


# Latin America Outlook 2026

0 Comments | Contributor Content | Wednesday, December 31, 2025

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*A version of this article was published as a working paper by Florida International University, December 17, 2025.*

2026 is likely to continue the transformation of Latin America and the Caribbean and the U.S. approach to engagement with the region that began in 2025. This work is the author's personal analysis of the possible evolution of the strategic environment in the region in the new year.

The political, economic, and other dynamics of Latin America and the Caribbean may be understood as a complex interdependent system in which small perturbations and different outcomes on key events can cause reinforcing effects that send the region on dramatically different potential trajectories. Nonetheless, it is possible to discern likely tendencies in the trajectory of the region based on the interactions between influences, conditions, and strategic inflection points such as elections.

Predicting the course of interdependent human, institutional, and external events, even for a year, cannot be done with the mathematical precision once famously hypnotized by science fiction author Isaac Asimov in his "Foundation" series of novels.

The following essay is thus this author's postulation of one group of "reasonable" futures for Latin America and the Caribbean in 2026 based on his interpretation of how those complex events seem likely to play out.

## Overview

Latin America and the Caribbean enters 2026 with an unprecedented number of governments oriented to work with the U.S. and support its policies, strengthened by the possible addition of multiple additional U.S.-friendly governments through elections in the year to come. At the same time, most states in the region will continue to deepen commercial and other engagement with the People's Republic of China (PRC), trying to do so in a fashion that will not spark the ire of the current U.S. administration, even while engagement in areas such as transportation, digital, electricity and financial infrastructure, commodity exports, "people-to-people" and institutional engagement may quietly deepen PRC influence in the region in real terms.

Russia, Iran, and Hezbollah will likely continue to have a minor presence in the region, limited by U.S.attention and resistance to extra-hemispheric actors in the region. Russia's continuing absorption by its invasion of the Ukraine and the profound disruption of Hezbollah and Iranian power by Israeli actions in the Middle East during the preceding two years are also likely to limit their advance in the region.

Beyond these extra-hemispheric actors, the European Union, Middle Eastern countries, and India will also likely have opportunities to expand their commercial engagement in the region in important ways in 2026 due to the connectivity of the region with the rest of the world and the region's efforts to diversify its commercial partners in response to new U.S. tariff and other policies.

As the region navigates between the U.S. and various extra-hemispheric actors, its deference to the U.S., currently strong, may be eroded by its perception of U.S. success or difficulties in its broader global agenda. These may include the region's perception (whether or not accurate) of:

- U.S.inability to put an end to Russian aggression in Ukraine
- Expanding distrust of the U.S. and a decreased willingness to cooperate with it among its partners in both Europe and Asia;
- The U.S. not prevailing in its strategic technology competitions with the PRC in artificial intelligence, quantum computing, space, renewable energy;
- the PRC is prevailing over the U.S. in its control of the supply chains for critical minerals;
- an erosionof the dominance of the U.S. dollar in the international financial system;
- a slowingof the U.S. economy and an erosion of its international trade position dueto tariffs;
- the U.S. is suffering stagflation and growingU.S. debt.

The contribution of international circumstances to an eroding U.S. capacity to enlist cooperation or discourage cooperation with US rivals notwithstanding, anti-U.S. sentiments by governments in the region could shift from the overtcriticism by some governments to more subtle resistance. The Brazilian government of Luis Ignacio "Lula" da Silva will likely continue to be the most significant actor working against U.S. interests, including its deepening engagement with the PRC in military, space, and sensitive technology sectors; trade in rare earth elements; and collaboration with the PRC and others to dethrone the dollar and oppose US initiatives in the BRICS forum. Yet, because of Brazil's own historic position of moderation, ties to the West and democracy, and its strategic interest in not excluding the country from the community of centrist democratic nations, Lula will likely continue seek to avoid becoming the overt leader of any anti-U.S. movement in the hemisphere.

Governments in Latin America and the Caribbean that may have significant differences with U.S. policies will likely generally attempt to keep those differences private in order to avoid a significantly negative response from the U.S. that could include the imposition of tariffs, sanctions or other consequences.

Overtly anti-US governments, including Nicaragua and Cuba, will likely continue in “survival mode” under U.S. attention and pressure, enlisting help from Russia, China, and possibly Iran.

The U.S. Administration’s decision on whether to take decisive military action in Venezuela will powerfully shape the trajectory of not only Venezuela, but the entire region. Taking such action opens a path for the legitimate, democratically elected government of Edmundo Gonzalez to take power in a way likely not possible if the US instead continues its current coercive diplomacy approach

More broadly, during 2026, the region is likely to experience expanding levels of corruption and violence related to transnational organized crime and the related phenomenon of gangs, access to arms, new technologies, and expanding covert payment and laundering options. Those pressures will likely support the turn to right-oriented governments, although dissatisfaction, polarization, and distrust in government in general will continue to put pressure on democracies across the region.

The region as a whole is likely to experience a continuing erosion of democratic norms, freedom of expression, and the protection of individual rights through the combination of anti-crime campaigns, new technologies, and political cultures of increasing intolerance, as well as populations that may privilege security over individual rights and freedom of expression.

During 2026, the trajectory of the region will also likely be shaped by one or more strategically significant external or internal events. These could include a major international financial crisis, the escalation of conflicts in the Middle East, Europe and Ukraine, or the Indo-Pacific, generating major market and logistics disruptions. Such strategically significant events could also include global computer viruses, a new international pandemic with debilitated international systems for monitoring and coordination, use of a nuclear weapon somewhere in the world, or a war involving the PRC in the Indopacific, possibly involving Taiwan, Japan, or other actors, with major impacts on not only international commerce and finance, but possibly PRC military activities in the Western Hemisphere.

Closer to the U.S., as noted previously, the dynamics of the hemisphere will be shaped by the Administration's course of action with respect to Venezuela and how that conflict plays out, as well as U.S. decisions regarding how to proceed with its counterdrug engagement with Colombia and Mexico, and the ability to secure a successful renewal of the U.S.-Mexico-Canada (USMCA) Free Trade Agreement. Other key uncertainties that could have outsized impacts on regional dynamics include the ability of the Rodrigo Paz government in Bolivia to overcome economic and political challenges and stay in office, a successful political transition in Honduras, Ecuador's ability to continue to manage its security crisis, and presidential elections in Peru in April, Colombia in May, and Brazil in November.

## Influences, Trends, and Change Drivers

In 2026, multiple forces continue to present new strategic risks and erode faith in the effectiveness of democratic governance. These include challenges associated with organized crime, new information dynamics, and the impact of the PRC on the region.

***Organized Crime***. Organized crime will continue to become more difficult to control despite individual victories in interdicting drug boats and impacting the leadership and finances of individual gangs, cartels, and other groups.

Groups operating in the region have become increasingly fragmented and internationalized. An increasingly complex tapestry is emerging across the region involving collaboration between local gangs and other entities, to include regionally-based groups with international reach such as the Mexico-based Sinaloa and Jalisco Nueva Generacion (CJNG) cartels, and Brazil's First Capital Command (PCC, Primeiro Comando da Capital) and Red Command (CV, Comando Vermelho), among others, plus extra-hemispheric criminal entities facilitating flows of drugs and other contraband, including 'Ndrangheta and the Camorra mafia of Italy, and the Albanian mafia, among others. Chinese triads and other Asia-based criminal groups also increasingly have ties in the region involving illicit activities from the supply of precursors for fentanyl and other synthetic drugs, to human trafficking, to illegal mining, to trafficking in exotic wildlife, to money laundering, among others.

Criminal groups operating in the region also have access to ever more sophisticated technologies, including underwater and unmanned vehicles for moving drugs to unmanned aerial vehicles for surveillance, transport, and attack. Such vehicles have been used from Catatumbo, Colombia to Michoacan, Mexico to smuggle drugs, conduct surveillance in support of smuggling and combat operations, and to strike targets ranging from terrorizing populations to combatting rival groups and authorities.

Combatting money laundering has also become more complicated, with emerging options for criminals to use less-than-transparent PRC-based banks and companies as well as cryptocurrencies, requiring levels of both training and coordination not always available to Latin American law enforcement.

***New Information Dynamics.*** Beyond the deleterious effects of new criminal dynamics, the information space underpinning Latin American democracies is becoming more fragmented and less reliable through the consumption and transmission of information via social media, compounded by the power of artificial intelligence to fabricate content, including falsely attributing actions and statements to public persons. This uncertainty, and the ability of social media tools to tailor content to audiences with particular interests or viewpoints, is also contributing to the polarization of Latin American societies, undermining tolerance, and further complicating the process of reaching consensus and supporting elected leaders and their decisions, all of which are vital to a robust, healthy democracy.

**Expanding engagement by the PRC.** China's growing activities in and with the region are directly impacting the economic and political dynamics and discourse there, creating risks for the U.S. and also indirectly undermining democracy and market economies.

The PRC is the number one or number two trading partner of virtually every country in the region south of Mexico, generally ahead of the United States. Its companies have invested over $200 billion in projects in the region, and its government continues to engage with Latin American governments at the bilateral, multilateral, and subnational level. That engagement extends to military and police cooperation, space and science and technology cooperation, as well as engagement in a number of sensitive sectors from telecommunications and cloud computing to electricity and financial infrastructure.

The PRC pursues a broad range of "people-to-people" engagements across the region that create opportunities for relationships of influence and even espionage. It brings thousands of people to China on paid trips and robustly interacts with persons in the region through local China-facing business councils, friendship societies, congressional caucuses, and relationships with local Chinese ethnic communities. Although the 2025 U.S. National Security Strategy commits to working against influence by extra-hemispheric U.S. rivals such as China and acting to deny them control of military facilities and strategic infrastructure, the PRC's newly released 3rd Policy White Paper toward Latin America and the Caribbean commits to doubling down on its advances in the full range of areas, including military, space and technology cooperation, "people-to-people" engagements, and critical infrastructure projects likely to be problematic for the U.S.

The perceived example of PRC economic success, order, and security, conditions often lacking in Latin America, arguably undercuts the conventional Western argument that democracy, limited government, and empowerment of the individual is the best vehicle to achieve positive outcomes. The resources that the PRC and its companies and financial institutions often make available to their Latin American counterparts without conditionality regarding democracy, respect for human rights, or good governance amplifies this problem by undercutting efforts by the US government and its investors and lenders to use access to loans and investment to oblige local partners to adhere to such practices. Finally, the spread of Chinese surveillance and control architectures, including "smart cities," arguably shifts the balance by empowering government surveillance and control at the expense of individual liberty and privacy.

## Regional Outlook

***Mexico.*** In 2026, the government of Claudia Scheinbaum will likely continue to have modest progress against organized crime groups including the Sinaloa and Jalisco Nueva Generation (CJNG) cartels, although without substantially reducing levels of corruption and the reach of the criminal economy in all levels of government in Mexico. Her government will likely also navigate cooperation on drug trafficking, migration, trade, water rights, limitation of PRC-based companies investing in Mexico, and other issues to avoid significant conflict with the U.S. government.

Mexico will likely succeed in avoiding unilateral U.S. military action on Mexican territory and also prevent a breakdown of USMCA negotiations. Notably, a failure on either count could lead Mexico to a far more nationalistic posture, moving away from cartel and migration cooperation and trade integration with the U.S. and abandoning its restraints in its embrace of China, Russia and other actors, creating an enormous security challenge for the U.S. on its southern border.

***Central America***. With the exception of Nicaragua, the region will continue to closely cooperate with the U.S. and generally support its policy initiatives. Costa Rica's popular, pro-U.S. leader Rodrigo Chaves, will likely be replaced by Laura Fernandez Delgado of Chaves' own Social Democratic Progress Party (PPSD) in the first round of that nation's election on February 1st.

***Honduras***. In Honduras, the nation's disputed December 2025 election will likely be resolved in favor of the National Party candidate Nasry Asfura. President Trump's strong endorsement of Asfura in the campaign and his granting of a pardon to prior National Party candidate Juan Orlando Hernandez, previously convicted in the U.S. of major drug trafficking, will likely make the incoming Honduran leader one of the United States' strongest collaborators on security and policy issues in the region. Honduras could also reverse its 2023 diplomatic recognition of the PRC and switch relations back to Taiwan, the first such reversal for a large, non-island country since Nicaragua's de-recognition of the PRC in 1990.

***El Salvador***. The government of Nayib Bukele in El Salvador will continue to be another of the current U.S. Administration's closest allies, particularly on help with the receipt and internment of criminal migrants deported from the U.S. to El Salvador's CECOT prison, even while the Bukele government continues to cooperate closely with the PRC on a number of major projects including the national library and stadium.

***Panama***. Similarly, the government of Jose Raul Mulino in Panama will continue to cooperate closely with the U.S. on security matters, even while the legal process for the removal of the Hong Kong-based firm Hutchinson from its Panama concession will continue to be delayed, and even while Panama's leading businesspersons will continue their embrace of business with the PRC.

The three greatest areas of uncertainty in Central America are arguably outcomes in Honduras, Nicaragua, and Guatemala.

In Honduras, there is a minor risk that the leftist populist governing Libre party will succeed in using doubts about irregularities in the November 2025 election, in conjunction with support from the Libre-aligned military, to force an *invalidation of the election*, in order to remain in power. Such an invalidation would put the Libre government on course for a major collision with the Trump Administration, which promised significant consequences if the election outcome was reversed.

***Nicaragua***. In Nicaragua, the declining health of Daniel Ortega, and the possibility of a successful U.S. effort to end the Maduro regime control of Venezuela, could make the Ortega dictatorship the next target for political change in the Americas.

***Guatemala***. In Guatemala, although the government of Bernardo Arevalo has been supportive of U.S. policy pursuits, its left-of-center orientation and alignment with the prior U.S. Administration have made its relationship with the current U.S. Administration uncomfortable, while President Arevalo's Semilla party continues to be in a precarious position in Guatemala's legislature and the President continues to be locked in a bitter political fight with Guatemalan Attorney General Consuelo Porras and some Guatemalan elites.

The strong advocacy taken by the current U.S. Administration for the Nationalist Party in neighboring Honduras, and the pardon of Juan Orlando Hernandez there could conceivably embolden Guatemalan elites to bring down the Arevalo government through legislative and legal maneuvers. Such a situation would open up the possibility of political instability and political violence in the country. It could possibly lead to a populist left party coming to power in the next election, similar to what happened with the Libre party's election in Honduras. As in Honduras, such a new government would not only undercut Central American support for the U.S., but could open the door for such a government to recognize the PRC and open a new door for PRC influence in the region.

**South America**. In South America, like Central America, 2026 is likely to feature a continuing evolution toward right-oriented U.S.-friendly governments, albeit ones that nonetheless seek to do business with the PRC and with important prospects for instability and change.

***Argentina.*** In Argentina, the government of Javier Milei has successfully implemented difficult and draconian policies that stopped the economic freefall caused by the disastrous policies of prior Peronist governments, including important cuts to federal government size and spending, including limiting discretionary transfer payments to the provinces and cutting subsidies for public utilities and transportation, effectively balancing the budget.

In its first year in power, the Milei government sharply devalued the Peso and reached important agreements with the International Monetary Fund, solving its liquidity crisis and creating the basis for a reliably stable, convertible peso to attract capital. Although the devaluation was initially inflationary, it brought inflation under control.

In the October 2025 mid-term elections, the Milei government faced resistance due to concerns over the economic pain caused by reform and the scandals tainting key Administration figures, including the President's sister Karina. Nonetheless, with the help of a strong financial support package and endorsement of the government from the U.S., including from President Trump himself, Milei and his La Libertad Avanza party emerged positioned to continue their pro-market policies through the country's strongly Presidentialist system in a way likely to give the country stability through at least the end of Milei's term.

The success of Milei's economic reforms, his political ability to continue them following his strong midterm victory, and Milei's close personal relationship with U.S. President Trump, including attending and even hosting a Conservative Political Action Committee (CPAC) meeting in Buenos Aires, makes Argentina positioned to continue as a strong and stable ally of the U.S. in the region in 2026.

With respect to Argentina's relationship with China, although the Milei government has restricted PRC activities in sensitive sectors such as military and space cooperation, it appears to continue to export its soy and agricultural goods to China in competition with U.S. farmers, as well as continue to host broad Chinese activities in the oil, transportation, electricity and telecommunication sectors, among others.

***Paraguay***. The Santiago Peña government in Paraguay has positioned itself effectively as a reliable partner on policy issues in the region as well as on security cooperation and commercial matters. The strong and principled stance of the Peña government not to switch diplomatic recognition from Taiwan to the PRC further strengthens Paraguay's strategic value as a bulwark against PRC expansion in the hemisphere. The Peña administration's effective marketing of the country as a stable, conservative, pro-business environment with inexpensive electricity, ample land, and low factor input costs will likely continue to yield results in 2026 in attracting investors to Paraguay, with the facilitation of the U.S. government. The U.S. lifting of sanctions against former Paraguayan President Horacio Cartes, President Peña's political mentor and patron, further solidifies President Peña's success in putting the country on the strategic map for U.S. policymakers, with deepening positive political, security and business cooperation likely in 2026.

***Bolivia***. The new center-Right government of Rodrigo Paz has dramatically changed the country's political orientation, opening doors to the reconstruction of a warm relationship in business and security cooperation with the U.S, including general alignment with U.S. policies toward the region . U.S.support announced in initial meetings between President Paz and senior U.S. Administration personnel will continue to bear fruit in terms of new finance, security cooperation, and other initiatives in 2026, including resumption of long sensitive U.S.-Bolivia counterdrug cooperation as well as U.S. support for Bolivian access to financing from Western institutions such as the International Monetary Fund (IMF) in order to help the country to overcome the liquidity crisis caused by two decades of bloated government spending, corruption, and neglect of investment in the petroleum industry, which is Bolivia's principal mechanism for earning hard currency.

Paz will face a number of serious challenges during the year which could paralyze or even bring down his government if managed poorly, including reducing government spending affecting politically mobilized communities, getting dollars sustainably into the Bolivian economy to resolve difficulties in importing basic goods and factor inputs for the Bolivian economy. Paz will also be challenged to alter the orientation of the country without running awry of the complex myriad of mobilized indigenous groups and radical leaders with a political interest in paralyzing his government. He will also likely find it challenging to push back on Bolivian institutional corruption and deeply embedded Chinese interests in the country without undermining the necessary contribution of the PRC as an investor in key sectors such as lithium, its role as a local employer, and its purchases of Bolivia's commodities.

***Chile***. Chile's new President Jose Antonio Kast, will likely move forward with aggressive new policies seeking to clampdown on crime and tightening laws and their enforcement on immigrant issues, while strongly orienting the country as an ally of the U.S. on both security policies and social issues from immigration and crime to the role of religious values in society.

Kast will likely have a sufficient coalition in the legislature to push through important agenda items in those areas in 2026, but he will have to negotiate with more centrist politicians nonetheless.

Kast's policies and tone will likely increase polarization in the country, appealing to conservative, and largely Catholic Chileans, while inspiring the ire of the Chilean left. He will also have to balance an orientation to align Chile with the U.S. by avoiding significant engagement with the PRC in areas such as military and space cooperation while managing Chile's dependence on the PRC market for the vast majority of its copper, potassium nitrate and other exports. He may similarly struggle with Chile's politically influential business elites in pushing back on China's substantial leverage in key sectors like telecommunication and energy, among other sectors.

***Peru.*** The high-profile crackdown on crime by interim Peruvian President Jose Jeri will likely continue in 2026. It is not likely to substantially reduce high rates of urban gang crime and extortion nor illegal mining and narcotrafficking in remote areas. Nonetheless, the positive resonance of Jeri's actions among Peruvians frustrated by overwhelming levels of crime may open the door for the election of a conservative candidate in Peru's fragmented political system.

Whoever is inaugurated as Peru's new President on July 28 the country will likely to continue to pursue a balance between political alignment with the United States and a strong PRC presence in sectors from mining to construction to ports to electrical and digital infrastructure.

The new government may run into tensions with a more assertive Washington D.C. over its level of military personnel exchanges, acquisitions, and people-to-people collaboration with the PRC, which is higher than most, particularly as the U.S. government pursues nominating Peruas a major Non-NATO ally. Nonetheless, continuing corruption and political fragmentation is likely to prevent the country from significantly changing its policy direction or fundamentally addressing the criminal economy.

**Ecuador.** The pro-U.S. government of Daniel Noboa will continue to struggle with controlling narcoterrorism, fueled by expanding drug flows out of a neighboring Colombia, powerful but fragmented local gangs, and external criminal financiers and coordinators from Mexico's Sinaloa and CJNG cartels to Italy's Ndrangheta.

The Noboa government will likely continue to strongly support Washington and expand security cooperation with it, even while PRC-based companies continue to expand influence in the petroleum, mining, digital, and other sectors.  The inability to control violence, including in the country's own prisons, coupled with corruption scandals and push-back from the left over President Noboa's perceived authoritarian style, are likely to continue to create political problems for the regime, although it should probably be able to maintain physical and political control of the country throughout the year.

***Colombia***: The country is likely to spend most of 2026 in a cycle of violence and continuing political paralysis, expanding cocaine production, illegal mining, and other forms of criminality that will continue to corrupt government at all levels.  The country will continue to suffer from escalating violence from well-armed and financed criminal groups in a fragmented political environment.

During 2026, the Petro government is likely to sink deeper into a cycle of rhetorical battles and reduced cooperation with Washington, escalating U.S. sanctions against Petro and his supporters personally and the possible continued reduction of security cooperation funding from the U.S.  At the extreme, it is conceivable, although not likely, that the U.S. could conduct unilateralmilitary actions against narcotrafficking groups on Colombian territory.

If the political right manages to unite behind a single candidate for the May 2026 presidential election, the country could dramatically reverse course with a resumed alignment with Washington and an associated re-initiation of close security cooperation, although it will take time to get violence under control.

The PRC will likely continue to deepen influence with Colombian elites and will likely expand military, political, space, and people-to-people cooperation with the Petro government during the first part of the year, yet the country's high levels of violence and administrative chaos will likely slow Chinese progress on most major infrastructure projects, mining, petroleum, digital sector, new energy, and other investments.

***Uruguay***.  The center-left Yamandú Orsi government in Uruguay will continue to keep a low profile and a cooperative tone with the current U.S. Administration.  It will seek to avoid rhetoric and policies that grab the attention of the U.S. government.  Nonetheless, it will continue to pursue an increasingly close economic and political relationship with PRC, including significant agricultural exports to the country and involvement by PRC-based companies in electricity and other infrastructure projects, among others.

***Brazil***. The Lula government will seek to maintain a balance between pursuing its ambition as an large, non-aligned global player, increasing dependence on the PRC market for its agricultural and mining exports (including rare earth elements); manufacturing, technology, financial, digital and electricity sector investments; and military and space cooperation. Lula will nonetheless likely attempt to avoid becoming the visible leader in political opposition to the policies of Washington in the region.



The run-up to the country's November 2026 national election will likely be highly polarizing, with the fight between a now octogenarian Lula da Silva and Flavio Bolsonaro, son of former President Jair Bolsonaro, championing his imprisoned father's conservative social mantle against the President whose government imprisoned him and fought to keep him in jail as long as possible.

**Caribbean.** In the Caribbean, the issue of narcoviolence and the U.S. military presence will likely continue to dominate the agenda through 2026, with decisive U.S. military action that may open the door to a political transition possible by early in the year, but far from certain. The subjects of concern for governments of the region will continue to include high rates of violence in the region, which are fueled by the interaction between narco funding, local gangs, and access to guns. Each will be affected by U.S. decisions on the employment of military force in the Caribbean, and possibly in Venezuela, in the coming months. The U.S. decision will also likely impact migration of Venezuelans and others from the region, as well as tourism flows.

Whether or not the U.S. acts militarily against the de facto Maduro leadership in Venezuela, the strong commercial presence of the PRC in countries like Antigua and Barbuda, Jamaica, Dominica, Grenada and Barbados will likely continue.

***Dominican Republic***. The Dominican Republic will continue to position itself as the key U.S. political and security ally in the region, as well as an increasingly important strategic commercial partner due to the significant quantities of rare earth elements found in the island. The country will also continue its commercial and other outreach to its Caribbean Community and Common Market (CARICOM) neighbors.

The question of crime and migration from the ever-deteriorating situation in Haiti, with which the Dominican Republic shares the island of Hispaniola, will continue to be a problem. Nonetheless, a less judgmental posture by the U.S. government toward the Dominican Republic regarding its treatment of Haitian migrants, coupled with its increasing isolation from the problem through its border wall, will make the Haitian challenge more politically manageable for the Dominican government domestically and in its relationship with other countries in the region.

***Haiti***. The economic, security, and humanitarian situation on the island will continue to deteriorate. Presidential elections will not be held. Gangs will continue to consolidate control over different parts of Port-au-Prince and surrounding areas. Outmigration will expand. Still, the formation of a new "Gang Suppression Force" with U.S. leadership holds promise that the situation in Haiti could eventually be brought under control.

***Trinidad and Tobago.*** The United National Movement (UNM) government of Kamala Persad Bissessar could become increasingly popular for its alignment with the United States on Venezuela, particularly if the U.S. acts decisively producing a restoration of democracy in Venezuela with minimal adverse effects on Trinidad and Tobago. The Persad-Bissessar government is also likely to strengthen its political position through perceived progress on gang and crime issues. Despite such positive perceptions, however, gang violence in Trinidad and Tobago will likely continue to be a problem, and the issue of the government's posture toward the United States will continue to be divisive within the country.

***Guyana***. The PPP government in Guyana will continue to reap the economic benefits of expanding oil production and associated secondary investment. The strong U.S. military presence in the region will likely decrease domestic concern over Venezuelan aggression against Guyana's Essequibo region.

Despite the positive security outlook and strong relationship with the U.S., Guyana's People's Progressive Party (PPP) government will likely continue to deepen its commercial and other ties with the PRC, including in the petroleum sector, retail, ports, digital and electricity infrastructure, construction, and mining and forestry, among other areas.

***Suriname***. The National Democratic Party (NDP) government of Jennifer Geerling Simmons will likely continue to maintain a low political profile and cautious international posture.

High rates of corruption and criminality, including a significant problem with illegal mining in the interior, will continue to be a problem in the country. Engagement with neighboring Guyana may cool slightly due to latent disputes over the country's shared interior border, among other matters.

PRC economic presence in Suriname will continue to deepen, fueled by construction activities, mining investments, the substantial ethnic Chinese community, and new money coming in through the oil sector, although the country's debt overhang from prior projects with PRC-based companies will continue to be a problem.

***Venezuela***. The choice the U.S. takes regarding how to manage Venezuela will decisively shape dynamics in the Caribbean and the rest of the region, as argued previously.

There is a minor chance that, in the coming year, the Maduro regime may reverse course and offer a significant deal that presents the U.S. with a clear policy victory, presumably involving the immediate departure of key Chavista leaders and a transition to the legitimate democratic government.

There is arguably also a small possibility that, faced with imminent major U.S. military action that is deemed probable to succeed, senior military officers will take matters into their own hands, turning against Maduro and pledging loyalty to the legitimate democratic government in exchange for pardons to save themselves. The fear among many military and other leaders currently aligned with Maduro, however, of liability for past criminal activities and their involvement in human rights violations currently being investigated by both the Organization of American States and the United Nations impedes them from turning against the regime. That impediment is further compounded by the penetration of the military by both Cuban intelligence and Venezuelan military counterintelligence (DGCIM).

The most probable scenario in Venezuela is arguably a continued escalation of pressure from the United States through actions that may include a strengthened embargo of sanctioned oil tankers, strikes against land targets, or other military options, possibly escalating to a decisive military operation to capture or eliminate the senior *Cartel de los Soles* leadership.

If such an operation were undertaken, it would likely involve massive, coordinated strikes by missiles, stealthy aircraft from the Continental United States, and special operations forces to eliminate air defense and command and control sites, Venezuelan combat aircraft, and other significant threats. Such a strike might logically be followed by high volume sorties launched from the U.S.S. Gerald Ford Aircraft Carrier, the U.S. airbase at Roosevelt Roads, Puerto Rico, and other locations, as well as multiple near-simultaneous operations by U.S. Special Forces and the 22nd Marine Expeditionary Unit, both by aircraft and landing craft (LCACs), in order to temporarily seize key objectives such as *where Cartel de los Soles* leaders were being held.

The principal risk of such an operation would not be its initial success, but rather, would likely be afterward, with the U.S. action facilitating the assumption of power in the country by the democratically-elected government of Edmundo Gonzalez, presumably with the help of Venezuelan military units that had switched loyalties in exchange for pardons.

In such a scenario, the newly empowered legitimate government would likely face a concerted campaign of terrorism and sabotage by entrenched Bolivarian National Guard elements, other radicalized Chavistas, terrorist elements such as the National Liberation Army (ELN), and Russian and Cuban agitators.

Following the assumption of power by the legitimately elected Gonzalez government in Venezuela, the later might logically invite the U.S. to continue military operations against *Cartel de los Soles* terrorist elements trying to destabilize that legitimate government. Such U.S. support would not necessarily involve putting U.S. “boots on the ground” for the long-term, but rather, support through airstrikes, special operations activities, training, and other forms of support.

The most significant risk of a decisive U.S. military action, under the scenario contemplated here, would be that the combined forces of the legitimate government and U.S. and other supporters, would not be able to sufficiently protect the country against the sabotage of the cash-earning oil industry and other terrorism, leading to economic collapse and outmigration. Even with such risks, however, this course of action would have the advantage of giving the U.S. Administration a clear symbolic triumph with the restoration of democracy to the country, as well as giving the U.S. an element of control in deciding how to take on the terrorists and maintain order.

As the principle alternative to decisive U.S. military action, if it decided this course was too risky, it might logically seek to continue various other forms of military and economic pressure short of war, possibly including attempting to cut the regime off from its oil revenues through a “blockade.” Such continued limited actions, however, would not necessarily be less risky than decisive action. Indeed, significant economic pressures would also risk significantly impairing the Venezuelan economy that could also trigger a massive outmigration of refugees. The latter course of action, however, would not give the U.S. an option to claim victory for the restoration of democracy to

Venezuela if it didn't result in a deal with Maduro. Nor would it give the U.S. as much ability to control the internal destabilization and associated political dynamics that occurred in the country afterwards.

Whatever course of action was taken, a perceived U.S. "success" would greatly strengthen its influence in the Caribbean and elsewhere in the region. It would also fortify the political fortunes of those governments closely binding themselves to the U.S., including the Dominican Republic and Trinidad and Tobago. Conversely, it might tee up Cuba, Nicaragua, and other uncooperative regimes to become the next major focus of U.S. attention. In fact, current pressure on Venezuela is having an impact on Cuba already.

On the other hand, a perceived "failure" of U.S. intervention or inaction in Venezuela could paralyze the U.S. in action elsewhere in the region, give its friends pause, and embolden its opponents.

## Conclusion

2026 is likely to be a decisive year for Latin America and the Caribbean. The year is likely to be shaped by one of the largest groupings of U.S.-friendly governments in recent times, and the political expansion of that grouping. Nonetheless, it is important for strategic analysis of the region to recognize that the nature of pro-U.S. alignment may be more tentative and fragile than it might appear. Moreover, there is no guarantee that such a pro-U.S. configuration will be inherently enduring. It will be up to U.S. policymakers to ensure that those countries tying their fates to collaboration with the U.S. are able to achieve their security and prosperity goals, lest the current "U.S. friendly moment" is swept away by populations disillusioned by an insufficient payoff for their faith in the promise of U.S. democracy, principles, and generosity.

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**Global Identifiers**

ISSN 2381-3652
OCLC Number: 923297365
Library of Congress LCCN: 2015203560
Dewey Class No: 327 (International Relations)
ISNI: 0000 0004 5898 6976
VIAF ID: 875148947846054950004
ROR ID: 01jvhre18
NAAN ID: 84818
OpenAlex ID: s4306513161
Publons Publisher ID: 7294
Publons Institution ID: 688925
D-U-N-S® Number: 13-789-0314
Standard Address Number (SAN): 992-9274

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