

# ACADEMIC YEAR 2026-27 ANNUAL ESTIMATE of the STRATEGIC SECURITY ENVIRONMENT

US Army War College  
June 2026

**SRAD**  
STRATEGIC RESEARCH & ASSESSMENT DEPARTMENT  
US ARMY WAR COLLEGE

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# Theme 1: Regional Challenges and Opportunities

## Central and South America and the Caribbean



**T**he strategic environment in the United States Southern Command (USSOUTHCOM) area of responsibility (AOR) is currently in flux due to interactions among multiple forces. These forces include a growing and multidimensional threat of transnational organized crime—a threat that has made public insecurity a central issue in many countries, undermining the functioning of and public confidence in democratic institutions. At the same time, a significant shift in US engagement in the region—including the United States’ expanded use of its military to address migration, drug trafficking, and anti-US regimes, as well as sharp changes in US policies regarding assistance, tariffs, and responses to extrahemispheric actors—has altered regional political dynamics and discourse. Meanwhile, the People’s Republic of China (PRC) is continuing to expand its commercial presence and engagement in the political, military, and technological sectors, increasing Beijing’s regional influence. China is also reacting to new US engagement patterns in the region with a combination of caution and efforts

to exploit opportunities from any political or commercial dynamics these patterns generate.

In a global context, the dynamics of the region may also be impacted negatively by new technologies, such as artificial intelligence. Combined with social-media connectivity, these technologies are facilitating the polarization of and decreasing trust in already-vulnerable institutions. The risk of economic shocks and military activities in conflicts outside the region—along with the ever-present hazards of new pandemics and major climate events (such as hurricanes, droughts, floods, earthquakes, and wildfires)—also threatens to impose physical and economic damage, with strategic impacts on countries already under considerable stress. Finally, an extended conflict with Iran would affect global petroleum prices and may adversely impact net petroleum-importing states in Central America and the Caribbean. Elevated petroleum prices may also impact economically marginal sectors by driving up prices for cooking gas, heating oil, and gasoline used by taxi drivers and private truck drivers, creating social and political pressures (similar to the regional events that occurred after Russia invaded Ukraine in February 2022).

**Sidebar:** US Army Green Berets and Chilean special forces conduct advanced marksmanship drills at Punta Arenas, Chile, May 28, 2025, as part of exercise Southern Star 25 (US Army photo by Sergeant Wesley Akers).



## Illicit Activities

Transnational organized crime in the USSOUTHCOM AOR is increasingly multidimensional, fragmented, and networked, with patterns shifting partly in response to the United States securing the southern border, taking actions against narco-boats in the Caribbean and eastern Pacific, and carrying out military action in Venezuela. Criminal dynamics in the region include the expansion of illicit activities involving multiple types of drugs flowing to various destinations, illegal mining, human trafficking, gang violence, money laundering, and the trafficking of timber and exotic flora and fauna. All these activities tend to reinforce each other through the networks of people involved in them and the opportunities to launder money and move illicit goods.

The illicit drug economy in the region is dominated by the expanding production of cocaine and synthetic drugs (including but not limited to fentanyl), which are mostly produced in regional laboratories using Chinese precursor chemicals. Cocaine production has particularly expanded in Colombia, owing in part to the permissive and often-ineffective security policies of the leftist, populist regime of Gustavo Petro. Coca production has also increased in Peru, Bolivia, Venezuela, and Central America—the latter two of which were historically part of transit routes to the United States. Cocaine transit from Colombia through Ecuador has dramatically increased rates of violence in Ecuador. Some heroin is also

produced in Mexico and in the mountainous regions of Guatemala, which borders Mexico to the south and east.

Whether significant new US influence over the government of Venezuela—following the January 3, 2026, operation that captured the country's de facto leader, Nicolás Maduro—will decrease drug production and transits through Venezuela remains to be seen. Uncertainty also remains regarding whether greater antidrug efforts and US cooperation with the new, pro-US government of Rodrigo Paz Pereira in Bolivia will impact that country's role as a drug producer and a transit hub.

Beyond cocaine, fentanyl is produced primarily in Sinaloa, Mexico, whereas other synthetic drugs are produced in various countries within the USSOUTHCOM AOR, often intended for the European market. The production and shipment of synthetic drugs constitute another source of illicit revenue that is corrupting governments, empowering criminal groups, and facilitating regional conflicts.

European demand for both cocaine and synthetic drugs has brought representatives from a range of Europe-based criminal groups into the region, including Italy's 'Ndrangheta and the Albanian mafia. These criminal organizations interact with other groups such as the Sinaloa cartel and the Jalisco New Generation Cartel from Mexico, the First Capital Command and the Red Command from Brazil, and a range of Colombia-based groups.

In the Caribbean—from Trinidad and Tobago to the smaller islands of the Lesser Antilles—revenues from the flow

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of illicit drugs, the availability of guns (mostly from the United States), and politically connected street gangs have led to particularly high levels of homicide and other violence.<sup>20</sup> But over the coming year, this dynamic may be helped by an expanded US military presence and high-profile military activities against narco-traffickers in the region.

Preliminary evidence suggests US actions against narco-boats transiting the Caribbean and the eastern Pacific may be causing drug smugglers to increase their use of container shipping and other commercial transportation methods. These US actions may also be contributing to the use of alternative routes to Europe, including across Guyana, Suriname, and French Guiana; through the Brazilian jungle; and along a southern route through Bolivia, Paraguay, Argentina, and Uruguay.

High international gold prices have increased illegal mining activities, with this lucrative activity creating notable public problems across Peru and Bolivia, as well as Colombia, Venezuela, and the interiors of Suriname and Guyana.

Illegal logging and trafficking in exotic flora and fauna are significant problems across much of the Amazon Basin, including in the interior regions of Bolivia, Peru, Ecuador, Colombia, Venezuela, Guyana, and Suriname.

Following the substantial closure of the US southern border, flows of migrants through Mexico, Central America, and Panama's Darién Gap—and the lucrative human-smuggling business accompanying such flows—have decreased substantially.

Still, the displacement of millions of Venezuelans in recent years, coupled with migrants fleeing violence and economic difficulties in Ecuador, the Caribbean, and elsewhere, has contributed to increased criminal activity and violence in locations where migrants have come to reside. Such crimes—including an array of extortion rackets, prostitution, and other activities—are perpetrated by notorious, violent groups such as Tren de Aragua, which prey on desperate refugees.

Several potential developments could unleash a new wave of migration and related criminal violence in the region: economic collapse in Cuba stemming from expanded US pressure on the regime of Miguel Díaz-Canel; the continuing deterioration of the desperate security situation in Haiti, which is effectively ruled by violent gangs; and an explosion of violence in Venezuela if criminal groups and factions of the criminal government (which is currently cooperating with the United States) turn on each other.

As the commercial, financial, and human ties between the People's Republic of China and the countries in the USSOUTHCOM AOR grow, Chinese organized crime has also become a growing problem. Multiple PRC-based criminal groups are active in the supply of precursor chemicals for synthetic drugs, as well as in value chains related to illegal mining, human trafficking, extortion, the illicit trade in timber and exotic flora and fauna, and illegal fishing—particularly off the coasts of South America.



The difficulty in combating criminal groups and the violence they wreak is also compounded by technology, including cryptocurrencies for money laundering, encrypted devices and networks for communication and surveillance, submersible and autonomous watercraft for transporting drugs and other contraband, and a range of unmanned aerial vehicles. The latter, fueled by the growing market and technological adaptations from the Russia-Ukraine War, include unmanned vehicles for observation, for transporting contraband across borders or into facilities such as prisons, and for delivering lethal effects against adversaries. Underfunded and often inefficient, overly bureaucratized police and military forces in the region are struggling to acquire counter-drone systems and adopt tactics, techniques, and procedures in response to an environment in which these forces, and the populations they support, can be observed and attacked.

## China's Influence in the Region

In the context of pressures from organized crime, the People's Republic of China continues to expand its commercial presence and associated influence in the USSOUTHCOM AOR. Additionally, China is deepening its engagement in other strategic domains, such as technological cooperation, political work at all levels, security activities, and a range of human, digital, and other networks that expand Beijing's access to and leverage over countries in the region.

The telecommunications devices and infrastructure of PRC-based companies—along with biometrically connected surveillance systems, scanners, and other digital equipment—have an increasingly significant presence in the USSOUTHCOM AOR. Through this commercial and technical position, which PRC-based companies are seeking to lock in by cornering



US Army Major General Phil Ryan (left), US Army South commander, greets General Luis Cardozo Santamaria, commander of the Colombian National Army, at Fort Sam Houston, Texas, September 2, 2025 (US Army photo by Staff Sergeant Joshua Taeckens).

# Theme 1: Regional Challenges and Opportunities



The US Army Corps of Engineers and Panamanian partners conduct an engineering assessment of the Bridge of the Americas in Panama, April 10, 2026 (US Army photo by Rydell Tomas Jr.).

markets and setting technological standards, the Chinese government may be obtaining worrisome access to the intellectual property of companies in the region. Moreover, this position provides insight into the decision making of regional leaders and details about their personal lives, which could give PRC agents leverage over these individuals.

Beyond digital technologies, the People's Republic of China has established a major position in the region's transportation, electrical, digital, and financial infrastructures, giving it leverage in advancing the goals of Chinese companies and the regional position of the Chinese government. These advancements include the exclusive operation of strategically located ports and space facilities, the establishment of multiple signals intelligence facilities (and possibly other assets) in Cuba, and other assets and relationships that

could be exploited militarily in the event of a war with the United States and its Indo-Pacific allies.

In its third white paper on Latin America and the Caribbean—released just three days after the 2025 *National Security Strategy of the United States of America*—the People's Republic of China highlights its continuing efforts to host members of the region's legislatures and political parties, provincial and local officials, journalists, police and military members, scholars, and scientists.<sup>21</sup> These efforts, aimed at building relationships of influence and potential compromise, complement the work the Chinese Communist Party's United Front Work Department already does in the region. This work, also acknowledged in the white paper, involves wooing business councils, friendship societies, ethnic Chinese communities, and other entities.

The white paper also highlights China's continuing expansion of bilateral and multilateral engagements in the region through its preferred Community of Latin American and Caribbean States forum and subforums, in which the United States is not present. In the name of development, the People's Republic of China is expanding its engagement with the region in sensitive areas such as space and artificial intelligence, while also openly expanding its military engagement through military training and exchanges, counternarcotics cooperation, and efforts to counter money laundering.



## Other Extrahemispheric Actors

Beyond the People’s Republic of China, US adversaries Russia, Iran, and Hezbollah maintain a limited commercial and military presence in the USSOUTHCOM AOR. Nonetheless, all three adversaries are limited in their ability to exploit and extend these capabilities. Russia, which has used arms sales and training to build up relationships with the region’s militaries since the early 1970s, is currently limited due to its absorption in the Russia-Ukraine War and associated US sanctions. This preoccupation prevents Russia from supplying significant quantities of new weapons or from supporting weapons it has previously sold to the region. In the Middle East, Iran and Hezbollah have been gravely weakened by Israeli and US military actions—including the decimation of Hezbollah’s leadership in Lebanon—regardless of the outcome of the ongoing actions between the



US soldiers take up defensive positions during Exercise Southern Vanguard 25 in Antuco, Chile, August 28, 2025 (US Army National Guard photo by Sergeant Jean Sanon).

United States, Israel, and Iran. All these US adversaries have also been impaired in their regional advances by the loss of Venezuela as their principal partner and point of access to the USSOUTHCOM AOR.

The United States is paying more attention to threats in the Western Hemisphere, as captured in the 2025 *National Security Strategy of the United States of America* and in the 2026 *National Defense Strategy*. This attention includes pushing back against the influence of extrahemispheric actors, as well as carrying out US military actions that have increased the credibility of a threatened US response. These actions have made states in the USSOUTHCOM AOR more cautious about engaging with US extrahemispheric adversaries in sensitive areas such as security and space, leading to the cancellation of some PRC space projects in 2025.

Nonetheless, little evidence suggests PRC-based companies’ domination of critical sectors in the region—or the expanding PRC human and security networks that are key to China’s regional influence—has decreased. The United States has modestly increased its presence in Panama by reopening its Combined Jungle Operations Training Center at Fort Sherman. But evidence indicates China still has many ways to target US forces transiting the Caribbean and the Panama Canal during a war in the Indo-Pacific, to threaten the US homeland from nearby countries such as Mexico, and to support military operations from dual-use port facilities under Chinese control, such as the facility in Chancay, Peru.

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## Regional Support for the United States

Politically, the USSOUTHCOM AOR is dominated by a historically unprecedented proportion of countries disposed to work with the United States. In recent years, this trend has been driven by pro-US regimes that have come to power in countries traditionally dominated by the left, such as Argentina and Bolivia. The trend is also helped by the continuation of pro-US governments in Paraguay, Ecuador, and Guyana, among other countries. Victories that have further advanced a US-receptive region include those of pro-US conservative José Antonio Kast in Chile, Nasry Asfura in Honduras, and center-right technocrat Laura Fernández Delgado in Costa Rica. The anti-US governments of Venezuela, Cuba, and, to a degree, Nicaragua are under considerable US pressure, which minimizes their willingness and ability to work actively against US interests.

The political right also has a reasonable chance of winning in the politically fragmented landscapes of Peru (April 2026) and Colombia (May 2026), as populations in both countries are frustrated by corruption and insecurity under currently or previously left-oriented regimes. In Brazil, the left-oriented government of Luiz Inácio Lula da Silva is the most significant regime to be openly critical of US activities in the region. Brazil is also the biggest host of PRC investment, trade, and military activity within the USSOUTHCOM AOR. Nonetheless, even Lula has been careful to moderate Brazil's rhetoric and posture

and avoid reprisals from the United States, particularly with a national election coming up in October 2026.

Although these political configurations benefit the United States' pursuit of its strategic objectives in the region, they arguably reflect domestic factors more than US policy. These factors include citizens' frustration with insecurity and fears of a leftist return. For some governments, compliance or silence reflects a desire to avoid provoking the current US administration.

In the future, the strategic configuration that currently benefits the United States could rapidly evolve if cooperative governments do not increase citizen security and prosperity, or if changes in internal US politics—or the international situation—cause currently silent governments to decrease their fear of US retribution.

## Conclusion

To navigate the strategic challenges and opportunities in Central and South America and the Caribbean, the US Department of War must monitor and more granularly understand the corrosive effects of illicit activities and the impacts of new technologies on the region's economies, institutions, and political dynamics. China's continuing advance in the region—in the context of an unprecedentedly large group of countries open to working with the United States—renders vital an understanding of the opportunities, as well as the limits and risks, of using coercion and military action to compel partners to limit China's advance.



Greater attention to the role of US military forces in the Western Hemisphere also makes the identification of intended strategic effects more important than ever. These effects may include directly acting against individual threats, preserving US access by helping like-minded partners succeed through security cooperation, and leveraging the value of US military support to make partner militaries advocates within their own systems—both for strengthening relations

with the United States and for limiting the activities of US adversaries such as China. The secondary and tertiary impacts of the shifting security environment in the Western Hemisphere warrant further research. This research is necessary to understand the region's potential implications for broader US strategic objectives and to begin developing corresponding options for implementing new strategic guidance and advancing US interests.

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, US Army Western Hemisphere Command, and the National Counterintelligence and Security Center cover topics such as:

- China's Military Projection in Latin America
- Transnational Threats
- Countering Non-State Actors