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Strategic implications of the war in Iran for Latin America

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March 3 (UPI) -- The U.S.-Israel joint operation in Iran is in its early phases. It has already eclipsed U.S. operations in the Caribbean as the most significant military action of the second Trump administration. President Trump has indicated that the military action may continue for several weeks.

Iran's response, launching attacks against both Israel and countries hosting U.S. forces, or perceived as supporting the campaign, has created a serious risk of escalation. The fallout could reach international commerce and the broader global financial system. This article offers an early look at possible strategic consequences for Latin America, building on analysis by James Bosworth, founder of Hxagon and author of the Latin America Risk Report, one of the most closely followed political risk newsletters focused on the region.

Economic shockwaves: energy and logistics

In the short term, the conflict's impacts will likely be principally economic. Oil prices are already rising and could increase significantly if Iran further restricts traffic through the Strait of Hormuz, creating immediate difficulties for oil-dependent countries in the Caribbean and Central America.

Disruptions to logistics flows between Latin America and Asia could also grow more substantial, affecting prices and inventories, if a broadening conflict puts transits through the Red Sea, the Suez Canal, and other key routes at risk.

Security risks: Hezbollah networks and retaliation

Iran's proxy Hezbollah has a longstanding presence in Latin America. The organization has used the region for fundraising and, at times, terrorism, including attacks against the Israeli Embassy in Buenos Aires in 1992 and the AMIA Jewish Community Center there in 1994.

Israeli actions against Hezbollah in Lebanon and Iran in 2024-2025 arguably weakened the organization considerably. Political changes in the region have further narrowed its room to maneuver. The defeat of Bolivia's MAS government and the January 2026 U.S. operation capturing Nicolás Maduro in Venezuela removed two permissive environments that had previously given Hezbollah greater latitude. Pro-Israel governments in Paraguay and Ecuador that cooperate closely with the U.S. further constrain the group's options.

Terrorist actions by Hezbollah or other Iranian surrogate groups in Latin America remain possible. Even so, the likelihood of a successful large-scale attack as part of Iranian reprisals appears limited. This does not eliminate the probability of protests against the war in the region, as also occurred during Israel's campaign against Hamas in Gaza.

Political knock-on effects in the hemisphere

From a broader political perspective, the Delcy Rodríguez-led regime in Venezuela and its authoritarian counterparts in Cuba and Nicaragua may perceive reduced attention and pressure from Washington. Each will be tempted to consolidate its position and test whether the strategic landscape has shifted in its favor.

Although some U.S. military assets, such as a carrier strike group, may be drawn away from the hemisphere, Washington's attention to the region is likely to be sustained. Senior State Department officials with deep Latin American expertise remain in place, and President Trump has shown the ability to pivot attention between regions as the moment demands.

The scheduled March 7 summit at Mar-a-Lago with key U.S. partners from the Americas will be an indicator of whether and how Washington maintains focus on the region. The agenda may be influenced by developments in the Middle East rather than displaced by them. Still, progress on bilateral initiatives that require White House sign-off may slow while a major conflict consumes senior attention.

How the war may evolve

Paradoxically, the current phase of the war may be limited in scope and duration, yet still transform regional dynamics. The conflict carries high risks of secondary political violence in Iran and of an authoritarian successor government rather than a democratic transition.

Iran likely activated a succession plan and a pre-designed retaliation scheme when the attack began. Yet the apparent effectiveness of the continuing U.S.-Israeli campaign suggests Iran's missile and drone salvos may dwindle. Decapitated leadership and degraded command-and-control could limit Tehran's ability to plan subsequent phases. If the conflict continues, it may devolve into lower-level terrorist responses.

While many Iranians despise the country's corrupt clerical regime and yearn for political change, it is not clear they have the organization needed to seize control. The Islamic Revolutionary Guard Corps and its Basij militia maintain a decentralized presence across the country. Even if the campaign degrades their capabilities, a highly ideologized force is unlikely to simply dissolve -- particularly when the attacking powers, the U.S. and Israel, are framed as enemies of the faith.

A plausible outcome is the replacement of the current theocratic regime by another authoritarian government, one able to restore stability through coercive power, yet willing to cut a deal with the Trump administration: curbing support for radical Islamist terrorism and reopening space for Western investment in the energy sector.

U.S.-China implications and Latin America's political "roller coaster"

Such an outcome would likely boost the economic and political fortunes of moderate Gulf Arab states aligned with Washington, enhance Israeli security, and create conditions for a renewed framework for the Abraham Accords. It would also be a strategic setback for China: first via elevated oil prices, then through the loss of Iran as a key supplier and customer, and as a market for Chinese goods, services, and infrastructure projects.

For Latin America, the resulting chain of events could be a political roller coaster. Initially, left-oriented governments -- Brazil, Colombia, Mexico and some smaller Caribbean states -- may be vocal in lamenting the human toll, questioning the lack of a democratic outcome, and warning about oil-price shocks and supply disruptions. Meanwhile, regimes in Nicaragua, Cuba, and possibly Venezuela may seek to posture as resistant and unbowed toward Washington.

Within months, however, the picture could shift. A triumphant Trump administration could return attention to recalcitrant authoritarian actors in the hemisphere while elevating the fortunes of governments aligned with Washington, such as Argentina, Paraguay, Ecuador, and Chile, as well as potentially U.S.-friendly governments emerging in Colombia and Peru. Brazil's leftist government could face an October 2026 election under less favorable external conditions, including the loss of a BRICS partner in Iran.

Within the United States, the war's economic impacts, casualty debates, legal controversies, and perceptions of success or failure will also likely influence the 2026 midterm elections, control of Congress, and the bandwidth the administration has to pursue its Latin America agenda during the final two years of Trump's term.

None of these dynamics will lessen the near-term economic pain for Latin American states sensitive to oil prices, nor will they ease political pressure from higher food and transport costs. The coming months may also bring a notable increase in protests. Ironically, Latin America could enter the second half of the year under significant economic and social stress, deeply divided over the U.S. role in the conflict, yet with more governments disposed to work with Washington than at any recent point, and with a U.S. global posture that appears stronger than it has in years.

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