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## FEATURED Q&A

# What Do the U.S. and China Offer Latin America?



Officials including U.S. Treasury Secretary Steven Mnuchin and Commerce Secretary Wilbur Ross (center) launched the Growth in the Americas initiative last month in Washington. // File Photo: @stevenmnuchin1 via Twitter.

**Q** Peru and the United States are reportedly in the final phases of talks to promote U.S. investments in the South American country through Washington's "Growth in the Americas" initiative. The program is an effort to boost private-sector infrastructure and energy investments in Latin America following China's invitation to Latin American countries to join its Belt and Road Initiative. How successful will the United States be in countering Chinese influence in Latin America through the program? How attractive is the "Growth in the Americas" initiative to countries in the region? Which countries and industries in Latin America could see the biggest benefits through the program?

**A** Lin Hua, associate researcher at the Institute of Latin American Studies at the Chinese Academy of Social Sciences (CASS): "In recent years, Latin American countries have fallen into a dilemma of development and urgently need foreign investment to boost their economies. In this context, the 'Growth in the Americas' initiative will provide Latin American countries with a new option to restore their economies through large-scale infrastructure construction. As long as it can promote the development of Latin America, China is happy to see it happen. If Latin American countries become more prosperous and stable through cooperation with countries around the world, including China, it will be good for the United States. At present, China has developed economic cooperation with many countries in third-party markets and has achieved gratifying results. China is willing to cooperate with third parties in Latin America and has already put into

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## TODAY'S NEWS

### POLITICAL

## Venezuelan Forces Block Guaidó From Entering Nat'l Assembly

Venezuelan state security forces physically blocked National Assembly President Juan Guaidó from entering the legislature on the day that he was up for re-election as the body's leader.

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### ECONOMIC

## Chile's Piñera Launches Health Care Reform

The plan includes a maximum allowed waiting time for medical care and a drop in the cost of medicines, said Chilean President Sebastián Piñera.

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### POLITICAL

## Mexico's García Luna Pleads Not Guilty in U.S.

Genaro García Luna, who formerly oversaw public security in Mexico, pleaded not guilty to U.S. charges that he pocketed millions of dollars in bribes from the Sinaloa drug cartel.

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García Luna // File Photo: Notimex.

## POLITICAL NEWS

## Venezuelan Forces Block Guaidó From Entering Assembly

Venezuelan state security forces on Sunday surrounded the country's National Assembly building, forcibly preventing opposition lawmakers, including Assembly President Juan Guaidó, from entering on the day that the opposition-led legislature was meeting to decide whether to re-elect Guaidó for another term as the National Assembly's leader, The New York Times reported. As scuffles broke out, Guaidó attempted to climb an iron fence surrounding the legislature building, but security forces repelled him, and his suit was torn apart in the melee, the Associated Press reported. Meanwhile, pro-Maduro legislators met inside the Assembly building and voted to choose Luis Parra as the legislature's president, replacing Guaidó. However, photographs from inside the chamber showed most of its seats empty, and the opposition argued that the pro-Maduro politicians lacked a quorum and that the session could not be held without Guaidó, its leader, The Wall Street Journal reported. Venezuelan law requires 84 of the Assembly's 167 members to be present to conduct business, the newspaper reported, adding that the pro-Maduro bloc has 67 members. After the pro-Maduro legislators voted to name Parra as the body's leader, opposition lawmakers met at the office of an opposition newspaper and, in a roll-call vote, re-elected Guaidó to his position as the Assembly's president, The New York Times reported. The actions of the pro-Maduro politicians on Sunday were quickly denounced abroad. "There was no vote," Michael G. Kozak, the U.S. State Department's acting top diplomat for Western Hemisphere affairs, said in a posting on Twitter. "It's a farce." Kozak said the United States would continue to recognize Guaidó as Venezuela's legitimate president, a stance shared by dozens of other countries, because Maduro's re-election as president was not legitimate. Among the other countries denouncing Maduro on Sunday was Brazil, whose

foreign minister, Ernesto Araújo, said the Venezuelan government had used force in an effort to prevent Guaidó's re-election as Assembly president. "Brazil will not recognize any results that come from this violence and this affront to democracy," Araújo said in a tweet.

## Mexico's García Luna Pleads Not Guilty to U.S. Charges

Genaro García Luna, who formerly oversaw public security in Mexico, on Friday pleaded not guilty to federal charges in the United States that he pocketed millions of dollars in bribes in order to allow the now-imprisoned drug kingpin Joaquín "El Chapo" Guzmán's Sinaloa drug cartel to operate freely, Reuters reported. García Luna entered the plea in federal court in Brooklyn, N.Y., though his lawyers indicated that he might be in talks to change his plea at a later date. Assistant U.S. Attorney Erin Reid called García Luna an "unacceptable risk of flight," leading U.S. Magistrate Judge Peggy Kuo to order him detained. García Luna had been living in Florida before his arrest nearly a month ago in Dallas. He faces life in prison if convicted.

## ECONOMIC NEWS

## Chile's Piñera Launches Health Care Reform

Chilean President Sebastián Piñera on Sunday announced the launch of a reform project to create a "universal health plan" following months of protests, La Tercera reported. "This plan is based on what people have asked us for," Piñera said as he presented the project at the La Moneda presidential palace, the Associated Press reported. The reform includes "a guaranteed maximum waiting time [and] a drop in the price of medicines," among other changes, Piñera said, adding that the

## NEWS BRIEFS

## Peruvian Prosecutors Seek 12-Year Jail Term for Kenji Fujimori

Peruvian prosecutors are seeking a 12-year prison term for ex-legislator Kenji Fujimori on charges of attempting to buy votes in a scheme to keep former President Pedro Pablo Kuczynski from being impeached, Agence France-Presse reported Sunday. Prosecutor Bersabeth Revilla accused Fujimori, the son of jailed former president Alberto Fujimori, of bribery and influence-peddling. Prosecutors allege Kenji Fujimori had reached a deal with Kuczynski in exchange for his father's pardon. Two other former lawmakers, Guillermo Bocangel and Bienvenido Ramírez, are also charged in connection with the case.

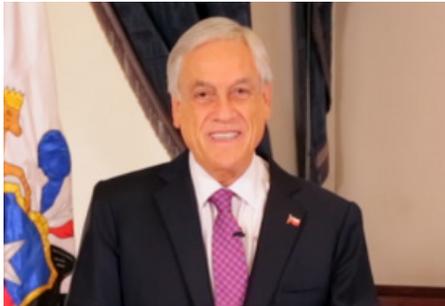
## Brazil's Bolsonaro Vows to Bar Tax on Solar Energy

Brazilian President Jair Bolsonaro said today that he would bar a tax on solar energy, as Latin America's largest economy is looking to support the development of clean sources of power, Reuters reported. His statement followed comments by Brazil's power regulator, Aneel, that it was eyeing cutting incentives for solar power. Also today, Canadian solar development company Solar Provider Group, or SPG, announced it would invest \$250 million in the Brazilian solar market over the next five years, Power Technology reported.

## Quake of 5.8 Magnitude Jolts Puerto Rico

An earthquake with a magnitude of 5.8 shook Puerto Rico early this morning. Centered eight miles south of the town of Indios, the quake was relatively shallow, at a depth of less than four miles, according to the U.S. Geological Survey. Power outages were reported in some areas following the earthquake, Ángel Vázquez, the emergency management director for the city of Ponce, told the Associated Press.

government would subsidize the 200 “main” medicines used for chronic conditions such as hypertension and diabetes. He said the result would be a 60 percent reduction in costs. The new plan seeks to benefit the 14.5 million Chileans who use public health services as



Piñera // File Photo: Chilean Government.

well as the three million relying on private care, Piñera said, *La Tercera* reported. Protesters, who began demonstrating in October against social inequality and Piñera’s leadership, have called for improvements to what they see as the country’s poor public health system and high private costs. The health care plan is part of a larger series of social reforms that Piñera has announced in a bid to appease protesters. Among them, his government has set a date for a referendum on redrafting the country’s constitution.

## BUSINESS NEWS

### Brazil-Based Natura Completes Acquisition of Avon

Brazilian cosmetics company Natura &Co has completed the acquisition of Avon Products, Retail Insight Network reported today. The closure comes as Natura &Co secured all mandatory regulatory approvals required for the acquisition. The Brazilian company’s annual gross revenue will now surpass \$10 billion, and the number of its associates totals 40,000 in more than 100 countries, according to the report. “Our aspiration is to build not just the best beauty company in the world, but the best beauty company for the world,” said Rober-

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practice in this regard. For example, Spain is one of the largest investors in Latin America. With their respective advantages, China and Spain have started cooperation in Latin American countries. The attractiveness of the Growth in the Americas initiative to Latin America depends largely on how the U.S. government encourages private companies to invest in Latin America under this initiative. Against the backdrop of the current weak economic growth in Latin America, enterprises’ willingness to invest will be hit and weakened. If the United States has identified priority countries to invest in, these countries will be the biggest beneficiaries of the initiative. From industries’ perspective, energy production and transportation will be the sectors that directly benefit, but the improvement of infrastructure will also have a positive impact on imports and exports.”

**A** Margaret Myers, director of the Asia & Latin America program at the Inter-American Dialogue:

“The expanded ‘América Crece’ initiative represents an important change of course in U.S. policy on China-Latin America relations. For the past two years, the United States has focused in large part on limiting Chinese engagement with the region by issuing warnings about Chinese interests to a wide range of Latin American constituencies—whether regarding China’s tied loans, telecommunications presence or asymmetrical trade relations. In certain instances, the United States suggested it would withdraw assistance to or limit information sharing with Latin American nations if they established stronger ties

to Marques, the executive chairman of the Natura &Co board of directors and the group’s CEO. “With the addition of Avon, we have created a family of companies with unrivaled direct-to-consumer reach and a formidable platform for growth,” he said. Avon had more than 3,000 retail stores and a digital presence. The group now includes Avon, Natura, The Body

with Beijing. This heavy-handed approach has arguably limited Chinese engagement in certain countries, but in most cases hasn’t motivated Latin American audiences. Many in the region have noted that both major powers are exceedingly important to Latin America’s economic development and that

“Many in the region have noted that both major powers are exceedingly important to Latin America’s economic development...”

— Margaret Myers

limiting interactions with China isn’t a possibility, especially if the United States has little to offer in exchange. América Crece appears to respond to this line of reasoning, providing a private sector-led alternative to Chinese infrastructure development. In addition to connecting private sector investors with opportunities in the region, it will also evidently focus on improving regulatory frameworks and procurement structures in the region to help attract project financing. The latter would also presumably ‘even the playing field’ for other-than-Chinese investors. The initiative is a positive step in the relationship and, to the extent that it boosts U.S. investment in the region, a potentially beneficial one for Latin Americans. Chinese infrastructure will continue to be attractive to regional governments, however, especially if it comes fully financed and is delivered with countries’ electoral cycles in mind.

Continued on page 4

Shop and Aesop. Avon shareholders own 27.3 percent of the combined company’s capital, *The Global Fashion Business Journal* reported. Natura &Co also announced changes in senior leadership. João Paulo Ferreira has been appointed as the company’s Latin America CEO, while Angela Cretu will serve as chief executive of Avon, Retail Insight Network reported.

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China also continues to express interest in projects that the U.S. private sector and traditional international financial institutions are unlikely to pursue.”

**A Rogelio Douglas, founder of the Caribbean Sustainable Development Group:** “At first glance, it’s easy to understand the United States’ ‘Growth in the Americas’ initiative as a response to China’s Belt & Road Initiative. The United States should define what goals would best serve to strengthen and sustain its long-term leadership in the Americas and execute an initiative to hit those targets. For decades, the United States has been struggling to relieve three very painful and complex pressure points with the Americas, and billions of dollars later, many might argue that the pain has escalated: drug trafficking, mass migration and increasing political instability. Why continue the same old strategy expecting different results? Why continue to invest in government agencies, the same small set of local private sector leaders and bottom-line-focused U.S. corporations? Why not invest in developing hundreds of next-generation entrepreneurs in every country in the region? This could expand the private sector economic pie on the principles of inclusivity and equity so all those who historically have been excluded can innovate and create a powerhouse region that would invent, partner, produce, import and export on a much stronger footing.”

**A Francisco Durand, professor of political science at the Catholic University of Peru:** “Oil and gas, copper and lithium, and infrastructure, are the areas where the rather late (as compared to Chinese initiatives that ballooned after the 2009 crisis) U.S.-Latin American partnership is now centered. The Pompeo initiative wants to promote ‘governance’ through conservative allies. Beyond political orientations, most governments

prefer to diversify markets. Business is business, and more competition among rival superpowers may be beneficial. Yet, political trends may facilitate a withdrawal of state-owned companies in Brazil and Bolivia. If

“The end result is not clear yet, but there is no question that the United States is ‘awakening.’ ”

—Francisco Durand

Maduro falls, it may happen in Venezuela as well. Mexico’s new Tabasco oil reserves will certainly go north, but it will boost Pemex. Thus, oil wise, the United States is making progress and has room to improve access to energy resources. Mineral wise, copper and lithium are the two critical metals for future technologies. Chile and Peru lead the way in copper production and are increasingly tied to Chinese investments and trade. In infrastructure, there are more opportunities for the United States. The Lava Jato scandal has forced Brazilian construction giants to withdraw from many Latin American markets, and that opens opportunities particularly with public-private partnerships, strongly promoted in Peru. In terms of mega projects, China has failed to deliver the Colombian dry canal and the Nicaragua canal. Mexico will invest in the Tehuantepec dry canal project, which is still in the early stages. China is interested in a train linking Lima’s south and north corridors. The end result is not clear yet, but there is no question that the United States is ‘awakening,’ which opens opportunities in Latin America as long as it has more to offer.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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