LATIN AMERICA ADVISOR

A DAILY PUBLICATION OF THE DIALOGUE

www.thedialogue.org

Tuesday, November 7, 2023

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THEDIALOGUE

FEATURED Q&A

What Could Lithium Cooperation Mean for Brazil & Bolivia?

Officials of Brazilian state oil company Petrobras and Bolivia's government met last month to discuss cooperation on lithium. A lithium facility in Bolivia is pictured. // File Photo: Bolivian Government.

Q Officials of Brazilian state oil company Petrobras met in mid-October with Bolivian officials to discuss the lithium industry, hydrocarbon exploration and renewable energy, according to Bolivia's energy ministry. What did both countries' officials accomplish during the meeting? How important are Brazil and Bolivia to each other in the areas of lithium, hydrocarbons and renewable energy? What are the most promising areas of cooperation between the two countries on energy matters?

A Allison Fedirka, director of analysis at Geopolitical Futures: "The official visits accomplished two important objectives. First, they contributed to laying a strong base for renewing bilateral ties after a notable lull. Second, they established a roadmap for how the two countries can expand their relationship beyond traditional hydrocarbon projects to other economic areas with high market demand and potential for value-added exports. There is enormous potential for the Brazil-Bolivia relationship given the many complimentary interests. Bolivia has recently struggled with maintaining hydrocarbon production while Petrobras has struggled to discover new oil fields in Brazil. Helping to revive the Bolivian hydrocarbon industry would boost the Bolivian economy and help Brazil to extend regional power as well as supplies for domestic energy demand. Bolivia and Brazil also stand to mutually benefit with fertilizer production. Agriculture accounts for 7 percent of Brazil's GDP, and the country depends on imports for 80 percent of its fertilizer supply. Petrobras will invest in the construction of an ammonia and urea plant in Bolivia and is studying the exploration of

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TODAY'S NEWS

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Ecuador's Noboa to Tap Moya as Finance Minister

Ecuadorean President-elect Daniel Noboa reportedly intends to name career planning official Sariha Moya as his finance minister.

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BUSINESS

Brazil's Itaú Unibanco Reports Profit Growth of Nearly 12% for Q3

Brazilian bank Itaú Unibanco on Monday reported a third-quarter net profit of 11.9 percent, exceeding analysts' expectations.

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POLITICAL

Peruvian Foreign Minister Resigns Over U.S. Visit Controversy

Peruvian Foreign Minister Ana Cecilia Gervasi resigned Monday, reportedly amid controversy over her failure to arrange a formal meeting between President Dina Boluarte and U.S. President Joe Biden during Boluarte's visit to the White House last week.

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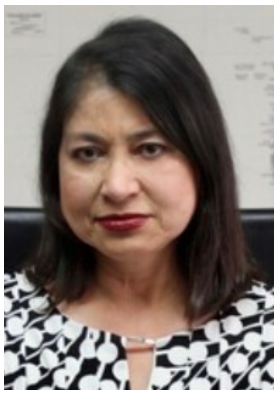

Gervasi // File Photo: Peruvian Government.

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POLITICAL NEWS

Peruvian Foreign Minister Quits Amid U.S. Visit Controversy

Peruvian Foreign Minister Ana Cecilia Gervasi and the country's ambassador to the United States, Gustavo Meza Cuadra, resigned Monday over how they handled President Dina Boluarte's visit to Washington last week, Reuters reported. Gervasi did not mention Boluarte's trip to the White House in her resignation letter, but local media in Peru reported that she was under pressure to step down because she failed to arrange a formal meeting between Boluarte and U.S. President Joe Biden during the trip. In Meza's resignation letter, the outgoing ambassador said he had been "responsible for preparing" the trip, Reuters reported. Instead of holding a formal bilateral meeting, Boluarte and Biden spoke on the sidelines of the Alliance for Economic Prosperity in the Americas Summit, said Peru's foreign ministry. The summit drew several Western Hemisphere leaders to the White House to discuss strengthening economic ties and working together on migration issues. Peru's Congress also summoned Gervasi to ask why Boluarte's itinerary before the trip noted that she would have a bilateral meeting with Biden. "It's regrettable that the government of Boluarte didn't tell the truth," opposition lawmaker José Cueto said in a posting on social media site X, formerly known as Twitter. In her own posting on X, Gervasi said that the information that the government submitted to Congress before the trip was truthful. In a statement last Friday, Peru's foreign ministry said a formal meeting between Boluarte and Biden did not happen because "time was short," Bloomberg News reported. Before joining Boluarte's cabinet in December 2022, Gervasi had held several other government roles, including deputy foreign minister and vice minister of foreign trade, Reuters reported. Peruvian presidents need permission from the country's Congress to travel abroad, and a trip that Boluarte recently took to Germany to meet with President Frank-Walter Steinmeier raised questions in Peru about why she did not meet with Chancellor Olaf Scholz, who is Boluarte's counterpart as Germany's head of government, Bloomberg News reported.

ECONOMIC NEWS

Ecuador's Noboa to Tap Moya as Finance Minister: Report

Ecuadorean President-elect Daniel Noboa intends to name career planning official Sariha Moya as his finance minister, Bloomberg News reported Monday, citing three unnamed people close to Noboa's transition team. On Monday, Moya was with Noboa in Washington for meetings with investment bankers and multilateral lenders and was being introduced as the country's incoming finance minister, the news service reported.

BUSINESS NEWS

Itaú Unibanco Sees Profit Growth of Nearly 12% for Q3

Brazilian lender Itaú Unibanco on Monday reported third-quarter profit growth of nearly 12 percent, exceeding analysts' expectations amid strong loan growth, Reuters reported. The July-to-September period saw the recurring net profit for Itaú Unibanco reach 9.04 billion reais, or $1.85 billion. Itaú Unibanco is the largest bank in Brazil and the largest in all of Latin America, but analysts at the London Stock Exchange Group predicted that the bank would reach a profit of only a 8.95 billion reais in the same period, Reuters reported. The Brazilian lender's new figures marked 1 percent growth in its loan book from the second quarter and 5 percent growth from the same period last year, resulting in 25.56 billion reais in net interest income from clients, a 9.3 percent increase.

NEWS BRIEFS

El Salvador Opposition Party Files Complaint Over Bukele's Candidacy

Members of El Salvador's opposition Arena party lodged a formal complaint Monday against the registration of President Nayib Bukele as candidate for next year's presidential vote, Agence France-Presse reported. Last Friday, the country's Supreme Electoral Tribunal (TSE) announced that it had approved Bukele's decision to run, despite a constitutional prohibition against multiple presidential terms. Presidential candidate Luis Parada said his party, Our Time, would also lodge a brief asking the TSE to bar Bukele from running.

Half a Million São Paulo Residents Without Power Following Storm

Approximately 500,000 residents of São Paulo are without electricity after a storm toppled power lines Friday in Brazil's largest city, Reuters reported Monday. The storm initially knocked out power to some 2.1 million customers before service was restored for some residents, according to energy distribution company ENEL. Classes were canceled at schools in some neighborhoods of the city due to the outage. Gale force winds during the storm were the strongest felt in recent years.

Mexican Fintech Creze Secures $5.7 Mn Loan From BBVA

Fintech platform Creze has secured a $5.7 million loan from Banco Bilbao Vizcaya Argentaria, or BBVA, Contxto reported Monday. The Mexican company has provided $114 million in loans to small and medium-sized enterprises, employing a technological approach to making risk assessment more efficient. Co-CEO Juan Ahedo called the loan an "opportunity to promote an entrepreneurial ecosystem with greater growth potential."

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phosphate resources and the construction of new potassium chloride plants. These projects will diversify the Bolivian economy and help Brazil gain more control over critical imports. Brazilian participation in developing Bolivia's lithium fields will support Bolivia's desire to export more value-added goods, such as batteries for electric vehicles. Brazil's large automotive industry would also benefit from a local producer. Brazil offers an abundance of knowledge and technology for developing renewable resources to help reduce the Bolivian economy's dependence on hydrocarbons."

William Tahil, research director at Meridian International Research: "The recent meeting between Petrobras and the Bolivian government included discussions on lithium, but this would only have been part of the discussions and probably secondary to natural gas. Any discussions on lithium would have been very preliminary. Petrobras may feel the need to start hedging their bets for a long-term decline in its fossil fuel business, in the same way as Exxon recently announced its interest in lithium brines in Arkansas. Bolivia has already announced three large ventures with Russian and Chinese companies this year to develop lithium, and Uyuni is probably big enough to physically accommodate dozens of extraction plants, putting aside other factors. So Bolivia has nothing to lose by talking about lithium with anyone who is interested. Petrobras probably also feels that drilling for lithium brine is much more like drilling for oil than mining spodumene, which is how all the lithium in Brazil is currently produced. Therefore, it is a potentially synergistic relationship, but Uyuni is not an easy deposit to exploit, as others have found."

> **"Bolivia has nothing to lose by talking about lithium with anyone who is interested."**
>
> **— William Tahil**

Pavel Molchanov, managing director in the Energy Group at Raymond James: "South America has long been a major source of the world's lithium supply: in 2022, 30 percent came from Chile, and another 5 percent came from Argentina. And, as it turns out, both Brazil and Bolivia also have significant lithium resources that should be developed over time. Bolivia stands out for having more resources—approximately 23 million tons—than any other country, none of which are currently in operation. Brazil has a smaller, though still needle-moving amount of resources, very little of which are operational. Interestingly enough, there is a geological difference. In Bolivia, as in Chile and Argentina, lithium is found in brines at salt flats. By contrast, in Brazil—specifically, the state of Minas Gerais—lithium would be extracted from spodumene (hard rock) mines. So, why is there no lithium production in either country? The hurdle in Bolivia had been political: under long-serving former President Evo Morales, there was an absence of government support. Since 2020, under Luis Arce, that has started to change, but international mining companies are still hesitant to commit capital there. In Brazil, meanwhile, the mining industry is already very well established, and development of lithium mining is a logical next step that is underway. Thus, insofar as the Bolivian and Brazilian governments establish collaboration, Bolivia would benefit from Brazil's expertise in creating a cohesive regulatory framework. Various models are available—such as leases and concessions—as long as there is regulatory clarity."

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

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
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