

BI-WEEKLY LATIN AMERICA SNAPSHOT
January 16, 2026

On this biweekly edition, we assess shifting political and economic dynamics as **Venezuela** enters a phase of managed transition and regional oil flows are disrupted, sharply increasing **Cuba's** energy vulnerability. **Colombia** is working to stabilize its relationship with the U.S. amid renewed security cooperation, while **Chile's** president-elect José Antonio Kast uses the transition period to advance regional coordination on migration and security, and **Costa Rica** pivots toward a tougher public-security approach amid rising crime. **Argentina** shows signs of macroeconomic stabilization and, **across the region**; the removal of Nicolás Maduro is accelerating political fragmentation, weakening bloc-based alignment and reinforcing more bilateral policymaking.

Top Developments

Washington tests pragmatic engagement as Venezuela's power structure holds. Despite the removal of President Nicolás Maduro, Venezuela's military, political, and bureaucratic machinery remains largely intact. Rather than centering U.S. policy on the opposition, the Trump administration has placed its short-term bet on Delcy Rodríguez, a long-time regime insider now serving as acting president, signaling a preference for enforceable commitments and economic functionality. Engagement has accelerated under this framework with President Donald Trump describing relations with Caracas as constructive following direct talks with Rodríguez spanning energy, minerals, trade, and national security. In parallel, Washington has preserved channels with the opposition, including a White House meeting with opposition leader María Corina Machado, reflecting a dual-track strategy that sustains democratic pressure while prioritizing operational governance. On her end, Rodríguez has framed the moment as a new political phase marked by coexistence amid ideological divergence; a narrative accompanied by a tightly managed release of political detainees. Companies and investors assessing re-entry into Venezuela face elevated compliance and political exposure, but also potential first-mover advantages if conditional normalization continues. More broadly, Washington's posture suggests Venezuela's post-crisis trajectory is likely to unfold through negotiated accommodation rather than abrupt regime change, which could reshape expectations around operational continuity and long-term country risk across the region.

Cuba faces increased energy vulnerability amid shifting regional oil flows. The Trump administration's focus on Cuba has intensified following U.S. actions that removed Venezuela's leadership and effectively disrupted the oil-for-support relationship that sustained Havana's energy system. President Donald Trump has signaled that continued access to Venezuelan oil will depend on political concessions, sharply increasing Cuba's exposure at a time when its power grid and transportation network rely almost entirely on imported hydrocarbons. Venezuelan crude has represented roughly 70% of Cuba's oil imports in recent months, with Mexico and Russia supplying most of the remainder, volumes that are insufficient to fully offset a sustained disruption. While Washington appears to be using energy pressure as leverage rather than enforcing an immediate total cutoff, the risk of prolonged shortages raises the likelihood of deeper blackouts, economic contraction, and social instability. The situation heightens operational and political risk across the Caribbean, affecting energy markets, logistics, tourism, and regional supply chains, while increasing sanctions exposure and volatility tied to shifting oil trade routes.

Colombia seeks reset with Washington as Petro moves to stabilize ties. Colombian President Gustavo Petro is set to meet President Donald Trump in Washington on February 3, signaling a deliberate effort to de-escalate months of diplomatic strain and re-anchor the bilateral relationship. The Petro administration is positioning the encounter as a chance to recalibrate Colombia's security standing, highlighting counter narcotics results and operational cooperation as Washington tightens expectations around regional security performance. The outreach has been preceded by intensified engagement from Bogotá's defense and security establishment. Senior Colombian officials, led by Defense Secretary Pedro Sánchez, have held consultations in Washington with U.S. lawmakers and security authorities to underscore continued alignment with U.S. priorities on drug trafficking, seeking to preserve Colombia's role as Washington's most dependable security partner in South America. The reset lowers near-term policy risk, as steadier relations with the United States help protect trade access, foreign investment, and defense cooperation, while reducing the likelihood of punitive measures linked to security and drug-control disputes.

Chile's incoming government prioritizes migration coordination and security cooperation. Chile's president-elect José Antonio Kast is using the transition period to advance regional coordination on migration management and security, signaling an early policy recalibration ahead of his inauguration. Kast has held talks with the President of Ecuador, Daniel Noboa, on establishing a coordinated humanitarian corridor to facilitate the return of irregular migrants from Chile, Peru, and Ecuador to Venezuela, building on discussions previously held in Buenos Aires with Javier Milei. The engagement with Ecuador has also focused on joint efforts to counter transnational organized crime, reflecting shared concerns over security spillovers linked to irregular migration and illicit networks.

Domestically, Kast has initiated the formal transition process ahead of the March 11 transfer of power. The orderly handover reinforces institutional continuity as the incoming administration prepares to recalibrate Chile's approach to migration management, security cooperation, and fiscal stability, supporting investor confidence as the new government takes office.

Costa Rica turns to hard-security model as crime pressures intensify. Costa Rican President Rodrigo Chaves and Salvadoran President Nayib Bukele formally launched construction of a high-security detention facility in Alajuela modeled on El Salvador's large-scale incarceration approach, marking a significant shift in Costa Rica's security strategy. The project comes as Costa Rica confronts record homicide levels, with authorities attributing a majority of violent crime to drug trafficking and organized criminal networks.

The initiative reflects growing regional convergence around tougher enforcement tools to contain organized crime and restore public order. The security push also carries political weight ahead of Costa Rica's February 1 presidential elections. While Chaves is constitutionally barred from reelection, polling suggests his public-security agenda could bolster continuity through allied candidates, reinforcing the centrality of crime control in the electoral debate.

Key Data

Argentina shows macro stabilization gains as growth slows and inflation cools. The World Bank estimates Argentina grew 4.6% in 2025 and projects GDP growth of 4% in both 2026 and 2027. According to the National Institute of Statistics and Censuses (INDEC), Argentina's economy expanded 3.3% year over year in the third quarter of 2025, down from a revised 6.4% increase in the previous quarter, slightly below market expectations. Growth was concentrated in financial intermediation, mining, and tourism.

Inflation slowed markedly in 2025, with consumer prices rising 31.5%, compared with 117.8% in 2024, marking the lowest annual rate in eight years. Monthly inflation reached 2.8% in December, extending a midyear uptick. Price dynamics continue to reflect ongoing adjustments in relative prices, exchange rates, and regulated sectors. Taken together, the data highlight early success in stabilizing Argentina's macro framework while underscoring the challenge of sustaining disinflation without undermining growth.

LATAM & the Caribbean Forecast Summary

(Real GDP growth at market prices in percent, unless indicated otherwise)

	2023	2024	2025e	2026f	2027f
South America ⁴	1.8	2.4	2.7	2.4	2.5
Central America ⁵	4.9	3.5	3.9	3.6	3.7
Caribbean ⁶	4.3	7.0	3.3	5.2	6.6
Caribbean excluding Guyana	2.0	3.2	1.7	2.9	3.7
Brazil	3.2	3.4	2.3	2.0	2.3
Mexico	3.4	1.4	0.2	1.3	1.8
Argentina	-1.9	-1.3	4.6	4.0	4.0

Source: Global Economic Prospects, World Bank.

Latin America's political balance reshapes. The removal of Nicolás Maduro has accelerated a rebalancing of Latin America's political landscape, further weakening an already fragmented set of governments that had aligned, formally or informally, with Venezuela. Even before Maduro's exit, regional cohesion was under strain as economic pressures, governance fatigue, and shifting voter behavior reshaped domestic political incentives across multiple countries.

Country	Population
Brazil	211,998,573
Mexico	130,861,007
Colombia	52,886,363
Guatemala	18,406,359
Cuba	10,979,783
Nicaragua	6,916,140
Uruguay	3,386,588
Total	435,434,813

Before this inflection point, eight of Latin America's 19 countries were governed by left-leaning administrations, loosely split between more pragmatic governments, including Brazil, Colombia, Mexico, Guatemala, and Uruguay, and a harder-line axis anchored by Venezuela, Cuba, and Nicaragua.

Governments that once shared rhetorical alignment are now prioritizing domestic constraints, bilateral relationships, and transactional engagement with major powers over collective regional initiatives. As a result,

Source: World Bank

coordinated positions on trade, security, and multilateral diplomacy are becoming harder to sustain, even where political labels overlap. Thus, policy outcomes are likely to diverge more sharply across markets and political risk will be driven by bilateral dynamics rather than regional consensus.

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