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FEATURED Q&A

Does Ecuador's Lasso Face More Social Discontent?



Ecuadorian president Guillermo Lasso made several cabinet changes this month following large-scale protests. // File Photo: Ecuadorian Government.

Q Ecuadorian President Guillermo Lasso on July 5 appointed Pablo Arosemena as the country's new minister of economy and finance, replacing Simón Cueva, who resigned. Health Minister Ximena Garzón and Transportation Minister Marcelo Cabrera also were among the top government officials who stepped down in the cabinet shakeup. What are the reasons behind the officials' departures, and are more resignations expected? What will Arosemena's appointment mean for Ecuador's economic policy? How might the cabinet shakeup affect Lasso's political standing and his ability to pursue his agenda?

A Mónica Rojas, dean of the School of Economics at Universidad San Francisco de Quito: "Days after the recent protests ended and an agreement between the government and Indigenous groups had been reached, three ministers resigned: those of health, transportation, and economy and finance. It is most likely that the minister of economy and finance had already planned his resignation weeks before and was waiting for the riots to end. In the case of the transportation minister, he had shown his frustration for being unable to count on all the financial resources he had hoped for to complete many projects. The minister of health may have been the most likely to have stepped aside because of the corruption scandals surrounding the public health sector, specifically those relating to public hospitals and the handling of medicine and medical supplies. I don't expect more changes to the presidential cabinet any time soon. In the case of the new minister of economy and finance, his most important challenge will be to simultane-

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TODAY'S NEWS

POLITICAL

Colombia Sees Rising Violence in Rural Areas: U.N.

Violence has increased in rural areas of Colombia despite the country's landmark 2016 peace accord, the United Nations Human Rights Office said Tuesday.

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POLITICAL

Protesters End Roadblocks in Panama

Demonstrators protesting rising prices and corruption have ended their three-week block of major roads in Panama.

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ECONOMIC

El Salvador Planning to Buy Back \$1.7 Bn in Sovereign Bonds

Salvadoran President Nayib Bukele said Tuesday that his government is planning to voluntarily buy back sovereign bonds that mature between 2023 and 2025. The repurchases could cost the government some \$1.7 billion, according to analysts at Citi.

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Bukele // File Photo: Salvadoran Government.

POLITICAL NEWS

Colombia Has Seen Increasing Violence in Rural Areas: U.N.

Violence has increased in rural regions of Colombia despite the country's landmark 2016 peace accord with the Revolutionary Armed Forces of Colombia, or FARC, rebels, the United Nations Human Rights Office said in a report published Tuesday, the Associated Press reported. While homicides decreased following the signing of the agreement six years ago, violence has significantly increased over the last two years in remote areas of the country, the report said. The violence is primarily taking place in areas previously controlled by the FARC between smaller armed groups that are fighting over territory and drug trafficking routes. In 2021, 100 human rights defenders were killed in Colombia, compared to the 61 who were killed in 2016, according to the United Nations, the AP reported. Last month, Colombia's Truth Commission published a nearly 900-page report on the decades-long armed conflict in the Andean country. The report "reinforces the importance of building consensus around the need for the full implementation of the peace accords—which has not yet been achieved," Andrea Saldarriaga Jiménez, who was an advisor to former Colombian presidential candidate Sergio Fajardo, told the Advisor in a [Q&A](#) published July 13. "Colombia's current administration unfortunately did not make it a priority," she added.

More Than 400 Killed, Hurt, Missing in Haiti Violence: U.N.

More than 471 people have been killed, injured or have gone missing in Haiti over the span of 10 days this month—from July 8-17—in the country's capital amid soaring gang violence, the United Nations said Monday. "Serious incidents of sexual violence against women and

girls, as well as boys being recruited by gangs, have also been reported," the United Nations said in the statement. "Around 3,000 people have fled their homes, including hundreds of unaccompanied children, while at least 140 houses have been destroyed or burnt down," it added. The U.N. International Organization for Migration has provided blankets, hygiene and baby supplies, and other items to residents of Port-au-Prince, but the needs in parts of the capital are "immense and growing," said U.N. humanitarian coordinator Ulrika Richardson.

Protesters End Three-Week Block of Roads in Panama

Demonstrators in Panama on Tuesday ended a blockade of major roads that they started three weeks ago in protest of the rising cost of living and corruption in the Central American country, Agence France-Presse reported. Security Minister Juan Manuel Pino told the wire service that roads were "all open" for the first time since the demonstrations started. Protesters had been blocking major roads including the Pan-American Highway, leading to shortages of several goods including food and fuel. [Editor's note: See related [Q&A](#) in the July 20 issue of the Advisor.]

ECONOMIC NEWS

El Salvador Planning to Buy Back \$1.7 Bn in Sovereign Bonds

Salvadoran President Nayib Bukele announced Tuesday that El Salvador would voluntarily repurchase sovereign bonds that mature between 2023 and 2025, a move that comes as the government is seeking to demonstrate stable public finances, Reuters reported. The repurchases are likely to cost the government approximately \$1.7 billion, the wire service reported, citing a research note from Citigroup.

NEWS BRIEFS

PDVSA Crude Spill Reportedly Reaches Venezuela's Orinoco River

A crude oil spill from a joint venture of Venezuelan state oil company PDVSA has reached the waters of the Orinoco River in eastern Venezuela, close to fishing towns in the Orinoco Delta, three sources close to the company's operations said on Tuesday, Reuters reported. The leak, which was first discovered on Saturday, came from a Platform G oil well, which is part of the largely idled PDVSA-controlled Petrowarao joint venture, the wire service reported.

A.M. Best Raises Outlook for Chile's Insurance Industry to Stable

Credit rating agency A.M. Best on Tuesday revised its market segment outlook on the Chilean insurance industry from negative to stable, citing economic recovery, effective regulatory measures and market dynamics, Reinsurance News reported. Eli Sanchez, A.M. Best's associate director, said that there continue to be challenges for Chile's insurers, such as global inflation, currency devaluation and the effects of Covid-19, the company's statement said.

U.S.-Based Universal Solar Planning to Build Factory in Panama

U.S.-based solar company Universal Solar on Tuesday announced plans to open a photovoltaic module manufacturing factory in Panama, Renewables Now reported. The company has already secured more than 400 megawatts in signed master service agreements for the factory. The production site is set to open later this year, and Universal Solar is planning to begin product delivery in the fourth quarter. The company said it selected Panama as the site for the factory for its strategic location and tax exemption, Renewables Now reported.

The estimate could rise based on early reaction in the market, the note added. Salvadoran Finance Minister Alejandro Zavala told reporters that the government would pay for the repurchases by using special drawing rights from the International Monetary Fund as well as a \$200 million loan from the Central American Bank for Economic Integration, the Financial Times reported. Bukele said the government would buy back the bonds at market prices in a process that is set to start in about six weeks. [Editor's note: See related [Q&A](#) in the June 9 issue of the Advisor.]

Maya Train Cost Balloons to as Much as \$20 Billion: AMLO

Mexican President Andrés Manuel López Obrador on Tuesday said his administration's flagship Maya Train project will cost up to \$20 billion, which is as much as 70 percent higher than the government's previous \$11.8 billion cost estimate, Bloomberg News reported. The infrastructure project is significantly over budget amid project setbacks and high inflation in Mexico, which has affected the costs of shipping and raw materials. On July 18, López Obrador's administration invoked national security powers to resume the process of laying tracks following a court injunction that led the government to pause the work, the Associated Press reported. Environmentalists won the injunction earlier this year after arguing that the route cuts through the Mexican jungle and that the government had not previously filed an environmental impact statement. López Obrador on July 19 said that the delay had been costly to the project as a whole and that his administration's decision would benefit the general good rather than the interests of a few, Reuters reported. "The Mayan Train project is a very poorly conceived project, as are all of AMLO's projects," José F. Albarrán Núñez, the former president of Academia de Ingeniería México, told the Advisor in a June 15 [Q&A](#). "Driven by political-electoral objectives, very little effort has been put into the planning, design and development of the project," he added.

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ously comply with agreements acquired with international organizations, mainly the IMF, and with government offerings of increasing expenditures for social and public investment projects—such as infrastructure—that have been delayed, as well as the increase in the subsidy for gasoline and diesel prices. Additionally, the new minister of economy and finance will have to get back on track with some of the main objectives set when President Lasso took office. The new minister also announced his intention to make payments to the social security institute and stay on track to reduce the fiscal deficit. Given his background and explicit stand on facilitating investment and lowering taxes, his appointment is considered a shift from the previous minister, whose primary focus was reaching macro stability concerning fiscal accounts."

A **Diego Andrés Almeida, managing partner of Almeida Guzmán & Asociados:** "May 24 marked the first anniversary of Guillermo Lasso's presidency. For the second year of his four-year term, the government has announced major changes within the cabinet and will likely implement more. Political strategy will also be amended. In June, Ecuador experienced nationwide protests. To ease tensions, President Lasso and his cabinet will have to implement actions to increase public spending while focusing on obtaining new investments to stimulate the labor market. Simón Cueva successfully obtained the IMF Executive Board's approval to conclude the combined fourth and fifth reviews of the 27-month extended fund facility, allowing for an immediate disbursement of \$1 billion. Pablo Arosemena will face the challenge of increasing public spending in conjunction with government-opposed local administrations. José Ruales has replaced Ximena Garzón, who led the country's successful Covid-19 vaccination campaign. Recently, Garzón had been heavily criticized for the shortage of medicine in the public health

system. The new minister must restructure the current system and deal with outstanding payments to health providers. Dario Herrera will replace Marcelo Cabrera. Cabrera is

“**The government has announced major changes within the cabinet and will likely implement more.**”

— Diego Andrés Almeida

rumored to be preparing a political campaign for the upcoming midterm elections. The new minister has previous political experience, as he served in the housing and urban development ministry.”

A **Nancy Medina Carranco, dean of the School of Economic Sciences at Universidad Central de Ecuador:** "President Guillermo Lasso took office last year after a decade of '21st century socialism' under Rafael Correa and four years of government with an uncertain trend under Lenin Moreno. Then, Lasso's right-wing government emerged and has had disastrous problems—especially economic ones. There has also been rampant corruption and great indebtedness that the country inherited from the Correa government, as well as the pandemic, which has led to economic collapse. Additionally, the October 2019 protests caused great losses to the country. President Lasso has focused his actions on solving the problems of Ecuador's external debt and public deficit, which in 2020 represented 7.8 percent of GDP. Last year, he managed to reduce the deficit to 4 percent, according to his government's statements. But this reduction was achieved at a great social cost, since little or no importance was given to social policies, which in part led to the most recent national strike in June. Just like in the 2019 strike, excessive violence and total instability resulted. Presi-

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dent Lasso's government has taken seriously the demands of the people, particularly those from the rural sector, which resulted in the changes. The cabinet changes were an attempt to install people who will work to solve big problems, such as ones involving the health system. There are currently great challenges in caring for people with fewer resources because there is a lack of medicine, and social security is in a very critical situation, as previous governments used it as petty cash. Now, the government is trying to promote projects, programs and policies to help those most in need."

A **Hernán Reyes, professor of communications at Universidad Andina Simón Bolívar in Ecuador:** "In June, Ecuador experienced 18 days of paralysis due to a powerful mobilization led by the Indigenous movement. The government of Guillermo Lasso was harshly challenged by social discontent. It is typical in democratic regimes for affected governments to show signs of having assimilated the dissatisfaction of the people by taking political measures. The 'oxygenation' of the ministerial cabinet implies not only the public acknowledgment that there is a need to make changes of direction in the political leadership of one

sector or another, but also that, in many cases, these liberated spaces are occupied by new authorities closer to sectors dissatisfied with the government's political management. This time, Lasso changed five ministers and two secretaries with ministerial rank. He

“The social protests could be revived in a couple months.”

— **Hernán Reyes**

changed the ministers of transportation and public works, economy and finance, housing, and health, as well as the secretary of higher education, and he accepted the resignation of the undersecretary for peoples and nationalities. However, he did not dismiss the ministers of defense and government, whose resignations the Indigenous leaders have requested due to violent actions in the protests. Lasso has made some cabinet changes, but has not changed anything deeper, and the social protests could be revived in a couple months."

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

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Leticia Chacón

Reporter
lchacon@thedialogue.org



Rebecca Bill Chavez, President

Bruno Binetti, Nonresident Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Senior Advisor

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Lisa Viscidi, Nonresident Senior Fellow

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Subscription inquiries are welcomed at ebrand@thedialogue.org

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