

THE DIALOGUE

Latin America Advisor

www.thedialogue.org

Wednesday, April 1, 2026

BOARD OF ADVISORS

Merike BlofieldProfessor 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

What Do Escalating Oil Prices Mean for Latin America?



The war in the Middle East has led to an escalation in international oil prices. An Iranian missile strike at oil refineries along Israel's Haifa Bay on March 19 is pictured. // File Photo: Hanay via Wikimedia Commons [CC BY-SA 4.0](#).

Q Brent crude oil prices have risen to more than \$110 per barrel in the past month, with global oil supplies straining amid the near-total shutdown of shipping through the Strait of Hormuz brought by the conflict between Iran and Israel and the United States. Brent prices will remain at least \$95 per barrel through mid-May amid an absence of supply from major producers such as Saudi Arabia, Iraq and Kuwait, the U.S. Energy Information Administration said in a forecast published on March 10. How has the conflict in the Middle East already affected the oil and gas industries of Latin America's largest hydrocarbon producers? How would a protracted period of elevated fuel prices affect net energy importers across the region? To what extent does the energy market disruption represent an opportunity for Latin America?

A Felipe Kury, managing partner at FK Energy Partners in São Paulo and former director of the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP): "The escalation of tensions in the Middle East and rising disruption risks around the Strait of Hormuz underscore how geopolitical shocks can rapidly tighten global energy markets. The strait handles roughly 20 million barrels per day—about a quarter of global seaborne oil trade—and is also a critical corridor for LNG exports from the gulf. Any interruption can therefore spill over from crude into refined products and global gas markets. For Latin America's major hydrocarbon producers, higher prices generally support export revenues and upstream investment. Brazil remains well positioned as pre-salt output continues to expand, while

Continued on page 3

TODAY'S NEWS

ECONOMIC

Haiti Announces Austerity Plans Amid Soaring Oil Prices

Haiti's government on Tuesday announced austerity measures amid soaring global oil prices, which have put additional pressure on the country's fragile economy.

Page 2

BUSINESS

Shell Reportedly in Talks With Venezuela on Gas Projects

Oil supermajor Shell is in talks with Venezuela on developing four new offshore natural gas projects, Reuters reported today.

Page 2

ECONOMIC

Colombian Central Bank Hikes Rates, Ávila Protests

Colombia's central bank hiked its key interest rate a full percentage point, a move that drew criticism from Finance Minister Germán Ávila.

Page 2



Ávila // File Photo: Colombian Government.

ECONOMIC NEWS

Haiti Announces Austerity Measures Amid Oil Price Rise

Haiti's government on Tuesday announced austerity measures as the war in the Middle East drives up global oil prices, putting additional pressure on the embattled Caribbean country's already fragile economy, the Associated Press reported. The country imposed a ban on the purchase of new vehicles, said it would lower spending on fuel for public institutions and also barred foreign travel by officials, except for essential trips authorized by the prime minister, the wire service reported. Also, the government limited security escorts to one vehicle; gangs are estimated to control 90 percent of Port-au-Prince and several rural areas. In imposing the measures, Prime Minister Alix Didier Fils-Aimé said the restrictions will allow the government "to anticipate serious repercussions on the already fragile macroeconomic balance and public finances in particular," the AP reported. "The government has no choice but to further reduce state spending," the statement added. [Editor's note: See [Q&A](#) on Haitian authorities' use of drones to battle the country's gangs in the March 24 issue of the Advisor.]

Colombian Central Bank Hikes Key Rate, at Odds With Gov't

Colombia's central bank on Tuesday increased its benchmark interest rate by a full percentage point to 11.25 percent, a move that drew criticism from the country's finance minister, Bloomberg News reported. The central bank hiked the rate in a split decision, with four board members voting for the full percentage point increase. Two board members favored a half-point hike, and one voted to keep the rate unchanged. The board voted after Finance Minister Germán Ávila, a voting member of

the board, walked out of the policy meeting and said the Petro administration would not "validate" the decision; he did not elaborate on the implications. The 100-basis-point hike was "disproportionate," Ávila said, Reuters reported.

BUSINESS NEWS

Shell Reportedly in Talks With Venezuela on Gas Projects

British oil supermajor Shell is in talks with Venezuela's government to develop four new offshore natural gas projects, including one that extends into Trinidad and Tobago's territory, Reuters reported today, citing two unnamed sources close to the matter. The new gas fields are located adjacent to the Dragon project, a gas deposit of 4.2 trillion cubic feet that Shell has been trying to develop for years; last month, the firm signed a preliminary agreement with the government of interim Venezuelan President Delcy Rodríguez to move forward with the project, as well as two other new onshore projects in Venezuela. Shell expects to send gas produced from any offshore projects in Venezuelan waters to Trinidad's Atlantic LNG export facility, which shuttered one of its liquefaction units in 2024 amid dwindling natural gas supply, Reuters reported. Commercial production from the Dragon project is expected in the second half of 2027, Trinidad and Tobago's energy minister, Roodal Moonilal, said last month, Reuters reported. Shell is set to make a final investment decision on the project by the end of this year; the sources did not say under what timeline the new offshore gas projects would be developed, the wire service reported. The addition of four new Venezuelan blocks to Shell's portfolio of gas projects in the area would bring the firm's combined reserves in Venezuelan-Trinidadian waters to 20 trillion cubic feet of natural gas, according to Reuters. Shell is actively looking to increase its footprint in Venezuela, CEO Wael Sawan said last week at a conference in Houston, Bloomberg News reported. "We have a huge amount of Venezu-

NEWS BRIEFS

Brazil's Lula Taps Alckmin Again as Running Mate

Brazilian President Luiz Inácio Lula da Silva announced Tuesday that he is again tapping his current vice president, Geraldo Alckmin, as his running mate in this October's election, the Associated Press reported. Alckmin, a former governor of São Paulo state, is also currently Brazil's industry minister. Alckmin will step down from his ministerial role as required of candidates running for election, Lula said.

Environmental Groups Say Pemex Pipeline Likely Caused Oil Spill in Gulf

Satellite imagery shows an oil spill in Mexican waters off the coast of Veracruz state was likely caused by a ruptured pipeline operated by Mexico's state-run oil firm, Pemex, a coalition of environmental groups said, the Associated Press reported on Tuesday. Mexico's government has said that the spill began last month and was caused by a combination of natural causes and a leaking tanker ship. The environmental organizations say the spill first appeared in February. Pemex denied that any of its pipelines were responsible for the oil spill in a statement on Tuesday, the AP reported.

Caricom Chief Calls For Energy Integration

The annual energy conference for the Caribbean Community, or Caricom, began on Tuesday, with Secretary-General Carla Barnett calling for stronger regional collaboration in the areas of hydrocarbons, renewable energy and electrical transmission, Caribbean National Weekly reported. "The Caribbean region is endowed with a remarkable diversity of energy resources," Barnett said. Caribbean countries must do more to attract large-scale investment to reduce dependence on imported fuel, she added, the newspaper reported.

elan staff within Shell today ... we are looking at where we can add value to Venezuela, to the Venezuelan people," Sawan said, the news service reported. [Editor's note: See related [Q&A](#) in the March 6 issue of the weekly Energy Advisor.]

TikTok Seeking Brazil's Approval to Operate as Fintech

TikTok is seeking the approval of Brazil's central bank to operate in the South American country as a financial technology provider, offering lending and payments services, Reuters reported Tuesday, citing two unnamed people familiar with the matter. The social media platform, which is controlled by China's ByteDance, has applied for two licenses with Brazil's financial regulator, the sources told the wire service. One of the licenses would allow TikTok to operate as an "electronic money issuer," which would allow users to hold balances in prepaid accounts and also make payments and receive money through TikTok's app, the sources told Reuters. The second license would make TikTok a "direct credit company," a fintech that lends its own money or operates as a platform connecting lenders and borrowers; the license would not allow it to accept deposits. TikTok did not respond to requests for comment by Reuters. Brazil's central bank also declined to comment to Reuters. Executives of ByteDance, including the company's head for global payments, Liao Baohua, met on Tuesday with Brazilian central bank chief Gabriel Galípolo, according to his public calendar, Reuters reported. The social media platform had 131 million users 18 years old and above in Brazil as of late last year, and its ads were reaching 80 percent of all Brazilian adults, the wire service reported, citing research firm DataReportal. TikTok's shopping platform, TikTok Shop, is a fast-growing brand that drove more than \$500 million in sales in the United States during the four days following Thanksgiving, including Black Friday, which marks the beginning of the holiday shopping season, Business Insider reported in January.

FEATURED Q&A / Continued from page 1

Guyana is consolidating its role as one of the world's fastest-growing oil producers, with elevated prices reinforcing offshore development momentum. Argentina may also benefit through the continued expansion of Vaca Muerta—one of the world's largest unconventional gas resources—particularly as Europe has sharply increased its reliance on LNG following the collapse of Russian pipeline gas deliveries. While U.S. LNG has



Higher oil prices expose structural vulnerabilities across the region."

— Felipe Kury

become Europe's dominant replacement source, Qatar remains an important supplier, and nearly all of its LNG exports transit the Strait of Hormuz. This heightens Europe's exposure to Middle Eastern chokepoints and strengthens the strategic value of diversifying toward emerging LNG suppliers. Over time, this dynamic could support investment in Argentina's gas transport infrastructure and LNG export capacity, provided projects advance to final investment decisions. At the same time, higher oil prices expose structural vulnerabilities across the region. Brazil illustrates this paradox: Despite being a major crude exporter, it still imports a significant share of its diesel, LPG and gasoline. In response to the recent price surge, the government introduced a 12 percent crude export tax and a temporary diesel subsidy to stabilize domestic fuel costs and safeguard supply. Across Central America and the Caribbean—largely net fuel importers—sustained high prices risk intensifying inflationary pressures and straining public finances. In this environment, Latin America's broader opportunity lies in reinforcing its position as a reliable and politically stable energy supplier."



Gavin Strong, principal and head of global risk analysis at Control Risks based in Mexico City:

"The conflict has already had an indirect but material impact on Latin America and the Caribbean (LAC)'s largest hydrocarbons producers, principally through higher prices rather than physical supply disruptions. For net exporters, this has improved revenues, underpinning the narrative of the region as a relatively stable alternative supply source amid heightened global uncertainty. However, the boons are limited and uneven. Colombia and Mexico, for example, are hampered by structural deficiencies, including declining reserves, underinvestment and fuel-price pressures that constrain the ability of their national oil companies to capitalize on these moments. A protracted period of elevated fuel prices would be economically and politically challenging for net energy importers regionwide. Higher fuel costs have a regressive effect, increasing electricity, food and transportation prices, while reducing household purchasing power. Fuel price spikes have driven a significant share of recent inflation surges across LAC, complicating monetary policy. Prolonged fuel-related inflation will heighten the risk of social unrest, especially where fuel prices are highly visible and politically sensitive (as seen during Mexico's 2017 'gasolinazo'). Net importers will therefore confront a taxing tradeoff between promoting fiscal discipline and maintaining sociopolitical stability if elevated prices persist. Energy market disruption represents selective but meaningful opportunities for LAC, rather than a regionwide bonanza. The principal opportunity lies in the region's status as a reliable supplier of oil and gas when geopolitical instability is reshaping energy security considerations among importers. Countries with scalable production and robust investment frameworks—above all, Argentina, Brazil and Guyana—will likely attract capital seeking to diversify away from conflict-exposed regions. There is also an outsized strategic

Continued on page 4

FEATURED Q&A / Continued from page 3

opportunity beyond hydrocarbons. Elevated oil prices enhance the competitiveness of renewable energy, an area where LAC has considerable comparative advantages. Over time, this could propel a two-pronged strategy combining oil export growth with a turbo-charged energy transition investment.”

Aivelaw Lloyd Griffith, founding fellow of the Caribbean Policy Consortium: “The current Middle East conflagration evokes memories of another Donald who played a key role in an earlier Middle East war. The person was Donald Rumsfeld, the two-time U.S. defense secretary, who posited in relation to the war with Iraq, that there are known knowns—things we know we know—and there are also known unknowns. In terms of impact on the Caribbean, the current war has several known knowns and known unknowns, with both geopolitical and geoeconomic dimensions and with some of the known knowns having double-edged aspects. For instance, the reduced availability of oil, LNG and derivative petroleum products on the world market has been causing price spikes, with consequent economic stress on citizens and commercial operations. Yet, for Guyana, with its current 900,000 barrels per day in oil production,

the situation presents an opportunity for revenue enhancement. Tourism, which is critical to the entire region, including places like Jamaica, the Dominican Republic and Guyana that have oil or minerals, is another ‘known known’ impact area. Price increases for jet fuel are driving up the cost of air travel, which will likely depress tourist arrivals. Nonetheless, aggressive marketing holds the prospect of attracting tourists who might have contemplated vacationing in the conflict zone or areas proximate to it. Indeed, the head of Jamaica’s Tourism Enhancement Fund is optimistic about deriving opportunity from adversity. Keep in mind, too, that the conflict is already beginning to manifest external shocks related to the cost of food, pharmaceuticals and other imports, and it will drive up the cost of power generation and public transportation, among other things. However, the exact nature and costs of the effects remain a known unknown. So, too, is the exact way in which the supply chain for both imports and exports will be affected. War—known knowns, known unknowns.”

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

Financial Services Advisor

The answers to questions that informed executives are asking.

Upgrade your subscription with the Inter-American Dialogue’s biweekly Financial Services Advisor. Send an email to gkuleta@thedialogue.org today.

SUBSCRIBE

