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FEATURED Q&A

How Can Colombia Become a Bigger Copper Producer?



Colombia is eyeing expansion of its copper mining activities, according to Silvana Habib, the head of the country's mining agency. // File Photo: @silvihabib.

Q Colombia wants to produce more copper within the next few years, the head of the national mining agency, Silvana Habib, said last month. Initial estimates show measured or indicated copper resources of some three million metric tons and more than one million metric tons of potential reserves in Colombia's northern and western coasts, she said. By comparison, neighboring Peru has about 83 million metric tons of copper reserves. What steps does Colombia need to take to become a more prominent copper producer? How big of an effect could increases in copper production have on the Andean country's economy? To what extent could environmental concerns or local opposition derail the expansion of Colombia's copper production in the coming years?

A Tomás González, consultant and former Colombian mines and energy minister: "Colombia needs to take full advantage of its mineral potential. So far, the focus has been on coal, nickel and gold, but there seems to be a large potential for copper. The government is rightly putting an emphasis on it: First, because the country shares many of the geological conditions of Chile and Peru—the world's two largest producers; Second, as World Bank estimates show, because the transition to a renewable future will, by 2050, require more minerals than the ones produced in the past 100 years—with copper being one of the most important; And finally, because we need mineral rents to accelerate the spending required for poverty reduction and inclusive growth. To materialize copper's potential, the emphasis must be

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TODAY'S NEWS

POLITICAL

Honduran Leader Accused of Protecting Drug Traffickers

U.S. prosecutors have accused Honduran President Juan Orlando Hernández of involvement in a scheme to protect drug traffickers. Hernández has denied the allegations.

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ECONOMIC

Mexico to Keep Primary Budget Surplus Target

Mexico's Finance Ministry plans to maintain its ambitious primary budget surplus target despite evidence of slower-than-expected economic growth.

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POLITICAL

Pierluisi Takes Office as Puerto Rico's Governor

Former Puerto Rico Resident Commissioner Pedro Pierluisi was sworn in Friday as the U.S. territory's governor. However, his legitimacy as governor is being challenged in court.

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Pierluisi // File Photo: U.S. Congress.

POLITICAL NEWS

Honduran President Accused Of Protecting Drug Traffickers

U.S. prosecutors have accused Honduran President Juan Orlando Hernández of involvement in a scheme to protect drug traffickers, according to a court document released Friday in a U.S. District Court case in New York against Hernández's brother, Juan Antonio, or Tony, a former lawmaker. Tony Hernández is awaiting trial in the United States on drugs and weapons charges after having pleaded not guilty, The Wall Street Journal reported. Federal prosecutors allege that about \$1.5 million in drug proceeds were used to support Juan Orlando Hernández's 2013 presidential campaign, with a witness identified in the court document as a former Honduran official and drug trafficker claiming he used cash to bribe local politicians in exchange for their support. On Saturday, the president "categorically denied" accusations of links to drug trafficking, Reuters reported. "The drug traffickers are looking for revenge against the only president who's done what he's needed to do," he told a news conference. "These are false accusations made by a drug trafficker," he added. Officials in the White

House and State Department have commended Juan Orlando Hernández's efforts in fighting cocaine trafficking and curbing homicide rates, but U.S. prosecutors allege the president and other top politicians were part of a conspiracy that leveraged "drug trafficking to maintain and enhance their political power," according to the court document, The Wall Street Journal reported. His predecessor, former President Porfirio Lobo, was also implicated in the court document as a member of the alleged drug trafficking conspiracy. Tony Hernández, whom prosecutors described as a "violent, multi-ton drug trafficker," was arrested in Miami last November, El Periódico reported.

Pierluisi Inaugurated in Puerto Rico Amid Legitimacy Questions

Longtime politician Pedro Pierluisi was sworn in as Puerto Rico's governor on Friday, just after the U.S. territory's House of Representatives confirmed him as secretary of state in order to put him next in line to succeed embattled outgoing Governor Ricardo Rosselló. "Today, my unbreakable commitment with Puerto Rico is stronger than ever," Pierluisi told reporters, CNN reported. However, Pierluisi, a former Puerto Rico resident commissioner, faces a

NEWS BRIEFS

Mexico Seeking to Take Action Following El Paso Mass Shooting

Seven Mexicans were among the 20 killed in the mass shooting in El Paso, Tex., on Saturday, and seven more were wounded, said Mexican President Andrés Manuel López Obrador, as his government vowed to take action under international law, The Washington Post reported. Authorities are investigating a manifesto with anti-immigrant language that the suspected shooter allegedly posted online minutes after the attack. "Mexico is indignant," said Foreign Minister Marcelo Ebrard, adding that the Mexican government could seek to extradite the suspect, whom he called a terrorist.

Brazil's Space Agency Head Ousted Over Deforestation Data

The head of Brazil's National Space Research Agency, or Inpe, has been ousted after President Jair Bolsonaro accused him of lying about growing levels of deforestation in the country's Amazon rain forest, The Wall Street Journal reported Friday. Ricardo Galvão told reporters that pushback from the administration, which denied Inpe's data showing an 88 percent annual increase in Amazonian deforestation, "created an unbearable embarrassment," adding, "So I will be dismissed." Last month, Bolsonaro called Inpe's figures a lie, without providing evidence to back his claim.

Canadian Billionaire Buying 15% Stake in Argentine Digital Bank

Canadian billionaire David Thompson is buying a 15 percent stake in Argentine digital bank Brubank, Bloomberg News reported Friday. The bank has no physical branches, but it does have 40,000 customers after seven months in operation. The deal is subject to approval by Argentina's central bank.

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twofold: ensuring the exploration required to determine the real extent of the country's reserves and making sure there are success stories showing that the type of projects required can happen. Copper thus shares many of the challenges common to other types of mining—uncertainty in licensing, government-take levels and flexibility, social acceptance and availability of support infrastructure. But it has distinctive features, too, such as the fact that it doesn't have the environmental footprint of coal, that it can't be exploited by criminal groups the way gold is and regional examples—such as Chile's—of how to use copper wealth for development.

In a way, copper can be thought of as a blank slate for Colombia. The government's leadership will be critical in ensuring it can flourish."



Marianna Boza, director of Brigard Urrutia in Bogotá:

"Colombia seems to have a high prospect for copper deposits in Chocó, Santander, Cesar and Serranía del Perijá. However, only one project is producing copper. In order for Colombia to become a more prominent copper producer, it must take actions to procure increasing exploratory activities in order to obtain more

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challenge to the legitimacy of his governorship from the commonwealth's Senate because it did not confirm Pierluisi as secretary of state before he was sworn in as governor. Puerto Rico Senate President Thomas Rivera Schatz sued Pierluisi in a San Juan court, seeking to strip him of the governorship and stop him from carrying out the functions of the office, The Wall Street Journal reported. Before leaving office, Rosselló said Friday that Pierluisi did not need Senate confirmation due to a 1952 law, CNN reported. On Friday, Pierluisi said he would continue to seek the Senate's approval, and if the chamber rejected his nomination, that he would step down in favor of Justice Secretary Wanda Vázquez, The Wall Street Journal reported. However, on Sunday, Pierluisi seemed to retract that promise, saying the Senate now has nothing to vote on and that the courts should decide whether he remains governor. The island's justice secretary is next in line for the governorship after the secretary of state, but Vázquez has said she doesn't want the job. Puerto Rico's previous secretary of state, Luis Rivera Marín, resigned three weeks ago in connection with the same online chat scandal that emeshed Rosselló. [Editor's note: See related [Q&A](#) in the July 31 issue of the Advisor.]

BUSINESS NEWS

Mexico to Maintain Primary Budget Surplus Target

The Mexican Finance Ministry will keep its ambitious primary budget surplus target despite evidence that the country's economic growth will fall short of the government's forecast, Reuters reported Friday, citing Alejandro Gaytán, the head of the finance ministry's economic planning unit. "We think the development of public finances in the first half of this year is compatible with maintaining this measure," Gaytán told the wire service, referring to a one percent primary budget surplus. The economy expanded just 0.1 percent in the second quarter, as compared to the previous quarter.

TECHNOLOGY BRIEFS

New Chinese Electric Buses Arrive in Chile

One hundred new Chinese electric buses arrived in Chile's port of San Antonio on Aug. 1, the latest addition to the South American country's mass transport fleet, Xinhua Net reported. The new buses are equipped with Wi-Fi, USB ports and air-conditioning and join the 203 Chinese-made electric buses that are already in service in Santiago. "China's contribution is significant because they have developed models and vehicles with very good features and of very good quality, and they are also lowering the prices," Chilean Minister of Transportation and Communications Gloria Hutt told Xinhua. The Andean nation is set to receive another 83 Chinese electric buses over the next two weeks, Hutt said. Chile's government seeks to have at least 2,000 electric buses circulating in its capital city by the end of next year. [Editor's note: See related [Q&A](#) in the Jan. 11 issue of the Energy Advisor.]

IDB to Provide Loan for Satellite Tech in Argentina

The Inter-American Development Bank is providing a \$60 million loan for Argentina to develop satellite technology, with the aim of strengthening the South American country's capacity to manage disaster risk and boosting productivity, the lender said in a statement on July 31. The project will focus on the development of commissioning of the SAOCOM 1B satellite, which is scheduled to be launched next March. Such satellites are used for terrestrial observation and to collect data to detect soil moisture and provide information on weather conditions and other factors, the statement said. The plan is expected to boost productivity of Argentina's most important crops, including corn, wheat, sunflower and soybeans, the IDB added.

ZTE, Colombia University Partner on 5G Innovation

Chinese international communications provider ZTE is partnering with the Universidad Distrital Francisco José de Caldas of Colombia, UDFJC University, to establish a 5G Joint Innovation Center in Bogotá, ZTE said in a statement Aug. 1. The five-year partnership will consist of the company and the university "training 5G talents together" and making "technical preparations" for Colombia's eventual deployment of 5G networks, ZDNet reported. The Chinese firm has said it intends to be fully involved in the rollout of 5G services in Colombia by, among other measures, increasing investment and promoting the Andean country's industry development. [Editor's note: See related [Q&A](#) in the April 2 issue of the Advisor.]

Six out of 10 Brazilians in Upper, Middle Classes Use Digital Payment Methods

Six out of 10 Brazilians use digital services including apps such as PayPal, PagSeguro and Google Pay as a method for payment of bills, purchases and transactions, The Rio Times reported Aug. 2, citing a recently published IDC survey. Sixty-one percent of the survey's respondents in Brazil—which were more than 1,000 people in total across the country's middle and upper classes—reported using digital wallets, according to the study. In Mexico, that number was 62 percent, while in Colombia it was 52 percent.

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information regarding copper reservoirs in Colombia's territory. At the same time, it needs to foster and promote the country's copper potential to the same extent as gold and coal in order to attract experienced mining companies. Royalties derived from the increase in copper production will most certainly have a direct impact in the development of several regions that usually struggle from an economic standpoint. In addition, an increase in copper production may be interesting to foster foreign direct investment from Chinese companies in Colombia and the increase of exports to China, the world's biggest buyer of copper. Notwithstanding the Constitutional Court decision on the lack of binding force of popular consultations to ban the development of mining projects and the outstanding efforts of the National Mining Agency (ANM) to raise awareness of the benefits of mining activities and to reach agreements with local governments—which are mitigating this risk—local opposition is still a concern for companies with interest in mining activities of any kind. Thus, the relationship with local communities must always be a priority for mining companies that intend to operate in Colombia. Regarding environmental concerns, in our experience, performing a due diligence on the territory's environmental limitations and possible declarations of protected areas by environmental authorities largely mitigates any unforeseen risk."

A **Luis Álvaro Pardo, economist and mining and energy sector analyst:** "Mining exploration in Colombia has led to the discovery of new copper reserves, a mineral that until recently was not part of the country's extractive basket. However, the announcement of copper development projects in several regions prompted a wave of rejection by local communities and social organizations, no different to the opposition

against the mining sector in general. Some minerals are necessary, but that's not the topic under discussion. What communities and NGOs reject is the mining model that allows: exploitation without considering biodiversity and the ecosystem's fragility; exploitation while ignoring the rights of

“**The announcement of copper development projects in several regions prompted a wave of rejection by local communities and social organizations...**”

— Luis Álvaro Pardo

communities to participate in decisions that the government imposes; exploitation while ignoring fundamental rights enshrined in the Constitution, such as the right to a healthy environment, food security, a decent life and, by extension, water; exploitation under a concession contract system, which strongly favors mining companies' interests; and exploitation without regard to the many needs of a nation with more than 2.4 million people in extreme poverty and great social inequality, while mining companies enjoy enormous privileges that allow them to minimize their effective tax rates. The national government's refusal to create mechanisms for agreement between the central state and territorial entities to define the exploitation of minerals, as the Constitutional Court orders, increases and generates greater resistance by citizens, some mayors and municipal councils against allowing mining in their regions."

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