

China's Gateway to Latin America: Chancay Multipurpose Port Terminal and Central Bi-Oceanic Railway Corridor

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Abstract

China is making its gateway to Central and South America and developing new trade routes, such as Chancay Port Multipurpose Terminal and Central Bi-Oceanic Railway Corridor. The sea-land transportation and trade route development are part of China's Belt and Road Initiative (BRI) – Silk Road Economic Belt and the 21st Century Maritime Silk Road. The U.S. President Donald Trump views the mega port with growing concerns. Among his concerns are China's influence over critical infrastructure in Central and South America, including the ports at either end of the Panama Canal, and now China's ownership of the mega port at Chancay, and the future and planned project of Central Bi-Oceanic Railway corridor that will make China the top trading partner of most countries in Central and South America. The paper analyzes the opportunities, challenges and implications of China's new strategy, new port and new corridor in Central and South America. It also analyzes the impacts and implications on the landscape of infrastructure, transportation, trade, and other domains in Latin America, known as "Washington's Backyard".

Keywords: Chancay Port Multipurpose Terminal, Central Bi-Oceanic Railway Corridor (CBRC), COSCO Shipping Ports, China-Community of Latin American and Caribbean States (CELAC) Ministerial Forum, Belt and Road Initiative (BRI), Silk Road Economic Belt, the 21st Maritime Silk Road.

Introduction

China's role in Latin America and the Caribbean has grown rapidly since the turn of the century promising economic and trade opportunities but also raising concerns over Beijing Influence. China's state-owned firms are major investors in the region's energy, agriculture, infrastructure, transportation, mining and natural resources. Now the country has surpassed the United States as South America largest trading partner. China has also expanded its economic, political, diplomatic and cultural presence throughout the region. Former U.S. President Joe Biden saw China as a "strategic competitor" in the region. The reelected President Donald Trump is taking a more confrontational approach to China in the Western Hemisphere today (Roy, 2025).

Most recently, China celebrated the opening of a new mega port in Peru as part of its global Belt and Road Initiative (BRI) and as a gateway to Latin America. China is developing new trade routes to Latin America, such as Chancay Port Multipurpose Terminal and Central Bi-Oceanic Railway Corridor (CBRC). The Chancay Port, built with 3.5 billion USD of Chinese investment, is now the largest deepwater facility on South America's Pacific coast. It can handle ultra-large container ships and reduce shipping time to Asia by up to 20 days. The Chancay Multipurpose Port Terminal is a private port and logistics complex being developed and managed primarily by China COSCO Shipping Ports in the small city of Chancay,

Peru. Inaugurated in 2024 and slated for completion in 2032, the Chancay port promises to become a significant hub connecting Asian and South American markets (Choy, 2025).

Brazil ships billions to China, but it's about to send them faster. The long-dreamed Bi-Oceanic rail, now tethered to China's Chancay deepwater port, is gaining steam—cutting 10,000 km off maritime routes, rerouting trade away from the Panama Canal, and redefining South America's logistics map (Rail Targets, 225).

The Brazil-Peru Transcontinental Railway is a planned railway line that will transverse South America, stretching for about 5,000 kilometers to connect the hinterland of Brazil to the Pacific Ocean on the Peruvian coast (Dourado, 2023). After the inauguration of Chancay Port on Peru, Brazil recognized significant opportunities to strengthen connectivity with China. The Brazilian government recently expressed a great interest in reviving the old cross-continental railway project. At the China-CELAC forum in Beijing in May 2025, the transcontinental railway project was identified as a strategic area of cooperation. The trilateral agreement between Peru, Brazil and China is expected to deliver the project within six years at an estimated cost of 10 billion USD (Dialogue Earth, 2025).

Belt and Road Initiative and Latin America

The Belt and Road Initiative (BRI) is a central piece of Chinese international diplomacy and foreign economic development policy. It was launched in 2013 by President Xi Jinping with proposals to develop a new Silk Road – “Silk Road Economic Belt” and “the 21st Century Maritime Silk Road”. Latin America was not considered part of the BRI when it was first established. The Chinese government policy paper on Latin America, issued in 2016, did not refer to it. Subsequently, China invited Latin American countries to participate in the BRI at the China-Community of Latin America and Caribbean States (CELAC) Ministerial Forum in Santiago in January 2018 (Jenkins, 2021). Today China has succeeded in convincing more than 21 countries in South America to join the Belt and Road Initiative. This initiative turns out to be a strategic move for China and good addition for its BRI in Latin America.

During the CELAC summit in Brazil in early 2014, Latin America and the Caribbean (LAC) leaders expressed support for a cooperative mechanism at the first meeting leaders of China and Latin America and the Caribbean. In the Brazilian capital, Brasilia, the leaders announced the establishment of the China-CELAC Ministerial Forum, an institutional framework to advance the vision of building a China-LAC community with a shared future. Ten years on, this mechanism has matured into a key platform for South-South collaboration that has drawn China and Latin American and Caribbean nations into a closer partnership across economic, political, cultural, and other domains (Xinhua, 2025).

The forum’s fourth ministerial meeting was held in Beijing on May 13, 2025. Chinese President Xi addressed the opening ceremony and unveiled new initiatives and measures to promote closer ties. The president introduced action plans to build a “community with a shared future” as highlighted by his commitment to provide 66-billion-yuan credit line to support the region’s development, import more products and channel further investments (Xinhua, 2025). Over the last decade, nearly 200 BRI megaprojects with \$100 billion were implemented in Latin America; bilateral trade in 2024 leapt 6% to \$518 billion. By 2023, China’s investments had also exceeded \$600 billion. One recent example of the China-LAC cooperation is development of Chancay Port in Peru (Azam, 2025).

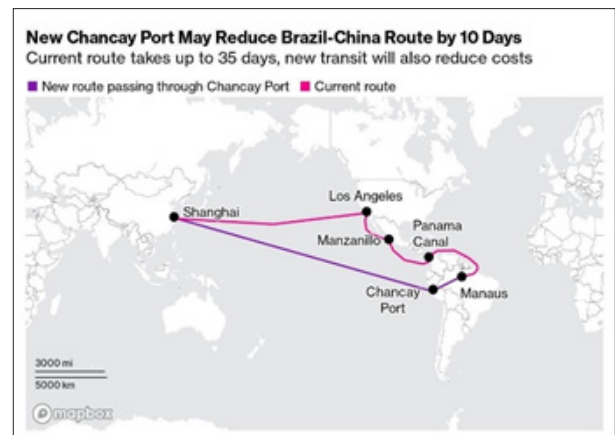
Chancay Port is expected to capitalize on new transport infrastructure projects that are under discussion, many of them funded by Chinese investments, such as the planned Brazil-Peru Transcontinental Railway – a 3,000-kilometer route that would connect Puerto Santos in Brazil to Puerto de Ilo in Peru (Choy, 2025). China’s growing influence in the ports, railways and roads of Latin America, known as “Washington’s backyard”, is China’s first and most important goal. It is attempted to create more markets for its products and companies, given that Latin America represents a huge consumer market for China, with a population of more than 700 million. In addition, China seeks to obtain natural resources at the best possible price and with a steady flow of goods from South America ports. China also seeks to expand the scope of its Belt and Road Initiative to

include more Latin American countries that occupy a pivotal position in international shipping traffic (Helmy, 2025).

Chancay Multipurpose Port Terminal under Bri 2.0

The Chancay Multipurpose Port Terminal is under construction at the southern edge of the small city of Chancay, about 70 kilometers north of Lima, Peru’s capital. Chancay’s economy has historically been based on agriculture, fishing, and tourism. The city has access to an expanded road network that links its port to key distribution hubs, including Lima, and mining and agricultural regions in Central Peru.

The Chancay Port aims to reduce congestion and logistics costs at Peru’s main port, the Lima-Callao hub, while establishing itself as a critical gateway to Asia and a global commercial hub for cargo redistribution.



Credit: Reddit

The idea of the Chancay port dates to 2008, when a former Peruvian admiral began acquiring land and securing government permits. In 2011, he partnered with the Volcan Comania Minera to establish Termiales Portuarios Chancay. Volcan is a Peruvian mining company that controls 12 mines and 13 hydroelectric plants, but, since 2017, Swiss multinational Glencore has owned 55 per cent of its shares. Initial work on the project—then much smaller in scope—began in 2016. After the admiral’s death in 2016, Volcan retained sole ownership. In January 2019, COSCO announced a partnership with Volcan during the World Economic Forum in Davos, committing to a 3 billion USD investment in the port. By May 2019, COSCO had acquired a 60 per cent majority stake in the project for 225 million USD, with Volcan retaining 40 per cent. The deal coincided with the signing of the Belt and Road Initiative Memorandum of Understanding between Peru and China (Choy, 2025).

When at full capacity, Chancay, as a 15-berth deepwater port, will be able to receive and accommodate simultaneous loading and unloading of multiple, of the biggest container ships, of 18,000 to 21,000 TEU in size, and 24,000 TEU ships in the future. Capabilities to handle roll-on-roll off ships, break-bulk cargoes, or handle petroleum and other liquid bulk cargoes, including liquid natural gas (LNG) could eventually be added as well. Chancay will also be geographically closer to major

Chinese ports than other options on the Pacific coast of the Americas. Its location and geographic characteristics make it ideal to serve as a hub port for COSCO's operations on the eastern coast of the Pacific Ocean. Using the new classes of very large container ships, rather than small ones, will reduce the per container cost for trans-Pacific transit. At the same time, the more direct route will reduce fuel, crew, and other costs associated with the steaming days (Ellis, 2024).

The Chancay Multipurpose Port Terminal promises to generate between 8,000 and 15,000 direct and indirect jobs, though some sources claim that the project could create up to 50,000 jobs. The Peruvian Ministry of Production estimates that when the port and logistics is fully operational (after 2032), it will contribute an annual income of 450 billion USD—1.8 per cent of Peru's gross domestic product (GDP). According to the Central Reserve Bank of Peru's estimate, the port will contribute 0.9 per cent of Peruvian GDP in 2025. Despite the prospects of future port benefits and income, many groups in the community have protested the construction of the port since the beginning. Of significant concerns for people and wildlife are the increased noise and pollution due to the port operations, including the emission of toxic PM10 and PM2.5 particulate matter from increased large-vehicle traffic. The effects of construction on the seascape and marine resources are also of concern. The environmental issues described particularly affect the neighboring Santa Rosa Wetland, a conservation area and resting site for migratory birds very close to the port site (Choy, 2025).

Central Bi-Oceanic Railway Corridor – A Dream to Share between Peru and Brazil

The Bi-Oceanic Corridor, a transport route originally proposed by Brazil in 2014, has undergone several updates to reflect evolving trade needs and regional infrastructure developments. This corridor would connect Brazil to the Pacific Ocean and create a shortcut for exports to and from countries in South America. The idea of the Bi-Oceanic Corridor has become more viable since the construction of the Pacific Highway, which links Brazil with Peru. While some sections of the highway still require updates, it is now possible to travel by car, truck, or bus from Brazil through Peru to major destinations like Lima and Chancay. This infrastructure, combined with the proposed rail connections, is expected to transform trade logistics in the region (Travel and Tour World, 2025).



China's leadership appears to be preparing for a future situation in which the U.S. could restrict its access to the Panama Canal. Beijing is actively looking for an alternative to the waterway and has apparently found one: the Central Bi-Oceanic Railway Corridor (CBRC). The 2024 opening of the Chancay mega port in Peru marked a notable step forward for this project. During President Xi's address to the 2025 China-CELAC Forum, he remarked that "the inauguration of Chancay Port in Peru has established a new land-and-sea connectivity link between Asia and Latin America." Since the CBRC is planned to run through Peru, the port's launch significantly enhances its logistical and strategic feasibility. If built, the corridor would offer China a viable alternative to the Panama Canal and a direct route to the Pacific, sidestepping potential restrictions (Illueca, 2025).

China would see a reduction in transportation costs for agricultural and mineral products imported from Latin American countries. Among the commodities exported along the route before shipped to China would be soybeans from Para in Brazil's central-western interior as well phosphate rock, a raw material used by the carbon-intensive fertilizer industry. The Bayovar mine in the Sechura Desert in Peru has one of the largest deposits of phosphate rock in South America with a capacity of 3.9 million tons per year. The mine supplies markets in Brazil, North America and Asia. The Central Bi-Oceanic Railway Corridor would have high socio-environmental costs. The indigenous communities living along the proposed route claim there are more than 600 indigenous communities of different language groups that stand to be affected by the railway project including around 15 living in voluntary isolation. Many inhabit the Isconahua reserve near the Peru-Brazil border, an area already threatened by illegal logging (Dialogue Earth, 2025).

It is critical for China to get involved with and complete construction of Chancay Port and Central Bi-Oceanic Railway Corridor between Peru and Brazil. Without the Peru-Brazil Bi-Oceanic Railway Corridor, Chancay Port could serve as a transshipment hub well but would not be a destination to unload goods from Chinese ships and reload them on railcars from Peru to Brazil or vice versa. Chancay Port and Central Bi-Oceanic Railway Corridor complement each other to transport goods between Peru and Brazil and are key elements of China's Belt and Road Initiative, a global strategy to build ports, railroads, and other economic infrastructure in Latin America (LaFranchi & Eulich, 2025). It is an old dream of Peru and Brazil to share with China and join their Atlantic and Pacific coasts, and China can turn the dream into a reality (Dialogue Earth, 2025).

Implications of China's Influence in Latin America

Chancay Port plays an important role in enhancing transport and infrastructure between Peru, Brazil, and China. At the heart of COSCO's hub and spoke model will be the use of large ships to move large volumes of freight economically between Chancay and Shanghai or other ports in Asia. Because Peru generally imports merchandise in containers from China, but export bulk cargo, COSCO's need to avoid the cost of empty

containers traveling back to Asia will oblige it to focus feeder routes receiving Asia-bound containerized cargo from a broad range of other ports on the Pacific Coast of the Americas. Its control over access to Chancay will help it to ensure that to the extent possible, its own ships and not those of its competitors, operate those feeder routes (Ellis, 2025). With the proposed Central Bi-Oceanic Railway Corridor and expansion of key ports and railways, the control access to Chancay Port could redefine trade flows in China/Asia and Latin America.

Both projects have significant implications and would not only impact on the logistics industry but could also affect the tourism sector. As transport links between Brazil and Peru are strengthened, there could be increased opportunities for cross-border tourism, especially in areas like the Amazon and the Andes, where visitors may be drawn to explore both the natural landscapes and new cultural exchanges. The Central Bi-Oceanic Railway Corridor could be constructed for dual use of freight and passenger lines in future. In a striking move to deepen its Latin American ties, China has unveiled visa-free access for citizens of five key countries – Brazil, Argentina, Chile, Peru and Uruguay. This pilot policy will run from June 1 to May 31, 2026, and is aimed at supercharging business, tourism and diplomatic connections (Ammachchi, 2025).

As China has the exclusive rights to use the Chancay Port and hub in such a system, it can pose a problem to the interests of others drawn to trade and investment with the region. The United States sees China investing and operating in the region for unfair economic gain and using Chancay Port as its potential to serve as a beachhead for military activities. Chancay could be President Trump's next target in his bid to secure the western hemisphere and confront China's rising economic and political influence. He has already floated the idea of slapping special tariffs on goods arriving at Chancay.

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