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## EL MUNDO EN QUE VIVIMOS

### The European Union's policy toward Latin America in the context of renewed strategic competition

*La política de la Unión Europea hacia América Latina en el contexto de la renovada competencia estratégica*

*La politique de l'Union européenne à l'égard de l'Amérique latine dans le contexte d'une concurrence stratégique renouvelée*

*A política da União Europeia em relação à América Latina no contexto da renovada competição estratégica*

#### Ph.D. Le Thi Van Nga

Doctor of Philosophy (International Economics). Director and researcher of the Center for Latin American Studies, Institute for European and Americas Studies, Vietnam Academy of Social Sciences, Hanoi, Vietnam.

✉ [pflavannga@gmail.com](mailto:pflavannga@gmail.com)  [0009-0001-5864-8470](https://orcid.org/0009-0001-5864-8470)

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**ABSTRACT** In the context of intensifying global strategic competition, Latin America is emerging as a geopolitical and geoeconomic space of growing importance. This paper explores the transformation of the European Union's (EU) approach toward the region, highlighting a shift from a development aid-oriented model toward a more strategic and interest-driven engagement focused on supply chain security, access to critical resources, and the promotion of green and digital transitions. Grounded in international political economy frameworks, the analysis examines the EU's main policy tools, including the modernization of free trade agreements, the Global Gateway initiative, development partnerships, and multilateral engagement. The paper indicates that the EU's policy adjustment creates opportunities as well as challenges for Latin American countries amid intensifying competition among major powers, particularly between the United States and China. It argues that the benefits derived from this policy shift will depend on institutional capacity, long-term development strategies, and the ability to balance economic objectives, policy autonomy, and sustainability within a changing global order. This study has certain limitations related to its qualitative approach and reliance on secondary sources, which may not fully capture the diversity of national responses across Latin America.

**Keywords:** European Union, Latin America, strategic competition, foreign policy strategy, Global Gateway

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**RESUMEN** *En el contexto de una intensificación de la competencia estratégica global, América Latina está emergiendo como un espacio geopolítico y geoeconómico de creciente importancia. Este artículo examina la transformación del enfoque de la Unión Europea (UE) hacia la región, destacando un cambio desde un modelo centrado en la ayuda al desarrollo hacia un compromiso más estratégico y orientado a los intereses, enfocado en la seguridad de las cadenas de suministro, el acceso a recursos críticos y la promoción de las transiciones verde y digital. Basado en marcos de la economía política internacional, el análisis examina los principales instrumentos de política de la UE, incluidos la modernización de los acuerdos de libre comercio, la iniciativa Global Gateway, las asociaciones para el desarrollo y la participación multilateral. El artículo señala que el ajuste de la política de la UE genera tanto oportunidades como desafíos para los países de América Latina en un contexto de creciente competencia entre las grandes potencias, en particular entre Estados Unidos y China. Sostiene que los beneficios derivados de este cambio de política dependerán de la capacidad institucional, las estrategias de desarrollo a largo plazo y la capacidad de equilibrar los objetivos económicos, la autonomía de las políticas y la sostenibilidad dentro de un orden internacional en transformación. Este estudio presenta ciertas limitaciones, ya que adopta un enfoque cualitativo y se basa en fuentes secundarias, lo que puede no captar plenamente la diversidad de las respuestas nacionales en América Latina.*

*Palabras clave:* Unión Europea; América Latina; competencia estratégica; estrategia de política exterior, Global Gateway

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**RÉSUMÉ** *Dans un contexte d'intensification de la compétition stratégique mondiale, l'Amérique latine s'affirme comme un espace géopolitique et géoéconomique d'importance croissante. Cet article explore la transformation de l'approche de l'Union européenne (UE) à l'égard de la région, en soulignant le passage d'un modèle axé sur l'aide au développement à un engagement plus stratégique et guidé par les intérêts locaux, centré sur la sécurité des chaînes d'approvisionnement, l'accès aux ressources critiques et la promotion des transitions écologique et numérique. S'appuyant sur les cadres de l'économie politique internationale,*

*l'analyse examine les principaux outils politiques de l'UE, notamment la modernisation des accords de libre-échange, l'initiative Global Gateway, les partenariats pour le développement et l'engagement multilatéral. L'article indique que l'ajustement de la politique de l'UE crée des opportunités, mais aussi des défis, pour les pays d'Amérique latine dans un contexte de concurrence accrue entre les grandes puissances, en particulier entre les États-Unis et la Chine. Il soutient que les bénéfices découlant de ce changement de politique dépendront des capacités institutionnelles, des stratégies de développement à long terme et de l'aptitude à concilier objectifs économiques, autonomie politique et durabilité dans un ordre mondial en mutation. Cette étude présente certaines limites liées à son approche qualitative et à son recours à des sources secondaires, qui ne permettent pas de saisir pleinement la diversité des réponses nationales en Amérique latine.*

*Mots-clés : Union européenne, Amérique latine, concurrence stratégique, stratégie de politique étrangère, passerelle mondiale*

**RESUMO** *No contexto da intensificação da competição estratégica global, a América Latina está emergindo como um espaço geopolítico e geoeconômico de crescente importância. Este artigo explora a transformação da abordagem da União Europeia (UE) em relação à região, destacando uma mudança de um modelo orientado para a ajuda ao desenvolvimento para um engajamento mais estratégico e orientado por interesses, focado na segurança da cadeia de suprimentos, no acesso a recursos críticos e na promoção das transições verde e digital. Fundamentada em estruturas de economia política internacional, a análise examina as principais ferramentas políticas da UE, incluindo a modernização dos acordos de livre comércio, a iniciativa Global Gateway, as parcerias para o desenvolvimento e o engajamento multilateral. O artigo indica que o ajuste político da UE cria oportunidades, bem como desafios, para os países latino-americanos em meio à intensificação da competição entre as grandes potências, particularmente entre os Estados Unidos e a China. Argumenta-se que os benefícios derivados dessa mudança política dependerão da capacidade institucional, das estratégias de desenvolvimento de longo prazo e da capacidade de equilibrar objetivos econômicos, autonomia política e sustentabilidade dentro de uma ordem global em transformação. Este estudo apresenta certas limitações relacionadas à sua abordagem qualitativa e à dependência de fontes secundárias, que podem não capturar totalmente a diversidade de respostas nacionais em toda a América Latina.*

*Palavras-chave: União Europeia, América Latina, competição estratégica, estratégia de política externa, Portal Global.*

## INTRODUCTION

Amid an increasingly uncertain and fluid environment, with rapid shifts in the global balance of power and the reconfiguration of strategic supply chains, competition among major powers has intensified worldwide. Strategic competition between major powers such as the United States, China, Russia, and other centers of power is no longer confined to long-standing geopo-

litical theaters including Eastern Europe, the Middle East, East Asia, or the Indo-Pacific. Instead, this competition is progressively extending into regions that previously received less strategic attention, with Latin America gaining prominence as a space of growing geopolitical and economic relevance.

Owing to its strategic proximity to the United States, rich resource endowments, sizeable domestic

markets, and an increasingly important role in global issues such as renewable energy, food security, and the environmental governance, this region has attracted increasing attention from external powers seeking to expand their influence. The EU, as a key actor within the multilateral international order, has been adjusting its foreign policy in response to these shifting dynamics. While the EU's engagement with Latin America was long characterized by an emphasis on development cooperation, democratic governance, and trade liberalization, recent policy developments point to a stronger strategic orientation in EU-Latin America relations. The renewed Mercosur negotiations, closer engagement with Pacific partners (e.g., Chile, Mexico, and Colombia), and the launch of the Global Gateway initiative, all reflect the EU's efforts to strengthen its position in a context of increasingly complex influence competition.

This paper examines the recalibration of EU policy toward Latin America through an integrated analytical lens that draws on structural realism and international political economy. From a structural realist perspective, shifts in the systemic distribution of power have reshaped the global strategic environment, compelling actors such as the EU to adjust their foreign policy to safeguard interests and preserve international influence. As the international order evolves toward a more fluid and flexible form of multipolarity, Latin America has gained prominence as a strategically relevant region for major powers and competing centers of influence.

Building on this framework, the study treats strategic competition among major powers as a key variable shaping EU foreign policy, viewing Latin America as a space of indirect influence where non-military instruments such as trade, investment, development cooperation, infrastructure initiatives, and diplomacy are prioritized to expand geopolitical reach. This perspective helps explain the EU's growing engagement in the region in economic terms and as part of its effort to assert itself as an autonomous geopolitical actor in relation to the United States and China.

From an international political economy perspective, the analysis further highlights systemic factors that, together with internal EU political dynamics, underpin the Union's shift toward a more proactive, pragmatic, and strategic approach to Latin America.

Accordingly, this study aims to analyze the recent reconfiguration of the European Union's foreign policy towards Latin America in the context of intensified strategic competition among major powers. Specifically, it seeks to (i) examine the shift from a predominantly development aid-oriented approach to a more strategic and interest-driven policy framework; ii) systematize the main policy instruments employed by the EU, such as free trade agreements and cooperation initiatives - particularly the Global Gateway strategy; and (iii) assess the implications of this policy reorientation for Latin American countries, taking into account regional heterogeneity.

## DEVELOPMENT

### 1. Context and Drivers of the EU's Policy Adjustment toward Latin America

Since the early 21st century, the international order has been reshaped by intensifying strategic competition among major powers and global centers of influence. In the aftermath of 2008 global financial crisis, U.S. leadership has shown signs of relative decline, contributing to a gradual shift away from the unipolar order of the immediate post - Cold War period toward a more flexible multipolar configuration in which actors like China, Russia, India, and the EU increasingly assert their roles. A key manifestation of this transformation is the growing strategic rivalry between the U.S. and China, particularly in technology, trade, supply chains, and broader geopolitical competition.

U.S.-China competition for influence has extended beyond the Asia-Pacific to regions such as the Middle East and Latin America. Since 2015, China has expanded its presence in Latin America through the Belt and Road Initiative (BRI), using concessional

lending, infrastructure investment, and trade cooperation to strengthen not only its economic footprint but also its political and security influence (Congressional Research Service, 2023). In the past decade, China has continued to adjust its strategy toward Latin America with a view to deepening comprehensive engagement through the initiative, alongside expanding cooperation in finance, energy, strategic minerals, digital technologies, and infrastructure. By leveraging instruments such as concessional financing, state-owned enterprise investment, public-private partnerships, and the promotion of the use of the renminbi in trade and financial settlements, China has gradually consolidated its economic and financial influence while simultaneously bolstering its political and strategic presence in Latin America, positioning the region as an important complementary arena in its long-term competition with the United States.

Meanwhile, the United States has also expressed its determination to reclaim its leadership role in Latin America through initiatives such as the Americas Partnership for Economic Prosperity (APEP) (White House, 2023) and new bilateral trade agreements concluded from the administration of President George W. Bush through that of President Barack Obama. More recently, in the National Security Strategy released in December 2025, the administration of President Donald Trump highlighted a renewed emphasis on the Western Hemisphere, with a particular focus on Latin American countries. The strategy enlists and expands cooperation in areas including security coordination, migration management, counter-narcotics efforts, supply chain protection, and investment in infrastructure, energy, and the region's strategic resources.

Simultaneously, the United States aims to strengthen its military presence, leverage opportunities in trade, investment, and energy, and coordinate closely with the private sector and allied partners in order to consolidate its strategic advantages and maintain its leading position in the Western Hemisphere (The White House, 2025).

Beyond U.S.-China competition, tensions between Russia and the West have also had significant repercussions for the international system, particularly following the outbreak of the military conflict in Ukraine in 2022. The war has disrupted established security frameworks in Europe and triggered a global energy and food crisis, affecting economies worldwide. In response, several developing countries in Latin America, including Brazil, Argentina, and Venezuela, have demonstrated a growing tendency to diversify their foreign relations by engaging with both Western partners and non-Western actors such as China, Russia, and India, to pursue economic and strategic objectives (Number Analytics, 2025).

In parallel with ongoing geopolitical tensions, the contemporary world is confronted with a series of structural challenges, notably climate change, disruptions to global supply chains, and the imperative to transition toward a green development model. The Covid-19 pandemic laid bare the risks associated with overdependence on highly concentrated global supply chains, especially the heavy reliance on supplies from China. This experience has led many countries and economic groupings such as the European Union to reassess their production, trade, and investment strategies. Consequently, trends such as nearshoring and friend-shoring have gained prominence as preferred strategic options. Latin America, with its geographical proximity to the United States and its abundant natural resources, has increasingly emerged as an attractive alternative location for strategic supply chains (OECD, 2025).

Moreover, the transition toward a low-carbon economy has emerged as a central global objective, particularly as advanced economies pledge to reach carbon neutrality by the mid-21st century. For the European Union, a frontrunner in the implementation of green economic policies, securing reliable supplies of strategic raw materials required for this transition—such as lithium, nickel, and cobalt has become an urgent concern. Latin America occupies a strategically important position in this regard, as it hosts the world's most substantial lithium reserves,

largely concentrated in the so-called “Lithium Triangle” comprising Argentina, Bolivia, and Chile. As such, the region has become a key pillar in the EU’s broader strategy to enhance the security and resilience of its raw material supply chains (European Commission, 2023c).

Latin America and the Caribbean, which includes 33 countries and a population of around 670 million, is positioned to play an important role in the global energy transition due to its abundant energy and mineral resources and a long history of developing these resources. According to the IEA’s Latin America Outlook, the region already has one of the cleanest electricity systems in the world, with renewable energy led by hydropower supplying about 60% of its electricity - significantly above the global average. The region also possesses excellent wind and solar resources in countries such as Brazil, Chile, and Argentina, and widespread use of bioenergy, making it a major exporter of biofuels. In terms of fossil fuels, countries in Latin America and the Caribbean together hold a sizeable share of global oil and natural gas resources, and the region is also highly significant for critical minerals needed in clean energy technologies, with large proportions of global lithium, copper, and silver reserves. These characteristics provide a strong foundation for the region to contribute to global energy security and support clean energy transitions, while also advancing its own energy development and generating economic benefits (International Energy Agency, 2023).

According to a report released by the International Energy Agency (IEA) in 2023, global oil production is expected to rise by 5.8 million barrels per day over the period 2023–2028, with as much as 25% of this additional supply coming from Latin America, mainly from Brazil, Argentina, and Guyana (OilNow, 2023). Latin America has historically been a key supplier of raw materials, while also serving as an important center for green energy and agricultural production. The region holds more than 50% of the world’s lithium resources, a critical metal used in the production of batteries for electric vehicles. In addi-

tion, Latin America represents roughly two-fifths of global copper reserves, one-quarter of global nickel reserves, and provides nearly half of global silver production (CEPAL, 2024). Owing to this abundant and varied mineral wealth, both the United States and the European Union have increasingly sought to strengthen cooperation with countries in the region in order to secure critical raw materials, diversify supply sources, and reduce dependence on China.

A key element shaping the adjustment of the European Union’s external strategy has been political developments within the bloc since 2020. Several EU’s member states have witnessed notable shifts in domestic political power balances. In Germany, Chancellor Angela Merkel ended her 16-year tenure in 2021, paving the way for Olaf Scholz and a three-party center-left coalition government, signaling a major shift in the European political landscape (Spohr K., 2023). In France, President Emmanuel Macron was re-elected in 2022 but lost an absolute majority in the National Assembly, complicating the policy-making process (Tassilo Hummel, Ingrid Melander, 2022). Italy and the Netherlands have, in turn, seen the rise of conservative parties, reflecting the broader spread of populist and Eurosceptic trends across the continent. In Poland and Hungary, right-wing governments have continued to adopt confrontational stances toward Brussels over issues of the rule of law and migration, creating obstacles to EU unity (William S., 2022). The Russia-Ukraine armed conflict since 2022 has further underscored the imperative of strategic autonomy and reinforced the EU’s geopolitical role. Meanwhile, the growing wave of populism and Euroscepticism in many member states has intensified disagreements within the bloc over migration, climate policy, and the rule of law.

Against this backdrop, the European Union has acknowledged the need to adjust its foreign policy toward Latin America, not only to foster cooperation in economic, political-security, environmental, and social domains, but also to proactively assert its geopolitical role and compete for influence. The increase in high-level diplomatic engagement, the

resumption of trade negotiations (such as those with Mercosur), and the implementation of the Global Gateway initiative - often described as Europe's version of the Belt and Road Initiative in Latin America - reflect a more strategic approach by the EU toward the region. These systemic drivers are driving Europe to redefine its position in a region that was long regarded as peripheral in the bloc's traditional foreign policy framework.

It should be noted that Latin America is a highly heterogeneous region, encompassing diverse subregions, including the Caribbean, Central America, and the Southern Cone, with distinct political, economic, and institutional contexts. Consequently, the effects of the European Union's policy reorientation are likely to vary significantly across countries and subregions.

### 3. The EU's Strategic Adjustment toward Latin America

Building on long-standing traditional ties, the European Union is reshaping its strategy to bolster its geopolitical role while protecting its core values and interests in Latin America, a region with substantial potential in terms of natural resources, markets, and growing political influence. One of the EU's key strategic orientations is to restore and deepen political-economic partnerships with Latin America through a comprehensive and balanced approach. The EU places strong emphasis on strengthening connectivity through next-generation free trade agreements, most notably the conclusion of negotiations on the EU-MERCOSUR Agreement, as well as the upgrading of existing agreements with Mexico and Chile.

At the same time, the EU prioritizes cooperation in green and digital transitions, technology transfer, sustainable infrastructure development, and critical mineral supply chains-areas in which LACs possess undeniable comparative advantages. The EU also highlights the importance of multilateral cooperation and effective multilateralism, viewing Latin America

as a key partner in upholding a rules-based international order. In the context of the growing influence of China and Russia in LACs, the EU seeks to increase its economic and diplomatic presence in order to maintain its position in the region.

To operationalize these strategic orientations in Latin America and the Caribbean, the EU has implemented and continues to use comprehensive set of policy instruments, including free trade agreements (FTAs), the Global Gateway investment strategy, development assistance, and mechanisms for political dialogue.

First, the European Union has stepped up efforts to conclude and upgrade FTAs with countries and regional groupings in Latin America. The EU currently has FTAs with 27 countries in the region, including Mexico, Chile, Colombia, Peru, and the Central American region. Notably, the EU-Mexico Global Agreement is being modernized to cover additional areas such as investment, public procurement, and sustainable development, thereby providing a more modern and comprehensive legal framework for bilateral relations (Philip Blenkinsop, 2025). Similarly, the upgraded EU-Chile Agreement, signed in late 2023, aims to promote bilateral trade, enhance access to strategic mineral resources, and facilitate the green transition (European Commission, 2023b).

Another key focus is the EU-Mercosur trade agreement. After more than two decades of negotiations, the agreement reached a political understanding in 2019 but has yet to be ratified due to concerns related to environmental protection, particularly deforestation in the Amazon. Nevertheless, the EU continues to regard this agreement as a central pillar of its strategy to expand influence in South America, especially in the context of China's increasingly proactive efforts to deepen economic relations with Mercosur (European Commission, 2025).

In addition to free trade agreements, the European Union has implemented the Global Gateway investment strategy, launched in 2021, as a tool to coun-

terbalance China's Belt and Road Initiative. Under this framework, the EU has committed to mobilizing €10 billion for investment in sustainable infrastructure projects in Latin America, with a focus on areas such as renewable energy, digital connectivity, and green transport. Specific initiatives—such as the Argentina-EU green hydrogen corridor and the BELLA II transatlantic fiber-optic cable—illustrate the EU's strategic and long-term approach to engagement in the region (European Investment Bank, 2023b).

The European Union remains the largest source of foreign direct investment in the LACs, while investment flows from LACs to the EU have also been increasing. The EU supports the region through climate finance, technology transfer, and capacity-building initiatives. During the 2021–2027 period, the EU plans to allocate €3.4 billion from the NDICI–Global Europe programme to support green and sustainable recovery, while mobilizing an additional €12 billion in investments through the European Fund for Sustainable Development Plus (EFSD+). Priority areas under these programmes include inclusive economic development, democratic governance, security, migration, and education. On climate change, the EU and LACs have demonstrated strong alignment since the Paris Agreement, with a focus on ecological transition, digital transformation, and sustainable development. This close cooperation also reflects the EU's long-term commitment to the sustainable and inclusive development of the LACs (EU-LAC, 2025).

Cooperation between the European Union and Latin America is implemented across multiple levels, including interregional, regional, and bilateral frameworks. Each form of cooperation serves a distinct role and operates through specific mechanisms, collectively contributing to a diverse, flexible, and partner-tailored network of relations that reflects the varying characteristics of countries and subregions within Latin America.

At the interregional level, the cooperation framework between the European Union and the United Na-

tions Economic Commission for Latin America and the Caribbean (ECLAC/CEPAL) serves as a platform for policy exchange, fostering dialogue and consensus on shared development priorities such as the green transition, the digital economy, and inclusive growth (European Commission, 2018). The EU-CE-LAC summits exemplify both sides' commitment to building a strategic partnership based on shared values and mutual interests. This framework also provides a foundation for the EU to shape its development assistance, technical support, and long-term investment programmes in the region.

At the regional level, relations between the European Union and Mercosur - comprising Brazil, Argentina, Uruguay, and Paraguay - constitute one of the most significant areas of cooperation. After more than two decades of negotiations, the EU and Mercosur reached a principle-based agreement on a free trade agreement in 2019. However, ratification has thus far faced considerable obstacles due to concerns related to environmental protection and sustainable development standards (Foy, H., Hancock, A., Moens, B., & Stott, M., 2025). Nevertheless, if implemented, the agreement would create the world's largest free trade area in terms of population, while significantly boosting supply chains, investment, and innovation between the two regions.

At the bilateral level, the European Union has established extensive cooperation frameworks with countries such as Mexico and Brazil. With Mexico, the EU is in the process of modernizing its comprehensive agreement by incorporating new provisions on investment, government procurement, and sustainable development. With Brazil, the EU prioritizes cooperation in science and technology, energy transition, and climate change mitigation and adaptation (European Investment Bank, 2023a). FTAs and bilateral arrangements with Latin American countries enable the European Union to adopt a more flexible policy approach tailored to each country's level of development and foreign policy orientation, while simultaneously enhancing the EU's influence in the region.

The interregional-regional-bilateral model provides the European Union with significant advantages by allowing for flexible policy implementation across different levels. Cooperation with ECLAC and through CELAC helps establish a shared policy foundation; engagement with Mercosur aims to create a large-scale economic area, albeit with persistent environmental concerns; while tailored bilateral agreements - such as those with Mexico and Brazil - enable the EU to advance cooperation in specific areas, including investment, public procurement, the green transition, and digital capacity-building.

Whereas the EU's policy toward Latin America previously focused primarily on development assistance, it has increasingly shifted toward a model of equal partnership that emphasizes shared interests and common values, including democracy, the rule of law, sustainable development, and fair trade. A notable step in this transition has been the modernization of free trade agreements with Mexico and Chile, expanding their scope to include areas such as investment, public procurement, and environmental protection, thereby establishing a more comprehensive legal framework for bilateral relations. At the same time, the EU has sought to advance the ratification of the trade agreement with the Mercosur bloc, despite ongoing internal debates, with the aim of creating a broad interregional economic space. Another significant adjustment is the implementation of the Global Gateway strategy, under which the EU has committed more than €45 billion to investments in green infrastructure, digital transformation, and education in Latin America (European Commission, 2023a), positioning it as a strategic alternative to China's Belt and Road Initiative. In parallel, the EU has expanded support through the NDICI - Global Europe instrument, with a particular focus on green and digital transitions (European Parliament, 2023). Cooperation in science and technology, education, and innovation has also been substantially strengthened through programmes such as Horizon Europe and Erasmus+.

Despite strengthening its commitments and adjusting its policies toward Latin America, the European

Union continues to face numerous challenges in implementation. First, divergent interests among EU member states have made it difficult to forge a coherent common policy toward Latin America, particularly in the areas of trade and investment negotiations. Moreover, delays in ratifying free trade agreements - such as the EU-Mercosur agreement - due to concerns over environmental protection and labor standards have highlighted the lack of internal consensus within the bloc (European Parliament, 2023). Strategic competition with major powers such as China and the United States has also affected the EU's position and influence in the region. While China has expanded its economic presence through infrastructure investment and trade, the United States continues to maintain its traditional influence, making it challenging for the EU to establish a distinct and independent role. At the same time, weak institutions and political instability in many Latin American countries, along with rising populist and anti-globalization movements, pose significant obstacles to the implementation of long-term projects, particularly in the areas of green and digital transitions. The deployment of financial instruments such as NDICI - Global Europe and Global Gateway has at times been slow and inefficient, due to complex procedures and insufficient coordination among implementing actors (EUR-Lex, 2023).

#### 4. Opportunities and Challenges for Latin American Countries in the New Context

##### Opportunities

Fundamental shifts in the international order and the intensification of strategic competition among major powers are creating a complex mix of opportunities and challenges for Latin American countries. As major economies seek to diversify supply chains, lessen reliance on single-country markets, and ensure access to strategic raw materials, Latin America is emerging as a region of growing geo-economic significance. Near-shoring and friend-shoring dynamics open new avenues for attracting foreign investment flows into manufacturing, renewable

energy, mining, and logistics infrastructure, especially in large economies such as Brazil, Mexico, Chile, and Argentina.

Moreover, the global shift toward sustainable development creates significant scope for cooperation in LACs, particularly in the extraction and processing of critical minerals -notably lithium, copper, and nickel - as well as in the development of renewable energy and biofuels. The growing interest of the European Union, the United States, and non-Western partners broadens the spectrum of foreign policy options available to LACs, thereby enhancing their bargaining power and reducing traditional dependence on a limited number of key partners.

Within the regional landscape, Cuba stands out as an exceptional case. Although its structural constraints limit participation in large-scale industrial relocation, the evolving international environment offers Cuba more selective opportunities, notably in knowledge-intensive sectors, renewable energy cooperation, and South - South and triangular partnerships. At the same time, the global green transition and the growing engagement of actors such as the European Union provide LACs, including Cuba, with greater strategic latitude to pursue diversified external engagement, enhance bargaining capacity, and reduce excessive dependence on a narrow set of traditional partners.

### Key Challenges

First, intensifying competition for influence among major powers risks turning LACs into an arena of geopolitical rivalry. The U.S. National Security Strategy of 2025 places renewed priority on the Western Hemisphere, emphasizing efforts to enlist allies and partners, alongside the expansion of U.S. engagement in LACs. This strategic shift has generated growing pressures on countries in the region to carefully recalibrate their foreign policies in order to avoid strategic entanglement or excessive dependence amid an increasingly competitive power environment.

Second, growth models that remain heavily dependent on the export of raw materials - if not accompanied by value-added upgrading and technology transfer - may exacerbate patterns of dependency and deepen socio-economic inequality across the region. In the context where major powers are strengthening control over critical energy resources and supply chains - most notably the U.S. control over oil resources in Venezuela -failure to couple resource exports with value addition, technology transfer, and industrial upgrading risks deepening economic dependence, widening social inequalities, and increasing vulnerability to external shocks.

Third, persistent constraints related to institutional capacity, governance quality, infrastructure development, and domestic political stability continue to constitute major obstacles to the effective absorption of foreign investment and international cooperation. These constraints tend to weigh more heavily on countries facing structural and external vulnerabilities, where limited institutional flexibility often reduces the capacity to adapt to externally driven development initiatives. In Cuba's case, these challenges are intensified by external financial isolation, restricted access to international credit, and structural inefficiencies, which limit the country's ability to fully capitalize on emerging cooperation opportunities, including those related to the green and digital transitions.

Fourth, amid a rapidly reconfiguring international order, the core challenge facing LACs is not merely the attraction of external resources, but the ability to formulate and implement long-term development strategies, and the imperatives of sustainable development, enabling the region to play a more proactive role in shaping its position within the evolving global order.

### CONCLUSIONS

As global strategic competition intensifies and the international order increasingly evolves toward a flexible multipolar configuration, the European

Union's policy toward LACs has been adjusted in a more proactive, pragmatic, and distinctly strategic direction. Moving beyond a partnership primarily centered on development assistance and the promotion of normative values, the EU increasingly views Latin America as a geoeconomic and geopolitical space of growing importance for securing supply chains, accessing strategic raw materials, advancing the green transition, and asserting its role as an autonomous geopolitical actor amid competition with other major powers, particularly the United States and China.

The EU's deployment of policy instruments - such as the modernization and conclusion of next-generation free trade agreements, the implementation of the Global Gateway strategy, the expansion of green investment, and the strengthening of multilateral cooperation - reflects its efforts to build a comprehensive and long-term partnership with Latin America. However, the effectiveness of these policies continues to be shaped by internal constraints within the EU, including divergent interests among member states, debates surrounding environmental protection and sustainable development, as well as intensifying competitive pressures from other major powers.

From a policy perspective, LACs should proactively leverage the European Union's recalibrated approach to diversify external partnerships, reduce overdependence on any single major power, and strengthen their bargaining position within an increasingly competitive international environment. The renewed strategic emphasis of the United States on the Western Hemisphere requires Latin American governments to carefully manage relations in order to avoid excessive alignment pressures that could constrain policy autonomy or limit cooperation with other partners, including the European Union. Against this backdrop, maximizing the benefits of EU engagement depends on the formulation of coherent long-term development strategies that prioritize value-added upgrading, technology transfer, and institutional capacity-building, rather than continued reliance on primary commodity exports.

This study has several limitations that should be acknowledged. The analysis is conducted primarily at the regional level, which does not fully capture the substantial political, economic, and institutional heterogeneity across Latin American countries. As a result, differentiated national responses to the European Union's strategic adjustment may not be comprehensively reflected. Moreover, the study relies mainly on policy documents and secondary sources, which may limit the depth of empirical assessment. Therefore, future research could address these limitations by undertaking country-specific or comparative case studies, as well as sectoral analyses focusing on areas such as critical minerals, renewable energy, or digital infrastructure.

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