



Services



Energy South America: The Next Frontier

For much of the past decade, the narrative around Latin America's energy sector has been cyclical: moments of optimism interrupted by macro volatility, regulatory uncertainty, or shifting political winds. Headlines have tended to focus on inflation, FX controls, or policy debates. In addition, global shifts through policy changes and events in the Middle East in early 2026 add complexity to any planning scenario. Yet we are hearing growth stories from our clients who are confident in their expansion strategies, and for treasury and finance teams this confidence translates into enhanced needs around liquidity and real-time treasury, trade solutions, and leveraging digitization.

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Growing energy and renewable economies in South America

There is no debate that the diverse countries which make up South America see energy and power, as well as chemicals, as a critical part of growth and development. There are different paces of advancement within energy source utilization, but countries are expanding all forms of energy from renewables, transitional and traditional fuels. This trend of advancing multiple forms of energy echoes our observation globally that most regions of the world will continue to utilize traditional and transitional energy while developing renewable sources.

Adding headwinds to project timelines, the ongoing conflict in the Middle East and closure of the Strait of Hormuz have brought supply chain disruptions, market volatility, and higher compliance burdens as companies navigate different sanctions and regulations. While we anticipate that there may be key economic challenges later in 2026 and into 2027, including rising inflationary pressures and a potential tightening of global financial conditions, the global volatility in many industry sectors has prompted many in finance and treasury to revisit plans for resilience and optionality.

For example, while Brazil boasts one of the highest shares of renewable energy globally, with an estimated 85% of large-scale electricity generation capacity coming from renewable sources, there is now some additional urgency to complete and expand upon these projects. At the same time, Brazil remains a significant oil producer and exporter. Addressing high gas prices is an important topic for consumers, especially if there is a significant tightening of global financial conditions.¹

Argentina's energy sector is experiencing a significant transformation, with the government implementing comprehensive reforms to liberalize the electricity market. The Vaca Muerta shale play is contributing to record crude production² and investment, with new provinces launching bid rounds which will further accelerate the trend. Argentina's energy plan includes exporting LNG alongside increased investments in renewables like solar, wind and battery storage. The ability to sell renewable energy through Power Purchase Agreements (PPAs) and the renewable energy term market, MATER or Mercado a Término de Energía Eléctrica de Fuente Renovable, has been a key driver to scale renewable electricity generation in the country.

Similar to Brazil and Argentina, Colombia, Guyana, Peru and other countries across South America are also implementing energy and power expansion plans across traditional and renewable sources. Today, Guyana's energy generation mix is largely fossil fuels, but there is also an effort towards adding renewable energy capacity. Renewable energy is viewed as a potential solution to some of the challenges of reliability as well as preserving the country's beauty. Currently, the future of

¹Citi Velocity®: Exporters in the spotlight? Assessing the impact of Middle East conflict on LatAm, 30 March 2026

²876 kbb/d where 598 kddl/d is non conventional, source Government of Argentina

Venezuela also stands at a precipice, with the impact on the global energy market potentially significant. With increased global volatility in the form of policy changes and geopolitical conflicts impacting cross-border flows, treasurers in the region are also focused on liquidity, working capital, and maximizing flexibility within their treasuries.

Challenges that we hear from clients

Across the region we see consistent patterns in the conversations that we are having with clients. Discussions around automation, evolving payment processing, system configurations, and onboarding have been increasing. Clients have been revisiting their supply chain strategies and examining plans related to US-based subsidiaries. We also see clients pushing existing infrastructure functionality to maximize capabilities, and in doing so, revealing where upgrades and enhancements are needed. Clients are drawing out business trends such as:

- Payment flow volumes are increasing, particularly to local vendors and service providers and within the South America to United States corridor
- Increased guarantees and trade instrument issuances and renewals
- Commitment to ERP and treasury system implementations and upgrades
- Intensified focus around supplier finance and working capital programs

Many clients are accelerating their plans to expand, with thoughtful reviews of how treasury payment disbursement and receipt cycles are managed. Clients are asking for advice on

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how to provide the best support to suppliers to ensure supply chain stability, how to move funds quickly within and between countries, and how to ensure treasury teams are efficient as the business expands.

Events such as sanctions, policy changes and geopolitical conflicts are also prompting conversations about operational stability and business continuity. Clients are reexamining their plans for data sharing and storage, where critical treasury decisions are made and how best to address a disaster recovery scenario.

Solutions that address today's needs

Liquidity management and real-time treasury

Planning around global change and market volatility has become a core requirement for treasury teams. A well-designed liquidity management approach offers visibility and control through target balancing and cross-currency payments with competitive FX rates. For energy and power companies, this is particularly acute: in recent months, major oil traders and LNG shippers have had to reroute supply chains, dramatically extending voyage times and tying up working capital in transit inventory for weeks longer than planned. Companies have had to rapidly rebalance multi-currency cash positions as freight costs surge and payment timing shifted. Optimizing further with virtual accounts, notional pooling, and 24/7 clearing for both domestic and international flows can add additional efficiency and control.

We recognize that companies have different constraints based on their business circumstances – their business model, industry nuances, legal and tax circumstances. Individual markets and currencies will be subject to constraints. Orchestrating an efficient and effective treasury system that can work across internal stakeholders in accounting and accounts payable, with your ERP functionality, and with procurement objectives takes thoughtful planning. Clients have shared that Citi's collaborative approach, especially as ERP systems are upgraded, has resulted in improvements.

Working Capital Tools: Guarantees and Supply Chain

When volatility rises, having confidence in working capital tools becomes even more important. Supply chain disruptions and higher compliance requirements have been the norm over the past several years and may continue in the future. For Natural Resources companies, this is not theoretical: the escalation of tensions in the Middle East disrupted critical equipment supply chains, delaying drilling programs and offshore platform construction as specialized components faced extended lead times and elevated insurance costs. Trade Finance Guarantees that support trade flows and expansion projects can offer the stability needed for commercial arrangements, and Citi has supported clients with new syndicated structures which offer additional options, especially helpful for large capital projects. While the events in early 2026 have somewhat dimmed the conversation on sanctions policy shifts, the increased complexity of navigating country sanctions requirements remains a challenge for treasury and procurement teams. Combined with events in the Middle East in 2026, the impact on supply chains is evident. Managing unpredictability and preserving relationships remains a priority, with supply chain tools helping clients address these challenges and provide stability to energy value chains.

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Within this context, Working Capital Solutions play a critical role by enabling end to end optimization across the order to cash and procure to pay cycles. By combining receivables and payables financing structures with flexible risk allocation, digital execution and balance sheet efficiency, these solutions help organizations release structural liquidity, improve DSO, DPO and cash conversion cycles, and strengthen operational resilience. At the same time, they promote sustainable buyer-supplier relationships, enhanced transparency and tighter control in an environment of increasing complexity and volatility.

Digitization and integrated connectivity

There are several reasons why clients are examining digitization and digital tools, as well as connected or single platform solutions. Immediate benefits such as efficiency, longer term advantages of leveraging treasury talent, and business continuity all form part of the underlying drivers for technology as part of a strategic treasury organization. The ability to monitor real-time cash positions across multiple banking relationships in multiple currencies, while simultaneously tracking outstanding trade finance instruments tied to commodity shipments, is no longer a competitive advantage but an operational necessity. The last several years have seen South American clients examining their treasury teams, similar to the



trend observed globally, and it would be overly simplistic to redesign treasury teams based on headcount alone. Most clients are actively exploring technologies, specifically automation and artificial intelligence (AI), to refocus human talent on higher value activities. Leveraging digital tools and technology in this way supports organizational growth while allowing treasury and finance teams to engage in deeper data analysis and more sophisticated financial structures to support the business.

In this evolution, the emergence of AI and agent based technologies is reshaping treasury operating models. By augmenting traditional systems with AI agents capable of reasoning, decision making and execution, treasury teams can move from manual, fragmented processes to real-time forecasting, liquidity optimization, automated reconciliation, and faster, more informed decision intelligence. This human AI collaboration enables treasurers to anticipate risks, optimize liquidity and run financial operations more efficiently, unlocking significant productivity gains while strengthening control, compliance and resilience in an increasingly complex operating environment.

A growth story in the midst of complexity

The South American investment narrative unfolding today is thoughtful rather than speculative, and it is not always visible in market headlines. It is practical and adaptive to complex shifting sanctions policies and potential supply chain disruptions that come from outside of the region. Enhanced treasury needs around liquidity and real time treasury, focused trade solutions, and leveraging digitization will support this growth story across multiple areas including supply chains, treasury systems, and the efficiency with which data can be

gathered and used for decision-making. Clients are actively deploying capital with discipline and long term intent, and thoughtful treasury and trade finance solutions can provide the platform.

In this context, Citi is positioned to act as a core banking partner for Energy, Power and Chemicals clients. Our global network, deep local market presence and ability to operate seamlessly across currencies, jurisdictions and regulatory environments enable us to support complex, cross border energy value chains – from capital intensive generation projects to day-to-day operational and supply chain flows. Citi's integrated treasury, trade and liquidity capabilities, combined with disciplined risk management and digital execution at scale, help allow clients to navigate volatility, sanctions complexity and supply chain disruption with confidence. More importantly, our long standing commitment to the sector, balance sheet strength and execution certainty make Citi a stable, long term partner for clients investing in critical infrastructure and the energy transition across South America and beyond.

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