SPECIAL REPORT
NOVEMBER 2025

COLOMBIA RISK ANALYSIS

UPDATED CASE STUDY ADDENDUM

THE POLITICAL AND ECONOMIC FALLOUT OF SELLING MONÓMEROS

CORROSIVE AND CONSTRUCTIVE CAPITAL: A FRAMEWORK FOR STEMMING THE RISING TIDE OF AUTHORITARIAN CAPITALISM

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INTRODUCTION

In January 2025, Colombia Risk Analysis and CIPE published ***The Political and Economic Fallout of Selling Monómeros***. We now consider it pertinent to update the case study and highlight the importance of identifying the lingering effects of corrosive capital through the Monómeros case in the Colombian economy. These effects continue to stall and complicate a long-term solution for the future of this critical Venezuelan-operated fertilizer company based in Barranquilla, Colombia.

Since the publication of our report, both private actors and the Colombian government, through Ecopetrol and other state entities, have expressed interest in acquiring Monómeros. However, the multimillion-dollar deal has stalled due to the Petro administration's intervention in the company and continued U.S. sanctions on Venezuelan assets. As tensions escalate between the Trump administration, the Nicolás Maduro regime, and the Petro government, the future of Monómeros remains in limbo, affecting the short and medium-term sustainability of Colombia's agricultural sector.

We continue to view Monómeros as a case of corrosive capital in Colombia. Its ownership by the Venezuelan government, which has long operated under authoritarian rule, continues to produce adverse effects on local business communities, disrupt supply chains, drive price increases, and involve actors allegedly linked to corruption. The company also serves as a potential financial channel for the Maduro regime and, more importantly, undermines Colombia's economic sovereignty and its ability to exercise independent governance over strategic assets. This situation highlights a persistent lack of foresight in addressing the risks of corrosive capital, as such investments and financial flows from authoritarian regimes, such as Venezuela's, have created long-term vulnerabilities.

WHAT IS CORROSIVE CAPITAL?

The Center for International Private Enterprise (CIPE) defines corrosive capital as opaque and unaccountable financing, state or private, that undermines transparency, weakens institutions, and fosters corruption. Instead of supporting sustainable growth, corrosive capital allows authoritarian actors to manipulate legal and political systems, consolidating power and eroding democratic governance. In contrast, constructive capital refers to transparent, market-oriented investments that strengthen institutions and foster accountability.

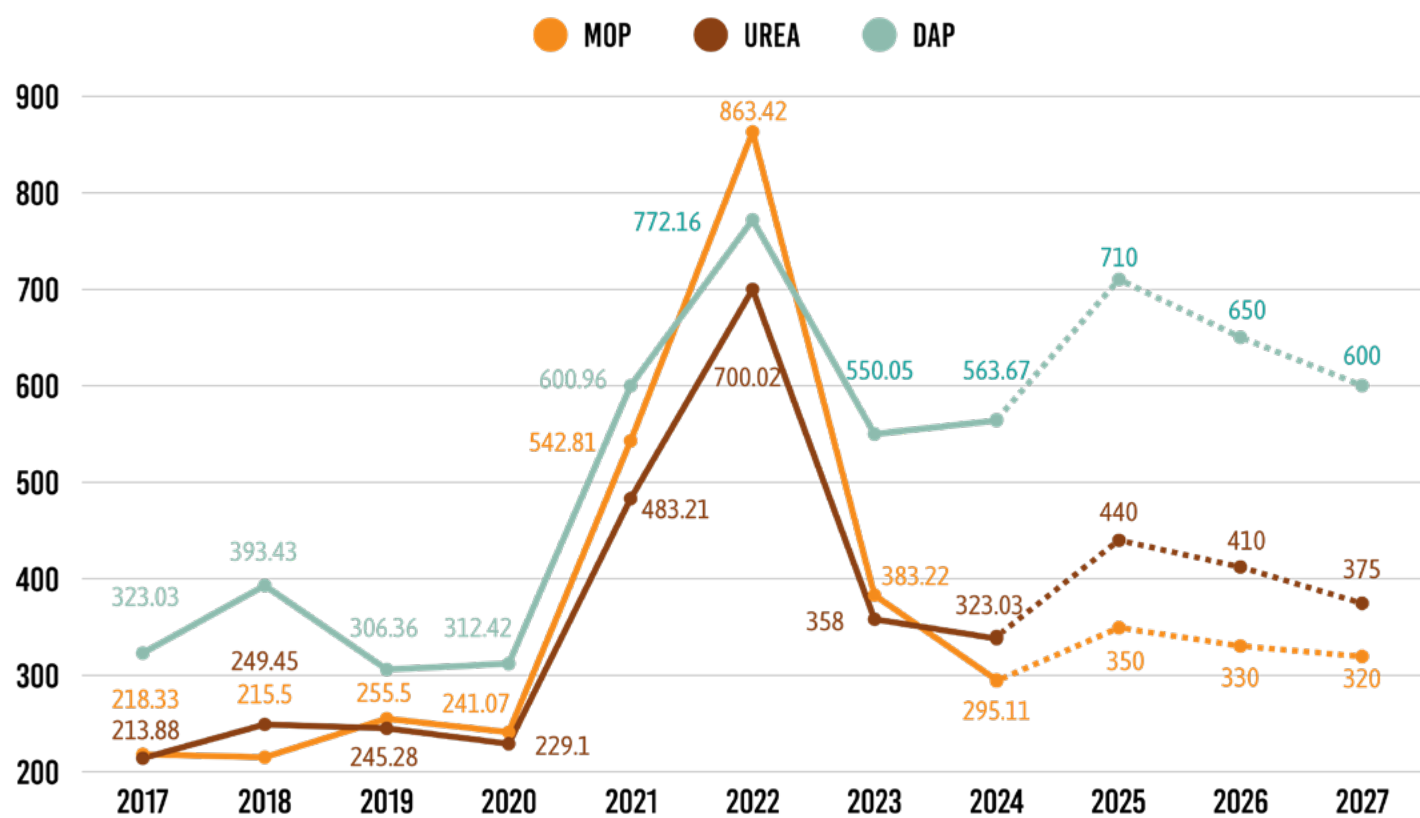
CIPE's research across Latin America reveals that countries with fragile democratic systems are particularly vulnerable to corrosive capital, which can entrap them in cycles of dependency and corruption. In emerging economies like Colombia, where foreign direct investment (FDI) is crucial for development, corrosive capital has the potential to erode institutions, deter transparent investment, and undermine long-term stability.

IS MONÓMEROS STILL A CASE OF CORROSIVE CAPITAL?

As the Petro administration continues to pursue a comprehensive agrarian reform and seeks to stabilize fertilizer and other agricultural input prices, fertilizer costs worldwide have soared by 19% from January to September 2025, according to the World Bank's October ***Commodity Markets Outlook***. According to the report, rising global demand, trade restrictions from China, and sanctions on major suppliers such as Belarus and Russia are estimated to drive up fertilizer prices in 2025 by 21% year-over-year, reducing agricultural profits worldwide and increasing the risk of food price inflation. At the center of the Petro administration's strategy to contain this risk is the acquisition of Monómeros, still estimated to produce around 30%-50% of fertilizers in Colombia, to subsidize fertilizer costs and maintain stable food prices, a plan publicly stated by President Petro in May 2025 and later reaffirmed by Minister of Mines and Energy Edwin Palma.

FERTILIZER PRICES AND FORECASTS

INDEX, 100 = 2010



Note: DAP = diammonium phosphate; MOP = muriate of potash. Data for 2025-27 are forecasts based on the October 2025 Commodity Markets Outlook report.

Sources: World Bank

To this day, the company's significant share in the fertilizer market, combined with the Petro administration's stated goal of promoting agrarian reform, lowering food prices, and curbing inflation, has driven the Colombian government to cement stable political and economic ties with the Venezuelan regime, despite widespread views of electoral fraud that have kept its authoritarian leader, Nicolás Maduro in power in what is now described as a modern dictatorship.

However, nearly a year after the publication of our January 2025 report on Monómeros, the transaction to repurchase the company from Venezuela has yet to materialize and now appears even less likely. The U.S. Treasury Department has not renewed the Office of Foreign Assets Control (OFAC) license for Monómeros, which expired in June 2025, leaving the company in operational limbo regarding international transactions. This decision has created a significant obstacle for both Colombian private actors and the government in acquiring the company from sanctioned Venezuela, amid the Trump administration's escalating pressure campaign against Caracas and recent diplomatic disputes between Presidents Trump and Petro. Also, the decision to sanction President Petro in late October 2025 has pushed U.S.–Colombia relations to an all-time low, creating an uncertain and unfavorable environment for any U.S.-backed acquisition of Monómeros by either a local private player or state-owned Ecopetrol.

These developments, which stem directly from Monómeros' ownership by a sanctioned and authoritarian state enterprise, continue to exemplify the risks of corrosive capital. Such ownership has prevented Colombia from reacquiring Monómeros and continues to threaten the country's food production sector. This update reaffirms that continued transactions with state-owned Pequiven, PDVSA, and their subsidiaries remain corrosive, placing Colombia's food security in a vulnerable position and creating dependence on an authoritarian regime lacking independent oversight.

UPDATES

In January 2025, rumors circulated that the Venezuelan government was preparing to sell Monómeros after Colombian media reported that Alex Saab, a Colombian-born Venezuelan Minister of Industry and National Production, was interested in selling the company for around USD 350 million. The potential buyer was reportedly Jorge Luis Pacheco, owner of Nitrofert, another fertilizer company operating in Colombia and considered the second-largest producer of fertilizers in the country, after Monómeros. Nitrofert had begun due diligence at the start of the year to acquire Monómeros' assets in Colombia. According to Pacheco, Nitrofert could not acquire the company outright, as dealing directly with Pequiven, a sanctioned Venezuelan state enterprise, would violate U.S. government restrictions.

At the time, Nitrofert aimed to complete the deal before June 2025, when Monómeros' operating license was set to expire, which would complicate the acquisition process. The company sought to consolidate its position in Colombia's fertilizer market while avoiding further regulatory challenges. As we explained in our original report, this potential sale was likely part of the Venezuelan regime's broader strategy to privatize several state-owned companies, thereby circumventing the impact of current and future U.S. and international sanctions.

Since November 2024, however, President Petro has categorically opposed the privatization of Monómeros, which has led to tensions between the Petro and Maduro administrations. President Petro has argued that privatizing Monómeros would raise agricultural input costs and tie fertilizer prices to international markets, undermining his administration's efforts to lower food prices. This position likely explains why the Colombian Superintendency of Companies (***Supersociedades***) renewed its interest in Monómeros and its dealings with Nitrofert. On January 21, it placed Monómeros under its highest level of supervision, known as "control," a process the agency had first announced on November 18, 2024, but suspended following an appeal.

According to ***Supersociedades***, the decision aimed to protect the company's productivity, preserve jobs, and safeguard its vital role in Colombia's agricultural sector. The agency noted that Monómeros had reported losses of at least USD 20.7 million (COP 83 billion) as of September 2024, along with a 30% drop in revenue and a high risk of bankruptcy. Under this measure, Monómeros' assets in Colombia cannot be sold without ***Supersociedades***' authorization. Despite Monómero's initial opposition, which challenged Supersociedades reorganization process of the company through an injunction, in February and March of 2025, two Bogotá courts upheld ***Supersociedades*** intervention, stating that it was within the entity's competences.

In early March 2025, Monómeros requested authorization to sell its assets in Colombia to Nitrofert, following initial discussions that began in January of that year. However, on March 12, ***Supersociedades*** rejected the request, arguing that the proposal did not clearly explain how the acquisition of Monómeros' assets by Nitrofert would preserve the company as a productive unit and source of employment. The agency also noted that the deal did not demonstrate clear benefits for Monómeros and that Nitrofert was a recently established company that still lacked proper documentation and legal representation. Days later, on March 20, ***Supersociedades*** initiated Monómeros' reorganization process. In early April 2025, Monómeros announced it had achieved a 37 percent increase in sales during the first two months of 2025 and a 149 percent increase in profit during the same period, as part of its 2025–2029 improvement plan.

In this context, in April 2025, President Petro once again expressed his interest in acquiring Monómeros through Ecopetrol. Although he acknowledged that he was unsure whether it would be possible, he argued that his goal was to subsidize fertilizers through Monomeros with Ecopetrol's profits in Colombia so that farmers and the agricultural sector as a whole could produce food at a lower cost. In June, however, the OFAC license that allowed Monómeros to operate expired, and it remains unclear whether the U.S. Treasury Department will decide to renew the license. This uncertainty has left Monómeros in limbo, as the company continues to operate without explicit authorization from OFAC.

On June 25, 2025, President Petro recognized that Venezuelan ownership of Monómeros posed a risk to Colombia's agricultural sector and stated that the government needed to find a way to acquire the company despite concerns over potential tensions with the United States. The company, for its part, assured that it would continue operating despite the uncertainty over the OFAC license and that it would work to overcome any challenges if its authorization were revoked. Despite these assurances, the lack of a renewed OFAC license continues to pose a significant risk and will likely remain a source of instability for Colombia's fertilizer market and agricultural sector, since the potential loss of the license would likely cut access to the financial system and disrupt the company's activities.

In early July, Colombia's Minister of Mines and Energy Edwin Palma reiterated the government's desire to acquire Monómeros during a visit to Caracas. Weeks later, he met with Pequiven representatives in Bogotá to explore possible steps toward the acquisition, which likely helps explain the government's insistence on maintaining stable relations with Venezuela. That same month, Ecopetrol President Ricardo Roa admitted that the company had considered purchasing Monómeros but needed to "run the numbers" and acknowledged that OFAC sanctions presented clear limitations. During this renewed push to acquire the company, both the Petro administration and ***Supersociedades*** approached the U.S. government to request a license renewal for Monómeros. However, growing tensions between the Petro and Trump administrations since January 2025 have created an unfavorable environment for the sale, which would likely require U.S. authorization. Nonetheless, Colombia and Venezuela signed a confidentiality agreement to continue exploring a potential transaction.

Meanwhile, the Petro administration increasingly involved other ministries, such as the Ministry of Labor, in the potential deal. As negotiations with Venezuela advanced, Minister of Labor Antonio Sanguino stated that any agreement would guarantee job stability (Monómeros employs approximately 522 direct workers and 1,200 indirect workers) and assured that the government would protect employees. On August 8, the Minister of Mines and Energy reported that the company had improved its performance, with a 543% increase in gross profits in the first half of 2025 compared to the same period in 2024. He continued to visit Venezuela to explore energy cooperation and to assess Monómeros for a potential acquisition.

However, the spillover effects of Venezuelan ownership and U.S. sanctions have become increasingly evident. On September 4, 2025, Ecopetrol Board President Mónica de Greiff stated that Ecopetrol could not purchase Monómeros due to U.S. sanctions, contradicting President Petro's intention for the company to do so. Shortly after, she resigned from her position, reportedly due to differences of opinion with President Petro, including on this issue.

In mid-October, Ecopetrol President Ricardo Roa stated that Monómeros could serve as a strategic ally for Ecopetrol, particularly in the gas and fertilizer value chain, if it were brought under government control. However, he reiterated that a direct acquisition remained off the table due to national and international restrictions. On October 17, as expectations of an Ecopetrol purchase weakened and the company's position against acquiring Monómeros hardened, Minister Palma suggested that Indumil, Colombia's national weapons manufacturer, could purchase Monómeros in partnership with a private actor. Despite these discussions, the situation remains unfavorable and unlikely to be resolved in the short term, as growing tensions between the United States and Colombia have reduced the likelihood of a U.S.-approved sale. These dynamics continue to place the agricultural sector at risk while also undermining the Colombian government's goal of subsidizing fertilizer prices.

As we update our original investigation, the bottom line is that President Petro remains determined to purchase Monómeros. The issue has outgrown its economic significance and has become a political priority for his administration. However, we consider the acquisition unlikely, as conditions have become even more challenging for the government to viably acquire and operate the company. Despite this prioritization, the lingering effects of corrosive capital have narrowed the government's options and created a difficult-to-overcome risk for Colombia's agricultural and fertilizer sector.

CONCLUSIONS

As we stated in our original report, we continue to conclude that the 2006 Monómeros transaction, through which the Colombian government sold the fertilizer company to the Venezuelan government, remains a clear example of corrosive capital. Allowing a major agroindustrial company that operates domestically to be controlled by a sanctioned and authoritarian regime has created lasting risks for Colombia's agricultural sector. The lack of transparency and accountability surrounding Monómeros, as analyzed in our original report, combined with the challenges of operating under international sanctions and ongoing license uncertainty, has weakened Colombia's business environment. Corrosive capital may be a new term, but the Monómeros case shows it is an old practice with persistent consequences. It also demonstrates how deals with authoritarian governments can undermine national policy goals and diminish Colombia's sovereignty over strategic sectors.

The Monómeros case highlights the Colombian government's limited oversight capacity and its inability to purchase or regulate the petrochemical company, as well as control prospective buyers. Although the Petro administration has been able to block private purchase attempts, it has not found a viable path to acquire what it publicly defines as a strategic asset through its own state-owned companies. This situation has placed the administration in a difficult position and increased the political cost of distancing itself from the Maduro regime. Corrosive capital traps recipient countries into dependency, and this case illustrates Colombia's lack of mechanisms to regulate investment inflows, define strategic sectors, and reduce its reliance on a small number of foreign producers for essential inputs. We encourage readers to revisit our original report for our recommendations to the government, civil society, and the private sector on how to strengthen oversight, regulate investment, and improve governance of strategic assets in the future.

We continue to view the policy recommendations from our original report as highly relevant.

Government officials should work to define Colombia's strategic sectors and establish clear criteria for attracting investment that protect national sovereignty and mitigate risks such as those seen in the Monómeros case. We also recommend developing an investment screening mechanism aligned with OECD guidelines and providing up-to-date information on market share and foreign ownership.

Civil society organizations should remain vigilant regarding transactions involving foreign entities in critical sectors, particularly when these investments meet the criteria for corrosive capital, and should advocate for strong oversight to prevent undue foreign influence.

For the **private sector**, we reiterate the importance of maintaining a diversified supplier portfolio for agroindustrial inputs to strengthen resilience and conducting due diligence to avoid working with sanctioned entities.

Overall, we encourage readers to refer to our publication, *The Political and Economic Fallout of Selling Monómeros*, for a deeper analysis of the impact of corrosive capital in the Colombian context.