



THE DONROE DOCTRINE AND ARGENTINA'S GAMBLE

ABSTRACT

Argentina's 2025 U.S.-backed bailout marks a pivotal moment in Latin America's geoeconomic landscape. This paper examines how Washington's intervention seeks to counter China's entrenched influence through trade, lithium investments, and Belt and Road partnerships. By analyzing Argentina's resource-driven economy and strategic alignment, the study argues that the bailout reflects a modernized "Donroe Doctrine," reshaping hemispheric power dynamics and raising critical questions about sovereignty and multipolarity.

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Overview

By analyzing the sharp difficulties in Argentina's economy in the recent times, no one can imagine that a phrase "rich like an Argentine" was quite common in the early 20th century. Its GDP rivaled that of Canada and Australia, with booming trade, agricultural exports, and mineral wealth. However, poor economic policies, political instability, and labor informality, in this case, created poverty out of prosperity. Even in mid-September of this year, Argentina was walking on a tightrope – Peso and sovereign bonds tumbling and the central bank recurrently intervening. With an increased risk of capital flight and the upcoming legislative elections in October, Javier Milei was in deep water- that is when USA dived in to save the economy with a pledge of \$40 Billion Dollars. However, this is not charity but a clear calculated move to balance the tug-of-war between Beijing and Washington D C.

Argentina's Geopolitical & Economic Landscape 2025



Chinese imbedded footprint

In 2017, Argentina and Brazil accounted for 91% of total Chinese lending in Latin America. This was a combination of – infrastructural investments of about \$18.2 billion, cheap financing with interest rates at 3-4%, currency swap agreement of \$19 billion and extensive trade-with biggest trade deficit of \$7.7 billion. Thereby, Chinese policymakers viewed

Argentina as a source of agricultural and food products especially soybean and beef while Buenos Aires considered China as a source of funding for industry and infrastructure.

By 2019, Chinese firms became core investors in Argentina's renewable energy. Cauchari Solar Park (500 MW) located in Jujuy province is the largest solar power plant in South America got 85% of financing from **Import-Export Bank of China** and built by **PowerChina, Shanghai Electric Construction and Talesun**. The catch here was to purchase 80% of materials from Chinese suppliers like **Huawei**. Another notable project is **the Cafayate solar park in the north-western Calchaquí Valley**, built by PowerChina and inaugurated in 2019, with a capacity of 97.6 MW.

Beyond trade and finance, the then-administration of **Cristina Fernandez de Kirchner** agreed in 2015 to permit Argentina to host a Chinese space tracking station in the southwestern province of Neuquen

In 2022, Argentina joined hands with **China on Belt and Road Initiative**, **aiming for a potential investment totaling over \$23 Billion.**



Additionally, Argentina being a part of the Lithium triangle, There has been increased investment in Argentinian lithium projects involving Zijin Mining , Ganfeng Lithium's (SHE:002460) planned development of a lithium-ion battery factory in Jujuy Province and another 20,000 tons per annum LCE lithium project at Marianas.

In provinces such as Jujuy, Chinese cooperation with local geological agencies dates back over a decade, rooting Beijing's presence deeply into local economies. Any effort to dislodge it would face political, legal, and economic resistance. Further, the Espacio Lejano deep-space observation station in Patagonia stands at a 50-year lease agreement between Argentina and China does not clearly limit the site to civilian use, raising concerns in Washington about potential dual-use functions given China's military-managed space program. Chinese footprint is not just surface level investment it has strong linkages with provincial governments as subjects like Lithium extraction fall under provincial authority, not presidential control. Any effort to dislodge it would face political, legal, and economic resistance. Additionally, Argentina's soybean exports by the end of current season to March 2026 will reach a record of 7.2 million tons with approximately 6.8 million tons to China.

The American Lifeline

The clear idea behind the bailout is to replace Buenos Aires's \$18 billion currency swap line with China with a US backed \$20 billion package, Together with the additional \$20 billion to be financed by sovereign wealth funds and private banks, the bailout package amounts to \$40 billion.

Construction of projects like CARP-China Argentina Radio Telescope, the celestial "lighthouse" for Earth's southern sky was supposed to be complete by March 2026 has been delayed since June. Marcelo Segura, project manager of CART at the **National Science and Technical Research Council (CONICET)**, told South China Morning Post "We have not received any official communication. There is a national government alignment with the United States which opposes the proliferation of such projects involving Chinese facilities in our country."

From strait of Malacca in South China Sea to Strait of Magellan along Atlantic-Pacific confluence, both US and China have been wrestling to get a stranglehold of such strategic routes. In 2023, there were reports of a Chinese firm looking to establish a port near the Argentinean entrance of strait of Magellan which induced secret military dialogues between the US, Argentina, and UK (Falklands)

Furthermore, though Warsaw pact perished, NATO in present times as well wishes to spread its wings in non-geographic area for NATO. Argentina formally requested in April,2024 to join NATO as a global partner, a status that would clear the way for greater political and security cooperation at a time when the right-wing government of President Javier Milei aims to boost ties with Western powers and attract investment. The request came as **NATO's Deputy General Secretary Mircea Geoana** held talks in Brussels on regional security challenges with visiting Argentine Defense Minister Luis Petri.



US also provided \$40 million in Foreign Military Financing (FMF) to support Argentina's defense modernization. This funding will advance Argentina's military modernization effort, supporting Argentina's purchase of F-16 supersonic fighter jets.

Argentina's purchase of 24 F-16s from Denmark brings Argentina into alignment with a group of 26 nations and allies who operate the platform, increasing interoperability. The F-16s will enable Argentina to both more effectively defend its homeland and cooperate with regional partners to enhance peace and stability in America.

Exactly one week after his win in the United States presidential elections, Donald Trump spoke to Argentine President Javier Milei. The two had a telephone conversation in which the U.S. president-elect reportedly heaped praise on the libertarian economist. Donald Trump said to President Milei: 'You are my favorite president. The end'.

In April 2025, U.S. Treasury Secretary Scott Bessent in an interview with Bloomberg TV after his meeting with Milei, Bessent said the Trump administration wanted to help Latin American countries avert what he called "**rapacious" agreements made by China in Africa**. The U.S. sought to prevent Latin American countries giving up mining rights to China in return for aid, he said.

Apart from an economic view, there is also a political angle involved here. Argentina had significantly deepened ties with China during the presidency of Cristina Kirchner-a Peronist representative in (2007-2015). From December 2023 when Javier gained power, he has been distancing himself from China. The first dramatic measure was Argentina's decision not to join the BRICS group. The Argentine government formalized its decision to reject its invitation to join the bloc composed of Brazil, Russia, India, China, and South Africa shortly after taking office. Even in his election campaigns, he termed China and Brazil as "communist regimes," and he assured that his government would not pursue ties with them.

Nevertheless, with **the bribery scandal revolving around Javier and Karina Milei all over the media and the huge loss of La Libertad Avanza in provincial elections, US had to step up its game to keep Milei in power.**

Cumulatively, Donald Trump's actions have been called as the "**Donroe Doctrine**"- new, tougher version of Monroe doctrine, in order to boss Latin America around and **keep China, Russia out of the "Western hemisphere"**. A former diplomat and investor, **Mauricio Claver-Carone** puts it bluntly "**you can't be the top global power if you're not top dog in your own neighborhood**", thereby heavily molding Latin American politics by American rewards to buddies, crushing enemies – shadowing past US invasions and coups, making relations even rockier.



The “great meeting” in Busan

Mr. Trump and Mr. Xi met in Busan, South Korea, on Thursday (October 30, 2025), on the sidelines of the Asia Pacific Economic Cooperation (APEC) summit, to hold talks on dialing down their hugely damaging trade war. The Trump administration reported that China would buy twelve million metric tons of soybeans. Is this betrayal for Argentina?

Future Predictions

As Argentina maneuvers between the bail out and US-China relations with **pragmatic realism**, enhanced role of Argentina in the global supply chains. Production of lithium might double to over 200,000 tons a year by 2028, as per Argentina’s mining office, as a result, an amplified version of “resource war” is coming out of its cocoon. Keeping this in mind, Chinese company **Ganfeng in Salta** province and PPG project would extract more than 150,000 tons Lithium a year, thereby enabling it to control the EV market. The US on the other hand, has been attempting to attract companies like Tesla using new investment benefits like **RIGI** (launched in 2024). Furthermore, concretization of a “**Lithium Monroe Doctrine**” – US deals that isolate China from supplies and boost US electric cars.

Javier is heavily dependent on agricultural exports for a low inflation economy. If the said deal comes into play, Argentinean farmers who are profiting at the expense of Americans, will suffer again with economic distress, thereby jeopardizing the act of sustaining fragile economy via the bailout. Additionally, there are no indicators that such a bailout will do any good to the economy. **Nobel-winning economist Paul Krugman** rejects the potentiality of the deal altogether as Argentina has defaulted thrice since 2001. Time will tell if these pessimistic forecasts hold, but it as a reminder for Milei to diversify its basket and not rely solely on these volatile economic giants.

What is in it for India?

India has already achieved 50% non-fossil fuel capacity five years ahead of its 2030 target. Mineral blessing of Argentina could help boost the production and use of electric vehicles. This would not only be environment friendly but help India tackle crucial problems like air pollution in New Delhi- where vehicular emissions are the long-standing culprit.

- Upgradation of **MERCOSAR PTA** (Argentina, Brazil, Paraguay, Uruguay) into FTA will enable India to expanding exports of pharma, IT, and vehicles. Such south-south friendship could become a role model, inspiring more ties of India and Latin American countries.
- Argentina is part of the Lithium Triangle and projected to double production by 2028. India should secure long-term supply agreements or invest in lithium projects to support its EV and clean energy targets
- India should position itself as a South-South sustainability partner.



Moreover, given the heavy linkage of Argentinean Peso with USD and high volatility of Trump’s foreign policy decisions, any investment by Indian investors must be a walk on eggshells. Any withdrawal moves by America, and the Argentinean economy may fall like Jenga!

News Summary

SR.NO.	DATE	SECTOR	HEADLINE	SOURCE
1.	30/10	Politics	<u>Behind the scenes: the governors showed a willingness to negotiate with Milei, but are waiting for the fine print.</u>	El Nacional
2.	30/10	Politics	<u>Milei faces the challenge of proving that this time will be different.</u>	El Nacional
3.	30/10	Politics	<u>The CGT leadership closed ranks against the labor reform and reaffirmed the triumvirate as the form of leadership.</u>	El Nacional
4.	31/10	Politics	<u>Milei delays Cabinet changes after electoral triumph</u>	BAT
5.	27/10	Politics	<u>Election 2025 analysis: Why Argentines backed Milei in the midterm elections</u>	BAT
6	03/11	Politics	<u>Argentina’s Milei names interior minister in bid to spur reforms</u>	BAT
7	31/10	Politics	<u>Milei names Manuel Adorni as new Cabinet chief, Guillermo Francos resigns</u>	BAT
8	02/11	Politics	<u>Cristina Fernández de Kirchner blames Axel Kicillof for election loss to Javier Milei</u>	BAT
9	07/411	Politics	<u>Multinationals leaving – why Argentina is still not appealing for investors</u>	BAT
10	17/11	Politics	<u>LIBRA investigative commission: the opposition will target Javier and Karina Milei and point to them as politically responsible for the maneuver</u>	La Nacion
11	18/11	Politics	<u>The new dynamics of the Casa Rosada: an intense legislative agenda, hyperactivity in</u>	La Nacion

			<u>two offices, and the "radio" power of Karina Milei</u>	
12	18/11	Politics	<u>The battle over the Buenos Aires budget is nearing a resolution and exposes the internal conflict between Kicillof and Kirchnerism</u>	La Nacion
13	17/11	Politics	<u>The new Congress: the government is hunting for allies in both chambers and seeking to break the Kirchnerist ranks</u>	La Nacion
14	21/11	Politics	<u>A government emissary is secretly negotiating with victims of the pound sterling scandal to defuse the case.</u>	La Nacion
15	21/11	Politics	<u>Former ANDIS disability agency chief denies charges in widening bribery case</u>	BAT
16	30/10	Foreign Affairs	<u>'Non-interventionist' Trump flexes muscles in Latin America</u>	BAT
17.	28/10	Foreign Affairs	<u>Bessent plans second visit to Argentina, calls for Milei market enthusiasm</u>	BAT
18	03/11	Foreign Policy	<u>New US ambassador to Argentina Peter Lamelas presents credentials, assumes post</u>	BAT
19	03/11	Foreign Policy	<u>Milei plans Miami trip for global summit with Trump, Messi</u>	BAT
20	06/11	Foreign Policy	<u>Milei: 'We're going to make Argentina and America great again'</u>	BAT
21	05/11	Foreign Policy	<u>Argentina's Javier Milei to attend new Bolivia president Rodrigo Paz's inauguration</u>	BAT
22	06/11	Foreign Policy	<u>EU finalises farmer protections, advancing Mercosur trade deal</u>	BAT
23	04/11	Foreign Policy	<u>Milei halts decade-long Chinese radio-telescope project in Argentina's west</u>	BAT
24	14/11	Foreign Affairs	<u>A major corruption case is reactivated with more than 200 people charged.</u>	La Nacion

25	13/11	Foreign Affairs	<u>The Bribery Notebooks: They described the payment of some 40 bribes totaling US\$7 million destined for Cristina Kirchner.</u>	La Nacion
26	17/11	Foreign Affairs	<u>Milei plans new US trip to meet Trump and attend 2026 World Cup draw</u>	BAT
27	17/11	Foreign Affairs	<u>UK Conservative Party leader Badenoch showers praise on ‘fantastic, fearless’ Milei</u>	BAT
28	22/11	Foreign Affairs	<u>Aligned with the US, Argentina did not endorse the G-20 final document</u>	La Nacion
29	20/11	Foreign Affairs	<u>The Mercosur summit in Brazil is in jeopardy due to a complaint from Paraguay and Milei's doubts.</u>	La Nacion
30	22/11	Foreign Affairs	<u>US banks shift from US\$20-billion Argentina rescue, WSJ says</u>	BAT
31	30/10	Economic	<u>Argentina looks to ease bank reserve rules to boost liquidity</u>	BAT
32	04/11	Economic	<u>YPF adds the largest energy company in the United Arab Emirates to the LNG project</u>	La Nacion
33	04/11	Economic	<u>Brazilian auto parts manufacturer Iochpe-Maxion acquired 51% of Polimetal</u>	La Nacion
34	05/11	Economic	<u>MercadoLibre calls for tighter rules on Asian e-commerce rivals</u>	BAT
35	03/11	Economic	<u>Trump’s move on Venezuela splinters region over possible strike</u>	BAT
36	15/11	Economic	<u>Greenpeace slams Milei’s plans to amend protective Glacier Law for mining purposes</u>	BAT
37	13/11	Economic	<u>Milei seeks to accelerate Argentina’s copper boom by easing glacier rules</u>	Economy
38	13/11	Economic	<u>Chevron wants Argentina tax reform as it plans major oil growth</u>	BAT
39.	12/11	Economic	<u>Vista eyes Milei reforms in bid to double Argentina shale output</u>	BAT

40.	12/11	Economic	Government extends agricultural emergency in key farming regions	BAT
41.	15/11	Economic	<u>An unexpected influx of dollars stabilized the currency and improved the economic outlook for 2026.</u>	Infobae
42	13/11	Economic	<u>Faced with a debt of \$200 billion, the Government is considering dividing the military's social welfare program.</u>	La Nacion
43	18/11	Economic	<u>Continental buys Pluspetrol shale field, says Luis Caputo</u>	BAT
44	15/11	Economic	<u>Anchorage raises a rare fund with just one bet on Argentine suit</u>	BAT
45	21/11	Economic	<u>Simplified tax regime and pensions: the keys to an ongoing debate, system data and possible changes</u>	La Nacion
46	20/11	Economic	<u>Grupo Mexico, major crop traders eye Milei rail privatisation in Argentina</u>	BAT
47	20/11	Economic	<u>Milei signs deal with Chubut to scrap export duties on conventional oil</u>	BAT
48	15/11	Health	<u>Vaccination rates surge in Argentina: coverage has increased by up to 15 points</u>	Infobae

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