actors shape the rules and conditions of the global political economy. Trade and finance, from this perspective, are not simply economic variables. They are the channels through which power is exercised and geoeconomic rivalry becomes legible.

On one hand, trade reflects how states manage access to markets, resources and production networks. Changes in trade flows turn into shifts in dependency structures, the organization of supply chains, and broader strategic priorities. Nowadays, trade dynamics are shaped by different global aspects such as security, politics, and resilience, rather than by economic efficiency. Therefore, when analyzing these patterns, it is possible to notice how geoeconomic rivalry affects supply-chain, commodities and raw materials, and trade dependencies, particularly in regions such as Latin America.

In this context, states and firms have increasingly adopted new strategies of production and supply-chain organisation: *nearshoring*, which involves relocating production to geographically close countries; *friend-shoring*, that refers to shifting

production and sourcing to politically aligned countries; and *reshoring*, which involves bringing production back to the home country after it had previously been offshored abroad (IMF, 2023; World Economic Forum, 2023; Gantz, 2024). From an analytical perspective, these developments are especially relevant because they offer observable evidence of how strategic considerations shape trade relations and reinforce the importance of trade.

On the other hand, finance is an important dimension to analyze due to its long-term impact on economic development and its role in shaping asymmetric relationships between states. Financial flows such as FDI and development finance influence other financial factors such as investment capacity, growth trajectories or access to external resources. These relations often generate forms of influence that have a longer impact on time but are also less visible.

Therefore, the financial dimension helps understand how strategic preferences are embedded in investment patterns and financial arrangements. These two dimensions do not operate independently. Trade relations shape the incentives driving investment decisions, while financial commitments support the infrastructure, supply chains and productive capacity that make trade possible. Changes in trade patterns and financial flows are, in that sense, mutually reinforcing, and treating them separately risks missing how geoeconomic fragmentation actually works. Examining both together is what allows this thesis to trace, with some precision, how strategic competition is reshaping Latin America's integration into the global economy.

Therefore, trade and finance serve as the two main analytical dimensions through which geoeconomic fragmentation becomes observable in Latin America. Trade captures changes in market access, commodity dependence, supply-chain reconfiguration and strategic resource competition; finance reveals how investment flows, development finance and infrastructure projects reshape patterns of dependence and influence. Together, these dimensions provide the lens through which the following chapters trace the reconfiguration of Latin America's economic relations between 2019 and 2025 and, what that reconfiguration tells us about how a fragmenting global economy actually works on the ground.

Chapter II. Methodological Framework

This study of geoeconomic fragmentation and the reconfiguration of global trade is carried out through a mix of methods, combining quantitative and qualitative approaches. The research relies on the analysis of secondary quantitative data on trade and investment flows, complemented by qualitative analysis of policy documents and economic strategies. In addition, the interaction between the United States and China in Latin America is used as an empirical case study to illustrate how systemic competition between major powers can reshape regional economic structures.

Rather than treating US-China rivalry as an isolated bilateral phenomenon, this thesis reads it as one manifestation of broader geoeconomic fragmentation, visible in shifting trade patterns, supply-chain reorganization and changing investment flows. This study is descriptive, as it examines changes in trade and finance between 2019 and 2025; explanatory, as it seeks to identify whether growing strategic competition contributes to patterns of economic fragmentation; longitudinal, since it analyzes developments over a time period previously defined. This combination of methods allows the research to capture both the drivers and the consequences of geoeconomic fragmentation.

1. Variables of analysis

The research distinguishes between systemic-level variables and regional case-study variables.

1.1.1 Independent variable

The main independent variable is the intensity of geoeconomic fragmentation. For the purposes of this study, geoeconomic fragmentation refers to the increasing reorganisation of trade, investment and financial relations according to strategic, security and geopolitical considerations rather than purely market-based ones (IMF, 2023). Since the concept resists reduction to a single indicator, it is operationalised through a set of observable dimensions.

The first dimension considers the increase in trade restrictions, export controls and industrial policy measures as indicators of fragmentation in global trade relations, examined through IMF and WTO reports.

The second dimension looks at evidence of supply-chain reconfiguration drawing on reports from the IMF, World Bank, McKinsey Global Institute and ECLAC.

The third dimension treats the growing strategic relevance of critical raw materials, particularly lithium and copper, as an indicator of how fragmentation affects resource access and supply-chain security, examined through OECD, EPRS and CSIS sources.

The fourth and final dimensions covers the financial side of fragmentation, which includes changes in foreign direct investment, development finance and infrastructure investment, using data from UNCTAD, IDB, ECLAC and the World Bank.

These indicators are not designed to produce a quantitative index. They provide an analytical framework for identifying where and how fragmentation becomes visible in Latin America's trade patterns, investment flows, supply chains and financial relations.

1.1.2 Dependent variables

In order to analyze both the trade dimension and the financial dimension, different variables are used in each case.

1.1.2.1 Trade dimension

This variable captures structural changes in Latin America's trade configuration.

a) Strategic commodity orientation

This measures whether fragmentation increases the strategic value and concentration of resource-based trade. This is measured through export volumes of critical raw materials, commodity concentration ratios and analyzing the destination diversification of strategic exports.

b) Supply chain reconfiguration

This aspect assesses whether Latin America is being repositioned within global value chains through the analysis of evidence of production relocation to Latin America, the growth in manufacturing exports and the participation in nearshoring or friendshoring initiatives.

c) Trade dependency and diversification

This dimension is studied and measured with trade concentration indices, the comparison of intra-regional and extra-regional trade and partner diversification. This evaluates whether fragmentation increases dependency or encourages diversification.

1.1.2.2 Financial dimension

This variable measures structural changes in investment and financial flows.

a) Foreign Direct Investment (FDI) patterns

This variable examines if capital flows become more concentrated or more diversified with geoeconomic fragmentation and reconfiguration. This is analyzed through factors such as FDI inflows by sector, source-country diversification and strategic-sector investment.

b) Development and infrastructure finance

This dimension focuses on infrastructure financing projects, development bank loans, and financial agreements connected to strategic industries. By analyzing these elements, the study evaluates whether financial engagement in Latin America is

fostering closer economic alignment or reflecting wider processes of fragmentation in the global economy.

1.2 Sources of Data

This thesis combines both conceptual literature with quantitative and qualitative empirical data to analyze the fragmentation and transformation or trade and finance sectors in Latin America.

The conceptual framework draws on key works in geo-economics, economic statecraft, and geoeconomic fragmentation, including contributions by *Susan Strange* explained by Kasper Arabi, *Robert D. Blackwill* and *Jennifer M. Harris, Henry Farrell* and *Abraham Newman*, as well as recent analyses by *International Monetary Fund* and *CEPR* on global fragmentation. Studies on global value chains and de-globalization, from authors such as *Pol Antràs* and *Richard Baldwin*, further inform the analysis.
The quantitative data used to examine trade and investment patterns is obtained from internationally recognized institutions, including the *World Trade Organization (WTO)*, *United Nations Conference on Trade and Development*, the *Comisión Económica para América Latina y el Caribe*, *International Monetary Fund, Bank for International Settlements,* and the *World Bank.*

For the case study part, qualitative evidence includes official policy documents, bilateral agreements, and reports from multilateral development banks and academic journals and researches.

Chapter III. Empirical Analysis

1. Global context: Geoeconomic fragmentation and global reconfiguration

Hyperglobalization refers to the phase of global economic integration characterised by rapid growth of international trade, capital mobility, and cross border production, creating the most deeply integrated global economy in modern history. As scholars such as Rodrik, Subramanian and Kessler (2011) argue, hyperglobalization marked a qualitative shift in economic integration, moving beyond the more moderate openness of the post-war decades and producing levels of interdependence that were historically unparalleled.

Understanding this evolution is essential for explaining the recent turn towards geoeconomic fragmentation.

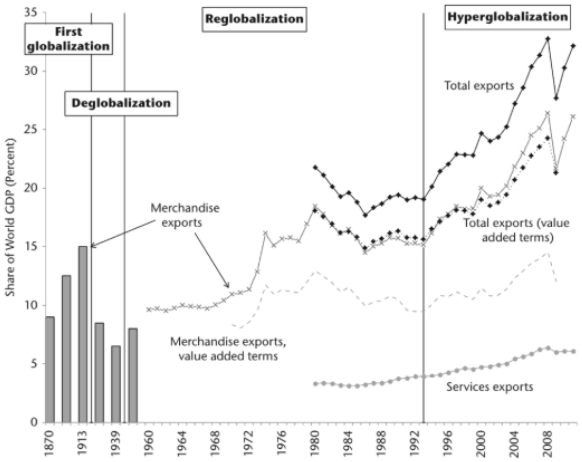

Figure 1: World exports as a share of global GDP (1870–2011). Source: *Allen et al. (2014), based on data from Klasing & Milionis, the World Trade Organization, and Johnson & Noguera (2012).*

Since the late nineteenth century, the global economy has experienced several phases of integration and fragmentation. The first wave of globalization occurred between 1870 and 1914, characterised by the expansion of international trade and capital flows. This period was abruptly interrupted by the First World War and the interwar years, which marked a phase of deglobalization driven by protectionism, geopolitical tensions and economic instability (Allen et al. 2014).

After the Second World War, a gradual process of economic reintegration began under the Bretton Woods system, leading to what some scholars describe as a phase of "*reglobalization*" (Baldwin, R; 2016). However, the most intense period of economic integration emerged after the 1990s with the expansion of global value chains, the liberalisation of capital flows and the rapid growth of international trade. This period is commonly referred to as hyperglobalization and is illustrated in Figure 1.

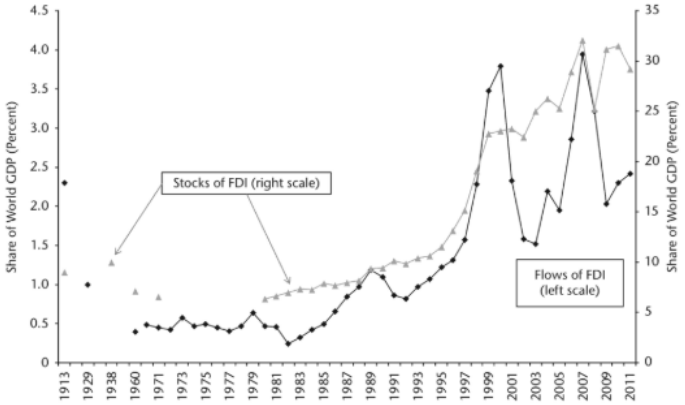

*Figure 2: Stocks and flows of foreign direct investment (FDI), 1913–2011.*Source*: Allen et al. (2014), based on data from Bairoch (1996), Dunning (1983), and UNCTAD.*

A similar pattern can also be observed in the financial sphere. As shown in Figure 2, global foreign direct investment (FDI) expanded rapidly during the period of hyperglobalization, reflecting the growing integration of international capital markets. However, this trend began to weaken after the global financial crisis. Since the early 2010s, FDI flows have become more volatile and, in some cases, have declined, suggesting that the dynamics of global economic integration have slowed (Hammar & Lindberg, 2024).

These developments indicate that hyperglobalization has not simply become static but has gradually evolved into a more fragmented global environment. Economic interdependence is increasingly influenced by strategic considerations, as governments seek to reduce vulnerabilities through policies such as *reshoring*, *nearshoring* and *friend-shoring*. Reshoring refers to the process in which actors relocate their production activities to their home country with the objective of having greater control over their supply chains and reducing exposure to external disruptions.

On the other hand, nearshoring involves changing production to geographically proximate countries, which allows firms to benefit from lower transportation costs and shorter delivery times while maintaining some cost advantages.
And finally, friend-shoring describes the relocation of supply chains to politically aligned or allied countries, prioritizing geopolitical reliability and strategic trust over purely economic efficiency.

As a result, the global economy is becoming more segmented, reflecting the broader shift towards geoeconomic fragmentation. This does not affect all regions in the same way, as its impact depends on their position within global trade and financial networks.

In this context, Latin America has become a very important asset (World Bank, 2023). The region plays a significant role in global commodity markets and has become an important destination for foreign investment. However, the integration of the

continent into global value chains remains uneven and concentrated in specific sectors, especially natural resources.

2. Trade patterns in Latin America

Trade is one of the main channels through which global economic transformations are reflected at the regional level. In Latin America, trade dynamics are shaped by a combination of different aspects: historical events, structural constraints and evolving external demand. Despite periods of economic reforms, the region maintains certain characteristics in its trade structure, especially when analyzing export concentration and dependence on external markets (ECLAC, 2013; The Oxford Handbook of Latin American Economics).

When analyzing how broader geoeconomic transformations translate into concrete changes in trade relations it is important to understand the region's trade dynamics. In this context, examining export patterns provides key insights into the region's position within the global economy and its exposure to external shocks.

a. Export relations and trade patterns

Latin America's export relations are characterized by a structure with a high degree of concentration in terms of products as well as destinations. Historically, the region has specialized in exporting primary goods while relying on imports of manufactured products and technology. This pattern has shown significant persistence despite trade liberalization processes implemented since the late twentieth century (ECLAC, 2013).

Trade reforms increased openness and export volumes but did not alter the region's position within the international labor division (Ventura-Dias et al., 2013). Exports remained concentrated in a limited number of commodities and destination markets, which suggested that deeper integration into global markets did not automatically translate into productive diversification (Ventura-Dias et al., 2013).

In addition to this product concentration, the region's export relations are also shaped by geographic dependency. Several authors, such as Ocampo and Ros (2011), Ventura-Dias et al. (2005), and Jiang and Liu (2021), highlight that the region has a strong reliance on a limited number of external markets, particularly the United States, the European Union and, increasingly, China, depending on the subregion and sectoral specialization. This reinforces asymmetric economic relationships and increases vulnerability to external demand shocks. This is especially relevant in the situation of economic uncertainty, where fluctuations in international markets can have highly important domestic effects.

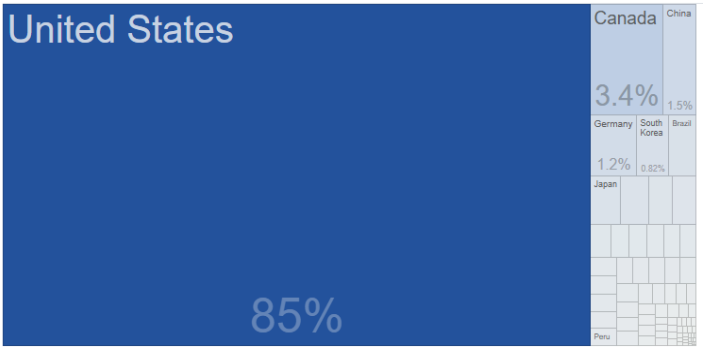

Figure 3: Mexico Exports by Country in U.S. dollars. Source: United Nations COMTRADE.

A clear example can be observed in Mexico, where approximately 85% of exports are directed to the United Sates (in 2025, $545.39B form the total $665.93B of exports). This high level of dependence means that economic slowdowns or policy changes in the U.S. have direct and immediate effects on Mexican industrial production and export performance. This illustrates how trade integration can generate opportunities as well as vulnerabilities. Even though access to the US market has supported Mexico's manufacturing growth, it also exposes the country to changes in US trade policy, economic cycles and strategies.

Furthermore, another important feature of Latin America's trade dynamics is the low survival rate of exports. Empirical evidence suggests that many export relationships in Latin America tend to be short-lived, with firms facing difficulties in maintaining stable access to international markets. Factors such as limited competitiveness, lack of diversification and structural constraints contribute to this pattern, further reinforcing the volatility of export performance (Besedes & Prusa, 2010). This can be observed in the coffee sector in countries such as Colombia, where small producers may temporarily access export markets when international prices are high, but struggle to maintain their position overtime. As prices fall or production costs increase, many of these firms exit export markets since they lack enough financial capacity, scale and logistics to remain competitive over long term.

At the same time, the evolution of global demand has introduced gradual changes in the region's trade relations. As emerging economies have gained more importance, the geographical orientation of exports has altered, even though the shift has not fundamentally transformed the underlying structure of trade. Instead, it has reinforced in many cases exiting patterns of specialization, particularly in resource-based exports, as explained by Gallagher and Porzecanski (2010) and more recently supported by Jiang and Liu (2021).

Latin America's export patterns reflect a combination of continuity and adaptation. Trade integration expanded significantly, but greater openness did not translate into a substantial transformation of the region's export structure as many countries remained dependent on a limited range of products and trading partners. From a geoeconomic perspective, that matters: it shows that deeper integration into global markets can coexist with structural vulnerability, external dependency and limited productive diversification. Being more connected, in other words, does not necessarily mean being

less exposed.

b. Commodities and strategic raw materials

Commodities have always played a central role in Latin America's integration into the global economy. Even though the region has diversified some sectors, its external position heavily relies on the export of natural resources and primary goods. In recent years, green and digital transitions have occurred, making several natural resources crucial for these transformations. This has, therefore, increased the commodities' strategic value beyond their purely commercial role. Latin America is not only a commodity-exporting region, but also an increasingly relevant supplier of inputs that are essential for industrial transformation in other parts of the world (European Parliament, 2024).

This is particularly evident in the case of critical raw materials such as lithium and copper. These minerals are indispensable for batteries, electric vehicles, renewable energy technologies and wider decarbonization processes, which means that access to them is increasingly linked to questions of economic security and supply-chain resilience. Recent European analyses explicitly frame Latin America as a strategic partner in this area, stressing that diversifying access to critical raw materials has become a priority in the context of geoeconomic fragmentation and excessive dependence on a small number of suppliers.

Within the region, the growing relevance of the *Lithium Triangle* is especially important. This group is formed by Chile, Argentina and Bolivia since together they hold a very large share of the world's lithium resources. Estimates suggest that his three countries together account for more than half of global lithium reserves (European Parliament, 2024). This has turned the region into a key geoeconomic space within the global energy transition, attracting growing international attention due to both the scale of their reserves and its potential role in future battery and clean-technology supply chains.

Traditionally, Chile has been the leader in the production of lithium, benefiting from a more developed regulatory framework and a more established extraction capacity, especially in the Salar de Atacama. Argentina, in contrast, has experienced a rapid growth in the past years, with multiple projects under development and increasing foreign investment flows. And lastly, Bolivia has faced several challenges in scaling up production due to different constraints, such as technological, infrastructural and governance despite holding some of the largest estimated reserves (Harvard International Review, 2023). As a result, the Lithium Triangle is increasingly positioned at the intersection of global industrial policy, energy security and geoeconomic competition.

A similar dynamic can be observed in the case of copper, which remains one of the most strategically important minerals in Latin America. The region accounts for a significant share of global copper production, with countries such as Chile and Peru leading the worldwide supply. In 2023, only these countries produced almost 8M tons of copper (CSIS, 2023). As well as lithium, copper plays a crucial role in the global energy transition, as it is an essential input for renewable energy systems, electric vehicles, power grids and digital infrastructure. This has reinforced Latin America's position as a key supplier in global industrial transformation processes (Mining Technology, 2023).

Furthermore, copper is also linked to emerging technological sectors. The expansion of artificial intelligence infrastructure and data centers is expected to significantly increase demand, with projections suggesting that these sectors alone could require an additional 2.6 million tons of copper in the coming years (CSIS, 2024). And moreover, major economies that are trying to achieve the climate targets that have been set will require a substantial increase in supply. Estimates indicate that countries such as the US' copper demand may need to double by 2035 in order to meet the net-zero emission goals. This sustained increase reinforces the strategic importance of securing reliable supply chains and further elevates Latin America's role within the global economy.

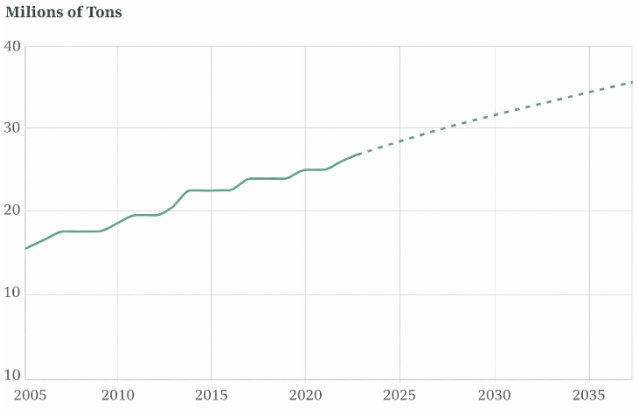

Figure 4: Refined copper demand forecast, 2005–2040.
Source: CSIS (based on ICSG and IEA data).

These trends are reflected in long-term projections of copper consumption. As shown in figure X, there is an expectation of steady growth of global demand for refined copper, driven by factors such as electrification, digitalization and the expansion of clean energy.

However, the strategic importance of these materials does not contribute directly to greater economic autonomy for the region. A key challenge lies in the region's limited participation in other parts of the value chain, as these actors participate as main exporters of raw materials, having lack of representation in other segments such as processing, refining or manufacturing activities. Therefore, even though the regions hold most of the world's reserves, it captures only a small portion of the final value generated in industries where most profits are concentrated.

At the same time, this growing importance has increased international competition for access to raw materials. Major economies are implementing policies aimed at securing supply chains, which has led to greater external involvement in the region

through investment, partnerships and long-term agreements.

This evolving context has also raised an important debate regarding the implications of this trend for the region. While the increasing demand for critical minerals may create new opportunities for economic development, it may also represent a reconfiguration of traditional dependency patterns. Rather than overcoming structural constraints, the global energy transition may reinforce a model in which Latin America remains primarily a supplier of raw materials within externally driven value chains.

This tension is central to understanding the geoeconomic significance of commodities in Latin America: they create opportunities for international leverage and investment, but they also risk reproducing extractive patterns that limit domestic industrial upgrading. That being the case, commodities and strategic raw materials should not only be understood as a trade category, but as a core dimension of contemporary geoeconomic dynamics. Their importance lies in the way they connect Latin America to supply chain resilience, industrial policy and economic security.

The strategic relevance of these commodities goes beyond their economic value because it stems from their role in technological and energy transitions that major powers are actively trying to shape. Competition over access to critical raw materials has, as a result, become inseparable from broader geopolitical and geoeconomic objectives. That is a large part of why Latin America's resource endowment has acquired renewed importance in contemporary patterns of global competition: the region sits on inputs that the next phase of the global economy depends on.

c. Financial and investment patterns in Latin America

The financial dimension of Latin America's integration into the global economy sits alongside the trade and commodity dynamics already examined. Foreign investment, development finance, and infrastructure expansion have all grown more consequential as the global economy fractures along geopolitical lines, with major powers increasingly using financial flows to secure access to strategic sectors and consolidate influence abroad.

Over recent decades, Latin America has drawn growing foreign direct investment, concentrated on sectors such as mining, energy, infrastructure, and manufacturing. The region remains structurally dependent on external financing and foreign capital, a condition that generates asymmetric economic relationships rather than resolving them.

This section therefore traces how foreign direct investment patterns have shifted, assesses the role of development finance and infrastructure projects in that process, and considers what these dynamics imply for Latin America's economic position as global fragmentation intensifies.

- **Foreign direct investment (FDI) trends**

Foreign direct investment (FDI) has played a crucial role in Latin America's integration into the global economy. FDI expanded strongly worldwide during what has previously been determined as hyperglobalization. This was due to production becoming increasingly internationalized and the relocation of firms' activities across borders. In this region, the process of investment was especially visible after the debt crisis of the 1980s (Peter Nunnenkamp). Nunnenkamp shows that average annual FDI flows to Latin America tripled from $8 billion in 1984–1989 to $24 billion in 1993–1995, although the region's performance remained uneven across countries. However, this volatility has persisted until recently. According to the United Nations Conference on Trade and Development (UNCTAD, 2025), FDI flows to Latin America fell by 12% in 2024, reaching $164 billion, with particularly sharp declines in South America, as observed in Figure 5.

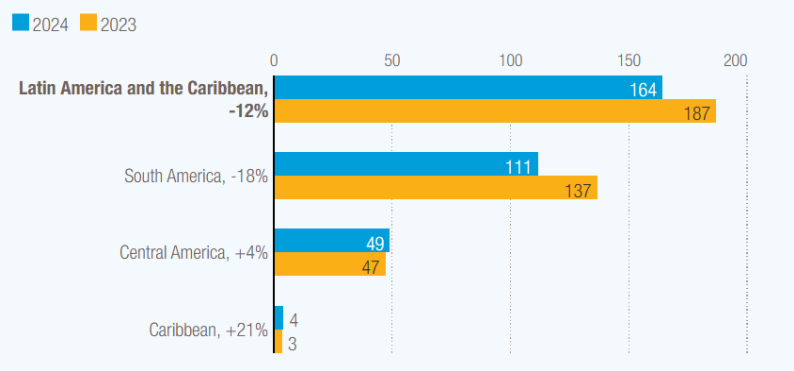

Figure 5: Foreign direct investment (FDI) inflows to Latin America and the Caribbean by region, billions of dollars and percentage. Source*: UN Trade and Development (UNCTAD), FDI/MNE database.*

Therefore, Latin America continues to attract foreign investment, but the picture is uneven: capital flows concentrate in a narrow range of sectors, fluctuate with external conditions, and land very differently depending on the country.

Sectorial composition is another important dimension to keep in mind when analyzing Latin America's FDI patterns. Investment inflows have historically clustered around a particular set of industries, such as mining, energy, infrastructure, manufacturing and some services. The dominant sector regarding inversion varies between countries due to each economic setup and the resources available. In this thesis, Nunnenkamp points out that resource-heavy economies such as Chile, Colombia, or Ecuador ended up attracting a disproportionate amount of investment into primary sectors during the globalization years. This just reinforced the actions that countries were already doing rather than pushing them in a new direction.

However, more recently, the Organization for Economic Co-operation and Development (OECD) suggests that these patterns have evolved. In some countries the greenfield investment, which refers to foreign capital, used to build entirely new operations in a host country, rather than acquiring existing ones, has moved towards

ICT, transport, and renewables. Nevertheless, extractive industries still have a dominant role across most of the region. As a result, FDI in the continent remains highly concentrated in activities related to natural resources and infrastructure, limiting diversification and reinforcing the region's dependence on external capital and commodity-based growth models (OCDE, 2025).

Recent FDI trends show that Latin America's position regarding investment is being reshaped by the reconfiguration that supply chain is experiencing. As companies and governments look to reduce their dependence on distant or politically risky production networks, concepts like reshoring, nearshoring, and friend-shoring have pushed Latin America back onto the radar. In the article "How Latin America and the Caribbean can benefit from foreign direct investment and reshoring", the World Bank argues that the region is in a strategic position due to its geographical proximity to the United States, the natural resource base, and the potential that the continent has to attract investment in manufacturing and services (2024). However, these opportunities are not distributed equally throughout Latin America. Countries such as Mexico who have a stronger industrial capacity, better logistics and closer integration with North American markets are better positioned to capture investment related to supply-chain relocation. Therefore, while geoeconomic fragmentation may open new possibilities for FDI in Latin America, it may also deepen existing regional asymmetries if investment continues to concentrate in a limited number of countries and sectors.

Furthermore, FDI is also increasingly connected to other sectors that have become very important in recent years: green and digital transitions. Latin America has the biggest reserves of critical minerals and, together with their renewable energy potential and its infrastructure expanding needs, the region is becoming more attractive for investors that are seeking exposure to long-term transformation processes. The OECD highlights that foreign investment can contribute positively to the countries' development, as it generates productivity, employment and technology transfer. However, these benefits are neither easy to achieve nor automatic. The main risk is that investment remains concentrated in extraction, energy and basic infrastructure, as has often been the case in recent years. To avoid this, stronger links with local suppliers, innovation systems and higher value-added activities are essential. Otherwise, FDI may reinforce existing dependency patterns rather than transform them. In this sense, foreign investment creates important opportunities for Latin America, but its impact depends on whether countries can use these flows to promote productive upgrading instead of remaining primarily recipients of externally driven capital.

Latin America is clearly still plugged into global investment flows, but the terms haven't shifted much. Volatility, concentration, and dependence on external capital remain defining features of how FDI operates in the region, as UNCTAD shows. Therefore, there are genuine openings in manufacturing, services, renewable energy, and strategic raw materials. These are sectors where the region has real cards to play, particularly as global firms rethink their production geography (Blackrock, 2024).

In this case, attracting investment is not enough; what matters is how the investment is used. Whether FDI actually moves these economies forward depends on how well governments and institutions can redirect that capital toward productive transformation, technology adoption, and deeper links with domestic industry (OECD, 2025). From a geoeconomic standpoint, FDI isn't just money coming in. It's also one of the main channels through which global economic restructuring lands on Latin America's doorstep, shaping what the region can do and what it stays dependent on.

The evidence suggests that geoeconomic fragmentation is not reducing foreign investment in Latin America so much as altering its composition and strategic orientation. Traditional sectors continue to attract capital, but growing interest in critical minerals, infrastructure and advanced manufacturing points to something shifting: geopolitical considerations are increasingly shaping where investment goes and why.

- **Development finance and infrastructure**

Development finance and infrastructure have become very important dimension of Latin America’s integration into the global economy. These mechanisms do not only have an economic function but also play a crucial role in strategic and geopolitical significance, as they influence patterns of connectivity, access to resources and long-term development trajectories. In the present context of geoeconomic fragmentation, infrastructure financing is no longer just about modernization. Nowadays, infrastructure has become one of the main arenas where states, institutions, and other external actors compete for influence over a region’s economic future.

The World Geostrategic Insights (WGI, 2026) and the IMF (2023) have pointed to Latin America’s growing relevance, which is driven by its natural resources, geography and role in global supply chains. Additionally, to this adds up that investment flows are increasingly tied to strategic priorities rather than purely developmental ones. Therefore, development finance has become a political element.

One of the main challenges that Latin America is facing is the existence of a financing gap, a problem that has not been solved in decades. Countries across the region consistently struggle to mobilize enough resources to meet basic development objectives. Furthermore, this situation has been compounded with slower growth and fiscal pressure, which have narrowed the margin further. The sector where the gap is the most visible is the infrastructure sector. The Inter-American Development Bank (IDB) estimates the region would need to invest substantially more in transport, energy, water, sanitation and telecommunications just to reach its 2030 goals (2021). However, investment has stayed well below what's needed, and the effects are tangible: lower productivity, weaker trade connectivity, reduced competitiveness.

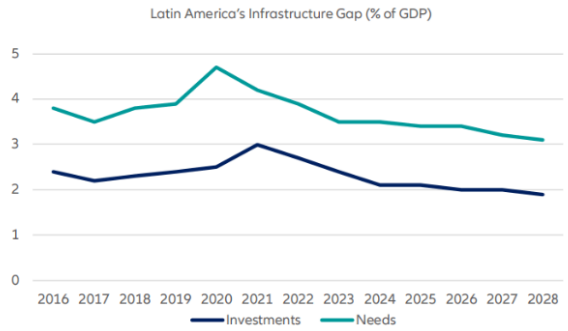

Figure 6: Latin America's infrastructure gap; Gap Infrastructure Hub. Source: Global Infrastructure Hub.

As shown in Figure 6, infrastructure needs in Latin America continue to exceed current investment levels by a significant margin, reflecting the region's long-standing dependence on external financing mechanisms and development institutions.

Given this situation, development banks and multilateral financial institutions have become central actors in Latin America's infrastructure development. Institutions such as the IDB, the CAF, the European Investment Bank (EIB) and the World Bank play an important role by mobilizing capital, reducing investment risk and financing long-term projects that private investors will not invest in. The Latin American Economic Outlook 2024, published jointly by the OECD, CAF, EU and ECLAC, points to how central these institutions have become for sustainable development financing, particularly in renewable energy, transport, digital infrastructure and climate adaptation.

Furthermore, priorities have also shifted. CAF emphasizes that it is not just about building anymore, but that connectivity and infrastructure quality are essential to strengthen productivity and economic competitiveness across the continent (2024). As a result, multilateral development finance has become a key mechanism through which Latin American countries attempt to address structural infrastructure deficits while adapting to global economic conditions.

Infrastructure has also acquired geoeconomic importance within Latin America. Transport corridors, ports, energy grids and digital networks are no longer just development projects. These have become strategic assets that shape trade flows, supply chain connectivity and access to critical resources. In the article "Financing Growth with Infrastructure in Latin America", Allianz Global Investors argues that infrastructure investment matters for both growth, competitiveness and integration in global markets (2025). To this, the World Bank adds that sustainable infrastructure helps attract long-term investment, connects regions and supports more resilient economies.

The underlying logic is straightforward: in a fragmented global economy, whoever controls or influences strategic networks has real leverage over economic positioning. Infrastructure, in that sense, is no longer separable from geoeconomic competition. What gets built, where, and by whom has consequences that extend well beyond any single development project.

Despite the opportunities associated with development finance and infrastructure expansion, they also involve real risks and important structural challenges for Latin America. Heavy dependence on external financing raises fiscal vulnerability and can deepen economic dependence, especially when projects are tied to foreign capital or exposed to international financial conditions. ECLAC points out this tension directly, as many countries in the region are already dealing with high debt, tight fiscal space and slower growth, which makes financing sustainable development even harder (2025). In addition, the IDB highlights that closing the existent infrastructure gaps through external borrowing alone will not be enough; stronger domestic institutions, regulatory capacity and project management are also necessary.

From a geoeconomic perspective, this means that development finance may create, at the same time, both opportunities for modernization and reinforce asymmetric economic relationships.

Development finance and infrastructure have become hard to separate from the broader dynamics of geoeconomic fragmentation. As international competition intensifies, infrastructure networks, financial flows and development projects are increasingly tied to strategic concerns such as supply chain resilience, energy security, regional connectivity. Latin America sits at an intersection since its natural resources, geography and infrastructure needs give it real relevance, but its dependence on external financing also leaves it exposed to asymmetric integration and new forms of vulnerability.

Development finance, in this sense, is more than a source of capital. It also functions as a mechanism through which external actors shape infrastructure priorities, economic connectivity and long-term development trajectories. This reinforces the broader argument that financial relations are increasingly operating as instruments of geoeconomic competition.

Chapter IV. US-China Geoeconomic Competition in Latin America

The previous chapter examined how geoeconomic fragmentation is reshaping trade and financial relations in Latin America through shifts in export patterns, strategic commodities, foreign direct investment and development finance. This chapter builds on that analysis by turning to the growing economic rivalry between the United States and China in the region.

As geopolitical tensions have deepened, strategic considerations have come to bear more directly on global economic relations, and Latin America has emerged as a consequential arena of competition between the two powers. The region's gift of critical raw materials, its infrastructure needs and its expanding role in global supply chains have all contributed to its rising strategic relevance. To examine how this competition operates in practice, this chapter takes a case-study approach structured around two sectors. The first is lithium, a critical mineral at the center of the global energy transition and ongoing technological transformation. The second is infrastructure investment and development finance, through which external actors can shape development trajectories and consolidate regional influence. These two cases illustrate how trade and financial instruments are increasingly being used to advance strategic objectives in a fragmenting global economy.

1. Lithium and the Competition for Critical Raw Materials

Lithium offers one of the clearest illustrations of how geoeconomic fragmentation is reshaping Latin America's position in the global economy. Long treated as a commodity, its role in the energy transition has turned it into something considerably more strategic.

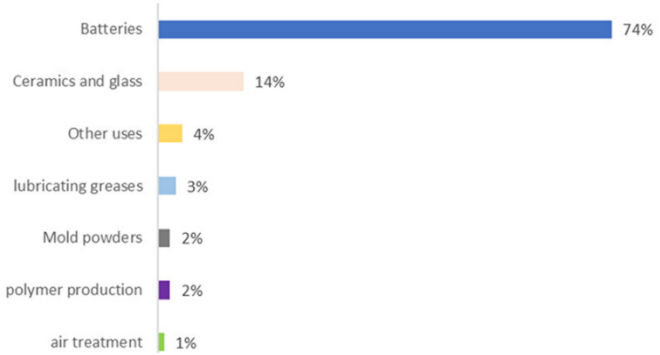

Figure 7: Lithum demand per type of use, 2021. Source: Geopolitics of the Li-ion battery value chain and the Lithium Triangle in South America, M.D, Sánchez-López

As Figure 7 shows, batteries accounted for 74% of lithium demand in 2021, a figure that reflects how central lithium-ion technology has become to electric vehicles, renewable energy storage and broader technological change (Sánchez-López, 2023). Access to lithium, as a result, is no longer purely a commercial question. It has become

bound up with industrial policy, energy security and geopolitical influence in ways that were not true a decade ago.

This is particularly relevant in Latin America. Argentina, Bolivia and Chile, the so-called Lithium Triangle, hold some of the world's largest reserves, which has made the three countries a central arena in the rivalry between China and the United States. However, what makes the region strategically important isn't just the existence of the deposits, but the possibility of shaping future battery supply chains and, through them, broader questions of technological leadership and long-term strategic autonomy. Lithium, in that sense, is less about the mineral itself and more about who gets to define what comes next.

1.1 The Lithium Triangle and China's Expanding Presence

In this sector, China is considered a bigger protagonist than the United States as the country has moved earlier and more aggressively. Chinese companies such as Ganfeng Lithium, Tianqi Lithium and CATL have expanded across South America through investments, acquisitions and long-term supply agreements, building upstream access while preserving dominance over the downstream stages of the battery value chain. As Sánchez-López (2023) argues, lithium has to be understood as part of a broader geopolitical battery chain, where extraction, processing, manufacturing and technological capacity are deeply interconnected. China's presence in Latin America fits squarely within that logic. It's not about buying raw materials, it's about consolidating influence across the entire lithium-ion ecosystem, from mine to finished product.

This expansion is being a critical factor for the consolidation of China’s position across the Lithium Triangle. The Undisciplined Environments organization highlights that Chinese firms have become increasingly active in Argentina, Chile and Bolivia (2025) with the number of Chinese-linked lithium projects in the region continuing to grow (El Pais, 2026). This gives Chinese companies a tangible advantage: they are securing supplies ahead of competitors, building relationships with host governments and cementing their role in the global energy transition before others have fully entered the game. However, this process also creates tensions for Latin American countries. Lithium extraction is water-intensive and frequently takes place in fragile ecosystems, raising serious concerns about environmental degradation, indigenous communities and how resource governance actually works in practice (El País, 2026; OECD, 2025). These tensions are not peripheral; they are part of the political reality that any external actor operating in the region has to navigate.

1.2 The United States Response and Geoeconomic Implications

The United States has responded to China's actions regarding the Lithium Triangle by trying to reduce its exposure to Chinese-controlled supply chains. Rather than competing for extraction directly, the country has leaned into supply-chain resilience, friend-shoring and cooperation with politically aligned partners. The Minerals Security Partnership and the 2026 Critical Minerals Ministerial both reflect this approach, which includes building diversified and more secure supply chains for critical minerals by working with countries that share strategic alignment. In Latin America, that translates into deeper cooperation with Chile and Argentina, with the explicit aim of limiting China's grip on the lithium value chain.

This rivalry ultimately shows that the problem is not simply a race of resources, but a contest over who gets to organize the industrial systems of the future. China's advantage rests on early investment, strong domestic companies and control over battery manufacturing. The United States, by contrast, is trying to counterbalance that position by promoting alternative supply chains, pulling in allied investment and framing critical minerals explicitly as a matter of national and economic security. As RUSI (2025) argues, critical minerals in South America have become embedded in the broader US–China strategic competition, cutting across trade, technology, defense and industrial policy simultaneously.

For Latin America, this situation creates both opportunities and challenges from both parts. The growing demand for lithium could attract investment, create employment and give the region genuine bargaining power in negotiations with both powers. But there is a real risk that the region stays locked into the lowest-value stages of the chain, extraction and export, while processing, manufacturing and technological innovation remain firmly in external hands. The OECD (2026) argues that the core challenge is moving beyond primary commodity dependence and building the governance systems, local value chains and investment frameworks that would make a different kind of integration possible.

Lithium, in this sense, is a window into something larger. Geoeconomic fragmentation is changing what natural resources mean for Latin America. The region is no longer just a supplier of raw materials, but a strategic space where major powers are competing over the future of energy and technology. Whether that competition actually benefits Latin America is a different question, and the answer depends largely on whether governments can negotiate better terms, strengthen environmental standards and capture more value within the supply chain. If this is not possible, the lithium boom risks reproducing the same dependency patterns the region has long tried to escape, under a new green and technological logic.

2. Infrastructure Investment and Development Finance

Infrastructure investment and development finance are the second arena where US–China geoeconomic competition is playing out in Latin America. As the previous chapter showed, the region faces a substantial infrastructure gap, particularly in transport, energy, logistics and digital connectivity, which creates a structural dependence on external financing. That dependence, in turn, opens space for major powers to use infrastructure as something more than a development tool. Increasingly, it functions as a mechanism through which external actors shape trade routes, production networks and long-term economic relationships.

2.1 China's Belt and Road Initiative in Latin America

The Belt and Road Initiative (BRI), a Chinese initiative originally associated with Eurasia, has gradually extended its reach into Latin America and the Caribbean, with several countries joining or showing interest in the initiative. The BRI is China’s global infrastructure strategy that is designed to enhance connectivity, trade and investment through large-scale infrastructure projects. For the countries involved, the appeal is straightforward: access to infrastructure finance, trade connectivity and investment that domestic resources cannot provide. For China, the calculus is different. The BRI allows Beijing to deepen economic ties, establish a foothold in strategic sectors and project influence in a region that the United States has long treated as its own backyard.

For Latin America, the BRI is a relevant initiative due to the combination of infrastructure finance, trade integration and strategic positioning. Chinese investment has tended to flow towards ports, railways, energy systems and transport corridors, assets that determine how commodities move and how deeply a country integrates into global markets. As Abdenur and Levaggi argue, the BRI should be read not just as an infrastructure programme but as a form of trans-regional cooperation within a multipolar world (2018). In the Latin American context, that means infrastructure projects can serve development goals and expand China's economic and political visibility at the same time.

2.2 The United States Response: PGII and Alternative Financing

Regarding the financing dynamics, the United States has taken a different approach. Washington has grown increasingly concerned about the strategic implications of China's infrastructure presence in the region, but its response has not been to match the BRI with large-scale state-led lending. Instead, it has focused on mobilizing private capital, deepening partnerships with allies and promoting the Partnership for Global Infrastructure and Investment (PGII) as an alternative framework. The PGII targets climate and energy security, digital connectivity, health systems and transport corridors,

and positions itself explicitly as a higher-standard alternative to Chinese finance. The United States shows this project a cleaner, more transparent, more conditions-attached substitute.

These two approaches reflect genuinely different models of geoeconomic engagement. China's is state-led, infrastructure-centered and built around physical connectivity. The United States' project relies more heavily on private-sector mobilization, regulatory standards and partnerships with development institutions. As the Bernardo Mariani explains in the PeaceRep study, both initiatives respond to real infrastructure needs, but neither operates outside of geopolitical competition. Development finance, in this sense, is never neutral. It carries with it competing visions of connectivity, governance and international influence.

2.3 The Port of Chancay

The Port of Chancay in Peru illustrates the previously mentioned dynamics. Developed by COSCO Shipping, China's state-owned shipping company, Chancay is designed to become a major Pacific logistics hub. It acts as a direct link between South America and Asian markets that bypasses existing routes (COSCO Shipping Ports Chancay Perú, n.d.). Located north of Lima, it is already one of the most visible symbols of China's infrastructure presence in South America, and its implications go beyond commercial capacity (Peters, 2018; Zhang, 2019). By cutting shipping times and improving access to Asian markets, the port strengthens Peru's position as a regional logistics platform while simultaneously deepening China's foothold in South American trade infrastructure. The commercial and the strategic are, again, difficult to separate.

From a geoeconomic point of view, Chancay is significant for the layering of infrastructure, trade and strategic influence. The port gives China a stronger position in the physical networks through which Latin American commodities and goods move toward Asia, which means Beijing is no longer just a buyer of regional exports, but an actor with a hand in the infrastructure that makes those exports possible (EPRS, 2025; Shullman, 2024). Therefore, the port represents a move from commercial presence to logistical influence.

The project has not gone unnoticed by the US. The concern is less about the port itself and more about what control over strategic infrastructure might mean over time, whether it translates into leverage over trade routes, regional connectivity, or something harder to define. This has raised the possibility of dual-use implications, though this remains contested and should be treated carefully (Ellis, 2026). Chinese sources, predictably, frame Chancay as a straightforward development project that cuts transport costs and improves Peru's economic integration (Belt and Road Portal, n.d.; COSCO Shipping Ports Chancay Perú, n.d.). The gap between these two readings itself is worth sitting with: the same port is simultaneously presented as development cooperation and as a strategic challenge, depending entirely on who is doing the framing.

For Latin America, the implications cut both ways. Chinese infrastructure finance can address real development needs, improve connectivity and open new trade relationships. Projects such as Chancay may generate employment, modernize logistics and deepen links with Asian markets (Maliszewska & van der Mensbrugghe, 2019; Abdenur & Levaggi, 2018). But they also raise harder questions about dependency, regulatory capacity and who ultimately controls strategic assets. Connectivity and autonomy are not always compatible: if infrastructure is financed, built and operated by external actors, countries may find themselves better connected to global markets while having less say over the networks that structure those connections.

What the infrastructure case ultimately shows is that geoeconomic rivalry in Latin America operates well beyond traditional trade flows. The competition between China and the United States is not only about who buys the region's commodities or wins investment contracts, but also about who shapes the corridors, ports and financial frameworks through which Latin America connects to the global economy (Mariani, 2023; Shullman, 2024). Chancay is one example, but the logic it embodies runs through the broader dynamic this chapter has tried to trace. Infrastructure has become a strategic asset, and for Latin America, that cuts both ways too. As trade dynamics, this situation offers the continent important opportunities, but it also reinforces the need for stronger governance, more diversified sources for financing and greater regional capacity to negotiate infrastructure projects on its own terms.

3. Technology, Supply Chains and Nearshoring

3.1 US-China Decoupling and Supply Chain Reconfiguration

Geoeconomic fragmentation has also reshaped global supply chains in ways that go beyond critical minerals and infrastructure. One of the most tangible consequences of US–China tensions has been the push by governments and firms to reduce their exposure to single markets or production hubs. Reshoring, nearshoring and friend-shoring have all emerged as ways of building supply-chain resilience while limiting geopolitical risk.

That said, the evidence does not support reading this as a breakdown of economic interdependence. As Stanford University's China Brief notes, economic relations between the United States and China have not disappeared, they have been restructured around new patterns of production, sourcing and trade (Stanford University, 2025). Direct dependence on China has declined in certain sectors, but production networks remain deeply interconnected through third countries and regional supply chains. The decoupling narrative, in other words, overstates what is happening.

What has shifted is the logic driving these decisions. Minimizing production costs is no longer the only objective, reliable access to critical goods, technologies and

industrial inputs has become just as important. Supply chains have, as a result, become an arena of geoeconomic competition, particularly in electronics, advanced manufacturing, semiconductors and transportation equipment.

Recent data on US trade relations makes this reorganization visible. According to McKinsey Global Institute (2025), the United States has progressively diversified away from mainland China, shifting toward alternative partners, particularly ASEAN economies and Mexico.

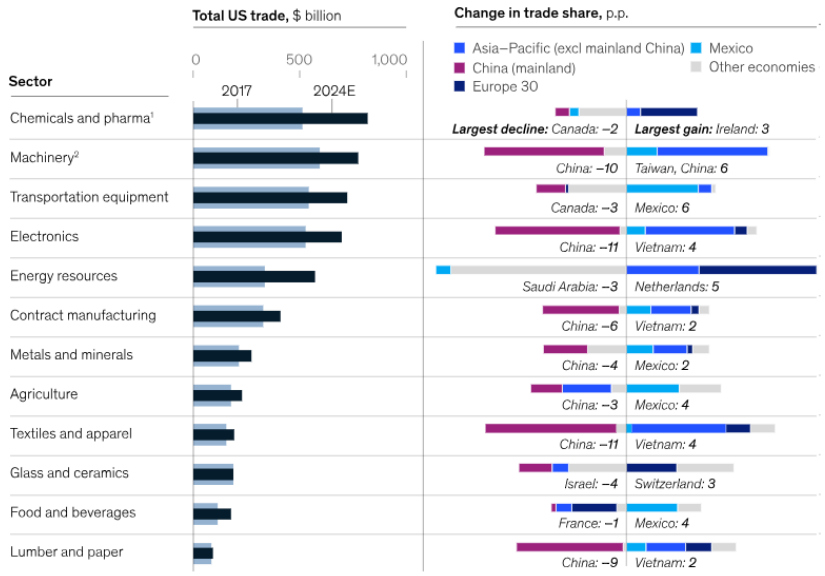

Figure 8: Shifts in US goods trade by sector, 2017-2024E. Source: McKinsey Global Institute (2025), based on US Census Bureau data.

As Figure 8 shows, China's share of US trade declined significantly between 2017 and 2024 across sectors including machinery, electronics, contract manufacturing and textiles, while Vietnam, other ASEAN economies and Mexico expanded their share. What the data suggests is not a contraction of trade but a redirection of it towards alternative production locations and politically reliable partners. Fragmentation, here too, looks less like disintegration and more like reorganization.

3.2 Mexico as Nearshoring Hub

Among the countries positioned to benefit from these shifts, Mexico stands out. Its geographical proximity to the United States, membership in the USMCA framework, manufacturing base and deep integration into North American production networks have made it one of the principal destinations for nearshoring. In many ways, it has become the clearest example in Latin America of how geoeconomic fragmentation can actively reshape trade relations.

Nearshoring itself is not a new phenomenon. As the Baker Institute (2024) notes, production relocation between the United States and Mexico has been evolving for

decades. What has changed is the pace. Recent geopolitical tensions and supply-chain disruptions have accelerated the trend considerably, pushing companies to prioritize resilience and proximity over pure cost efficiency. For firms looking to reduce transportation costs, limit geopolitical exposure and shorten supply chains, Mexico has become an increasingly attractive alternative to production sites in Asia.

These shifts are part of a broader reorganization of North American supply chains. As the Baker Institute (2025) argues, nearshoring is not simply an economic adjustment, it is a strategic response to changing geopolitical conditions. Relocating production closer to the US market allows firms to reduce logistical risk and deepen regional economic integration at the same time, which is why Mexico has emerged as a critical manufacturing platform connecting North American demand with global production networks.

What makes this more interesting is what the investment data reveals. Research by Tecnológico de Monterrey (2025) shows that trade tensions between the United States and China have actually encouraged greater Chinese investment in Mexico, allowing firms to maintain access to the US market while navigating new trade restrictions. It is a good illustration of how geoeconomic fragmentation works in practice: rather than producing clean separations between economic blocks, it pushes firms to adapt, relocate and reroute, often while preserving the very relationships the restrictions were designed to limit.

Both ECLAC and Banco Santander have pointed to the significant opportunities nearshoring creates at the regional level. Mexico has increasingly been described as North America's emerging manufacturing hub, attracting investment in automotive production, electronics, medical devices and advanced manufacturing (ECLAC, 2023; Santander, 2024). These sectors matter precisely because they involve higher value-added activities than the commodity exports that have historically defined much of the region's external economic profile.

The Mexican case is, in that sense, one of the clearest illustrations of how geoeconomic fragmentation is playing out in Latin America. US-China rivalry is not simply disrupting trade, it is reorganizing it, and Mexico has positioned itself to capture a meaningful share of that reorganization. But the concentration of opportunities in one country also raises uncomfortable questions. If the gains from nearshoring remain largely confined to Mexico, and within Mexico, to specific sectors and regions, then fragmentation may be generating new forms of uneven development within Latin America rather than lifting the region as a whole. That tension deserves more attention than it typically receives in the nearshoring literature.

3.3 Semiconductors, Technology and Digital Competition

Supply-chain reconfiguration has moved beyond traditional manufacturing and increasingly affects sectors linked to technology and innovation. As essential inputs for consumer electronics, artificial intelligence, telecommunications, automotive production and defense technologies, semiconductors sit at the center of global production networks, which is why access to their supply chains has become a primary concern for governments trying to reduce strategic vulnerabilities and strengthen economic security.

The United States has responded with deliberate industrial policy. The CHIPS and Science Act is the most visible expression of this, combining domestic production incentives with efforts to build more resilient supply networks among trusted partners and away from Chinese technology. Within that broader reorientation, Latin America has begun to matter more. According to CSIS (2024), countries across the region have meaningful potential to contribute to semiconductor supply chains through manufacturing, assembly, testing and the provision of critical minerals required for chip production. A leading role in advanced semiconductor fabrication is unlikely in the short term, but growing integration into the supporting stages of the value chain is already underway, and it reflects the same logic driving supply-chain reorganization elsewhere: geoeconomic competition is redrawing the map of who produces what, and where.

Mexico's position within this process is particularly strategic. In 2024, the United States and Mexico launched a bilateral partnership specifically aimed at developing semiconductor supply-chain opportunities and deepening technological cooperation within North America (U.S. Department of State, 2024). That kind of initiative reflects a broader shift in how governments approach technological competition, less focused on production efficiency alone, and increasingly oriented towards securing access to critical technologies through geographically proximate and politically reliable partners.

The same logic is applied into the digital sector. Chinese companies, most notably Huawei, have expanded steadily across Latin America through telecommunications infrastructure and digital connectivity projects, while the United States has promoted alternative partnerships and raised persistent concerns about cybersecurity, technological dependence and the strategic implications of Chinese digital infrastructure. As the Atlantic Council (2024) argues, technology has become a central arena of US-China competition in the region, with digital networks, data governance and telecommunications infrastructure increasingly treated as strategic assets. The pattern is consistent with what this chapter has traced across other sectors: technological systems, critical minerals or transport corridors, have become instruments of influence, and Latin America is increasingly the terrain on which that competition plays out.

3.4 Limitation of Nearshoring and Regional Constraints

The opportunities created by nearshoring are real, but so are the obstacles. Production relocation is not an automatic process, and investor interest does not translate into sustained industrial development on its own. Capturing the benefits of supply-chain reconfiguration requires adequate infrastructure, reliable energy systems, skilled labor and a stable regulatory environment, conditions that remain unevenly developed across most part of the region.

Mexico illustrates this tension directly. Despite emerging as the principal beneficiary of North American nearshoring, the country faces structural constraints that limit its ability to fully capitalize on that position. Investment uncertainty is one of the most significant, as CSIS notes, regulatory unpredictability, concerns about the business environment and shifting policy frameworks have introduced hesitation among investors, dampening the scale of inflows despite strong underlying interest from international firms (2024).

Infrastructure is another binding constraint. The Baker Institute points to persistent gaps in transportation networks, logistics capacity and industrial infrastructure that would need substantial investment if Mexico were to absorb growing manufacturing demand (2024). These limitations matter more as supply chains become more complex, as firms running sophisticated production processes have little tolerance for unreliable logistics. Without continued infrastructure expansion, sustaining the pace of industrial relocation seen in recent years will be difficult.

Energy availability adds another layer of constraint. Advanced manufacturing, electronics and technology-intensive industries require large and reliable electricity supplies. Mexico's energy sector has struggled to keep pace: generation capacity, grid reliability and regulatory uncertainty all remain unresolved, and the Baker Institute identifies these as among the principal obstacles to future nearshoring expansion (2024). The concern is straightforward, if energy infrastructure cannot scale with industrial demand, the country's capacity to absorb further relocation will hit a ceiling.

At the regional level, the picture is more uneven still. Mexico has absorbed the bulk of nearshoring activity, but most Latin American countries remain only marginally connected to these emerging supply chains. That raises a question worth taking seriously: rather than generating broad industrial upgrading across the region, nearshoring may be concentrating investment, employment and technological spillovers in a handful of countries and sectors. If that is the case, geoeconomic fragmentation risks deepening existing regional asymmetries as much as it disrupts them, producing a more complex map of uneven development rather than resolving the one already there.

The limitations surrounding nearshoring point to something important: opportunity and transformation are not the same thing. Supply-chain reorganization creates real openings for Latin America in manufacturing, technology and higher-value industries, but those openings do not convert automatically into sustained economic development. Without improvements in infrastructure, energy systems, human capital and institutional capacity, growing strategic relevance may not translate into much. Nearshoring, in that sense, captures the broader condition this chapter has tried to trace: Latin America's position in the global economy is shifting, but whether that shift works in the region's favor depends on choices and capabilities that remain, in large part, unresolved.

4. Analytical Assessment: Trade, Finance and Strategic Competition

The cases examined in this chapter point to a common underlying dynamic: geoeconomic fragmentation is not reducing Latin America's integration into the global economy, it is reorganizing it around strategic and geopolitical considerations. Lithium shows how critical raw materials have acquired strategic value that reshapes trade structures; infrastructure investment and development finance reveal how financial relations are increasingly driven by geopolitical competition rather than developmental logic alone. Supply-chain reorganization, technological competition and nearshoring add further dimensions to this picture, showing how strategic considerations are working their way into production networks, investment decisions and industrial development across the region.

Geoeconomics, at its core, is about states using economic instruments to pursue strategic objectives, and both cases show what that looks like in practice. China's push to secure lithium access and expand its infrastructure presence through the BRI is not purely commercial, even when it presents itself as economic cooperation. It also serves broader strategic interests: securing long-term access to critical inputs for the energy transition, reinforcing Chinese firms' position within battery and infrastructure value chains, strengthening logistical connectivity between South America and Asian markets, and expanding Beijing's economic and political influence in a region that has historically sat within the US sphere of influence (Sánchez-López, 2023; EPRS, 2025; Peters, 2018; Shullman, 2024). At the same time, Washington's drive to diversify critical mineral supply chains and promote the PGII as an alternative investment framework goes well beyond traditional economic cooperation. In both instances, trade, investment and finance function as instruments of influence, the means through which major powers compete for position in an international system that is being restructured. The empirical evidence examined in this chapter supports the theoretical expectation that trade, finance, infrastructure and technology increasingly function as instruments of statecraft rather than purely economic mechanisms.

The evidence shows that geoeconomic fragmentation should not be interpreted as a simple breakdown from globalization. What is happening is less a reversal of interdependence than a reorganization of it. Trade, investment and infrastructure

networks continue to expand, but they are increasingly structured around resilience, economic security and geopolitical alignment rather than efficiency alone. Access to strategic minerals, control over logistics corridors and the architecture of supply chains have moved to the center of international competition, and that shift is redefining what integration actually means.

The technology and nearshoring cases push this argument further. Strategic competition between the United States and China is not producing economic separation, it is encouraging the relocation and reconfiguration of production networks. Mexico's emergence as a nearshoring hub, combined with growing efforts to secure semiconductor supply chains and digital infrastructure, shows that fragmentation is generating new forms of regional integration rather than dissolving existing ones. Economic linkages are not disappearing; they are being redirected towards partners, sectors and technologies deemed strategically important. Fragmentation, in other words, is redrawing the geography of globalization, not ending it.

For Latin America, this creates a genuine paradox. The region's resource wealth and infrastructure needs have raised its strategic profile, attracting investment, development finance and a level of international attention that was not always there. That opens real possibilities, for economic growth, technological upgrading and deeper participation in global value chains. But the same dynamics risk reinforcing structural vulnerabilities that the region has never fully escaped from. If Latin American countries remain concentrated in raw material extraction while higher-value activities stay in external hands, or if infrastructure development becomes too dependent on foreign financing and operators, geoeconomic competition may end up reproducing the dependency patterns it appeared to disrupt, just under a different set of justifications.

Taken together, the evidence presented in this thesis supports the argument that geoeconomic fragmentation is driving a profound reconfiguration of trade and financial relations in Latin America. Trade is increasingly organized around competition over strategic resources and supply-chain security; financial relations are being reshaped by competing investment and infrastructure initiatives promoted by major powers. In that context, Latin America is no longer a peripheral participant in the global economy, and it has actually become a genuinely strategic arena where economic influence, technological leadership and geopolitical interests converge.

What remains open is whether that shift translates into sustainable development or simply into a new form of external dependence. The answer will depend, in large part, on whether Latin American countries can strengthen domestic institutions, diversify productive structures and capture greater value from their integration into a global economy that is itself being restructured.

Final Conclusions

This thesis aimed to examine how geoeconomic fragmentation has shaped the reconfiguration of trade and financial relations in Latin America between 2019 and 2025. The findings point in a consistent direction: fragmentation is not reducing economic integration but reorganizing it selectively, and increasingly according to strategic, geopolitical and security considerations. Trade, investment and financial flows continue to connect the region to the global economy, but the logic driving those connections has shifted. Supply-chain resilience, access to critical resources, technological competition and economic security now sit alongside market efficiency as the forces shaping how economic relations are structured (IMF, 2023; Farrell & Newman, 2019).

In the trade dimension, the evidence confirms that Latin America remains heavily dependent on commodity and natural resource exports despite decades of trade liberalization and deeper integration into international markets. Greater openness has not translated into productive diversification, and many countries continue to rely on a narrow range of products and trading partners (Ventura-Dias et al., 2005; Ocampo & Ros, 2011). What geoeconomic fragmentation has changed is the significance of those exports. Critical raw materials (lithium and copper above all) have acquired strategic importance through their role in the energy transition, digitalization and advanced manufacturing. Commodities once viewed through a purely commercial lens have become central to industrial policy, supply-chain security and geopolitical competition (European Parliament, 2024; OECD, 2026). That shift has raised Latin America's profile within the global economy, but it has not resolved the structural vulnerabilities that commodity dependence brings with it but has made them more visible.

The financial dimension reveals a similar pattern. Foreign direct investment, development finance and infrastructure projects increasingly reflect strategic competition among major powers rather than purely economic logic. Latin America continues to attract significant investment on account of its natural resources, infrastructure needs and geographic position, but flows remain concentrated in a limited number of sectors and countries (UNCTAD, 2025; OECD, 2025). Infrastructure initiatives promoted by China through the BRI and by the United States through the PGII make clear how financial instruments are being used to shape development trajectories, connectivity patterns and long-term economic relationships (Mariani, 2023; EPRS, 2025). Development finance, in that sense, functions not only as a source of capital but as an instrument of geoeconomic statecraft.

The analysis of US-China competition in Latin America provides evidence of these broader transformations. The cases of lithium, infrastructure, nearshoring and technological competition all show how trade and financial relations are becoming embedded within strategic calculations. China's efforts to secure critical mineral access, expand infrastructure networks and strengthen its commercial presence in the region sit alongside US initiatives aimed at diversifying supply chains, promoting alternative

investment frameworks and reducing dependence on Chinese-controlled networks (Sánchez-López, 2023; O'Connor, 2025; Shullman, 2024). Taken together, these developments support the theoretical arguments advanced in Chapter I, particularly those relating to geoeconomics, economic statecraft and weaponized interdependence (Blackwill & Harris, 2016; Farrell & Newman, 2019; Wigell et al., 2019).

One of the central conclusions of this study is that geoeconomic fragmentation is not a straightforward process of deglobalization. Rather than reducing interdependence, it is reorganizing existing economic networks around new strategic priorities. Supply chains continue to operate across borders, trade flows remain significant and investment continues to circulate internationally, but these processes increasingly follow criteria of resilience, political alignment and economic security rather than efficiency alone (IMF, 2023; McKinsey Global Institute, 2025). Fragmentation, in this sense, represents a transformation in how globalization is organized, not a reversal of it.

For a region such as Latin America, these developments and transformations have both a positive and a negative impact. On one hand, its strategic resources, infrastructure needs and position in the global supply chains have increased its relevance in geoeconomic competition. In the future, this may be translated into opportunities for investment, technological upgrading and economic growth. However, these benefits do not come automatically. The problem is that, if countries remain focused on the extraction of raw materials while forgetting about higher value activities, the dependency patterns may persist under new conditions. Additionally, this excessive reliance on others' financing may reinforce asymmetric economic relationships rather than reducing, which should be the main objective (UNCTAD, 2025; OECD, 2025; ECLAC, 2024).

In conclusion, these findings demonstrate that geoeconomic fragmentation influences trade and financial relations in Latin America not by weakening international economic integration, but by reshaping it around strategic resources, infrastructure networks, investment flows and supply chain security. Therefore, what the period between 2019 and 2025 reveals is a shift in the logic governing economic relations, away from efficiency as the organizing principle and toward one increasingly shaped by geopolitical and geoeconomic considerations.

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COMILLAS UNIVERSIDAD PONTIFICIA CIHS

Curso 2025/26

ANEXO: Declaración de uso de herramientas de IA generativa

Nombre Grado/Máster:	**Grado en Relaciones Internacionales y Business Analytics**
Nombre Alumno:	**Lucía Moreno Sebastiá**
Coordinador/a TFG/TFM:	**Daniel Pérez Fernández**
Nombre Director/a de TFG/TFGM:	**Analilia Huitrón Morales**

Declaro que para la elaboración del presente Trabajo Fin de Grado / Trabajo Fin de Máster se ha utilizado inteligencia artificial generativa como herramienta de apoyo.	**SÍ**	NO

1) Uso de la IA Generativo

Si tu respuesta ha sido SÍ, contesta a las siguientes preguntas. Si has contestado NO, pasa al apartado 2.

Uso ético

	SÍ	NO
¿A la hora de usar la herramienta IA, en los *prompts* utilizados has incluido datos de carácter sensible o de carácter personal (fotos de personas reales, datos personales, etc.)? *Si tu respuesta es afirmativa especifica cuáles.*		**X**
¿Has orientado tu uso a suplantar tu trabajo personal sin hacer una revisión crítica de la extraído en la herramienta IA? *Si tu respuesta es afirmativa especifica cuáles.*		**X**
¿Has tenido en cuenta las recomendaciones académicas que te han hecho específicamente en el Grado/Máster sobre lo que está permitido o no con la IA?	**X**	

Uso técnico realizado:

¿Qué herramientas has utilizado (ChatGPT, Copilot, Claude, Nano Banana….)? Especifica la versión o tipo de licencia.

He utilizado ChatGPT Versión Plus y Claude la versión gratuita.

Marcar lo que corresponda:

☐ Generación de texto *(Especificar qué herramientas)* →

☒ Reformulación *(Especificar qué herramientas)* → Claude

☒ Traducción / corrección *(Especificar qué herramientas)* → ChatGPT

☒ Sugerencia de estructura *(Especificar qué herramientas)* → ChatGPT

☒ Apoyo metodológico *(Especificar qué herramientas)* → ChatGPT

☒ Buscar o citar bibliografía *(Especificar qué herramientas)* → ChatGPT

☐ Generar contenido audiovisual (videos, infografías, audios, imágenes, gráficos. *Especifica en concreto qué contenidos has generado con IA además de citarlo correctamente en el trabajo.*

☐ Otros *(Especificar qué herramientas)* →

Confirmo que el contenido final ha sido revisado, corregido y validado íntegramente por mí como autor/a y asumo la plena responsabilidad académica del mismo.

La utilización de la IA no ha sustituido el análisis crítico, la reflexión personal ni el trabajo intelectual propio exigido en un TFG/TFM.

Firma:

Lucía Moreno Sebastiá