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FEATURED Q&A

What Did Blinken Accomplish on His South America Trip?



During his trip last week to South America, U.S. Secretary of State Antony Blinken (R) met with Colombian President Iván Duque (L). // Photo: Colombian Government.

Q U.S. Secretary of State Antony Blinken met with Presidents Guillermo Lasso of Ecuador and Iván Duque of Colombia, along with other top officials, during his visit last week to South America. The trip's agenda focused on democracy and good governance, as well as regional issues such as migration and human rights. What did Blinken accomplish on his trip? Did Ecuador and Colombia get what they wanted from the United States? What opportunities exist for an increased partnership between the United States and the two Andean nations following this visit?

A Cynthia Arnson, director of the Latin American Program at the Woodrow Wilson International Center for Scholars: "Secretary Blinken's recent trip to Latin America demonstrated important support to allies at a time of democratic erosion throughout the hemisphere. Lasso's election earlier this year in Ecuador bucked a regional trend that has seen anti-system outsiders enter presidential palaces during and even before the Covid-19 pandemic. The first months of Lasso's tenure have been anything but easy, marked by a deadly prison riot, worsening homicide rates attributed to drug trafficking, and popular opposition to austerity measures, in part to comply with IMF loan conditions that Lasso inherited from his predecessor. But to help the Lasso government meet its challenges, the symbolic gesture of a Blinken visit needs to be followed by concrete deliverables—including Development Finance Corporation-led financing for infrastructure and a green energy transition, coupled with assistance to support hundreds of thousands of Venezuelan refugees living in Ecuador. While bilateral trade ties

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Colombia Awards 11 New Large-Scale Solar Projects

Colombia's government awarded 11 new solar projects, which are set to begin operations in early 2023. The projects will be located in nine provinces.

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BUSINESS

Mexico's Cemex Reports 10% Increase in Quarterly Sales

North America's largest cement producer posted a net loss of \$376 million for the third quarter amid supply chain disruptions and higher costs but said its sales rose 10 percent.

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ECONOMIC

Brazilian Central Bank Hikes Rate by 150 Basis Points

Brazil's central bank, led by Roberto Campos Neto, hiked its benchmark Selic interest rate by 150 basis points to 7.75 percent. It was the bank's largest single increase in nearly two decades.

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Campos Neto // File Photo: Brazilian Central Bank.

ECONOMIC NEWS

Brazil's Central Bank Hikes Key Rate by 150 Basis Points to 7.75%

In a unanimous decision Wednesday night, the Brazilian central bank's rate-setting committee, Copom, hiked its benchmark Selic interest rate an aggressive 150 basis points, to 7.75 percent, the largest single increase since 2002, the Financial Times reported. Wednesday's move was the committee's sixth-consecutive rate hike, and it came a day after the country's statistics institute said annual inflation in Latin America's largest economy had surpassed 10 percent. That included a 1.2 percent monthly rise in consumer prices in mid-October, the

“Recent questioning regarding the fiscal framework increased the risk of deanchoring inflation expectations.”

— Brazilian Central Bank

quickest pace for that time of the year since 1995. The size of the latest rate hike came as a surprise to economists surveyed in a recent Reuters poll; only three of 36 had predicted a 150-basis point hike, with most expecting a third consecutive increase of 100 basis points and five predicting a rise of 125 basis points. At the same time, the central bank signaled another similar rate increase this year, Reuters reported. Policymakers have moved aggressively to contain inflation, raising the benchmark Selic rate from 2 percent at the beginning of this year at the same time that President Jair Bolsonaro has vowed to increase welfare spending ahead of the country's presidential election in October of next year. “Recent questioning regarding the fiscal framework increased the risk of deanchoring inflation expectations,” the rate-setting committee said in a statement that accompanied the rate increase, Reuters

reported. In a note early this morning, Morgan Stanley analysts said they expected the central bank to increase the key rate to 11 percent by March, up from their previous forecast of 9.25 percent. Last week, Bolsonaro vowed to expand a cash-transfer program for the poor through next year, and his allies in Congress proposed amending the country's constitution in order to allow for an additional 100 billion reais (\$18 billion) of new spending next year, Reuters reported.

BUSINESS NEWS

Colombia Awards 11 New Large-Scale Solar Projects

Colombia has awarded 11 new large-scale solar projects set to begin operations in early 2023, the government said Tuesday, Reuters reported. The projects, awarded to nine companies, are estimated to bring in some 3.3 trillion pesos (\$875 million) and will generate a total of 796.3 megawatts, Mines and Energy Minister Diego Mesa said on Tuesday following the auction. Among the companies that received the 15-year contracts are new entrants to the Andean nation, including France's EF, U.K.-based TW Solar, Canadian Solar and two Spanish firms, Solarpack and Energen, the minister said. He added that the projects will be located in nine of Colombia's 32 provinces and are set to create about 4,700 jobs and reduce carbon dioxide emissions by 465,000 metric tons per year. The move is part of Colombia's efforts to promote the use of nonconventional renewable energy sources such as solar, wind and biomass power, which Mesa said would generate 15 percent of the country's energy matrix by 2023. “There are two reasons why nonconventional renewable sources have grown exponentially within Colombia's energy matrix. First is technological advancement, which has allowed prices to become increasingly competitive with conventional technologies, and second is the government's adjustments to the speed with which projects can obtain tax benefits,” Natalia

NEWS BRIEFS

Thousands in Migrant Caravan Moving North From Chiapas State

A caravan of thousands of mostly Central American migrants heading from southern Mexico toward either Mexico City or the border with the United States advanced only a short distance on Wednesday, Reuters reported. Eyewitnesses told the wire service the migrants left the village of Huixtla in Chiapas state on Wednesday morning and walked about 10 miles north to the town of Villa Comaltitlán. “We haven't had any problems with immigration officials,” Julio González, a Honduran migrant, told Reuters. “God is opening doors for us,” he added.

Ecuador's Lasso Calls for Dialogue With Protesters Over Fuel Price Hikes

Ecuadorian President Guillermo Lasso on Wednesday called for a dialogue following a second day of protests against a gasoline price hike, saying his government would send security forces to highways in order to maintain order, Reuters reported. Indigenous and civil society groups have taken to the streets this week in protest of the government's move to freeze fuel prices after a raise to \$2.55 a gallon for gasoline “extra,” a cheaper version of gasoline, and \$1.90 a gallon for diesel.

Mexico's Cemex Reports 10% Increase in Quarterly Sales

Mexican cement producer Cemex today reported an increase of 10 percent in quarterly sales, driven by strong demand in Mexico and the United States even amid global supply chain disruptions and higher energy and transportation costs, Reuters reported. Cemex had said earlier this month that problems in its supply chains, coupled with inflation and foreign-exchange effects, could hurt full-year earnings.

Gutiérrez, president of the Colombian Association of Electric Energy Generators (Acolgen), told the Energy Advisor in a [Q&A](#) published Dec. 4, 2020.

Brazil's Nubank Files for U.S. Initial Public Offering

Brazilian financial technology firm Nubank has filed for an initial public offering in the United States, Reuters reported Wednesday. The company was recently valued at \$30 billion, and the offering could happen before the end of the year, the wire service reported. Companies have already raised in excess of \$250 billion, a record amount, this year in the United States through IPOs, Reuters reported, citing data from Dealogic. Brazil's IPO market, however, is down approximately 15 percent this year, and several recent deals have been canceled amid low interest from investors, the wire service reported. More shoppers have moved online amid the Covid-19 pandemic, and they have been using online banking apps with greater frequency. Other major deals have been occurring recently in the fintech sector. Affirm went public earlier this year at a \$22 billion valuation, and Square agreed to buy Australia-based Afterpay for \$29 billion. Earlier in October, Nubank said it had a profit in the first half of this year from its unit in Brazil, Reuters reported. It could seek a valuation in excess of \$55 billion. Nubank has also applied to list Brazilian Depositary Receipts in the South American country, with each BDR representing a fraction of the company's class A shares. Since its launch in 2013, Nubank has attracted more than 40 million clients, and it also offers loans and checking accounts. Nubank counts U.S. billionaire Warren Buffett's Berkshire Hathaway as an investor, in addition to Dragonair Investment Group, Tencent Holdings and Ribbit Capital. "The Brazilian market is proving to be a big opportunity for fintechs and new players," Marina Gil, payment practice Brazilian affiliate at Americas Market Intelligence, told the Dialogue's biweekly Financial Services Advisor in a [Q&A](#) published June 30.

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might deepen, Blinken made no commitment to one of Ecuador's top priorities—a bilateral free trade agreement with the United States. In Colombia, Blinken downplayed anti-narcotics cooperation, the historic constant of the bilateral relationship, and steered clear of the contentious politics around resuming aerial fumigation of coca crops. Instead, he emphasized core elements of the Biden (and, previously, Obama) approach: human rights, the peace agreement, rural development and border security, and collaboration on fighting climate change and irregular migration. The contrast with the Trump years could not have been more pronounced. Blinken reaffirmed Colombia's role as a key U.S. ally and partner; his visit was no doubt reassuring in light of Biden's refusal to meet with President Duque during his two recent trips to Washington."

A Francisco Sanchez, partner at Holland & Knight: "During his trip, Blinken delivered a message of democratic values and the importance of tackling the shared challenges of migration, Covid-19 and climate change. The high-level visits did not result in any large diplomatic breakthroughs, but they signaled the positive trajectory of relations and set the stage for future collaboration between the Biden administration and Ecuador and Colombia. For Ecuador, this will likely mean the ratification of an open skies agreement and its entry into the Biden administration's Build Back Better World (B3W) initiative. For Colombia, the visit was an important recognition of President Iván Duque, who had been an open supporter of the Trump administration. Coming out of the meeting, the United States and Colombia will be in a better position to resume a historically close partnership. For the United States, the trip was an important diplomatic step to shore up relations with two important democracies in a region where authoritarianism and Chinese influence are on the rise. Despite these positive diplomatic outcomes,

the United States will need to provide both Ecuador and Colombia with concrete policy actions to solidify relations. Migration policy, trade deals and Covid-19 relief may be a

“Blinken delivered a message of democratic values and the importance of tackling the shared challenges of migration, Covid-19 and climate change...”

— Francisco Sanchez

good place to start. Based on the outcomes of Blinken's visit, it is likely that the Biden administration will make some of these policy steps a priority."

A Gimena Sánchez-Garzoli, director for the Andes at the Washington Office on Latin America: "Secretary of State Blinken's visit to Colombia and Ecuador helped to solidify the U.S. partnership with both nations on the issues of migration, democracy and addressing the climate crisis. In Colombia, the U.S.-Colombia High Level Dialogue took place, and Secretary Blinken publicly engaged with youth leaders and civic activists. During his visit to Colombia, Blinken issued the Biden administration's strongest condemnation so far of the brutal police violence that occurred within the context of the civic strikes earlier this year. He said: 'accountability for human rights abuses committed during Colombia's decades long-conflict and recent anti-government protests are critical to preventing future abuses.' Such statements and others in which he stated the need for U.S. policy to look beyond security assistance to address longstanding structural problems facing the region are strongly welcomed. They are the first indication that the Biden administra-

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tion's policies toward Colombia may actually differ from those of the Trump administration."

A Régis Dandoy, professor in the Colegio de Ciencias Sociales y Humanidades at the Universidad San Francisco de Quito: "The visit of Antony Blinken to Ecuador and Colombia represented a unique opportunity for both countries to break with their troubled political past and renew their unique relationships with the United States. In his speech in front of students of the Universidad San Francisco de Quito, Blinken stressed the importance of regional cooperation on issues such as migration and socioeconomic inequalities, and reaffirmed support for the recent steps taken toward democracy and the fight against corruption. Without naming it, Blinken criticized the past government of Rafael Correa and the decline of democracy that his regime provoked in Ecuador for a decade. Besides the fact that the visit constituted a few hours of distraction in a tense political environment after President Lasso recently declared a state

of emergency, it was also an opportunity to discuss a large number of policy issues such as trade, drug trafficking and—more generally—security challenges in the region. Twelve

“The visit of Antony Blinken to Ecuador and Colombia represented a unique opportunity for both countries to break with their troubled political past...”

— Régis Dandoy

years after the departure of U.S. forces from the Manta military base, it is reasonable to expect that Blinken's visit will strengthen relations between Ecuador and the United States on security issues."

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Q&A

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