

**Global Americans Report**

**Critical Issues in Latin America  
2025**

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## Executive Summary and Introduction

Latin America and the Caribbean enter 2025 at a critical juncture, as a series of elections – from Ecuador to Honduras, and Chile to Argentina – coincide with Canada’s leadership turnover and Donald Trump’s return to the U.S. presidency. These contests unfold amid economic headwinds, security challenges, and an intensifying U.S.-China rivalry. Migration remains a central concern, while citizens demand reforms to address corruption, inequality, and rising violence.

This report examines how these overlapping issues – from elections that could reset political priorities to escalating security and migration crises – may unfold in 2025. We also look at China’s expanding economic footprint and a Trump administration’s renewed influence on regional policy. As countries brace for shifts in trade, border security, and diplomacy, grasping how these dynamics interact is crucial to understanding the path Latin America and the Caribbean might take in the year ahead.

The report highlights the following:

- Latin America and the Caribbean face another crucial test for their democracies, as over a dozen nations go to the polls in 2025. On the ballot will be: security and the rule of law in Ecuador, Honduras, Jamaica, and Trinidad and Tobago; economic instability and polarization in Chile, Bolivia, Canada, and Argentina; and energy development and inequality in Suriname and Guyana. Migration and competition between the U.S. and China loom large across the region.
- Migration looks likely to be a dominating issue once again in both foreign and domestic politics across the region in 2025. Trump’s inauguration has brought a heavy-handed U.S. back to the negotiating table, with countries told to stand behind the new U.S. administration or face the consequences. Already, January has seen Colombia’s Gustavo Petro nearly plunge his country into a trade war with the U.S. over deportations. Further conflicts are expected to emerge as the U.S. asserts its migration priorities.
- Alongside migration, crime and insecurity appear to remain top issues for voters and domestic politics across the region. Narcotics trafficking groups have gone transnational, bringing unprecedented violence and corruption with them in their conflicts around the region. The U.S. Trump administration looks ready to take a more involved approach to crime, announcing an intent to designate Mexican drug cartels as foreign terrorist organizations on day one in office.
- The hemisphere’s long tradition of open and free trade is under threat as the effects of globalization ravage working classes throughout the Americas. Led by Trump, a new class of politicians across the region look to renegotiate deals or end them entirely. Combined with rising tariffs, a reduction in U.S. foreign aid, and the potential loss of remittances from U.S. deportations, the effects on the hemispheric economy could be catastrophic.
- The U.S. is poised to take a more aggressive approach to combat Chinese influence in the Americas. Trump has threatened to seize the Panama Canal due to China’s threat, targeted Chinese trade to U.S. free trade agreement partners, and ramp up investments in critical infrastructure across the region. However, the U.S. is already behind in the race for the region. Most countries have ceased recognition of Taiwan – a long-time U.S. diplomatic priority in the region – and many have signed on to China’s vast Belt and Road Initiative. The opening of the deepwater Chancay port in Peru signals China’s intent to make further inroads in the coming years.

## 1. Elections, Democracy, and Polarization

### Argentina

Argentina enters its October 26 midterm election with President Javier Milei seeking to bolster his minority government in Congress. Two years into his term, Milei retains approval ratings above 50 percent yet struggles to pass key legislation due to holding just 7 of 72 Senate seats and 38 of 257 in the Chamber of Deputies.<sup>1</sup> His party, Liberty Advances, will compete for the first time as a unified, legally recognized national party – rather than a loose coalition of smaller groups – and hopes to capitalize on Milei’s hardline economic “shock therapy,” which aims to tame annualized inflation still hovering in triple digits.<sup>2</sup> This election will also introduce a single paper ballot system nationwide, and could mark the end of Argentina’s PASO primaries, reflecting Milei’s criticism of the process as too costly and complex.

Central to Milei’s re-election calculus is whether he can deliver an economic turning point before voters head to the polls. He has signaled openness to floating the peso, lifting capital controls (“cepo”), and courting new IMF funding. Monthly inflation did fall through much of 2024, but remains high, fueling anxiety over Argentina’s ability to service upcoming bond and IMF payments – roughly \$4.3 billion USD due in both January and July.<sup>3</sup> Meanwhile, austerity measures meant to reduce government spending have triggered social pushback, especially as poverty rates surged by over 10 percentage points in Milei’s first year, to nearly 53 percent.<sup>4</sup> With limited congressional support for further reforms, his administration faces an uphill battle to liberalize currency markets without provoking further financial turbulence or deepening social unrest.

Whether Milei can secure enough legislative backing to enact longer-term structural economic reforms hinges on these midterms. His proposals to slash public-sector spending, reform the tax code, and negotiate pro-market treaties – such as a prospective free trade deal with the United States – have garnered both praise from business sectors and criticism from those fearing a gutting of Argentina’s social safety net. A new IMF agreement that provides additional liquidity could temporarily ease the strain on foreign reserves; however, it will likely come with strict conditions requiring more cuts to public spending. This dynamic sets the stage for a fierce contest over fiscal and monetary policy, with opposition Peronists rallying around embattled party head Cristina Fernández de Kirchner, who aims to unify disparate factions against Milei’s libertarian agenda.<sup>5</sup>

In the broader regional context, a Trump White House will see an ally in Milei’s free-market enthusiasm, yet mounting public dissatisfaction over rising poverty and ongoing political gridlock may temper his ambitions. If his party gains enough seats, Milei could push through reforms that redefine Argentina’s economic model – potentially floating the peso and removing capital controls – while strengthening ties with the United States.<sup>6</sup> Conversely, a weak legislative performance could hamper his presidency, reinforcing political fragmentation and economic

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<sup>1</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

<sup>2</sup> <https://americasquarterly.org/article/argentina-a-2025-snapshot/>

<sup>3</sup> <https://americasquarterly.org/article/argentina-a-2025-snapshot/>

<sup>4</sup> <https://www.reuters.com/world/americas/argentinas-milei-predicts-2025-election-shakeup-party-launch-2024-09-29/>

<sup>5</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

<sup>6</sup> <https://www.aljazeera.com/news/longform/2024/12/7/a-year-into-javier-mileis-presidency-argentinas-poverty-hits-a-new-high>

uncertainty. With the single paper ballot and possible abolition of PASO adding further twists to an already complex election, Argentina's midterms will serve as a vital stress test for Milei's political and economic experiment.

## **Bolivia**

Bolivia enters its August 17 presidential election amid a deepening rift within the ruling *Movimiento al Socialismo* (MAS). President Luis Arce, who rose to power in 2020, now contends with economic woes – persistent shortages, high inflation, and low foreign reserves – as well as a power struggle with former President Evo Morales. Morales, barred from running by the courts, still insists on seeking the presidency, creating two feuding MAS factions and raising doubts about the party's future.<sup>7</sup> Outside this turmoil, four opposition leaders, including ex-Presidents Jorge Quiroga and Carlos Mesa, plan to unite behind a single candidate, while Cochabamba Mayor Manfred Reyes Villa also polls competitively.

These divisions echo Bolivia's 2019 crisis, when disputed elections led to massive protests, an interim government, and new elections that installed Arce. Institutions remain fragile; judicial rulings barring Morales and battles over presidential eligibility have fueled accusations that Arce manipulates the courts.<sup>8</sup> With past incidents of perceived interference in electoral bodies, observers warn of possible violence as Bolivia's campaign period unfolds. The once-hailed "economic miracle" under Morales has dwindled amid hydrocarbon stagnation, unfulfilled lithium projects, and recurring protests, exposing the gap between MAS's promises and today's hardships.

Whether MAS can reconcile its factions, restore public trust, and hold off a united opposition remains uncertain. If opposition forces coalesce around a strong challenger, Bolivia could see a departure from the leftist policies that have defined much of its recent history. Even if MAS prevails, holding together a legislative majority in the face of deep polarization and economic pressures will be a steep challenge. With official campaigning set for April and a possible runoff on October 19, the fate of MAS's nearly two-decade rule – and Bolivia's broader political stability – hangs in the balance.

## **Canada**

Canada's next general election is scheduled for October 20 but could happen sooner if Parliament holds a no-confidence vote this spring.<sup>9</sup> Justin Trudeau's decision to step down after nine years in office leaves the governing Liberals – currently trailing the Conservatives by over 20 points – searching for a new leader.<sup>10</sup> Rising inflation, housing costs, and criticism over Trudeau's handling of U.S. President-elect Donald Trump's tariff threats have fueled public dissatisfaction, with the opposition poised to force an early contest once the Liberal leadership race concludes.

Leading the Conservative Party, Pierre Poilievre offers a populist platform emphasizing fiscal conservatism, tougher stances on crime, and stronger support for fossil fuels. He has distanced himself from Trump's more provocative rhetoric but signals openness to negotiating with

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<sup>7</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

<sup>8</sup> <https://globalamericans.org/the-leftist-experiment-in-bolivia-nears-its-end/>

<sup>9</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

<sup>10</sup> <https://www.npr.org/2025/01/09/nx-s1-5251302/whats-next-for-canada-5-questions-will-help-decide-the-future-after-trudeau>

Washington to avoid a trade war – a departure from Trudeau’s more multilateral approach. Poilievre also questions Canada’s current immigration policies, linking them to surging housing prices and strains on social services, indicating a potential shift toward tighter controls if his party wins.

If the Conservatives gain a majority in the expanded 343-seat House of Commons, they could steer Canada toward more bilateral dealings with the U.S., a pro-industry energy policy, and stricter immigration measures. Yet these moves come amid Trump’s 25-percent tariff threat, pressuring Ottawa to balance national interests against economic reliance on U.S. markets.<sup>11</sup> How Canada navigates this tension, and whether Poilievre’s approach resonates with voters, forms the core question of the looming election showdown.

## Chile

Chile’s November 16 upcoming presidential election follows a year in which right-leaning and traditional parties made a surprise comeback in local races, signaling possible headwinds for the left. Incumbent President Gabriel Boric – who rose to power in 2021 on the momentum of mass protests demanding social and constitutional reforms – is constitutionally barred from seeking reelection.<sup>12</sup> His approval ratings have hovered around 30 percent after two failed attempts to rewrite the constitution and amid sluggish economic growth.<sup>13</sup> Meanwhile, recent municipal results saw the moderate right-wing coalition *Chile Vamos* surpass the far-right *Partido Republicano*, suggesting voters may be shifting toward more centrist or mainstream conservative platforms rather than purely populist ones.<sup>14</sup>

A December opinion poll places center-right figure Evelyn Matthei, a former senator and labor minister, in the lead with 26 percent, followed by far-right candidate José Antonio Kast at 12 percent.<sup>15</sup> Although major left-leaning figures, such as former President Michelle Bachelet, remain popular, they have yet to announce bids or rally around a unifying candidate. Voters seem drawn to perceived pragmatism and stability, particularly after the 2019 protests and constitutional turbulence. Still, Chile retains a strong base of progressive-minded citizens, meaning the rightward tilt could be tempered by pockets of ongoing support for leftist or centrist proposals.

How a more conservative or centrist government might affect social and constitutional reforms remains a pressing question. Boric’s progressive agenda – focused on tackling inequality, revising the privatized pension system, and drafting a new constitution – met repeated roadblocks. Should Matthei or another mainstream conservative candidate take office, they are more likely to promote incremental reforms rather than a sweeping overhaul, favoring business-friendly policies and a tougher approach to crime. Meanwhile, left-leaning parties could regroup with fresh faces, betting on voter fatigue with repeated constitutional dead-ends and craving for a balanced consensus.

From a broader perspective, a shift to the right might realign Chile’s foreign policy closer to a returning Trump administration in the United States, particularly on trade and security

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<sup>11</sup> <https://apnews.com/article/trudeau-canada-politics-future-resignation-calls-03b27b55590bda7fb341065dd51fb873>

<sup>12</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

<sup>13</sup> <https://americasquarterly.org/article/chile-a-2025-snapshot/>

<sup>14</sup> <https://globalamericans.org/traditional-parties-stage-comeback-in-chilean-local-elections/>

<sup>15</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

cooperation. However, Chile's historic emphasis on democratic processes and a nuanced approach to human rights could still spark friction if Washington seeks hardline agreements on immigration or broader regional issues. Ultimately, the extent of Chile's rightward turn – and its impact on the stalled constitutional debate – will hinge on whether this emerging conservatism translates into sustained voter support leading up to the first round on November 16.

## **Ecuador**

Ecuador heads into its February 9 presidential election with incumbent Daniel Noboa of the National Democratic Action (ADN) Party holding a consistent polling lead over his main challenger, Luisa González of ex-President Rafael Correa's Citizen Revolution Movement (RC).<sup>16</sup> Recent polls indicate that President Noboa generally holds an advantage over González in the low- to mid-30s versus her mid- to high-20s, although specific figures vary by survey. For instance, a December Cedatos poll placed Noboa at 33 percent compared to 29 percent for González, while a separate Comunicaliza survey showed Noboa at 31 percent and González at 26 percent. With most of the remaining candidates polling below 3 percent, these two frontrunners are likely headed for a runoff on April 13 unless Noboa – or González – can secure the outright majority or 40 percent threshold and 10-point margin required to clinch a first-round victory.<sup>17</sup> Simultaneously, voters will choose 151 members of the newly expanded National Assembly, where no party is projected to hold a majority. Public frustration is rising amid recurrent political violence, including assassinations of officials, and a homicide rate that – despite recent drops – remains high by historical standards.

Since taking office in November 2023, Noboa has repeatedly declared states of emergency to combat organized crime. While these tactics have reportedly cut the homicide rate by 17 percent, they have drawn criticism for risking human rights abuses and weakening democratic checks.<sup>18</sup> At the same time, González has pledged a government focused on social programs and institutional reforms reminiscent of the Correa era, vowing to tackle poverty and corruption through state-led initiatives. Still, polls show a third of voters may cast null or blank ballots, signaling deep disillusionment with the political status quo – an echo of the 2023 assassination of presidential candidate Fernando Villavicencio.<sup>19</sup> Although his murder did not stem directly from voter disillusionment, it underscored how high-profile violence can erode trust in democratic institutions, exacerbating the electorate's sense of discontent.

In weighing Noboa's security crackdowns against González's promise of expanded social protections, Ecuadorans must also consider the fate of rule of law and anti-corruption mechanisms.<sup>20</sup> Some fear that constant military deployments and emergency measures – though effective in headline terms – could corrode democratic institutions in the long run. Others remain skeptical about the potential for a Correa-aligned government to rebuild trust, pointing to past allegations of authoritarian tendencies. Regardless of who wins, the likelihood of a fragmented legislature points to challenging coalition-building and fragile governance in the coming term.

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<sup>16</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

<sup>17</sup> <https://www.as-coa.org/articles/poll-tracker-ecuadors-2025-elections>

<sup>18</sup> <https://www.bnamericas.com/es/entrevistas/noboa-y-gonzalez-tendran-importantes-bloques-legislativos-pero-no-mayoria-en-la-asamblea-nacional>

<sup>19</sup> <https://www.bbc.com/mundo/articles/c516m1pe40jo>

<sup>20</sup> <https://freedomhouse.org/country/ecuador/about-project-election-watch/2025>



A new Trump administration in the United States could either bolster or complicate these dynamics. Historically, Trump officials have prioritized security cooperation over human rights concerns when working with pro-U.S. governments in Latin America – evidenced by Washington’s muted response to alleged abuses in El Salvador and tolerance of rule-of-law questions in Guatemala. Thus, if Noboa maintains a hardline stance on crime and remains open to U.S. security assistance, the White House might continue providing aid without substantial criticism of potential rights violations. Conversely, if González prevails and reverts to more assertive state interventions that run counter to U.S. interests, tensions could flare over both governance and trade. Ultimately, Ecuador’s 2025 vote hinges on whether the country prioritizes a security-first approach to crime-fighting or strikes a balance that upholds its democratic norms – regardless of how a returning Trump administration weighs human rights oversight.

## **Honduras**

As Honduras prepares for its November 30 general election, the stakes for democratic governance are high. Incumbent President Xiomara Castro is constitutionally barred from running again, and her administration has been rocked by allegations of soliciting drug money for a previous campaign.<sup>21</sup> Widespread corruption, weak institutions, and entrenched crime syndicates further heighten tensions, while the two main opposition parties – the Liberal Party and the National Party – jockey for influence. The National Party may even nominate the wife of ex-President Juan Orlando Hernández, now serving a 45-year U.S. prison term for drug trafficking. Political fragmentation and the failure to implement key reforms since the violence-marred 2021 election raise fears of electoral manipulation and renewed unrest, especially in regions dominated by criminal groups.

Despite these challenges, there is room for cautious optimism. Civil society organizations, backed by the Organization of American States and the European Union, are bolstering election monitoring efforts and pushing for transparency. Their initiatives – ranging from anti-disinformation campaigns to training local poll watchers – could help restore credibility to democratic institutions, provided that politicians respect legal norms and the judiciary remains impartial.<sup>22</sup> International partners can reinforce these measures by funding violence-prevention programs in municipalities most vulnerable to cartels and gangs.

Ultimately, Honduras’s trajectory hinges on voters’ willingness to punish corrupt elites and reward candidates genuinely committed to reform. If the next administration channels public frustration over crime and graft into institutional overhauls, the country may finally break the cycle of impunity. Otherwise, the same forces feeding disillusionment risk driving Honduras into another turbulent electoral season, jeopardizing its prospects for a more stable democracy.

## **The Caribbean**

2025 is a major year for elections in the Caribbean. Voters will be heading to the polls in Belize, Curaçao, Guyana, Jamaica, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Three key factors to consider are that Guyana, Suriname, and Trinidad and Tobago have emerged as the “Southern Caribbean Energy Matrix”, which is increasingly important in meeting U.S., Asian, and European energy needs; elections in Belize and St. Vincent and the Grenadines will have ties with China or Taiwan on the ballot; and the need for greater security

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<sup>21</sup> <https://www.as-coa.org/articles/2025-elections-latin-america-and-canada-preview>

<sup>22</sup> <https://www.mh-motel.com.tw/imgen452/honduran-general-election-2025-polls1>



from drug and firearms trafficking, much of which either originates in or is destined for the U.S., will play a major role in each country's elections.<sup>23</sup> Economic partnerships and climate change are also major factors for the U.S. in regard to the region, though for most Caribbean voters the state of the economy and public safety are the most important factors.

Seven Caribbean nations enter election cycles that will not only reshape local governance but also reverberate through U.S. foreign policy. Jamaica faces a hotly contested race between the Jamaica Labour Party (JLP) and the People's National Party (PNP), with crime reduction, cost of living, and youth engagement emerging as key electoral issues.<sup>24</sup> In Trinidad and Tobago, Prime Minister Keith Rowley is stepping down as the People's National Movement's (PNM) leader, passing the baton to Acting Attorney General and Minister of Energy, Stuart Young.<sup>25</sup> The PNM faces an uphill battle with questions about ongoing energy projects, crime, and public-sector reforms loom large as well as a lengthy period of slow growth. Both countries' electoral outcomes could be swayed by domestic debates over economic growth and social stability rather than direct U.S. influence, though Washington's stance on security cooperation and investment may subtly shape the political discourse.

Meanwhile, Guyana and Suriname illustrate the region's growing prominence in global energy markets. Guyana's oil boom under President Irfaan Ali has generated unprecedented revenue, fueling infrastructure projects and social spending likely to influence Guyanese voters as elections are called in late 2025.<sup>26</sup> Suriname, under President Chandrikapersad Santokhi, heads to the polls in May. Both governments must walk a fine line between courting foreign investment – particularly U.S., Chinese, and European companies eager to develop offshore energy – and addressing local demands for jobs, improved healthcare, and transparent fiscal management. Santokhi faces a tough challenge as Suriname has undergone a rigorous IMF program over the last several years, been forced to reschedule its debt, and only recently seen a return of economic expansion. Corruption scandals have also left their mark. While U.S. backing of oil and gas initiatives can spur economic development, public sentiment will likely hinge on whether the influx of revenue tangibly improves citizens' lives or results in increased inequality and corruption.

On the security front, rising crime and transnational criminal networks remain critical concerns. In Jamaica and Trinidad and Tobago, the U.S. may deepen law enforcement collaborations, potentially offering intelligence-sharing or funding for anti-crime initiatives.<sup>27</sup> Guyana's rapidly expanding energy industry also makes it a target for external threats like neighbor Venezuela, prompting discussions on maritime security and border control – areas where U.S. support could prove constructive. In Suriname, persistent challenges around narcotics trafficking and political corruption highlight the need for stronger governance measures, with international agencies and American security partnerships playing an advisory role.

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<sup>23</sup> <https://cpccaribbean.org/the-southern-caribbean-energy-matrix-and-the-consequences-of-the-regional-push-for-renewable-energy/>

<sup>24</sup> [https://www.fitchsolutions.com/bmi/country-risk/jamaica-change-government-likely-2025-policy-implications-limited-05-12-2024?fSWebArticleValidation=true&mkt\\_tok=NzMyLUNLSC03NjcAAAGYcFDDdiLkenaxwGPVkJ-ExpoTbZ3hevZehTWoq3GHYkmXzhOtVl3x8xuckTmlRDaa-Hd7cvsZFC0lk6tdFYiDlh28f4TpWgPoYUBak903yRI0vuIAg](https://www.fitchsolutions.com/bmi/country-risk/jamaica-change-government-likely-2025-policy-implications-limited-05-12-2024?fSWebArticleValidation=true&mkt_tok=NzMyLUNLSC03NjcAAAGYcFDDdiLkenaxwGPVkJ-ExpoTbZ3hevZehTWoq3GHYkmXzhOtVl3x8xuckTmlRDaa-Hd7cvsZFC0lk6tdFYiDlh28f4TpWgPoYUBak903yRI0vuIAg)

<sup>25</sup> <https://www.guardian.co.tt/news/msj-to-skip-2025-general-elections-will-focus-on-strengthening-party-6.2.2206634.0244a20180>

<sup>26</sup> <https://dpi.gov.gy/budget-2025-will-provide-necessary-resources-for-elections-president-ali/>

<sup>27</sup> <https://mailchi.mp/theglobalamericans.org/global-americans-weekly-news-brief-7515500>

Although Belize, Curaçao, and St. Vincent and the Grenadines are smaller than the above-mentioned countries, their electoral contests have important implications for the U.S., in particular on the issue of maintaining diplomatic recognition of Taiwan. Economic issues loom large in all three elections. St. Vincent and the Grenadines' election could be the most interesting in that the country's prime minister, Ralph Gonsalves (Unity Labour Party) has been in office since 2001, winning consecutive elections through the next two decades. Curaçao's election is scheduled for March 21, 2025, with economic issues looming large, including what to do with the island's idled oil refinery, which occupies prime real estate in the capital Willemstad. Beyond these Caribbean countries several other elections are set to take place in British dependencies. These include Anguilla (no date set), the Turks and Caicos (February 7), and Bermuda (February 18).

## 2. Migration and Deportations

Migration seems likely to be a dominant political issue facing the Americas once more in 2025 with the inauguration of U.S. President Donald Trump, who favors a policy of reduced immigration and increased deportation. Despite the adoption of the Los Angeles Declaration on Migration and Protection<sup>28</sup> throughout much of the Americas and renewed hemispheric collaboration on migration, the vast number of migrants, refugees, and asylum seekers continue to overwhelm both destination countries, like the U.S. and Chile, and transit countries, like Mexico and Panama, and incentivized a broad anti-immigrant turn across the region.<sup>29</sup> Despite increasing crackdown on immigrants and barriers to integration, with several nations limiting migrants' access to public services, pressure to migrate from crisis areas like Cuba, Nicaragua, Haiti, and Venezuela will persist.<sup>30</sup> Venezuela's migration crisis, with nearly 8 million emigrants over the past decade, has become the world's worst displacement crisis with ripple effects across the region.<sup>31</sup>

With Trump's inauguration, international collaboration will be in question once more, and many countries may look to take advantage of Trump's transactional approach to benefit their citizens at the expense of their neighbors, or at least avoid falling afoul of the new U.S. administration by implementing new anti-migrant restrictions. The prospect of mass deportations<sup>32</sup> from the U.S. back to the region further complicates these countries' approaches to migration and integration, with representatives from across the region meeting in Mexico to discuss collaboration and mutual aid in response to any adverse U.S. deportation actions.

For the U.S. alone, the economic loss from mass deportations would be immense. Implementation costs are estimated between \$315 billion for a short-term mass deportation or \$88 billion per year for a ten-year mass deportation project (just under \$1 trillion in total). Some estimates even put a year under Trump's mass deportation plan on par with the 2007-2009 Great Recession.<sup>33</sup> One 2023 study found that 44,000 U.S. workers would lose their jobs for every 500,000 undocumented immigrants deported, totalling 968,000 citizens' jobs lost in

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<sup>28</sup> <https://carnegieendowment.org/research/2024/09/americas-migration-los-angeles-declaration-north-south?lang=en>

<sup>29</sup> <https://www.migrationbrief.com/p/5-migration-trends-in-the-americas-for-2025>

<sup>30</sup> <https://www.migrationbrief.com/p/5-migration-trends-in-the-americas-for-2025>

<sup>31</sup> <https://www.worldvision.org/disaster-relief-news-stories/venezuela-crisis-facts>

<sup>32</sup> <https://apnews.com/article/mexico-migration-trump-mass-deportations-latin-america-sheinbaum-4c5f92b5196adbcf728b7f3750238fa9>

<sup>33</sup> <https://www.americanimmigrationcouncil.org/research/mass-deportation>

the event that Trump succeeds in deporting the entirety of the undocumented population.<sup>34</sup> The hardest hit industries would be agriculture, construction, and hospitality, with some specific trades facing the loss of a third of their workforce, and the hardest hit states would be California, Texas, and Florida, which are home to nearly half the country's undocumented immigrants.<sup>35</sup>

For Latin American countries, the implications may be even more alarming. The countries with the most undocumented emigrants living in the U.S., Mexico and the Northern Triangle of Central America (Honduras, El Salvador, and Guatemala), experience such vast levels of emigration due to circumstances that remain unchanged – insecurity, unemployment, and economic and political instability.<sup>36</sup> Governments, with resources stretched thin, are often unable to provide support necessary to deported returnees as it is, and international and local aid organizations say they are unprepared for an influx of migrants stemming from a U.S. mass deportation campaign, deepening the very economic immiseration and insecurity generating migration in the first place. Additionally, the migration and deportation processes themselves – with migrants often taking on debt to finance their attempt to reach the U.S., abandoning homes in gang-controlled neighborhoods, and being separated from relatives upon their detention and return from the U.S. – create more obstacles to reintegration and incentives to attempt the long journey back to the U.S. The Honduran foreign ministry estimates that some 40 percent of deported returnees soon leave once again to attempt the trek back north.<sup>37</sup>

The deportation of millions of migrants from Latin America and the Caribbean will also threaten remittances, a vital component of GDP and the largest source of foreign investment in several countries in the region.<sup>38</sup> Remittances to Latin America and the Caribbean reached \$155 billion in 2023, with an average growth rate of 10 percent annually over the past decade. Over 70 percent<sup>39</sup> of the region's remittances come from migrants in the U.S.; for some countries, like those of the Northern Triangle, the U.S. portion of overall remittances is closer to 90 percent. According to the World Bank, remittances make up between one fifth to one quarter of GDP for six countries in the region: Honduras, El Salvador, Jamaica, Haiti, Nicaragua, and Guatemala.<sup>40</sup> The loss of a significant proportion of remittances stemming from Trump's deportation proposals would likely deepen the region's economic woes and increase the strength of the region's criminal networks, creating further impetus for increased migration toward the U.S.

Some countries will be more influential than others in implementing Trump's immigration targets. Panama is home to the Darien Gap, one of the most important transit corridors for migrants heading north to the U.S. Venezuela is the chief source of migrants throughout the Western Hemisphere, with nearly 8 million Venezuelans currently residing outside of the country. Mexico and Central America, however, are likely to earn the bulk of the Trump administration's focus, as both important corridors and significant origin countries for migrants to the U.S.

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<sup>34</sup> <https://www.cnn.com/2025/01/11/trumps-mass-deportation-plan-could-have-a-big-effect-on-inflation.html>

<sup>35</sup> <https://www.americanimmigrationcouncil.org/research/mass-deportation>

<sup>36</sup> <https://apnews.com/article/honduras-trump-mass-deportations-central-america-immigration-c28e71c590a9f3df2d607df13b956656>

<sup>37</sup> <https://apnews.com/article/honduras-trump-mass-deportations-central-america-immigration-c28e71c590a9f3df2d607df13b956656>

<sup>38</sup> [https://www.bcie.org/fileadmin/user\\_upload/Remittances\\_in\\_Central\\_America\\_the\\_Role\\_of\\_CABEI.pdf](https://www.bcie.org/fileadmin/user_upload/Remittances_in_Central_America_the_Role_of_CABEI.pdf)

<sup>39</sup> <https://www.iadb.org/en/news/remittances-latin-america-and-caribbean-set-new-record>

<sup>40</sup> <https://blogs.worldbank.org/en/peoplemove/remittances-latin-america-still-growing>

Panama's recently inaugurated President José Raúl Mulino had reasons to be optimistic about relations with a future Trump administration early in his term. On day one of his presidency, he signed<sup>41</sup> an agreement with the U.S. to collaborate on deportation flights from Panama itself, boldly stating: "the true southern border of the USA is not Texas, but Darién."<sup>42</sup> Unfortunately for Mulino, Trump's recent statements<sup>43</sup> advocating U.S. seizure of the Panama Canal have forced him to take a more distant approach to his relationship with the incoming U.S. president in an effort to defend Panamanian sovereignty and shore up domestic support. Nevertheless, as one of the chief issues of his own presidential campaign was lowering migration to reduce economic costs for Panama, it seems likely the two administrations will find some room for collaboration and mutual benefit.<sup>44</sup>

Venezuela's long-time President Nicolás Maduro has signaled that he may be hoping to forge a similarly mutually beneficial relationship. Though Venezuela has long declined U.S. deportation flights, an issue for Trump's mass deportation plan given that nearly 300,000 Venezuelan migrants reside in the U.S. without documentation,<sup>45</sup> that has recently changed as Maduro has called for "a new start" to relations with the U.S., and implied a willingness to collaborate on deportation goals in exchange for sanctions relief and a reduced U.S. focus on the authoritarian country.<sup>46</sup> With energy executives close to the incoming administration interested in investing and Trump's own desire to reduce gas prices domestically, sanctions relief on Venezuela's significant oil industry could make sense from a U.S. perspective as well. However, negotiations with the left-wing regime are likely to face heavy internal pushback from Trump's foreign policy team, with appointees like Secretary of State Marco Rubio, National Security Advisor Mike Waltz, and Special Envoy for Latin America Mauricio Claver-Carone all opposing relief for the authoritarian nation on an ideological basis.<sup>47</sup> Nevertheless, a recent agreement on deportations and the successful return of six Americans held captive by the Venezuelan regime has increased financial confidence in Venezuela to its highest point since last year's electoral crisis unfolded.<sup>48</sup>

Central America's Northern Triangle is likely to experience mixed success under Trump, depending on how cooperative the administration perceives each country to be. El Salvador, under Nayib Bukele, is likely to benefit the most – Bukele has positioned himself as a loud Trump ally and signaled a willingness to cooperate on migration concerns. Guatemala will likely miss the influence of the Biden administration on its current political contest between democratic President Gustavo Arevalo and corrupt Attorney General Consuelo Porras. The Biden administration's support for Arevalo has been widely regarded by experts as responsible for the former administration's peaceful transfer of power; Trump, on the other hand, has alternated between quiet support for Porras or absence from the country's affairs entirely. Honduran President Xiomara Castro is positioning her country well to be the second Trump administration's main antagonist on migration. She has threatened to expel the U.S. military from the country if Trump implements his deportation plan and has built cozy relations with the region's network of left-wing leaders which are likely to come under fire from Trump's ideological foreign policy team. Unfortunately for Castro, she has little leverage in this fight –

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<sup>41</sup> <https://pa.usembassy.gov/united-states-signs-arrangement-with-panama-to-implement-removal-flight-program/>

<sup>42</sup> <https://thedialogue.org/analysis/will-mulino-slow-migration-flows-through-panama/>

<sup>43</sup> <https://www.theguardian.com/world/2025/jan/12/panama-canal-trump>

<sup>44</sup> <https://thedialogue.org/analysis/will-mulino-slow-migration-flows-through-panama/>

<sup>45</sup> <https://www.axios.com/2024/11/12/trump-mass-deportation-venezuela-nicolas-maduro>

<sup>46</sup> <https://www.theguardian.com/world/2024/nov/07/venezuela-nicolas-maduro-donald-trump-rapprochement>

<sup>47</sup> <https://www.politico.com/newsletters/politico-nightly/2025/01/13/marco-rubios-first-headache-00197982>

<sup>48</sup> <https://www.bloomberg.com/news/articles/2025-02-03/trump-deal-with-maduro-sends-venezuela-bonds-to-six-month-high>

the U.S. base in Honduras has become less important for the military in recent years and her country would suffer much more in a trade war or from the loss of remittances than the U.S. Trump's message to the region is clear: play by his rules or suffer the consequences.

Finally, there is Mexico. After Trump was elected, many analysts wondered whether Sheinbaum would be able to craft the same complex, but supportive relationship that Trump enjoyed with her predecessor and mentor, Andres Manuel Lopez Obrador (AMLO). She is less ideologically flexible than AMLO, and less in touch with the anti-establishment populism that forms the bedrock of both Trump and AMLO's political personas. Furthermore, Mexico has been quietly gearing up for confrontation with the U.S. over migration, expanding legal support for migrants, and launching several new initiatives to help Latin American migrants in the U.S. receive Mexican support. Nevertheless, recent reporting suggests that Sheinbaum is complementing this legal deterrence with the same sort of collaboration that AMLO found so rewarding. Mexico's migrant detentions leapt from about 45,000 per month to nearly 160,000 per month after Trump was elected,<sup>49</sup> and Sheinbaum recently suggested, despite domestic disapproval, that Mexico would be willing to receive non-Mexican deportations from the U.S. to bolster Trump's deportation numbers. Whether these gestures of support will be enough to coax Trump into a more collaborative approach to the United States' southern neighbor will likely depend on pressure from right-wing politicians in his own coalition.

Ultimately, the hemisphere will have to wait until Trump and his nominees are in office to begin to judge his migration policy. The unprecedented nature of his goals means it is unpredictable just how far he will be able to implement them domestically or in partnership with allies across the region. A mass deportation program would be catastrophic for many of the countries closest to the U.S., but even a smaller program could wreak untold economic havoc on the region. For now, most governments in the region can only attempt to prepare by buttering up Trump and his prominent supporters in an effort to avert the worst of the United States' newfound focus on the Western Hemisphere.

### **3. Crime, Violence, and Insecurity**

In recent years, violence, political instability, and a rise in global demand have led to a growth in Andean cocaine production and a further globalization of Latin America's powerful drug trafficking cartels.<sup>50</sup> Organized crime groups have seized upon weak states to further entrench themselves territorially, corrupt governments, and expand with international alliances and heightened demand for illicit products in Asia<sup>51</sup> and Europe.<sup>52</sup> The transnational fentanyl trade has become another point of tension in the U.S. relationship with Mexico and China, the chief transit and source countries of the drug's materials, respectively.<sup>53</sup> The region remains divided on how to approach transnational trafficking, whether through a militarized "war on drugs" approach as advocated by El Salvador's Bukele or a nonviolent diplomatic approach as advocated by Colombia's Petro. Trump's inauguration this year may turn the tide in favor of the former, as he has already begun his term by designating Mexican cartels "terrorist

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<sup>49</sup> <https://www.reuters.com/world/americas/mexico-detains-almost-half-million-migrants-heading-us-last-quarter-2024-12-27/>

<sup>50</sup> <https://www.crisisgroup.org/latin-america-caribbean/latin-america-wrestles-new-crime-wave>

<sup>51</sup> <https://americasquarterly.org/article/why-drug-cartels-are-expanding-to-asia/>

<sup>52</sup> [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2024\)762286](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2024)762286)

<sup>53</sup> <https://apnews.com/article/trump-xi-inauguration-china-us-782413bbc4ca5e06c9e39ce9ae151ea2>



organizations” and has signaled a willingness to use U.S. drones, or even the military, to confront crime groups outside of the U.S.<sup>54</sup>

Some of the leading enablers of Latin America and the Caribbean’s endemic violent crime problem, at least according to several researchers,<sup>55</sup> activists,<sup>56</sup> and a federal suit in the U.S. Supreme Court launched by Mexico,<sup>57</sup> are U.S. weapons manufacturers and arms traffickers. Weapons trafficking seizures from the U.S. to the rest of the hemisphere have surged by 120 percent since 2016, and the majority of weapons trafficked are military-grade firearms, including automatic and semi-automatic rifles, grenade launchers, and Gatling-style miniguns.<sup>58</sup> Legal exports of higher-capacity firearms to a host of nations, including Mexico, Ecuador, and Guatemala, also spiked<sup>59</sup> this year in response to security crises in their respective nations and deepening U.S. collaboration with their increasingly militarized security forces. Many of these legally exported weapons are later passed onto criminal groups,<sup>60</sup> either through forceful seizure or illegal sales by corrupt military officials. The surge of military-grade weaponry has empowered the region’s already entrenched organized crime groups and deepened conflicts in Haiti, Mexico, and Colombia, where armed groups have easy access to U.S. weaponry.<sup>61</sup> Still, the region may not rally behind Mexico’s suit against U.S. manufacturers. Alongside weapons exports, the U.S. has exported its gun politics, with many right-wing figures in the region now advocating gun ownership as a safety measure due to faltering state security promises.<sup>62</sup> 2025 is likely to see gun control become further politicized in Latin America, as many countries undergo security crises and right-wing politicians look to strengthen their hands in upcoming elections.

As drug demand boomed in Europe and Asia while enforcement declined in Latin America during the 2010s, the stage was set for the entrenchment of truly transnational drug cartels. No longer just Mexican cartels controlling the transit of drugs from South America to the U.S., they now compete with massive Brazilian gangs that have exploded throughout the continent to dominate shipping products to Europe and Asia.<sup>63</sup> Brazil is likely to be one of the hardest hit and least prepared countries for this shift. The home base to First Capital Command (PCC, per its acronym in Portuguese) and Red Command (CV, per its acronym in Portuguese), Brazil has seen growing levels of violence, corruption, and gang takeovers<sup>64</sup> of urban favelas and rural transit routes through the Amazon. More disturbingly, it has seen an influx of narco money in politics,<sup>65</sup> with one of the leading contenders for mayor of Sao Paulo, Pablo Marcal, running for a party backed by PCC. So far, Brazilian President Lula Inacio Lula da Silva has responded with further militarization, especially at major transportation hubs like ports and airports, to seemingly little

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<sup>54</sup> <https://www.washingtonpost.com/world/2025/01/21/trump-cartels-terrorists-mexico/>

<sup>55</sup> <https://www.smallarmssurvey.org/resource/trends-trafficking-comparing-us-based-firearms-trafficking-caribbean-and-latin-america>

<sup>56</sup> <https://www.reuters.com/world/americas/us-must-stem-iron-river-guns-flowing-latin-america-activists-say-2023-04-18/>

<sup>57</sup> <https://apnews.com/article/gun-manufacturers-mexico-supreme-court-718955b10918f6f13d3e2182bd18b250>

<sup>58</sup> <https://www.cbsnews.com/news/guns-ammunition-seized-us-latin-america-caribbean/>

<sup>59</sup> <https://nacla.org/free-trade-firepower>

<sup>60</sup> <https://www.reuters.com/world/americas/us-must-stem-iron-river-guns-flowing-latin-america-activists-say-2023-04-18/>

<sup>61</sup> <https://www.smallarmssurvey.org/trends-trafficking-comparing-us-based-firearms-trafficking-caribbean-and-latin-america/key-findings>

<sup>62</sup> <https://www.americasquarterly.org/article/u-s-style-gun-politics-are-spreading-in-latin-america/>

<sup>63</sup> <https://english.elpais.com/international/2025-01-11/comando-vermelho-the-brazilian-cartel-that-has-penetrated-the-colombian-peruvian-amazon.html>

<sup>64</sup> <https://insightcrime.org/brazil-organized-crime-news/first-capital-command-pcc-profile/>

<sup>65</sup> <https://www.nytimes.com/2024/10/04/opinion/brazil-crime-pcc-cocaine.html>

effect.<sup>66</sup> If the government remains unable to confront the influx of criminal money and corruption at the highest levels of Brazilian public office, it seems likely that the crime wave could lead to a domestic backlash against Lula’s Workers Party and perhaps an international recalculation of integration with Brazil by its closest neighbors.

Colombia’s decades-long violent conflict seems no closer to ending now than it did at the beginning of President Gustavo Petro’s term in 2022. Petro, the country’s first leftist president and a former guerrilla himself, embarked upon a new strategy in the country’s long-time conflict – what he terms “Total Peace”, peace and amnesty talks with all of the country’s armed groups simultaneously and drawback in militarized responses to those groups’ encroachments.<sup>67</sup> While Petro’s plan has achieved a reduction in violence, that reduction in violence is mostly limited to conflict between the government’s security forces and the non-state armed groups which occupy much of its remote territories. All the while, the nation’s most powerful armed groups expanded and entrenched their territorial control while infighting for further power at the negotiating table and in the country’s lucrative drug trade.<sup>68</sup> Already, in January 2025, one such turf war has exploded into public and led the government to declare a state of emergency and vow a “war” against the guerrillas responsible.<sup>69</sup> The violence seems likely to be the final straw for the public’s support of Petro’s nonviolent approach and may signal a return to the militarized Colombian state of decades prior in 2025, as well as a serious threat to the electoral chances of Petro’s party and designated successor in the country’s 2026 elections.

Contrary to Petro, El Salvador’s Nayib Bukele is one of the most popular leaders in the world – with approval ratings fluctuating between 80 and 93 percent – and by far the most popular politician in the Western Hemisphere.<sup>70</sup> The reason? Bukele’s *mano dura* approach (or “iron-fisted”) approach to safety and security transformed El Salvador from one of the world’s most dangerous countries to the safest country in the Western Hemisphere.<sup>71</sup> While he has plenty of international critics for the decline of democratic freedoms and human rights within El Salvador, in his home country and across most of the region he is beloved.<sup>72</sup>

In fact, Bukele’s *mano dura* approach has been so successful that others around the region have sought to replicate what they call ‘*bukelismo*’ (an extension of Bukele’s policies). In a region where public security is often the voting public’s main concern,<sup>73</sup> preaching *bukelismo* has proven in many cases to be a winning strategy electorally.<sup>74</sup> Even when they don’t name him personally, copycat approaches have risen up in Ecuador and Honduras,<sup>75</sup> and major candidates in Argentina, Brazil, Chile, and Colombia have all echoed Bukele’s talking points.

Elected in 2024 for a second term as president – despite a constitutional prohibition on reelection – Bukele controls all the levers of power in El Salvador, and seems perfectly situated

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<sup>66</sup> <https://www.americasquarterly.org/article/lulas-security-policy-is-rehashing-old-ideas/>

<sup>67</sup> <https://acleddata.com/2024/11/28/total-peace-paradox-in-colombia-petros-policy-reduced-violence-but-armed-groups-grew-stronger/>

<sup>68</sup> <https://insightcrime.org/news/interview/two-years-petros-total-peace-brings-more-conflict-colombia/>

<sup>69</sup> <https://www.france24.com/en/americas/20250121-colombia-war-guerrilla-violence>

<sup>70</sup> <https://www.csis.org/analysis/burgeoning-regional-appeal-mano-dura-crime-fighting-strategies>

<sup>71</sup> <https://time.com/7015598/navib-bukeles-iron-fist-el-salvador/>

<sup>72</sup> <https://www.hrw.org/news/2023/08/07/latin-america-urgently-needs-alternative-bukeles-security-plans>

<sup>73</sup> <https://www.csis.org/analysis/burgeoning-regional-appeal-mano-dura-crime-fighting-strategies>

<sup>74</sup> <https://english.elpais.com/international/2023-08-21/navib-bukeles-authoritarianism-infests-latin-american-politics.html>

<sup>75</sup> <https://time.com/7015598/navib-bukeles-iron-fist-el-salvador/>



to continue his reign over the country for the foreseeable future. However, many question the sustainability of his approach. For starters, he has imprisoned over 70,000 Salvadorans and left nearly 40,000 children with one or two parents missing, hardly a good recipe for a healthy younger generation.<sup>76</sup> His plans are expensive as well, with Salvadoran debt ballooning to \$30 billion – 84 percent of the country’s GDP – and over a quarter of Salvadorans in poverty with shrinking government aid.<sup>77</sup> Until he is forced to address these economic deficiencies, it seems likely that his public support will remain high. If he fails to deliver on prosperity in the future, Salvadorans may have already given up enough control over their government that they no longer have a choice.

Mexico’s Claudia Sheinbaum will also face a difficult security situation during her term. Following Andres Manuel Lopez Obrador (AMLO), who oversaw the most violent *sexenio* in Mexican history,<sup>78</sup> has made violence voters’ top priority, and Sheinbaum was elected, in part, due to her successful tackling of criminal violence within Mexico City as its mayor.<sup>79</sup> She brought in Omar García Harfuch, her former Mexico City security chief, as Secretary of Security and Citizen Protection, and passed a constitutional reform empowering the new secretary and his ministry.

It is too soon to tell whether the recently inaugurated Sheinbaum will be successful. The homicide rate decreased for a third year in a row, but the disappearance rate increased to offset the gains. Law enforcement remains militarized, corrupt, and highly ineffective, with just 16 percent of criminal investigations resolved in 2022, according to Human Rights Watch.<sup>80</sup> However, her security team has cracked down on drug trafficking, seizing unprecedented amounts of fentanyl, and most importantly, she has signaled an openness to renewed collaboration with the U.S. on crime-fighting – a reversal of her predecessor’s anti-U.S. position, which several analysts have credited with his uniquely high crime and homicide rates.<sup>81</sup>

Crime has also proven a persistent problem for Chilean President Gabriel Boric. Elected with a mandate to push through expansive, progressive social reforms, his term has instead been derailed<sup>82</sup> by a surge of crime and migration that have jolted voters of the long-peaceful country to the right. While homicide rates fell slightly<sup>83</sup> in 2024 after an unexpected surge in 2023, there remains much work to be done to tackle the country’s burgeoning issue with organized crime. The Boric government’s approach has focused on long-term legislation to address crime’s root causes without addressing Chileans immediate fear and insecurity.<sup>84</sup> The government’s inability to tackle growing organized crime networks<sup>85</sup> which have slowly expanded their control over the country’s remote regions is likely to solidify the rightward electoral shift displayed during Chile’s 2024 regional elections as the country prepares to hold presidential elections in 2025.<sup>86</sup>

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<sup>76</sup> <https://www.csis.org/analysis/burgeoning-regional-appeal-mano-dura-crime-fighting-strategies>

<sup>77</sup> <https://time.com/7015598/navib-bukeles-iron-fist-el-salvador/>

<sup>78</sup> <https://fpif.org/how-will-mexicos-new-president-deal-with-trump-migration-and-drug-cartels/>

<sup>79</sup> <https://www.americasquarterly.org/article/why-sheinbaum-may-take-a-different-path-on-mexicos-security/>

<sup>80</sup> <https://www.hrw.org/world-report/2025/country-chapters/mexico>

<sup>81</sup> <https://nationalinterest.org/feature/can-donald-trump-and-claudia-sheinbaum-work-together-214262/>

<sup>82</sup> <https://www.americasquarterly.org/article/as-concern-over-crime-rises-chiles-boric-shifts-right/>

<sup>83</sup> <https://www.bloomberg.com/news/articles/2024-04-22/chile-murders-decline-as-boric-works-to-get-upper-hand-on-crime>

<sup>84</sup> <https://rusi.org/explore-our-research/publications/commentary/criminality-taking-over-chile-and-politicians-cant-seem-fix-it>

<sup>85</sup> <https://foreignpolicy.com/2024/05/03/chile-crime-boric-police-murders-homicides/>

<sup>86</sup> <https://www.as-coa.org/articles/what-know-about-results-chiles-2024-municipal-and-regional-elections>

Haiti earns the dubious distinction of being the hemisphere's most failed state, with one million Haitians displaced and over 85 percent of the capital controlled by gangs.<sup>87</sup> Despite these dire circumstances, and half-hearted UN-approval for a Kenyan security mission to the island, the international community – and the United States in particular – remains reluctant to get more deeply involved addressing Haiti's crisis, either due to an inability to agree on a solution or more simply a profoundly deep "Haiti fatigue"<sup>88</sup> stemming from the country's seemingly interminable quandaries. The current international security mission has been markedly unsuccessful,<sup>89</sup> losing further territory to the gangs, seeing more Haitians displaced, and more Haitians dying due to the conflict year after year. Unless the Trump administration arrives in Washington with a deep desire to solve Haiti's endemic violence, however, it seems unlikely that the island nation's security situation will change much this year.

#### **4. Economics, Trade, and Tariff Policy**

During Donald Trump's first term in office, tariffs and protectionism played an important policy role and contributed to the renegotiation of NAFTA (now USMCA) and the refusal to sign the Trans-Pacific Partnership (TPP) agreement. His administration imposed tariffs on selected goods, most notably steel and aluminum, but not widely, and the disruptions to the U.S. consumer and to the economy at large, were not extensive. Most of the authority for the tariff increases came via delegation of authority from Congress.

As Trump's second term approaches, it is clear that the tariff mission will play a more central role and that larger role, and trade policy will be more transactional in nature, the impact of this shift in emphasis is likely to be much more disruptive, both at home and abroad. For Latin America, the risks are higher this time around. Three factors govern the pending trade regime. First, the stated objectives include a new and significant round of tariffs on China, a 25 percent increase on imports from Canada and Mexico, and a threatened 10-20 percent tariff across the board for the rest of the world. Second, although in Trump's view tariffs are intended to combat unfair trade practices, correct fix the trade deficit and create jobs at home, this time around they carry a heavier political aspect to them (e.g., they are being linked to actions on border policy, drug and human trafficking trade, etc.). Third, different from eight years ago, today tariffs not only have a bipartisan domestic constituency, but Trump enjoys majorities in both chambers of Congress and a conservative-leaning Supreme Court.

Trump originally threatened to implement much of the new round of tariffs on day one of his administration, though ultimately deferred implementation to February pending impact review by various agencies. Although constitutionally the president cannot just mandate changes to the tariff regime, with the GOP now having majorities in both chambers of Congress, it is fair to assume that Trump will easily be granted tariff authority. Importantly, increased U.S. tariffs could undermine existing free trade agreements with other countries in the Americas, such as the USMCA with Canada and Mexico (which is already scheduled for review in 2026), and the bilateral free-trade accords (FTAs) with Chile, Colombia, and Peru. This would not only further damage the image of the U.S. as a reliable trading partner but also lead to lower trade volumes

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<sup>87</sup> <https://www.usip.org/publications/2025/01/haitis-security-crisis-multinational-missions-role-and-what-comes-next>

<sup>88</sup> <https://www.miamiherald.com/opinion/op-ed/article297291199.html>

<sup>89</sup> <https://www.thenewhumanitarian.org/investigations/2025/01/13/haiti-depth-why-kenya-led-security-mission-floundering>

and higher costs for businesses operating under these agreements. Trade partners may respond with retaliatory tariffs and/or seek dispute resolutions through mechanisms established in the FTAs, such as international arbitration, or the World Trade Organization. Indeed, in the past Trump has demonstrated disdain for the WTO and could potentially withdraw the U.S. from its membership. This in turn would result in escalating trade tensions, legal frictions, and may lead to an outright deterioration in bilateral relations.

More notable is the conviction that China policy is likely to loom more contentiously than ever in the new Trump administration. Latin America has emerged as the battleground for China-U.S. geopolitics as China's investments in the region have raised strategic concerns for the U.S. As the latter seeks to balance its influence regionally, Latin American countries are increasingly being forced to choose sides. China is the leading trade partner for some of the region's largest economies such as Argentina, Brazil, Chile and Peru. It is also increasingly active in Mexico, the Caribbean and Central America, where the U.S. still dominates trade. One major bone of contention are China's investments and its growing influence in Peru, as highlighted by the new \$3.5 billion USD Port of Chancay and Chinese interests in the Peruvian mining sector at large. Incoming Trump administration officials have already stated that products coming through the new port, or any port controlled by the Chinese, and end up in the U.S. should be hit with 60 percent tariffs. Similarly, there is increasing suspicion that China is using Mexico as a route for assembling and manufacturing products that ultimately are sold in the U.S. while skirting U.S. tariffs. As many of these Chinese projects are taking place in countries that have established free trade agreements with the U.S. (the Pacific Rim countries of Latin America in particular), those agreements are likely to come under pressure.

It is important to note that U.S. FTAs allow one signatory country to terminate the agreement unilaterally.<sup>90</sup> It is therefore theoretically possible for a single U.S. administration to terminate as many FTAs as it likes. Until an FTA is overturned, however, there is little certainty in how such a contentious domestic legal process would unfold. To date, no U.S. FTA has been terminated, but the mix of hardline China policy, the weaponizing of trade policy, combined with Republican Party control of the Presidency and both chambers of Congress may usher in a new and very unpredictable dynamic. If nothing else, Trump's trade policies are likely to inject a massive dose of uncertainty in global trade.

That said, today, the region is more polarized than at the time of the first Trump administration and growing center-right and right-wing movements in Chile, Argentina, and Brazil may look to block any trade decisions that would antagonize the U.S., which for better or for worse remains the region's most important commercial partner.<sup>91</sup> Indeed, even the incoming Claudia Sheinbaum in Mexico and the outgoing Justin Trudeau in Canada, both left-of-center politicians are moving to please their new neighbor and trading partner in USMCA.

Trump's plans for mass deportations will likely generate stagflationary pressures in the U.S. by shrinking the labor force – particularly in sectors where immigrant labor plays a critical role – and wage inflation as labor becomes scarcer and replacement labor commands a higher wage for the same function. Sectors that are particularly vulnerable are construction and meat packing, which have jobs that at current wages native-born Americans. The implementation of a program of deportation of possibly millions of undocumented migrants will pose significant legal, logistical, and ethical challenges that make it unlikely to be implemented in full by the end of Trump's term. However, even partial implementation could shock U.S. sectors like

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<sup>90</sup> <https://sgp.fas.org/crs/misc/R44630.pdf>

<sup>91</sup> <https://www.brookings.edu/articles/how-are-the-united-states-and-china-intersecting-in-latin-america/>

agriculture, construction, and hospitality, which are disproportionately reliant on undocumented immigrant labor.

Beyond the domestic political and economic consequences, the return of masses of migrants will severely disrupt the regional economies, particularly those of Mexico, Central America, and the Caribbean, as these economies struggle to absorb waves of returning migrants and as remittances from the U.S., which represent a major economic driver for some of the regional economies, dry up. Remittances represent a vital source of income for millions of families and supports domestic consumption. In 2023, remittances made up [4.2 percent](#) of Mexico's GDP, with over \$63 billion USD being sent from abroad, primarily from the U.S. In the case of Honduras, remittances from the U.S. accounted for an astounding 28 percent of GDP in 2023. In Jamaica and the Dominican Republic they amounted to 21% and 8% of GDP, respectively. Returning migrants would flood labor markets, creating stress and market dislocations. Reduced remittance flows would constrain household consumption and investment, slowing the local economies.

## 5. U.S.-China Competition

In the year ahead, U.S.-China relations loom large for Latin America and the Caribbean. Since the early 2000s, China has expanded its economic reach and influence throughout the region. It has emerged as the significant “other” to the U.S., making it an integral part of the economic and geopolitical landscape. Indeed, China is making a concerted effort to expand its role in key sectors in Latin America and the Caribbean, driven by fears over a new round of U.S. tariffs. Considering that the Trump administration is filled with China hawks and that the new administration has demonstrated an interest in revitalizing the Monroe Doctrine (with the intent to reduce external actors in the Western hemisphere), it is most likely that U.S.-China relations will become more acrimonious in 2025, with a spillover into Latin America and the Caribbean as a battleground for hegemonic influence.

China is now the major trade partner for many Latin American countries, including Brazil, Chile, and Peru as well as being a major investor throughout the region. Trade between China and Latin America has expanded from almost negligible amounts in the 1990s to over \$450 billion USD in 2021.<sup>92</sup> Trade is expected to climb to over \$500 billion USD in 2025.<sup>93</sup> Although Chinese investment in Latin America and the Caribbean peaked in the mid-2010s, it remains a key factor, with one of the most prominent recent transportation infrastructure projects being the \$3.5 billion USD Chancay mega port in Peru, built and operated by China’s Cosco Shipping. In a move symbolic of China’s interest in the region, President Xi Jinping inaugurated the port personally in November 2024, part of his program of attending the 2024 Asia-Pacific Economic Cooperation (APEC) Summit.<sup>94</sup>

China’s motivations in Latin America and the Caribbean are straightforward: the need for markets, projects for Chinese technical and engineering companies, and the need to develop friends and allies in international forums. China’s approach to Latin America and the Caribbean follows Beijing’s adroit use of economic statecraft. This approach encompasses state-owned

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<sup>92</sup> [https://en.ndrc.gov.cn/news/pressreleases/202301/t20230131\\_1348530.html](https://en.ndrc.gov.cn/news/pressreleases/202301/t20230131_1348530.html)

<sup>93</sup> [https://www.bloomberglinea.com/economia/cual-sera-el-rol-de-china-en-latam-en-2025-los-puntos-claves-en-su-relacion/?utm\\_source=piano-newsletter-la&utm\\_medium=email&utm\\_campaign=news-linea-de-partida&pnespid=trxgAydBPr9E2frD92S2E4LWsgmtT5YpLrmun\\_Vp9E1m0o0GayyrgQvT5O8m3MpRHSi\\_HQAU](https://www.bloomberglinea.com/economia/cual-sera-el-rol-de-china-en-latam-en-2025-los-puntos-claves-en-su-relacion/?utm_source=piano-newsletter-la&utm_medium=email&utm_campaign=news-linea-de-partida&pnespid=trxgAydBPr9E2frD92S2E4LWsgmtT5YpLrmun_Vp9E1m0o0GayyrgQvT5O8m3MpRHSi_HQAU)

<sup>94</sup> <https://www.voanews.com/a/china-looks-to-expand-global-influence-with-xi-s-latin-america-tour/7862449.html>

Chinese companies and closely-allied private sector companies offering to assist in the development of key infrastructure projects, support from Chinese financial institutions to facilitate such projects, and a steady stream of pro-China messaging that stresses that Beijing's relationship with the recipient country is win-win.<sup>95</sup> Although China's financial largesse has diminished in the 2020s, it remains an important factor in energy, transportation, and mining.

China's investment in the energy sector is noteworthy as it gives Chinese companies substantial leverage over Latin America's power generation and transmission as well as in the development of renewable energies. According to *The Inter-American Dialogue*, 36 of the 67 loans granted by Chinese commercial banks to Latin America between 2007 and 2021 were for the energy sector.<sup>96</sup> China's investment in energy extends to lithium, with its companies active in Argentina, Bolivia, and Chile. Additionally, China is busy flooding Latin American markets with affordable electric vehicles (EVs), which helps it diversify markets in the face of the Biden administration's tariffs in December and the likelihood of more.<sup>97</sup>

Central to China's role in Latin America and the Caribbean is the Belt and Road Initiative (BRI), which was launched in 2013, with the ambitious goal of connecting the Eurasian mainland with a network of roads, railroads, airports, harbors, and telecommunications. The BRI's objectives are to improve regional economic integration (in favor of China), increase trade, and expand Chinese economic and political power. The BRI was eventually extended to other parts of the world. Most Latin American and Caribbean states have joined the BRI, including Argentina, Chile, and Peru. China also has FTAs with Chile, Peru, Costa Rica, Nicaragua, and Ecuador.

China's geopolitical goals in Latin America and the Caribbean are multiple, though one of the foremost is the need to eliminate all diplomatic recognition extended to Taiwan, which it regards as a breakaway province, as part of its "One China" policy. While China managed to recently gain recognition from El Salvador (2018), Nicaragua (2023), and Honduras (2023), most countries that still recognize Taiwan are in the Americas. They include Belize, Haiti, St. Kitts and Nevis, St. Lucia, Guatemala, Paraguay, and St. Vincent and the Grenadines.

China also seeks to downgrade U.S. influence. By expanding its presence in a region Washington regards as its "strategic backyard", China is signaling that it has a global reach and can operate relatively low-cost influence building operations due south of the U.S. mainland. This includes the development of intelligence gathering operations in Cuba, billions of dollars of arms sales to Argentina, Bolivia, Ecuador, and Peru, diplomatic support for Cuba and Venezuela, and frequent visits by Chinese military leaders with their local counterparts.<sup>98</sup> It has also upped its economic presence in Panama, threatening the Canal's security in the case of a U.S.-China conflict.

China's narrative of the People's Republic as a developmental success story – and portrayal of the U.S. as a declining and decadent power – is managed by state-owned media companies, such as *Xinhua*, *The Global Times*, and *China Daily*, many of which are seen as legitimate international journalism organizations across the region.<sup>99</sup> Chinese media companies form alliances with local media, seek to limit negative coverage of their country (and its allies such as Russia), shine a positive light on all things Chinese, and work with fellow authoritarian regimes,

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<sup>95</sup> <https://www.cidob.org/en/publications/china-and-global-south-trade-investment-and-rescue-loans#:~:text=11%2D%20Between%202016%20and%202021,2019>

<sup>96</sup> <https://dialogo-americas.com/articles/chinas-energy-sector-strategy-a-risk-for-latin-americas-sovereignty/>

<sup>97</sup> <https://www.csis.org/analysis/driving-change-how-evs-are-reshaping-chinas-economic-relationship-latin-america>

<sup>98</sup> <https://apnews.com/article/china-cuba-spy-base-us-intelligence-0f655b577ae4141bdbeabc35d628b18f>

<sup>99</sup> <https://www.wilsoncenter.org/event/chinas-voice-latin-american-media>



such as Russia and Venezuela, in disseminating propaganda, misinformation, and disinformation targeted against the U.S. and its local allies.<sup>100</sup> Another dimension of the propaganda war against the U.S. is the use of Confucius Institutes, which teach Mandarin and Chinese history, but also help shape local opinion. While now closed throughout Europe, Canada, and the U.S., they exist throughout the region.<sup>101</sup>

What comes next for China and Latin America and the Caribbean? Already there are concerns over what is called China's "debt-trap diplomacy" in which the Asian country pushes excessive lending, which the borrowing country is ultimately unable to repay, giving China leverage over the debtor country. Debt-trap diplomacy has been raised as a point of concern for Ecuador and Suriname, both of which defaulted on their debt and underwent arduous debt renegotiations.<sup>102</sup>

There are other areas where China's economic advances have provoked push back. China's full-throttled push into mining throughout the region for lithium, gold, and copper has brought complaints about the lack of concern for the environment and Indigenous people's rights.<sup>103</sup> At the same time, China's EV marketing has run up resistance as some Latin American countries have their own industrial plans. Indeed, in 2024 Brazil imposed new tariffs on Chinese EVs, though the Lula government was happy to have China's BYD, the world's largest maker of EVs, retrofit an old Ford plant inside the country.<sup>104</sup>

In January 2025, Mexico, under threat of a 25 percent tariff from the Trump administration, outlined "Plan Mexico" which seeks to elevate production of products from cars to textiles and reduce the country's trade deficit with China, which was \$105 billion USD in 2023.<sup>105</sup> Mexico is also introducing tariffs on Chinese goods, including auto and aerospace equipment parts.

2025 is likely to see the Trump administration take a more aggressive stance against China in the Americas. The administration appears to be in a new 'Cold War' mode and will have fewer qualms about pressuring its Latin American and Caribbean neighbors to scale back their relationships with China. However, too much stick and not enough carrots can backfire on the U.S., especially in South America, where China's economic presence is more firmly entrenched. One development holding some promise was the December 2024 action by the U.S. Export Import Bank to provide a loan for a natural gas and power generation revamp in Guyana worth \$526 million.<sup>106</sup> This type of economic statecraft, which includes both public and private sector involvement, could function as a counter to China making further gains in the Americas. China, the U.S., and Latin America and the Caribbean are entering a more transactional, sharper-elbowed great game for economic and geopolitical power and influence.

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<sup>100</sup> <https://globalamericans.org/monitoring-foreign-disinformation-in-latin-america/>

<sup>101</sup> <https://www.gao.gov/products/gao-24-105981>

<sup>102</sup> <https://thedialogue.org/analysis/on-the-ecuador-china-debt-deal-qa-with-augusto-de-la-torre/#:~:text=As%20first%20reported%20by%20The,relief%20to%20Ecuador%20through%202025>

<sup>103</sup> <https://news.mongabay.com/2023/02/chinese-investment-plagues-latin-american-ecosystems-report-says/#:~:text=If%20you%20liked%20this%20story,environmental%20or%20human%20rights%20violation>

<sup>104</sup> <https://www.csis.org/analysis/driving-change-how-evs-are-reshaping-chinas-economic-relationship-latin-america>

<sup>105</sup> <https://www.ft.com/content/2956ee32-be39-4544-a9b1-d183b173d809>

<sup>106</sup> <https://www.exim.gov/news/export-import-bank-united-states-board-directors-approves-more-526-million-for-guyanese-energy>