

BI-WEEKLY LATIN AMERICA SNAPSHOT

October 20, 2026

In this biweekly edition, **Brazil** approves a major labor reform ahead of its presidential runoff, while **Colombia** advances trade negotiations with the United States and seeks IMF support to stabilize public finances. The **Dominican Republic** explores new export opportunities in Europe amid U.S. tariffs, and **Chile** and **Bolivia** hold a historic presidential meeting to strengthen bilateral cooperation. Meanwhile, **Haiti** postpones its elections indefinitely as insecurity continues to undermine political stability. On the economic front, the **World Bank** and **IMF** project modest growth across Latin America, highlighting persistent fiscal pressures and structural challenges.

Top Developments

Brazil approves landmark labor reform ahead of presidential runoff. Brazil's Congress approved a constitutional amendment eliminating the six-day work, one-day rest (6×1) schedule and reducing the maximum workweek from 44 to 40 hours without salary cuts. The Senate passed the measure in two consecutive votes on October 14. Flávio Bolsonaro, who faces President Luiz Inácio Lula da Silva in the October 25 presidential runoff, supported the reform, reflecting broad cross-party backing. The amendment will be implemented gradually over 14 months, initially reducing the workweek to 42 hours before reaching 40 hours.

Despite broad political support, the reform has raised concerns over higher labor costs, inflationary pressures and potential job losses, particularly among small businesses and labor-intensive sectors. Brazil's National Confederation of Municipalities estimates an additional BRL 6.6 billion (US\$1.3 billion) in annual public expenditures. The reform comes amid an increasingly competitive presidential runoff. On October 15, Lula announced plans to pursue a constitutional amendment introducing free public transportation on weekends, proposing to finance the initiative through congressional budget allocations currently designated for district-level projects. Bolsonaro criticized the proposal, questioning its feasibility.

A new Datafolha poll conducted October 13–14 places Bolsonaro at 51% of valid voting intentions, compared with 49% for Lula, a statistical tie within the survey's two-percentage-point margin of error. The survey indicates that the race remains competitive ahead of the October 25 vote. Meanwhile, Lula's Workers' Party (PT) has accused Meta of restricting the visibility of its campaign content on social media, and announced plans to raise the allegations before the Organization of American States (OAS). Meta has denied intentionally favoring either candidate.

Colombia advances U.S. trade talks while seeking IMF support. Colombia's Minister of Trade, Mauricio Gómez Amín, traveled to Washington to advance negotiations on a Reciprocal Trade Agreement aimed at expanding market access and attracting investment. According to the Council of American Enterprises (CEA), the negotiations seek to secure zero-tariff access for 90%–93% of Colombia's export basket to the United States, compared with approximately 69% currently. President Donald Trump also indicated that he may consider removing the additional 12.5% tariff imposed on certain Colombian products, including flowers, apparel, footwear and processed foods. No final agreement has been announced.

Separately, the International Monetary Fund (IMF) is expected to send a technical mission to Colombia in November to continue discussions on fiscal stabilization and potential financial support mechanisms. The announcement follows meetings between Colombian Finance Ministry officials and the IMF in Washington, where both sides reviewed the government's fiscal strategy and financing needs. The talks come as President Abelardo de la Espriella's administration seeks to address mounting debt obligations and financing pressures under its proposed COP 635 trillion (approximately US\$160 billion) 2027 national budget.

Dominican Republic seeks to diversify export markets amid U.S. tariffs. The Dominican Republic faces a 10.4% average trade-weighted tariff on exports to the United States, the fourth-highest rate in Latin America and the Caribbean. Nevertheless, the Economic Commission for Latin America and the Caribbean (ECLAC) projects that Dominican exports will grow by 14% in 2026, despite increasing trade barriers and shifts in global trade patterns.

Meanwhile, the Ministry of Industry, Commerce and MSMEs (MICM) supported the launch of “Con Sello RD”, a private-sector initiative aimed at promoting Dominican products and investment opportunities in European markets. The initiative seeks to connect exporters with importers, distributors and potential business partners, focusing on products such as coffee, cocoa, rum and tobacco, alongside real estate tourism projects.

Chile and Bolivia hold historic presidential meeting. Chilean President José Antonio Kast arrived in Bolivia on October 16 for the first state visit between the two countries in 71 years, meeting with President Rodrigo Paz to advance bilateral cooperation. The leaders discussed an 11-point agenda covering energy integration, trade, border security, transportation connectivity and access to Pacific ports.

A key priority for Bolivia is the potential use of an existing pipeline to import larger volumes of fuel from Chile, as the country faces persistent shortages and rising energy prices. The initiative could help strengthen regional energy connectivity while addressing Bolivia’s immediate supply needs. Despite renewed engagement, the two countries have maintained no formal diplomatic relations since 1978, following longstanding disagreements over Bolivia’s loss of access to the Pacific Ocean. Bolivian officials cautioned that discussions about restoring full diplomatic ties remain premature, with relations currently maintained at the consular level.

Haiti postpones elections indefinitely due to security crisis. Haiti’s Provisional Electoral Council announced the indefinite postponement of presidential and legislative elections originally scheduled for December 13, 2026, with a runoff planned for February 21, 2027. Authorities suspended the initial stages of the electoral process, including the campaign period, and indicated that a revised electoral calendar is being prepared, without providing new dates.

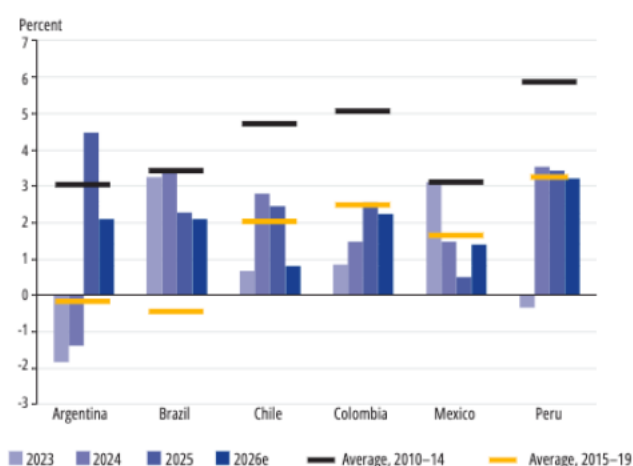
The decision prolongs Haiti’s political uncertainty, as the country has not held national elections since 2016. Widespread gang violence continues to complicate electoral preparations, with several municipalities outside government control and lacking voter registration facilities. Meanwhile, the UN Security Council extended the mandate of the Gang Suppression Force (GSF) for six months in late September. The international security mission, intended to support Haitian authorities in restoring stability, remains below its planned deployment of 5,500 personnel.

Key Data

World Bank projects slower growth across Latin America in 2026.

The World Bank projects that Latin America and the Caribbean will grow by 2.2% in 2026, down slightly from 2.4% in 2025, according to its latest Latin America and the Caribbean Economic Update. The forecast reflects persistently modest regional growth, although economic performance varies considerably across countries.

B. Real GDP growth in the LAC-6



Paraguay (4.7%) and El Salvador (4.5%) are among the region's strongest performers, supported by private investment and improved domestic conditions. Meanwhile, Argentina (2.1%) is expected to record three consecutive years of growth between 2025 and 2027 for the first time in nearly two decades, supported by fiscal adjustment, tax reforms and greater economic openness.

The region's two largest economies, Brazil (2.1%) and Mexico (1.4%), are projected to grow at or below the regional average. The World Bank attributes their weaker performance to restrictive monetary conditions, policy uncertainty and slowing public investment.

IMF lowers LATAM growth outlook. The International Monetary Fund (IMF) lowered its growth forecast for Latin America to 2.3% in 2026, down 0.1 percentage points from its July projection, while estimating 2.5% growth in 2027. Central America is expected to outperform the broader region, expanding by 4.2% in 2026 and 4.0% in 2027. The downward revisions contrast with a modest improvement in the IMF's global growth outlook to 3.1% for 2026.

The IMF noted that Latin America has benefited relatively little from the AI-driven investment boom, which has helped other economies offset the energy shock associated with the Middle East conflict. The IMF also urged governments to reduce public debt and accelerate productivity-enhancing reforms, warning that fiscal consolidation has stalled across much of the region despite relatively favorable global financial conditions.

Western Hemisphere: Real GDP growth

	2025	PROJECTIONS			
		2026	2027	2028	
Western Hemisphere	2.4	2.2	2.3	2.3	
Latin America and the Caribbean	2.5	2.3	2.5	2.9	
LAC (simple average)	3.5	3.0	3.2	3.8	
LAC excluding Argentina and Venezuela	2.2	2.3	2.3	2.7	
LA7	1.9	2.0	2.0	2.4	
LA8	2.2	2.0	2.2	2.6	
Eastern Caribbean Currency Union	2.1	2.4	2.4	2.3	

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