Latin America's role in the new geopolitical landscape

In a fragmented world, Latin America is gaining importance in the global economic conversation. The region combines critical minerals, clean energy, agri-food capacity, biodiversity and a geographical position that places it relatively far from major geopolitical tensions. These strengths create an opportunity for the region to play a larger role in global value chains and boost its growth prospects. Yet realising this potential depends on its ability to transform those strengths into investment, productivity gains, skilled employment and greater value added.

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Both the reality on the ground in Latin America and the way the world views it are changing. For decades, perceptions of the region were shaped mainly by macroeconomic volatility, political cycles and dependence on commodities. Today, Latin America is beginning to be seen as a region with the potential to play an ever more relevant geoeconomic role. This opportunity is not guaranteed and important challenges relating to informality, infrastructure, productivity and modest potential growth remain. However, there is mounting value being placed on what Latin America can contribute: its resource endowment, productive capacity and a geographical position that is increasingly propitious in a more fragmented world.

Latin America's endowment of resources strengthens its strategic role in a fragmented global economy

This shift largely reflects a transformation in the international environment itself. For years, companies and investors prioritised efficiency, low costs and market expansion. Today those factors remain important, but other priorities have come to the fore: reducing excessive dependencies, securing access to critical inputs, diversifying supply chains, advancing the energy transition and strengthening food security. The pandemic, tensions between the United States and China and increasing geopolitical fragmentation have accelerated these trends.

In this new landscape, many of Latin America's attributes acquire a different dimension. The region possesses some of the resources most in demand for the economy of the future, including critical minerals, rare earths, one of the cleanest energy matrices in the world[1] and significant agri-food capacity.

The region also arrives at this new stage with stronger macroeconomic fundamentals than in previous cycles, reinforcing its capacity to face an external environment that is both more demanding and more promising. This stronger position is the result of several structural improvements that have been implemented over recent decades.

[1] IEA, 'Latin America Energy Outlook 2023'; and 'World Energy Investment 2025: Latin America and the Caribbean'.

Many countries have bolstered the independence and credibility of their central banks, consolidating inflation targeting frameworks and increasing their ability to anchor inflation expectations. Public debt management has also become more robust, with greater reliance on local-currency financing that reduces currency mismatches and vulnerability to external shocks. Stronger external positions, supported by higher international reserves, more flexible exchange rate regimes and current account deficits that are generally moderate and comfortably financed by foreign direct investment, have enhanced the region's capacity to absorb periods of global volatility.

The assets of the economy of the future

The region enters this new phase with stronger macro fundamentals and greater resilience to external shocks than in previous cycles

Three categories of assets are becoming important in the economy of the future: critical minerals, energy and food. Copper, lithium, nickel, graphite, niobium and rare earths are essential for electrification, batteries, power grids, semiconductors, digital infrastructure and defence systems[2]. Energy and food have also become more strategic in a context in which supply security has become a concern for governments and companies. Latin America possesses all three in abundance.

Against this backdrop, the region is increasingly at the centre of competition between great powers to build more diversified and less vulnerable supply chains. With the United States, China, Europe and India all looking to secure access to essential inputs, they are more frequently turning to Latin America as an alternative partner for reducing dependencies and assuring key resources[3].

Another of the region's strengths lies in the fact that its resource base is not concentrated in a single country or sector. Latin America combines critical minerals, energy, food, manufacturing capacity and economic relationships with major markets, enabling it to respond simultaneously to the energy transition, food security concerns and the reorganisation of global supply chains. This combination broadens the region's opportunity set and enhances its ability to respond to different global demands.

Latin America's strategic resources for the economy of the future

Three strategic strengths at a glance

Strategic strength	Headline evidence	Why it matters globally
Critical minerals	~35% of global copper reserves and ~46% of lithium reserves	Key inputs for electrification, batteries, digital infrastructure and advanced industry
Energy	Close to 20% of global oil reserves, alongside a clean energy matrix	Supports energy security and the transition towards lower-carbon electricity production
Agri-food	Leading global positions in soybeans, maize, beef, coffee, sugar and fruit	Strengthens food security and provides a diversified export base

Note: Figures are rounded. Mineral data refer to 2024, oil data to 2025 and agri-food exports to 2024.

Sources: USGS, Mineral Commodity Summaries 2025 Data Release; Eni, World Energy Review 2026; Energy Institute, Statistical Review of World Energy 2026; and the trade sources used in the original table.

[2] IEA, 'Global Critical Minerals Outlook 2025'; USGS (US Geological Survey), 'Mineral Commodity Summaries 2025', Data release.
[3] White & Case (2026), article on the US and critical minerals in Latin America; Centre for Social and Economic Progress; (CSEP) (2026), article on India and critical minerals in Latin America; AP News (2026), Brazil-India Agreement on Critical Minerals and Rare Earths.

The data illustrate the scale of this opportunity. The region includes the world's largest copper producer, Chile, as well as some of the world's leading copper reserve holders, while Chile and Argentina also occupy prominent positions in lithium, a key input for batteries and energy storage. Brazil adds another dimension through its niobium, nickel and rare earth deposits, with the contrast between reserves and production providing an indication of the scope to attract investment and develop local capabilities.

This is complemented by the region's role in energy. Latin America accounts for a significant share of proven oil reserves and global production, with Brazil being the main regional producer and Venezuela still a dominant player in reserves. The agri-food dimension completes the picture. Latin America and the Caribbean are already major players in global agricultural production and agri-food exports, and have a clear comparative advantage in several basic products: Brazil and Argentina stand out for soybean, maize and animal protein production, while Brazil and Colombia maintain a very significant position in coffee farming[4].

The challenge is not only to extract resources, but to capture more value across supply chains

The shift to a larger global role is also beginning to be reflected in export patterns. In Brazil, external sales continue to be dominated by the agribusiness complex, but a growing percentage corresponds to energy, with additional potential emerging in strategic minerals. In Argentina too, agriculture remains the anchor of the export basket, but energy and mining are emerging as potential vectors of change. In Chile, mining has reasserted its position as the country's biggest export market, with copper still the main source of international sales, but a growing contribution is now coming from other minerals linked to the energy transition. Mexico has a different profile: it is still a predominantly manufacturing export economy, with the automotive sector continuing to play a central role in its export base. At the same time, the country's export basket has become increasingly diversified in recent years, with non-automotive manufacturing — particularly of electrical and electronic equipment — gaining momentum, supported by growing demand from the United States for technology-related goods linked to digitalisation, data centres and artificial intelligence.

Realising this potential will require investment, technology and a skilled workforce

The diversification of the region's export basket strengthens its capacity to generate foreign currency, reinforces its external position and may also act as a channel for attracting investment into sectors benefiting from growing long-term global demand trends.

The race for value added

The availability of minerals, energy and food provides an excellent foundation, but the real challenge for Latin America now is to transform its resources into a broader source of productive, technological and business development within the region itself. The success of this will depend on its capacity to participate in the stages in which technology, specialised services, knowledge and decision-making capacity are concentrated.

[4] World Bank (2024), 'Towards a Green, Inclusive and Competitive Agrifood System'; Eni, 'World Energy Review 2026'; Energy Institute, 'Statistical Review of World Energy 2026'.

Recent experience shows that possessing the resource does not guarantee control of the chain. International competition is moving increasingly towards downstream stages — from refining and processing to industrial transformation, intellectual property and technology services. In many cases, minerals leave Latin America as concentrates and return embedded in batteries, electric vehicles, semiconductors or industrial equipment.

Capturing more stages of the chain would allow the region to turn an advantage based on the availability of natural resources into a more sustainable source of growth. This would support long-term investment and technology transfer, raise productivity, generate more skilled employment and broaden productive linkages. That is the difference between participating in the economy of the future as a supplier of raw materials and doing so from a more strategic position, with greater capacity to influence more complex value chains.

Investment, innovation and local capabilities will determine how much value Latin America captures from its resource wealth

In the case of critical minerals, this leap will require building industrial and service capabilities around mining projects: engineering, specialised logistics, environmental certification, applied technology and skilled talent. Access to long-term financing is a basic necessity, especially in capital-intensive projects with long maturation horizons. However, the availability of investment, whether domestic or foreign, does not by itself guarantee a deeper productive transformation. As the Economic Commission for Latin America and the Caribbean (ECLAC) underlines[5], to expand the multiplier effect of mining investments, it is necessary to link capital-attraction policies with a productive development agenda that promotes innovation, the development of local suppliers and the strengthening of institutional capabilities. Only in this way can a larger share of the value associated with these resources be generated within the region itself.

Clean energy is becoming a key factor in attracting investment and higher-value activities

The same logic applies to energy. Latin America already enjoys a distinct advantage in this area thanks to its clean energy matrix, the high share of renewables and the development of new sources such as solar, wind, bioenergy and green hydrogen. However, the region has the potential to go beyond merely exporting what it has; it can instead use its energy sources as a basis to attract clean electricity-intensive industrial activities, such as low-emission mineral processing, sustainable fertiliser production, green steel undertakings, data centre operation, competitive manufacturing and new services linked to the energy transition. In a world where carbon footprints will increasingly influence investment, production and trade decisions, having clean and competitive energy can become a first-order industrial advantage.

Something similar applies to the agricultural sector too. The region is one of the world's leading producers and exporters of food, but its potential increasingly depends on its ability to consolidate a more sophisticated and resilient agri-food offer. Processed foods, biotechnology, bio-inputs, agricultural innovation and sustainability standards can expand the economic value of an already very significant productive base. Agri-food

[5] ECLAC (2025), 'ECLAC Keys to Development', No 23.

competitiveness will increasingly be determined not only by scale, but also by the capacity to produce more efficiently, sustainably and distinctively.

All three cases follow a similar pattern: Latin America's starting point is very strong, but the qualitative leap forwards will depend on its ability to broaden the spillover effects on the local economy. Investment, technology, talent and productive coordination will be key for minerals, energy and agri-food to translate into higher-value participation in the global economy.

Latin America in a more fragmented world

It will be key for the region to maintain a pragmatic strategy that enables it to diversify partners, attract investment and take advantage of the opportunities

This scenario coincides with the emergence of a more fragmented world, in which the United States, China, Europe and India offer Latin America different and, in some cases, complementary forms of economic integration. It will be key for the region to maintain a pragmatic strategy that enables it to diversify partners, attract investment and take advantage of the opportunities opened up by the global reorganisation, while avoiding replacing one set of dependencies with another.

Europe occupies a particularly relevant place in this picture. Its energy transition and industrial autonomy require more secure and diversified access to critical raw materials, energy and food. Latin America appears as a natural partner for that agenda, given its resource endowment, its historical and commercial ties with Europe and its ability to offer a relationship based on shared rules and standards.

In this context, the European Union (EU)-Mercosur agreement takes on a particular relevance. When combined with the EU's agreements with Mexico and Chile, it forms an economic integration network that covers more than 90% of the region and offers a framework of shared rules, predictability and long-term cooperation. In a more uncertain international environment, this institutional architecture can facilitate investment, reduce entry costs for companies and strengthen the economic relationship between the two regions.

Competing interest from the US, China, Europe and India broadens Latin America's trade and investment opportunities

Of course, interest in Latin America does not come from Europe alone. The United States has begun to view the region through the lens of economic and technological security, with critical minerals that are relevant both for the energy transition and for strategic infrastructure and defence applications. This US interest is beginning to translate into concrete financing and investment instruments, such as the Inter-American Development Bank (IDB) support for a lithium project in Argentina or the possible backing of the US Development Finance Corporation for the expansion of Serra Verde, in the state of Goiás, Brazil[6]. India, despite its geographical proximity to Asia, is also looking to the region as a way to diversify access to critical minerals and reduce its exposure to chains dominated by China. For Latin America, this multiplicity of partners broadens its negotiating space and can open up new opportunities for investment and the development of its own capabilities.

[6] White & Case (2026), article on 'The US and critical minerals in Latin America'.

Conditions for capturing the opportunities

These opportunities will not be granted automatically. To fully seize them, Latin America will need to make progress in areas where significant constraints remain, particularly infrastructure, human capital, productivity, legal certainty, regulatory quality and execution capacity. The region may have assets that are highly valuable in the new global environment, but turning them into sustained growth will require the reduction of internal bottlenecks that still limit investment, increase project costs and hinder the deployment of new productive activities.

Turning external interest into long-term growth will require stronger infrastructure, skills and institutions

Demographics are also an additional, albeit time-limited, source of growth potential. Latin America, like China and South Korea, is a relatively young region compared with many advanced economies, although its demographic dividend is gradually fading as fertility rates decline and the share of older populations increases. At the same time, female labour force participation is comparatively low in several countries across the region, both relative to male participation rates and to those of women in many advanced economies. This provides significant scope for higher female participation, offering an important opportunity to expand the labour force, sustain potential growth and make better use of available human capital. The implementation of policies that facilitate work-life balance, expand access to childcare services and encourage women's participation in the workforce could shore up this source of growth for the region in the years ahead[7].

It will also be important for investment arriving in the region to have a broader impact on the local economic fabric. As discussed above, attracting foreign capital can accelerate the development of new projects, but its contribution to growth will be greater if it is linked to innovation, technology transfer, talent development, supplier development and institutional strengthening. As ECLAC underlines, mining investment specifically will be more impactful if it is embedded in a productive development agenda that goes beyond extraction. In other words, the objective is for investment to help transform the region's productive structure and not merely expand the exploitation of natural resources.

Latin America has the assets. The next step is turning potential into prosperity

The more fragmented international environment adds an extra dimension to these conditions. Geopolitical rivalry can open up opportunities for countries capable of offering stability, resources and diversification, but it can also generate new sources of trade, financial and regulatory volatility. In this context, the ability to preserve flexibility and avoid excessive exposure to a single partner or market will be an important element of resilience.

Conclusion

Ultimately, the economy of the future will need many of the assets that Latin America has in abundance. But the opportunity for a greater geoeconomic role and longer-term growth prospects will depend on the region's ability to transform that initial advantage into investment, technology, skilled employment and greater productive sophistication.

[7] IMF (2026), "Critical Minerals & Energy: Powering Economic Development", keynote speech by Deputy Managing Director Nigel Clarke at the Inter-American Development Bank Annual Meetings, Paraguay, March 13.

The difference between an opportunity seized and an opportunity missed will increasingly lie less in the possession of resources and more in the control of the capabilities needed to turn them into higher-value products, services and solutions.

The region faces this scenario from a stronger position than in other periods of its recent history. Although important challenges remain in reducing informality, improving productivity and infrastructure, and raising potential growth, the region faces this scenario from a stronger position. Many countries now have more robust monetary policy frameworks, more credible central banks, better-controlled inflation, comfortable levels of international reserves, more balanced external accounts and deeper financial markets. These advances do not eliminate risks, but they improve the capacity to absorb external shocks and reinforce the perception of a more stable and predictable region.

Latin America today is poised to grasp the opportunities that lie before it. The new international context gives it greater visibility, more favourable structural demand and a more open position from which to build economic relationships with different partners. The opportunity is clear. The challenge now is to translate stronger external demand into more productive, innovative and sustainable growth.

Category	Brazil		Argentina		Chile		Mexico	
	% of total, 2025	CAGR 2015-2025	% of total, 2025	CAGR 2015-2025	% of total, 2025	CAGR 2015-2025	% of total, 2025	CAGR 2015-2025
Energy	16%	15%	13%	17%	—	—	3%	(1)%
Mining and metals	18%	6%	8%	5%	60%	8%	2%	12%
Agriculture (total), of which:	43%	7%	60%	4%	22%	5%	8%	7%
Primary agriculture	22%	8%	25%	5%	8%	6%	3%	5%
Agro-industry	20%	6%	35%	3%	14%	4%	5%	8%
Industrial manufacturing (total), of which:	23%	3%	19%	2%	17%	3%	87%	6%
Cars and other transport vehicles	7%	2%	9%	3%	—	—	28%	5%

Note: Figures are rounded. Mineral data refer to 2024, oil data to 2025 and agri-food exports to 2024.

Sources: Santander Research based on USGS, Mineral Commodity Summaries 2025 Data Release; Eni, World Energy Review 2026; Energy Institute, Statistical Review of World Energy 2026; and the trade sources used in the original table.