

HOW U.S. INITIATIVES ARE IMPACTING CHINA IN LATIN AMERICA

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The initiatives, style, and policies of the second Trump Administration have fundamentally reshaped global dynamics, both limiting and creating opportunities for the U.S.' principal geopolitical rival, the People's Republic of China (PRC).

The December 2025 U.S. National Security Strategy commits to limiting the influence of Extra-hemispheric actors such as the PRC in the Western Hemisphere, while the January 2026 National Defense Strategy says the U.S. will restrict PRC access to strategic geography and dual-use infrastructure.

U.S. efforts have placed China on the defensive in Latin America but have not diminished the underlying economic and political incentives that continue to drive its expansion.

The record to date is that U.S. initiatives have put China on the defensive in select countries in the region, including Venezuela and Panama, and made the PRC "toxic" for U.S.-friendly partners to embrace. U.S. efforts have not, however, not fundamentally undermined the lure of commercial and personal benefit driving the PRC advance. Indeed, U.S. program cuts, tariffs and other U.S. actions perceived as "coercive," (including some U.S. military activities) risk facilitating increased engagement with the PRC by countries in the region as an "alternative" to the U.S.



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U.S. initiatives in the Western Hemisphere to date have produced symbolic victories which have not decisively eliminated the PRC presence, influence, or blocked China's strategic interests. In Venezuela, following the U.S. capture of Nicholas Maduro, the Chavistas, with whom the PRC conducted significant security, political, and security relationships for more than 27 years, continue in power through Delcy Rodriguez. Although China must now import its petroleum through U.S.-friendly oil traders and will probably be impaired in future security cooperation activities and military sales, Rodriguez has not expelled the PRC commercial presence, nor defaulted on the outstanding \$7-\$10 billion of the \$100 billion it borrowed from it over the past 20 years. Indeed, with U.S. oversight and key Venezuela petroleum sanctions now lifted, the regime will arguably become a more reliable partner for the Chinese.

In Panama, although the government expelled the Hong-Kong-based firm Hutchinson from two of five ports on the Atlantic and Pacific sides of the Panama Canal, the Chinese government is pushing back aggressively in ways that may ultimately preserve much of its presence in the country, while sending a powerful cautionary message to other governments in the region tempted to act against Chinese companies. In the short term, the decision by Chinese logistics giant COSCO to stop using the Panamanian port of Balboa, combined with the PRC government command to its companies to suspend their Panama investments, will together limit Chinese presence in the country. Over the longer term, however, the commercial damage done to Panama by these actions may lead the government of Jose Raul Mulino and Panamanian business elites to quietly seek an accommodation with the PRC, to the extent it perceives Washington's attention is elsewhere, such as Iran.

In Honduras, support from U.S. President Donald Trump helped conservative National Party politician Nasry Asfura to win that nation's November 2025 Presidential Election, yet since taking office, Asfura has not yet complied with his most important campaign promise, to restore relations with Taiwan.

ANALYTICAL COUNTRY COMPARISON

| Country | U.S. Action | Local Response / Dynamics | Strategic Outcome |
|-----------|---|--|--|
| Venezuela | Capture of Maduro; political pressure and sanctions | Continuation of Chavismo; China reconfigures its energy access | China maintains presence; relationship more regulated but not eliminated |
| Panama | Pressure to expel Hutchinson company | Economic and diplomatic response from China | Temporary reduction of Chinese presence; potential future accommodation |
| Honduras | Political support for Asfura | Ambiguity in foreign policy | No rupture with China; uncertain strategic balance |

In the military domain, close U.S. partners from Ecuador to Argentina are avoiding provocative collaboration with the PRC, such as hosting People’s Liberation Army (PLA) students in their military schools, yet virtually all continue to send their military officers to institutions in the PRC, and collaborate in other ways. Similarly, both Argentina and Chile have terminated Chinese space observatory projects that could have been exploited militarily by the PLA against the U.S. in time of war, yet both continue to collaborate in strategic technologies in other sensitive ways. The “Deep Space Station” in Neuquen, Argentina, for example, continues to be operated by the PRC on Argentine territory without continuous on-site supervision by that nation’s government.

As in the space domain, the U.S. has pushed back against the use of PRC technology by partners in the region, in areas such as telecommunication, cloud services and other digital industries. Indeed, it has even sanctioned senior Chilean officials involved in a PRC submarine data cable between Valparaiso Chile and Hong Kong. The U.S. has been slow, however, to provide technology and financing alternatives to PRC-based companies which are often perceived to have cost, product and other advantages.

In the commodity arena, PRC-based companies continue to secure leverage as important investors and purchasers of products from the region. PRC-based entities purchased $\frac{3}{4}$ of Chilean copper and 93% of Brazilian soybeans last year. The strongly pro-U.S. government of Javier Milei in Argentina has welcomed Chinese lithium investments and has significantly expanded sales of agricultural products to the PRC, in order to cover what the PRC temporarily stopped buying from US farmers in 2025.

The persistence of China's influence in Latin America is not primarily the result of geopolitical alignment, but of structural incentives—economic dependence, institutional gaps, and the absence of credible U.S. alternatives.

Beyond trade and investment, U.S. pressure has done relatively little to check expanding PRC engagement with the region in strategic areas such as multilateral cooperation through the Community of Latin American and Caribbean States (CELAC) and its sub-forums, "collaboration" in space, artificial intelligence and other technologies, the development of compromising relationships of personal and business benefit which the PRC calls "people-to-people" exchanges, acceptance of Chinese gifts to military and police forces, trips for their officials to the PRC, or collaboration in new areas such as transnational organized crime, money laundering, and cybersecurity. Indeed, Latin America committed to expanded cooperation in all of these areas in the May 2025 China-CELAC plan, while the PRC reinforced its commitment to delivering on them in its December 2025 "Policy White Paper" toward the region. By contrast, reduced U.S. programs for educational and science and technology programs with Latin America have arguably made PRC offers of large numbers of scholarships and other programs more attractive, even if many in the region view them as lower quality and involving ulterior motives.

Similarly, U.S. de-emphasis on multilateral engagement through the institutions of the Interamerican System and United Nations have facilitated PRC advances in those institutions, as well as through alternatives such as CELAC and the BRICS forum.

Reinforcing such strategically dangerous dynamics, over the long-term, significant U.S. cutbacks in aid, institution-building and “pro-democracy” programs in Latin America arguably undercut the incentives for partners in the region to see “sticking with the U.S.” as in their long-term interest—particularly when the Chinese present them with tempting material offers.

Today, few Latin American governments openly embrace the PRC as an “alternative” to the U.S. Still, the appearance of the region’s alignment with the U.S. may mask significant underlying vulnerabilities. Over the prior year, countries in the region which spoke out against U.S. policies have been subjected to tariffs, sanctions, and threats of U.S. military action. Partners who are silent, or even praise U.S. actions today, may also be working behind the scenes to diversify away from that relationship.

Finally, there is a small, but real, risk that events in the Middle East and elsewhere could unleash a cascade of pent-up Latin American ire toward Washington, removing significant restraints to its advancing engagement with the PRC. One path, is if a prolonged conflict adversely impacts the region through greatly elevated prices for petroleum, and by association, the cost of food, cooking gas, electricity, heating fuel, and gasoline for private cars, trucks and taxis, particularly harming the region’s most vulnerable.

Deepening U.S. isolation from, and recriminations with, democratic partners in Europe and Asia over the War in the Middle East, a global economic meltdown, and U.S. mid-term elections generating bitter policy debates and paralyzing outcomes in the U.S. Congress, could open doors for the PRC in ways that today’s apparent U.S. “dominance” of the hemisphere make seem unimaginable. The U.S. is arguably at a critical strategic juncture with China in the hemisphere, and globally in which it has never seemed so powerful yet never been so vulnerable.

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