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FEATURED Q&A

How Much Does Latin America Matter to Europe?



E.U. foreign policy chief Josep Borrell met last week with officials including Peruvian President Pedro Castillo during his trip to Latin America. // Photo: Peruvian Government.

Q The European Union's foreign policy chief, Josep Borrell, in early November visited Peru and Brazil. The trip was Borrell's first to Latin America since he began his position as the E.U. high representative for foreign affairs two years ago.

What did Borrell accomplish on his trip, and is his visit a sign of closer ties ahead between Europe and Latin America? To what extent has Latin America not been "on the E.U.'s radar," as Borrell said before departing, and why has the European Union not paid more attention to the region? Should the European Union exert more pressure on Latin American governments accused of undemocratic actions, such as Nicaragua and Venezuela, among others, and what other areas have potential for further cooperation between the two regions?

A Pawel Zerka, policy fellow in the European Power program at the European Council on Foreign Relations: "It would be hard to pretend that Latin America has been seriously on the European Union's radar as of late. Being a distant region, Latin America has rarely attracted much attention from Europe—at best, it was seen as a second-rate trade and investment partner. With regular security concerns in their immediate southern and eastern neighborhoods, Europeans have usually had their foreign policy attention fully occupied elsewhere. At the same time, even those believing in the existence of a wider transatlantic community (that is, Europe and all the Americas) have had a hard time arguing for their case. After all, Donald Trump's presidency led many Europeans to question the reliability of their partner in Washington and to engage instead in talks about European sovereignty. In

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TODAY'S NEWS

POLITICAL

Biden Signs Law Urging Tougher Sanctions Against Nicaraguan Gov't

U.S. President Joe Biden signed into law the Renacer Act, which urges tougher sanctions against the government of Nicaraguan President Daniel Ortega.

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BUSINESS

Bradesco Seeking to Expand Digital Banking Services

Brazilian bank Bradesco is seeking to expand its digital banking operations to countries including Mexico and the United States, said Chief Executive Officer Octavio de Lazari.

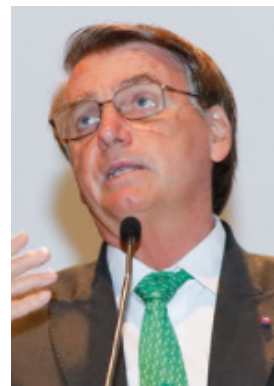
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POLITICAL

Brazil's Bolsonaro Agrees to Join Centrist Party

Brazilian President Jair Bolsonaro has agreed to join the centrist Liberal Party. Bolsonaro is seeking re-election next year in a tough race against former President Luiz Inácio Lula da Silva.

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Bolsonaro // File Photo: Brazilian Government.

POLITICAL NEWS

Brazil's Bolsonaro Agrees to Join Centrist Liberal Party

Brazilian President Jair Bolsonaro, who has not been a member of any political party for two years, on Wednesday agreed to join the centrist Liberal Party, a move that came less than a year ahead of the country's presidential election in which he is seeking a second term, the Associated Press reported. Bolsonaro's decision to join the party followed a meeting between the president and the party's leader, Valdemar Costa Neto, in Brasília, the party said in a statement. Bolsonaro is to formally join the party on Nov. 22, and his move signals a change in course from his campaign strategy in 2018, when he criticized Brazil's traditional political parties. Bolsonaro is facing a tough race against former President Luiz Inácio Lula da Silva, who has a commanding lead over Bolsonaro in opinion polls. A Genial/Quaest survey conducted Nov. 3-6 showed Lula with 48 percent support, as compared to 21 percent for Bolsonaro, CNN Brasil reported Wednesday. The survey of 2,063 people had a margin of error of 2.2 percentage points.

Biden Signs Law Urging Tougher Nicaragua Sanctions

U.S. President Joe Biden on Wednesday signed into law the so-called Renacer Act, which urges more sanctions and other measures against the government of Nicaraguan President Daniel Ortega, who on Sunday secured a fourth term in elections widely denounced as a sham, Reuters reported. Biden issued a statement following Sunday's vote calling it a "pantomime election that was neither free nor fair." Ortega's government over the past six months has arrested or forced into exile virtually any potential presidential candidate who could have mounted a serious challenge to him. The U.S.

House of Representatives approved the Renacer Act last week with overwhelming bipartisan support. The Senate had already passed it. A State Department official told Reuters on Tuesday that the Biden administration is planning to announce new sanctions on Nicaragua "very soon," adding that this would be just the first step in a series of measures that will "ramp up over time." The Renacer Act calls for sanctions on Nicaraguans who organized the elections as well as increased coordination with the European Union and Canada. "The legislation, which began as a more modest package of sanctions, has been amended to include a raft of proposals, including tighter enforcement of the NICA Act, and a review of Nicaragua's continued participation in the CAFTA-DR [trade] agreement, with an eye to its possible suspension," Ryan C. Berg, senior fellow in the Americas Program at the Center for Strategic and International Studies, told the Advisor in a Q&A published in September. "Along with sanctioning the military as an entity and its lucrative pension fund (IPSM), the United States has an array of tools to pressure Ortega-Murillo and undermine their international support," he added, in reference to Vice President Rosario Murillo, who is also Ortega's wife.

ECONOMIC NEWS

France Reportedly Urges Delay of E.U.-Chile Trade Deal

France has convinced the European Union to postpone the signing of two new trade agreements, one of them with Chile, until after the European country's presidential election in April, the Financial Times reported Wednesday. The European bloc had planned to finalize trade deals with Chile and New Zealand by the end of this year, but the government of French President Emmanuel Macron pushed the European Commission to postpone them. The Commission negotiates trade pacts on behalf of the European Union's 27 member states. Critics accused Macron of delaying the deals

NEWS BRIEFS

Biden, López Obrador, Trudeau to Meet Next Week in Washington

U.S. President Joe Biden, Mexican President Andrés Manuel López Obrador and Canadian Prime Minister Justin Trudeau will hold their first in-person meeting in Washington on Nov. 18, Mexico's foreign minister announced on Wednesday. It will be the countries' first such summit in five years. The leaders plan to address issues including the Covid-19 pandemic and North American supply chains, Mexican Foreign Minister Marcelo Ebrard said. [Editor's note: See related Q&A in the Jan. 21 issue of the Advisor.]

Spanish Court Approves Extradition to U.S. of Chávez's Security Chief

Spain's National Court on Wednesday decided to extradite the former security chief of late Venezuelan President Hugo Chávez to the United States on money laundering charges as well as charges of belonging to a criminal organization linked to bribes amounting to hundreds of millions of dollars, the Associated Press reported. Adrián Velásquez stands accused of receiving the bribes alongside his wife Claudia Díaz, the country's former treasurer. The two have denied wrongdoing.

Honduras' Hernández to Visit Taiwan

Outgoing Honduran President Juan Orlando Hernández is planning to visit Taiwan, Reuters reported today, citing the island's foreign ministry. It was unclear when the visit would take place. Honduras is among just 15 countries that have formal diplomatic relations with Taiwan, which China claims as its territory. Honduras' presidential election is scheduled for Nov. 28, and the main opposition party has said that it would establish relations with China instead if it wins.

for political gain in the election, saying he feared an increase in imports of chicken from Chile and lamb from New Zealand, which opposition candidates could then use to mobilize opposition to Macron. French officials said the two trade deals were incomplete, citing farm export quotas and wording on environmental concerns as pending.

BUSINESS NEWS

Brazil's Bradesco Seeking to Expand Digital Banking

Brazilian bank Bradesco is seeking to expand its digital banking operations to countries including Mexico and the United States, Chief Executive Officer Octavio de Lazari told analysts Wednesday during a conference call, Reuters reported. "We have a lot of opportunities that we're going to take advantage of," he said. The planned expansion comes as financial technology firms such as Nubank are expanding in Latin America. Currently, Bradesco operates three digital banks—Next, Digio and Bitz. Lazari said Bradesco has no plans to integrate those digital banks. Bradesco has 2.8 million users at its credit card unit in Mexico, and Lazari said the operation is doing well and could be used as a platform for a digital bank, the wire service reported. Lazari also said that Bradesco's loan portfolio is likely to grow by double digits next year, and he added that the bank's costs are not expected to grow past Brazil's inflation rate. On Nov. 4, Bradesco posted recurring net income for the third quarter of 6.77 billion reais (\$1.22 billion). That was an increase of 34.5 percent as compared to the same quarter last year, and the total beat analysts' estimates, Reuters reported. Lending, fees and insurance drove the bank's results, Bradesco said. At the same time that it reported earnings, Bradesco raised its outlook for fees and lending for this year, and it lowered its forecast for loan-loss provisions. For this year, Brazil's second-largest private-sector lender said its loan book is likely to grow as much as 16.5 percent.

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the meantime, only a handful of E.U. member states have insisted on the importance of Latin America; Josep Borrell happens to come from one of them. This might help in putting the region on the European Union's agenda more firmly—but it also makes that initiative vulnerable to future changes of the bloc's foreign policy leadership. With the rising influence of China, Russia and others in Latin America, Europeans are slowly realizing that they need to approach this and other regions strategically and not just out of economic interests. What might convince them on the need to develop closer ties with the other side of the Atlantic is that it could provide them with reliable global partners (on issues such as trade, climate and technology) and help them resolve some of the supply chain vulnerabilities. Both would be helpful for European sovereignty, but the distance and Latin America's disunion still make that rapprochement challenging."

A Francisco Durand, professor of political science at the Catholic University of Peru: "The position that Josep Borrell laid out in his recent Latin American visit is convenient for building a stronger E.U.-Latin America partnership based on elected governments that emphasize redistribution and effective policies of recognition of 'the others,' such as the case of Peru. Such governments—democratic, capitalist and inclusive—need clear support from 'de facto powers' such as the European Union. The real issue is that democracy needs support from all forces—conservative, moderate or progressive—that believe in inclusive, fair elections with rotation mechanisms for office. In that regard, Peru's weak democratic but inclusive and progressive government needs the support of those willing to defend basic general democratic principles. This is not the time to remain silent or inactive. Diplomacy no longer has the luxury of time. European democratic forces need to take stronger stands for democracy. Regarding whether Latin

America has not been on the 'E.U.'s radar,' one could call the European Union's position as one of benign negligence (in great part due to its retraction to domestic issues due to the pandemic). This benign negligence has faded the role of the European Union in the region. Now there are new issues, such as international health care cooperation, humanitarian crises and the need to reinforce nascent democracies. In this new scenario, the European Union can play a greater role. It should exert more pressure on governments accused of undemocratic actions and defend democratic principles."

A Melvyn Levitsky, professor of international policy and practice at the University of Michigan's Gerald R. Ford School of Public Policy and former U.S. ambassador to Brazil: "Josep Borrell's visit focused on E.U.-Mercosur trade and on the environment. It is an understatement to say that the European Union has not paid much attention to Latin America. Generally, the European Union has deferred to the United States in a kind of

“It is an understatement to say that the European Union has not paid much attention to Latin America.”
— Melvyn Levitsky

latter-day obeisance to the Monroe Doctrine. The raft of political, economic and environmental issues in the region seems to have persuaded E.U. leadership to become more involved. Borrell tread a difficult line, particularly in his comments on Brazil. He praised the use of ethanol in Brazil's transportation system and of hydropower and renewable energy in electricity production. He was, however, critical of deforestation, and by implication, of President Bolsonaro. He also noted a lack of implementation of Brazil's

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stated policies. The Borrell visit brings hope that Europe will become more actively engaged in our hemisphere. The United States could use a stronger partner in promoting economic development and political reform in the region.”

A **Áurea Moltó, executive editor of Política Exterior:** “In his trip to Latin America, Borrell essentially managed to convey in person the message that there is a group of European countries that is genuinely concerned about the current situation in the region. Borrell is personally committed to the European Union being a player in helping to resolve the many overlapping political, social and economic crises in Latin America. However, the reality is that internal and external factors have damaged the European Union’s relations with Latin America—relations that remain more rhetorical than substantive. Among the internal factors, the pandemic has been a blow to all European countries, which are now focused on their own economic recovery. On the external front, the turmoil in relations with the United States, the search for a balanced relationship with China and growing tensions with Russia dominate much of European foreign policy, which is also very divided on all these issues. Thus, both the domestic and international contexts are not at all favorable for E.U. relations with Latin America. Except for Spain and Portugal—and to some extent France and Germany—the E.U. member states have no interest in Latin America. Nicaragua, Venezuela and Cuba are certainly the countries that dominate the debates on Latin America in the European Parliament. The situation in these countries, together with the deterioration of the rule of law in most of Central America, should be of much greater concern to Europeans and lead them to a more active policy in the region and

also at the multilateral level. Strong E.U. engagement in Latin America would be of the utmost interest to Spain. The problem is that the consensus on foreign policy toward Latin America broke down a long time ago in Spain and, under these conditions, it is very difficult to exercise leadership in the European Union.”

A **Nicholas Borges, policy analyst at BMJ Consultores Asociados:** “Borrell advocates for Latin America to occupy a privileged space in the European Union’s foreign policy, but his vision is not a consensus among the bloc’s other members. Currently, the European Union is more concerned about solving humanitarian problems and instabilities closer to home, such as conflicts in Africa, the imminent civil war in Ethiopia and the crises in the Sahel, Ukraine, Syria, Russia and Afghanistan. The Chinese presence in Latin America worries Borrell and the bloc in general. Some European countries have enthusiastically welcomed the change in the Brazilian government’s discourse on deforestation and climate change but are still waiting for concrete actions on this plan to re-establish the confidence of parliament and other countries about Brazil’s commitments. Meanwhile, the bloc may prioritize the agenda of bilateral agreements with other countries. On the radar are discussions with Mexico and Chile. With its focus on humanitarian and migration issues, the European Union will continue to exert pressure on Nicaragua, Venezuela and Cuba. The bloc already has the support of the United States, but the help of countries in the region is essential for more concrete actions to resolve conflicts.”

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

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