

BI-WEEKLY LATIN AMERICA SNAPSHOT

May 18, 2026

In this biweekly edition, **Peru** heads to a presidential runoff after a fractured first-round vote, **Colombia's** presidential race appears increasingly headed toward a runoff amid rising polarization and security concerns, while **Costa Rica's** new president, took office with a strong emphasis on continuity and public security. The **United States** and **Brazil** are also seeking to stabilize bilateral trade relations following the Trump–Lula meeting in Washington, as the **Dominican Republic** expands its investment agenda while deepening security cooperation with Washington. Meanwhile, the **Andean Community** is pressuring **Colombia** and **Ecuador** to dismantle trade restrictions that have disrupted regional commerce. Key data includes the release of the **UNPD's 2026 Democracy and Development Report**, which warns of growing pressures on democratic governance across Latin America and the Caribbean.

Top Developments

Peru confirms runoff between Keiko Fujimori and Roberto Sánchez. Peru's electoral authorities officially confirmed that Keiko Fujimori, the conservative leader of "Fuerza Popular", and Roberto Sánchez, the leftist candidate of "Juntos por el Perú", will advance to the presidential runoff scheduled for June 7, following a fragmented first-round vote marked by protests and allegations of irregularities.

With more than 30 candidates on the ballot, no contender secured the outright majority required to avoid a second round. According to official results, Fujimori finished first with 17.19% of the vote, followed by Sánchez with 12.03%. The outcome highlights the fragmented nature of Peru's political landscape, as more than 70% of voters supported other candidates in the first round. Both finalists are now expected to intensify coalition-building efforts ahead of the runoff as they seek to consolidate broader political and electoral support.

Colombia could head towards a polarized presidential runoff. Recent polling ahead of Colombia's presidential election, points to an increasingly polarized race with no candidate positioned to secure an outright first-round victory. Iván Cepeda, representing the left-wing Historic Pact coalition aligned with President Gustavo Petro, continues to lead voter intention surveys, although analysts widely expect the election to proceed to a runoff on June 21.

The contest for second place remains highly competitive between conservative candidates Paloma Valencia and Abelardo de la Espriella, both of whom are positioning themselves as alternatives to the current administration's political and economic agenda. Despite expectations among some investors of a shift toward more market-oriented policies after Petro, polling has yet to produce a clearly consolidated pro-business candidacy.

Security concerns are also intensifying ahead of the vote. The National Registrar of Colombia, warned that approximately 104 municipalities face high electoral risk due to the presence of illegal armed groups, prompting calls for reinforced security measures to guarantee a transparent voting process. The issue has also drawn attention in Washington, where U.S. lawmakers have raised concerns about electoral violence and institutional stability.

At the same time, financial markets remain focused on the post-election policy outlook. Goldman Sachs expects Colombia's central bank to resume monetary tightening after the election cycle, arguing that inflation concerns could regain priority once political uncertainty subsides.

Costa Rica begins new administration focused on continuity and security. President Laura Fernández Delgado was sworn in as Costa Rica's 50th president on May 8, pledging to continue the political movement launched by her predecessor and mentor, Rodrigo Chaves. Fernández, who won the February elections by a wide margin, framed her administration as a continuation of a results-oriented political model aimed at reshaping state institutions and strengthening government accountability.

Security is expected to become a central priority. Fernández announced plans to strengthen the country's response to organized crime and narco-trafficking, including the construction of a large-scale prison modeled after El Salvador's security approach and the creation of a new national command and control center for public security operations.

The new administration has maintained significant continuity across key ministries and strategic institutions, and, in an unprecedented move in recent Costa Rican politics, former president Rodrigo Chaves will remain in government serving as both the Minister of the Presidency and Minister of Finance, reinforcing policy continuity and the administration's legislative strength.

U.S.–Brazil relations stabilize following Trump–Lula meeting. U.S. President Donald Trump and Brazilian President Luiz Inácio Lula da Silva moved to ease bilateral tensions during their first White House meeting on May 7, after months of friction over tariffs, foreign policy, and trade disputes, suggesting both sides are seeking a more pragmatic and economically driven relationship. Both governments agreed to resume negotiations on tariffs within the next 30 days, with working groups tasked with advancing discussions on trade and market access.

Economic issues dominated the agenda, particularly U.S. tariffs on Brazilian products and ongoing investigations into alleged unfair trade practices. Critical minerals also emerged as a strategic area of discussion, as Washington seeks to diversify supply chains away from China and Brazil holds some of the world's largest reserves of rare earths and other key resources. The meeting also suggested a more pragmatic tone in bilateral relations, as Lula urged the United States to strengthen economic engagement with Brazil and Latin America beyond a security-focused agenda centered on narco-trafficking.

Dominican Republic expands investment push while deepening security cooperation with the U.S. President Luis Abinader presented the Dominican Republic as a leading investment destination during the 12th World Free Zone Organizations World Congress, highlighting the country's expanding industrial base, legal stability, and growing role in regional supply chains. He underscored the country's diversified production ecosystem, which includes medical devices, electrical manufacturing, logistics, business process outsourcing, and tobacco. Abinader pointed to continued interest from multinational firms, including major technology companies, as evidence of the country's growing competitiveness and attractiveness for foreign investment.

At the same time, the Dominican Republic is deepening security cooperation with the United States under the "Shield of the Americas" initiative. The government approved a temporary extension allowing U.S. personnel and aircraft access, overflight, and operational coordination within Dominican territory to support counternarcotics and transnational crime operations. The agreement also includes efforts to strengthen airport and border security through enhanced technological and biometric capabilities, reflecting a broader strategy to improve national security while supporting tourism, connectivity, and long-term economic competitiveness.

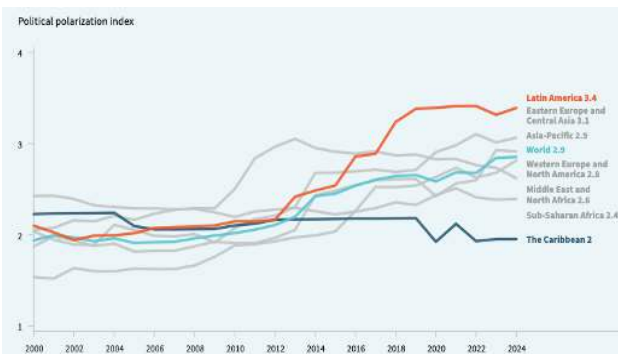
Andean Community pressures Colombia and Ecuador to roll back trade restrictions.

The Andean Community (CAN) ordered Colombia and Ecuador to dismantle recent trade restrictions after bilateral trade flows fell sharply amid escalating tariff measures between the two countries. The regional bloc concluded that the reciprocal tariffs violated free trade provisions under the Cartagena Agreement and gave both governments until May 21 to remove the restrictions.

The dispute has already had a significant economic impact. Colombian exports to Ecuador declined by more than 44% between February and March 2026, with the sharpest contractions concentrated in sectors with strong regional integration, including fuels, electrical equipment, plastics, and industrial machinery. The deterioration highlights the vulnerability of regional supply chains to political and trade tensions, and the CAN's intervention also underscores growing concern over the potential fragmentation of regional trade integration mechanisms.

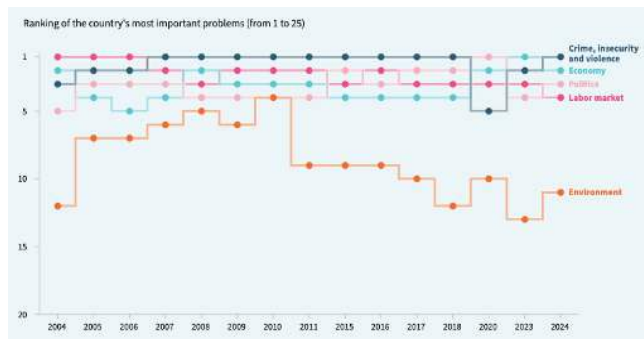
Key data

UNDP report warns of growing democratic pressures across Latin America. The United Nations Development Programme (UNDP) released its 2026 Democracy and Development Report, warning that democracies across Latin America and the Caribbean face mounting pressures that threaten their legitimacy and long-term sustainability, despite the region remaining the most democratic in the developing world. The report highlights rising public dissatisfaction with democratic systems, noting that 64% of citizens are dissatisfied with the way democracy functions, while support for authoritarian alternatives appears to be increasing if such systems are perceived as capable of delivering economic stability and security.



A central theme of the report is the interdependence between democracy, human development, and state capacity. The report identifies political polarization, artificial intelligence, disinformation, organized crime, and climate-related pressures as some of the main factors undermining confidence in democratic governance.

At the same time, it warns that slowing progress in human development and persistent inequality continue to weaken democratic legitimacy. Although the region's Human Development Index has improved significantly since 1990, Latin America remains the most unequal region globally, with inequality reducing the region's adjusted human development levels by approximately 21%.



Overall, the UNDP argues that without more inclusive and resilient development, democratic institutions across the region could face increasing fragility due to rising social and political pressures.

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