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FEATURED Q&A

Can Latin America Switch to Electric Public Transit?

While public transportation is well-used across Latin America, just a fraction of public transportation vehicles run on electricity instead of gasoline or diesel. Buses in Mexico are pictured. // File Photo: State of Mexico.

Q **Latin America boasts the highest per-capita use of public transportation in the world, accounting for 68 percent of all trips made in urban areas, according to a recent study conducted by the Inter-American Development Bank. But most public transport vehicles in the region run on gasoline or diesel, with electric-powered buses accounting for only a small fraction. Should Latin American governments be doing more to create electric-powered public transit infrastructure, and what challenges do they face in achieving this? What role should the private sector be playing in the promotion of cleaner-energy vehicles in the region? What other tactics should the region pursue to reduce transportation-related emissions and improve health conditions in urban centers?**

A **Juan Cruz Monticelli, section chief of energy and climate change at the Organization of American States:** "Latin America's public transport ridership is one of the highest in the world. Electrifying public transport will bring about huge transformational gains in terms of reduced greenhouse gas emissions, while helping countries comply with their nationally determined contributions under the Paris Agreement on climate change. What's more, among the many lessons to be drawn from the war in Ukraine is the geopolitical value of reducing a nation's exposure to the volatility of oil markets. Encouraging private sector investments in sustainable electric transport will help raise some of the equity needed for these projects to come to fruition. But more aggressive policy action is needed if we want to keep global warming as close as possible to no more than a 1.5-degree Celsius rise

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TODAY'S NEWS

POLITICAL

U.S.-Cuban Officials Reportedly Will Discuss Migration

U.S. and Cuban officials will reportedly meet Thursday to discuss migration in the highest-level talks between the two governments since U.S. President Joe Biden took office last year.

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BUSINESS

U.S. Authorities Charge Former IRB Brasil CFO With Fraud

U.S. authorities have charged Fernando Passos, a former chief financial officer of IRB Brasil Resseguros with four counts of fraud.

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ECONOMIC

Colombia's Petro Signs Pledge Not to Expropriate

Leftist Colombian presidential candidate Gustavo Petro on Monday signed a pledge saying he will not expropriate private property if he is elected president.

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Petro // File Photo: @petrogustavo via Twitter.

POLITICAL NEWS

U.S.-Cuban Officials to Discuss Migration This Week: Report

U.S. and Cuban officials are planning to meet on Thursday in order to discuss migration-related issues, Reuters reported, citing unnamed sources familiar with the matter. The meetings would be the highest-level talks between officials of the two countries' governments since U.S. President Joe Biden took office more than a year ago. The meeting is happening as the Biden administration is facing rising numbers of migrants trying to cross into the United States from Mexico, and a rising proportion of those migrants are Cuban, Reuters reported. More than 46,000 Cubans arrived in the United States between October and February, and the U.S. Coast Guard has also reported an increase in the number of Cubans seeking to reach the U.S. shoreline, the Miami Herald reported. However, authorities in Cuba have refused to accept deported nationals from the United States, the newspaper reported. "We regularly engage with Cuban officials on issues of importance to the U.S. government, such as human rights and migration," an unnamed U.S. State Department spokesperson told the Miami Herald. "We have seen a significant increase in irregular Cuban migrants to the United States, both via land and maritime routes. Cubans currently rank the third largest group arriving to the United States' southwest border," the spokesperson added. Cuba's deputy foreign minister, Carlos Fernández de Cossío, will lead the country's delegation in the talks, Reuters reported, citing two unnamed sources familiar with the talks. The Cuban delegation is to meet with top officials at the State Department and other U.S. government agencies. Cuba has blamed the United States for the increase in migration, saying Cold War-era sanctions and the U.S. move to close its consular section in Havana have led to the uptick, the wire service reported. Last month, the State Department said it would restart visa processing for Cubans in Havana, though progress on that has been slow.

ECONOMIC NEWS

Venezuela's Táchira State Sees Worsening Power Outages

Power outages are worsening in the Venezuelan state of Táchira, on the border with Colombia, residents said, Reuters reported on Monday. The Andean country's electricity infrastructure has long been in a state of disrepair, but it reached new levels of dysfunction in 2019, when Venezuela suffered three nationwide blackouts, according to the report. The extended blackouts threaten to undo attempts to revive the economy, which has been in a state of crisis for more than a decade. Residents in Táchira's state capital, San Cristóbal, have said the power cuts have become a daily part of life, with the power often off for as long as 22 hours a day. "If anything, we have one hour of electricity at night and one hour during the day," bracelet maker Claudia Galeano, 47, told Reuters. The state power utility known as Corpoelec did not respond to requests made by the wire service for comment. Venezuelan President Nicolás Maduro has previously blamed the blackouts on U.S.-backed saboteurs—part of what he says is an "economic war" on his socialist government. But a U.S. delegation visited Venezuela in March for talks with Maduro as the Biden administration seeks to increase global oil supplies in the wake of Russia's invasion of Ukraine and the subsequent shortages of Russian oil in international markets due to sanctions. [Editor's note: See the **Q&A** in the March 21 Advisor.]

BUSINESS NEWS

U.S. Authorities Charge Former IRB Exec With Fraud

U.S. authorities have charged a former chief financial officer of Brazilian reinsurance

NEWS BRIEFS

Colombia's Petro Vows Not to Pursue Expropriations

Leftist Colombian presidential candidate Gustavo Petro vowed Monday not to expropriate private property if he is elected the country's president, the Associated Press reported. Petro signed the pledge at a public notary in Bogotá amid claims from critics that he wants to make radical changes to Colombia's economy. "The campaign for profound and true change in Colombia is being attacked constantly with rumors and misinformation," the document said, the AP reported. "With clarity, I affirm that my proposal to transform this country is not based on, or includes any kind of expropriation."

Chile's Lower House Votes Down Bills for Early Pension Withdrawals

The lower house of Chile's Congress on Monday rejected two rival bills that would have allowed for early pension withdrawals, Bloomberg News reported. One of the measures would have allowed for as much as $15 billion in withdrawals, but it failed to get the three-fifths majority needed for passage. A rival bill that President Gabriel Boric's government presented failed to win a simple majority. Three prior rounds of early pension withdrawals injected $50 billion into Chile's economy but are also blamed for worsening inflation.

Santander Private Bank Seeking to Hire 20 Advisors in Brazil

Santander Private Bank is seeking to hire as many as 20 advisors in Brazil this year as it works to grow its wealth management business, Citywire Americas reported Monday. The Spain-based bank's wealth management business grew 15 percent last year following the implementation of its expansion plan, and the bank is expecting 20 percent growth this year, said executive Vitor Ohtsuki.

company IRB Brasil Resseguros with one count of securities fraud and three counts of wire fraud in connection with an alleged scheme to push up the company's share price, the U.S. Department of Justice said Monday. Fernando Passos, a Brazilian, is accused of spreading false information that U.S. investment firm Berkshire Hathaway had invested in the reinsurance company, according to the indictment, which was unsealed in the Southern District of Iowa. Passos is alleged to have executed the purported scheme starting in February 2020 after an investment company questioned the accuracy of IRB's financial results and said it had taken a short position against the company's stock, the Justice Department said. IRB's shares fell on the news of the report, and Passos allegedly sought to mislead shareholders by "disseminating and causing to be disseminated materially false information" that Berkshire Hathaway had invested in the company, the Justice Department said. Passos also is alleged to have discussed the plan to spread the false information with investor relations employees at IRB, saying in a text message, "I will spread this story that berk [Berkshire Hathaway] bought 28MM of shares," adding "and then it becomes true," the Justice Department said. As part of the alleged scheme, Passos is accused of falsifying documents and other information to support the claims and providing it to the press. News outlets in Brazil and the United States then incorrectly reported that Berkshire Hathaway had invested in the company, which Berkshire ultimately denied on March 3, 2020, leading to a fall in IRB's shares, the Justice Department said. If convicted of the charges against him, Passos faces up to 20 years in prison on each of the four counts. He remains at large, the Justice Department said. Neither Passos, Berkshire nor IRB immediately responded to requests for comment by Reuters.

If convicted, Passos faces 20 years in prison on each count.

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in temperature. Latin American governments tend to shy away from tax incentives or tax breaks that reduce fiscal revenue. However, no policy should be left off the table when it comes to climate change and improved urban air quality. The long-term benefits of promoting electric mass-transport infrastructure in the Americas far outweigh tax revenue losses in the short- or medium-term. Innovative business models will be deployed to provide for the maintenance, repair and upgrade of an all-electric public transport system. This means new jobs, new skillsets and new business opportunities. As green businesses expand, the share of carbon-intensive technologies will decrease, and tax revenues will become more dependent on the types of sustainable technologies that will bring the Americas one step closer to Net Zero. But this change cannot be done overnight, which is why we must start now."

A **Mónica Araya, distinguished fellow of the Drive Electric Campaign at the ClimateWorks Foundation:** "The combination of electric mobility and the shift toward compact cities is the best way to combine climate and urban objectives. It's not either-or, we need both. Fortunately, Latin America is already showing leadership in both e-mobility and compact cities. Several external factors can help us go faster. E-mobility technologies are getting cheaper and better (lower cost, attractive savings for operators, faster charge times and positive reviews from drivers and users). The war in Ukraine has shown, tragically, the political and moral perils of oil and gas dependence. The International Energy Agency and the U.N. secretary general have said that the world has no room left for new fossil fuel extraction. Today, the question is not how to ramp up production of fossil fuels in Latin America, but rather how to break free from oil and gas and leapfrog toward zero emissions-transportation. Three steps are critical in the next five years. First, set policies and deadlines after which only zero-emission buses are allowed to operate, so that we can transition away from gasoline- and diesel-powered buses. Chile has already done so. Second, be ready to test disruptive financial models that build on made-in-Latin America innovations—such as those we've seen in Santiago and Bogotá. Finally, build 'electrification coalitions' like the ZEBRA coalition, where city mayors, investors and bus manufacturers make public commitments to 100 percent electric buses and infrastructure deployment. Despite Latin America's acute urban problems, or because of them, it is uniquely positioned to shift toward 'Electrified, Compact Cities'—the dual-track of electrification of all modes of transportation and investments that help bring cities closer together."

A **María Fernanda Ortiz Carrascal, founder and general manager of transport and mobility consultancy ConCriterio:** "The greatest wealth that cities in Latin America have in terms of transportation is the high participation of public transport in daily trips, which makes them more sustainable. For this reason, the most important thing is to work so that public transport users continue to prefer this mode, while reducing the social and environmental impact of public transport systems. The incorporation of electric buses is on the rise, with Bogotá and Santiago as leaders, but there is still much to be done. The main task of the public sector is to help reduce the cost gap that still exists between internal combustion technologies and electric vehicles, tax and tariff exemptions, investment subsidies for both e-vehicles and infrastructure and technical assistance. The private sector must continue to work on innovation and development to improve the cost-efficiency indicators of e-buses, reduce the prices of vehicles, batteries and recharging equipment, and continue to bet commercially on Latin American cities in such a way that conventional fleets are replaced

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by e-buses. On the other hand, to reduce transportation-related emissions, it is also important to motivate the use of other sustainable modes that complement massive transport systems with better infrastructure and services—pedestrian walkways, bicycle highways and bike-sharing programs, for example. It is also important to discourage the use of private vehicles—perhaps by charging drivers a fee during peak congestion hours, and more heavily regulate where and when drivers can park their cars."

A **Oscar Edmundo Diaz, urban transport, e-mobility and road safety consultant, and a former special advisor to the mayor of Bogotá:** "There are many challenges in replacing fossil fuel-powered buses with public transport vehicles that run on electricity. One challenge is money. In the developing world, resources are scarce, there are many needs and e-buses are expensive. So a strategy is needed that makes it possible to get more e-buses, or even low-emission buses, on the roads. In many places in Latin America—before thinking about investments in e-buses—there first needs to be an effort to formalize an industry were informal, privately-operated buses are prolific. Formalizing public transport will be a prerequisite for getting investors on board. Reorganizing public transport is difficult and requires politicians to make decisions that will cost them politically, at least in the short term. The other part of the equation is implementing traffic management measures, or in other words, to restrict private car use by placing taxes on fuel and parking costs. All of these require the political will to make unpopular decisions for the greatest good—which is no easy feat and could spark a backlash. Further, governments could attract investment by supplying green loans and other incentives to foreign and domestic investors alike. Other key players are utility companies, particularly electricity suppliers. In some countries in the region, there is little to no competition in electricity distribution, which makes energy expensive and difficult to find the infrastructure for e-vehicles to connect to the power grid. Regulation is needed to lower this cost. Another aspect that deserves more attention is the sources of energy used to power the grid. In Latin America, energy is mostly produced with fossil fuels, so there is no real advantage of having e-buses if emissions are simply moved elsewhere."

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

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