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FEATURED Q&A

Are Bolivian Politics Focused on Unity or Retribution?



Former interim Bolivian President Jeanine Áñez's interior minister sought to imprison leftist former President Evo Morales. Now, an ally of Morales is president, and Áñez is behind bars. // Photo: @JeanineAnez via Twitter.

Q Upon taking office, leftist Bolivian President Luis Arce vowed to unite the politically divided country, as did his predecessor, conservative Jeanine Áñez. However, shortly after Áñez's government took over in November 2019, her interior minister sought to imprison leftist former President Evo Morales. Now, four months after taking office, Arce's government has arrested Áñez and some of her cabinet members. Is Bolivia facing continued cycles of retribution, with leftists in power pursuing conservatives, and conservatives in power seeking to jail leftists? What will such actions mean for Bolivia's political stability going forward? What does Bolivia's political situation mean for businesses with interests and operations in the Andean nation?

A Daniel E. Moreno, senior researcher at Ciudadanía, Comunidad de Estudios Sociales y Acción Pública in Cochabamba, Bolivia: "What is happening now in Bolivia is a clear example of what can happen when the integrity and independence of the institutions that are supposed to guarantee democracy's checks and balances are compromised. New examples of corrupt and politically dependent judges and public prosecutors come to light almost daily, further eroding citizens' trust of these institutions and in the rule of law in the country. According to LAPOP data for 2019, the share of Bolivians who think that the courts guarantee a free trial is among the lowest in the region, and it has been declining sharply over the last decade. Under a polarized political scenario, a weak judicial system works as a throwaway weapon for those in control of the executive branch. If Bolivian judicial in-

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Bolsonaro Shuffles Cabinet Amid Intense Criticism Over Pandemic

Brazilian President Jair Bolsonaro, who is facing intense criticism over his handling of the Covid-19 pandemic, which has been killing more than 100 people an hour in Brazil, shuffled his cabinet. Among those out is Foreign Minister Ernesto Araújo.

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Araújo // File Photo: Brazilian Government.

POLITICAL NEWS

Brazil's Bolsonaro Shuffles Cabinet as Covid Deaths Soar

Brazilian President Jair Bolsonaro shuffled several members of his cabinet on Monday as he faces intensifying criticism of his government's handling of the Covid-19 pandemic amid soaring numbers of cases and deaths from the disease, The Wall Street Journal reported. Among the officials moved out of their positions was Foreign Minister Ernesto Araújo, who had faced sharp criticism from opposition lawmakers who blamed him for delays in shipments of vaccine inputs from China, the newspaper reported. In a blog post last year, Araújo blamed the Covid-19 pandemic on what he characterized as a communist plot. "Using the pretext of the pandemic, this new communism is trying to create a world without nations, and without freedom," he wrote, The Wall Street Journal reported. Araújo is also considered an obstacle in Brazil's efforts to obtain surplus doses of Covid-19 vaccines from the United States. Bolsonaro said late Monday that diplomat Carlos Alberto Franco França would succeed Araújo. Bolsonaro, who has downplayed the threat of Covid-19 and had said Brazilians should "stop whining" about it, has recently started wearing a face mask more frequently in public and has said vaccination is important, the newspaper reported. Brazil has recorded more than 12.5 million cases of Covid-19 and more than 313,000 deaths from it since the pandemic began a year ago, according to Johns Hopkins University. Only the United States has recorded more cases and deaths from the disease, though Mexico's health ministry acknowledged on Saturday that its actual number of Covid-19 deaths may be higher than Brazil's. In Brazil, a highly contagious variant of the novel coronavirus has led to Brazil accounting for as much as a third of global deaths from the disease even though it has less than 3 percent of the world's population. On Monday, Bolsonaro also replaced Defense Minister Fernando Azevedo e Silva with Army General Walter Souza Braga

Netto, CNN reported. Bolsonaro also sacked Attorney General José Levi do Amaral, replacing him with Justice Minister André Mendonça. Federal Police Chief Anderson Torres will replace Mendonça as justice minister. Bolsonaro also tapped Government Secretary Luiz Eduardo Ramos as his chief of staff, replacing Souza Braga Netto in that position. Bolsonaro named lawmaker Flávia Arruda as government secretary.

ECONOMIC NEWS

Argentine Bank Groups Seek Eased Regulations

Officials from Argentina's four largest banking industry groups have held several calls and meetings in recent weeks with central bank chief Miguel Ángel Pesce and Production Minister Matías Kulfas, asking them to ease some regulations, the Buenos Aires Times reported Saturday, citing unnamed people with knowledge of the matter. Amid the pandemic, commercial banks were required last year to defer some loan payments, give out loans with interest rates below the rate of inflation and eliminate commissions for some services. However, the government is now reluctant to end these measures as it tries to revive the economy ahead of the country's midterm elections, the sources told the Buenos Aires Times. A spokesman at the central bank declined to confirm the meetings to the newspaper, but a Production Ministry spokesman said talks are ongoing. Argentine bank chambers ABA, ABE, Adebá and Abappra declined to comment. In 2020, Argentina's bank sector had its lowest return on equity since 2007, according to data from the central bank. Last year, the country's banks lost more than 50 billion pesos (\$546 million). During the meetings, bankers reportedly urged Pesce to eliminate or lower the minimum interest rate on certificate deposits. Despite last year's economic challenges for Argentina's banks, the sector remained "relatively resilient, thanks to conservative policies

NEWS BRIEFS

Number of Children Transiting Darién Gap Surges: UNICEF

The number of migrant children transiting the dangerous Darién Gap between Colombia and Panama has surged over the past year, the U.N. child welfare agency said Monday, the Associated Press reported. While underage migrants were only 2 percent of those using the jungle corridor in 2017, the number of children passing through in 2020 jumped to 25 percent of migrants making the journey on foot, UNICEF said in a report. The Darién Gap is a 60-mile stretch of jungle with no clear track and little food and shelter. It is the only land route north out of South America.

Argentina Suspends Meat Exporters for Avoiding Industry Regulations

Argentina announced Monday it had suspended 15 meat exporters who reportedly avoided industry regulations, Reuters reported. The move derailed at least 40 metric tons of meat shipments from one of the world's most renowned beef producers, though the country's agriculture ministry did not list the names of the companies involved. The ministry said it had discovered several meat export operations that had undercut competitors and evaded taxes by not properly registering their businesses with the state, Reuters reported.

Payment Infrastructure Provider Dapi Launches Service in Mexico

Global payment infrastructure provider Dapi, which is based in San Francisco and Abu Dhabi, on Friday announced the launch of its permission-based bank payment initiation and account data aggregation services in Mexico. Dapi said the move makes it among the first companies to offer integrated bank transfer payments to fintechs in Mexico.

and regulations, which have resulted in a low credit penetration,” Cynthia Cohen Freue, senior director and sector lead for financial institutions ratings at S&P Global Ratings, told the Dialogue’s Financial Services Advisor in a **Q&A** published March 10. “Profitability weakened last year due to higher provisions and lower margins but remained relatively healthy with a return-on-equity for the banking system at around 15 percent,” she said. “However, we expect profitability to weaken due to the inflation adjustment and continuing need to raise provisions due to the challenging economic environment.”

BUSINESS NEWS

Brazil’s Raízen Taps Banks to Manage Initial Public Offering

Brazilian energy company Raízen, a joint venture between Cosan and Royal Dutch Shell, has tapped four investment banks to manage its initial public offering, expected to be one of the largest this year with funding of as much as 13 billion reais (\$2.25 billion), Reuters reported Monday, citing four unnamed sources familiar with the matter. The banks, reportedly Banco BTG Pactual, Bank of America, Citi and Credit Suisse AG, are expected to manage the transaction, with sources adding that Raízen is expected to add others to the group this week. Raízen, Citi and Credit Suisse declined to comment on the matter to Reuters, and BTG and Bank of America did not immediately respond to the wire service’s request. The joint venture is the world’s largest sugar maker, and it controls a massive fuel distribution network. It is also Brazil’s fourth-largest company by revenue, behind only renowned firms such as state oil producer Petrobras, iron ore miner Vale and meatpacker JBS, Reuters reported. Cosan Chief Financial Officer Marcelo Martins said earlier this month that Raízen’s IPO was forthcoming, saying “this is the ideal timing” for the joint venture to raise capital and finance growth, Reuters reported.

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stitutions are not amended—if, for instance, the popular election of high judges is not replaced by a more meritocratic way of appointing them—the political use of justice is likely to continue and become more evident under circumstances of political polarization. At this particular moment, courts are being used to impose the government’s ‘coup’ narrative on the hotly debated topic of what happened in 2019, attempting to victimize Morales and clear MAS of any responsibility in and after the failed election that triggered the political crisis that year. Bolivia’s political stability might be reached by means of heavy-handed control of judicial and electoral institutions, limiting opposition and restricting political rights, as is the case in other nations worldwide. But Bolivians aspire and deserve a more democratic form of political stability, and that depends on the now-absent independent performance of the justice system and its institutions.”

A Filipe Carvalho, analyst at the Eurasia Group: “Political interference in Bolivia’s prosecutor’s office is not something new, nor something that will change soon. But going forward, Bolivia’s instability will grow as a consequence not only of polarization, but also of a more divided MAS and growing economic challenges. First, more vocal and radical opposition has gained traction in recent years, increasing the risk of small-scale but more frequent political violence. Second, a more divided MAS will constrain what Arce can do, even if he does want to be a moderate. Not only does Arce not control the MAS, but with economic woes in coming years, he will have less pork and patronage to dole out to allies, as Evo Morales did. Third and crucial will be the country’s economic challenges. Bolivia’s economy faces fiscal and current account imbalances amid reduced demand for natural gas exports. Rapidly declining international reserves mean Arce may need to make economic adjustments soon, yet polarization and party constraints

will diminish the administration’s ability to do so. This means operational and economic risks will be high. Not only are the risks of strikes and blockades more elevated, even by Bolivia’s standards, but if Arce is unable to undertake gradual reforms, there is a risk that the administration will consider more capital control measures, higher taxes on businesses or even a currency devaluation, though for now these are unlikely. Ultimately, even if Arce wants to be more moderate and undertake reforms, polarization and party challenges will limit his ability to do so, raising the risks of an economic crisis.”

A Robert Albro, research associate professor in the Center for Latin American and Latino Studies at American University:

“The Arce administration’s decision to indict Jeanine Áñez has been understood as tit-for-tat revenge justice, with democratic due process the victim—Arce persecuting Áñez because she did the same to his party while in power. Favored by international media, the OAS and Áñez’s supporters, this is a lazy account that plays up long-standing depictions of Bolivian democracy as thin, fragile, personalistic and corruptible. Charged with fomenting a coup then leading an interim government following the disputed October 2019 national election that saw Morales give up the presidency and flee to Mexico, Áñez faces years in prison. I will leave it to the political scientists to debate whether what happened in 2019 was a coup, ouster or resignation under pressure. But to review, Áñez’s actions while president were not those of a caretaker. She used the machinery of the state to harass and detain MAS officials and supporters, encouraged security forces to commit human rights abuses and kill scores of protesters, and attempted to consolidate the power of a minority right-wing cabal in government. Yes, the end of the Morales era was characterized by some democratic backsliding. Certainly, the Arce administration has no love for Áñez. Yes, the

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accusation that Áñez was involved in a coup attempt is contentious. But Áñez's indictment is also consistent with other efforts by the Bolivian government in recent years to bring to justice former presidents acting outside the law, such as Gonzalo Sánchez de Lozada, whose administration also carried out extrajudicial killings against opposition protesters."

A Miguel Centellas, Croft instructional assistant professor of sociology and international studies at the University of Mississippi: "This is a complicated issue with no easy answers. On the one hand, the Áñez government (like the government of Evo Morales) was involved in questionable and problematic behavior. In the aftermath of Morales' constitutionally dubious re-election campaign and credible allegations of fraud aimed at keeping him in power, there were calls from anti-Morales circles to prosecute members of his government. Meanwhile, Morales supporters saw themselves as resisting a 'coup,' leading to confrontations with security forces. Now that MAS is back in power, Arce is under pressure to prosecute Áñez and members of her government for their alleged abuses. Unfortunately, in a highly polarized political context, prosecution looks too much like persecution. This makes it difficult for new governments to hold previous governments accountable for past misdeeds (real or imagined). In the 13 years that Morales was in power, there were numerous corruption scandals, violent repression of protests and politically motivated prosecutions of rivals. But corruption, repression and political persecution did not end when Áñez became president. Without a trusted, credible and independent judicial system, politically motivated prosecutions will likely continue. Perhaps the only exit is one that was commonly used in post-authoritarian transitions. Bolivia's rival political forces may have to sit down and agree to some sort of 'immunity' for past abuses.

This would certainly be an unpopular decision and would seem to violate the principle of accountability. But it may be that stability and democratic governance are more important—at least in the short or medium term."

A Roberta Lajous, former Mexican ambassador to Bolivia: "When Evo Morales was first elected president of Bolivia in 2005, the country had experienced more heads of state than years of independence from Spain. Constant political turmoil and spasms of violence had been Bolivia's history. In the 19th century, Bolivia lost its Pacific coast to Chile, becoming the poorest country in the Americas during the 20th century. Morales' extended tenure, until 2019, gave Bolivia peace and stability. Also, the country peacefully overcame the caste system that had survived since colonial times, giving dignity to Indigenous communities, the majority of the population. Unfortunately, Morales overstayed his welcome and had to go into exile in Mexico in order to avoid further catastrophe. However, elections were later held, giving a clear majority to Luis Arce. The new president was Morales' finance minister and distinguished himself as a fine economist who controlled expenditures during the commodity boom that allowed millions to escape extreme poverty and malnutrition. Past Arce's harsh initial show of force amid multiple political threats, there is reason to believe that he will continue to manage well the economy and raise the living standard of all Bolivians, as he has already proven able to do. Vice president David Choquehuanca an Indigenous leader of conciliatory nature, will be most helpful in soothing grievances. He has proven ample negotiating capacity with the social movements that brought Morales to power, while serving in his cabinet."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at ekuleta@thedialogue.org.

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
ekuleta@thedialogue.org

Anastasia Chacón González

Reporter & Associate Editor
achacon@thedialogue.org

Diana Roy

Editorial Intern
droy@thedialogue.org



Michael Shifter, President

Rebecca Bill Chavez, Nonresident Senior Fellow

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Subscription inquiries are welcomed at ebrand@thedialogue.org

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