

← Essays

# Trump and Xi gamble on Latin America

MARCH 5, 2026 MARC LEVINSON

THEMES: AMERICA, CHINA, GEOPOLITICS

The United States and China are locked in an intensifying battle for Latin America. Both superpowers may be disappointed by the results.



*The Panama Canal. Credit: Chris North*



President Trump has invited Latin America's leaders to a meeting in Miami on 7 March. This event is scheduled to occur shortly before Trump is expected to fly to Beijing to meet with Chinese president Xi Jinping. The timing of these two gatherings is no coincidence: Trump wants to make clear to Xi that the entire western hemisphere lies in the United States' domain, at a time when China is offering Latin American countries an alternative to US hegemony. Latin America has taken on a central role in what is developing into a global contest for power between the United States and China.

Both superpowers may be making unwise bets. Pushing relations with Latin America to the foreground is unlikely to meet the expectations of either party. The economic payoff from closer relations with countries that have long been peripheral to the world economy is likely to be minor. The promised reward in the form of access to critical rare earth minerals may never materialise or may not matter when it finally does. Strategic concerns on both sides appear overblown, driven principally by growing mutual mistrust.

On the US side, the geopolitical considerations driving the Trump Administration's fixation with Latin America are obvious. The president's 2025 National Security Strategy, released last November, essentially designated the entire region a US fiefdom. Building on the 'Monroe Doctrine' – a statement by President James Monroe in 1823 declaring the entire Western Hemisphere to be within the United States' sphere of influence – the 'Trump corollary' described in that strategy document calls for 'a Hemisphere that remains free of

hostile foreign incursion or ownership of key assets, and that supports critical supply chains; and we want to ensure our continued access to key strategic locations'. Such language, ignoring any preferences of Latin American voters and their elected leaders, threatens a return to the tensions of the Cold War era, when the United States treated the entire region as a pawn in a three-dimensional chess match with the Soviet Union.

The original Monroe Doctrine was rather more modest in its scope and vision. It was intended to deter European interference in the affairs of the 14 former Spanish colonies that had asserted their independence between 1810 and 1822. It claimed no general right for the United States to intervene in Latin American affairs. Trump's corollary, in contrast, is a blatant proclamation of US predominance, and far beyond anything envisioned by his predecessors over the past four decades. Trump has a fondness for naming things after himself and, when the *New York Post* christened his claim to hemispheric authority the 'Donroe Doctrine', the president enthusiastically welcomed the label.

The extraction of Venezuelan dictator Nicolás Maduro and his wife, Cilia Flores, from a Caracas military base on 3 January and their imprisonment on drug charges in Brooklyn is only the most prominent US entanglement in Latin American affairs since Trump reoccupied the White House in January 2025. Over the past 13 months, the United States has unapologetically injected itself into electoral politics in Argentina, Brazil, Chile, Colombia, Ecuador and Honduras. It went so far as to slap a punitive 50 per cent tariff on many imports from Brazil, by far the largest country in the region, after its supreme court upheld the conviction of ex-president Jair Bolsonaro for attempting to mount a coup d'état following his electoral defeat in 2022. Trump, then out of office, had endorsed Bolsonaro in that election and the former Brazilian president became an unabashed Trumpist.

Traffic in illegal drugs, a longstanding hemispheric problem, has offered Trump another justification for carrying a big stick. The US has long aided Latin American governments seeking to burn poppy fields and destroy drug labs. Trump took the other side: Colombia, a country whose anti-narcotics efforts the United States had long supported and one it officially designates a 'Major Non-NATO Ally', found itself threatened with military action after Trump alleged that its president was involved in trafficking narcotics. The Trump administration has repeatedly raised the possibility of military intervention against drug cartels in Mexico and has conducted dozens of military attacks on boats that were purportedly transporting drugs from Latin American ports. At an 11 February conclave in Washington, Secretary of Defense Pete Hegseth demanded that military leaders from across the Western Hemisphere cooperate to battle 'narco-terrorists' in 'our hemisphere'. Such brash talk may be intended as a distraction from a different objective for the US air and naval armada recently assembled in the Caribbean, which is squeezing Cuba's oil imports in a not-so-secret effort to oust the Communist government that has ruled the island since 1959.

With less public attention, the Trump administration has aggressively wielded trade policy to bend Latin American countries to its will. Over the past month, the United States has signed breathtakingly one-sided trade agreements with El Salvador and Guatemala – countries with which it has had a 'free trade' agreement since 2006 – as well as Argentina. These pacts impose a raft of obligations laid out by Washington in return for exemption from the high tariff barriers the United States erected against imports last year. Argentina, for example, has agreed to duplicate whatever trade sanctions the United States imposes on third countries and to surrender any right to inspect US manufacturing plants that export pharmaceuticals to Argentina – the sort of determinations that sovereign governments normally reserve to themselves.

China has conspicuously sought to increase its influence in the region over the past two decades, while the United States and European countries looked in other directions. As the European Parliamentary Research Service explained in a 2025 report documenting Europe's waning interest in the region: 'The negligence of others has allowed China to quickly establish itself as a major player in Latin America.'

Some of China's interests are clearly security related, which may explain why Xi has made seven visits to Latin America since becoming general secretary of the Chinese Communist Party in 2012. Commercial banks with majority state ownership, such as Bank of China and Industrial and Commercial Bank of China, have opened offices across the region to establish relationships with Latin American businesses, and policy banks under direct government control, such as China Development Bank, have invested in electricity and transportation infrastructure projects that establish it as a friendly presence supporting economic development. China has become the principal buyer of beef, poultry and soya beans from Brazil and Argentina, raising its visibility in Latin America and allowing it to curb the importation of those products from the United States when bilateral relations become frosty.

China is always keen to enlist other countries in support of its claim to Taiwan, and most of Taiwan's former friends in Latin America have obliged. It is increasingly attuned to the risk of military rivalry with the United States. A decade ago, it announced its desire to 'deepen professional exchanges in the areas of military training... and strengthen arms trade and cooperation in military technology' with Latin American countries. It has followed through by inviting officers from many countries to study in China, establishing long-term relationships with future military leaders who would once have been trained in the United States. US authorities have identified Chinese intelligence facilities

in Cuba and have pushed Latin American countries to remove Chinese equipment from their telecommunications systems, alleging that it could allow Beijing to control or spy on domestic communications.

The increasingly vociferous anti-China lobby in the United States has raised alarm about two particular Chinese involvements that are said to threaten US security.

One is mining. China's vast manufacturing sector, easily the world's largest, has made it a voracious consumer of Brazilian iron ore, Peruvian and Chilean copper, and, more recently, lithium, a mineral essential for electric vehicle batteries, from Argentina and Chile. To assure those supplies, publicly traded companies in which the Chinese government is a major shareholder have taken stakes in large-scale mining operations. Brazil and Chile in particular are thought to have large stores of so-called rare earth minerals, which are critical inputs in a wide variety of products, from video displays to electric vehicle batteries to permanent magnets installed in weapons systems. China is by far the dominant refiner of most rare earths, and it has freely used its market power to curtail exports to countries that displease it. The Trump administration has called upon other countries to join a 'preferential trade zone for critical minerals', which seems intended, among other things, to assure US companies' access to Latin American supplies of rare earths.

Ports have become the other extremely hot button. Chinese companies have acquired piers or terminals in Brazil, Chile, Honduras and Mexico, and have built a large port facing the Pacific in Chancay, Peru. Volcan, a Peruvian company that mines zinc, lead, copper and silver, is a minority owner of that terminal, which is well located to ship minerals to China. Majority control of the company is in the hands of China COSCO Shipping, a state-owned

enterprise. The container terminal, lightly used as of yet, is large and deep enough to handle the world's largest container ships – and, US analysts fear, Chinese naval vessels as well. The prospect that China could use its control of Latin American ports to support its navy and interfere with US maritime trade in the event of conflict has also fuelled Washington's objections to the control of container terminals at either end of the Panama Canal by Hong Kong-based Hutchison Ports. Panama's supreme court voided Hutchison's leases in January, but the Chinese government has strongly resisted US efforts to orchestrate the terminals' transfer to a consortium led by US asset manager BlackRock.

For Latin American countries, the main advantage of closer relationships with China is the ability to moderate the overwhelming presence of the United States. The economic benefits, on the other hand, seem modest.

China's treatment of the region as a source of minerals and foodstuffs is only the latest chapter in a very old story. Commodities account for most of Latin America's exports, as they have since the days when the Spanish treasure fleet carried Bolivian silver across the Atlantic. These exports contain little domestic added value, which means they generate relatively few jobs for local workers and contribute little to improving living standards.

China has signed trade agreements with Chile, Costa Rica, Ecuador, Nicaragua and Peru. Nevertheless, the bilateral trade relationship has not exactly blossomed. Few goods manufactured in Latin American factories find their way across the Pacific. Meanwhile, Chinese exports are swamping Latin America to the tune of more than \$300 billion a year. This has been devastating to Latin American manufacturers, although its economic importance to China is modest: Latin America consumes less than eight per cent of China's exports.

The Chinese government could have bound itself more closely to Latin America by encouraging manufacturers and retailers to integrate those of Latin America into their value chains. This has occurred across much of Asia, as factory orders from China have spurred impoverished rural workers to migrate to cities where they have a shot at landing formal jobs. Finding roles in value chains has brought higher incomes and faster economic growth to countries that were desperately poor, even as it has bound countries like Vietnam and Indonesia more closely to the Chinese economy.

In Latin America, this has not occurred. Even Mexico, where many Chinese companies have opened plants to serve the US market, has had a tough time. While the country imported \$106 billion of mobile phones, machinery, cars and other factory outputs from China in 2024, it reaped few rewards when it came to sending goods the other way. Mexico's exports to China came to only \$6 billion, with copper ore by far the largest product. Brazil's story is similar: Embraer, one of Brazil's most technologically advanced manufacturers, has sold hundreds of its passenger jets to US airlines, but only a few dozen to Chinese carriers. Closer economic ties across the Pacific may be less of a priority for Beijing than insiders in Washington seem to think.

The contest in Latin America between China and the United States may not produce a winner. Building mines in the region to supply rare earth minerals, a priority of both countries, will take years, and it may not be critical. Similar mining projects are planned in the United States, Canada, Australia, Indonesia and, if Trump has his way, perhaps even in Greenland. By the time those various mines are in operation, the recovery of minerals from recycled materials may have supplanted mining as the main sources of rare earths. As for the threat to the United States posed by China's port investments, the possibility that China would be able to block the Panama Canal in the event of conflict is

concerning, but control of the container terminals near the canal's entrances is hardly necessary to accomplish this: a US adversary that seeks to close the canal might find it easier to target the locks used to lift and lower vessels passing through, which are 55 metres wide or less, than to obstruct the far broader channels near the terminals.

In economic terms, Latin America is a relatively unattractive partner for both the United States and China. It has been and remains a relatively slow-growing corner of the world. While there are a few recent success stories – Guyana's economy, measured in constant US dollars, has grown six-fold since 2019 thanks to a gusher of offshore oil – the region's per capita income, adjusted for inflation, has grown about one per cent per year in the 21st century, perhaps one fifth as fast as Southeast Asia's. While Mexico's exports and imports have boomed thanks to its free-trade agreement with its northern neighbour, countries farther south account for a smaller share of world trade today than they did two decades ago.

Foreign investors see only limited opportunity: the annual inflow of foreign investment into businesses and property across Latin America is lower than it was a dozen years ago and consists mainly of reinvested profits from existing holdings rather than new money. Very little of that foreign direct investment, perhaps just two per cent, comes from China. Only a negligible share is flowing into the high-tech semiconductor plants and data centres that are gobbling up investment dollars in both China and the United States. As the United Nations Economic Commission for Latin America explains: 'The region continues to present significant gaps in technological adoption and local conditions, which play a part in limiting its share of global [foreign direct investment] flows linked to the digital transformation.' The International Monetary Fund projects that Latin America's economic growth will badly lag other regions, notably Africa,

South Asia, Southeast Asia and the Middle East, over the next five years.

Rather than making friends in a region that poses few critical threats to US security, the Donroe Doctrine pushes Latin American countries to choose sides. Understandably, many would prefer to accommodate both great powers. They may be wary of China's heavy hand, but would be receptive to US policies that do not recall the days when 'Yanqui Go Home!' seemed to be painted on every wall across Latin America's towns and cities.

AUTHOR

**Marc Levinson**

**[More about Marc Levinson >](#)**