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FEATURED Q&A

What's the Impact of a U.S.-Argentina Trade Agreement?



U.S. Trade Representative Jamieson Greer and Argentine Foreign Minister Pablo Quirno (L-R) on Feb. 5 signed a broad bilateral trade agreement. // Photo: Office of the U.S. Trade Representative.

Q The United States and Argentina on Feb. 5 signed a sweeping free trade agreement that slashes bilateral tariffs for key products in the manufacturing and agricultural sectors, with the U.S. government agreeing to eliminate tariffs on critical minerals and quadruple its quota of reduced-duty beef imports from Argentina; Argentina agreed to cut tariffs on 200 U.S. products, including vehicles and medical devices. Brazilian diplomats are considering a legal challenge to the trade agreement on the basis of Argentina's restrictions on signing bilateral free-trade deals as a member of the Mercosur trade bloc, Reuters reported Feb. 10. What is the significance of the U.S.-Argentina trade agreement in the context of ongoing trade and geopolitical trends in the Western Hemisphere? How likely is the agreement to be implemented? Which actors in the United States, Argentina and the other core Mercosur countries could present the most substantial opposition to the deal?

A Daiana Fernández Molero, Argentine national deputy and member of the foreign affairs and budget committees: "Argentina is one of the world's most historically closed economies. In that context, a U.S.-Argentina trade agreement would be far more than a bilateral arrangement; it would represent a genuine break with decades of economic self-isolation. Its value goes well beyond tariff schedules. It would allow Argentina to quintuple beef exports to the United States and reduce the cost of capital goods, machinery, medical devices and industrial inputs that directly strengthen domestic supply chains, advance mutual recognition of standards,

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TODAY'S NEWS

POLITICAL

Cuban Agents Kill Four in Alleged Attempt at Infiltration

Cuban border patrol agents killed four people and wounded six others Wednesday in a U.S.-registered speedboat off Cuba's northern coast. Havana called the incident an infiltration attempt.

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ECONOMIC

U.S. Permits Limited Sales of Fuel to Cuba

The U.S. Treasury Department's Office of Foreign Assets said Wednesday that it will allow limited sales of Venezuelan oil to Cuba.

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POLITICAL

Rubio Defends U.S. Seizure of Maduro to Caribbean Leaders

U.S. Secretary of State Marco Rubio told Caribbean leaders Wednesday that Venezuela is "better off" after the capture of President Nicolás Maduro.

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

POLITICAL NEWS

Cuban Agents Kill Four in Alleged Infiltration Attempt

Cuban border patrol agents fatally shot four people and wounded six others on a U.S.-registered speedboat along the country's northern coast Wednesday morning in what the government called an infiltration attempt, The Wall Street Journal reported. Crew members aboard the boat, which was registered in Florida, began shooting at the Cuban agents as officers approached it near Cayo Falcones, an island in Villa Clara province, about 185 miles east of Havana, Cuba's Interior Ministry said, the newspaper reported. The commander of the Cuban patrol boat, which had approached the vessel to identify its occupants, was injured in the shootout, Cuban officials said. The ministry said the men aboard the speedboat were Cuban nationals living in the United States and added that they had "intentions of carrying out infiltration for terrorist purposes," The Wall Street Journal reported. The boat's occupants were armed with assault rifles, explosives, bulletproof vests, camouflage uniforms and telescopic glasses, the ministry said. The six people who were wounded were given medical assistance, the ministry said, adding that it had identified seven of the people on the boat. Most of the men "have a known history of criminal and violent activity," the government said, the Associated Press reported. "In the face of current challenges, Cuba reaffirms its determination to protect its territorial waters, based on the principle that national defense is a fundamental pillar of the Cuban State in safeguarding its sovereignty and ensuring stability in the region," Cuba's embassy in Washington said in a statement posted on social media site X. The incident came amid heightened tensions between the United States and Cuba as the administration of U.S. President Donald Trump has severely restricted oil sales to Cuba. Speaking in St. Kitts and Nevis where he was attending a summit of Caribbean leaders, U.S. Secretary of State Marco Rubio said, "We

have various different elements of the U.S. government that are trying to verify elements of the story," The Wall Street Journal reported. "We obviously want to have access to these people if they are American citizens and U.S. residents," Rubio added.

Rubio Defends U.S. Ouster of Maduro at Caribbean Summit

U.S. Secretary of State Marco Rubio on Wednesday defended the Trump administration's ouster of Venezuelan President Nicolás Maduro, telling Caribbean leaders at a summit that Venezuela and the region are now better off, the Associated Press reported. "Irrespective of how some of you may have individually felt about our operations and our policy toward Venezuela, I will tell you this, and I will tell you this without any apology or without any apprehension: Venezuela is better off today than it was eight weeks ago," Rubio told leaders at the meeting of leaders of the Caribbean Community, or Caricom, in St. Kitts and Nevis, the AP reported. In the closed-door meeting, from which the State Department released a transcript of Rubio's remarks, the secretary of state added that Venezuela's acting government has made "substantial" progress in improving conditions in the South American country, the wire service reported. Rubio told leaders of the 15-member Caricom bloc that his presence at the summit was a sign of a new approach to the region by the U.S. government. "I am very happy to be in an administration that's giving priority to the Western Hemisphere after largely being ignored for a very long time," Rubio said, the AP reported. "We share common opportunities, and we share some common challenges. And that's what we hope to confront," he added. Rubio said the largest threat to the Caribbean comes from transnational criminal organizations, and he acknowledged that many of those groups are buying weapons in the United States. He said U.S. authorities are addressing that problem, the AP reported. Rubio added that the Trump administration wants to work with Caribbean leaders on energy issues

NEWS BRIEFS

Death Toll From Heavy Rains in Brazil's Minas Gerais State Rises to 46

The death toll following heavy rains that led to flooding and landslides in Brazil's Minas Gerais state has risen to 46, the state fire department said Wednesday, Reuters reported. About 3,600 people have been displaced in the cities of Juiz de Fora and Ubá, and 21 people are missing, the fire department added.

Judge Invalidates Trump's Third-Party Deportations

A U.S. federal judge on Wednesday invalidated the Trump administration's policy of deporting people from the United States to countries where they are not citizens, The Washington Post reported. Judge Brian E. Murphy of the Massachusetts District Court said in his ruling on Wednesday that immigration officials must give deportees "meaningful notice" before their removal and allow people to challenge their deportations in court. The Immigrations and Customs Enforcement policy memo released last July directed officers to deport migrants to third-party destinations with as little as six hours of notice, according to The Washington Post.

Shell Considering New Investments in Brazil's Raízen Amid Losses

Oil major Shell is planning to inject as much as \$680 million to prop up Brazilian sugar and ethanol producer Raízen, Shell's joint-venture partner that has posted billions of dollars in losses in recent months, three sources close to the matter told Reuters on Wednesday. One source told the wire service that Raízen would need new investments of nearly \$5 billion to shore up the firm's finances. Both Moody's and Fitch Ratings downgraded their credit outlooks for Raízen earlier this month.

and economic advancement. “We want to be your partner in that regard,” he said, the AP reported. The four-day summit of Caribbean leaders also comes as countries of the region have been split over the Trump administration’s campaign of destroying boats in the Caribbean and eastern Pacific that it says are transporting illegal drugs. At least 151 people have been killed in the strikes that began in early September, the AP reported. Last year, Caricom issued a statement calling the region a “zone of peace” that should be free from military action, The Washington Post reported.

ECONOMIC NEWS

U.S. Treasury to Permit Limited Sales of Oil to Cuba

The U.S. government will permit a limited amount of oil exported from Venezuela to be re-sold to Cuba, the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC) said Wednesday in a public blog posting. The move could help Cuba alleviate a fuel shortage that has grown increasingly severe in recent months amid U.S. actions to block shipments of oil to Cuba from Venezuela, which provided a majority of Cuba’s fuel supply as recently as November, Reuters reported. OFAC said Wednesday that it “would implement a favorable licensing policy toward specific license applications seeking authorization for the resale of Venezuelan origin oil for use in Cuba,” so long as any transactions bar the participation of individuals from Cuba’s government or military. The move was taken “in accordance with the United States’ support and solidarity for the Cuban people,” OFAC added. Applicants do not need to be U.S.-based entities in order to apply to sell oil to Cuba, OFAC said on Wednesday. It’s unclear whether Cuba can afford new oil purchases without favorable terms, as well as whether oil shipments taking place under the supervision of Cuba’s energy and mining ministry would be considered exempt from OFAC’s new guidance, Reuters reported.

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support accession to international patent treaties and establish a modern digital trade framework. These are institutional reforms that previous governments blocked for decades under lobbying pressure. Opening our market is not a concession; it is a structural gain. Such an agreement reflects Argentina’s principled pragmatism: sovereign decisions taken in our national interest and grounded in convergence with the democratic, rules-based economic order. On implementation, the domestic outlook is strongly favorable. Argentina recently granted first-chamber approval to the E.U.-Mercosur agreement with 203 votes in favor and 42 against, with opposition limited to hardline Kirchnerists and the far left. That political reality signals a country that has genuinely shifted its economic orientation. The Mercosur dimension remains legally complex but is evolving. Finally, the U.S. Supreme Court’s decision regarding the IEEPA introduces a new layer of legal and market uncertainty. For Argentina, this development makes a bilateral framework more relevant, not less. A negotiated agreement offers the predictability and institutional grounding that unilateral executive action cannot provide. The global economic order is being reshaped in real time. For countries willing to anchor themselves in rules, competitiveness and credibility, this is not merely a moment of risk but a rare opportunity to reposition decisively. Argentina intends to seize it.”

A Mariano Machado, principal Americas analyst at Verisk Maplecroft: “The U.S.-Argentina Agreement on Reciprocal Trade and Investment is less a commercial agreement than a statement of geopolitical intent. The deal is about strategic positioning, linking economic integration with security cooperation: It maps out sectors in Argentina strategically selected to reduce U.S. import dependence on China. In turn, Argentina commits to prioritizing the United States over ‘market-manipulating economies’ for

lithium and copper, commits to using only communication technology suppliers that do not compromise security, and agrees to mirror U.S. export controls. Whether the proof holds is a separate question that markets are already asking. The deal’s economic logic is coherent—but its political path is less so. The agreement enters into force 60 days after both sides certify completion of their legal procedures. Action on critical minerals and U.S. investment financing can move immediately by executive decision—and that part is real. Everything else runs into the hurdle of Argentina’s constitutional process: Full congressional ratification is likely to be deferred to ordinary sessions beginning in March, with the legal team still resolving technical details as of mid-February. The deeper problem is structural. Tariff benefits don’t activate until Argentina ratifies eight parallel intellectual property treaties. Hence, full implementation by the end of 2026 requires a legislative discipline Argentina has rarely demonstrated. That tension will define its trajectory, both at home and abroad. Domestically, Peronist legislators will cry foul over patent and intellectual property obligations, but it is the industrial unions and manufacturing federations with the economic grievance and the congressional relationships who will act on it. In Brazil, the objection is not ideological but institutional: tolerating the deal without consequence renders the Mercosur common external tariff decorative, and with it three decades of Brazilian trade diplomacy. Brazil’s foreign ministry and industrial lobbies are the structural veto players—and they are not known for accepting existential threats quietly.”

A Gregory Ross, associate for Brazil and the Southern Cone at McLarty Associates: “President Milei has spent the first two-plus years of his term aligning Argentina closely with Washington while advancing an ambitious agenda to reduce barriers to trade and investment. The new U.S.-Argentina trade

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deal looks to institutionalize this political alignment as Argentina becomes the first South American nation to sign a reciprocal trade agreement with the Trump administration. The agreement goes beyond tariff cuts, committing Argentina to strengthened enforcement of intellectual property protections. It also reflects a core U.S. priority in the hemisphere of de-risking critical mineral supply chains. One article of the deal, which states U.S. intent to tap financing from the U.S. International Development Finance Corporation and the Export-Import Bank of the United States for strategic sectors, suggests it is as much about mobilizing capital as lowering trade barriers. If the deal can catalyze U.S.-backed investment in Argentina's significant copper reserves—as well as needed infrastructure for processing and transport—the agreement's most durable impact may be strategic, rather than commercial. Argentina appears likely to ratify the agreement under Milei's expanded congressional coalition. However, as signaled by scrutiny from Brasília—not to mention the sweeping uncertainty introduced by the U.S. Supreme Court's recent ruling against IEEPA tariffs—implementation is not risk-free. Expanded import quotas for Argentine beef displeases U.S. ranchers, and the deal raises regulatory question marks vis-à-vis the recently signed E.U.-Mercosur agreement. That pact is also backed by the Milei administration, but Mercosur's commitment to recognize about 350 E.U.-style geographical indications may conflict with Argentina's market-access promises to U.S. producers of select food products under the reciprocal trade agreement."

A **Cecilia Godoy, analyst for Latin America and the Caribbean at the Economist Intelligence Unit:** "The U.S.-Argentina trade and investment agreement underscores the dividends of President Javier Milei's efforts at fostering a close personal relationship based on an ideological alignment with U.S. President Donald Trump. However, its

economic impact has been diluted by the U.S. Supreme Court's decision to roll back Trump's reciprocal tariffs, which eliminates a key benefit of the deal for Argentina, which was tariff relief for more than 1,600 tariff lines for Argentina. Even so, the deal will still deliver commercial and regulatory benefits by clarifying market access and anchoring reforms on intellectual property and strategic sectors. The agreement's primary significance is geopolitical. It reinforces a hemispheric shift in which the United States prioritizes trade ties with politically aligned governments and embeds security considerations into economic frameworks amid intensifying U.S.-China rivalry. Notably, provisions favoring U.S. firms in Argentina's critical minerals sector, tightening scrutiny of telecommunications suppliers and enhancing oversight of foreign space infrastructure—implicitly targeting China's Neuquén facility—deepen Argentina's integration into the U.S. economic and security sphere. We expect implementation is likely, despite some domestic and external opposition. In Argentina, ratification requires only a simple congressional majority. Although left-of-center parties, unions and protected industries will criticize the deal as asymmetric, Milei's strengthened post-midterm position should allow him to secure passage. This view is bolstered by his recent passage of the controversial labor reform law. Regionally, the agreement will generate tensions within Mercosur, with the most substantial challenge likely to stem from Brazil. Argentina's allowed exceptions to the common external tariff would rise from 150 to 241 items, and preferential access for U.S. agricultural imports, particularly meat, could intensify frictions. We think that Mercosur members are still likely to accommodate the deal, as retaliation would endanger the bloc's already fragile cohesion."

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

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