BI-WEEKLY LATIN AMERICA SNAPSHOT

August 31, 2026

In this biweekly edition, the **U.S. and Venezuela** reach a major energy agreement that could reshape bilateral energy ties. **Brazil**'s presidential campaign begins with President Lula maintaining a narrow lead over Flávio Bolsonaro, as Brasília and Washington resume talks over U.S. tariffs. In **Chile**, President Kast's proposed security reform faces resistance across the political spectrum, while the **Dominican Republic** strengthens trade controls amid U.S. concerns over illegal transshipments. **Colombia** moves from emergency response toward reconstruction following the August earthquake. Finally, a new **ECLAC** report outlines how the region can strengthen its position in a changing global order.

Top Developments

U.S. and Venezuela deepen energy ties with major oil agreement. The United States and Venezuela have announced a major energy agreement covering 17 strategic oil fields with more than 65 billion barrels of proven reserves, equivalent to 21,5% of Venezuela's total reserves. President Donald Trump described the agreement as the largest oil deal in history, while interim President Delcy Rodríguez said it could attract more than US$100 billion in investment and generate approximately US$209 billion in revenue for the Venezuelan state.

Under the framework outlined by both governments, the projects would target production of more than 1.5 million barrels per day, with U.S. interests obtaining majority control over the venture and access to oil at cost. Rodríguez has emphasized that Venezuela will retain ownership and sovereignty over its natural resources, presenting the agreement as a way to secure the capital, technology and infrastructure needed to rebuild the country's oil industry.

The agreement could significantly deepen U.S.–Venezuela energy ties at a time of elevated global oil prices and supply disruptions linked to the Middle East conflict. For Venezuela, it represents an effort to convert its vast reserves into investment, production and government revenue after years of underinvestment. For Washington, greater access to Venezuelan crude could strengthen energy supply and support efforts to rebuild the U.S. Strategic Petroleum Reserve. However, implementation remains a key uncertainty. Achieving the proposed production targets will require substantial private investment and infrastructure upgrades, making the agreement's long-term impact dependent on whether those commitments materialize.

Brazil's presidential campaign begins as Lula holds narrow lead. Brazil's presidential campaign officially began on August 16, with 13 candidates entering the race ahead of the October 4 election. President Luiz Inácio Lula da Silva, seeking a fourth non-consecutive term, and Senator Flávio Bolsonaro, launched their campaigns from their respective political strongholds, setting the stage for a highly competitive and polarized race. Early campaigning has highlighted contrasting priorities. Lula has emphasized economic sovereignty and greater national control over Brazil's strategic resources. Bolsonaro has positioned himself as a candidate capable of strengthening Brazil's relationships with major global partners, while placing public security and conservative social policies at the center of his platform.

While Lula remains the frontrunner, recent polling suggests the race could remain competitive. A Datafolha poll gives Lula a six-point advantage in the first round, 39% to Bolsonaro's 33%, pointing toward a runoff. In a potential second round, Lula's advantage narrows to 47% versus 43%, leaving the outcome relatively open weeks before the election. The campaign is also unfolding amid Brazil's trade tensions with the United States, with tariffs affecting sectors including footwear, wood, aluminum, and steel products. The dispute is increasingly intersecting with the election debate, particularly around Brazil's trade relationships, economic sovereignty, and positioning between major global powers.

Brazil and U.S. resume tariff negotiations. Brazil and the United States are set to resume technical negotiations over U.S. tariffs on Brazilian products, following a phone call between Presidents Luiz Inácio Lula da Silva and President Donald Trump. Brazil's Minister of Development, Industry, Trade and Services, Márcio Elias Rosa, and U.S. Trade Representative Jamieson Greer are expected to meet, marking the first step toward renewed discussions over the trade measures. According to Brazil's Ministry of Development, Industry, Trade and Services, the recently imposed tariffs affect approximately US$6.6 billion in Brazilian exports to the U.S. market. The reopening of technical talks could help reduce bilateral trade tensions, although it remains unclear whether the discussions will lead to tariff relief in the near term.

Kast's security reform faces resistance in Chile. President José Antonio Kast's government has introduced a constitutional security reform that would significantly expand executive powers during serious public security crises, prompting criticism from across Chile's political spectrum, including members of the governing coalition. The proposal would create a new constitutional state of emergency designed to address major security disruptions involving organized crime or terrorist organizations. Under the proposed framework, the government could impose restrictions on movement and public gatherings, requisition private property, and intercept telecommunications. The president could maintain the emergency measures for up to 240 days without congressional authorization, while some of the proposed powers would operate with limited judicial oversight.

The initiative is part of Kast's broader Agenda against Organized Crime and Terrorism, announced in August and encompassing around 30 legislative proposals. However, the constitutional reform has encountered resistance even among center-right parties supporting the administration, raising concerns over the scope of presidential authority and the limited role assigned to Congress. The proposal is now in its first stage of congressional consideration, where lawmakers are expected to seek modifications to strengthen institutional oversight. The debate represents an early test of Kast's ability to advance his security agenda while maintaining support within his own political coalition, particularly as some allies push for stronger legislative and judicial checks on emergency powers.

Dominican Republic strengthens trade controls amid U.S. transshipment concerns. The Dominican Republic is moving to strengthen trade controls following a White House report identifying potential risks of illegal transshipment through more than 40 countries, particularly involving Chinese goods rerouted through third markets to evade U.S. tariffs or misrepresent their country of origin. The Ministry of Industry, Commerce and MSMEs (MICM) stressed that the report does not accuse Dominican exports broadly of illegal transshipment, quantify goods linked to such practices, or announce new tariffs or trade restrictions against the country. Still, the government has aligned with Washington's objective of preventing companies from using Dominican territory to circumvent tariffs, relabel products, or falsify their origin.

Dominican authorities are coordinating with customs and other trade agencies to strengthen product traceability and enforcement mechanisms, while maintaining discussions with U.S. officials over the specific risk indicators identified in the report. The response aims to preserve the Dominican Republic's credibility as a reliable U.S. trade partner amid increased scrutiny of China-linked supply chains.

Colombia mobilizes international financing and seeks U.S. tariff relief as economic recovery becomes a priority. President Abelardo de la Espriella's government is moving from the immediate emergency response toward reconstruction following the August 10 magnitude 7.4 earthquake. Beginning August 26, affected families will receive monthly assistance of approximately US$280 for three months, while the government is preparing a special recovery plan for Chocó in coordination with the private sector. Also, a government-business summit is scheduled for September 7 to support the region’s reconstruction and longer-term development.

The government has also secured an initial US$200 million disbursement from the World Bank, providing additional resources to address urgent needs in affected communities. The funding should provide some fiscal flexibility as the administration balances reconstruction spending with its broader commitment to fiscal discipline. At the same time, the disaster is becoming increasingly connected to Colombia’s trade relationship with the United States. De la Espriella has asked U.S. Secretary of State Marco Rubio to temporarily suspend tariffs on Colombian products to support the country’s economic recovery. U.S. Trade Representative Jamieson Greer has expressed the Trump administration’s support for Colombia and indicated an interest in advancing negotiations toward a Reciprocal Trade Agreement. The coming weeks will therefore test the new administration’s ability to coordinate reconstruction, private-sector participation, international financing, and trade diplomacy.

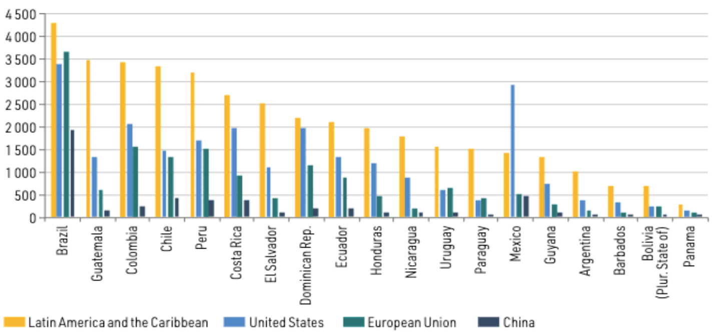
Key Data

ECLAC calls for a more strategic Latin American role in a changing global order. A commission convened by the Economic Commission for Latin America and the Caribbean (ECLAC) presented the report “Ruptures and Opportunities: Proposals for Latin America and the Caribbean to Prosper in the New Geopolitical Era,” identifying security and economic development as strategic areas for international engagement and calling on governments to avoid rigid alignments, diversify partnerships, and strengthen their capacity for geopolitical analysis and action.

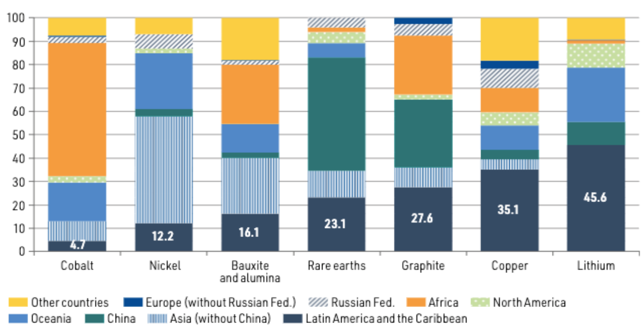
The report adds that Latin America has significant strategic assets, including critical minerals, productive capacity, a market of approximately 660 million people, and its position as a region largely free of interstate conflict. Its role in the global energy transition is particularly relevant given the region’s substantial reserves of lithium and copper, which are essential for electric vehicles and clean-energy technologies. However, ECLAC warns that these advantages will not automatically translate into development. Stronger institutions, infrastructure, productive policies, and technological innovation will be necessary to capture more value from the region’s resources and strengthen its position in global supply chains.

The report also highlights limited regional economic integration as a structural weakness. Intra-regional trade accounts for only around 14% of Latin America and the Caribbean’s total exports, despite the size of its internal market. Expanding regional trade and diversifying external partnerships could therefore help reduce exposure to external shocks while giving the region greater economic leverage in an increasingly fragmented global environment.

Latin America and the Caribbean (19 countries): number of different products exported to the region itself, the United States, the European Union and China, 2024



Selected world regions: shares of global reserves of seven critical minerals, 2024
(Percentages)



Source: ECLAC, August 2026.