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FEATURED Q&A

Will Brazil Allow Development on Indigenous Lands?



Brazilian President Jair Bolsonaro wants to allow commercial mining on indigenous lands, a vow he had made during his campaign. // File Photo: Brazilian Government.

Q Brazilian President Jair Bolsonaro this month unveiled legislation that would allow commercial mining on protected indigenous lands, delivering on a campaign promise that has sparked controversy among tribal leaders and environmentalists. The bill would regulate mining, including oil and gas projects, as well as hydroelectric dams, on indigenous reservations for the first time. Will the contentious bill make it through Brazil's Congress? What advantages and disadvantages would come with developing such untapped areas? Do the benefits of potential economic growth outweigh the costs?

A Isabella Alcañiz, associate professor in the Department of Government and Politics at the University of Maryland: "Brazil has more isolated and uncontacted indigenous tribes than any other country in the world, and the vast majority of these communities live in the Amazon region. The Brazilian constitution protects the integrity of these vulnerable indigenous peoples by guaranteeing their access to land, banning economic development and requiring the intervention of Congress to change that. As a presidential candidate, Bolsonaro had promised already to overturn these constitutional protections. Even with the exceptional legislative powers the Brazilian president has, the bill will have a hard time making its way through Congress successfully. The national legislature of Brazil is extremely fragmented, and the president's party does not have a majority. Still, Bolsonaro seems quite determined to blow up the world's largest tropical rain forest and its extremely vulnerable citizens. Increased industrial activity in protected

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TODAY'S NEWS

ECONOMIC

Trump, Ecuador's Moreno Discuss Trade, Venezuela

Ecuadorean President Lenín Moreno met with U.S. President Donald Trump at the White House. It was the first meeting between an Ecuadorean and U.S. president in Washington since 2003.

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POLITICAL

Guaidó's Uncle Held After Return to Venezuela

Venezuelan agents detained an uncle of opposition leader Juan Guaidó after the men returned to the South American country on a flight from Lisbon.

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BUSINESS

Former Pemex CEO Lozoya Arrested in Spain

Emilio Lozoya, the former CEO of Mexican state oil company Pemex, was arrested in southern Spain on tax fraud and bribery charges. Lozoya has denied wrongdoing and says he is being persecuted.

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Lozoya // File Photo: Petroleromx via Creative Commons.

ECONOMIC NEWS

Trump, Ecuador's Moreno Discuss Trade at White House

Ecuadorian President Lenín Moreno visited the White House on Wednesday and discussed issues including trade and Venezuela with U.S. President Donald Trump, *The Wall Street Journal* reported. The two leaders "committed to explore new areas in trade, investment, and job creation, which will benefit both countries," the White House said in a statement. "The United States and Ecuador will develop a road map in the short term to improve our existing bilateral



Moreno and Trump met Wednesday at the White House. // Photo: Ecuadorean Government.

trade relationship based on a sound investment environment and fair market access," it added. Following the meeting, the White House said that a high-level delegation of U.S. trade and investment officials will visit Ecuador in April. The visit will be an effort to build on the Trump administration's recently launched Growth in the Americas initiative, which in part will open Ecuador to U.S. investment in infrastructure and energy, *The Wall Street Journal* reported. Additionally, Adam Böhler, the chief executive of the U.S. International Development Finance Corporation, will visit the South American nation within months in order to explore new opportunities in financing, the White House said. During the meeting with Moreno, Trump told reporters in the Oval Office that he is working on a trade deal with Ecuador. "They have incredible product," said Trump. "They grow it and they make it, and we like it. So we will. Sure. And they need our product, too." Moreno's visit to the White House was the

first by an Ecuadorean president in 17 years. "Ecuador has—after having gone through very hard times, and especially in regards to its international relationships—has decided to come together again with the international community and bring refreshed relationships to those who are—who have the same way of thinking as we do," Moreno said. Ties between the United States and Ecuador deteriorated during the decade-long presidency of Ecuador's Rafael Correa, but relations have warmed since Moreno succeeded Correa in 2017. In addition to trade and economic issues, Trump and Moreno also discussed Venezuela during the meeting, along with increasing international pressure on "the illegitimate regime of Nicolás Maduro," the White House said. It added that the two countries are looking forward to working together on issues including trade, security and other regional priorities in May at the United States-Ecuador Bilateral Expanded Political Dialogue.

POLITICAL NEWS

Guaidó's Uncle Detained After Return to Venezuela

Venezuelan opposition officials on Wednesday blasted President Nicolás Maduro's government for agents' detention the day before of opposition leader Juan Guaidó's uncle, Juan José Márquez, *The Washington Post* reported. Márquez had traveled with Guaidó on a flight from Lisbon as Guaidó returned to Venezuela from a three-week international tour. Guaidó last saw his uncle just before entering an arrivals hall at Simón Bolívar International Airport, opposition officials said. On Wednesday, Diosdado Cabello, a top Venezuelan official, claimed in an appearance on national television that Márquez had been hiding explosives inside his vest. Márquez's wife and other family members, including Guaidó, denied the allegation. Márquez's wife, Romina Botaro, said her husband was wearing a protective vest that customs agents told him he had to declare.

NEWS BRIEFS

Guatemalan Congress Approves Controversial Measure on NGOs

Guatemala's Congress on Wednesday approved controversial legislation that would allow the executive branch to shut down nongovernmental organizations if they are deemed to be disruptive, the Associated Press reported. Civil society groups have expressed alarm that the measure could be used to silence dissent, and other opponents questioned the constitutionality of the legislation. President Alejandro Giammattei told reporters that he views at least some parts of the measure favorably.

Colombian Attorney General Searches Avianca's Offices

Colombia's attorney general's office on Wednesday searched the offices of commercial airline Avianca in connection with an investigation into alleged irregular ticketing practices, Reuters reported. Officials had initially told journalists the search was part of a probe into an alleged bribery scheme involving European manufacturer Airbus, but later said that the search was based on the ticketing case. Airbus has reached a plea bargain in several countries, agreeing to pay \$4 billion in fines over bribery and corruption dating back at least 15 years.

Brazil's Lojas Quero-Quero Files for Initial Public Offering

Brazilian home improvement retailer Lojas Quero-Quero has filed for an initial public offering on Brazil's stock exchange, according to a securities filing released Wednesday, Reuters reported. Quero-Quero, which private equity firm Advent International Corp. has controlled since 2008, has 346 stores in Brazil's southern region. The money raised in the offering will go toward opening new stores and distribution centers, according to the filing.

BUSINESS NEWS

Former Pemex CEO Lozoya Arrested in Spain

The former head of Mexican state oil company Pemex, Emilio Lozoya, was arrested in southern Spain on Wednesday on charges of tax fraud and bribery, *El País* reported. Lozoya had been on the run since May, when Mexican authorities accused him of receiving bribes in connection with Pemex's purchase of a fertilizer plant in 2014. The plant, which Pemex bought from major Mexican steel manufacturer Altos Hornos de México, or Ahmsa, for \$475 million, was out of service at the time of the purchase. Critics have said the cost was extremely inflated, *The New York Times* reported. Lozoya, who led Pemex from 2012 to 2016, has denied wrongdoing and has alleged that he is being politically persecuted. Spanish police arrested him at the request of Mexico's special prosecutor's office. Lozoya had been living in a luxurious residential development near the Spanish port city of Málaga, and he seldom left the house, according to the report. The arrest was made during one of his rare outings. Lozoya is set to appear today before a judge from Spain's national court, where he will be questioned as to whether he is ready to return to Mexico to stand trial there, *The New York Times* reported. The former Pemex chief was a close ally to former Mexican President Enrique Peña Nieto. [Editor's note: See related [Q&A](#) in the June 7 issue of the Energy Advisor.]

América Móvil to Focus on Rolling Out 5G in Region: CEO

América Móvil, Mexico's largest telecommunications provider, on Wednesday unveiled details of its plans to roll out 5G technology in Latin America, as the company's shares surged on a strong earnings report, Reuters reported. Shares on Wednesday rose as much as 6

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areas will destroy the Amazon and its one-of-a-kind native people. Deforestation rates in the region are already breaking records under the Bolsonaro administration, except in the indigenous-protected areas. There is no advantage to 'developing' the Amazon rain forest. It would be equivalent to tearing down the Louvre to make room for new property development because the museum is located in prime real estate. Adding insult to injury, Bolsonaro appointed an evangelical missionary as head of the state organization in charge of protecting uncontacted indigenous tribes."

A Leni Berliner, president and CEO of Energy Farms International: "It is one thing to 'inhabit and exclusively possess' an area of land, as indigenous people do per the Brazilian constitution, and quite another to establish and maintain control over that land. Brazil's experience with agriculture has shown the weakness of territorial management. Regulation of mining is far more desirable than the conditions of informal mining that persist in Brazil. Companies in the extractive industries should be allowed to compete for exploration and operating concessions in indigenous territory. Currently, metal mining and industrial mineral production take place primarily in states with very small areas of indigenous territory, beginning with Minas Gerais, where the indigenous territory comprises a mere 0.11 percent of the total land area. There is some

mining and smelting in states with significant (more than 10 percent) indigenous territory, including in Amazonas, Bahia, Goiás, Pará, Pernambuco and Rondônia. Petrobras also operates in Amazonas. Hydroelectric development in Brazil should be limited to

“Regulation of mining is far more desirable than the conditions of informal mining that persist in Brazil.”

— Leni Berliner

low-head and run-of-river hydro in order to protect upstream water ecosystems. To the extent the bill would establish a basis for growth of sustainable extractive industries, it should be welcome. Available alternatives in indigenous territories seem to be limited to timber and biotrade, which does not generate much in the way of income."

A Jana Nelson, global fellow at the Woodrow Wilson International Center for Scholars: "Strategically, in the 1980s, Brazil established protected indigenous lands that overlapped with rare earth mineral deposits. It served both to protect indigenous communities and to maintain a strategic reserve of rare earths. The Brazilian constitution requires that any changes to the legal protections of those lands be done in coordina-

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percent to 16.72 pesos (\$0.90), the highest since July 2018. The company, which Mexican billionaire Carlos Slim controls, a day earlier had reported a 63-percent increase in net profit in the fourth quarter of last year, driven by reduced costs and strong gains in postpaid customers. Chief Executive Daniel Hajj said on a call that this year the company will focus on employing 5G technology in Latin America, likely debuting in Mexico and later extending it to Brazil, depending on the availability of the

spectrum. "We just launched in Austria our 5G network," Hajj said, Reuters reported. "And we're going to do that all around Latin America in the second half of the year," he added. The company, Latin America's largest wireless operator by subscribers, added 1.9 million postpaid wireless subscribers in the fourth quarter of last year, ending the year with 278 million wireless subscribers, *The Wall Street Journal* reported. [Editor's note: See related [Q&A](#) in the April 2 issue of the Advisor.]

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tion with indigenous communities. President Bolsonaro's legislation did not include input from the communities and, therefore, is unlikely to pass Congress as is. The economic advantages of access to these areas is evident. The disadvantages are not just displacement of communities and environmental destruction. Mining and exploration in the region, with little government oversight, could, and has in the past, resulted in labor rights violations, human trafficking of women to the region and environmental disasters arising from weak safety regulations. The benefits of potential economic growth do not outweigh the potential costs, as long as the Brazilian government is not able to regulate and oversee these areas and infrastructure."

A **Luiza Lima, public policies campaigner at Greenpeace Brazil:** "On the eve of an international mining event in Toronto, Bolsonaro sent to Congress Bill 191/2020, which authorizes the opening of indigenous lands for mineral and energy exploration. In short, Bolsonaro wants to sell the Amazon to predatory national and international interests, including some criminal mafias currently operating along the Amazon basin. If approved, it will lead to forest destruction, land conflict and violence. According to the bill, indigenous people would only be 'heard,' without the right to veto these activities in their own territories. The final decision would remain at the president's or, in some cases, Congress' hands. The project goes against the constitution, which recognizes the right of indigenous peoples to decide how they want to live, according to their customs and traditions. Since indigenous lands play a key role in protecting the forest, it also consolidates the Bolsonaro government's

intention to withdraw Brazil from the global effort to combat deforestation as well as the climate emergency. In Davos, Economy Minister Paulo Guedes tried to deceive the public by saying that the government was protecting the environment. Days later, the government created a council to take care

“If approved, it will lead to forest destruction, land conflict and violence.”

— Luiza Lima

of the Amazon. We now see that everything was just marketing and that the president's real intention is to devastate the Amazon. Since a nearly 30-percent deforestation increase was announced in November, no concrete measures have been taken to contain destruction. On the contrary, the government only awarded land grabbers, and now it opens the door to devastation of indigenous lands. The president of the Chamber of Deputies, Rodrigo Maia, publicly committed to shelve a project of this nature last November. Nevertheless, the same day he received the bill, he broke his promise and created a special commission to evaluate it. Different parties are now submitting requests for the bill's rejection, in light of its unconstitutionality. It is time for Maia to comply with the constitution and its commitment to the Brazilian population and reject this insane bill."

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