

Latin America's Evolving Strategic Panorama

R. Evan Ellis • Summer 2026

Latin America and the Caribbean are the regions that most directly impact US security and prosperity, both for good and bad, through the flow of people and goods. That interdependence includes supply chains vital to the US economy and global competitiveness, but also potential threats such as drugs, other criminal activities, and regional access by US geopolitical adversaries such as the People's Republic of China (PRC). A significant majority of countries in the region are currently disposed to work with the US on security and other issues. Many have partially scaled back their security engagement with the PRC and cooperation in other sensitive areas in response to US pressure. Despite this apparent accommodation, however, the region is currently beset by a dangerous confluence of stresses that could undermine its stability, its US-friendly orientation, and its restraint in working with US adversaries.

Democracy, China and the US

A major new survey, "AMLAT Radar," reports that little more than half of the respondents in the region support adherence to democratic processes if non-democratic alternatives promise better solutions to endemic problems. The region's residents have grown skeptical over decades of their governments' performance on fundamental issues such as corruption, insecurity, and economic and other opportunities. Similarly, confidence in the reliability and fruitfulness of democratic expression has been undermined by social media and artificial intelligence. Expanded reliance on vehicles such as TikTok, WhatsApp, and Instagram as news sources has contributed to an atomized and polarized information environment in which people consume news tailored to their biases, even as AI deepens the already profound lack of confidence in what is real and what is not.

Mixed feelings about democracy in the region have also arguably been deepened by significant changes in the discourse, policies, and actions of the US as its traditional standard bearer. Meanwhile, as the PRC has deepened its commercial and other activities in the region, it has sought to position itself as an alternative partner and to promote its superficially less intrusive concepts of global governance as alternatives to the "rules-based international order." Even if most Latin Americans have remained skeptical of the PRC while embracing the opportunities it seems to offer, conversations about democracy and the United States in the region have been profoundly impacted by perceptions of a government-led PRC "model." This model appears to produce economic progress, efficiency, and order, but sacrifices individual rights and protections to its authoritarian system and associated technologies.

Reflecting the changing Latin American perceptions of China and America, the AMLAT Radar survey shows that for the first time, China, not the United States, is seen as the best model for development. Respondents chose China by 36 percent, an increase of 7 percentage points since the last survey in 2022, while those choosing the US fell 13 percentage points. They chose the PRC as the best partner for trade, 49 percent versus 26 percent electing the US. Even more notably, 67 percent chose China as the best partner for digital technologies, while only 19 chose the US. Even in the domain of cultural and educational cooperation, 40 percent chose China as the best partner, while only 18 chose the US, whose cultural appeal in the region has historically been considered a key lever of “soft power.”

Beyond questions of democracy and US-PRC rivalry, the war in Iran has also strained the region through increased oil prices, particularly affecting net petroleum-importing countries such as those in Central America and much of the Caribbean. Such price increases particularly harm truckers and taxi drivers who must purchase their own fuel. It also increases costs for households through elevated prices for heating oil and cooking gas. Indeed, in several countries, including Chile and Bolivia, these impacts have been compounded by the recent elimination of fuel subsidies under prior governments, just as petroleum prices are now rising. Such increases have begun to generate public protests, just as they did when oil prices spiked in 2022 following Russia’s invasion of Ukraine.

Transnational Organized Crime

As a complement to economic instability and other factors, transnational organized crime (TOC) has been a key contributor to undermining regimes and confidence in democracy in the region, principally by fueling corruption and public insecurity. The corrosive impact of TOC is a function not only of the drug industry, but also of lucrative illegal mining economies, human smuggling and trafficking, extortion and other gang activities. Less commonly recognized crimes from timber smuggling to trade in exotic flora and fauna also play a role. The explosion in Colombian cocaine production, particularly during the government of Gustavo Petro, has impacted the entire region, including expanded narco transits through neighboring Venezuela and Ecuador, Mexico, Central America, and the Caribbean to the north. Cocaine from Colombia, Peru, and Bolivia, and synthetic drugs such as methamphetamines, also increasingly flow to markets in Europe and Oceania, where prices are higher.

These markets have expanded the drug flow through South America to Asia and Europe, attracting an array of criminal interaction groups, from Mexican and European foreign facilitators to major South American groups such as the First Capital Command (PCC), the Red Command (CV), and their surrogates, to violent local gangs. This exacerbates corruption, intensifies fights over routes, and has other adverse effects in parts of South America that do not always receive Washington’s focus.

Although US military action has removed Nicolas Maduro in Venezuela, the criminal networks for illegal drugs, mining, human smuggling, extortion, and other crimes still exist. Continuing lethal US interdiction operations in the Caribbean and eastern Pacific, with 50 narcoboats destroyed and 186 fatalities at the time of this writing, have significantly lowered such activity. Still, traffic has shifted to more southerly routes, through the interior of Venezuela and Colombia to Venezuela to Brazil, through Peru and Bolivia, through Brazil, and Argentina to Europe, among others.

Similarly, although US actions and increased control of the southern border have decreased overdose deaths in the United States, fentanyl shipments, and synthetic drug flow to the European and Oceania markets continue.

In migration, the exodus of nine million Venezuelans has put enormous social pressures on the countries that have received them, from Colombia, Ecuador, Peru to Chile and the Caribbean, with no near-term prospects that political conditions in Venezuela will allow them to return. The continuing crisis of gang control and associated violence in Haiti, and significant US economic pressure on Cuba, similarly present continuing risks of an expanded outflow of refugees from those countries, impacting neighbors in the Caribbean and the broader region.

Technology and Cryptocurrency

Advances in technology and new networks available to criminals further compound the challenges they pose to the region. This includes the use of crypto currencies. While these are technically trackable, doing so requires specialized training and capabilities scarcely available to most Latin American law enforcement organizations. Similarly, expanding trade and financial flow between the region and China present new money-laundering opportunities for criminals and associated challenges for financial intelligence units and other authorities in the region, given limited knowledge of and access to PRC-based banks and companies.

Criminal groups are also exhibiting worrisome innovations in the region in their use of unmanned vehicles, including not only for surveillance, but also for smuggling illicit goods and conducting lethal strikes against each other, and against police and militaries from Mexico to Colombia. The availability of ever more capable commercial drones from China through companies like DJI is compounded by the proliferation of advanced systems and knowledge of how to employ them learned through the war in Ukraine, to which Latin American criminal groups have even sent members to fight and receive drone training. Latin American authorities are increasingly suffering losses but are arguably constrained by limited resources and cumbersome bureaucracies from incorporating expensive counter-drone systems and changing doctrine to adapt to an unmanned aerial vehicle (UAV) environment.

The Political Front

On the political front, multiple strategically key countries in the region face close elections and/or crises that could decide the course between pro-US, or alternatively, populist, or dysfunctional regimes.

Peru: Leftist candidate Roberto Sanchez unexpectedly secured the number two position in the April 12 first round of that nation's elections, forcing a recount, with some on the right concerned about electoral manipulation by the left. The outcome of the second round on June 7 between Sanchez and US-oriented conservative candidate Keiko Fujimori will profoundly impact the direction of that country, in which the PRC already has a significant presence in the port, mining, telecommunications, and other sectors, and where governance is severely challenged by coca growing and illegal mining, complemented by extortion and gang violence.

Colombia: On May 31st, in the first round of Colombia's Presidential election, voters chose far right candidate Abelardo de la Esprilla to go forward in round two of elections on June 21st against Ivan Cepeda, the standard-bearer of radical leftist Gustavo Petro's Historic Pact party. De la Esprilla did better than anticipated by polls in Round one, and if he prevails in Round 2 over Cepeda, it would likely restore Colombia to a more US-friendly posture, accompanied by a more aggressive stance against organized crime and greater security cooperation with the US

Brazil: The nation's October 4 elections are in a statistical tie between octogenarian leftist incumbent Luis Ignacio "Lula" da Silva and Flavio Bolsonaro, the conservative pro-US son of jailed former president Jair Bolsonaro. The election is particularly critical for the strategic direction of South America, in which Brazil comprises half the population, half the landmass (bordering all but two of the continent's other countries), and a military force greater than the combined forces of the other South American countries.

Lula has played a significant role not only in attracting approximately 40 percent of all PRC trade and investment to the region, but also in military and space collaboration with the PRC, and in working with it in multilateral forums from the United Nations system to the BRICS (Brazil, Russia, Indonesia, China and South Africa, plus India, Egypt and Ethiopia). Under Lula, Brazil has further emerged as one of the largest countries in the region most critical of US policies, leveraging the freedom afforded by its relative independence from the American market.

Ecuador and Bolivia: Although neither is facing presidential elections in the near term, both are facing crises that, if not adequately managed, could bring down the government. In Ecuador, President Noboa's perpetual states of emergency and alignment with the US have arguably failed to convince the population that he can address the reinforcing cycle of drug flow and gang violence devastating the country. Ecuador's National Electoral Council recently accelerated the timetable for local elections

by three months, to November 2026, which could open the door for US-hostile elements of the opposition, politically paralyzing Noboa.

In Bolivia, newly-elected President Rodrigo Paz appears to be losing ground in efforts to break the vicious cycle of dollar shortages, financial liquidity constraints, corruption, and strikes that have paralyzed the country. Paz's own Vice-President Edmundo Lara, and the right-oriented political party of Jorge "Tuto" Quiroga have become some of his greatest opponents, while incriminating behaviors by key ministers are increasingly undermining the population's faith in him as a clean, different politician, elevating the risk that his US-friendly government may not finish its term.

Mexico: Although elections are still some time away, the nation is at a strategic crossroads as it reviews the US-Mexico-Canada Agreement (USMCA). Mexico's economic and political future is arguably in the balance, since more than 80 percent of Mexican exports go to the United States. Recognizing such dependence, leftist Mexican President Claudia Sheinbaum has closely cooperated with—and often deferred to—the United States, including receiving deported migrants from third countries, deploying the National Guard to control migrant flows through Mexico, extraditing wanted criminals to the United States, and acting more aggressively than her predecessor against cartel leaders such as 'El Mencho,' head of the Jalisco Nueva Generación cartel (CJNG). Her government has also imposed taxes of up to 50 percent on products imported from China and other Asian countries in response to complaints that PRC-based firms use facilities in Mexico as a pass-through to the United States.

Despite such cooperation, the US has elected to maintain the pressure, including the April 2026 indictment of the sitting Sinaloa governor, Ruben Rocha Moya. If the USMCA review breaks down and/or security cooperation becomes too politically costly for Sheinbaum, this strategically vital neighbor would face economic devastation from the loss of the US market and investment—and with it, the incentives that have kept Mexico cooperative on security, on migration, and on its posture toward China and other US adversaries.

Weathering a Storm

Latin America, critical to US security and prosperity, continues to weather a storm of reinforcing informational, economic, criminal, and political stresses, which could reverse its present, largely US-compliant orientation and open the door more widely to a more rapid embrace of China than many imagine. As has occurred repeatedly in the past, the region has a way of making itself heard when Washington ignores—or fails to adequately diagnose and address—what ails its neighbors.

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