

BI-WEEKLY LATIN AMERICA SNAPSHOT

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In this biweekly edition, **Costa Rica's** elections reinforce political continuity and a pronounced security-first agenda. **Venezuela** pairs tentative political signaling with a decisive reopening of its oil sector. U.S. pressure on **Cuba** intensifies amid a deepening power crisis, while **Colombia** moves to recalibrate strained ties with Washington ahead of a pivotal electoral cycle. Meanwhile, trade and energy frictions between **Ecuador** and **Colombia** escalate into a broader bilateral dispute, highlighting the fragility of regional cooperation. Still, renewed emphasis on regional coordination emerged at the International Economic Forum for Latin America and the Caribbean 2026 in **Panama**.

Top Developments

Costa Rica elections secure political continuity. Laura Fernández secured a first-round victory in Costa Rica's presidential election with 48.5% of the vote, comfortably above the 40% threshold to avoid a runoff, becoming the country's second female president at age 39. A former senior minister and chief of staff under outgoing President Rodrigo Chaves, Fernández campaigned explicitly on political continuity, consolidating the rightward shift initiated under the current administration. Her agenda prioritizes public security, institutional reform, and a redefinition of the state she has termed a "Third Republic," with organized crime and rising narcotrafficking-related violence at the center of the campaign. Fernández has pledged tougher criminal laws, judicial reform, and the possible use of constitutionally permitted states of exception in high-crime areas, while committing to complete a high-security mega-prison inspired by El Salvador's model. While the ruling party also secured a legislative victory, margins were narrower, and some opposition voices warn that the security-first approach and concentration of executive authority risk eroding institutional checks as Fernández takes office on May 8.

Venezuela signals selective openness as energy reform advances. Venezuela's interim president Delcy Rodríguez announced a proposed general amnesty law covering cases dating back to 1999, potentially benefiting hundreds of political prisoners, and declared that the UN High Commissioner for Human Rights would be invited to verify releases, though no official list has been published. Opposition leader María Corina Machado attributed the move to U.S. pressure and questioned Rodríguez's authority to manage a political transition. Still, Rodríguez recently met with U.S. charge d'affaires Laura Dogu, in their first official meeting since Dogu arrived in Caracas to reopen the U.S. diplomatic mission, closed since 2019.

In parallel, the National Assembly approved a sweeping reform of the Organic Hydrocarbons Law, dismantling the 2006 state-control framework introduced under Hugo Chávez. The reform enables private firms to assume technical and operational control previously reserved for Petróleos de Venezuela (PDVSA), introduces flexibility to reduce royalties and income taxes based on project viability, and eliminates special windfall contributions and several sector-specific levies. Venezuela also announced its first-ever export of liquefied petroleum gas, reinforcing signals of a market reopening.

Rising U.S. pressure amid acute energy stress in Cuba. President Donald Trump has intensified pressure on Cuba, shifting Washington's focus toward the island's leadership and its external energy lifelines. While signaling limited contact with senior Cuban officials, the administration has authorized measures to impose tariffs on countries that sell or supply oil to Cuba, seeking to deter third-party energy support. Mexico, which supplied roughly 44% of Cuba's imported oil in 2025, has requested clarification from Washington on the scope of the

executive order, while reaffirming its sovereign right to maintain energy ties and announcing additional humanitarian assistance.

The escalation comes amid acute strain on Cuba's energy system, with authorities warning that power outages could affect up to 63% of the country, the highest level since data began to be published in 202, reflecting structural infrastructure constraints and reduced crude supplies following disruptions from Venezuela. The episode heightens political and commercial risk around Cuba's energy security and adds uncertainty to regional diplomatic dynamics.

Bogotá and Washington attempt to reset a strained bilateral relationship. Colombian President Gustavo Petro traveled to Washington to meet with U.S. President Donald Trump, aiming to stabilize bilateral relations after a year of public disputes and diplomatic friction. Ahead of the visit, Petro's administration moved to reopen channels with Washington, meeting with senior U.S. diplomatic officials in Bogotá after having required a special visa following earlier tensions with the U.S. government.

The two leaders held their first in-person meeting at the White House on February 3, focusing on resetting dialogue as Petro enters the final stretch of his term ahead of Colombia's upcoming presidential elections. Discussions covered Venezuela's economic recovery, sanctions, and broader regional security coordination, including potential collaboration against guerrilla and terrorist groups operating in the region.

The meeting also marks a shift from recent tensions that had seen Washington place Petro alongside Venezuelan leader Nicolás Maduro and threaten military action. Nonetheless, security and counternarcotics cooperation remained central to the agenda. Washington raised concerns over rising cocaine production in Colombia, while Bogotá defended its crop-substitution strategy as a longer-term approach. Overall, the encounter underscored both governments' interest in preventing further deterioration of security and cooperation ties, even as differences on counternarcotics and regional security policy persist.

Ecuador and Colombia escalate trade dispute. Ecuador and Colombia are locked in a fast-moving escalation of trade and energy retaliation that threatens to further strain an already fragile bilateral relationship. The standoff began after Ecuadorian President Daniel Noboa imposed a 30% tariff on Colombian imports, prompting Colombia, under President Gustavo Petro, to retaliate with reciprocal tariffs and suspend electricity exports, significant given Colombia supplies roughly 9% of Ecuador's power. Ecuador has since intensified pressure by raising transit fees for Colombian crude through the Trans-Ecuadorian Pipeline System by more than 900%, directly targeting a key outlet for Colombia's hydrocarbon exports.

Colombia and Ecuador have initiated quiet de-escalation talks, led by foreign ministers Rosa Villavicencio and Gabriela Sommerfeld, amid heightened geopolitical sensitivity in the region. Nonetheless, tensions have begun to spill over into the real economy and border dynamics. Freight transport unions from both countries announced a joint mobilization at the Rumichaca International Bridge, warning that the escalation of tariffs and transit fees is already disrupting cargo flows and weighing on cross-border trade. Business chambers on both sides caution that the standoff risks higher prices, supply-chain disruptions, job losses, increased smuggling, and greater insecurity along informal crossings.

Key Events

Momentum toward deeper regional coordination. Panama City hosted the International Economic Forum for Latin America and the Caribbean 2026, organized by CAF – Development Bank of Latin America and the Caribbean, consolidating the region's position as a hub for high-level international economic debate and drawing comparisons to a "Latin American Davos."

- The forum brought together eight heads of state, senior multilateral officials, and business leaders from more than 70 countries, marking the largest regional economic gathering in recent years and a sharp expansion from its inaugural 2025 edition.
- Regional leaders included Raúl Molina, President of Panama; Luiz Inácio Lula da Silva, President of Brazil; Rodrigo Paz, President of Bolivia; Daniel Noboa, President of Ecuador; Bernardo Arévalo, President of Guatemala; Gustavo Petro, President of Colombia; Andrew Holness, Prime Minister of Jamaica; and Chile's president-elect, José Antonio Kast.
- Discussions emphasized development "from within," with a focus on regional integration to address chronic inflation, weak reserves, fiscal constraints, and productivity gaps, underscoring the need to elevate dialogue above ideological divisions.
- Economic Commission for Latin America and the Caribbean (ECLAC) Executive Secretary José Manuel Salazar-Xirinachs highlighted the urgency of diversifying export products, markets, and trade partners amid a fractured global order, noting persistently low intraregional trade levels, around 13–14% in South America and 25% in Central America, contrasting sharply with Mexico's heavy dependence on the U.S. market.
- Discussions on infrastructure finance concluded that Latin America's binding constraint is less capital availability than project preparation, governance, and execution capacity.
- Participants argued that supply-chain disruptions present a strategic opening to strengthen regional value chains, improve logistics, and reduce exposure to future global shocks.

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