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The geoeconomic turn in the Americas

The Dominican Republic at the centre of Washington's return

Lauri Tähtinen

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Summary

- The tide is turning rapidly as the United States shifts its response to China's industrial rise, with Washington returning to the Western Hemisphere in search of not only new trade relationships but also industrial, foreign, and security policies.
- This shift reflects a geoeconomic turn in the Americas, where economic actors – from drug cartels to critical supply-chain partners – are increasingly treated as security concerns, blurring the line between commerce and security.
- The Dominican Republic is positioning itself as a partner in both the joint development of the Americas and US security. Its growing alignment with the United States reflects global shifts elsewhere, such as in Finland's relationship with Washington.
- The Dominican Republic's sustained economic growth and its location between the US territory of Puerto Rico and the region's security challenges place it at the centre of Washington's attempt to re-engineer hemispheric value chains and security partnerships.

Author

Lauri Tähtinen
Non-Resident Fellow,
Global Security and Governance,
Finnish Institute of International Affairs

Introduction

What is the trade and industrial policy of the United States of America in the Second Age of Donald Trump? And, just as importantly, how does it relate to its foreign and security policy goals? The causal and determinative links between the pursuit of power through economic means and the economics of power politics are often hard to pin down. This Briefing Paper builds on the assumption that these relationships are easier to trace at a regional level. It therefore pursues a case study: the Dominican Republic and its Caribbean and North American environment. The case highlights how different policy agendas – reshoring production to the United States, nearshoring supply chains to nearby economies, and friendshoring investment to politically reliable partners – are tied to broader attempts to secure influence and stability in the Western Hemisphere.

While the paper uses the Dominican Republic as an example to illustrate the interplay of trade, development, foreign, and security policy, it does so with a broader purpose. The objective is to understand the geopolitics of the Western Hemisphere, and that path runs through geoeconomics for at least two reasons. First, for over three decades, most of the hemisphere was framed through a paradigm of human and economic development – one sustained by a deep-seated assumption of progress, even in the face of major backsliding in places such as Venezuela and Haiti. Second, any account of this geography would be incomplete without consideration of economic actors that are powerful, illicit, and violent, whether the cartels of Mexico or the gangs of Venezuela and Haiti. They, too, pursue politics and control territory; Washington and its regional partners, such as Santo Domingo, are compelled to respond in kind. To complicate matters further, Washington's most important ally in the region over the past quarter century, Colombia, is actively distancing itself from US policy, leaving behind a vacuum. At the same time, Washington has begun to openly question the benefits of its partnership with Mexico, picturing a hemisphere with fewer reliable allies.

The paper proceeds in four stages. First, it examines the return of the United States to its region, where it uses both tariffs and warships as tools of influence. Second, it considers the Summit of the Americas, with the Dominican Republic as its host, and the challenges of multilateral approaches to security. Third, it analyses the Dominican Republic as a portal into the geoeconomics of the northern half of the Western Hemisphere. Fourth, it discusses how the Dominican Republic's troubled relationship with its neighbour Haiti, combined with broader regional instability, presents a complex set of geopolitical circumstances that shape its relationship with Washington. By placing the Dominican Republic at the centre of the hemisphere – both literally and figuratively – the paper reveals the finer contours of economic and security policy, conditioned by both powerful capitals and non-state actors.[1] Together, these dynamics signify a geoeconomic turn in the Americas, as US strategy increasingly integrates trade, industrial, and development policies with foreign and security objectives, while other actors adapt or respond to these shifts. All of this is happening at a time when the hemisphere is shifting towards a greater focus on geopolitics, as evident in the regional surge of military-to-military ties with China and Russia.[2]

1 This Briefing Paper benefited from a research visit to the Dominican Republic and subsequent conversations in Washington, DC, New York, Miami, and San Juan.

2 Berg, Ryan C. et al. (2025) "Hearts, Minds, and Uniforms: New Data Reveals China and Russia's Growing Military Diplomacy Footprint in Latin America and the Caribbean". CSIS, 22 September. https://www.csis.org/analysis/hearts-minds-and-uniforms.

Map 1. Caribbean and northern South America

"In the early days of the administration, Secretary of State Marco Rubio outlined how an 'America First' platform would translate into an 'Americas First' foreign policy."

The United States and regional security

In 2025, the United States returned to its region: first through public statements, and then with a visible naval presence. In the early days of the administration, Secretary of State Marco Rubio outlined how an "America First" platform would translate — perhaps with input from the *Wall Street Journal's* editorial team — into an "Americas First" foreign policy.[3]

Such words were paired with direct diplomacy, as Rubio's first foreign trip included several Central American countries and, finally, the Dominican Republic. This was the first time since Colin Powell's 2001 trip to Mexico that a US Secretary of State had visited neighbours first, engaging in a practice that is more common in other parts of the world.

A superpower's shift in geographic focus to North America and the broader Greater Caribbean Basin, including the northern coast of South America, does not happen quietly. Washington has acted across multiple domains and geographies. A heated debate concerning Chinese influence over the Panama Canal seems to have been settled through US private equity investment in the canal, and the resulting control over key infrastructure. Meanwhile, Canada has pledged to increase defence spending to

3 Rubio, Marco (2025) "An Americas First Foreign Policy". *The Wall Street Journal*, 30 January. https://www.wsj.com/opinion/an-americas-first-foreign-policy-secretary-of-state-rubio-writes-western-hemisphere-too-long-neglected-a81707b0.

five per cent of GDP and has signed a defence pact with Europe, signalling both alignment with US expectations for hemispheric security and Ottawa's willingness to hedge its partnerships.[4]

The greatest shift in Washington's security paradigm is the designation of drug cartels and other illicit gangs as foreign terrorist organizations (FTOs), thereby enabling the use of military force. While the Mexican cartels and other drug-smuggling gangs have long controlled territory, they were previously seen primarily as economic actors. The fact that they are now, under the executive's interpretation of US law, legitimate objects of kinetic military action demonstrates the hard-power dimension of the geoeconomic turn in the hemisphere.

"The cartels are waging war in America, and it's time for America to wage war on the cartels, which we are doing," stated Donald Trump in his March 2025 State of the Union address to Congress.[5] The fentanyl trade is cited by Washington as the primary justification for US tariffs on Mexican — as well as Canadian — goods, yet the US has so far taken no visible military action against FTOs on Mexican territory. By contrast, in early September, forces in the Southern Caribbean destroyed a vessel believed to be smuggling drugs for the Tren de Aragua gang. Tren de Aragua and another Venezuelan gang, Cartel de los Soles, have been designated as FTOs, with Washington alleging that they operate under the control of Venezuelan leader Nicolás Maduro.[6]

In autumn 2025, the US Navy repositioned ships towards the Southern Caribbean, marking the largest US deployment since the end of the Cold War. Such action triggered both bandwagoning and counteraction: some aligned with Washington, while others resisted its show of force. The Dominican Republic exemplifies alignment, as it designated Cartel de los Soles a terrorist organization in coordination with US policy, and engaged in a joint operation against narcoterrorism in its own territorial waters.[7] By contrast, Cuba accused Washington, and Secretary Rubio in particular, of corruption and of disturbing the "Zone of Peace".[8] Venezuela also engaged in counteraction, and has used similar language in declaring a "zone of peace" on its border with leftist-led Colombia and fortifying it with additional military forces. The term itself originates with the Community of Latin American and Caribbean States (CELAC), a regional organization competing with the US-anchored Organization of American States (OAS).

Security at the Summit of the Americas

In late 2024, the Secretary General of the OAS, Luis Almagro, tasked the Dominican Republic with "forging hemispheric consensus at the highest political level in search of solutions to the continent's most pressing problems".[9] The venue for doing so is the 2025 Summit of the Americas, whose agenda highlights human security in relation to crime and violence, but also with regard to food, energy, and water. While the agenda is driven by the capital, Santo Domingo, the early December gathering of heads of state will take place in the eastern resort town of Punta Cana – a venue presenting itself not

4 Isidore, Chris (2025) "US firm agrees to buy Panama Canal ports at center of Trump fury". CNN, 4 March. https://www.cnn.com/2025/03/04/business/panama-canal-port-deal-trump; "Canada Joins New NATO Defence Investment Pledge". Government of Canada, 25 June 2025. https://www.pm.gc.ca/en/news/news-releases/2025/06/25/canada-joins-new-nato-defence-investment-pledg.

5 Trump, Donald J. (2025) "Trump says U.S. should 'wage war' on Mexican cartels". YouTube, 4 March. https://youtu.be/jcGjPpNG4xA?feature=shared&t=375; McLeary, Paul & Daniel Lippman (2025) "Pentagon plan prioritizes homeland over China threat". *Politico*, 5 September. https://www.politico.com/news/2025/09/05/pentagon-national-defense-strategy-china-homeland-western-hemisphere-00546310.

6 "Treasury Sanctions Venezuelan Cartel Headed by Maduro", US Department of the Treasury, 25 July 2025, https://home.treasury.gov/news/press-releases/sb0207.

7 Clash Report (@clashreport) (2025) X, 2 September 2025. https://x.com/clashreport/status/1963008776983761031. *Diario Libre* (2025) "EE. UU. y RD incautan 377 paquetes de droga en primera operación conjunta contra narcoterrorismo" [The US and the Dominican Republic seize 377 drug packages in the first joint operation against narcoterrorism]. 21 September. https://www.diariolibre.com/actualidad/nacional/2025/09/21/ee-uu-y-rd-realizan-primera-operacion-contra-narcoterrorismo/3252327.

8 *Diario Libre* (2025) "Cuba llama corrupto a Marco Rubio y critica presencia del ejército de EE. UU. Em el mar Caribe" [Cuba calls Marco Rubio corrupt and criticizes the presence of the US military in the Caribbean Sea]. 18 August. https://www.diariolibre.com/usa/actualidad/2025/08/18/cuba-critica-presencia-del-ejercito-de-ee-uu-en-el-mar-caribe/3216705.

9 Luis Almagro paraphrased in "Preparations Begin for the X Summit of the Americas in 2025". Americas Business Dialogue (2025). https://americasbd.org/en/preparations-begin-for-the-x-summit-of-the-americas-in-2025/. See also "The Dominican Republic announces theme for X Summit of the Americas," Organization of American States (2025). https://www.summit-americas.org/sas/Announcement_Theme_xsummit.html.

only as a site for high summitry but also as a secure hub for the new value chains of the Americas.

This macro-geographic context should be situated within the micro-environment of the broader Greater Antilles, an arena of significant ideological, geopolitical, and economic differences. Punta Cana lies at the eastern extremity of the island of Hispaniola, just over 100 kilometres from Puerto Rico, which is a US territory. In the 1980s, this proximity enabled economic programmes, supporting, for example, the development of twin manufacturing plants across the two jurisdictions. These programmes benefited from US federal tax exemptions for employment in Puerto Rico and, through the Caribbean Basin Initiative, provided Dominicans with tariff relief for their exports.

The twin manufacturing plants that aligned economic development with the US during the 1980s had their origins in US concerns over the spread of socialism in the Caribbean, both within and beyond US borders, as well as in Central America. Today, an increasing number of observers are concerned about the possible infiltration of warlord-ruled Haiti, the Dominican Republic's western neighbour, by outside actors. It is therefore noteworthy that the Punta Cana region is not only close to the United States, both geographically and in its vision of development, but also as far removed from Haiti as one can be without leaving the island of Hispaniola, thereby establishing a clear counter-narrative to instability and insecurity.

A safe distance from Haiti also translates into greater distance from Cuba, a pivotal country for past Summits. Cuba was suspended from the OAS in 1959 at the time of its Revolution, and although the suspension ended fifty years later, Havana has decided not to pursue OAS membership. Despite this, Cuba participated in two Summits in the 2010s, setting a new precedent for participation without formal membership. In contrast in 2022, the US, as host, did not invite the leaders of Cuba, Nicaragua, and Venezuela. In protest against these exclusions, Mexican President Andrés Manuel López Obrador chose not to attend. The Los Angeles summit, which was supposed to engage the largest US trading partner, Mexico, is now remembered largely for who was absent and why. This time around, the foremost forum for hemispheric affairs cannot afford to fall flat, and the leadership of Cuba, Nicaragua, and Venezuela are not expected to be invited. Yet the challenges remain daunting, as the Dominican Republic must, for a start, bridge very different understandings of security: from food and economic security to military concerns.

Poster country for growth

If there is a poster country for the development agenda known as the Washington Consensus, it is the Dominican Republic. It has been an economic success story without parallel in the Western Hemisphere over the past half century: the *Financial Times* has described its roughly five per cent annual growth as "Asian-style", and even in 2025, the economy is expected to grow by 4–5 per cent. Such growth is often attributed to a strikingly consensual form of democratic politics, in contrast to a region known for sharp swings between left and right and, more recently, lurches towards authoritarianism. Instead, Santo Domingo embraced much of the old Washington Consensus, attracting investment and developing a diverse economy.

"The Dominican Republic is now emerging as a leading partner for the United States under a new paradigm that links economic engagement to broader security alignment."

This does not suggest that the Dominican Republic has achieved perfection in any area, however. Its infrastructure and educational system have struggled to keep pace with the demands of a modern, increasingly industrialized economy. Electricity shortages continue to plague the country, and pre-employment training programmes are insufficient for securing a stronger foothold in technology supply chains. Similarly, structural weaknesses, such as underdeveloped public capital markets, also hinder growth. Nonetheless, under the old development paradigm, the Dominican Republic is precisely the kind of partner that the United States seeks, and Secretary of State Rubio has repeatedly expressed his admiration for Santo Domingo's achievements.

The Dominican Republic is now emerging as a leading partner for the United States under a new paradigm that links economic engagement to

broader security alignment. Notably, the US Army Corps of Engineers has discovered larger-than-expected rare earth metal reserves in the Dominican Republic. A growing partnership may also entail deeper industrial integration, especially in critical or dual-use technology. Building on its existing role as a US supplier of medical equipment, the Dominican Republic is now seeking a place in semiconductor supply chains. Alongside other US partners, such as Panama, it is attempting to enter this sector, even as Intel shuts down its chip assembly plant in Costa Rica.[10] The question remains: where do these countries fit into US-centred supply chains now that the United States is shifting towards reshoring rather than relying solely on friendshoring or nearshoring?

At the same time, some reshoring, or at least an increase in domestic US industrial output, is necessary to support defence production in a world of growing rivalry and conflict. Yet large-scale reshoring faces prohibitive costs, as the US economy continues to pull away from rich-world counterparts, and tariffs on foreign inputs may ultimately raise the cost of domestic production. Washington must therefore mix and match strategies: it can reshore more efficiently if its neighbours house complementary parts of different supply chains – in addition to continuing to rely on certain inputs from farther-flung friends. However, these neighbour-based inputs remain subject to scrutiny due to evolving trans-shipment and final-assembly practices. For example, the extent of China-related investment in Mexico is the subject of increasingly heated debate, as Chinese manufacturers seek "economically permissive portals" to access supply chains; in response, Mexico is now raising its tariffs on Chinese imports.[11]

Among the 20 countries with which the United States has free-trade agreements (FTAs), the Dominican Republic enjoys one of the most favourable tariff positions. Under the CAFTA-DR trade agreement, it remains at the US "Liberation Day" baseline tariff rate of 10 per cent. While that rate is higher than for those goods covered by the United States–Mexico–Canada (USMCA) trade agreement, the future of those exemptions is increasingly in doubt, and Mexico and Canada already face tariffs of 25 and 35 per cent on other goods. This means that as US companies diversify away from China, many are already beginning to look for alternatives to the USMCA, including in the Dominican Republic.[12]

Despite such fragility in the USMCA, a reality check is in order: total US goods and services trade with CAFTA-DR amounts to a little over $100 billion a year, while trade with the USMCA is close to two trillion dollars. The USMCA has also been a clear success on its own terms, with intra-regional trade rising by 37 per cent and investment by 16 per cent since its inception.[13] Yet the future of this trade zone, covering over 500 million people and 30 per cent of global GDP, is now in doubt as its review process begins in July 2026. If all three countries do not agree to a renewal, the agreement may devolve into a pattern of annual renewals rather than facing the next scheduled review in 2032. As current US policy increasingly favours tariffs over direct support for domestic industry, any country hoping to benefit from the travails of the USMCA must appear to be a reliable ally, such as Canada, while beating Mexico on labour costs. The Dominican Republic already meets the latter standard and is increasingly tilting towards the former as well.

The challenges of geopolitics

While economic success is drawing the Dominican Republic towards closer cooperation with the United States, geopolitics appears to be propelling it in the same direction. Together, these dynamics form

10 Berg, Ryan C. & Rubi Bledsoe (2025) "Latin America's Role in De-Risking Semiconductor Supply Chains". CSIS, 22 August. https://www.csis.org/analysis/latin-americas-role-de-risking-semiconductor-supply-chains.

11 On complementarity, see Hernandez-Roy, Christopher, Eitan Casaverde & Natalia Hidaldo (2025) "Complementarity Mindset: Mexico's Economy During a U.S. Reshoring Push". *CSIS Commentary*, 20 June. https://www.csis.org/analysis/complementarity-mindset-mexicos-economy-during-us-reshoring-push; On China's "economically permissive portals", see Collins, Gabriel, Tony Payan & David A. Gantz (2025) "Quantifying Investments by Mexico-Based China-Linked Entities". Baker Institute, 30 January. https://www.bakerinstitute.org/research/quantifying-investments-mexico-china-linked-entities.

12 Yukevich, Vanessa (2025) "US Companies Are Scrambling to Move Supply Chains. This Small Island Could be the Answer". CNN, 4 June. https://www.cnn.com/2025/06/04/business/us-companies-manufacturing-dominican-republic.

13 Marroquín Bitar, Diego, Christopher Hernandez-Roy & Earl Anthony Wayne (2025) "USMCA Review 2026". 18 August. https://www.csis.org/analysis/usmca-review-2026.

a geoeconomic vector in which deeper economic cooperation is increasingly tied to collaboration on a range of issues, including security and the refashioning of the broader Caribbean space. At the same time, Santo Domingo's diplomacy has traditionally sought to carve out an inoffensive middle path between Washington and the rest of Latin America, complicating the prospects for wholesale alignment. Yet most Dominicans welcome US assistance in addressing transnational crime and the fallout from Venezuelan – and especially Haitian – migration. The Dominican Republic and Haiti share an island, as well as a history that is too complicated to recount, beyond noting that until the 1970s Haiti was richer than its neighbour. Today, however, attempts by the Dominican public and private sectors to promote joint economic development have met with only limited success. Instead, Haiti is increasingly seen as a failed state that is controlled not by its central government but by gangs and coalitions thereof. Meanwhile, as Haiti is the second-most populous country in the world to still recognize Taipei over Beijing, the People's Republic of China maintains a growing interest in seeing a friendly government in Port-au-Prince.

The most pressing concern for Santo Domingo, however, is the continuing wave of Haitian migrants in search of a better life. This has led to the increasing militarization of the border that divides Hispaniola, and also influences how the United States engages with the Dominican Republic. During the Biden administration, Washington took a more equivocal stance towards the country, simultaneously continuing to congratulate it for its economic achievements while decrying its handling of Haitian migration.[14] Under the Trump administration, Washington has been more sympathetic towards Dominican border-control policies, drawing parallels between the two countries' respective border challenges.

The shared regional interests between Washington and Santo Domingo are not limited to Hispaniola. As the Dominican Republic has also received over 100,000 refugees from Venezuela, it takes an interest in a better future for Venezuelans in their own country. Furthermore, because the militarized regime in Caracas has threatened the sovereignty of Guyana, Santo Domingo has also aligned more closely with Georgetown — presenting yet another interest it shares with the United States and, in this case, with the US oil majors operating in Guyana.

"The Dominican Republic finds itself in a new position: it, too, will have to decide how far to align with Washington."

In fact, Washington's attention now seems more focused on the Southern Caribbean than on Mexico and its cartels, perhaps reflecting a belief that the former presents problems that, while difficult, may be easier to resolve.[15] Haiti's spiral into lawlessness and violence is one such problem, with arms and ammunition flowing in from both the United States and the Dominican Republic. A resolution that suits Washington may be further away on the northern coast of South America, where Colombia – long a close US ally – has become a vocal opponent of Washington's presence in the Southern Caribbean. In this context, the Dominican Republic finds itself in a new position: it, too, will have to decide how far to align with Washington. Maintaining economic growth is one part of today's geoeconomics; achieving further political and security alignment in an increasingly challenging environment is another.

Conclusions: Lessons from the Dominican Republic

In recent decades, it has been easy for scholars and analysts of global affairs to act as if geopolitics did not exist in the Western Hemisphere. This has been true not only for those in the Old World, with their eyes always on Eurasia, but also for those operating within the "Zone of Peace", that is, the Americas. Even US analysts and actors themselves have tended to see specialization in the Americas as a dead-end.

14 Vyas, Kejal (2024) "The Dominican Republic's Plan for Haitian Refugee Wave: Deport 10,000 a Week". *The Wall Street Journal*, 29 October. https://www.wsj.com/world/americas/the-dominican-republics-plan-for-haitian-refugee-wave-deport-10-000-a-week-e321a5f2?mod=Searchresults_pos3&page=1.

15 Berg, Ryan C. et al. (2025) "The Wrong Way to Fight the Cartels". *Foreign Affairs*, 15 September. https://www.foreignaffairs.com/mexico/wrong-way-fight-cartels; Ziemer, Henry (2025) "What Does the United States Want in the Southern Caribbean?" *Caballeros*, Substack, 3 September, https://caballeroslac.substack.com/p/what-does-the-united-states-want.

Instead, careers have been built on knowledge of the valleys of Afghanistan and, more lately, on the intricacies of Taiwan's semiconductor industry. This is now changing, and doing so rapidly. The reasons are manifold, and best understood together as the geoeconomic turn of the Americas.

First, an emerging consensus within the United States now regards past economic strategy as a failure, not only in relation to Chinese production but also within its own neighbourhood. Jobs moved to Mexico and Canada, yet Mexico resisted fuller geopolitical alignment with the US, while Canada allowed its defence spending to dwindle. Second, Washington increasingly views the Chinese distribution of precursor chemicals for the fentanyl trafficked by the Mexican cartels as part of a modern-day "opium war", analogizing it to a moment of great geoeconomic heft in history. Third, the logic of decoupling from China is redrawing the map and splitting the hemisphere in two. The countries along the southern Caribbean coast – Panama, Colombia, Trinidad and Tobago, Guyana, and Venezuela – have assumed pivotal importance, while the Dominican Republic has emerged as an important partner due to its stability, economic growth, and alignment with the US. Meanwhile, the vast majority of South America that lies beyond the Caribbean coastlines is becoming increasingly distant from Washington – not least because it already trades far more with China than with the United States. A geography that once cohered under silent geopolitics may no longer be able to withstand the pressures of loud geoeconomics, a new relevance determined by both economic and political alignment.

We remain in the early stages of this redrawn geography and of the geoeconomic turn in the Americas, which is transforming economic actors – from drug cartels to critical supply-chain partners – into security concerns. In such times, it is easy to drown in jargon – friendshoring or nearshoring, for example – and to miss the momentous shifts. This paper has argued that to grasp the full spectrum of the second Trump administration's foreign, economic, immigration, trade, and security policies, it is best to focus on matters close to US shores. The increasing geoeconomic and geopolitical alignment between the Dominican Republic and the United States reflects broader shifts occurring not only in their shared neighbourhood but also across the wider world.[16] Nor do we need to look far for a comparative case of geopolitical realignment at a time of tumult – just consider how Helsinki now views its relationship with Washington.

16 For a new twin-shoring proposal, see Auffant, Marino & Enrique Millán-Mejía (2025) "Partnering for economic security: A comprehensive strategy for greater United States–Dominican Republic integration". The Atlantic Council, 29 September. https://www.atlanticcouncil.org/in-depth-research-reports/report/partnering-for-economic-security-a-comprehensive-strategy-for-greater-united-states-dominican-republic-integration/.

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FIIA
FINNISH
INSTITUTE OF
INTERNATIONAL
AFFAIRS

Arkadiankatu 23 b
POB 425 / 00101 Helsinki
Telephone +358 (0)9 432 7799
www.fiia.fi