

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

Chief Corporate Affairs Officer, Grubhub

Joyce Chang

Global Head of Research, JPMorgan Chase & Co.

Paula Cifuentes

Director of Economic & Fiscal Affairs, Latin America & Canada, Philip Morris International

Marlene Fernández

Corporate Vice President for Government Relations, Arcos Dorados (McDonald's)

Peter Hakim

President Emeritus, Inter-American Dialogue

Donna Hrinak

Senior VP, Corporate Affairs, Royal Caribbean Group

Jon E. Huenemann

Council Member, GLG Inc.

James R. Jones

Chairman, Monarch Global Strategies

Craig A. Kelly

Senior Director, Americas Int'l Gov't Relations, Exxon Mobil

John Maisto

Director, U.S. Education Finance Group

Nicolás Mariscal

Chairman, Grupo Marhnos

Thomas F. McLarty III

Chairman, McLarty Associates

Beatrice Rangel

Director, AMLA Consulting LLC

Jaana Remes

Partner, McKinsey Global Institute

Ernesto Revilla

Head of Latin American Economics, Citi

Gustavo Roosen

President, IESA

Andrés Rozental

President, Rozental & Asociados

Shelly Shetty

Managing Director, Sovereigns Fitch Ratings

FEATURED Q&A

How Do Countries in the Americas Differ on Climate Goals?



U.S. President Joe Biden addressed other world leaders this month at his two-day virtual climate summit. // Photo: U.S. State Department.

Q The administration of U.S. President Joe Biden on April 22-23 hosted a virtual climate summit, in which 40 world leaders including from Brazil, Mexico, Argentina and Colombia discussed collective action on mitigating climate change.

How well is the United States cooperating on climate change issues with countries in Latin America and the Caribbean, and how can collaboration be expanded under the Biden administration? What obstacles remain to effective action on carbon-emission reduction goals and environmental protection at the hemispheric level? How has the private sector engaged in these efforts in Latin America and the Caribbean as compared to other parts of the world?

A Lisa Viscidi, director, and Sarah Phillips, assistant, at the Energy, Climate Change & Extractive Industries Program at the Inter-American Dialogue: "Hemispheric partners displayed a wide range of climate ambition at last week's U.S.-led summit. Argentine President Alberto Fernández announced the country will once again up the ambition of its Nationally Determined Contribution and submit a plan next November in Glasgow to produce nearly one-third of its electricity from renewable energy. President Iván Duque reiterated Colombia's recent commitment to a 51 percent emissions reduction by 2030, highlighting efforts in reforestation and clean power. Although Brazilian President Jair Bolsonaro announced his most ambitious climate goals yet, pledging to achieve carbon neutrality by 2050 and eliminate illegal deforestation by 2030, his promise to double conserva-

Continued on page 2

TODAY'S NEWS

POLITICAL

Brazil Surpasses 400,000 Deaths From Covid-19

Brazil surpassed 400,000 recorded deaths from Covid-19. The country continues to struggle under the unrelenting spread of the P.1 variant of the novel coronavirus.

Page 2

BUSINESS

Panama Joins Mastercard's Digital Country Partnership

Panama has joined Mastercard's Digital Country Partnership, which aims to increase financial inclusion, among other goals.

Page 3

POLITICAL

Front-Runner in Peru's Presidential Race Hospitalized

Left-wing candidate Pedro Castillo, who leads in polls ahead of the second round of Peru's presidential race, was hospitalized with a respiratory illness, which forced him to suspend campaign events.

Page 2



Castillo // File Photo: Castillo Campaign.

POLITICAL NEWS

Peru's Presidential Front-Runner Castillo Hospitalized

Pedro Castillo, the left-wing front-runner in Peru's presidential race, was hospitalized Thursday in Lima with a respiratory illness that has forced him to suspend campaign events, Reuters reported. Castillo, 51, fell ill soon after arriving in Lima after several days of campaigning in northern Peru, the wire service reported. "Our candidate @PedroCastilloTe is being rushed to a clinic in Lima due to a respiratory decompensation. Today's scheduled activities are suspended," his political party, Perú Libre, said in a tweet. Castillo confirmed his illness in his own posting on Twitter. "Dear compatriots: I thank you for convening ... in Lima. However, due to health issues, I inform you with regret that I will not be able to attend. My hugs and apologies for all those who arrived," Castillo tweeted. A primary school teacher, Castillo is to face right-wing candidate Keiko Fujimori in the country's June 6 runoff election. He leads

Fujimori in polls. Castillo said he planned to return to normal activities today and that a debate with Fujimori on Saturday would proceed as planned, Bloomberg News reported. Castillo tested positive for Covid-19 in January and was forced to halt campaign activities for a month. Daily newspaper La República reported Thursday that he would be tested for the disease in order to rule out a reinfection.

Brazil Surpasses 400,000 Recorded Deaths From Covid

Brazil on Thursday surpassed 400,000 deaths related to Covid-19, only the second country in the world to do so after the United States, Reuters reported. The South American nation registered 3,001 new Covid-19 deaths on Thursday, bringing the total number of deaths since the pandemic began to 401,186, the Health Ministry said. Brazil continues to struggle under the unrelenting spread of the P.1 variant of the virus, which appears to be far more contagious than other strains of the novel coronavirus and can also reinfect people who

NEWS BRIEFS

Demonstrators Protest Colombia Tax Reform Plan

Protests continued on Thursday against Colombia's proposed tax reform, although with far fewer people than the previous day when some 10,000 people took to the streets in Bogotá alone, Reuters reported. Major unions organized demonstrations across the Andean nation on Wednesday to protest the government-proposed reform, which among other things would expand items subject to value-added tax. [Editor's note: See related [Q&A](#) on Colombia's tax reform in Wednesday's issue of the Advisor.]

Costa Rica Tightens Restrictions Amid Surge in Covid-19 Infections

The Costa Rican government on Thursday tightened mobility and business restrictions as the country struggles to contain a surge in Covid-19 infections, the Associated Press reported. Health Minister Daniel Salas said Costa Rica had recorded 2,781 new cases of Covid-19 in the previous 24 hours, the highest daily total since the beginning of the pandemic. Registered cases have grown exponentially in the last week.

U.S. Refuses to Provide Financial Support for Haiti Referendum

The United States will not provide financial support for Haiti's planned constitutional referendum, State Department spokesman Ned Price told reporters Thursday, Reuters reported. "We have repeatedly stated that constitutional reform is for the Haitian people to decide. We've emphasized to the Haitian government that the U.S. government will not provide financial support for a constitutional referendum," said Price, who added that Haiti should hold its overdue elections.

FEATURED Q&A / Continued from page 1

tion enforcement funds was contradicted soon after when he signed off on a budget that did not include his spending pledge. Mexican President Andrés Manuel López Obrador did not make new commitments to cut emissions but instead said he will modernize hydropower plants, reduce oil exports and expand the country's reforestation program. Despite climate pledges from various Latin American leaders, the region will require much more capital to transition to low-carbon energy systems. The United States is well positioned to help, thanks in part to the newly expanded capabilities of the Development Finance Corporation. Under Biden's leadership, the development finance institution has incorporated a series of environmental commitments, including a pledge to reach net-zero emissions through its investment portfolio by 2040 and increasing

climate-focused investment to 33 percent of new investments starting in the 2023 fiscal year. This new emphasis on green finance will help catalyze private sector investment in climate change mitigation and adaptation technologies throughout Latin America."



Luis Serra, associate dean of research at the School of Government at Tecnológico de Monterrey: "As if it were not

already evident, the climate summit illustrated that Mexico and the United States are more divided than ever, at least in terms of their climate aspirations. On the one hand, President Biden announced to the world that the United States is back as the world's commander in terms of leading a charge toward a net-zero economy by 2050. On the other hand, President López Obrador used

Continued on page 4

had previously contracted and recovered from Covid-19, The New York Times reported last month. This year's surge in cases in Brazil has strained the country's hospitals and resulted in 100,000 deaths in just over a month. The rate of daily deaths has dropped slightly from

Brazil suffered 100,000 deaths from Covid-19 in just over a month.

a peak of more than 4,000 in early April, which has led to many local governments easing lockdowns, Reuters reported. However, infectious disease experts are warning that the reopening of businesses will keep deaths high for months as vaccine rollout is too slow to contain the virus by itself. Two experts said they expect deaths to continue averaging above 2,000 per day. "Brazil will repeat the same mistakes as last year," said epidemiologist Pedro Hallal, the wire service reported. Since the pandemic began, Brazil has recorded more than 14.5 million cases of Covid-19, the third-highest total in the world after the United States and India, according to Johns Hopkins University.

BUSINESS NEWS

Panama Joins Mastercard's Digital Country Partnership

Panama has become the first country in Latin America and the Caribbean to join Mastercard's Digital Country Partnership, an initiative that fosters the digitization of government, said Duncan Ware, the payment company's vice president for government engagement in the region, EFE reported Thursday. Mastercard and the government of President Laurentino "Nito" Cortizo last week reached an agreement that has a goal of digitizing state payments, combating cyber fraud and expanding financial

THE DIALOGUE CONTINUES

Will the End of the Castro Era Mean Change in Cuba?

Q The Castro era has come to an end in Cuba as Raúl Castro, at age 89, stepped down on April 16 as the head of Cuba's Communist Party. As expected, Cuban President Miguel Díaz-Canel succeeded him in the post. What will change in Cuba with Raúl Castro's departure from the party's leadership? To what extent will the younger generation of Cuba's leaders be willing to make further market-style reforms to the country's economy? To what extent will the Covid-19 pandemic accelerate political or economic changes in Cuba?

A Ricardo Herrero, executive director of the Cuba Study Group: "There is little doubt that the party congress constituted a seismic shift in the leadership and direction of the Cuban government. Where the country ends up remains an open question, but the intended destination is clearly economic transformation. Most notable is the generational transition within the politburo. The old guard is bowing out, with Raúl Castro and José Machado Ventura retiring from their respective posts as first and second secretaries. Other historic revolutionaries departing this powerful committee: Ramiro Valdés, who retains his role as a vice prime minister, and Leopoldo Cintra-Frías, who was 'term

limited' (a precedent-setting exit) as minister of the revolutionary armed forces. The secretariat's new makeup suggests a prioritization of the economy above other activities, as do the inductions of Luis Alberto López-Callejas, who runs a powerful conglomerate of military-run companies, and former tourism minister-turned-prime minister Manuel Marrero, to the politburo. Throughout the proceedings, the party reaffirmed its commitment to expanding the role of the private sector, legalizing small and medium enterprises, decentralizing decision-making in productive sectors such as agriculture and liberalizing foreign investment, even if many of these are still pending. In his swan song as party leader, Raúl Castro warned against 'structural reforms' that could imperil socialism. But aside from cautioning against the unraveling of universal health care and education, or insisting on a government role in nonstate imports, he was vague on specific limits, leaving the space open for future debate. It's hard to imagine that the crisis posed by the Covid-19 pandemic did not accelerate these changes."

EDITOR'S NOTE: The comment above is a continuation of the [Q&A](#) published in the April 21 issue of the Advisor.

inclusion over the next five years in response to problems worsened by the Covid-19 pandemic. Ware said that, through the partnership, Mastercard and the Panamanian government hoped to reach people without a bank account, which he called the "most vulnerable" during the pandemic, as well as recipients of government benefits. "We are working with the national government's financial institutions to try to reach those people, to include more people in the financial system using digital payments or a prepaid card," Ware added, EFE

reported. CAF-Development Bank of Latin America recently approved a \$350 million loan for Panama's digital transformation, including the digitization of government services. "The program approved for Panama is part of CAF's support for the government's strategy of creating an inclusive digital revolution, economic recovery and modernization of the state," Carlos Santiso, head of the governance practice on digital innovation in government at CAF, told the Advisor in a [Q&A](#) published March 24.

FEATURED Q&A / Continued from page 2

his time to showcase a very inefficient and clientelist reforestation program as a way of dealing with migration and climate change under a social justice perspective. However, what the message of Mexico's president really provided was a reminder that his vision of the world, and the context we are facing as humanity, is not just anachronistic and inflexible, but also very dangerous to Mexico's population and future generations. The costs that Covid-19 has brought upon Mexico's economy will pale in comparison to the damage that climate inaction will produce. Net-zero economies will reduce the impact of climate change on their inhabitants. If Mexico's president maintains his political agenda without contemplating Mexico's people, the doors will close for our country to aspire toward opportunities for technological developments and goods and services that will ultimately dramatically reduce Mexicans' quality of life. I do not see a possibility of reverting AMLO's perspective on the issue; the only possibility is, as in any democracy, at the ballot box. The midterm election in June is the first opportunity to escape the real danger."

A Guy Edwards, former senior consultant at the Inter-American Development Bank and co-director of the Climate and Development Lab at Brown University: "The Biden administration's decision to rejoin the Paris Agreement, organize the climate summit and announce a new emission reduction pledge are a welcome signal that the United States is back in the fight. Given the urgent need for the world to cut emissions by half and protect at least 30 percent of the land and sea by 2030, the United States must quickly implement its targets and support others to do the same. Working with Latin American and Caribbean countries to align their recovery plans with the Paris Agreement will be a vital first step. This requires supporting countries to prioritize investments and policies to

protect nature and boost renewable energy and clean public transport, which can create jobs, reduce inequality and tackle some of the root causes of migration. The United States will also need to support the region's just transition by ending international public financing for fossil fuels and ramping up financing for renewables, energy efficiency, electric vehicles and battery storage. U.S. oil

“Working with Latin American and Caribbean countries to align their recovery plans with the Paris Agreement will be a vital first step.”

— Guy Edwards

major and private banks active in the region should study the climate risks associated with their projects and disclose them to ensure alignment with the Paris Agreement. The pandemic has caused such damage to Latin American and Caribbean countries' economies that the region is at risk of being left behind in the global race to net-zero emissions. This situation is exacerbated by the dismantling of environmental protections, especially in Brazil, as well as a lack of respect for the rights of Indigenous peoples and protections for social leaders. Other challenges include weak institutions, corruption, a reliance on fossil fuels and insufficient financing for climate action and nature-based solutions. The U.S. private sector also has much ground to make up as it lags behind Chinese and European counterparts in supporting climate action. However, the investment opportunities linked to this agenda are considerable."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@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

Bruno Binetti, Nonresident Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Senior Advisor

Kevin Casas-Zamora, Nonresident Senior Fellow

Julia Dias Leite, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Sandra García Jaramillo, Nonresident Senior Fellow

Selina Ho, Nonresident Senior Fellow

Edison Lanza, Nonresident Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia Program

Manuel Orozco, Senior Fellow

Xiaoyu Pu, Nonresident Senior Fellow

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

Subscription inquiries are welcomed at ebrand@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.