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## Latin America Advisor

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### FEATURED Q&A

## What Are the Effects of the Iran War on Agriculture?



Global fertilizer prices have soared since the beginning of the Iran war. A tractor spraying crops in Brazil is pictured. // File Photo: AlfRibeiro via Adobe Stock.

**Q** The ongoing conflict in the Middle East between Iran and Israel and the United States has roiled global energy markets, causing global fertilizer prices to surge by more than 25 percent since the beginning of March. Brazil, Latin America's top producer of agricultural products, imported more than \$15 billion in fertilizer in 2025. Which countries in Latin America and segments of the region's agribusiness sector are most exposed to rising input and logistics costs? To what extent do higher fertilizer and energy prices threaten production, crop choices and export competitiveness in key agricultural economies such as Brazil and Argentina? How might the current shock lead to longer-term shifts in Latin America's role in global food markets?

**A** Maria Luisa Franzotti, agribusiness analyst at Céleres: "In Latin America, Brazil is the most exposed to the conflict in the Middle East. The world's fourth-largest fertilizer importer, it has sourced an average of 70 percent of its demand from imports over the past three years, with 17 percent of its nitrogen-based fertilizers coming from that region in 2025. Argentina, the world's third-largest food exporter, meets roughly 50 percent of its fertilizer demand through imports, with the Middle East accounting for 26 percent of its nitrogen-based fertilizers in 2025—putting pressure on wheat, corn and barley production. Paraguay and Uruguay, though smaller, are similarly vulnerable, particularly due to rising phosphate prices. Export restrictions from China and Russia are tightening global supply and intensifying the shock to the effective operating cost of these economies. In Brazil, low soil fertility and acidity amplifies the impact. With margins under pressure

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### TODAY'S NEWS

#### POLITICAL

## Cuba Frees Prisoners Amid Pressure by U.S. Government

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#### BUSINESS

## Embraer's Chief Financial Officer Steps Down

Brazil-based aircraft manufacturer Embraer announced today that its chief financial officer, Antonio Carlos Garcia, has resigned.

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#### POLITICAL

## Keiko Fujimori Leads Crowded Field Ahead of Peru Election

Right-wing candidate Keiko Fujimori leads a crowded field of 35 candidates ahead of Peru's presidential election on April 12.

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Fujimori // File Photo: Peruvian Gov't via Flickr CC BY-NC-SA 2.0.

## POLITICAL NEWS

## Cuba Frees Prisoners Under Pressure From U.S. Government

Cuba's government on Friday began releasing prisoners after announcing that it would free 2,010 inmates in what it called a "humanitarian" gesture during Holy Week, Agence France-Presse reported. More than 20 prisoners emerged on Good Friday from La Lima penitentiary on the eastern outskirts of Havana, holding their release paperwork and hugging relatives who had been waiting for them. "Long-live freedom!" one man, who had been convicted of theft, shouted as he left the prison in Guanabacoa, a township in eastern Havana, Reuters reported. The wire service interviewed several released inmates who had been convicted of crimes including theft and bribery, but none appeared to have been involved in anti-government protests. Another released inmate, Abel Tamayo, had been convicted in 2024 of bribery and told Reuters that the prison released showed the Cuban government had an openness toward change. "This shows they are open to everything, open to dialogue, open to national unity," Tamayo told the wire service. "There are many people who are imprisoned who may well be bad people, but there are also many who are good people," he added. Cuba's government announced last week that it would free 2,010 prisoners, a move that came days after U.S. President Donald Trump eased a de facto oil blockade on the island by allowing a Russian tanker loaded with oil to dock in Havana. Since January, U.S. restrictions on oil shipments to Cuba have worsened the communist nation's energy crisis and shortages of food, medicine and other basic goods. Trump has called for change in Cuba and in mid-March said he believed he would have the "honor of taking Cuba." Both the U.S. and Cuban governments have confirmed in recent weeks that they are in talks. Cuba's embassy in Washington announced last Thursday in a post on social media site X that prisoners being released "includes young people, women,

adults over 60 years of age—those reaching the end of their early release in the last six months and next year—as well as foreigners and Cuban citizens residing abroad." [Editor's note: See related [Q&A](#) in Friday's issue of the Advisor.]

## Keiko Fujimori Leads Crowded Field Ahead of Peru Election

Right-wing candidate Keiko Fujimori leads Peru's presidential race a week ahead of the first round of the country's presidential election on April 12, according to three polls that were released on Sunday, Reuters reported. With a record 35 candidates on the ballot and none expected to surpass 50 percent, a runoff is widely anticipated for June 7. Fujimori is polling at 14.5 percent, up from 13 percent previously, according to a Datum International survey. The

**With no candidates polling at more than 50 percent support, a runoff is widely expected.**

daughter of late President Alberto Fujimori is now on her fourth presidential bid. Following her in the polls, former comedian Carlos Álvarez has seen the sharpest rise in support, climbing to second place at 10.9 percent, up from 6.9 percent, the Datum survey showed. Far-right former Lima Mayor Rafael López Aliaga slipped to third with 9.9 percent, down from 11.7 percent, in the survey. Two other polls, from Ipsos Perú and the Peruvian Market Research Company, also put Fujimori ahead, though they differ on whether Álvarez or López Aliaga holds second place. Undecided voters have narrowed to 16.8 percent, down from nearly 24 percent. Datum CEO Urpi Torrado told Peruvian newspaper El Comercio that the race has shifted from courting undecided voters to candidates pulling support directly from one

## NEWS BRIEFS

## At Least One Killed in Apparent Crowd Rush at Soccer Stadium in Lima

At least one person was killed and 60 others were injured in an apparent crowd crush at Lima's Alejandro Villanueva Stadium on Friday night, the Associated Press reported. The incident occurred as Alianza Lima fans packed the south stands ahead of their match against rival Universitario. Authorities rescued several people trapped in the surge. Fire officials confirmed one fatality and dozens of hospitalizations but said the cause remains unknown.

## Canada's Consumer Confidence Falls to Lowest Level in Nearly a Year

Consumer confidence in Canada has fallen to its lowest level in almost a year amid soaring energy prices due to the war in Iran as well as concerns about inflation, Bloomberg News reported. Only 15 percent of Canadians expect the country's economy to strengthen six months from now as compared to 27 percent a month ago. Two Bloomberg indexes of consumer confidence in Canada showed their lowest readings since May 2025.

## BTG Pactual Chile, SURA Launch New Private-Credit Funds in Chile

BTG Pactual Chile and Colombia-based SURA Investments have launched new private credit funds in Chile, Bloomberg News reported today. The two asset-management firms are seeking to raise as much as \$200 million in total, the news service reported. SURA's fund allows as much as 30 percent of its assets to be deployed in other countries. Private-debt funds in Chile managed approximately \$6.5 billion as of the third quarter of last year, according to the Chilean Association of Investment Fund Administrators.

another. Other candidates polling in the higher single digits include centrist sociologist Jorge Nieto; Ricardo Belmont, another former Lima mayor; leftist lawmaker Roberto Sánchez; and progressive former central bank director Alfonso López Chau.

## Chile's Kast to Meet With Milei Today in Buenos Aires

Chilean President José Antonio Kast is scheduled to meet today with his Argentine counterpart, Javier Milei, in his foreign trip since taking office last month, Agence France-Presse reported. Both conservatives, Kast and Milei are politically aligned and previously met in December in Buenos Aires after Kast's election. Before boarding his flight to the Argentine capital on Sunday, Kast said he wants closer ties between Chile and Argentina. "It is a good time to strengthen ties and start closing certain issues that can empower both nations," he said, the Buenos Aires Times reported. Kast added that Chile and Argentina face similar threats from drug trafficking and organized crime. "We have common enemies attacking our nations, and we must confront them together," he said.

### BUSINESS NEWS

## Embraer's Chief Financial Officer Steps Down

Brazil-based aircraft manufacturer Embraer announced today in a regulatory filing that its chief financial officer, Antonio Carlos Garcia, has resigned. The company said in a filing with the U.S. Securities and Exchange Commission that Garcia is stepping down "for personal reasons, in order to pursue new professional opportunities." Embraer's chief executive officer, Francisco Gomes Neto, will serve as interim CFO, Embraer said in the filing.

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since 2023—due to higher fertilizer costs, unfavorable exchange rates and elevated interest rates—the 2026-27 crop season is likely to see slower area expansion. Corn, often used to offset weaker soybean margins, is more nitrogen-intensive, limiting this alternative. In Argentina, rising costs are eroding the competitiveness of soybean and derivative exports. In the medium to long term, the shock could reshape Latin America's role in global food markets, with a shift toward crops that are less fertilizer-intensive. Higher costs reduce competitiveness in the short term but may ultimately reinforce the region's strategic importance. Investment in fertilizer production is essential at this stage to reduce dependence on, and vulnerability to, external conflicts."

**A Gabriel Diniz Faleiros, research analyst for Latin America agribusiness at S&P Global Energy:**

"The Middle East conflict has increased prices for fertilizers and agricultural machinery across Latin America. In Brazil, nitrogen fertilizer prices have risen sharply, with granular urea CFR Brazil up more than 50 percent from late February to late March. This spike reflects Brazil's dependence on Middle Eastern suppliers, which account for 26 percent of its urea and ammonium sulfate imports on a five-year average. Consequently, margins for summer corn have turned negative, likely prompting a shift in planted area toward soybeans. For soybeans, we forecast the smallest area expansion in nearly 20 years, driven by multiple factors, including deteriorating economics for pasture conversion. Margins for converting pasture into farmland are currently negative, and the barter ratio for MAP fertilizer has worsened significantly, though potassium chloride remains relatively stable. Despite these headwinds, we do not expect area retraction, as margins in established soybean areas remain positive even under oil-shock scenarios. However, there are growing concerns about fertilizer availability

during the September-November planting season due to export restrictions from the Middle East and other major suppliers. This could lead to lower fertilizer usage. Argentina's wheat sector faces immediate pressure, with variable costs up 14 percent while gross revenue remains flat. This margin compression threatens upcoming plantings and could affect production."

**A Maísa Romanello, market analyst on the Market Intelligence team at Safra & Mercado:** "The immediate impact is being felt in production costs for winter crops such as wheat in Argentina and Brazil. In Brazil, amid credit constraints and high prices since last year, many farmers delayed purchases and now face an even more unfavorable situation as fertilizer prices surge due to the conflict. Agricultural output could be threatened if farmers are unable to absorb higher fertilizer costs. Reduced nutrient application in fields may lead to lower yields. The 2026-27 crop cycle is already a growing concern, particularly due to high prices for phosphate fertilizers. Production costs are expected to rise, squeezing margins, while terms of trade have worsened—grain prices have not kept pace, while fertilizer costs have surged. For the second crop (safrinha), the main concern is urea. The longer the conflict persists, the greater the likelihood that prices will remain elevated during peak demand, undermining nitrogen fertilization. All of this could result in lower input use in farming, reduced output and higher food prices."

**A Mariangela Hungria, agronomist, soil microbiologist and researcher at Embrapa Soja:** "Conflicts such as the recent one in the Middle East are devastating, especially because of the lives lost. Regarding the effects on Brazilian agriculture, they will have a major impact, both on the cost and supply of inputs, as well as on food exports. However, difficulties also bring opportuni-

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ties. For those who, like me, work with biological inputs as a substitute for chemical ones, the transportation constraints during Covid-19 and the disruption in fertilizer supply caused by the war between Russia and Ukraine represented a major opportunity for the sector. Faced with shortages of chemical inputs, farmers decided to test biologicals and were able to confirm what research had long demonstrated—that biologicals are effective and can support high yields. As a result, from 2020 onward, there was an explosion in the use of bioinputs. Once farmers see results, adoption tends to increase steadily. We are now facing another conflict, which will once again significantly constrain the supply and increase the cost of fertilizers and chemical molecules for pest and disease control. Nevertheless, this also represents a new opportunity for the expansion of biologicals, which are produced in Brazil and based on its rich biodiversity. I hope that this second warning regarding the heavy external dependence on chemical inputs for agriculture, alongside the strong opportunity for developing biologicals in Brazil, becomes clear to all sectors. This should lead to the necessary incentives to consolidate the biologicals market in the country. With this, not only will production costs be significantly reduced, but we will also move toward a more sustainable agriculture, with lower environmental impact.”

**A** **João Victor Marques Cardoso, oil, gas and biofuels analyst at the Center for Energy Studies at the Getulio Vargas Foundation:** “Brazil’s agricultural sector is a major energy consumer, accounting for 5 percent of national energy demand. Diesel is the main fuel, representing approximately 50 percent of the sector’s energy use. An external shock in the international oil market has significant effects, particularly for a country that

relies on up to 30 percent imported diesel. The impact is especially pronounced in the Center-West agricultural frontier, with higher fuel costs passed through to food prices in both domestic and global markets. Brazil’s predominantly road-based freight transport system, which moves agricultural output, is also affected by increases in diesel prices. Fuel has a significant weight in Brazil’s official consumer price index (IPCA), making

“**The current shock is likely to drive greater investment aimed at reducing import dependency...**”

— João Victor Marques Cardoso

the impact on inflation unavoidable. Brazil is even more vulnerable on fertilizers, as 80 percent of its consumption is imported. One of the world’s largest food exporters, Brazil accounts for 8 percent of global fertilizer consumption. The impact is felt both through the risk of disruptions to maritime navigation and through rising natural gas prices, a key input in fertilizer production. The current shock is likely to drive greater investment aimed at reducing import dependency, which has become a structural vulnerability for Brazil and Latin America. It is essential that investments in oil refining, gas processing and fertilizer production are integrated, leveraging regional advantages such as more competitive gas from Bolivia and Argentina. These resources could then be leveraged into strategic value chains like fertilizers, thereby fostering the development of Brazil’s gas market.”

*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

**Luiza Franco**  
Reporter



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

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