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FEATURED Q&A

What Will a New Nat'l Mining Policy Mean for Chile?



Chile's government last month proposed a new National Mining Policy. The country's El Teniente mine is pictured. // File Photo: Codelco.

Q Chile's government on Aug. 31 released an outline for its National Mining Policy, including goals for the country's mining sector over the next 30 years, though it is not binding on future administrations. The plan would require miners in Chile to increase traceability, decrease water use and improve leadership diversity in the industry. While the policy has yet to be finalized and officially approved, the outline indicates growing attention in Chile's government for ESG principles. What implications would the new policy have on both public and private mining companies operating in Chile, and how is the industry responding to the government's proposal? Without a binding clause, to what extent will the policy be effective in making the mining sector more sustainable? Will the framework become a model for other mining-intensive nations in the region?

A Sergio Bitar, nonresident senior fellow at the Inter-American Dialogue and former minister of mining of Chile: "Climate change creates a tremendous opportunity for Chilean mining, and it imposes a change in strategy. Demand for copper will grow due to accelerated electrification, electromobility, the Internet of Things, digitization and renewable energy. Chile's strategic objective is to maintain its first-place status in copper production, with 28 percent of the global market by 2050. This implies increasing current production from 5.7 million tons to 9 million tons per year by 2050. Meeting this objective requires overcoming two main challenges: reducing consumption of continental water from mining and expanding renewable energy. Chile will have to desalinate a lot of seawater. Although desalination has grown, 75

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Brazilian Senate leader Rodrigo Pacheco said he would not bring to the chamber's consideration a temporary decree that President Jair Bolsonaro issued that bans social media companies from deleting some content.

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Haiti's Henry Fires Official Who Sought to Charge Him

Haitian Prime Minister Ariel Henry fired the prosecutor who had sought to charge him in connection with the assassination of President Jovenel Moïse.

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Henry // File Photo: @DrArielHenry via Twitter.

POLITICAL NEWS

Haiti's Henry Fires Official Who Sought to Charge Him

Haitian Prime Minister Ariel Henry on Tuesday fired a prosecutor who had sought to charge him in connection with the July 7 assassination of President Jovenel Moïse, the Associated Press reported. Henry took the action against Port-au-Prince prosecutor Bed-Ford Claude in a letter dated Monday but released Tuesday. It is unclear, however, whether Haiti's prime minister has the power to fire the prosecutor, CNN reported. Former government officials and legal experts told the cable network that only Haiti's justice minister has that power. After Claude's firing, Frantz Louis Juste was installed as the new interim top prosecutor in the Haitian capital. The firing was made public just hours after Claude asked a judge to charge Henry in connection with Moïse's murder. The prosecutor had asked Henry, whom Moïse had tapped as his prime minister just days before he was killed, to explain why he reportedly spoke twice by phone to a key suspect in the assassination just hours after it happened, the AP reported. "There are enough compromising elements ... to prosecute Henry and ask for his outright indictment," Claude wrote. The Associated Press was unable to reach a spokesman for Henry for comment, and Henry did not respond to multiple requests for comment by CNN. Claude also did not respond to the news organizations' requests for comment after he was fired. In his letter dismissing Claude, Henry wrote that he was removing him from his post because of an unspecified "serious administrative fault" and that the decision was effective as soon as he received the letter, the AP reported. In seeking charges against Henry, whom he also sought to bar from leaving the country, Claude alleged that Henry spoke twice by phone with Joseph Badio, a suspect in Moïse's assassination who once worked for Haiti's Justice Ministry and the government's anti-corruption unit before he was fired last May over claims that he violated unspecified ethical rules. The phone calls

happened at 4:03 a.m. and 4:20 a.m. on July 7, just hours after Moïse was assassinated in his home at about 1 a.m. Claude also noted that a government official said last month in a tweet that Henry told him he had never spoken with Badio. Haitian authorities have an arrest warrant out for Badio, whom they accuse of arming and directing a group of Colombian mercenaries accused in the assassination, The New York Times reported. More than 40 people have already been arrested in connection with the killing.

Brazil Senate Leader Refuses to Consider Social Media Decree

Brazilian Senate leader Rodrigo Pacheco on Tuesday said he would disregard President Jair Bolsonaro's measure that has temporarily banned social media companies from removing some content from their sites, a move that brought stark opposition from technology firms, Reuters reported. Pacheco said Bolsonaro's decree, which required congressional approval to become law, did not comply with regulatory requirements and brought "considerable legal uncertainty," the wire service reported. Bolsonaro last week signed the decree, which modified Internet regulations to eliminate the "arbitrary removal" of accounts, user profiles and content, with the president's office saying it was necessary to protect "freedom of speech." The measure allowed tech companies to remove content only in limited cases, such as nudity, violence and drugs, or if they violate copyrights or encourage crime, The New York Times reported. Removing other type of content would require a court order. The move, which coincided with massive pro-Bolsonaro rallies in multiple cities across the South American nation, prompted criticism from Google, Facebook and Twitter. It also came amid a confrontation between the country's Supreme Court and Bolsonaro, who has attacked magistrates over his unfounded allegations that Brazil's electoral system is rigged. "The president was aware of this situation when he issued the provisional measure on the

NEWS BRIEFS

Gunmen Kidnap 20 Foreigners From Hotel in Central Mexico

Gunmen kidnapped approximately 20 foreigners in a hotel in Mexico's central state of San Luis Potosí on Tuesday, the state's attorney general's office said, Reuters reported. Most of the people kidnapped are believed to be from Haiti and Venezuela, according to the attorney general's office, with state Attorney General Arturo Garza Herrera saying they are working to "find their identities." The attackers took the hotel guest logbook with them, making it harder to identify the victims.

Argentina's Inflation Rises at Smallest Rate in More Than a Year

Argentine consumer prices rose 2.5 percent in August, the country's official statistics agency said Tuesday, the smallest increase in more than a year as the government of President Alberto Fernández seeks to temper sky-high inflation that has hurt its popularity, Reuters reported. Despite inflation rates cooling on a month-to-month basis, in part due to the government's price controls and caps on beef exports, the annual inflation rate reached 51.4 percent in August. Consumer prices for the year through August were up by 32.3 percent.

Venezuelan Gov't Wants Jailed Businessman to Participate in Talks

Venezuela's government wants Colombian businessman Alex Saab, a close ally of President Nicolás Maduro who is currently jailed on money laundering charges, to participate in its dialogue with the Venezuelan opposition in Mexico City, said Venezuelan National Assembly President Jorge Rodríguez, Reuters reported. Saab was arrested last year in Cape Verde, where a court ruling last week opened the door to his extradition to the United States.

eve of the demonstrations with anti-democratic agendas and intends to use the measure's overthrow to reinforce the rhetoric that he is an outsider persecuted by the establishment," Lucas Fernandes, political analysis coordinator at BMJ Consultores Associados, told the Advisor. Bolsonaro's allegations about Brazil's voting system have come as his approval ratings decline and polls show Bolsonaro would dramatically lose against former President Luiz Inácio Lula da Silva in next year's presidential election.

BUSINESS NEWS

Mexico Regulator Approves Televisa-Univisión Deal

Mexico's telecommunications regulator said Tuesday that it had approved a deal between Mexico's Grupo Televisa and U.S.-based Univisión to merge their television content businesses, Reuters reported. The two companies announced last April that they had struck a deal for Univisión to acquire Televisa's content business, a move that would create a new company, called Televisa-Univisión. The new firm would offer Spanish-language content from both networks, including soap operas, movies and sports. Univisión is acquiring Televisa's content for \$4.8 billion, Forbes reported last April. As part of the deal, Televisa will contribute its four free-to-air channels, 27 pay-TV network channels, its Videocine movie studio and Blim TV subscription video-on-demand service, as well as the Televisa trademark. In a statement announcing its approval, the regulator, IFT, said it did not find that the merger would be anticompetitive, Reuters reported. "No anticompetitive effects derived from the transaction are expected in these coinciding activities of Univisión Holdings and Grupo Televisa, largely due to the marginal participation of Univisión Holdings in Mexico," said the IFT. The deal was partially financed through a \$1 billion Series C preferred investment that was headed by SoftBank.

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percent of water consumption in mining is still continental, which is unsustainable with drought; desalinated volumes should grow 10 times by 2050. Installed solar and wind power has grown 11 times between 2014 and 2021, from 540 megawatts to 6,100 megawatts. But it will take new solar plants and green hydrogen production (electrolysis with renewable energy) to multiply the installed power of renewable energy by 10 again by 2050. The new mining strategy will require large investments, higher productivity, increased digitization and traceability, companies that work with the communities, increased taxation and the development of activities with high added value in technological and industrial services. All this will need to expand the action of the state, as well as orient, coordinate and strengthen the national capacity for specialization and technological innovation. Success is not guaranteed. There will be a presidential election this year and a new constitution next year. To achieve these goals, a long-term national agreement is imperative. That is the litmus test that Chile will have to overcome."

A Willy Kracht, associate professor at Universidad de Chile and director of The Center for Copper and Mining Studies, (CESCO): "There is no doubt that mining faces significant challenges today. Society's growing concern for the environment has resulted in an increasingly critical view of mining activity, which has in turn led to it becoming more difficult to develop new mining projects. It is necessary to have a standard frame of reference to guide the sector's development in the coming years. The National Mining Policy (NMP) fulfills that role as—starting from a diagnosis of the current situation—it proposes a road map with clear goals for mining development over the next three decades. Although ambitious goals in the NMP represent a significant challenge for the industry, with the consequent worry about the efforts involved in achieving these

goals, this concern suggests a genuine interest of the mining industry in ascribing to the road map. The NMP provides a broad look at the impact of mining activity and how to reduce it to make the sector more sustainable. It adequately reconciles measures to reduce mining's global impact, such as carbon-emission reductions and low-emission copper production, with actions aiming to minimize the local impact and the effects of mining activity on the environment and communities. From this perspective, the NMP, and the process by which it has been carried out, can serve as a model for other mining-intensive nations in the region to develop their mining policies, considering their specific realities."

A Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: "While Chile is perhaps the sole Latin American country to have regulated the mining industry with a bias toward promoting competition, taming oligopolies and protecting small mining enterprises, laws and regulations will not bring about ESG investments in mining or anywhere else. To be sure, ESG's success impinges the development of a civic culture that rewards cooperation while punishing predators. Environmental protection boils down to cooperation with the natural balances of Mother Nature. Shared value is the modern name of solidarity, and governance is the wisdom to know how to preserve community interests. Unfortunately, Latin American nations still believe that they can face modern challenges with more laws and regulations. But the building blocks of a fair society are freedom, solidarity and cooperation. None of them can be decreed."

A Manuel Viera, president of the Cámara Minera de Chile: "As the Chilean Mining Chamber, we not only applaud the efforts made to generate the National Mining Policy, but we also participated in various working

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groups and efforts on the policy. The various mining companies operating in the country not only seem to support this initiative, but also comply with it. We cannot forget that many of them have operated beyond Chile's current norms, and mining companies are already implementing many of the aspects discussed in this document. This includes the lowering of pollution rates, the use of continental water—in which case national mining is reducing its figures to no more than 3 percent—and the use of seawater and desalination, in addition to the reutilization of continental water. Miners have also changed their relations with communities, because they have become aware that they require a social license to operate. They also understand the importance of counting on communities and acting with them. Chile has been an example in mining for many countries, especially in the region. Also, mining activity has not been paralyzed during the Covid-19 pandemic. We hope the National Mining Policy will be a good initiative that can be carried out. New technologies that are being generated to combat climate change and decarbonization require our minerals. With this national policy, a great step is being taken to set Chile as a reference for how to do sustainable mining while maintaining the planet's dignity and helping to eliminate poverty."

A **Mariano Machado, senior Americas analyst at Verisk Maplecroft:** "Chile's 2050 National Mining Policy is the result of exhaustive public engagement, including 3,500 stakeholders, more than 120 round-table discussions and hundreds of online consultations. However, it came to fruition at a very complex time because the country is discussing the fundamentals of its relationship with the mining industry—in

its very constitution as well as in several high-impact legislative proposals. The fact that it is 'nonbinding' effectively recognizes its political limitations. However, it also provides strategic and tactical advantages for the industry's future. On the strategic level,

“Chile's 2050 National Mining Policy is the result of exhaustive public engagement...”

— Mariano Machado

the policy's core sustainability elements are in line with broader national debates. Indeed, the Constitutional Convention seeks to enshrine the rights of nature, and the 2020 Sustainable Bond Framework includes the issue in long-term fiscal planning. On the tactical side, all the leading presidential contenders (Boric, Sichel and Provoste) have expressly given their campaigns a green tinge. Examples range from proposing carbon neutrality goals, to ecosystemic approaches to improve climate change adaptation and the fully fledged development of 'green' smelting plans for the mining industry. But the main driver of the sustainability agenda will be the mining industry itself. Most operators are already implementing the highest standards, seeking to reinforce their social licenses to operate, which are being increasingly scrutinized by investors, communities and control bodies. In that sense, just as important as the content of any sustainable mining 'governance' path is the clarity of its technical and legal applicability over future and existing operations."

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

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter & Associate Editor
achacon@thedialogue.org

Leticia Chacón

Reporter
lchacon@thedialogue.org

**Michael Shifter, President**

Rebecca Bill Chavez, Nonresident Senior Fellow

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