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## FEATURED Q&A

# Did Argentina's President Find Success in Europe?



Argentine President Alberto Fernández met with several European leaders last week during his trip to Europe, including French President Emmanuel Macron. // Photo: Argentine Government.

**Q Argentine President Alberto Fernández visited Portugal, Spain, France and Italy this month in an effort to gain support for delaying a \$2.4 billion debt payment to the Paris Club, which is due at the end of May. Argentina, which is mired in the third year of a recession and faces double-digit unemployment and an inflation rate of nearly 40 percent, also owes \$4.8 billion in payments this year to the International Monetary Fund. What did Fernández achieve on his trip, and how much support did he seem to receive during his meetings? How important was it for him to make the trip now? How likely is Argentina to get debt relief from the Paris Club and the IMF, and how critical is such relief to Argentina's economy?**

**A Jorge Argüello, Argentina's ambassador to the United States:** "President Fernández returned to Argentina encouraged by the strong support he received last week on his trip to Europe from world leaders of the caliber and importance of Pope Francis, Emmanuel Macron, Pedro Sánchez, Mario Draghi and António Costa. Likewise, President Fernández held highly positive and constructive meetings with Kristalina Georgieva and John Kerry in Rome. President Fernández learned firsthand, after a sequence of in-person meetings, that European leaders remain engaged and supportive of ongoing negotiations with Argentina, with a view toward reaching workable agreements, both with the IMF and the Paris Club, that our country can honor. President Fernández's priority is to return the country to a path of economic growth after two consecutive and powerful adverse shocks:

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## TODAY'S NEWS

### POLITICAL

## Nicaraguan Police Raid Independent News Outlet, NGO

Nicaragua's national police raided the offices of a well-known nongovernmental organization and an independent news outlet in moves seen as crackdowns on the opposition ahead of the country's elections.

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### BUSINESS

## Brazil-Based TradersClub Seeks \$565 Mn Valuation

Brazilian financial social media platform TradersClub is reportedly seeking a valuation of 3 billion reais (\$565.65 million) in its initial public offering.

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### ECONOMIC

## Salas Tapped as Ecuador's Energy Minister

Ecuadorian President-elect Guillermo Lasso, who takes office Monday, appointed Roberto Salas, the current executive vice president of Consorcio Nobis, as his energy minister.

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Salas // File Photo: LinkedIn.

## POLITICAL NEWS

## Nicaraguan Police Raid Independent News Outlet, NGO

Nicaragua's national police on Thursday raided the offices of a well-known nongovernmental organization and an independent news outlet, both linked to children of former President Violeta Chamorro, the Associated Press reported. The moves are seen as a continuation of President Daniel Ortega's crackdown on government critics ahead of the presidential elections scheduled for November. The Interior Ministry said in a statement that it was investigating Cristiana Chamorro, former director of the Violeta Barrios de Chamorro Foundation for Reconciliation and Democracy, over alleged "inconsistencies" in financial reports of the NGO filed between 2015 and 2019. Chamorro has publicly announced her intention to run against Ortega in November, NPR reported. The ministry said the organization did not comply with its obligations and alleged "clear indications of money laundering." Chamorro said the Ortega administration is fabricating evidence against her. "This is a process to not only inhibit me, but to impede Nicaraguans from freely voting and having the sacred right that the law

allows us next November 7," Chamorro said, the AP reported. Also on Thursday, authorities raided the offices of news outlet Confidencial, which is led by Carlos Fernando Chamorro, Cristiana Chamorro's brother, and detained a cameraman. Authorities also briefly detained a photographer from French news agency AFP who was covering the raid. Police had already seized the independent outlet's offices in 2018, confiscating the property and turning it over to the Health Ministry and forcing Carlos Fernando Chamorro into exile in Costa Rica for a year, the AP reported.

## ECONOMIC NEWS

## Ecuador's Lasso Taps Salas as Energy Minister

Ecuadorean President-elect Guillermo Lasso, who is to be sworn into office on Monday, appointed Roberto Salas as the country's new minister of energy and nonrenewable natural resources on Thursday. In a post on Twitter, Lasso announced the nomination, saying his government would work on "productive reactivation projects" that are also responsible. "Together we will fight against corruption, and

## NEWS BRIEFS

## Mexican Judge Issues Arrest Warrant For Tamaulipas Governor

A Mexican judge has issued an arrest order for Governor Francisco García Cabeza de Vaca of the northern state of Tamaulipas on organized crime and money laundering charges, a federal office said, the Associated Press reported Thursday. A harsh critic of President Andrés Manuel López Obrador, García Cabeza de Vaca has denied accusations and alleged political prosecution ahead of the June 6 midterm vote. López Obrador said the FBI is investigating the governor's links to money laundering. The U.S. Department of Justice and the FBI did not immediately respond to Reuters' request for comment.

## Salvadoran Authorities Find 14 Bodies in Home of Former Police Officer

Salvadoran authorities have discovered 14 bodies at the home of a former police officer who was arrested in connection with the murders of two women, prosecutors said Thursday, the Associated Press reported. Hugo Osorio Chávez was charged earlier this month. He confessed to killing the two women. Authorities said new developments in the case reveal the existence of a murder ring that may have operated for a decade and could have slaughtered as many as 20 people, the AP reported, citing speculation in local media.

## Argentina Tightening Lockdown to Fight New Wave of Covid Infections

Argentine President Alberto Fernández announced Thursday that the government will tighten lockdown measures to fight a new wave of Covid-19 infections, Reuters reported. Closures of schools and nonessential businesses, among other measures, will be in effect from Saturday through May 31.

## FEATURED Q&amp;A / Continued from page 1

the 2018-2019 balance of payment and debt crisis under former President Macri, and the deep recession and pandemic that followed. The trip was helpful in finding a growing awareness around the world that some countries, Argentina among them, need debt relief in order to restore debt sustainability and resume sustainable growth. Significant progress was achieved last year after 99 percent of private bondholders agreed with the country on an orderly debt restructuring scheme. Now, it is time for official creditors of the likes of the IMF and the Paris Club, to move forward and provide debt relief. President Fernández's message to his peers,

and the exchanges that followed in Europe, pointed to the need of extending maturities and eliminating the procyclical surcharges that currently penalize countries such as Argentina, facing the burden of excessive debt in times of pandemic."



**Kezia McKeague, director at McLarty Associates:** "President Fernández's European trip demonstrated that Argentina's

sovereign debt continues to dominate both the government's international priorities and its internal discussions. The timing reflected not only the May 31 deadline for repayment

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we will achieve the efficiency of [the energy] portfolio," Lasso added. Salas currently serves as the executive vice president and chief executive officer of Consorcio Nobis, a Guayaquil-based group operating mainly in the infrastructure sector, according to Salas' LinkedIn and BNAmericas. Prior to that, Salas was the CEO of local construction company Masisa. Salas also has a strong international background in sustainability issues. In 2018, he founded a sustainability initiative known as Iniciativa Gestión Sustentable, according to his LinkedIn profile. In an interview with Ecuadorian newspaper El Telégrafo published earlier in May, Salas emphasized the need to support local businesses, especially those producing top exports and involved in responsible mining and sustainable tourism. "And above all to those businesspeople and entrepreneurs who see sustainability and ethics as the way to generate long-term value," he said in the interview. In a [Q&A](#) published May 7, the weekly Energy Advisor asked experts about the incoming government's priorities in the oil sector. "Lasso's oil policy aims to apply principles of good corporate governance to an industry that has suffered immensely from corruption and whose output at the same time has barely treaded water for the past 15 years," wrote Ramiro Crespo, president of Analytica Securities in Quito. "At the same time, he is offering Indigenous organizations an unusually strong say by offering binding previous consent to new oil and mining projects," Crespo added.

## BUSINESS NEWS

### Brazil's TradersClub Seeks \$565 Million Valuation in IPO

TradersClub, a Brazilian financial social media platform, is seeking a valuation of 3 billion reais (\$565.65 million) in its upcoming public offering, Reuters reported Thursday, citing two unnamed sources with knowledge of the matter. The platform filed for the offering late on Wednesday and is seeking to raise approximately 700 million reais in order to

## TECH BRIEFS

### Brazil's Science, Technology & Innovation Ministry Sees Government's Sharpest Spending Cuts

Brazil's Ministry of Science, Technology and Innovation, or MCTI, is the federal government department that saw the sharpest spending cuts in the country's budget for this year, ZDNet reported earlier this month. The Brazilian Congress recently approved the 2021 budget, in which funding for the ministry was cut from 3.2 billion reais (\$590 million) last year to 2.7 billion reais (\$500 million) this year. In 2015, the ministry had 6.5 billion reais (\$1.2 billion) in available funds. At that time, the MCTI had already suffered several budget cuts, according to the report. Minister Marcos Pontes last month said the current budget for science, technology and innovation is not enough to maintain the 28 research organizations associated with the MCTI. Among such organizations is Embrapa, a research institution centered on agribusiness technology, as well as the National Institute for Space Research, which is tasked with monitoring deforestation and fires in the Amazon rain forest.

### AgileThought to Go Public Through Merger With Mexico-Focused Blank-Check Company

Texas-based agritech company AgileThought has inked a deal to go public through a merger with a blank-check company focused on Mexico, The Dallas Morning News reported this month. AgileThought is to combine with special purpose acquisition company LIV Capital Acquisition Corp. The merger would have a market value of approximately \$491 million after the deal, the companies said, a figure that includes a \$43 million private placement. Nexus Capital, one of Mexico's largest private equity firms, backs AgileThought, as does Credit Suisse Asset Management Mexico, according to the report, which cited data provider Pitchbook. The merger is set to trade on Nasdaq when the agreement is finalized in the third quarter of the year, under the ticker "AGIL." AgileThought's major clients include large companies, such as U.S.-based financial services firms and retailers, as well as global companies operating in Latin America, said CEO Manuel Senderos.

### Brazil's Solinftec Selling \$27 Million in Green Bonds

Brazilian agricultural technology firm Solinftec, which is backed by private equity company TPG, is selling approximately 140 million reais (\$27 million) of green bonds, Bloomberg News reported in May. The securities, denominated in local currency, use agricultural receivables from Solinftec as collateral. That allows it to offer maturities of as many as six years, which is unusual for Brazilian companies of the same size as Solinftec, said Chief Financial Officer Laís Braido, Bloomberg News reported. "We are financing our expansion into new clients and new products with long-term debt, and that's very good news for us," Braido said in an interview. Solinftec offers technology that connects machinery used in fields to a platform that helps coordinate production to optimize the use of fuel, fertilizers and seeds.

pay for expansion and potential acquisitions, the wire service reported, citing the sources, who requested anonymity to discuss talks that

have been private. TradersClub provides news, research and investment chats through its app to some 450,000 investors.

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to the Paris Club, but also the need to strengthen both Fernández and Minister of Economy Martín Guzmán amid low approval ratings and a weakened position vis-à-vis Vice President Cristina Fernández de Kirchner. Guzmán accompanied the president to Europe soon after losing a highly public battle within the governing coalition over the abortive firing of an undersecretary of electricity (and ally of the vice president). This episode raised questions about both his staying power in the job and the future of his economic plan, which relied on an increase in public utility prices as part of a strategy to reduce subsidies and the fiscal deficit. In this regard, the European trip served to move beyond the crisis and strengthen coalition unity in the run-up to Argentina's 2021 midterm elections. A key component of this incentive for unity also revolves around the IMF; it has become clear in recent months that the government has decelerated talks with the lending institution to avoid potential political costs and internal battles in an election year. The press release about a 'productive' meeting between Fernández and the IMF's managing director in Rome did not bely this reality. On the Paris Club debt, however, Fernández returned to Buenos Aires with tentative support to delay repayment pending certain conditions, thus avoiding default later this month. The Argentine economy would greatly benefit from debt relief, but it also needs a fiscal adjustment and strong signals to improve the investment climate, including the unwinding of unsustainable price controls—as Fernández reportedly heard from frustrated French investors during his stop in Paris."

**A** **Katrina Cohen Cosentino, analyst, and Megan Cook, manager, both at the Political & Regulatory Risks/Strategic Affairs**

**Practice at Cefeidas Group:** "President Fernández traveled to Europe with Economy Minister Martín Guzmán for discussions focused on delaying an upcoming debt payment to the Paris Club and debt renegoti-

ations with the IMF. This was a highly timely show of unity, coming on the heels of internal debates within the government that had called Guzmán's authority into question. The trip was made with a sense of urgency as Argentina has a \$2.4 billion payment due to the Paris Club at the end of May and especially given that negotiations with the IMF—typically a precursor required for the Paris Club to restructure debt—remain ongoing. Fernández met with the leaders of Italy, Spain, France and Portugal, who all publicly expressed some political support for Argentina's debt renegotiations, with the Portuguese economy minister reportedly even saying the IMF needs to re-evaluate its surcharges for countries whose loans exceed their quota (a structural reform that Argentina has called for). Importantly, Fernández also held his first in-person meeting with IMF Managing Director Kristalina Georgieva, after which both expressed that the meeting had been constructive, as well as with Pope Francis, an Argentine. Georgieva also subsequently met with the pope, who has supported debt relief for poorer countries in the past. The trip seems to have reinforced the will of all parties to reach agreements and avoid an Argentine default. It seems probable that the Paris Club deadline will be extended so that Argentina can first reach a deal with the IMF, which would likely include some relief, particularly longer repayment periods. Despite lingering differences, it is in the best interest of all parties to reach a resolution that is economically and politically viable. Amid the uncertainty generated by a second wave of Covid-19 and a struggling economy beset by hard-to-tame inflation, a deal is incredibly important to Argentina. It would immediately eliminate one source of economic uncertainty, and an adjustment of repayment terms could generate fiscal space in the coming years and help provide some much-needed stability."

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

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