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FEATURED Q&A

Will Brazil's New Decree on Logging Protect the Amazon?



Brazil's president last month signed a decree to toughen penalties for providing false information on forest concessions. Part of the Brazilian Amazon rain forest, near Manaus, is pictured. // File Photo: Neil Palmer (CIAT) via Creative Commons.

Q Brazilian President Jair Bolsonaro on May 24 signed a decree that increases fines for people who provide false information for forest concessions and logging license applications in the Brazilian Amazon. The decree, a response to a Brazilian Supreme Court lawsuit that accuses the Bolsonaro administration of not prosecuting environmental crimes, also increases consequences for repeat environmental offenders. How does the decree address illegal logging in the Amazon, and will it be effective in stemming these crimes? What are the possible consequences of the Supreme Court lawsuit, and why did the Bolsonaro administration decide to address the issue now? What does it mean for multinational companies, and how does the decree align with Brazil's COP26 promise to end illegal deforestation by 2028?

A Anya Prusa, senior director at Dentons Global Advisors-Albright Stonebridge Group: "The new decree on environmental fines is a positive step that, if enforced, could help curb the dramatic rise in Amazon deforestation seen in recent years and move Brazil closer toward its COP 26 promise to end deforestation by 2028. It is also a clear indication that mounting pressure from civil society, the private sector and the international community has found some measure of success in encouraging action. There is no doubt that something needs to be done. The first four months of this year alone saw a 69 percent increase in deforestation compared to the same period in 2021. Meanwhile, fewer environmental fines have been issued even as

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TODAY'S NEWS

POLITICAL

Pope Mourns Killings of Two Jesuits in Mexico

Pope Francis today expressed sadness and dismay at the killings of two Jesuit priests in a church in Mexico's Chihuahua state. The priests were killed Monday in the remote village of Cerocahui.

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BUSINESS

Brazil's Ebanx Lays off 20% of Work Force

Brazilian payments fintech Ebanx said it laid off 340 employees, some 20 percent of its staff.

The company is among several preparing for a difficult economic environment.

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POLITICAL

El Salvador Extends State of Emergency

Salvadoran lawmakers extended a controversial state of emergency, which President Nayib Bukele says is needed to deal with gangs. Authorities have made more than 41,000 arrests since the measure was implemented in March.

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Bukele // File Photo: Salvadoran Government.

POLITICAL NEWS

El Salvador Extends Controversial State of Emergency

El Salvador's Legislative Assembly on Tuesday extended a controversial state of emergency that suspends some rights and gives authorities additional powers, which President Nayib Bukele's government says is necessary in order to deal with gangs, Reuters reported. The latest extension marked the third time that lawmakers have lengthened the state of emergency since Bukele first proposed it as a 30-day measure in March, a day after gangs killed 62 people, the Associated Press reported. Tuesday's legislative vote of 67-15 extends the measure for an additional month, beginning June 25, Reuters reported. Under the state of emergency, authorities are not required to tell people why they are being arrested and can tap phones without a judge's order, the AP reported. The measure also suspends people's right to talk to a lawyer after being arrested, and they can be held for as long as 15 days without

seeing a judge. "The mission that Salvadorans are giving us is clear, eradicate these terrorists from Salvadoran territory," Security Minister Gustavo Villatoro said Tuesday, the AP reported. However, critics have called many recent arrests arbitrary, adding that they have resulted in the jailing of innocent people and violate due process. Judges have routinely ordered people to be jailed for months while prosecutors attempt to build cases against them, the AP reported. In the three months that the state of emergency has been in place, authorities have arrested more than 41,000 people. Bukele said Tuesday in a tweet that crews had started construction on a large new prison. [Editor's note: See related [Q&A](#) in the April 12 Advisor.]

Guatemala Will Maintain Ties With Taiwan: Minister

Guatemala will continue to maintain its diplomatic ties with Taiwan, the Central American country's foreign minister, Mario Búcaro, told Nikkei Asia in an interview published Tuesday. "For us, relationships with the United States

NEWS BRIEFS

Pope Mourns Killings of Two Jesuit Priests Inside Mexican Church

Pope Francis today said that he was "saddened and dismayed" by the killings of two Jesuit priests in Mexico's Chihuahua state, the Associated Press reported. Joaquín César Mora Salazar, 80, and Javier Campos Morales, 79, were killed Monday inside a church in the remote village of Cerocahui, allegedly by members of a drug gang, according to authorities. "Once again, I repeat that violence never resolves problems but just increases useless suffering," the pope, an Argentine Jesuit, said in his weekly general audience.

Protesters Threatening Ecuador's Democracy: Defense Minister

Ecuadorian Defense Minister Luis Lara said on Tuesday that the country's democracy was at risk following attacks on the prosecutor's office and demonstrations against the government by Indigenous protesters who want economic actions including a fuel price cut, the Associated Press reported. The "actions go beyond a citizen protest; this amounts to a deliberate effort to use violence to threaten democracy, endanger institutions," Lara said. Demonstrators said Tuesday that they will not meet with President Guillermo Lasso's administration until it withdraws security forces from parts of Quito, Reuters reported.

APA, TotalEnergies Find Oil in Block off Suriname's Coastline

APA's joint venture with French oil company TotalEnergies made an oil discovery off the coast of Suriname, APA said on Tuesday, Reuters reported. TotalEnergies operates the block in which the discovery was made and holds half of its stake, while APA has the remaining 50 percent working interest.

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deforestation rates have spiked—and the vast majority of fines go unpaid, weakening their effectiveness as a deterrent. The new decree—which increases the penalty for falsifying logging documentation and for repeat offenders and also simplifies the process for the government to collect payments—addresses the second part of this equation. But more will be needed to address the first part: the monitoring, control and enforcement activities required to find and halt illicit deforestation in the first place. Laws and decrees do not enforce themselves. The killings of journalist Dom Phillips and Brazilian Indigenous expert Bruno Pereira in the Vale do Javari reserve have tragically underscored what many already knew: across much of the Amazon, illicit activities and even violence are common; impunity is often

the norm. Addressing this reality will take significant resources and political will. The new decree is a step in the right direction, but the true test will be in its enforcement in the weeks and months ahead."



Valentina Sader, associate director and Brazil lead at the Adrienne Arsht Latin America Center at the Atlantic Council:

"Following commitments made at COP26 to end deforestation by 2028, this decree is one of the first concrete steps by President Bolsonaro's administration toward that goal. The decree might address some of the issues with the processing of fines, but efforts to curb deforestation cannot stop there and must include a quick and effective mechanism that ensures direct consequences to

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and with Taiwan are our keys," Búcaro told the newspaper. Of Taiwan's 14 bilateral diplomatic ties, eight countries are in Central and South America, and Guatemala is Taiwan's oldest partner. Ties between Guatemala and Taiwan date back to 1933, Nikkei reported. "We want

“For us, relationships with the United States and with Taiwan are our keys.”

— Mario Búcaro

peace in the region, sovereignty of the people of Taiwan and territorial integrity. And we will continue to support Taiwan in its endeavor," Búcaro said. The Guatemalan economy depends on its agricultural and textile sectors and is the fourth-largest coffee importer to Taiwan, accounting for about 10 percent to 12 percent of the Taiwanese coffee market, Taiwan News reported earlier this month. Taiwan's coffee import volume from Guatemala has increased over the past three years by 40 percent, according to Shirley Aguilar, the Central American country's deputy minister of foreign affairs. Guatemala is also seeking to strengthen its ties with the United States, especially in the effort to address Central American migration toward the United States, Nikkei reported. "We need to tackle root causes together with our neighbors and the private sector," Búcaro said.

BUSINESS NEWS

Brazilian Fintech Ebanx Lays Off 20% of Work Force

Ebanx, a Brazilian payments fintech, laid off 340 employees—approximately 20 percent of its staff—the company said on Tuesday, Reuters reported. The company is the most recent in billion-dollar Brazilian technology companies that are preparing for a difficult economic climate, particularly due to rising interest rates,

THE DIALOGUE CONTINUES

What Will Petro's Presidency Mean for Colombia?

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 Maria Velez de Berliner, managing director of RTG-Red Team Group, Inc.: "Fed up with a deaf and blind political, social, cultural, economic, security and safety establishment, 11 million Colombians elected Petro. To be effective Petro must: 1.) Apply his political and chameleonic ability to close the gap between his followers and those who oppose him by adjusting July's national budget to the expectations of his base without alienating the 10 million who oppose him; 2.) Make peace with the leaders of capitalist, market-oriented Colombia who create employment, attract internal and foreign direct

investment and keep Colombia's economy stable; 3.) Have and keep the unwavering support of all unions; 4.) Build sustainable legislative coalitions to negotiate probable or potential changes within a Congress where he lacks a governing majority; 5.) Name Colombians of proven ability and demonstrated results to the ministries of finance, defense, interior and justice, and also name a top-notch ambassador to the United States. How he will deal with drug trafficking and insurgent groups remains to be seen but, Petro, a former guerrilla commander, learned how to demobilize within the state's institutions, laws and regulations. The U.S. relationship with Colombia will change depending on the conditions that Petro sets, not by the United States. It would be helpful if the United States recognizes that Colombia has irreversibly changed, not favoring the wishes or expectations of the United States. Given Colombia's changes from a reliable modus operandi to the 'intelligent left,' the United States and Colombia stand to benefit from Petro's success and suffer from his failure."

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

high inflation and diminishing capital pools. "The decision was made based on the current scenario of the technology market as a whole, impacted in a profound and fast way by the macroeconomic environment," the company said in a statement, Valor Económico reported. "Ebanx remains committed to its sustainability and growth, following the mission of generating access between global consumers and companies," it added. Ebanx processes payments in 15 countries in Latin America and has a \$1 billion valuation. The company

is reviewing its current operations and will to continue to focus on its primary business: international payments, Reuters reported. Brazilian e-commerce company Facily also recently laid off about 30 percent of its workforce. Investment platform Empiricus and cryptocurrency exchange Mercador Bitcoin have also cut their staffs, the wire service reported. João Del Valle, Ebanx's chief executive and founder, said in March that the company had postponed its fundraising efforts until later this year, citing investor sentiment.

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environmental offenses, shifting incentives to avoid deforestation, for example. It must also empower state and local governments to carry out some of these regulatory practices on the ground, while also ensuring the protection of Indigenous communities, environmentalists and civilians. The Bolsonaro administration has been widely criticized for its approach on the environment. Ahead of the October presidential election, this decree might showcase a shift in President Bolsonaro's commitment toward the Amazon. But for environmental organizations and the international community, this commitment is only effective if translated into actual data that shows deforestation is slowing down considerably. The recent meeting between Presidents Biden and Bolsonaro during the Summit of the Americas was a missed opportunity to discuss key ways through which the United States and the Americas could work together to further support Brazil's efforts to protect the Amazon and sustainably develop that region in the long run."

A **Henrique Rzezinski, member of the executive committee and former president of AMCHAM Rio and member of the board of the Council of Foreign Relations of Brazil (CEBRI):** "At the present level of polarization in the war between Lula and Bolsonaro ahead of the October presidential election, an isolated analysis on the decree has almost no value. There are no more objective or rational discussions in the Brazilian political arena when it comes to this dispute,

which is different from past presidential elections in Brazil. Unfortunately, the discussion about what is happening in the Amazon strictly follows this pattern. Of course, there are severe critiques to be addressed to the present government. We should not forget that, objectively, there are other variables to be acknowledged when discussing that very complex subject. For example, there are excellent NGOs working in the region, but there are also many whose interests are linked to the smugglers that send wood and minerals to Europe. The Amazon became a major excuse to hide protectionist commercial interests, such as the recent nonconfirmation by France to sign the E.U.-Mercosur agreement, which has the objective of protecting highly subsidized French agriculture. The recent accusation that the government is responsible for the recent tragic deaths of Dom Phillips and Bruno Pereira has no objective other than politics. The tragic murder of U.S. missionary Dorothy Stang occurred during Lula's government and did not have the same political repercussions. The same can be said about Chico Mendes' death. The problem is more complex, but there is no interest in addressing some very important issues, such as the urgent need to drastically increase the number of surveillance planes flying over the Amazon, as well as fighting the reception of the smuggled wood and minerals that arrive every day in Europe. We are living in the middle of tons of fake news that is only meant to maintain political polarization."

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

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Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

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