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FEATURED Q&A

Is Brazil Making the Right Moves in Regulating AI?



Legislation related to the development and regulation of artificial intelligence is currently under consideration in Brazil's Senate. // File Photo: geralt via Pixabay.

Q Brazil's Senate is currently considering legislation related to the development and regulation of artificial intelligence in the country. The Senate's deliberations follow the lower house's approval of the measure last September. What are the most important aspects of the AI legislation under consideration, and what is missing from the bill? What should lawmakers do in order to help foster the development of artificial intelligence in Brazil, while curbing potential excesses and harms the technology might bring? Which sectors of Brazil's economy would see the most benefit from the growth of artificial intelligence, and what are the trade-offs in terms of jobs lost?

A Angel Melguizo, Colombia-based economist and UNESCO regional advisor for Latin America on artificial intelligence and ethics: "Brazil is a digital leader not just in Latin America, but also worldwide, thanks to its impressive progress in traditional digital markets such as telecommunications (including 5G) and also as an innovation and digital entrepreneurship hub, with leading fintech unicorns. This is why it is so important for the country to advance regulations on AI, making sure it is economically, socially and politically sustainable, by respecting ethics, human rights, democratic values and diversity. Today, companies and governments in Brazil use AI systems to optimize decisions on job searches, access to credit, and taxes and transfers, among many other services. Brazil's digital regulation has traditionally been advanced for Latin America, starting with data privacy and protection, and now artificial intelligence. Brazil is one of the so-called

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TODAY'S NEWS

POLITICAL

Petro, Maduro Discuss Full Border Reopening

Colombian President-elect Gustavo Petro and Venezuelan President Nicolás Maduro discussed the full reopening of the countries' shared border in a sign of warming relations between the two countries after Petro's election.

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BUSINESS

Costs of Mexico's Dos Bocas Refinery Escalate

The costs of Mexico's Dos Bocas refinery, one of President Andrés Manuel López Obrador's signature projects, have reportedly more than doubled to some \$18 billion.

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POLITICAL

Former Brazilian Education Minister Arrested

Authorities arrested former Brazilian Education Minister Milton Ribeiro in connection with a corruption investigation. Ribeiro resigned in March amid graft allegations.

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Ribeiro // File Photo: Brazilian Government.

POLITICAL NEWS

Petro, Maduro Discuss Full Reopening of Border

Colombian President-elect Gustavo Petro and Venezuelan President Nicolás Maduro said Wednesday that they had spoken about fully reopening their countries' shared border, Reuters reported. The border has been partially closed in recent years amid diplomatic tensions between the two countries and restrictions related to the Covid-19 pandemic. The countries took steps last year to reopen the land border, but it is currently open mainly to pedestrian traffic, Reuters reported. "I have reached out to the Venezuelan government to open the borders and restore the full exercise of human rights on the border," Petro, who was elected Colombia's president on Sunday and takes office in August, said Wednesday in a tweet. In a separate posting on Twitter, Maduro said he congratulated Petro on his election victory. "We discussed the willingness to restore normalcy at the borders, various issues about peace and the prosperous future of both peoples," said Maduro. During his campaign, Petro promised to re-establish diplomatic ties with Venezuela. The two countries broke diplomatic relations in 2019 following Colombia's recognition of Venezuelan opposition leader Juan Guaidó as Venezuela's legitimate interim president after the country's disputed 2018 election. [Editor's note: See related [Q&A](#) in Tuesday's Advisor.]

Ecuadorian Gov't Rejects Protesters' Conditions for Talks

Ecuador's government on Wednesday rejected conditions that Indigenous protesters have demanded for talks as demonstrators continued to paralyze Quito, causing shortages of food and fuel, the Associated Press reported. Protesters have sought several economic changes, including lower prices for food and

fuel, and have set up roadblocks on main roads in six of the country's provinces. "This is not the time to put more conditions, it is not the time to demand greater demands; it is the time to sit down and talk, we are on the tenth day of the strike," Minister of Government Francisco Jiménez told a television network, the AP reported. "And we can't keep waiting, the capital can't keep waiting, the country can't keep waiting," he added. Indigenous leader Leonidas Iza on Tuesday demanded that the government end the state of emergency in the provinces where protests have been taking place and also order troops and police officers to stand down in areas where protests are occurring in Quito. However, Jiménez said the state of emergency would remain in place because lifting it would leave "the capital defenseless," the AP reported. At times, protesters have clashed with police in Quito, and other violence has broken out in the provinces. In the capital, protesters have attacked vehicles and civilians and have forced the closure of some businesses, including ones that have been looted. Demonstrators have also punctured bus tires, forcing people to walk. The protests, mainly led by Indigenous organization Conaie, started on June 14, and protesters have sought a 45-cent per gallon cut in gasoline prices, as well as price controls for agricultural goods and more money for the country's education budget, Reuters reported. Several foreign governments, including those of the United States, Canada, Germany and Britain, have called for negotiations to end the violence and protests, the AP reported. The United Nations and the Organization of American States have also called on Indigenous leaders and Ecuador's government to reach an agreement to end the crisis. In a statement on Wednesday, the U.S. State Department warned travelers about protests and crime in Ecuador. "Public demonstrations can take place for a variety of political and economic issues," the State Department said. "Demonstrations can cause the shutdown of local roads and major highways, often without prior notice or estimated reopening timelines," the State Department said. "Road closures may significantly reduce access to public transportation and airports and may disrupt travel both within and between cities," it added.

NEWS BRIEFS

Former Brazilian Education Minister Arrested in Graft Case

Milton Ribeiro, a former Brazilian education minister under President Jair Bolsonaro, was arrested Wednesday in connection with a federal police investigation on corruption, the Associated Press reported. Ribeiro, who was appointed to the position in July 2020, left the ministry in March when conversations with mayors who would have allegedly been favored by education ministry budget decisions were leaked. Ribeiro has denied any wrongdoing, and Daniel Bialski, his lawyer, said the arrest was "unjust, uncalled for and unnecessary."

Chile's Arauco Signs \$3 Billion Deal for New Pulp Mill in Brazil

Wood panel and pulp manufacturer Arauco signed a \$3 billion investment agreement for a new pulp mill in Brazil, the Chilean company said Wednesday, Reuters reported. The Sucuriu Project, which will be located in Mato Grosso do Sul and will have the capacity to produce 2.5 million metric tons of hardwood pulp annually, is set to begin operations in early 2028. The project is still pending approval from both environmental authorities and the Arauco board.

Panama's Government Sees Surge of Migrants Crossing Darién Gap

The number of migrants crossing the Darién Gap, between Panama and Colombia, has grown substantially this year, Panamanian Security Minister Juan Manuel Pino said Wednesday, the Associated Press reported. So far this year, 46,415 migrants have been registered in the area, as compared to 26,216 at the same time last year. The largest share of migrants attempting to cross the Darién Gap are from Venezuela, according to officials.

ECONOMIC NEWS

Power Restored Following Blackout on Mexico's Yucatán

Power was returned to some 1.3 million users on the Yucatán Peninsula on Wednesday following a blackout that affected 62 percent of the total users in the Mexican states of Campeche, Quintana Roo and Yucatán, the Mexican Federal Electricity Commission (CFE) said in a statement. The CFE coordinated efforts with the National Center of Energy Control (Cenace) after six high-voltage power lines stopped working on Wednesday morning. The blackout was the result of an accident caused by a CFE worker who had been working on the maintenance of the power lines, the commission said.

BUSINESS NEWS

Costs of Mexico's Dos Bocas Refinery More Than Double

The costs of the Petróleos Mexicanos Olmecca, or Dos Bocas, refinery project, set to open July 1, may reach as much as \$18 billion, more than twice the amount of the project's initial \$8 billion budget, Bloomberg News reported Wednesday, citing anonymous sources familiar with the matter. Last month, the value of construction work contracts through 2024 increased to more than \$14 billion. The project's higher-than-expected costs are likely related to inflation, the news service reported. The refinery will eventually be able to process 340,000 barrels of crude per day, adding approximately 20 percent to its current refining capacity in the country. Following its inauguration next week, the refinery will go through a test phase for the rest of 2022 and then gradually increase its production, said President Andrés Manuel López Obrador, Prensa Latina reported.

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early adopters of UNESCO's recommendation on AI and ethics. In line with it, the legislation rightly establishes the principles that should govern this technology on data privacy, transparency, reliability and security of systems, and guarantee of human intervention, with a high degree of flexibility as advised by the rapid evolution in the field. Looking forward, it would be advisable for the legislation to explicitly address the need to develop AI systems with a gender perspective to avoid the risk of biased databases and algorithms. And it might be needed, given the fast and deep changes in the field, to set a permanent consulting group with experts and the main international organizations working on AI, such as UNESCO and the OECD, and the leading development banks, CAF and the IDB."

A **Husani Durans de Jesus, senior manager of policy for the Americas at the Information Technology Industry Council:** "In March, the Brazilian Senate created a commission of AI legal scholars to mark up the three AI-related bills in Congress (PLs 5.051/2019, 21/2020, 872/2021) and produce a new text by December. The commission has recently conducted an inclusive public consultation and invited stakeholders for public hearings and panel conversations to gather relevant input as it works on the text. First, we encourage the AI commission to be careful in defining AI and focus on software that learns and on the context in which AI is used. Second, to avoid stifling innovation and economic growth, the new regulations should seek to address AI in a principle- and risk-based way to avoid a 'one size fits all' approach that does not consider specific uses. It should enable organizations to identify and manage risks through monitoring and ongoing improvement of mitigation measures. Lastly, we have seen an outsized focus on transparency as a means to address concerns related to AI. However, we have expressed to the commission that there

needs to be a clear idea of what transparency means and what potential transparency requirements might aim to achieve. Sectors that can benefit the most from the growth of AI include health with better diagnosis and treatment suggestions, infrastructure with monitoring and identifying areas of potential failure, and cybersecurity with predicting potential threats."

A **Ernesto Haikewitsch, executive director of Mazaltech Consulting in São Paulo:** "Artificial intelligence is present in our daily lives, as well as in the lives of those that can, by their level of sophistication, change the ways in which productive chains and economic relationships are structured, how health is offered and how the state is administered. With the vertiginous expansion of this technology, Brazil's Senate decided to evaluate the impacts and alternatives to identify legal liability in events mediated by AI and appointed a commission of jurists to draft a proposal to regulate AI, focusing on the economic and social impacts in areas such as sustainable development, public security, agriculture, industry, digital services, health care and IT. Contexts with the use of personal data and data related to data mining will be taken into consideration. Brazil is the first country in Latin America to draft AI legislation. According to the Brazilian Association of Software Companies in partnership with IDC, AI and machine learning will see a 28 percent spending increase at \$490 million in 2022. This will boost new use cases in financial services—a huge opportunity to promote financial inclusion—and health care, where Brazil's Unified Health System has led to an impressive improvement of key health indicators. The legislation should be guided not only by risks, but also by the issue of data protection. AI systems cannot exceed citizens' rights. Regulating AI is not regulating technology itself, but rather business models that use technology to achieve a certain objective. And certainly,

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the benefits of smart usage of AI technology will surpass eventual impacts on jobs lost. It is necessary to evaluate the supposed tradeoff between regulation and innovation, considering that the lack of regulation can compromise the advancement of innovation.”

A Karim Lesina, executive vice president and chief external affairs officer at Millicom: “AI is expected to affect product development and innovation across all industries. This starts with making AI more accessible to entrepreneurs and businesses. Operators have been building AI and machine learning systems for decades, using algorithms to automate operations such as common call center procedures, and to analyze and correct network outages. We will now see AI helping to make global networks more secure, self-healing and self-resilient. AI is also vital to improving traffic flow as the industry evolves toward 5G, and it will help manage the rapid growth of video traffic on mobile networks. And as the adoption of the Internet of Things continues to rapidly scale up, generating large volumes of data, AI will form a key building block to enable organizations to quickly analyze, gather insights and make dynamic decisions. To build a network serving billions of connections and automating countless handovers,

making them work flawlessly is a daunting task. We all need to adhere to global standards and still comply with local rules and legislation. We need to adhere to industry standards, yet every one of our customers is unique and, in turn, wants to provide a unique experience to their customers. The

“AI is expected to affect product development and innovation across all industries.”

— Karim Lesina

European Commission recently introduced the concept of ‘AI regulatory sandboxes,’ labeled as specific measures supporting innovation. Their objective would be to foster AI innovation by establishing a controlled experimentation and testing environment for innovative AI technologies, products and services during the development phase, before their placement on the market. This could be an innovative way to test new models but without exempting participants from liability.”

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

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