



# LATIN AMERICA AND THE CARIBBEAN — 2024 — OUTLOOK

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## INTRODUCTION<sup>1</sup>

The end of the year is traditionally a time in Latin America and the Caribbean for cherishing the memories of the year gone by and looking forward with hope and well-wishes for the coming year. This is not that article.

2024 is likely to be a year of significant challenges for the region and for the U.S, which is directly and immediately affected by its conditions through economic interdependence, geography and family.

## WORRISOME IMPACTS FROM THE GLOBAL ENVIRONMENT

Latin America is increasingly connected to events and conditions in the broader global environment, through ties of commerce and financial markets, the functionality (and dysfunction) of global political institutions, the flow of people and ideas, and interest by a range of state and non-state extra-hemispheric actors in the region.

In 2024, Latin America and the Caribbean will be affected, largely negatively, by the likely expansion of conflicts beyond the region, as well as by an increasingly confident, aggressive posture by illiberal actors external to the region, pursuing agendas involving authoritarian and other partners within it.

The risks brought to the region of escalating global conflict will include a small but not insignificant possibility for a [transformative war](#) arising from the People's Republic of China (PRC) [attempting to forcibly end the autonomy of Taiwan](#), use of

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a nuclear weapon [by North Korea](#) or any one of several other state or non-state actors, a [major cyberattack](#) causing reinforcing failures in the global financial, logistical, or other critical infrastructures, and short of such cataclysmic events, the risk of an [economic crisis of global proportions](#), like that of 2007-2008, driven by fragile markets in the PRC, the US and Europe pushed beyond their breaking point.

In the Middle East, the conflict unleashed by the October 7, 2023 Hamas terror attacks against Israel [may expand](#) to include major military exchanges with an increasingly isolated but resolute Israel on multiple fronts, involving with Hamas, [Hezbollah in Lebanon and Syria](#), and the Houthis in Yemen, including a risk of [shutting down maritime traffic](#) through the Red Sea and Suez Canal, a key chokepoint for global logistics, escalating responses by a range of global actors from the PRC and the US to the European Union.

The expansion of the conflict in the Middle East will create a significant risk of direct military engagement between Iran and the United States, with global implications. [In Latin America](#), and elsewhere, such conflict will give Iranian surrogates such as Hezbollah incentive to shift from nurturing sympathy for the Palestinian cause in Latin America, to targeting government perceived to be sympathetic to Israel, including the new Argentine government of Javier Milei. Military conflict with the U.S. in the Middle East would also motivate the Raisi regime in Iran to leverage anti-US allies in Latin America, including Venezuela, Nicaragua, Cuba and Bolivia ([with which it has renewed](#) its economic, political and military engagement in recent years), to threaten the United States in its near abroad.

In the Ukraine, sustained North Korean and Iranian arms flows and PRC financial and arms support, coupled with [delayed and/or diminished U.S. aid](#), may lead to significant Russian advances with the thawing of terrain in the spring, forcing Ukraine to make once unthinkable cessations of territory to the

aggressor at the negotiating table, and possibly leading to [the fall of Ukraine itself](#), emboldening Russia's Vladimir Putin and freeing up his resources to pursue expansion of a "greater Russia" against a broader set of targets.

In the PRC, the Xi Jinping regime will likely become more unpredictable and dangerous, fueled by internal political pressures of what is likely to become a [protracted PRC economic slowdown](#), reinforced by a continued, if gradual flight of both Western investors and Chinese capital from the country.

Such internal pressures, that have already prompted the removal of [Defense Minister Li Shangfu](#), as well as moves against Xi's perceived rivals in the technology sector such as [Jack Ma](#). Such difficulties will compliment Xi's desire to cement his legacy by resolving the question of "Taiwan's autonomy" before the [end of his third term in 2027](#), growing PRC military superiority over Taiwan, and the fleeting nature of the opportunity to act afforded by [US distraction by simultaneous military conflicts](#) and 2024 national elections, to [tempt Xi to act against Taiwan](#).

That temptation for Xi to act will be balanced by the risk that doing so could have catastrophic economic consequences for an [economically fragile PRC](#), or escalate into a [war of global proportions](#), even including a nuclear exchange.

Unfolding crises beyond Latin America and the Caribbean in 2024 will likely impact the region in multiple ways. These include possibly [increased petroleum prices](#) caused by escalating conflicts, compounding significant economic and social stresses across the region. The region may also face a [heightened risk of terrorism](#) and other deleterious activities by [Iranian surrogates in the region](#). More broadly, the accelerating deterioration of the rules-based international order and successes by illiberal actors such as Russia and Hamas in securing strategic gains by force and terrorism, will tempt authoritarian regimes in Latin America such as Venezuela, enriched by increased petroleum prices and revenues, to pursue their own advantage by extralegal means.

Such troubling possibilities for the region will be overshadowed by the no longer unthinkable risks of a cascading a global economic crisis, or possibly a global war, spawned from PRC miscalculation in moving against Taiwan, which would both severely impact, and would likely be fought in part in be through action in the Western Hemisphere, as well as in the Indopacific.

## LATIN AMERICA AND THE CARIBBEAN

In 2024, the dynamics of Latin America and the Caribbean will be shaped by the political and economic strengthening, and increased boldness, of authoritarian actors Venezuela, Nicaragua, Cuba and Bolivia, as well as expanded engagement with and support to them by extra-hemispheric US rivals Iran, Russia and the PRC. This dynamic will be complimented by likely increased radicalism by “democratic left” actors as [Honduras](#) and [Brazil](#) and deepening political and economic crises in a range of other countries, including Panama, Ecuador, Peru, and Argentina.

## MULTILATERAL AFFAIRS

2024 will be a bad year for Latin American multilateralism, with contrasts between a resurgent, radicalized left, and a limited number of governments sympathetic with the US agenda, including Ecuador, Peru and Argentina. The increased conflict within those blocks will impede consensus in both traditional institutions such as the Organization of American States (OAS), as well as subnational organizations such as Mercosur. The Community of Latin American and Caribbean States (CELAC) will also be undermined by heightened political differences in the region, but the expanded leftist core of that organization is likely to triumph in its agenda, including expanded engagement with the PRC, to be highlighted by the 2024 year-end [“China-CELAC” summit](#), and the work of China-CELAC [thematic committees and forums](#) during the year.

## MEXICO

The [likely victory by Claudia Sheinbaum](#) and the MORENA movement in Mexico's June 2024 will likely usher in a government more aligned than its predecessor with the Biden administration on social and environmental issues. It will also likely be less disposed to self-destructive economic initiatives which generate trade and investment conflicts with the U.S. Mexico-US cooperation on migration and security issues will likely continue to be difficult, and the Mexican government's positions on most regional and global issues will continue to be unhelpful to the U.S. On the positive side, the incoming Sheinbaum administration may be selectively willing to push back against authoritarian actors within and beyond the region, particularly Russia and Iran, creating strategic opportunities for the Biden Administration as it pursues the US agenda with a shrinking group of friends, in a region beset by mounting crises.





## CARIBBEAN

Violence from the interaction between expanded drug flows from Venezuela and Colombia to the U.S. and Europe, gangs, and [small arms](#) (largely from the United States) will continue to fuel significant violence in parts of the Caribbean including [Trinidad and Tobago](#), [Jamaica](#), and [Haiti](#). The Kenya-based United Nations-sanctioned peacekeeping force is likely to confront [significant difficulties](#) in controlling gangs in Haiti, with escalating violence coupled with controversies involving the UN-authorized force, as occurred previously [with MINUSTAH](#).

[Cuba's economic crisis](#) will likely ease somewhat, bolstered by expanded petroleum flows from a strengthened Maduro regime in Venezuela, and expanded engagement with [Russia](#), [Iran](#) and the [PRC](#), as well as tourism and other economic engagement from the European Union, with Spain, under the leftist Pedro Sanchez government, [presiding over the European Council](#).

On balance, Haitian, Cuban, and Venezuelan migrants will continue to [pass through the Caribbean](#) in significant numbers, imposing social stresses on the region, and facilitating illicit flows of drugs and human trafficking by Venezuela-based gangs such as [Tren de Aragua](#).

The PRC will increasingly [consolidate its influence](#) in select parts of the region including small countries where it has come to dominate local elites through a combination of economic engagement and a web of personal benefits and diplomacy. [Such dominance](#) will continue to strengthen, particularly in [Antigua and Barbuda](#), [Jamaica](#), [Grenada](#), [Dominica](#), and the [Bahamas](#), among other states.



## CENTRAL AMERICA

Conditions in Central America, close to the United States, will continue to deteriorate in 2024, driven by the corrupting and violence-inducing effects of expanded drug flows, reinforcing the extortion and other criminal activities of gangs such as Mara Salvatrucha and Barrio-18, as well as deepening disillusionment with democracy in the region, further facilitating the rise of and consolidation of power by populist leaders of multiple orientations. The net result will be a continuing erosion in cooperation with and leverage of the U.S. in one of the subregions closest to the continental United States, as well as increasing to the U.S. southern border, and [expanded influence by the PRC](#) in political as well as economic domains.

In Guatemala, Bernardo Arevalo will [likely take power on January 14, 2024](#), but his ongoing fight with elites leveraging their control of institutions to politically him and his party may radicalize him toward the left, even while continuing to work with the Biden Administration. If entrenched conservative Guatemalan elites oust and/or arrest Arevalo, it will drive further isolation of the regime by the US and Europe, likely precipitating a crisis that could bring to power a radical left regime that goes on to recognize the PRC and embraces Venezuela, Cuba, and other actors of concern.

In Honduras, the radical left wing of the Libre party, and the [Zelaya and Castro families](#), will [continue to consolidate power](#) in the country, [strengthening political and criminal ties](#) to a resurgent Maduro regime in Venezuela. The PRC will continue significant advances among Honduran elites, and in projects in the [digital, electricity, construction, and other sectors](#), as well as in the Honduran government and media.

In El Salvador, Nayib Bukele's tactics in suppressing gang violence, despite its considerable successes, will likely deepen tensions with the Biden administration, pushing the President into greater economic reliance on the PRC, including signature [library](#) and [stadium](#) projects, even as concerns increase in his government about the ability of a small and increasingly isolated El Salvador to manage PRC influence.

In Nicaragua, the Ortega regime will continue to solidify its authoritarian control over the country, bolstered by [new projects by PRC-based firms](#). It will likely increasingly distinguish itself as the Central American country most aggressively working with [Russia](#) and [Iran](#), as well as the [PRC](#), in the security domain, causing considerable consternation for Washington, and for neighboring Costa Rica, a part of whose territory [Nicaragua claims](#).



In Costa Rica itself, the Rodrigo Chaves government, the most pro-US, pro-market, [well governed country](#) in Central America, will face increasing internal pressures from [criminal violence](#) related to narco-trafficking, and [protests from the left](#) over the President's policies, seeking to destabilize his administration.

In Panama, the [shutdown of First Quantum](#) mining operations, and [water-related reductions to canal transits](#) will create increasing limitations in the government's ability to respond to mounting economic hardship and social pressures. Discontent will propel [Ricardo Martinelli to an easy victory](#) in Panama's May 2024 election. Bitterness over [prior US and Panamanian legal actions against him](#) and his family, may lead Panama's new president, despite his many US ties, to deniably but quickly impair Panamanian meaningful legal cooperation with the US, and defensively toward the PRC as an alternative source of investment and financing, if his bitterness toward the U.S. is not outweighed by his concerns of U.S. leverage over him.



## VENEZUELA

The [broad suspension of sanctions](#) against the Maduro regime by the US, will significantly increase its income from [petroleum and other commercial sources](#), reinforcing expanding [illicit revenues](#) also flowing to it from illicit drug and mining activities, as well as heightened commercial opportunities from the [economic re-opening](#) to Venezuela by Colombia, Brazil, and other sympathetic leftist neighbors. The combination of these increased resource flows and the symbolic effects of “legitimizing Maduro” will strengthen his internal political position and encourage him to act even more aggressively against the democratic opposition, while stepping up the regime’s subversive “Bolivarian” initiatives beyond Venezuela’s borders.

Emboldened by the combination of expanded resources, political security, and perceived success in out-maneuvering the Biden administration, the Maduro regime will likely continue to expand its [anti-US](#) and [anti-Israel](#) advocacy, while relaunching [economic initiatives with the PRC](#) and actively working with both [Russia](#) and [Iran](#) in military affairs and [networks of malign operatives](#) in the region.



Maduro's resources and growing confidence may lead him to [more aggressive action](#) on [Venezuela's claim to Essequibo](#) short of a traditional invasion. One plausible scenario would be employment of Russian-style "gray zone" operations in which Venezuelan and Cuban operatives masquerade as "residents" of the region, declaring their desire to be incorporated into Venezuela, attacking legitimate Guyanese authorities in the region, then calling on Maduro's security forces to "protect" them from the response they provoke.

## COLOMBIA

The Petro administration “total peace” initiatives will [continue to falter](#), even as partial government restrictions in going after the groups and local cocaine production enriches and empowers competing criminal bands. Colombia’s increasingly uncertain security environment, and the fight over [growing drug production](#) and associated smuggling routes as the country is increasingly awash in cocaine, will contribute to [escalating violence](#). Expanding criminal economies, including cocaine, mining, and human trafficking (mostly involving Venezuelans, and associated criminal groups such as [Tren de Aragua](#)) will feed growing public corruption and citizen discontent. President Gustavo Petro, with his signature security initiative failing, and his domestic legislative agenda [largely paralyzed](#), will likely increasingly turn to foreign policy radicalism, in conjunction with allies such as Venezuela’s Maduro and Brazil’s Lula. To this end, Petro may move away from his restraint in engaging with the PRC, Russia and Iran, and associated attempts to maintain minimally positive relations with the United States despite his antagonistic posture on most regional and global policy issues.





## ECUADOR

The new [Daniel Noboa administration](#), despite good intentions, broad outreach, and creative ideas, will likely find it difficult to make tangible early progress in reducing enormous [narco-related gang violence](#) shocking the country, particularly in the coastal provinces.

The Citizen Revolution party of former leftist populist President Rafael Correa, with which Noboa has uneasily sought to cooperate, including [easing pursuit of its leaders for past criminal wrongdoing](#), may cynically continue as part of the governing coalition while nonetheless surreptitiously seeing to sabotage Noboa, including through street protests, in the hopes of creating paralysis that paves the way for their return to power in [May 2025 presidential elections](#).



## BOLIVIA

The radical left wing of the Movement Towards Socialism (MAS), represented by leftist populist Evo Morales will increasingly reassert influence in [the struggle with incumbent President Luis Arce](#). MAS will also [continue to consolidate power](#) over traditional conservative opponents in the “Media Luna” eastern lowlands.

Despite serious challenges from declining oil production, the [impact of drought](#) on Bolivian agriculture, and foreign currency shortages, Evo’s re-ascendancy will be buoyed by new PRC and Russian investment in Bolivian [lithium](#), and proceeds from an [expanding illicit economy](#). The regime’s illicit resources will be particularly aided by income from cocaine and mining (including gold from Peru laundered through Bolivian mines). The more radicalized Bolivian regime will likely play an expanded role in regional politics with the support of allied regimes in Venezuela, Brazil, and Colombia. The regime will also continue to expand its long cautious political and security engagement with Russia and Iran as the later seeks to expand its engagements in the region in the context of hostilities with the U.S. in the Middle East.

The MAS regime will also likely continue to deepen its economic ties with the PRC, including mining and agricultural exports, as well as infrastructure projects in the digital, electrical, and transportation domains, and possibly expanded security cooperation.



## PERU

The regime of Dina Boluarte will continue to survive in an unstable equilibrium, with diverse and sometimes corrupt actors in Congress standing to lose their sinecures if Boluarte's government falls before 2026 elections. Amidst the uncertainty, most new foreign mining investments and other major economic commitments will continue on hold. New waves of social protests may occur in 2024, particularly in the interior and near the [border with Bolivia](#), troubled by both indigenous ethnonationalism, and entrenched criminal economies. In this situation, [illegal mining and coca growing](#) will continue to grow, including in the northern jungle region near the Colombian and Brazilian borders, as well as near the southeast border with Bolivia, including in the northern jungle region near the Colombian and Brazilian borders, as well as near the southeast border with Bolivia.



## BRAZIL

The government of Luiz Inácio “Lula” da Silva will play an increasingly prominent role as a leader of a diverse but expanding Latin American left, while simultaneously continuing to seek opportunities (largely unsuccessfully) to interject himself as an international mediator into extra-regional conflicts in the [Ukraine](#), the [Middle East](#), and [elsewhere](#). Brazil’s weight will be bolstered by having one of the largest economies in the region with a modest [1.5% growth rate](#) in 2024.

Brazil’s economic embrace of the PRC will continue to deepen, offsetting difficulties it will have in Mercosur with the [different political and market orientation](#) of the Milei Administration in neighboring Argentina. The Lula Administration will continue to engage in limited security and political cooperation with [Russia](#), [Iran](#), and other actors hostile to the US in ways that cause discomfort in Washington, although it will [continue to find common cause](#) with the Biden Administration on environmental and social issues.



## ARGENTINA

Argentina will spend most of 2024 [in political and economic crisis](#). The December 2024 currency devaluation [of more than 50%](#) will substantially increase inflation at the beginning of the year, while [cuts to government ministries](#), projects, and transfer payments to the provinces, and [strikes and roadblocks](#) by left-oriented groups will further impair economic activities.

The Milei government will also likely find itself in substantial political conflict with the mostly left-oriented governments of the region over its new policy orientation, although greater political alignment with center-right governments in [Paraguay](#) and Uruguay will create a possibility for positive relations with those two countries.

The ability of the Milei government to limit capital flight, reach an accommodation with the IMF, control deleterious effects of social protests, and attract new private sector investment, while avoiding significant mistakes will be decisive in determining whether, by the end of 2024, Argentina is an internationally marginalized and in a state of economic and political crisis, or comes to serve as a powerful pro-US, market-friendly democratic counterweight to the ascendant left across the region.





**CONCLUSION**

## CONCLUSION

The U.S. has seldom faced a set of reinforcing challenges from Latin America and the Caribbean like it will face in 2024, potentially impacting the U.S. through commercial interdependence, migration, criminal dynamics, and other security challenges. In facing such grave challenges, the U.S. has seldom been more impeded from an effective response, than with the current confluence of 2024 national elections, political polarization, resource constraints, and competing international demands.

The potentially disastrous confluence of outcomes in Latin America and the Caribbean described in this work are not pre-determined. The combination of impactful, but hard-to-predict individual events, the effects of interacting dynamics, and the initiative of individual leaders will all shape outcomes in ways difficult to anticipate herein. Nonetheless, the possible trajectory for the region identified in this work should raise significant concern for U.S. political and commercial decisionmakers. Whatever the outcome, through its bonds to the region from geography, commerce and family, the U.S. will be profoundly impacted by the consequences.



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