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FEATURED Q&A

Will Similar Politics Mean Closer Ties for Peru & Bolivia?



Peruvian President Pedro Castillo and Bolivian President Luis Arce (L-R), both leftists, signed several cooperation agreements last month in La Paz. // Photo: Peruvian Government.

Q Bolivian President Luis Arce and Peruvian President Pedro Castillo met Oct. 30 in La Paz to sign several cooperation agreements. The deals included initiatives on trade and tourism, education and migration. The Andean countries also agreed to continue working together to combat transnational crimes. How does the ideological alignment of these two leaders affect the scope of the new agreements? How much will the pacts strengthen political and commercial relations between Bolivia and Peru? In what ways do the two countries work together on fighting transnational crimes such as drug trafficking, smuggling and illegal mining, and to what extent will the new deals effectively strengthen this cooperation?

A Augusto Álvarez Rodrich, daily columnist on political affairs at La República: "Peru has not had a smooth diplomatic relationship with Bolivia in recent decades due to differing political and economic orientations between their governments. On the one hand, the prolonged government of President Evo Morales in Bolivia aligned with left-wing currents in the region. And, on the other hand, Peru has had different administrations that, in general, have favored an economy supported by the market and the promotion of private investment, as well as a political distance from the region's governments aligned with Venezuela or Nicaragua. That has begun to change during the government of President Pedro Castillo, who has sought a political rapprochement with Bolivia, and has shown some admiration for former President Evo Morales. However, his radical allies have used Morales

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TODAY'S NEWS

POLITICAL

U.S., Canada Urge Citizens to Leave Haiti

The U.S. and Canadian governments urged their citizens to leave Haiti amid worsening insecurity and fuel shortages caused by a gang blocking access to a main fuel terminal.

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ECONOMIC

Mexico's Central Bank Hikes Key Interest Rate to 5%

The Bank of Mexico increased its benchmark interest rate by 25 basis points for a fourth consecutive meeting.

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BUSINESS

Millicom to Acquire 100% of Tigo Guatemala in \$2.2 Billion Deal

In a \$2.2 billion deal, telecommunications company Millicom is acquiring the remaining 45 percent of Tigo Guatemala that it doesn't already own. CEO Mauricio Ramos called the unit "one of our most successful businesses."

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Ramos // File Photo: Millicom.

POLITICAL NEWS

U.S., Canada Urge Citizens to Leave Haiti Amid Insecurity

The U.S. and Canadian governments are urging their citizens to leave Haiti amid worsening insecurity and fuel shortages caused by gangs in the Caribbean nation, the Associated Press reported Thursday. "The Department of State urges U.S. citizens to make plans to depart Haiti now via commercial means," the U.S. State Department said in a statement released Wednesday. "U.S. citizens should carefully consider the risks of traveling to or remaining in Haiti in light of the current security situation and infrastructure challenges." Gangs control approximately half of Port-au-Prince as well as surrounding areas, The Wall Street Journal reported today, citing security analysts and human rights groups. The country's most powerful gang, known as G9, is blocking access to the country's main fuel terminal in the capital, causing widespread shortages of fuel, the newspaper reported. The gang has demanded money and the resignation of Prime Minister Ariel Henry, who took over following the assassination last July of President Jovenel Moïse.

However, Henry has resisted both demands. "Widespread fuel shortages may limit essential services in an emergency, including access to banks, money transfers, urgent medical care, Internet and telecommunications, and public and private transportation options," the State Department said in its warning, adding that the U.S. Embassy in Port-au-Prince "is unlikely to be able to assist U.S. citizens in Haiti with departure if commercial options become unavailable." The Canadian government issued a similar warning to its citizens, saying, "If you're in Haiti and your presence isn't essential, consider leaving if you can do so safely," the AP reported. Last month, the 400 Mawazo gang kidnapped a group of 17 missionaries from a U.S.-based organization and has demanded a \$17 million ransom for the group.

ECONOMIC NEWS

Mexico's Central Bank Hikes Key Interest to 5 Percent

The Bank of Mexico on Thursday hiked its benchmark interest by 25 basis points for the fourth consecutive policy meeting, bringing it

NEWS BRIEFS

Salvadoran President Dispatches Soldiers as Murder Rate Escalates

President Nayib Bukele ordered patrols made up of soldiers and police officers to the streets of El Salvador's capital on Thursday after a wave of murders left about 30 people dead in two days, the Associated Press reported. The homicide rate had declined sharply as compared to the mid-2010s, when 15 or 20 killings per day were frequent in the country of 6.5 million people, but El Salvador continues to register one of the world's highest homicide rates, mainly due to gang violence.

Venezuelan Judge Grants Hearing for Detained Citgo Executives

A judge in Venezuela has granted a hearing before an appeals court to six U.S. oil executives who have been detained in the Andean nation for four years on corruption charges, the Associated Press reported today. The judge's decision is uncommon in the South American country. The hearing for the so-called Citgo 6 is scheduled for next Tuesday, according to a court document, on the same week as the United Nations Working Group on Arbitrary Detention begins a probe into the case of one of them, Tomeu Vadell.

Peru's Central Bank Hikes Benchmark Interest Rate as Inflation Accelerates

Peru's central bank on Thursday raised its key interest rate by a half percentage point, to 2 percent, as inflation quickened at its sharpest pace in more than 12 years, Bloomberg News reported. It was the central bank's fourth consecutive rate hike, and six of eight economists in a Bloomberg survey expected the move. Inflation was within the central bank's target of 1 to 3 percent last May but has since jumped to 5.83 percent in annual terms as of last month.

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politically, bringing him to Peru frequently in order to pressure President Castillo to radicalize his political discourse. The immediate future of the diplomatic relationship between the current governments of Peru and Bolivia will be one of greater rapprochement during Castillo's presidency, but it is not expected to go much further than mutual respect."

A Kathryn Ledebur, director of the Andean Information Network in Cochabamba: "Presidents Arce and Castillo signed 10 cooperation agreements, based on a 70-point agenda. The deals encompassed initiatives on trade and tourism, education, migration,

environmental protection, drug control, gender and energy integration. This is not the first bilateral cabinet meeting, but it is the first time both countries are led by leftists. Energy agreements, including the sale of Bolivian natural gas to supply southern Peru, will test their commitment on the energy front, a huge domestic issue for both. Bolivia exports natural gas to Argentina and Brazil, and it continues to expand its domestic networks, although exploration slowed during the pandemic. Castillo has pledged to expand natural gas, including a controversial call to 'nationalize' the Camisea gas fields, and has set up a group to negotiate with the consortium, run by Argentina's Plus-

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to 5 percent, Reuters reported. The 4-to-1 vote was in line with a Reuters poll of analysts. Annual inflation in Mexico reached 6.24 percent through October, more than double the central bank's target of 3 percent, plus or minus one percentage point. "The shocks that have increased inflation are largely considered to be transitory," the central bank said in its policy statement. "Nevertheless, the horizon in which they could affect it is unknown, and they have involved a wide range of products, while being of considerable magnitude," it added. Experts expect the Bank of Mexico to continue raising interest rates in 25-basis-point increments.

BUSINESS NEWS

Millicom to Acquire All of Tigo Guatemala in \$2.2 Billion Deal

Fixed and mobile services provider Millicom announced Thursday that it has signed an agreement to acquire the remaining 45 percent equity interest in its joint venture business in Guatemala, known as Tigo Guatemala, from its local partner. The \$2.2 billion deal is the largest-ever single foreign investment in the Central American nation, the Financial Times reported. Millicom previously owned 55 percent of its Guatemala operation alongside its partner, Panama-based Mifflin Associates, which is controlled by Mario López Estrada, one of Guatemala's wealthiest men, according to the newspaper. Millicom will now control the local unit in its entirety. "We are delighted to have signed this agreement to consolidate a 100% ownership in Tigo Guatemala, one of our most successful businesses," Mauricio Ramos, chief executive of Millicom, said in the statement. As of September, Tigo Guatemala had 11.6 million mobile subscribers and 392,000 broadband Internet subscribers. The unit is Millicom Group's most profitable group, with earnings before interest, taxes, depreciation or amortization, or EBITDA, margin above 51 percent, according to the statement. The transaction will increase free cash flow to equity by about \$200 million this year, as well as give it more exposure to a

THE DIALOGUE CONTINUES

What Will Reverse the Rise in Gender-Based Violence?

Q **Even before the beginning of the Covid-19 pandemic, Latin America and the Caribbean had 10 of the 12 countries with the highest rates of femicide in the world, according to the World Bank. During the global health crisis, lockdowns have only worsened gender violence in the region, according to the United Nations Economic Commission for Latin America and the Caribbean. What types of initiatives can and should be taken in the region in order to deter such violence? To what extent have government efforts to fight gender-based violence in the region succeeded, or failed, and why? Can the economic costs of violence against women be quantified, and what other factors might make the strongest case for policymakers to invest in addressing the problem?**

A **Sonia M. Frías, professor at the Regional Center for Multi-disciplinary Research at the National Autonomous University of Mexico:** "Current evidence shows that gender-based violence against women has increased during the Covid-19 pandemic. This is the case of intimate partner violence and sexual violence against women. The Latin America and the Caribbean region (LAC) is one of the regions with the highest rate of femicides, which Radford and Russell (1992) define as the misogynistic killing of women by men motivated by hatred, contempt, pleasure or a sense of ownership over women. It is a phenomenon that needs to be investigated in 'the context of the overall oppression of women in a patriarchal society.' The definition varies within the region, depending on

the circumstances of the death and the perpetrators. Femicides are the most extreme expression of gender violence committed against women, perpetrated by partners, former partners, coworkers, classmates, professors, family members, acquaintances and strangers, among others. Current efforts to prevent femicides tend to conceptualize the phenomenon as independent from other expressions of violence. For example, some women are killed by their former partners after enduring a life of violence, others have the same experience after leaving their abuser; some girls are killed after being victims of rape, adolescents are murdered after being drugged and sexually abused, and sexually exploited transgender women are brutally killed by their pimps and clients. Without any doubt, femicides are linked to other expressions of violence. In the region, current or former romantic partners perpetrate two-thirds of the femicides. Most of these women had already sought help in public institutions. However, public agencies failed to protect women, adolescents and girls from further victimization. Government efforts must address gender-based violence in all contexts in which it takes place: family, intimate relationships, work, education, public spaces and institutions. Averting so-called minor expressions of violence such as sexual harassment and gender-based discrimination can prevent the killing of women for gender reasons."

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in Tuesday's issue of the Advisor.

country with a stable economy and currency, Ramos said, the Financial Times reported. "We all hear so very much about politics and immigration and corruption but underneath

that there is a growing economy, a very young population and digital adoption rates that are like none you see anywhere in the world," Ramos added.

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petrol. Each government is also concerned about transnational crime, including drug trafficking, illegal mining and the smuggling of goods. Drug control agreements include increased intelligence exchanges, especially through the Regional Drug Control Intelligence Center (Cerian). The accord will strengthen efforts to stem the transshipment of Peruvian cocaine base through Bolivia, to consumer countries, especially by small plane. After extensive bilateral coca grower exchanges, the Peruvian government has agreed to a new registry of coca farmers, based on Bolivia's community coca control model. It remains unclear how much drug policy reform will be possible in Peru, with the inherited bureaucracy, including the National Commission for the Development and Life Without Drugs (Devida). Illegally mined gold flows from Peru to Bolivia. Peru is concerned about goods smuggled from Bolivia and Paraguay."

A Miguel Centellas, Croft instructional associate professor of sociology & international studies at the University of Mississippi: "It's important to put bilateral agreements between Bolivia and Peru in historical context. For more than a century, Bolivia and Peru have closely cooperated on a wide range of issues, regardless of each government's domestic politics. Both countries are founding members of the Andean Community, which was established in 1969 to increase trade and multilateral cooperation among its member states. In fact, this is the sixth binational cabinet meeting that Peru and Bolivia have held. The first was in 2015 in Puno between then-Presidents Evo Morales of Bolivia and Ollanta Humala of Peru. Since then, binational cabinet meetings became an annual event, as Morales

continued to meet with then-Presidents Pedro Pablo Kuczynski and Martín Vizcarra (both of the center-right PPK). No meeting was held in 2020, largely due to Covid-19 restrictions. Thus, it's not surprising that Luis Arce and Pedro Castillo recently signed

“**If effective, the agreements could have an important impact on key issues, such as drug trafficking, smuggling and illegal mining.**”

— Miguel Centellas

several agreements. Of course, ideological alignments between Arce and Castillo make sweeping bilateral cooperation agreements more likely. If effective, the agreements could have an important impact on key issues, such as drug trafficking, smuggling and illegal mining. Time will tell. It's important to note that these binational cabinet meetings are key elements of Bolivian foreign policy. Similar binational cabinet meetings have been held between Bolivia and Paraguay, as well as Argentina and Brazil. These meetings have become increasingly common in the region. Colombia and Ecuador are currently preparing their 10th binational cabinet meeting. This suggests that bilateral (and multilateral) agreements are becoming more institutionalized, which has long-term positive implications for regional political stability and economic development."

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

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