BI-WEEKLY LATIN AMERICA SNAPSHOT

November 10, 2026

In this edition, **Paraguay** faces a banking and political crisis, while Democratic control of **U.S.** Congress increases scrutiny of U.S. policy toward Latin America. **Colombia** maintains interest rates while introducing fiscal reforms, and **Brazil** moves to strengthen fiscal discipline following Lula's reelection. The **U.S.** and **Venezuela** discuss democratic transition, while **Costa Rica** withdraws from the Trans-Pacific trade agreement. Meanwhile, **Haiti** reschedules its elections for July 2027, and **ECLAC** forecasts slower regional growth in 2026, followed by a modest recovery in 2027.

Top Developments

Paraguay's banking crisis raises political and economic stability risks. Paraguay is facing a major political and financial crisis following the reported collapse of Ueno Bank and the removal of President Santiago Peña through an expedited impeachment process. The Senate voted to remove Peña, who was subsequently placed in pretrial detention amid an investigation into his alleged involvement in the management of public and pension funds held at the bank, whose parent group he previously held shares in. Peña denies any wrongdoing, while former Vice President Pedro Alliana has assumed the presidency.

The crisis reportedly began on November 3, when the Central Bank of Paraguay intervened Ueno Bank over insolvency concerns, disrupting access to deposits for approximately three million customers. Authorities have reportedly detained eight bank executives, while the investigation has expanded to include former Central Bank President Carlos Carvallo, examining alleged related-party lending, conflicts of interest and the handling of public funds. The new administration reports having restored approximately US$158 million in deposits to 1.2 million account holders, with additional reimbursements underway. Beyond the immediate banking disruption, the crisis has raised concerns over financial-sector oversight, political-business relationships and potential employment losses across companies associated with the bank's controlling group. The bank's collapse could also undermine Paraguay's reputation as a relatively stable economic performer in the region.

Democratic Congress likely to increase scrutiny of U.S. policy in Latin America Following the November 3 midterm elections, Democrats will control both chambers of Congress, giving them greater oversight of the Trump administration's policies toward Latin America. While the White House will continue to lead U.S. foreign policy, Congress will have a stronger role in reviewing budgets, questioning officials and investigating government actions. Hence, Secretary of State Marco Rubio's regional agenda could face increased scrutiny, particularly regarding U.S. operations in the Caribbean, relations with Venezuela and the management of Venezuelan oil revenues. Congressional committees may also review military operations against suspected drug-trafficking vessels, and the impact of U.S. tariffs.

Meanwhile, congressional control over federal spending could affect funding for regional security programs and financial commitments, including cooperation with Argentina and Colombia. However, initiatives such as the Shield of the Americas and broader diplomatic relations will remain largely under the administration's authority.

Across Latin America, the new balance of power in Washington could affect regional security cooperation, trade and investment. Still, regional governments are likely to maintain close ties with Washington while preserving their economic and infrastructure partnerships with other allies, such as China.

Colombia holds interest rates steady as government unveils economic rescue plan. Colombia's central bank held its benchmark interest rate at 12.25%, defying market expectations of a 25-basis-point increase to 12.50%. The decision comes as analysts raised their year-end 2026 inflation forecast to 6.9%, underscoring persistent price pressures and uncertainty over the monetary policy outlook.

Meanwhile, Finance Minister Miguel Gómez Martínez and Vice President José Manuel Restrepo introduced the Economic Rescue Bill (Bill 477) on October 29, seeking to reduce government spending by an amount equivalent to 2.2% of GDP. The proposal focuses on fiscal consolidation, social assistance, healthcare, investment incentives, and measures to combat government waste and corruption. Key provisions include broadening the VAT base, increasing taxes on tobacco, vaping products, alcohol, and sugary beverages, revising personal income taxes, imposing a temporary surcharge on financial institutions, strengthening tax enforcement, and selling underutilized state assets.

The administration argues that the reforms are necessary to prevent a deeper fiscal crisis, with Colombia's 2027 fiscal deficit projected to reach 9.4% of GDP under current budget estimates. Separately, negotiations over the 2027 minimum wage are expected to intensify, as business associations favor an increase of approximately 8.5%–9%, while labor unions are proposing substantially higher adjustments (38%). The competing proposals highlight growing tensions between household purchasing power, business costs, and inflationary risks.

U.S. and Venezuela discuss democratic transition as election debate intensifies. U.S. Secretary of State Marco Rubio met with Venezuela's new Foreign Minister, Oliver Blanco, in Washington, marking the first meeting between the countries' top diplomats since Nicolás Maduro's capture earlier this year. Discussions focused on the White House three-phase plan for Venezuela, encompassing stabilization, economic recovery and political reconciliation, and an eventual democratic transition. Secretary Rubio also addressed progress in Venezuelan-led reconciliation efforts, including institutional reforms intended to support free and credible elections, and urged the continued release of political prisoners. Following her recent return to Venezuela, opposition leader and 2025 Nobel Peace Prize laureate María Corina Machado announced plans to bring back copies of the July 2024 presidential election tally sheets, currently held in Panama. Her announcement comes amid renewed debate over the timing of presidential elections. Meanwhile, Interim President Delcy Rodríguez reaffirmed that all constitutionally mandated elections would be held under a restructured electoral authority. However, the absence of a clear electoral timetable continues to raise uncertainty about the next steps in Venezuela's democratic transition.

Brazil moves to strengthen fiscal targets following Lula's reelection. Following a negative market reaction to President Luiz Inácio Lula da Silva's reelection to a fourth term, Finance Minister Dario Durigan announced plans to introduce legal measures aimed at strengthening Brazil's fiscal framework. The proposed changes would expand the government's ability to impose budgetary spending restrictions, allowing economic authorities to target the central fiscal balance objective rather than the lower end of the permitted range. Minister Durigan indicated that a supplementary bill could provide the necessary legal adjustments. The

announcement comes amid growing pressure from investors and business leaders for greater fiscal discipline. Brazilian executives are calling for a credible fiscal consolidation strategy that could restore market confidence, ease pressure on interest rates, and support private investment during Lula's next administration.

Costa Rica withdraws from Trans-Pacific Trade Agreement. Costa Rican President Laura Fernández announced that the country will abandon its accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a 12-member trade bloc spanning the Americas, Asia-Pacific and the United Kingdom, representing approximately 15% of global GDP. The decision reverses an accession process initiated in 2022 and follows opposition from domestic producers, particularly in the agricultural sector, over concerns about increased foreign competition.

Fernández also dismissed Foreign Trade Minister Indiana Trejos, citing concerns over the dissemination of information about the agreement to affected sectors, in accordance with presidential instructions. The president argued that sensitive industries, including livestock, dairy and small-scale agricultural production, should not face increased competition without adequate information and preparation. The decision comes amid broader leadership changes in Costa Rica's foreign trade institutions, including the earlier dismissal of Foreign Affairs Minister Manuel Tovar and the announced departure of Procomer executive Laura López in December. The withdrawal represents a significant shift in Costa Rica's trade policy, potentially limiting opportunities for export diversification and preferential access to Asia-Pacific markets. While the administration has emphasized protecting domestic producers, former trade officials have raised concerns about the implications for the country's credibility as a trading partner and investment destination.

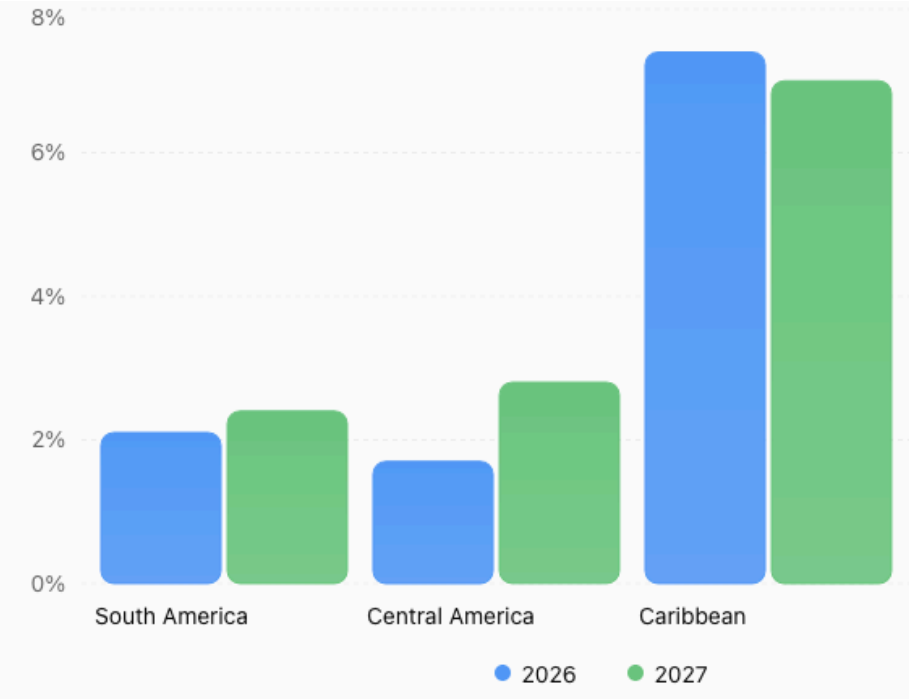
Haiti reschedules presidential and legislative elections for July 2027. Haiti's Provisional Electoral Council (CEP) announced that the first round of presidential and legislative elections has been postponed from December 13, 2026, to July 18, 2027, with a second round scheduled for October 4, 2027. The revised electoral calendar marks another delay in the country's efforts to restore elected institutions following years of political instability. Haiti has not held national elections since 2016, while persistent security challenges continue to complicate preparations for a return to constitutional governance.

Key Data

ECLAC projects slower growth across Latin America in 2026. The Economic Commission for Latin America and the Caribbean (ECLAC) forecasts regional economic growth of 2.0% in 2026 and 2.5% in 2027, reflecting a slowdown this year followed by a modest recovery. The outlook remains constrained by global uncertainty, weakening employment growth, and rising energy and food prices. According to ECLAC, slower labor market expansion is also limiting household income and consumption growth, while complicating efforts to reduce informality and employment disparities. Growth projections vary significantly across subregions. South America is expected to expand by 2.1% in 2026 and 2.4% in 2027, while Central America is projected to grow by 1.7% and 2.8%, respectively. The Caribbean is expected to outperform the broader region, with growth reaching 7.4% in 2026 and 7.0% in 2027. Although economic activity is projected to strengthen next year, the outlook remains exposed to external risks, including potential disruptions associated with the El Niño climate phenomenon.

ECLAC — GDP Growth Projections by Subregion.

2026–2027 | Annual percentage change (%)



Note: The Caribbean's higher growth forecast is heavily influenced by Guyana's oil-driven expansion.
Source: Economic Commission for Latin America and the Caribbean (ECLAC). Figures provided for 2026 and 2027. Regional totals are shown for comparison and should not be added to subregional figures.

2026 ELECTORAL CALENDAR



Country	Date	Election
Peru	Oct. 4, 2026	Regional and municipal elections
Brazil	Oct. 4, 2026	Presidential, legislative and state elections
Paraguay	Oct. 4, 2026	Municipal elections
Brazil	Oct. 25, 2026	Presidential and gubernatorial runoffs
United States	Nov. 3, 2026	Congressional midterms (all House seats and one-third of the Senate), gubernatorial and local elections
Ecuador	Nov. 29, 2026	Provincial and municipal elections
Haiti	July 18, 2027	Presidential and legislative elections (first round)
Haiti	Oct. 4, 2027	Presidential and legislative runoffs

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