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FEATURED Q&A

What Will Petro's Presidency Mean for Colombia?



Gustavo Petro was elected Colombia's president on Sunday and celebrated victory with his running mate, Francia Márquez. // Photo: Facebook Page of Francia Márquez.

Q Senator and former guerrilla Gustavo Petro on Sunday defeated populist businessman Rodolfo Hernández to become the first leftist to be elected president of Colombia. His running mate, Francia Márquez, will be Colombia's second female and first Black vice president. What factors led to Petro's victory? What types of economic reforms is Petro likely to pursue, and how much support will he have in Congress for them? What will Petro's presidency mean for Colombia's investment climate and for relations with other countries, including the United States? How will Petro deal with drug trafficking and insurgent groups?

A Michael Shifter, senior fellow and former president of the Inter-American Dialogue: "Following decades on the national political scene, six years after the peace deal and on his third presidential run, Gustavo Petro's moment arrived. On Aug. 7 he will become Colombia's first leftist president. Of even greater historical significance, Francia Márquez will be the country's first Afro-descendant vice president. Their victory over Rodolfo Hernández can be attributed to several factors. Petro and Márquez presented themselves as change agents, determined to defy the political establishment and transform the country's economic and social order. They put their finger on legitimate grievances of social exclusion and injustice felt by millions of Colombians. Their redistributionist and 'green' message particularly resonated with the country's increasingly active youth. Petro's populist appeal spread in the context of the pandemic, which hit Colombia hard (as it did other countries in the Americas). At the end of the campaign, his efforts

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TODAY'S NEWS

POLITICAL

Petro Defeats Hernández in Colombia's Runoff

Former guerrilla and current Senator Gustavo Petro defeated populist businessman Rodolfo Hernández in Sunday's presidential runoff in Colombia. Petro will become Colombia's first elected leftist president.

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POLITICAL

Four Sentenced in Paraguayan Official's Killing

Four people were sentenced to 23 years and six months in prison after confessing to involvement in the killing of Paraguayan prosecutor Marcelo Pecci in Colombia.

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BUSINESS

Coelho Resigns as Chief Executive of Brazil's Petrobras

José Mauro Coelho resigned as CEO of Brazilian state oil company Petrobras. President Jair Bolsonaro said last month that he was firing Coelho, but Coelho had refused to step down until his successor was formally installed.

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Coelho // File Photo: Petrobras.

POLITICAL NEWS

Petro Becomes First Leftist Elected to Lead Colombia

Gustavo Petro, a Colombian senator and former guerrilla, on Sunday defeated populist businessman Rodolfo Hernández to become the South American country's first elected leftist president. Petro, a former mayor of Bogotá, won Colombia's presidential runoff election with 50.5 percent of the vote, to Hernández's 47.3 percent, the Financial Times reported, citing provisional results. Petro's running mate, environmental activist Francia Márquez, will become the country's first Black vice president and the second woman to occupy the position. Petro and Márquez celebrated their victory Sunday night at the packed Movistar Arena in Bogotá. "This story that we are writing today is a new story for Colombia, for Latin America, for the world," Petro told supporters at the stadium, The New York Times reported. "We are not going to betray this electorate," he added. Hernández conceded defeat in a speech to his supporters in Bucaramanga, where he once served as mayor. "Colombians, today the majority of citizens have chosen the other candidate," said Hernández. "As I said during the campaign, I accept the results of this election," he added. More than 58 percent of Colombia's 39 million voters cast ballots in the runoff, The New York Times reported. Petro was a member of the M-19 rebel group, which demobilized in 1990. The group then became a political party that helped to rewrite Colombia's constitution, The New York Times reported. Petro has vowed to push for economic reform and has called for halting new exploration for oil and shifting to development of other industries, The New York Times reported. He has also called for higher taxes on the rich and for expanding social programs. "What we have today is the result of what I call 'the depletion of the model,'" Petro told The New York Times in an interview, referring to Colombia's economic model. "The end result is a brutal poverty," he added. Petro is to take office on Aug. 7.

Coordinator of Honduran Activist's Murder Gets 22 Years

The man convicted of coordinating the 2016 murder of Honduran environmental activist Berta Cáceres was sentenced Monday to 22 years and six months in prison, a prison term that was far below the maximum sentence, angering Cáceres' family, the Associated Press reported. Roberto David Castillo Mejía, who will be able to appeal the sentence, was convicted last year of coordinating the killing of Cáceres, a member of the Lenca Indigenous group. Castillo had been involved in a dam project to which Cáceres had led opposition. Olivia Zúñiga Cáceres, daughter of the slain activist, said she would seek a more severe sentence against Castillo. "It is extremely outrageous that the maximum penalty was not applied," she said. In December 2019, seven men were sentenced in connection with Cáceres' killing, each receiving at least 30 years in prison.

Four Sentenced in Killing of Paraguayan Prosecutor Last May

Four people who confessed to their involvement in the killing last May of Paraguayan prosecutor Marcelo Pecci have been sentenced to 23 years and six months in prison, Reuters reported. A fifth person has pleaded not guilty in connection with the case, the wire service reported. Pecci, 45, was fatally shot on the Colombian island of Baru, near Cartagena, as he honeymooned there with his new wife. Colombian authorities have said a Brazilian prison gang known as First Capital Command, which is heavily involved in exporting cocaine, was involved in coordinating the killing of Pecci, Reuters reported. The Paraguayan prosecutor was known for fighting organized crime groups. Last month, Paraguayan President Mario Abdo Benítez condemned the murder and vowed that the country would more aggressively fight organized crime, The Guardian reported.

NEWS BRIEFS

Three in Custody, Five Sought in Killing of Phillips, Pereira in Brazil

Brazilian police say there are eight suspects tied to the June 5 disappearances and consequent murders of British journalist Dom Phillips and Brazilian Indigenous expert Bruno Pereira in the Brazilian Amazon, BBC News reported. Three of the suspects have been arrested. Last week, one of the suspects, Amarildo da Costa de Oliveira, confessed to burying the men, leading police to their remains. Phillips and Pereira were shot and killed by hunting ammunition, police said on Saturday. The Javari Valley, where the men went missing, is known for illicit mining, logging, fishing and drug-trafficking activities, BBC News reported.

Pemex to Spend \$2 Billion on Cutting Emissions of Methane: López Obrador

Mexican state oil company Pemex, is set to spend \$2 billion in order to cut down its methane emissions by as much as 98 percent, President Andrés Manuel López Obrador said Friday at the Major Economies Forum, Reuters reported. At the virtual meeting hosted by U.S. President Joe Biden, the Mexican president said that the multi-billion-dollar investment would go to Pemex's exploration and production unit, coming from international credit lines and the oil company's own funds.

Eni Transporting First Venezuelan Crude to Europe in Two Years

Italian oil company Eni on Friday was set to transport the first export of Venezuelan crude to Europe in two years, Reuters reported, citing data from Refinitiv Eikon. The export, a 650,000-barrel-cargo, comes after the U.S. State Department in May authorized Eni and Spanish oil company Repsol to settle billions of dollars of unpaid dividends and debt.

BUSINESS NEWS

Coelho Steps Down as Chief Executive of Brazil's Petrobras

José Mauro Coelho, the chief executive of Brazilian state oil company Petrobras, resigned Monday after less than two months on the job, the Associated Press reported. His resignation from the company came amid political pressure from President Jair Bolsonaro and high-ranking legislators. Bolsonaro on May 25 had announced that he would fire Coelho, as the president has in recent months blamed Petrobras for Brazil's rising gas prices. Over the past year, fuel prices in Brazil have spiked by more than 33 percent, Agence France-Presse reported. Until Monday, Coelho had refused to step down from Petrobras until key stockholders voted on who would replace him, the AP reported. In May, Bolsonaro announced that he would replace Coelho with Caio Paes de Andrade, an official from the economy ministry, Reuters reported. Paes de Andrade would only be able to have taken over as CEO after being elected to the state oil company's board, a lengthy and complicated process. Because Coelho resigned before being formally replaced, however, the Petrobras board can now legally nominate Paes de Andrade to the board and chief executive position, the wire service reported, citing four anonymous sources close to the company's legal department and board. Paes de Andrade's appointment as the next Petrobras CEO could happen as soon as this week, according to two of the unnamed sources. Anabel Teixeira, an associate for Brazil and the Southern Cone at McLarty Associates, told the weekly Energy Advisor in a **Q&A** published June 3 that the frequent CEO changes at Petrobras are taking a toll on shareholders' confidence in the company. "These personnel moves have damaged the relationship between the executive branch and Petrobras leadership, with shares of the company dropping in reaction to political intervention in its management," Teixeira told the Energy Advisor.

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to moderate his rhetoric and image helped assuage concerns of enough Colombians who were faced with voting for the lesser of two evils. Unlike Rodolfo, who relied chiefly on TikTok videos, Petro and Márquez had a solid 'ground game.' They campaigned tirelessly and traveled to regions and provinces, to public plazas, to mobilize support and boost turnout. Despite Petro's anti-establishment credentials, he turned out to be the more 'institutionalist' of the two options. In the end, voting for Rodolfo meant jumping into a complete void. That over 47 percent of Colombian voters were prepared to take such a leap shows how daunting Petro and Márquez's governance challenges will be."

A Sergio Guzmán, director of Colombia Risk Analysis: "Gustavo Petro has proposed very significant economic reforms, such as ending oil exploration, accelerating the energy transition, significantly extending subsidies for low-income people, making the government the employer of last resort, enacting land reform and printing currency. Petro's unorthodox views are currently popular among public opinion, given the current economic duress and political polarization. However, it is improbable that some of his more radical views on the management of the economy will be passed by Congress, permitted by the courts or implemented by the institutions. Petro will expect fierce opposition from the business community and the Armed Forces, which will impede policymaking and further polarize Colombians. During the campaign, Petro talked a big game about unorthodox economic policy measures, and now he must come to terms with expiring Ingreso Solidario subsidies, the Fuel Price Stabilization Fund and the board of Ecopetrol. These three issues will be important in understanding if there is any real moderation from the incoming government. The conciliatory approach that Petro suggested in his victory speech is likely to change significantly once opposition to his

government becomes an obstacle to his vision. Petro's approach will likely become more confrontational against opponents within his government, sparking conflict within his coalition and consistently looking to blame political opponents, as well as business and political elites, whom Petro will blame for preventing his vision for the 'New Colombia' from being realized."

A Elizabeth Dickinson, senior analyst for Colombia at International Crisis Group: "Petro's victory must be understood in the context of deep social unrest, political polarization and expanding conflict in the countryside. Fundamentally, Petro won because he was the only candidate who read the pulse of the country: voters are expressing deep frustration with daily economic suffering and the political class' indifference to their reality. The fact that these grievances shaped the campaign marks a turning point in Colombia's political transition following a half-century of conflict, during which the political left was stigmatized as somehow sympathetic to the guerrillas. The 2016 peace agreement between the state and the Revolutionary Armed Forces of Colombia (FARC) began to lift that stigma, and mass protests in 2021 shattered it. An outburst of grievances about social inequality and the lack of development rose to the surface. Petro will not only be Colombia's first leftist president, but he will be the first whose election depended on and included civil society, farming and ethnic organizations, and social leaders. This is a fundamental reshaping of the Colombian political space. Perhaps Petro's greatest challenge now awaits him in the countryside, where four years of lackluster peace implementation and an ill-calibrated security strategy have helped facilitate the resurgence of conflict. To stem violence, the new government must fundamentally shift the role of the military toward protecting communities. Petro will have to win the trust of the military, an institution inherently

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distrustful of him, as a former guerrilla. The work and responsibility fall to both sides: Petro to build trust while working toward reform and the military to serve its elected democratic leader toward the shared goal of peace.”

A **Marco Molina and Sashe Dimitroff, partners at Baker-Hostetler:** “Petro’s election underscores a recent shift by Latin American countries to the political left, sparked by increasing poverty and socio-economic inequality and exacerbated by a global pandemic that shook public confidence in establishment political candidates and energized younger voters to become more politically active. The landmark election is particularly noteworthy because it occurred in Colombia, Latin America’s fourth-biggest economy and a country that has been a magnet for foreign investment in a region primarily known for protectionist policies. Petro promises a \$13.5 billion tax overhaul to pay for unprecedented social programs and proposes to halt development of oil—Colombia’s top export—and reallocate resources to renewable energy projects. This platform is ambitious, particularly in light of Colombia’s foreign investment and contractual commitments with companies that provide services, own concessions or have other in-country investments that may be disrupted by the new regime. And, unlike other recently elected Latin American leaders, Petro will not enjoy majority support in Congress, making his policies unlikely to be passed wholesale. Political gridlock appears inevitable. Time will tell how Petro’s presidency will affect the Colombian investment climate, which has already seen a rise in investment disputes in recent years (14 investment arbitration cases are currently pending against Colombia). Historically, political uncertainty discourages future investments and begets investment-related disputes. Petro will have to manage this risk, given that he is targeting Colombia’s

lucrative oil and gas sector, which receives sizable investments from U.S. and European investors who enjoy protections under Colombian investment treaties.”

A **Laura Carlsen, director of the Americas Program in Mexico City:** “When news broke that Gustavo Petro had won the presidential election, cries of joy broke out in the town of Suárez. Located in the Department of Cauca, Suárez is the hometown of Petro’s running mate, now Vice President-elect Francia Márquez, who galvanized the support of Afro-Colombian and Indigenous communities, campesinos and women, pushing the left-center coalition over the finish line. The pair took 63 percent of the vote in Valle de Cauca and averaged 80 percent in the other departments of the Pacific coast, where these populations are concentrated. After decades of suffering government indifference or persecution, militarization and economic exploitation, millions broke their traditional of lack of faith in electoral politics and voted for change. Petro and Márquez now face the hard part. They won in large part because life in Colombia had become untenable for much of the population. As the second most unequal nation in the Americas, with an additional 3.6 million pushed into poverty since the pandemic, the nation faces challenges to redistribute wealth fairly, confront powerful armed criminal groups allied with the political elite and break down political exclusion. Petro promised ‘social justice’ but also to ‘develop capitalism’ and promote production and growth. He must now revitalize and support small-scale production, while reducing illegal investment and the predominance of environmentally destructive extractivist industries. The only way to do that will be to govern for and with his constituencies. After years of the failed drug war, the U.S. government should recognize Colombians’ right to chart a new course of development and security in their country.”

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