

THE DIALOGUE

Latin America Advisor

www.thedialogue.org

Monday, March 30, 2026

BOARD OF ADVISORS

Merike Blofield

Professor of Political Science,
University of Hamburg

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

Director,
Covista

Jon E. Huenemann

Council Member,
GLG Inc.

James R. Jones

Chairman,
Monarch Global Strategies

Craig A. Kelly

Senior Director, Int'l Gov't Relations,
Exxon Mobil

John Maisto

Director,
U.S. Education Finance Group

Nicolás Mariscal

Chairman,
Grupo Marhnos

Thomas F. McLarty III

Chairman,
McLarty Associates

Ernesto Revilla

Head of Latin American
Economics, Citi

Gustavo Roosen

President,
IESA

Andrés Rozental

President,
Rozental & Asociados

FEATURED Q&A

Will Inflation Become More of a Problem in Peru?



Energy and food prices were cited as the main reasons for an increase in inflation last month in Peru. Lima is pictured. // File Photo: christian vinctes via Adobe Stock.

Q The board of directors of Peru's central bank on March 12 held its benchmark interest rate unchanged at 4.25 percent despite rising inflation, the bank said in a statement. Consumer prices in Peru grew by 2.2 percent year-on-year in February, up from 1.7 percent the previous month; the central bank said energy and food prices were chiefly to blame for the increase in inflation. How exposed to inflationary pressure is Peru as compared to other major economies in Latin America? Which industries or sectors are driving Peru's economic growth? What would an environment of relatively high inflation mean for Peruvian politics ahead of the country's general election on April 12?

A Mónica Muñoz-Nájar Gonzales, executive subdirector of REDES (Red de Estudios para el Desarrollo) in Lima: "Peru currently stands as a paradox of institutional stability. Despite a volatile political climate that has seen three different presidents in less than six months, the country maintains an outstanding macroeconomic anchor within the region. With year-on-year inflation at 2.2 percent as of February, Peru exhibits significantly lower exposure to price pressures than peers such as Colombia (5.29 percent), Mexico (4.02 percent) or Brazil (3.81 percent). This achievement is rooted in an economic model that has reduced public debt to approximately 32 percent of GDP and fostered private investment, which is currently leading the recovery with a projected growth of 9.5 percent. However, this resilience faces a critical test due to an external cost shock: The global energy crisis has spiked import prices for fuel and logistics, causing a short-term infla-

Continued on page 3

TODAY'S NEWS

ECONOMIC

Trump Allows Shipment of Russian Oil to Reach Cuba

A Russian oil tanker carrying 730,000 barrels of oil arrived today in Cuba. U.S. President Donald Trump said he had authorized the vessel to break an effective U.S. energy blockade.

Page 2

BUSINESS

U.S. Appeals Court Throws Out YPF Case

A U.S. federal appeals court struck down a ruling forcing Argentina to pay more than \$18 billion to former shareholders of state-run oil company YPF.

Page 3

POLITICAL

Maduro, Flores Break Silence Following Arrest

Ousted Venezuelan President Nicolás Maduro and his wife said in a social media post that they're "well, calm and in constant prayer." It was their first such post since their arrest in January.

Page 2



Maduro // File Photo: khamenei.ir via Wikimedia Commons CC BY 4.0.

ECONOMIC NEWS

Trump Allows Shipment of Russian Oil to Reach Cuba

A Russian oil tanker carrying 730,000 barrels of crude oil arrived today at Cuba's main oil terminal of Matanzas, the Associated Press reported, citing a statement from Russia's transportation ministry. On Sunday, U.S. President Donald Trump told reporters that he had authorized the vessel, the Anatoly Kolodkin, to break the effective U.S. blockade of energy products entering Cuba amid worsening humanitarian

“Cuba is finished ... whether or not they get a boat of oil, it's not going to matter.”

— Donald Trump

conditions on the island, the AP reported. “The people need heat and cooling and all of the other things,” Trump said on Sunday, Reuters reported. The move is a reversal from Trump's decision earlier this month to block Cuba from benefiting from a new U.S. sanctions waiver for Russian oil products, Reuters reported. Before the Anatoly Kolodkin, Cuba had not received any large-scale shipments of oil products since Jan. 9. Fuel oil powers most of Cuba's electrical grid; at least three widespread blackouts have occurred this month amid dwindling supplies of fuel, the AP reported. “Cuba is finished ... whether or not they get a boat of oil, it's not going to matter,” Trump said on Sunday. On Friday, Trump told a conference in Miami that “Cuba is next,” referring to U.S. military action this year in Venezuela and Iran, Reuters reported. The crude oil on board the Anatoly Kolodkin must be turned into refined products before it can be used to refill Cuba's stocks of fuel oil and jet fuel, which could take multiple weeks. Last year, before the U.S. government stepped up its diplomatic efforts to block Cuba's oil supplies, the communist-run island consumed

an equivalent of more than 100,000 barrels of crude oil per day, Reuters reported. The Anatoly Kolodkin's cargo could supply Cuba for approximately one month, considering active rationing policies, according to the wire service.

POLITICAL NEWS

Maduro, Flores Break Silence, Say They're Doing Well

Ousted Venezuelan President Nicolás Maduro and his wife, Cilia Flores, on Saturday broke their silence since the days surrounding their capture by U.S. military forces in early January, saying they were doing well. “We are well, strong, calm and in constant prayer,” Maduro and Flores said in a post on social media site X. “We have received your messages, your emails, your letters and your prayers. Every word of love, every gesture of affection, every expression of support fills our souls and strengthens us spiritually,” they added. It was unclear whether Maduro and his wife dictated the message or approved its content, Agence France-Presse reported. The couple are being held in a jail cell in New York, where they face drug trafficking and weapons charges. Maduro is being held in isolation without access to the internet or newspapers and has access to the prison yard for one hour per day, AFP reported. A source close to Maduro said he is also allowed to speak by phone with his family and lawyers. The messages were posted after Maduro and Flores appeared in federal court in Manhattan, where the judge overseeing their case rejected a motion by their lawyers to dismiss the charges against the couple. In the hearing, lawyers for Maduro and Flores argued that U.S. sanctions that bar them from using Venezuelan government funds for their defense are interfering with their right to choose their own legal counsel, Reuters reported. Judge Alvin Hellerstein questioned the prosecution as to why the United States continues to bar the transfer of funds as relations between the two countries have improved since Maduro's

NEWS BRIEFS

Two Boats Carrying Aid Arrive in Cuba After Being Reported Missing

Two boats that were part of a humanitarian aid convoy arrived Saturday in Havana following a journey from Mexico during which they were delayed by poor weather conditions and reported missing for a short time, Reuters reported. The two sailboats containing food, medicine and other supplies docked in Havana, Mexico's navy said. After the two vessels were reported missing on Thursday, the navy said its surveillance aircraft located them about 80 nautical miles northwest of Cuba. The boats' crews said they were in good health, Reuters reported.

Poll Shows Lula, Flávio Bolsonaro Tied Ahead of Brazil Presidential Vote

A poll released today shows Brazilian President Luiz Inácio Lula da Silva and his rival, Senator Flávio Bolsonaro, tied in a potential runoff ahead of the country's presidential election in October, Reuters reported. The BTG/Nexus poll showed Lula and Bolsonaro both with 46 percent in a runoff scenario.

Argentina Boosts Limit for Ethanol Blending Amid Oil Market Crisis

Argentina's government will allow firms to increase the proportion of ethanol used in gasoline to offset the effects of rising global prices, Argentina's Energy Secretariat said on Friday, Reuters reported. The measure, which is voluntary and does not impose new requirements on refiners, will allow blends of as much as 15 percent ethanol content for gasoline sold in Argentina. The average price of gasoline in Argentina has increased by 18 percent this month, according to the wire service. Brent crude oil was trading at \$107 per barrel on Monday morning, up from \$73 on Feb. 27.

capture. The judge did not indicate when he would rule on the matter.

BUSINESS NEWS

U.S. Appeals Court Throws Out YPF Expropriation Case

A U.S. federal appeals court on Friday voted 2-1 to strike down a ruling forcing Argentina's government to pay more than \$18 billion to former shareholders of state-run oil firm YPF, which was nationalized in 2012, Reuters reported. U.S. District Judge Loretta Preska had ordered the award in 2023, but the appeals court in Manhattan ruled Friday that she had misinterpreted Argentine law, Bloomberg News reported. The decision is a major victory for the government of Argentine President Javier Milei, which is preparing to return the country to international bond markets. "It's historic, unthinkable, the greatest judicial victory in national history," Milei said Friday in a post on social media site X. \$18 billion is roughly half of Argentina's annual federal budget, meaning the government likely would have been forced to sell its 51 percent stake in YPF, Argentina's second-largest company, to satisfy Preska's ruling. U.S. Circuit Judge Denny Chin wrote in his majority opinion on Friday that the United States ultimately lacked jurisdiction to enforce a penalty arising from Argentine contract law, Reuters reported. YPF's former majority shareholder, Spanish oil major Repsol, received \$5 billion in compensation for its shares in YPF from the Argentine government in 2014, but other smaller partners say they never received tender offers for their stakes in YPF. Litigation funder Burford Capital, which backed former minority partners of YPF and would have collected a substantial portion of the award, saw its share price on the New York Stock Exchange plunge by more than 50 percent on Friday, Bloomberg News reported. Burford could still appeal its case to the U.S. Supreme Court, according to the news service.

FEATURED Q&A / Continued from page 1

tionary uptick that could erode purchasing power in the heat of the electoral campaign. This monetary challenge is compounded by a troubling weakness on the fiscal front. According to the Fiscal Council, Congress has recently passed laws representing a permanent annual cost of \$3.3 billion (11.4 billion soles), including financial bailouts for state-owned enterprises and pension benefits for specific groups without requiring structural reforms or management improvements. Heading into the April 12 general election, this deterioration of fiscal rigor, combined with rising energy costs, creates a climate of marked uncertainty. In a fragmented electorate, discontent over the cost of living and the perception of inefficient public management act as catalysts for populist proposals. While these risks are currently mitigated by the country's strong fundamentals, they raise serious questions regarding the sustainability of Peru's economic discipline over the next five-year term."

A Javier Portocarrero, executive director of CIES – Consorcio de Investigación Económica y Social: "Inflation rose from 1.5 percent for the full year of 2025 to 2.2 percent in the 12-month period ending in February. In February alone, consumer prices climbed 0.69 percent, equivalent to more than five months' worth of inflation from the previous year. Despite this, the central bank kept its benchmark interest rate at 4.25 percent, as it attributed the inflationary surge that was registered in February and March to temporary supply shocks such as landslides, the rupture of a gas pipeline in southern Peru and spiking oil prices caused by the war in Iran. Peru has among the lowest inflation rates in Latin America: Annual inflation has averaged 2.6 percent over the last 25 years. Because of this, the country has seen notable exchange-rate stability, to the point that in Bolivia, the Peruvian sol is considered a refuge currency on par with the U.S. dollar. In 2025, Peru continued its

economic recovery with a growth rate of 3.4 percent, similar to the 3.5 percent recorded in 2024, following the moderate recession of 2023. The economy's dynamism was fueled by a boom in terms of trade, reaching a 75-year peak thanks to soaring prices for copper and gold. Peruvian exports, which in 2000 totaled \$7 billion and represented just one-quarter of Argentina's export volume, surpassed the latter in 2025, reaching a total of \$93 billion. Nevertheless, storm clouds loom on the horizon, including a trend toward fiscal deterioration, a proliferation of populist interests, corruption, illicit economies and extreme fragmentation ahead of the election in April (which features 34 presidential candidates)."

A Lorena Masías Quiroga, professor at the School of Public Policy at Universidad del Pacifico and former executive director of La Corporación FONAFE (Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado): "The board of directors of Peru's central bank held its benchmark interest rate unchanged this month despite rising inflation, because most of the increase in inflation was caused by rising food prices due to seasonal supply chain disruptions. Monthly inflation was 0.69 percent in February, but inflation without accounting for volatile food and energy prices was 0.36 percent. Moreover, yearly inflation increased from 1.7 percent to 2.2 percent, while annual inflation without food and energy rose from 2 percent to 2.2 percent, both within the 1 percent to 3 percent target range. Year-end inflationary expectations increased from 2 percent to 2.1 percent in February; the increase in food prices is deemed to be temporary. However, the Middle East conflict has increased oil prices and raised concerns of inflationary pressures globally. In this context, the Peruvian central bank expects inflation to increase to 3 percent by the end of March but to be closer to 2 percent by the end of the year. Notwithstanding, it

Continued on page 4

FEATURED Q&A / Continued from page 3

will stand ready to take further action, if necessary, to maintain inflation within the 1 percent to 3 percent range. Economic activity remains around its potential level and leading indicators continue to show good performance. According to the central bank, economic activity is expected to increase by 3.2 percent this year, driven mainly by construction (6 percent growth), commerce (4 percent) and services (3.9 percent). The agricultural sector will be adversely affected by a weak El Niño and uncertainty in commodity prices, and delays in authorizing new projects will have an adverse impact on the mining sector, which is expected to contract by 0.1 percent. The government will have to follow oil price developments closely and decide whether it is necessary to establish a price stabilization fund to prevent sudden changes in international oil prices from directly affecting consumers. So far, very few candidates have discussed the increase in energy prices in recent campaign debates. The main issues under discussion are crime, corruption, increasing formal employment and quality assurance in education.”

A **Elmer Cuba, economist and partner at Macroconsult in Lima:** “In March, three events occurred that constitute supply shocks: an El Niño phenomenon, which could affect the prices of certain food items by mid-year, provided the climatic event persists into those months; a sharp rise in

oil prices following the bombings in Iran and the near-closure of the Strait of Hormuz; and a disruption lasting nearly half of March in gas supply from the fields of Camisea, which account for approximately 30 percent of Peru’s total energy demand. These factors are expected to lead to an acceleration of inflation during the months of March and April. However, if these three shocks dissipate (indeed, the Camisea disruption has already ended), inflation rates would not remain elevated heading into the second half of the year. In general, we expect average inflation in the second quarter to approach the upper bound of the inflation target range; however, it is unlikely to remain at that level through year-end. The most dynamic sectors this year are expected to be construction, services and commerce, all of which are also major job creators. With the economy currently growing at an annual rate of 3.4 percent, both employment and real wages have been on an upward trend; the acceleration in inflation finds us at a time of dynamism. I do not believe that inflation will have any significant influence on the election scheduled for April 12; it is simply too close at hand. The issue may, however, become politicized ahead of the second round of voting on June 7, particularly if one of the finalists is a populist or left-wing candidate.”

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

Gene Kuleta
Editor

Jack Quinn
Reporter

Luiza Franco
Reporter



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

Lila Abed, Director, Mexico Program

Alfonso Blanco, Director, Energy Transition & Climate Program

Margaret Myers, Senior Advisor, Asia & Latin America Program

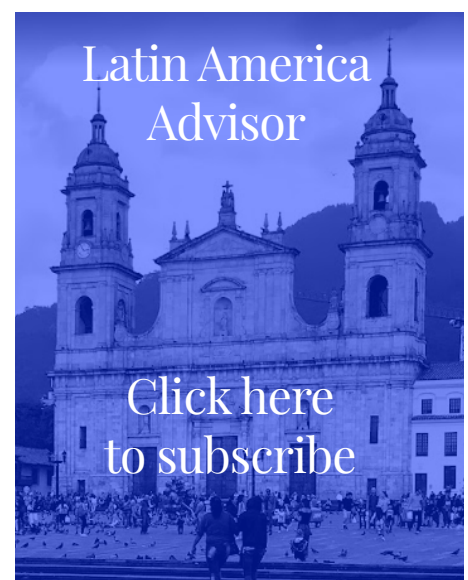
Manuel Orozco, Director, Migration, Remittances and Development Program

Bruna Santos, Director, Brazil Program

Peter Hakim, President Emeritus

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005 www.thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the Inter-American Dialogue. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the Inter-American Dialogue.



LATIN AMERICA ADVISOR

Energy Advisor

The answers to questions that informed executives are asking ... every week.

SUBSCRIBE