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FEATURED Q&A

Where Does the U.S. Supreme Court's Ruling Leave Tariffs?



In a 6-3 ruling on Friday, the U.S. Supreme Court struck down tariffs that President Donald Trump imposed under a 1977 law. Trump called the justices who sided against him "a disgrace to our nation." // Photo: White House.

Q The U.S. Supreme Court last Friday struck down tariffs that President Donald Trump has imposed on imports from countries around the world, ruling that levies instated under the 1977 International Emergency Economic Powers Act (IEEPA) are unconstitutional. Trump called the ruling "deeply disappointing" and has vowed to impose a new 15 percent global tariff under Section 122 of the Trade Act of 1974. What does the Supreme Court's ruling mean for tariffs that Trump has imposed on goods from countries in the Western Hemisphere, and which countries and sectors will be affected most? How feasibly can Trump impose new tariffs on countries in the hemisphere using other laws? What does the ruling mean for the Trump administration's broader foreign policy goals in the Americas?

A Kellie Meiman Hock, member of the Inter-American Dialogue's Board of Directors, senior counselor at McLarty Associates and former U.S. diplomat and trade negotiator: "Friday's Supreme Court determination was historic and removes the easiest mechanism for threatening 'emergency' tariffs linked to alleged geopolitical threats, illustrated most starkly with Greenland but at times with Canada, Brazil and Mexico. Taking IEEPA threats off the table might lead to less/different drama in the ongoing USMCA review, but the decision will have zero impact on President Trump's longstanding commitment to tariffs as a policy tool. U.S. Trade Representative Jamieson Greer quickly stressed that his office considers negotiated Agreements on Reciprocal Trade (ARTs) to remain fully in force, meaning the ART texts for El Salvador, Guatemala, Argentina and likely Ecuador

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TODAY'S NEWS

POLITICAL

More Than 70 Killed in Mexico's Effort to Capture Drug Kingpin

More than 70 people, including soldiers, cartel members and civilians were killed in the army's attempt to capture drug lord Nemesio Oseguera Cervantes, who was killed in a shootout.

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BUSINESS

Citi Strikes Deal to Sell Additional Stake in Banamex

Citigroup announced Monday that several institutional investors have agreed to buy a 24 percent stake in its Banamex unit.

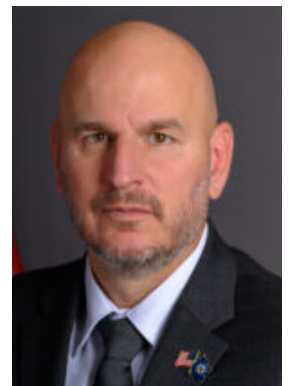
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POLITICAL

U.S. Ambassador Defends Move to Sanction Chilean Officials

The U.S. ambassador to Chile, Brandon Judd, on Monday defended U.S. sanctions against three Chilean government officials over a plan to build an undersea cable to China.

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Judd // File Photo: U.S. State Department.

POLITICAL NEWS

More Than 70 Killed in Attempt to Capture Mexican Drug Lord

More than 70 people, including members of security forces and suspected cartel members, were killed in the Mexican army's attempt to capture Nemesio Oseguera Cervantes, the leader of the Jalisco New Generation drug cartel, authorities said Monday, the Associated Press reported. The drug lord, known as "El Mencho," was killed Sunday in a gunfight with soldiers. The dead included more than two dozen soldiers, at least 30 alleged cartel gunmen and civilians, authorities said, The Wall Street Journal reported. Oseguera was the leader of one of Mexico's fastest-growing crime groups, known for trafficking cocaine, fentanyl and methamphetamine to the United States, the AP reported. The cartel retaliated by unleashing widespread violence, which included torching cars and setting up more than 250 roadblocks in 20 states, the wire service reported.

U.S. Envoy Defends Move to Sanction Chilean Officials

The U.S. ambassador to Chile on Monday defended the State Department's decision last week to bar three Chilean government officials from entering the United States over their involvement in a plan to build an undersea fiber-optic cable between Chile and China, the Associated Press reported. "It's our sovereign right to take actions when we feel that the region's security is being threatened," U.S. Ambassador Brandon Judd said at a news conference in Santiago. In announcing the sanctions on Friday, Secretary of State Marco Rubio did not name the officials, but El País reported that telecommunications minister Juan Carlos Muñoz, as well as other top telecommunications officials Claudio Araya and Guillermo Petersen, were targeted.

BUSINESS NEWS

U.S. Supreme Court Hears ExxonMobil's Case Against Cuba

The U.S. Supreme Court heard arguments on Monday in oil major ExxonMobil's lawsuit seeking more than \$1 billion in damages from the Cuban government, Reuters reported. ExxonMobil claims it is owed interest and potential enhanced damages from the Cuban government's seizure in 1960 of oil production assets in the country belonging to subsidiaries of Standard Oil, ExxonMobil's corporate predecessor. The firm estimates that Standard Oil's assets in Cuba were worth approximately \$70 million when they were expropriated by the government of late Cuban leader Fidel Castro, Reuters reported. ExxonMobil's case at the Supreme Court invokes the 1996 Helms-Burton Act, which allows lawsuits in U.S. courts against people or entities profiting from assets expropriated in the wake of the Cuban Revolution in 1959. ExxonMobil's case argues that judges should invalidate a 2021 district court ruling that currently bars Helms-Burton Act lawsuits from being filed directly against foreign governments, news site OilPrice.com reported. The administration of U.S. President Donald Trump is backing ExxonMobil in the litigation, Reuters reported. The advancement of the case comes amid Trump's heightened pressure campaign against Cuba, which is nearing the end of its second month and has exacerbated an already-severe fuel shortage on the island. Also on Monday, the U.S. Supreme Court heard arguments in a related lawsuit by Havana Docks Corporation, a U.S. firm, against four of the world's leading cruise operators: Carnival, MSC, Norwegian and Royal Caribbean. Havana Docks had built Havana's cruise terminal before it was expropriated in 1960; the firm is suing the four cruise companies under the Helms-Burton Act for operating at the port between 2016 and 2019, during which time former U.S. President Barack Obama had relaxed some economic restrictions on Cuba, Reuters reported. Havana Docks had signed an

NEWS BRIEFS

U.S. Strike on Boat in Caribbean Kills Three

The U.S. military killed three people Monday in an airstrike on a speedboat allegedly trafficking drugs in the Caribbean Sea, U.S. Southern Command said in a post on social media site X. At least 151 people have now been killed in U.S. attacks on suspected drug vessels in the Caribbean and eastern Pacific since September, the Associated Press reported. Southcom did not publicly provide evidence that the ship struck on Monday was trafficking illegal contraband.

Panama's Government Taking Over Two Ports Along Canal: Mulino

Panama's government is taking over the assets of two ports abutting the Panama Canal from Hong Kong-based CK Hutchison following a recent court ruling that invalidated the company's contract for the ports, President José Raúl Mulino announced on Monday, Bloomberg News reported. CK Hutchison's facilities at the Balboa and Cristóbal ports will temporarily be operated by global shipping giants Maersk and MSC, Mulino said, until Panama's government can conclude an auction process to award the ports to new firms, Bloomberg News reported.

Creditors of Brazil's Raízen Reportedly Hiring FTI as Advisor

A group of banks that are creditors to Brazilian sugar and ethanol producer Raízen is hiring FTI Consulting to advise them, Bloomberg News reported Monday, citing unnamed sources familiar with the matter. Raízen has been faced with a heavy debt load and high interest rates. It has also faced several downgrades by ratings agencies. The banks include Bradesco, Santander, Banco do Brasil, Citi and Itaú, all of which declined to comment on the report to Bloomberg News, as did FTI.

exclusive lease to the Havana cruise terminal that would have expired in 2004, according to public Supreme Court documents.

Citi Strikes Deals to Sell Additional 24% of Banamex

Citigroup announced Monday that it has struck deals with several institutional investors to sell an additional 24 percent stake in its Mexican retail unit, Banamex. The investors have agreed to acquire the stakes in Banamex for a total of \$2.5 billion, Citi said in a statement. The buyers of the stakes include General Atlantic, Afore SURA, Banco BTG Pactual and Chubb, as well as funds managed by Blackstone, Liberty Strategic Capital and Qatar Investment Authority, Citi said. Each investor is limited to a stake of no more than 4.9 percent of Banamex, it added. “We are honored to have the backing of these buyers as we prepare for Banamex’s proposed initial public offering,” Ernesto Torres Cantú, head of international at Citi, said in a statement. “Their investment is a further endorsement of Banamex’s long-term strategy, market leadership and growth prospects, and their commitment solidifies Banamex’s foundational position within Mexico’s banking system,” he added. The deal is General Atlantic’s largest growth equity investment this year in Mexico, Bloomberg News reported. “We see Banamex as a foundational pillar of Mexico’s financial ecosystem, uniquely positioned to play a leading role in the country’s ongoing advancement and growth,” Luis Cervantes, a General Atlantic managing director said in a statement, the news service reported. In total, the investors have agreed to acquire approximately 499 million shares of Banamex’s outstanding common stock, Citi said in a statement. The New York-based financial services company said the transactions are subject to closing conditions, including regulatory approval in Mexico, and it added that the deals are expected to close this year. The transactions follow Citi’s sale last December of a 25 percent equity stake in Banamex to Mexican billionaire Fernando Chico Pardo.

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(which is close to being signed) should remain unchanged. They lock reciprocal tariff rates at 10 percent, so if President Trump moves the new Section 122 tariffs to 15 percent as threatened, ART partners could potentially benefit. But tariffs are only one component of ARTs, which reinforce WTO and CAFTA-DR disciplines and introduce new commitments around non-tariff barriers, digital trade, geographical indications, forced labor and other provisions. Importantly, the ARTs introduce obligations around ‘third countries’ (read: China) in the ‘Economic and National Security’ section, targeting not only Chinese imports, but inbound investment. The agreements obligate to varying degrees that countries ‘coordinate’ export control efforts and sanctions. These demands aren’t going anywhere and will be challenging given heavy Chinese involvement throughout the region. Preservation of the carve-out for USMCA-compliant goods and CAFTA-DR textiles/apparel in Friday’s tariff announcement was critical, but countries need to anticipate new Section 301 investigations by the U.S. Trade Representative. Brazil’s is ongoing, with a broad scope that is likely a harbinger of the depth of future investigations.”

A Sol Azcune, political analyst at XP Inverimentos: “The Supreme Court ruling represents a significant constitutional check on the president’s use of emergency powers. For countries across Latin America, the decision invalidates IEEPA-based measures, including the 10 percent reciprocal tariffs introduced in early 2025 and, where applicable, additional country-specific surcharges. In practical terms, the immediate impact for the region is meaningful but uneven. Exporters that were subject to elevated reciprocal or punitive tariffs may see relief, particularly in agricultural and commodity sectors. However, the ruling does not automatically trigger refunds for duties already paid, and those questions will likely be resolved through lower courts.

Moreover, tariffs imposed under other statutory authorities—such as Section 232 on national security grounds or Section 301 in response to alleged unfair trade practices—remain in place. As a result, key regional exports including steel, aluminum and selected manufactured goods may continue to face U.S. duties. President Trump’s swift move to impose a temporary global tariff under Section 122 of the Trade Act of 1974 underscores the administration’s determination to preserve tariffs as a central policy tool. While Section 122 is time-limited and subject to congressional constraints, it demonstrates that alternative legal pathways remain available. Additional Section 301 investigations are also feasible, particularly in sectors tied to strategic supply chains. For U.S. foreign policy in the Americas, the ruling introduces greater legal clarity but not necessarily greater predictability. Tariffs are likely to remain intertwined with broader diplomatic and strategic objectives. For Latin America, this means that although one legal foundation has been removed, trade relations with Washington will continue to be shaped by shifting policy instruments and ongoing legal and political negotiations.”

A Rodrigo Abud, managing director of Panorama in Monterrey, Mexico: “In hindsight, the November oral arguments had already foreshadowed what was coming, as there was widespread skepticism about the Trump administration’s legal authority to impose tariffs by invoking a national emergency. Refunds on an estimated \$130 billion to \$175 billion in collected tariffs are now possible, but only for those who act quickly through a technically demanding legal process. The administration pivoted immediately to Section 122 of the Trade Act of 1974, allowing a temporary tariff of up to 15 percent for 150 days. Not all goods are affected equally. Products qualifying under USMCA or CAFTA-DR remain exempt, as do critical minerals, energy products and

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natural resources the United States cannot produce domestically. Countries heavily reliant on commodity exports face the greatest uncertainty, as do manufacturing sectors in Mexico operating outside USMCA protections. Looking ahead, Section 301, which targets unfair trade practices, and Section 232, which authorizes tariffs on national security grounds, represent additional tools the administration has signaled it intends to pursue. The ruling has been framed as a restoration of institutional checks and balances, but it offers only a partial constraint. Congress will shape how far these tools can be extended, but the administration retains a broad legal arsenal that keeps its trade agenda very much alive. Trade is only one dimension of U.S. leverage in the hemisphere. Migration policy and security cooperation represent equally powerful mechanisms. The ruling may have narrowed one avenue, but the United States retains considerable influence to shape the economic and political landscape of the Americas.”

A **Mark Langevin, adjunct professor of global commerce and policy at the Schar School of Policy and Government at George Mason University:** “The Trump tariffs have not lessened trade with Latin America and the Caribbean (LAC) but have encouraged regional exporters and their governments to diversify. Indeed, the tariffs prompted the conclusion of negotiations over the protracted European Union-Mercosur trade deal in January, underscoring the search for trade stability. Nevertheless, LAC is responsible for 20 percent of total U.S. trade, with Mexico leading the way. Surprisingly, LAC’s trade with the U.S. grew by 6.4 percent in 2025 despite higher tariffs,

surpassing pre-pandemic levels. In December, the United States enjoyed a \$4.3 billion monthly trade surplus with Central and South America, in sharp contrast with its looming \$14.5 billion deficit with Mexico, reaching a total of \$196.9 billion for 2025. The U.S. deficit with Mexico has narrowed modestly in the past year but more can be done, including helping Mexico diversify its exports. Last week’s U.S. Supreme Court ruling on IEEPA tariffs and the Trump administration’s response—yet more historically high tariffs—encourage further diversification, except for Mexico, which remains locked into the North American market for now. LAC exporters who have lost U.S. market share, such as Brazilian steel producers, continue to seek relief through lobbying and bilateral deals with Washington. Meanwhile, rising U.S. demand for other regional exports, such as Chilean copper and Peruvian avocados, continues despite higher duties at the border. Generally, higher tariffs contribute to U.S. inflation, curbing purchasing power and making the region’s exports to the largest market in the hemisphere more expensive. For decades, policymakers turned to trade liberalization to contain inflation, but Washington has chosen another path, one that includes the expansion of Section 232 national security tariffs on steel and other semi-manufactured goods from Brazil and elsewhere. This roadmap undermines efficient trade, economic partnerships and geopolitical cooperation in the region. Perhaps the time has come for an Americas-wide trade negotiation.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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Gene Kuleta
Editor

Jack Quinn
Reporter

Yael Sternberg
Reporter



Rebecca Bill Chavez, Ph.D., President & CEO

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Manuel Orozco, Director, Migration, Remittances and Development Program

Bruna Santos, Director, Brazil Program

Peter Hakim, President Emeritus

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