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THEDIALOGUE

FEATURED Q&A

How Important Is Spain to Petro's Agenda in Colombia?

Colombian President Gustavo Petro met this month in Madrid with Spanish Prime Minister Pedro Sánchez (L-R). // Photo: Colombian Government.

Q During a state visit to Spain this month, Colombian President Gustavo Petro placed economic investment, migration policy and gathering support for his peace plan high on his agenda. Petro's trip came ahead of Spain's assumption of the European Union's rotating presidency in July and its plans to hold a summit between the bloc and Latin America. What did Petro accomplish during his trip? How important is the European Union to Petro's agenda? How much potential is there for Colombia to strengthen economic ties with Europe?

A R. Evan Ellis, Latin America research professor at the U.S. Army War College's Strategic Studies Institute: "Petro's visit to Spain reciprocated Spanish Prime Minister Pedro Sánchez's August 2022 visit to Colombia. Sánchez's ideological sympathy with Petro, as head of Spain's Socialist Workers Party made policy congruence across a range of issues a foregone conclusion, but Spain's assumption of the E.U. presidency in July for six months made the trip strategic for Petro. Spain's leadership of the European Union will shape the content and tone of the E.U.-CELAC summit in Brussels in July, including on the issue of Petro's 'total peace,' as well as on Venezuela. Sánchez's pledge of support in the summit with Petro for the Colombian president's peace efforts could include Spanish help in a future decision to remove the National Liberation Army (ELN) from the E.U. terrorist group list, although the specifics of Spain's 'support' remain undefined. Sánchez and Petro signed a protocol facilitating 1.1 billion euros in financing for

Continued on page 2

TODAY'S NEWS

POLITICAL

Argentine VP Confirms She Won't Run for President

Argentine Vice President Cristina Fernández de Kirchner confirmed Tuesday that she will not run for president in the country's October election.

Page 2

BUSINESS

Petrobras to End Fuel-Price Pegging Policy

Brazilian state-owned oil company Petrobras said Tuesday that it would end its policy of pegging fuel costs to international prices.

Page 3

POLITICAL

Ecuador's Lasso Dissolves National Assembly

Ecuadorean President Guillermo Lasso today dissolved the country's National Assembly, which had opened an impeachment trial against him on Tuesday. Lasso will now rule by decree ahead of snap presidential and legislative elections.

Page 2

Lasso // File Photo: Ecuadorean Government.

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POLITICAL NEWS

Ecuador's Lasso Dissolves Assembly, Snap Election Planned

Ecuadorean President Guillermo Lasso today dissolved the country's National Assembly ahead of an impeachment vote that could have resulted in his removal from office, The New York Times reported. The right-leaning leader disbanded the opposition-led legislature as he faced impeachment proceedings over embezzlement accusations for failing to cancel oil shipping contracts, Bloomberg News reported. He denies any wrongdoing. "I have signed Executive Decree 741, with the objective of dissolving the National Assembly and requesting the electoral council to call elections," Lasso said in a posting on Twitter. "Ecuadoreans: this is the best decision to give a constitutional solution to the political crisis," he added. By triggering the constitutional measure, a historically unprecedented move under the country's 15-year-old constitution, Lasso will rule by decree until new legislative and presidential elections are held. The early elections are only to complete the outgoing president's regular term, however, until 2025, and Lasso has said he would seek the presidency again, Bloomberg News reported. The move marks a moment of heightened political turbulence in a country already in turmoil. In recent years, Ecuador has experienced rising violence and skyrocketing homicide rates amid increasingly powerful narco-trafficking groups fighting for territory, The New York Times reported. The National Assembly voted last week to begin impeachment proceedings.

Argentine VP Confirms She Won't Seek Presidency

Argentine Vice President Cristina Fernández de Kirchner confirmed Tuesday that she will not run for president in this year's election, saying that the country's judiciary would disqualify her following her sentencing in a high-profile corruption case, Reuters reported. Fernández de Kirchner, who was Argentina's president from 2007-2015, said she refused to play a "perverse game" that would result in the judiciary disqualifying her from returning to the presidency. Late last year, Fernández de Kirchner was sentenced to six years in prison and banned from holding public office for life after being found guilty of corruption charges. She denies wrongdoing, and higher courts still must confirm the sentence for it to become effective, the Associated

FEATURED Q&A / Continued from page 1

Spanish initiatives in Colombia, although only a small fraction of potential projects will likely occur. Spain also committed to more than doubling the number of visas for agricultural sector migrants, although the gesture will affect fewer than 2,000 Colombians. The two nations also signed other agreements in areas including climate change, crime cooperation, education and railroad infrastructure. These demonstrate that Spain, as leader of the European Union, will be an important ally for Petro, giving the benefit of the doubt to his ambitious gambit for Colombia. Such support will mean little in the long run, however, if Petro administration policies facilitate a deepening spiral of economic deterioration, expanding illicit activities and insecurity for Colombia."

Mariano de Alba, senior advisor at International Crisis Group: "Petro accomplished two things. The first was the signing of 10 cooperation agreements with Spain on different issues, including energy transition and decarbonization of the energy sector, Spain's technical assistance for prison matters and an agreement on Spain's support for the peace process in Colombia. Second, the trip also highlighted Colombia's and Petro's

Continued on page 4

NEWS BRIEFS

Brazil's Bolsonaro Questioned in Fake Vaccine Card Case

Brazil's Federal Police of Tuesday questioned former President Jair Bolsonaro in connection with accusations over allegedly falsified Covid-19 vaccination cards, the Associated Press reported. Local media reports in Brazil said authorities have been probing the vaccination cards of Bolsonaro, members of his family and advisors about whether they were falsified ahead of visits to the United States. Bolsonaro has denied wrongdoing and said he never claimed to be vaccinated.

Teachers Clash With Police in Mexico Over Pay

Mexican teachers protesting pay hikes announced by the government clashed with police in the country's capital city on Tuesday as they tried to force their way into the National Palace, EFE reported. President Andrés Manuel López Obrador announced a pay increase of 8.2 percent, bringing teachers' minimum monthly salary to 16,000 pesos ($914), when median annual income in Mexico stands at $3,315. The members of the CNTE teachers' union rejected the increase as inadequate.

Exxon Mobil Says it Has Spent More Than $900 Million in Guyana

U.S.-based oil major Exxon Mobil and its contractors spent more than $400 million in Guyana last year and in excess of $900 million since it made its first oil discovery in the South American country in 2015, the company said in a statement on Tuesday, Reuters reported. The largest U.S. oil producer and partners Hess Corp. and CNOOC have approved a budget of more than $42 billion in investments in Guyana. Guyana's government on Monday approved Exxon's 2023 content plan, which also seeks to promote local industry.

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Press reported. Fernández de Kirchner has temporary immunity because of her current position as vice president and is expected to appeal the sentence. Current President Alberto Fernández announced last month that he would not seek another term. With both the president and vice president bowing out of the race, attention is turning to Economy Minister Sergio Massa as the potential candidate of the ruling party. "The most likely candidate from the Frente de Todos is Minister of Economy (and coalition partner) Sergio Massa, but his chances are similarly affected by the inability to lower the monthly inflation rate," Kezia McKeague, regional director at McLarty Associates, told the Advisor in a **Q&A** published May 10. "He has reportedly postponed a decision about his political future until June," she added. Also on Tuesday, Fernández de Kirchner criticized the International Monetary Fund, with which Argentina has a $44 billion loan agreement, Reuters reported. She blamed the institution for "accelerating" Argentina's inflation rate, which exceeded 109 percent in April. "The story ... is the same as always with the Fund in our country: it intervenes, takes the helm of the Argentine economy, imposes its economic program and the uncontrolled inflationary process in Argentina is triggered again," said Fernández de Kirchner, Reuters reported.

BUSINESS NEWS

Brazil's Petrobras to Stop Pegging Fuel Costs to Int'l Prices

Brazilian state-owned oil company Petrobras said Tuesday it would end its policy of pegging the cost of fuel to international prices, The Wall Street Journal reported. The company said it would use other "market references" instead, basing prices on a combination of domestic and foreign factors and "taking into account the best alternative to customers," Bloomberg News reported. "With the new policy, Petrobras recovers the freedom to decide on prices," Chief Executive Officer Jean Paul Prates said in a media briefing. Petrobras offered limited details, however, and did not provide a timeline for the change. President Luiz Inácio Lula da Silva, who is scrambling to tame the country's inflation, had previously argued the government should shield the country from the volatility of international fuel prices, The Wall Street Journal reported. Following the announcement, company shares rose by nearly 3 percent. "The market was expecting something so bad that people were actually cheered by the statement," said Pedro Paulo Silveira, a São Paulo-based economist. Under Lula's previous term as president, Petrobras was used as a vehicle for government intervention. Between 2011 and 2016, the oil company had to sell fuel below cost to tackle inflation. The expensive policy cost approximately $30 billion and turned Petrobras into the most indebted oil company in the world, The Wall Street Journal reported.

THE DIALOGUE CONTINUES

What Did Mexico's Senate Pass in a Fast-Tracked Vote?

Q In an early-morning session on Saturday, April 29, Mexico's Senate approved legislation including measures to shorten the length of mining concessions to 30 years from 50, as well as a requirement for some of mining companies' profits to be paid to local communities. Ruling-party lawmakers also approved other measures such as lowering the minimum age to be a legislator. What are the most significant measures that received the Senate's approval? How will the mining-related reform affect that sector and investment in it? Why were the bills approved in a fast-tracked process in the middle of the night, and what has been the opposition's reaction?

A Rodrigo Abud, managing director at Baboon Consulting: "The Morena-led coalition in the Senate on April 29 approved a set of 20 laws covering a diverse array of topics, prompting the latest showdown between the government and opposition parties. While the lower chamber had already passed the reforms, controversy mounted over what many have called a legislative blitz. Reforms were approved with no opposition legislators present at the time of voting. Highlights of the legislation approved related to: 1.) Mining, including a reduction in the time of mining concessions, broader compliance requirements and economic compensation for Indigenous communities. 2.) Infrastructure and aerospace, relating to increased control of the military in terms of operations and oversight. 3.) Science and technology, involving a restructuring of the Council of Science and Technology. It is still early to assess the specific impacts these reforms would bring to the business environment. Should these reforms stand the test of judicial overview, secondary regulation would still need to follow. For now, it would be fair to say that most legislation walks on a path of centralization of state participation in economic activity. Opposition parties have announced they will file appeals against these laws, following claims that discussions did not follow a proper legislative process. Recent rulings by the Supreme Court have blocked presidential-backed legislation. Politically, an increasing rivalry involving the selection of a presidential candidate, along with upcoming state elections in Coahuila and the State of Mexico, has provoked collateral effects in Congress, and this trend is likely to continue in months to come."

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

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FEATURED Q&A / Continued from page 2

importance to Spain. The European Union is Colombia's third-largest trading partner and the second largest source of foreign direct investment in the country, after the United States. Furthermore, the Spanish government supported Petro's 'total peace' plan. Petro, in turn, can be a crucial ally for Spain and Europe in this year's exceptional effort to deepen the ties between Europe and Latin America. The European Union is vital for Petro's agenda. It has been the most determined and continuous support that Bogotá has received for implementing the 2016 peace agreement and could be a crucial ally in Petro's 'total peace' effort, considering the partial skepticism in Washington, especially if the Republican Party returns to the White House in early 2025. As shown by the agreement signed with Spain, Europe is also a key partner in Petro's decarbonization and environmental protection agenda. Without the support of Europe, it is even less likely that significant features of Petro's agenda will get implemented. The potential for Colombia to strengthen its economic ties with Europe is high. They have already grown exponentially over the last 10 to 15 years. Still, there is space for more trade, especially as Colombia is trying to diversify its exports. Moreover, a trade agreement has been partially in place since 2013, making commercial exchange straightforward. A key area for Colombia in this regard is securing more exports from its agricultural sector, especially since any contribution to rural development is crucial in a post-conflict context."

> **"The European Union is Colombia's third-largest trading partner and the second largest source of foreign direct investment..."**
>
> **— Mariano de Alba**

Sergio Guzmán, director at Colombia Risk Analysis: "President Petro's visit to Spain was a success. Not only did he obtain promises of additional economic investment, support for his peace plan and encouragement for his environmental policy, but he also managed to get symbolic victories both at home and abroad. At home, he picked a fight with the attorney general over the separation of powers and him being the country's 'commander in chief' according to the constitution, something that nobody questioned. He also got into an argument with the press concerning unfair coverage of his speech to the Spanish parliament, which allowed him to declare himself a victim of a media conspiracy to soil his state visit. Abroad, he managed to receive the royal treatment that made him feel like a global leader and influencer, while at the same time violating dress-code protocol to make a point. Petro's most important and substantive accomplishment has gone under the radar, which is to integrate Colombia into the airplane manufacturing value chain to service Airbus. In the short-term, it is a $300 million investment in the country. In the long term, it helps make good on Petro's promise of industrialization. While a signed agreement is not necessarily money in the bank, Petro demonstrated that his economic vision for Colombia is possible but contingent on foreign direct investment. However, it is clear that FDI finds political instability and rule-changing toxic, something that President Petro will have to balance at home with some of his other proposals, such as the labor reform and the pension reform, which introduce more uncertainty."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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