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FEATURED Q&A

Would AMLO's Plan Be Effective in Fighting Poverty?



Mexican President Andrés Manuel López Obrador proposed an anti-poverty plan earlier this month in a speech to the U.N. Security Council. // Photo: Mexican Government.

Q In a Nov. 9 speech to the U.N. Security Council, Mexican President Andrés Manuel López Obrador proposed an anti-poverty plan that he said would lift 750 million people out of poverty worldwide. López Obrador said the initiative would be funded through contributions from the 1,000 wealthiest people and corporations, as well as by donations from G20 countries. What possibility would such a plan have of getting off the ground, and what would be its impact? How effectively has López Obrador fought poverty in his own country? What role will Mexico play on issues including poverty reduction during its two-year term on the Security Council?

A Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior policy advisor at Chatham House: "On assuming the monthly rotation of U.N. Security Council presidencies, López Obrador made one of his rare international forays and traveled to New York to address the council. His speech was very similar to those he has made to the G-20 and other multilateral forums—more of a 'pie in the sky' plea for international cooperation to end poverty, reduce inequalities and help the less-developed nations to achieve economic growth and prosperity. Aside from the fact that the U.N. body was not the appropriate place for such a speech, most of what AMLO proposed has been said time and time again by others in the past. His 'bold plan' to create a development fund of \$1 trillion with 'voluntary' contributions from the rich economies and from the 1,000 wealthiest individuals in the world has absolutely no chance of becoming reality. Instead of addressing global security issues,

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TODAY'S NEWS

POLITICAL

Biden Meets With Trudeau, López Obrador

U.S. President Joe Biden hosted Canadian Prime Minister Justin Trudeau and Mexican President Andrés Manuel López Obrador at the White House in the first such meeting of the three countries' leaders since 2016.

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POLITICAL

Chile's Campaigns Conclude Ahead of Presidential Vote

Chileans head to the polls Sunday to select a president in a race that is expected to go to a runoff.

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BUSINESS

Trinidad & Tobago Signs Deal With Shell to Develop Gas Field

Trinidad & Tobago has signed a deal with Shell to develop a large natural gas field at a cost of more than \$1 billion. Prime Minister Keith Rowley said the project is one of the country's largest-ever natural gas developments.

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Rowley // File Photo: Government of Trinidad & Tobago.

POLITICAL NEWS

Biden Meets López Obrador, Trudeau at White House

U.S. President Joe Biden met Thursday at the White House with Mexican President Andrés Manuel López Obrador and Canadian Prime Minister Justin Trudeau to discuss trade, immigration, climate change and other topics in the first such meeting in five and a half years, the Associated Press reported. Among the points



López Obrador, Biden and Trudeau (L-R) met Thursday at the White House. // Photo: Mexican Government.

of contention is U.S. legislation on tax subsidies for electric vehicles. A provision in Biden's proposed budget would provide U.S. consumers with a tax credit of \$7,500 for the purchase of an electric vehicle through 2026, the AP reported. The following year, the tax credit would be available only to consumers who buy an electric vehicle manufactured in the United States, and the base tax credit would rise by \$4,500 if the vehicle was manufactured at a plant in the United States that operated under a collective-bargaining agreement that a union negotiated, the wire service reported. On Wednesday, Canada's deputy prime minister, Chrystia Freeland, said the incentive violated the U.S.-Mexico Canada, or USMCA, trade agreement. Canada's delegation to Washington discussed the matter Wednesday with lawmakers on Capitol Hill, said Freeland, the National Post reported. "Job 1 for us is just raising awareness," said Freeland, the newspaper reported. "I think job 2—and this is a very Canadian approach—is, we don't want to just show up and say, 'Here's a problem.' We'd like to

show up and say, 'Here's the problem, and here are some ways that we can solve the problem.' "As he sat down for the talks with Trudeau and López Obrador, Biden said discussion of the subsidies was on the agenda. "We're going to talk about that," said Biden, the AP reported. "It hasn't even passed yet in the House." Trudeau had spoken about the issue with members of the U.S. Congress on Wednesday "to impress upon these key legislators the importance of bilateral cooperation," his office said, the Financial Times reported. During their meeting on Thursday, Biden sought to calm tensions, calling U.S. relations with Canada "one of the easiest relationships we have." For his part, López Obrador praised Biden, saying he treated the Mexican government with respect, the AP reported. López Obrador also alluded to wanting to see the United States move faster on temporary visas, the wire service reported. "Why not study the workforce demand and open the migratory flow in an orderly manner?" said López Obrador. Before the meeting, Biden said his and López Obrador's governments are also working together on controlling Covid-19, as well as fostering an inclusive economic recovery, as well as addressing migration, the Financial Times reported. Thursday's meeting was the first such gathering of the leaders of the three countries since a June 2016 meeting in Ottawa when Trudeau hosted then-U.S. President Barack Obama and then-Mexican President Enrique Peña Nieto.

BUSINESS NEWS

Trinidad & Tobago, Shell Sign Deal to Develop Gas Field

Trinidad & Tobago this week signed an agreement with Shell to develop a large natural gas field at a cost of more than \$1 billion, the Jamaica Gleaner reported today. The Manatee production-sharing contract, which covers a surface area of nearly 50 square kilometers and straddles the maritime boundary of Trinidad and Venezuela, would be one of the

NEWS BRIEFS

Chile's Campaigns Conclude Ahead of Presidential Election

Chile's presidential candidates concluded their formal campaigns on Thursday ahead of Sunday's national election, EFE reported. Former student leader and leftist candidate Gabriel Boric and conservative opponent José Antonio Kast currently lead in most polls. However, none of the seven candidates in the race are expected to attain the 50 percent of the vote needed to win in the first round. A runoff is scheduled for Dec. 19. [Editor's note: See related [Q&A](#) in Wednesday's edition of the Advisor.]

Venezuela's Opposition Calls for Change Ahead of Local Elections Sunday

Campaigns wrapped up on Thursday ahead of Venezuela's local elections Sunday, in which the country's opposition is seeking to galvanize support against the country's ruling Socialist Party, Reuters reported. The election marks a return of the country's main opposition parties, which have boycotted elections since 2018 over claims that the votes are rigged. More than 3,000 local offices, including mayors, municipal councils and 23 state governors, are up for election. A European Union mission is also observing the vote for the first time since 2006.

Deforestation in Brazil's Amazon Reaches 15-Year High

The area of Brazil's Amazon that has been deforested reached a 15-year high in July after a 22 percent jump from the prior year, the Associated Press reported, citing data released Thursday by Brazil's National Institute for Space Research. The agency's satellite monitoring system showed the Brazilian Amazon lost 13,235 square kilometers of rain forest in the 12-month period through July.

largest natural gas developments in Trinidad, Prime Minister Keith Rowley said at a signing ceremony. Trinidad pursued Shell as a partner in the project as an alternative arrangement to its past cross-border agreement with Venezuela due to sanctions against Venezuela by the United States, according to the report. "While the imposition of United States sanctions may have temporarily derailed our cross-border initiative, this situation is not expected to last indefinitely," Rowley said, according to the report. Trinidad remains the owner of the resource fields, with Shell acting as the contractor. The Manatee contract runs for 25 years and is expected to begin producing gas by 2025. The initial output is estimated at up to 350 million cubic feet per day and later ramp up to around 700 million cubic feet per day, according to the report. In July, Shell announced it had begun its first gas production at its Barracuda project, which includes two of the deepest development wells in Trinidad.

Colombia's ISA Issues \$330 Million in International Bonds

Colombian electricity generator ISA said Thursday that it had issued \$330 million in international bonds, saying it will use the money raised to substitute debt, El Colombiano reported. The 12-year bonds have a yield of 3.825 percent, and issue was oversubscribed by more than four times, Reuters reported. "The resources will be used for an internal and external debt substitution operation," ISA said in a statement. The company listed the bonds on the Singapore stock exchange, and the issuance drew participation from investors in Latin America, the United States, Canada, Europe and Asia, ISA said. Credit ratings agencies Fitch and Moody's Investors Service have rated the bonds BBB, El Colombiano reported. Based in Medellín, ISA has interests in electricity, road infrastructure and telecommunications in Brazil, Chile, Peru, Bolivia, Argentina and Central America, as well as in Colombia, through 51 partners and subsidiaries, Reuters reported.

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Mexico's president decided to preach to a group of ambassadors much as he has done every morning to journalists since assuming the presidency in 2018. As many pundits remarked after the speech, AMLO should be addressing those very same problems in our own country. According to the government's Coneval agency, in his three years as president, the country has added almost four million Mexicans to the ranks of the poor, reversing the trend of a growing middle class that characterized previous decades. Part of the blame has to be put on the pandemic, but many of the policies of López Obrador and his government have contributed to this sad statistic."

A **Nora Lustig, Samuel Z. Stone**
Professor of Latin American
Economics director of the
Commitment to Equity Institute

at Tulane University: "Redistributing income from the wealthiest to the poorest across the world is not a bad idea per se. However, the likelihood of it happening is very low because of legal, political and practical hurdles. It is ironic that such a proposal came from someone like López Obrador. Mexico's track record under the current president undermines his ability to cast himself as a 'pro-poor' leader. First, his regime has not introduced reforms that would raise taxes on Mexico's richest individuals, reforms that are badly needed. Furthermore, López Obrador eliminated Prospera—the anti-poverty program that targeted the poorest—and replaced it with programs that benefit the elderly and youth. The consequences of this change have been dire because support for early-childhood development was essentially canceled. In addition, although spending on the new programs increased substantially, poverty indicators did not improve because the new rules mean that a significant portion of the benefits goes to the nonpoor. Moreover, López Obrador's response to protect the poor during the Covid-19 pandemic was one of the stingiest in the world. While in

the other largest Latin American countries, social assistance was significantly expanded, in Mexico the federal government did not increase the coverage or the size of transfers. As a result, as compared to Argentina,

“**López Obrador's response to protect the poor during the Covid-19 pandemic was one of the stingiest in the world.**”

— Nora Lustig

Brazil, Chile and Colombia, in 2020 Mexico experienced the largest rise in extreme and moderate poverty. The contrast is the sharpest with Brazil where—thanks in part to pressure from leaders in the opposition to Bolsonaro's government—the response was so forceful that poverty in 2020 was lower than in 2019.”

A **Jacqueline Pitanguy, executive**
director of Citizenship, Study,
Research, Information, and
Action (CEPIA) in Brazil and a
member of the Inter-American Dialogue:

“President López Obrador's proposal to the U.N. Security Council should be analyzed from two different perspectives: its purpose and its feasibility. We should praise that a president is bringing to the Security Council a concern of poverty as a key security issue to be addressed with an urgent global plan and with a proposal for a global fund with major contributions from the private sector and smaller support from the G20 governments. The U.N. Sustainable Development Goals (SDGs) address the responsibility of governments to reduce poverty and inequalities by proposing global goals in poverty, health, education, sanitation, gender and environment, reflecting the recognition that poverty is multidimensional and should

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be addressed simultaneously on different fronts. However, the SDGs are a set of goals that depend on the goodwill of governments to be achieved. The merit of President López Obrador's proposal is that it would not depend so heavily on governments and presents sources of financing. However, I see it more as an immediate response to an urgent problem, not as a plan. One major contradiction is that its financing would be in the hands of the sectors that benefit most from the neoliberal logic of wealth concentration that characterizes the world economy. It does not deal with the root causes of inequality and poverty. On a practical front, the difficulties of implementing this project are gigantic, even with the support of institutions such as the World Bank. Let's not also forget that poverty and inequality have increased dramatically in Mexico, Argentina and Brazil, the three Latin American countries that are part of the G20. However, López Obrador's initiative is an urgent call about the state of the world."

A José Rodrigo Abud, partner at Baboon Consulting: "Never before in recent history has a Mexican president placed anti-poverty policies at the core of his public narrative. One of AMLO's landmark phrases, 'The Poor First,' which was being used long before he took office in 2018. While there seems to be consensus around the intentions to fight

poverty in Mexico, many policies executed in recent years have raised doubts on their effectiveness. Data that Coneval recently published shows the number of people living in poverty climbed to 55.7 million in 2020, 3.8 million more as compared to 2018. For extreme poverty, the increase was approximately 2.1 million, rising to 10.8 million in 2020 as compared to 8.7 million in 2018. AMLO's speech at the U.N. Security Council is rooted on the thesis that insecurity is a result of systematic poverty and inequality. To fight it, he laid out a plan that would work through the contributions of the wealthiest individuals and corporations, as well as donations from G20 countries. Perhaps the strongest headwind to his plan relies on the complexity of its execution. The belief that wealth redistribution is a standalone instrument to end poverty seems to be a fallacy. However, there is always a political take. AMLO is a skilled strategist who knows how to earn 'moral wins' by losing 'ground battles.' Any shortcoming on his proposal will help reinforce his polarization narrative around the false paradox that poor people are good and rich people are bad. This message suits him well with his base of support."

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

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