

ACADEMIC YEAR 2025—26 ANNUAL ESTIMATE of the STRATEGIC SECURITY ENVIRONMENT

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Theme 1: Regional Challenges and Opportunities

Central and South America and the Caribbean

Due to its geographic contiguity, Latin America and the Caribbean is a region that significantly impacts US security and prosperity, primarily through commerce, drugs, migration, and strategic risks to the homeland arising from extrahemispheric US rivals' access to the region. In 2025, the region is under considerable stress from transnational criminal corruption and violence, compounding long-standing socioeconomic and environmental challenges; potential new economic shocks; and a fundamental reorientation of the region's relationships with the United States, China, Europe, and other actors. Numerous political changes may also accelerate these dynamics. Among the region's challenges and dynamics, this work examines trends in transnational organized crime, migration effects, Chinese activities in Latin America, Russian activities in the region, changes in the political orientation of the region, regional elections as change drivers, and multilateral affairs.

Transnational Organized Crime

Criminal activities in the region include deadly flows of fentanyl into the United States, mostly fabricated

in Sinaloa, Mexico using precursors principally sourced in China and complemented by flows of money and arms in the other direction. Meanwhile, the production of cocaine and its transit through the region is also expanding. Due to relatively high street prices, Europe is a key destination for cocaine and a range of synthetic drugs, in addition to the United States. That demand has brought European criminal representatives to the region, including Italy's 'Ndrangheta and the Albanian mafia, which work and sometimes compete with internationally connected Latin American groups such as the Sinaloa cartel and the Cartel de Jalisco Nueva Generación cartel from Mexico, and the First Capital Command and Red Command from Brazil.

Production of cocaine has increased significantly in Colombia, Peru, and Bolivia, as well as in Venezuela, which has gone from being a transit country to a source country. These collective increases have flooded the market, leading to new struggles between groups for routes and territory.

In Colombia, groups evolving from the only partially demobilized Colombian Revolutionary Armed Forces, National Liberation Army, Los Urabeños, and other organizations are engaged

Sidebar: US Army soldiers assigned to the 1st Battalion, 14th Field Artillery Regiment, 75th Field Artillery Brigade, approach a tactical operations center near Pozo Almonte, Chile, September 3, 2024 (US Army National Guard photo by Specialist Joseph Liggio).



in fierce struggles for territory. These tensions are fueled by a flawed 2016 peace agreement that shook up the status quo between armed groups rather than fully removing them, followed by a significant period of social and economic stress during the COVID-19 pandemic. The tensions are also impacted by an ineffective attempt by Colombia's current President Gustavo Petro to achieve "total peace" by periodically suspending operations against the leadership of groups as a negotiating technique, while also impeding forced eradication efforts against coca growers.⁴⁸ The reopening of Colombia's border with Venezuela, whose regime is significantly involved with criminal groups, has also facilitated the movement of illicit goods and criminal synergies between the countries.

As cocaine production in Colombia has exploded, with the facilitation of Mexican cartels, some of the product is now distributed through neighboring Ecuador, providing resources to the gangs that control the routes, and fueling armed struggles between them, especially in the coastal provinces. This shift has also led to increased terrorist attacks against the state.

In Peru, perceived high levels of corruption, including multiple scandals within the presidency and involving individual members of the Peruvian Congress, as well as political fragmentation, feed a cycle of coca production and mining in multiple areas throughout the country. These areas include the remote valley of the Mantaro River and Ene River in the Apurímac Department, jungle regions bordering Colombia and Brazil, and the southern region of the country near

Bolivia, with all these areas feeding back into corruption and violence. Consequently, the number of homicides has tripled since 2017.

In Bolivia, the long-standing neglect of investment in the foreign currency-earning hydrocarbon sector has caused production to decline, which in turn has caused a foreign exchange crisis. This crisis has been compounded by economic weakness resulting from endemic corruption and mismanagement of the state-dominated economy. The exchange crisis has also produced a destructive cycle, with a shortage of dollars leading to the inability to import goods, prompting protests such as the blockade of transportation routes. Such protests then exacerbate difficulties in obtaining goods and depress economic activity. Meanwhile, the ruling Bolivian left is fighting an institutional civil war, with both sides tied to cocaine production and criminality, and the Bolivian right is too fragmented to challenge the left credibly in this year's elections.

Throughout the region, illicit flows to both the United States and to European markets, and the associated competition for routes, are bringing corruption and violence. Drug smugglers' practice of using drugs to pay local actors who move those drugs has also led to increasing levels of drug addiction in transit countries. Competition, violence, addiction, and other effects are occurring along routes from Bolivia, through Argentina and Uruguay to Europe; from Colombia and Ecuador to the Pacific coast of Guatemala and Mexico, heading for the United States; from Colombia and Venezuela, through the Caribbean

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to the United States; and from Venezuela to Trinidad and Tobago, across the Guiana Shield countries to Europe. The associated revenues have allowed criminals to invest in dangerous technologies like submersible vehicles for smuggling and surveillance and attack drones. In Mexico, in states like Michoacán, the narco-violence has escalated to include the use of mines, the use of improvised explosive devices, and the subsequent development of an entire industry for the manufacture and maintenance of armored vehicles.

In the Caribbean, the combination of drug revenues, local gangs, and the availability of handguns has unleashed particularly vicious violence in states along routes to the United States and Europe, including in Trinidad and Tobago and Jamaica.

In Central America, both drug smuggling and extortion by violent gangs continue to be problems influencing migration. But in El Salvador, the government of Nayib Bukele, with a two-thirds majority in the legislature, has found success in solving El Salvador's violence problem by locking up over 80,000 persons on suspicion of gang membership.⁴⁹ This success, driven through authoritarian-type action, may be tempting for others to emulate. Meanwhile, shifting drug routes have moved some of the violence from the northern-triangle states of Guatemala, Honduras, and El Salvador to Costa Rica, creating a political challenge for its government.

Migration Effects

Beyond drugs, illegal mining, and the associated financial flows, the displacement

of eight million Venezuelans from their country, as well as the displacement of numerous Ecuadorans, Cubans, and Haitians accompanying crises in their countries, has burdened the economies and social systems of the countries displaced Venezuelans transit and the countries that receive them. Criminal groups, such as the violent Venezuelan gang Tren de Aragua, have migrated with these refugees, exploiting them through extortion, theft, prostitution, and other forms of human trafficking, and using extreme violence to intimidate victims and displace competing groups from areas they seek to control.

The shift in US migration policy toward expelling immigrants and creating strong disincentives for others to come to the United States, has already profoundly changed regional dynamics, reducing human flows through the Isthmus of Darien, Central America, and Mexico. But this shift may also have unintended consequences, such as redirecting migrant flows to other parts of the region, reducing income from migrant remittances, and possibly causing some displaced migrants to turn to illicit activity.

Chinese Activities in Latin America

Beyond organized crime, China continues to advance in the region through a combination of economic influence, human ties, and deliberately low-key security engagement. Companies based in China have invested more than \$203 billion in Latin America and the Caribbean since 2005, and PRC bilateral trade with the region exceeds \$500 billion per year, a number greater than the amount



A Patriot fire control enhanced operator / maintainer in a United States Army South fires and effects directorate sits on the rear deck of a CH-47 Chinook helicopter while flying over Naval Base Guantanamo Bay, Cuba, March 4, 2025 (US Army photo by Sergeant First Class ShaTyra Cox).

of bilateral trade between the United States and almost every country in the region south of Mexico.⁵⁰ Although the pace of large-scale Chinese infrastructural projects funded by PRC-based policy banks has slowed, China has a strong and growing presence in sectors encompassing space, renewable-energy generation and transmission, electric vehicles, and digital technology, including telecommunications infrastructure and components, cloud computing, commercial and home surveillance systems, and customs and port scanners. Collectively, China's involvement is creating risks of espionage and intellectual property theft.

China has built strong “people-to-people” networks in the region, including 44 Confucius Institutes and regular paid trips for many academics, businesspeople, politicians, judicial and security personnel, and journalists.⁵¹ Beijing also shapes the

discourse in the region by providing free content and paid advertisements to media outlets in Latin America and the Caribbean.

In the Caribbean basin, China has built particularly strong economic, political, and security relationships with regimes that recognize it, including in Antigua and Barbuda, Dominica, Grenada, Jamaica, Barbados, and increasingly, Trinidad and Tobago, among others. In Cuba, China has operated at least one electronic intelligence facility since 2019. In addition, six of the 12 countries in the world that recognize Taiwan rather than the People's Republic of China are located in Central America and the Caribbean; each is at some risk of flipping to China, further expanding the latter's presence and influence in close proximity to the United States.

Hong Kong-based Hutchison's announced divestiture of \$23 billion in global port assets, if the deal occurs, would reduce

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the PRC logistics footprint in Panama, the Bahamas, and Mexico.⁵² Still, the presence of the China Ocean Shipping (Group) Company and other Chinese companies near the Panama Canal and near Caribbean routes through which US warships and military logistics ships might transit en route to the Indo-Pacific would give China important regional options to use against the United States in wartime.

Russian and Iranian Activities in the Region

In contrast to PRC presence in the region, Russian and Iranian engagement in Latin America and the Caribbean is more limited, yet often more overtly confrontational toward the United States. Russia and Iran's access is of a military nature and primarily occurs through anti-United States regimes in Cuba, Venezuela, and Nicaragua. Notably, the left-of-center Luiz Inácio Lula da Silva regime in Brazil has been an important partner for both Russia and Iran, consuming nitrate-based fertilizer and hosting senior Russian diplomats and Iranian warships. In addition, a significant portion of the region's military-helicopter fleet is of Russian origin. Russian companies are minor players in the region's petroleum and bauxite industry, and the lifting of sanctions on Russia could remove current contractual and political impediments preventing it from resuming a more active engagement with the region.

Political Orientation of the Region

In political terms, the region loosely comprises three shifting camps:



An engineer with the US Army Combat Capabilities Development Command Ground Vehicle Systems Center evaluates a tethered drone system in the extreme environmental conditions of the Chilean desert during the Southern Fenix exercise, Iquique, Chile, August 2024 (US Army photo by Sergeant Richard Trinh, 138th Public Affairs Detachment).

(1) a small number of vociferously anti-United States regimes including Venezuela, Cuba, Nicaragua, and Bolivia; (2) an equally small group of pro-United States regimes including Argentina, Paraguay, Costa Rica, Ecuador, and, when supporting the United States serves its interests, El Salvador; and (3) a large and heterogeneous middle group of varying ideological orientations. But the posture of these regimes over time is unstable. Some may respond to US pressure by working to diversify their relations away from the United States—a posture that may make such regimes less cooperative, more willing to work with extrahemispheric US adversaries, and more likely to join coalitions pushing back against US policy goals in the future.



Regional Elections as Change Drivers

Regional dynamics are also likely to shift due to the substantial number of elections in 2025, particularly in the strategic Caribbean basin. Although elections which took place in Belize and Ecuador reinforced the status quo, those that occurred in Trinidad and Tobago and Suriname brought change. Still others are scheduled to occur in Bolivia in August, and Chile, Honduras, and St Vincent and Grenadines in November. Additionally, elections in Jamaica and Guyana will likely occur in late 2025.

Multilateral Affairs

In multilateral affairs, the roles of the Organization of American States and other institutions in the inter-American system are arguably shifting away from the United States. For example, the shift from the relatively pro–United States head of the Organization of American States (OAS), Luis Almagro, to Albert Ramdin, elected in March 2025, brought a more consensual orientation and greater openness to working with China. Additionally, the role of the Community of Latin American and Caribbean States (CELAC), which excludes the United States,

and the expansion of the Brazil, Russia, India, China, South Africa (BRICS) alliance to include Cuba and Bolivia, strengthen coalitions that may push back on the United States in the multilateral space, though without the institutional capability to replace the United States’ contribution to the Inter-American system.

Conclusion

In the end, the biggest challenges the region of Latin America and the Caribbean faces in 2025, with repercussions for its economic dynamics and political posture, are arguably demands related to migrant repatriation and control, drugs, and the rising influence of the People’s Republic of China. These issues are leading the region to seek to diversify its relationships, including possible relationships with geopolitical rivals of the United States. In addition, to the degree US policies such as tariffs, migrant expulsions, and aid cuts negatively impact the regional economy, the indirect effect on criminal activity and the political stability and orientation of the affected states may produce feedback with significant effects on the United States due to its geographic proximity and economic connectivity to the region.

The *Estimate*’s appendix includes a list of strategic research questions that directly relate to the analysis provided in this section. Questions sponsored by United States Southern Command and United States Army South cover topics such as:

- China’s Military Projection in Latin America
- Limiting Extra-Hemispheric Actors