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FEATURED Q&A

How Much Has Biden Achieved in Latin America?

Since taking office nearly a year ago, U.S. President Joe Biden (R) has met with other Western Hemisphere leaders including Mexican President Andrés Manuel López Obrador (L). // File Photo: Mexican Government.

Q Since U.S. President Joe Biden took office nearly a year ago, his administration has continued sanctions on Venezuela, put in place plans to address the root causes of migration from Central America and met with leaders from the region including Mexican President Andrés Manuel López Obrador. Though Biden is yet to visit Latin America as president, his secretary of state, Antony Blinken, has visited Mexico, Colombia, Costa Rica and Ecuador. What are the Biden administration's biggest achievements and short-comings to date relating to Latin America? What are the priority places and issues in the region that the White House should address in 2022 and beyond?

A Nathalie Cely, president of the Centro de Competitividad in Quito and former ambassador of Ecuador to the United States: "There is no doubt that there is a positive shift regarding international relations with Latin American countries in contrast to the prior administration. Nevertheless, there is ample room to improve. The administration's most difficult task will be conveying a vision that speaks to common challenges among diverse partners. All Latin American countries are experiencing severe economic and social downturns because of the pandemic. Despite an uneven economic recovery in 2021, poverty and extreme poverty have increased throughout the region. This will sharply affect immigration, particularly among Central American countries, Venezuela, Cuba, Haiti and even my own country, Ecuador. It is safe to say that migration and the regional economy, as well as social recovery, will be key issues in 2022. In the near term, the Biden administra-

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TODAY'S NEWS

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Brazil Posts Current-Account Deficit of $6.5 Bn

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U.S. Allowing Pemex to Buy Controlling Stake in Refinery

The U.S. government said it would allow Mexican state oil company Pemex to buy a controlling interest in the Deer Park oil refinery in Texas.

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El Salvador's Attorney General Re-elected

El Salvador's Legislative Assembly re-elected Attorney General Rodolfo Delgado to a three-year term. Delgado was first tapped for the position last May after ruling-party lawmakers sacked his predecessor.

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Delgado // File Photo: Salvadoran Goverment.

POLITICAL NEWS

Salvadoran Attorney General Re-elected for Three Years

El Salvador's Legislative Assembly on Wednesday re-elected controversial Attorney General Rodolfo Delgado to a three-year term, Reuters reported. The United States has raised concerns about Delgado over his decision to end an anti-corruption accord that Washington has backed, the wire service reported. Ruling-party lawmakers appointed Delgado as attorney general in May after legislators sacked his predecessor for allegedly having links to the opposition National Republican Alliance, or ARENA, party. At the same time, lawmakers also sacked five judges on the Supreme Court in a move that was seen as consolidating the power of President Nayib Bukele. [Editors note: See related **Q&A** in the May 14 Advisor.]

ECONOMIC NEWS

Brazil Posts $6.5 Bn Current-Account Deficit for November

Brazil's current-account deficit ballooned to $6.5 billion in November, the largest deficit for the month in seven years, the country's central bank said Wednesday. In the 12 months to November, the deficit reached 1.9 percent of gross domestic product, the highest since September 2020, Reuters reported. Between January and November this year, the South American country's deficit was $22.4 billion, up from a deficit of $16 billion for the same period in 2020. But in a more encouraging signal, foreign direct investment in November reached $4.6 billion, almost a billion dollars more than the forecast, the Banco Central do Brasil said. The trade balance deficit reached $2.5 billion in November, from a surplus of $1.7 billion in the same month in 2020, as imports increased 45.6 percent in the past 12 months, while exports rose 17.1 percent, the Reuters report said. Persistent inflationary pressures and uncertainty stemming from next year's presidential election is likely to dampen investment in Brazil in 2022, analysts say. "We expect Brazil to grow at 4.8 percent in 2021," Manuel Orozco, director for sovereign and international public finance ratings at S&P Global, told the Latin America Advisor in a **Q&A** published Dec. 16. "The combination of ongoing and fast monetary tightening by the central bank due to surging inflation, upcoming national elections and investor concerns about long-term fiscal policy will constrain consumption and investment, resulting in GDP growth below 1 percent," he added.

SUBSCRIBER NOTICE

In observance of the Christmas and New Year's holidays, the Latin America Advisor will next be published on Jan. 3, 2022. We wish our readers a happy holiday season and a prosperous new year.

Paraguay Hikes Key Rate for Third Consecutive Month

Paraguay's central bank on Tuesday hiked its benchmark interest rate by 125 basis points for a third straight month, from 4 percent to 5.25 percent, with inflation still running at its fastest pace in a decade, Bloomberg News reported Tuesday. The rate hike was in response to rising food and fuel prices, inflationary pressures that could have a knock-on effect on the broader economy, the central bank said in a statement. The benchmark rate is now at its highest level since January 2019. Paraguay joins central banks in Brazil, Colombia, Mexico and Peru in their efforts to curtail inflation with heightened interest rates. After peaking at 7.6 percent in October, Paraguay's inflation slowed to 7.4 percent last month, with the central bank expecting it to slow further to 4.5 percent in the fourth quarter of 2022, Bloomberg News reported. The aggressive rate hike comes after

NEWS BRIEFS

U.S. Treasury Sanctions Three Men in Brazil as Affiliated With Al Qaeda

The U.S. Treasury on Wednesday sanctioned three men in Brazil, accusing them of being affiliated with Al Qaeda and giving support to the terrorist group, the Associated Press reported. The Treasury said Mohamed Sherif Mohamed Awadd, the owner of a furniture store in Guarulhos, arrived in Brazil in 2018 and has received wire transfers from other alleged Al Qaeda affiliates. The Treasury alleged that Ahmad Al-Khatib, the owner of another furniture store, also supported the terrorist group, and it linked both men to Ahmad Al-Maghrabi, whom it alleged is Al Qaeda's contact in Brazil.

IMF Approves $688 Mn Program for Suriname

The International Monetary Fund on Wednesday approved a program to rebuild Suriname's foreign reserves, which will disburse $688 million over a three-year period, $55 million of which will be distributed immediately, Reuters reported. This program seeks to bring down public debt, upgrade Suriname's monetary and exchange rate policy framework, stabilize the country's financial system and strengthen institutional capacity to address instances of money laundering and corruption, among other objectives, the IMF said in a statement.

Bolsonaro Approves Fee Eletrobras Will Face Following Privatization

Brazilian President Jair Bolsonaro on Wednesday approved a proposal to set the fee that state-run power firm Eletrobras will have to pay the Brazilian government following its privatization to continue operations of its hydroelectric dams, Reuters reported. The fee, set by the National Energy Policy Council, now stands at 67.1 billion reais ($11.87 billion).

more conservative monetary adjustments earlier in the year failed to put inflation on a path to convergence. “Obviously, the objective is to maintain low levels of inflation and to avoid punishing the salaried and self-employed sectors, which are the most vulnerable,” Gerardo Ramón Ruiz Godoy, partner at PCG Auditores-Consultores, told the Latin America Advisor in a **Q&A** published Oct. 5.

BUSINESS NEWS

U.S. Allowing Pemex to Buy Controlling Interest in Refinery

The U.S. government on Wednesday said it will allow Mexican state oil company Pemex to purchase Royal Dutch Shell’s controlling interest in the Deer Park oil refinery in Texas, Reuters reported. Mexican President Andrés Manuel López Obrador told reporters that the decision from the Committee on Foreign Investment in the United States, or CFIUS, was “very good news” and thanked U.S. President Joe Biden for his support during the authorization process. López Obrador has said he wants Mexico to become self-sufficient in producing gasoline, and Deer Park, located near Houston, can process more than 300,000 barrels of crude per day. Earlier this month, Bloomberg News reported that Pemex could end up spending about $1.6 billion to take over the refinery, more than twice the price announced in May. Despite higher prices for crude, Pemex’s large debt burden has led ratings agencies to downgrade its debt this year, and outside experts have been critical of the company’s plans. Energy analyst David Shields told the Energy Advisor in August that “Pemex has the unconditional support of President López Obrador, who seems ready to give it a blank check to invest recklessly in another refinery (Deer Park, Tex.) and in an LPG distribution company (Gas Bienestar), both of which are potentially troubled, unprofitable businesses.” [Editor’s note: See related **Q&A** in the Aug. 20 issue of the Energy Advisor.]

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tion needs to find a humanitarian approach that won’t invite a cross-border surge that overwhelms the U.S. immigration system. To do so, President Biden needs to work jointly with President López Obrador on Central American migration and simultaneously deal with the Venezuelan refugee crisis in South America. Biden will need more than just his predecessor’s economic sanctions. On this issue, the Biden administration will have to work with Latin American and European partners in order to produce a more coherent carrot-and-stick policy. The Biden administration should take inspiration from their ‘Build Back Better’ domestic agenda and position the United States as a financier of regional economic recovery. For example, the existing strategy to finance public-private partnerships for infrastructure investments using the U.S. International Development Finance Corporation and multilateral banks can be accelerated and expanded. Finally, as the Biden administration prepares to restore U.S. leadership on the global stage, enhanced coordination with Latin America and the Caribbean on key issues such as climate change, human rights, a rules-based trading system and the global fight against drug trafficking beckons as a strategic opportunity. I hope that the Biden administration seizes it.”

A **John Feeley, former U.S. ambassador to Panama:** “In diplomacy and statecraft, words matter. In that regard, the Biden administration deserves credit for changing the rhetoric of hemispheric engagement from the pompous and jingoistic ‘all options on the table,’ regarding military action in Caracas, to collaborative injunctions for hemispheric cooperation on climate change, infrastructure, Covid relief and efforts to counter transnational organized crime. This stylistic change is both welcome and necessary. But it is not sufficient to regain the soft power advantage that has eroded following the end of the Cold War. The main problem the Biden administration currently has is the lack of an articulated positive vision for Latin America supported by a coherent set of priorities and enabling policies to realize it. Instead, they seem primarily motivated by fears of mass migration and of China’s expansion. Unrelenting migrant pressures at the border with Mexico could contribute to negative electoral effects for Democrats in the 2022 midterms. The administration also fears the malign influence of China, and to a lesser extent Russia and Iran, especially when it comes to cyberespionage and more subtle influence campaigns in Latin American political processes. And finally, Biden’s team fears the very worrisome democratic backsliding in the region. While those are legitimate preoccupations, the United States should nonetheless seek to lead by outlining a positive vision for the region that pays more than lip service to the majority of the region’s citizens on democratic governance by focusing on crime, health care, jobs and overall quality of life. Ignoring such issues because a Latin American government transactionally checks a box on migration is a shortsighted recipe for trouble down the line. Statecraft motivated by fear transmits weakness; diplomacy driven by an optimistic search for win-win outcomes will be far more effective.”

A **Rubens Barbosa, former ambassador of Brazil to the United States:** “Latin America has been a low U.S. foreign policy priority in recent decades. Latin America is not even among the top 10 U.S. foreign policy priorities, and that is not likely to change as no issue from the region has affected the country’s national interest except for immigration. Perhaps in the coming decades with the intensification of U.S.-China disputes, there will be a greater U.S. presence in the region to match the growing presence of China, Russia and Iran. However, John Kerry said the Monroe Doctrine is dead, and Joe Biden recently announced that the era of U.S. military interventions is over. From the

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U.S. perspective, addressing the root causes of migration from Central America and the problem of immigration in the United States are the most important challenges. It is time for the Biden administration to review its policy toward Cuba and Venezuela. Sanctions have never worked, and the population always suffers. Dialogue is lacking. In this context, the U.S. administration should not bring the conflict with China to the region. Latin America should not be divided by conflicting loyalties. China and the United States are leaders in trade and investment in most of Latin American countries, especially in South America. If the U.S. administration wishes to help the region, the best way is to define policies to fight poverty and the growing level of social inequality. In the short term, it should help solve difficulties in procuring vaccines and medications. In terms of the environment, democracy and human rights, the United States is back, but it should be up to each society in Latin America to preserve and improve those aspects."

A **Ariel G. Ruiz Soto, policy analyst at the Migration Policy Institute:** "Managing migration responsibly has been central to the Biden's administration engagement strategy in Latin America during its first year. Primarily in response to changes in migration flows at the U.S.-Mexico border, deploying a whole-of-government approach to support regional governments' efforts to address the root causes of migration has been among its biggest achievements. Multiple visits by Vice President Harris, Secretary of State Blinken and Secretary of Homeland Security Mayorkas have established direct communication channels and solidified U.S. interest to devote unprecedented resources to supporting governments' efforts to make migration more safe, orderly and regular. Key outcomes of these visits include supporting Mexico's economic development strategy in Central America, improving coordination of U.S. assistance with international and civil society organizations in Central America and increasing humanitarian assistance for Venezuelan immigrants in Colombia. Coupled with efforts to increase access to legal pathways and enhanced migration controls, direct assistance to ameliorate the factors driving thousands to migrate may reduce irregular flows in the short term for some vulnerable populations. But without strengthening governments' integration systems to help migrants and returnees feel like they belong in the countries in which they settle, it is likely that many will attempt to migrate irregularly again. This is particularly difficult for regional governments with uneven capacities to overcome institutional challenges such as corruption, violence and insecurity. Therefore, the new U.S. strategy may have galvanized interest across sending, transit and destination countries to share the responsibility of managing migration, but its success will be defined by how well it tailors U.S. resources to promote institution building and governance among Latin American governments."

"Managing migration responsibly has been central to the Biden's administration engagement strategy in Latin America..."

— Ariel G. Ruiz Soto

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

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