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FEATURED Q&A

Can Biden Rebuild U.S. Credibility in Latin America?



Joe Biden, who served for 36 years in the U.S. Senate and eight years as vice president, takes office today as president of the United States. He traveled to Latin America and the Caribbean a record 16 times while serving as vice president. // File Photo: Facebook page of Joe Biden.

Q Joe Biden takes office today as president of the United States. His inauguration follows tense weeks in Washington surrounding a Jan. 6 riot in which supporters of outgoing President Donald Trump violently burst into the U.S. Capitol in a deadly insurrection that Trump is accused of inciting. How has the riot at the U.S. Capitol been seen in Latin America and the Caribbean, and to what extent does the civil unrest shake confidence in U.S. leadership and credibility? What effects will Trump's actions as president have on elections and democratic institutions in the region? What must Biden do in order to effectively engage with Latin America on issues such as democratic norms and the rule of law following Trump's presidency?

A Isabel Saint Malo, former vice president of Panama: "Latin Americans watched recent events at the Capitol with familiarity and surprise. The scenes were familiar to us in a region where civil unrest is increasingly present, though we never expected to see them in the United States. As Latin American citizens increasingly express dissatisfaction with the status quo and an existing broken social contract that does not meet expectations, the region needs partners that support our efforts to overcome inequalities and other challenges. President-elect Biden was a champion of engagement with the region during the Obama administration. I personally participated in efforts convened by the then-vice president; his interest and understanding of the region was clear. That record and proposals included in his campaign lead us to believe that the incoming administration will pay more attention to neighboring Latin America than did Biden's predecessor. Historically,

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TODAY'S NEWS

POLITICAL

U.S. Imposes New Sanctions Against Maduro Allies

Just before leaving office, the administration of U.S. President Donald Trump imposed new sanctions on individuals and entities it said have helped the government of Venezuelan President Nicolás Maduro evade sanctions on the country's oil sector.

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ECONOMIC

Brazil's Economy Ministry Eyes New Stimulus: Report

Brazil's Economy Ministry is reportedly considering the possibility of more stimulus measures as Covid-19 cases surge.

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BUSINESS

Western Union Hopes to Restart Money Transfers to Cuba: CFO

Western Union is hoping to restart money transfer services to Cuba under the administration of incoming U.S. President Joe Biden, said CFO Raj Agrawal.

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Agrawal // File Photo: LinkedIn.

POLITICAL NEWS

White House Hits Maduro Allies With New Sanctions

Just one day before leaving office, the administration of U.S. President Donald Trump on Tuesday slapped a new round of sanctions on actors it said are connected to Venezuelan President Nicolás Maduro. The new sanctions, issued by the U.S. Treasury's Office of Foreign Assets Control, involves three individuals, 14 entities and six vessels. The Treasury office said the actors are connected to a network that has attempted to evade U.S. sanctions on Venezuela's oil sector. "Those facilitating the illegitimate Maduro regime's attempts to circumvent United States sanctions contribute to the corruption that consumes Venezuela," said outgoing Treasury Secretary Steven Mnuchin. "The United States remains committed to targeting those enabling the Maduro regime's abuse of Venezuela's natural resources." The new sanctions are directed at a Mexico-based network "involved in the illicit sale of Venezuelan oil," the Treasury Department said in a statement. The action targets "orchestrators and facilitators with ties to the Mexico network who have conspired with Maduro's oil minister, Tarek El Aissami Maddah ... and indicted money launderer Alex Nain Saab Moran ... to broker the sale of hundreds of millions of dollars of Venezuelan oil." The sanctions name Italian citizen Alessandro Bazzoni, Spanish-Venezuelan citizen Francisco Javier D'Agostino Casado, Swiss national Philipp Paul Vartan Apikian, Malta-based Elemento Ltd. and Geneva-headquartered Swissoil Trading. Elemento has purchased oil from Venezuelan state oil company PDVSA and resold it to third-party customers on Bazzoni's behalf, the Treasury alleged, adding that Swissoil assisted in the sale and shipping of crude oil that originated in Venezuela to buyers in Asia. The Treasury called Bazzoni a "core facilitator of the network," and it alleged that D'Agostino helped to coordinate the buying and selling of Venezuelan crude on behalf of PDVSA. Apikian owns

and directs Swissoil and has been involved in the sale and shipment of Venezuelan crude, the Treasury alleged. Also on Tuesday, Trump signed an executive order temporarily shielding more than 145,000 Venezuelans in the United States from deportation, the Associated Press reported. Venezuelan exiles have been among Trump's most loyal supporters. In signing the order, Trump referred to the "deteriorative conditions" in Venezuela, adding that the situation there constitutes a national security threat to the United States. Tuesday also saw the Senate confirmation hearing of Antony Blinken, whom President-elect Joe Biden has nominated for secretary of state. Blinken told senators that the Biden administration would continue recognizing Venezuelan opposition leader Juan Guaidó as the Andean nation's legitimate interim president. Blinken also said he does not foresee dialogue with Maduro, whom he called a "brutal dictator." Blinken mentioned the possibility of fine tuning sanctions against Maduro and his allies and expressed frustration that the current U.S. approach to Venezuela has not loosened Maduro's grip on power. Blinken also said there is room for better coordination with U.S. allies in order to restore democracy to Venezuela, the AP reported. "The hard part is that for all these efforts, which I support, we obviously have not gotten the results that we need," said Blinken. [Editor's note: See the Advisor's [interview](#) with Vanessa Neumann, who stepped down last year as Guaidó's ambassador to the United Kingdom.]

ECONOMIC NEWS

Brazil's Economy Ministry Eyes More Stimulus Measures

Brazil's Economy Ministry is considering the possibility of more stimulus measures as the number of Covid-19 cases spike across the country, crimping any potential austerity plans, Bloomberg News reported Tuesday, citing three unnamed government officials familiar with the matter. In addition, they believe President

NEWS BRIEFS

Mexico May Bring Dispute With U.S. Over Cienfuegos to International Courts

Mexican Attorney General Alejandro Gertz said Tuesday that he is considering bringing to international courts a dispute with the United States over the case of former Defense Secretary Gen. Salvador Cienfuegos, whose investigation Mexico dropped last week, Reuters reported. The United States had arrested Cienfuegos in October over drug trafficking charges but subsequently released him following pressure by the Mexican government. The United States has questioned Mexico's move to close the probe against Cienfuegos, as well as the attorney general's office release of a confidential dossier of the case.

IMF Approves \$2.7 Billion Credit Line for Panama

The International Monetary Fund said Tuesday that it had approved a \$2.7 billion line of credit for Panama to respond to the Covid-19 pandemic, Reuters reported. The IMF's executive board approved the two-year arrangement under its Precautionary and Liquidity Line as "insurance against extreme external shocks" amid the pandemic's economic impact. The Fund said that the line of credit will help Panama maintain an "adequate level of spending" on health care and other social programs.

Brazil's Vinci Partners Expecting \$1 Billion Valuation in IPO

Brazil-based asset manager Vinci Partners Investments is expecting to raise as much as \$250 million at its initial public offering and reach a valuation of \$1 billion, according to a securities filing, Reuters reported Tuesday. Vinci, which will be listed under ticker symbol VINPO, set a price range of between \$16 and \$18 for each class A share. The asset manager did not disclose the date its shares will price.

Jair Bolsonaro could exert pressure on the Economy Ministry for more stimulus measures after his popularity dropped in December when a cash-handout program expired. During the pandemic, massive spending by Brazil's government led to a record primary budget deficit last year of 832 billion reais (\$157 billion), or 11.5 percent of the country's gross domestic product. [Editor's note: See related [Q&A](#) in the Oct. 28 issue of the Advisor.]

BUSINESS NEWS

Western Union Hopes to Restart Money Transfers to Cuba

Western Union hopes it will be able to restart money transfer services to Cuba under the administration of incoming U.S. President Joe Biden, who is taking office today, the bank's chief financial officer said on Tuesday, Reuters reported. "We're hopeful that, putting aside any concerns that there may be from the administration standpoint, that they allow us to move the money for people who want to move money to their loved ones," Raj Agrawal told the wire service. Western Union suspended operations across Cuba in November following the entry into force of new U.S. sanctions. Over the past four years, the administration of U.S. President Donald Trump has escalated sanctions against Cuba, rolling back a normalization of U.S.-Cuba relations that his predecessor, Barack Obama, had overseen. Just last week, the State Department returned Cuba to the U.S. list of state sponsors of terrorism. Analysts expect the Biden administration to seek to normalize ties with Cuba again. "Advisors to President-elect Biden have already indicated that Trump administration policies limiting Cuban-American family travel and remittances to the island will be reversed," Anya Landau French, a consultant at law firm Akin Gump, told the Advisor in a [Q&A](#) published Nov. 19. "We could expect an executive order that reverses most or all of the Trump administration's Cuba policy and associated regulations," she added.

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the United States' relationship with the region has been marked by security issues, including organized crime, drug trafficking and migration. The incoming administration will need to design a more comprehensive agenda. Security threats are directly linked to the broken social contract, inequality, poverty, unemployment and other social realities. As long as Latin Americans see limited opportunities in their own countries, they will continue migrating north or engaging in criminal activities. A new agenda that intends to strengthen democratic norms and the rule of law must be linked to the security and development agendas. The approach must be integral, and engagement with Latin American leaders to design it collaboratively would be a strong first step."

A Jason Marczak, director of the Adrienne Arsht Latin America Center at the Atlantic Council: "President-elect Biden, more than any of his predecessors, is entering the presidency with a profound understanding of Latin America and the Caribbean and a recognition of its importance to the United States. This should not be taken lightly. For those of us who care so deeply about the region and its prosperity, the United States will now have a commander-in-chief with a long track record in exhibiting U.S. leadership to address longstanding challenges—from his work in advancing prosperity in Central America to his being present at the inauguration of Plan Colombia as a U.S. senator. Following President Trump's baseless claims of fraud and his disinformation campaign, Biden's inbox now includes restoring trust in democracy at home as well as projecting a new, more humble democratic leadership in our hemisphere. In losing the election, Trump was an inspiration for would-be strongmen, for those who saw institutions as an instrument for personal gain rather than respected for their role in serving society. The danger of Jan. 6 is not just the violent insurrectionists, or Trump's

pleading for his followers to 'show strength' at the Capitol, it is the denial of the results of the election and the guidepost that has given to those outside our borders whose only interest in democracy is when it works in their favor. Biden enters office with the task of reversing this damage. It will be critical to work with partners to share the lessons of our own challenges so that the Trump playbook does not take hold, with potentially even more disastrous results, in younger, more fragile democracies already reeling from institutional challenges further magnified by the Covid-19 pandemic. U.S. technical and financial partnership to strengthen institutions, which, among other things, begins with addressing endemic corruption, will be among the top priorities of this new administration."

A Roberta Lajous, former Mexican ambassador to Cuba, Bolivia and Spain: "The Biden administration has a unique historical opportunity to rebuild ties with Latin America after four years of neglecting development issues, including economic growth, democracy and the rule of law. No previous incoming U.S. president has had

“The Biden administration has a unique historical opportunity to rebuild ties with Latin America...”

— Roberta Lajous

more or better firsthand knowledge of the region than Joe Biden. The current pandemic has probably caused more damage to Latin America than any other region of the world. It is an opportunity for the United States to support universal vaccination in 2021 and start sustainable recovery on a democratic basis, given the right incentives. Franklin D. Roosevelt's Good Neighbor Policy, updated

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to the 21st century, can serve as a paradigm to regain U.S. prestige and presence in Latin America, with President Biden and the U.S. Congress working together toward that end. Leading by example on how a democracy can get the right things done, in emergency situations as we now face, would certainly re-engage Latin America in a lasting partnership. First signals that this is possible will come with the announcement of Biden's appointments of officials responsible for Latin American affairs and, hopefully, the renewal of the Summit of the Americas."

A John Feeley, former U.S. ambassador to Panama: "Most Latin Americans, especially political and economic elites with connections to the United States, reacted to the Jan. 6 riot at the U.S. Capitol in shock and with fear. In traditional anti-American sectors, there is a smug sense of vindication that a prideful and bullying superpower has finally reaped what it sowed. However, with the exception of Brazil's Bolsonaro, Latin American leaders and societies generally welcome Trump's exit and Biden's return to the regional stage. The Biden Central American strategy, which commits \$1.4 billion to mitigating the root causes of mass migration, is an excellent indication that the new administration will invest in pragmatic cooperation to solve common problems. However, in the face of staggering challenges such as Covid-19, climate change, poverty, inequality and corruption, Joe Biden's most immediate and important task is simply to change the tone of U.S. policy with Latin America. He must humbly recognize to democratic partners the self-inflicted damage to American democracy, and explicitly commit to repairing it through the same institutional strengthening practices that U.S. policy has prescribed in the region for decades. Such a policy statement, repeated often and reinforced by his diplomatic, judicial and security principals, will help blunt the perennial Latin American criticisms

of hypocritical American exceptionalism. More importantly, it will lay the foundations of trust and genuine partnership between the United States and the hemisphere that have eroded under President Trump."

A Rubens Barbosa, former ambassador of Brazil to the United States: "The unprecedented insurrection against the Capitol was seen with apprehension and perplexity in Latin America. But it did not come as a surprise, given the polarization and radicalization of domestic politics in the United States. All Latin American countries in one way or another have already experienced similar riots against institutions. For this reason, I don't think that the confidence in U.S. leadership and credibility has been shaken and damaged. In the case of Brazil, taking into consideration the polarization and the gradual radicalization of internal politics with the current government, I reckon that a positive effect comes from the mayhem at the U.S. Capitol. What happened in Washington was a wake-up call to politicians and the business community about the risk Brazil faces as its presidential election approaches. President Bolsonaro made a public statement on the need to change electoral law to avoid fraud in 2022, adding that if nothing is done, the situation in Brazil could be worse than in the United States. Democracy and Institutions should be defended, and what happened after the violent demonstration at the U.S. Congress was proof of the strength and resilience of the institutions and how to preserve them. Latin America, and especially South America, are not high on Biden's foreign policy agenda. If and when the U.S. government shapes a new strategy on the region, immigration, Venezuela and Cuba are the main priorities. Democracy, rule of law, security and corruption will also be in the official U.S. rhetoric, but improvement in all those areas depends more on the will of the people to engage with governments than examples of other nations."

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