LATIN AMERICA ADVISOR

A DAILY PUBLICATION OF THE DIALOGUE

www.thedialogue.org

Friday, June 21, 2024

BOARD OF ADVISORS

Diego Arria
Director, Columbus Group

Merike Blofield
Professor of Political Science, University of Hamburg

Devry Boughner Vorwerk
CEO, DevryBV Sustainable Strategies

Joyce Chang
Global Head of Research, JPMorgan Chase & Co.

Marlene Fernández
Corporate Vice President for Government Relations, Arcos Dorados (McDonald's)

Peter Hakim
President Emeritus, Inter-American Dialogue

Donna Hrinak
Director, Adtalem Global Education

Jon E. Huenemann
Council Member, GLG Inc.

James R. Jones
Chairman, Monarch Global Strategies

Craig A. Kelly
Senior Director, Int'l Gov't Relations, Exxon Mobil

Barbara Kotschwar
Professor of Political Economy, Georgetown University

John Maisto
Director, U.S. Education Finance Group

Nicolás Mariscal
Chairman, Grupo Marhnos

Thomas F. McLarty III
Chairman, McLarty Associates

Beatrice Rangel
Director, AMLA Consulting LLC

Ernesto Revilla
Head of Latin American Economics, Citi

Gustavo Roosen
President, IESA

Andrés Rozental
President, Rozental & Asociados

Shelly Shetty
Managing Director, Sovereigns Fitch Ratings

THEDIALOGUE

FEATURED Q&A

How Can Boric Bring Peace to Southern Chile?

Gabriel Boric reimposed a state of emergency in southern Chile in 2022 to address the ongoing conflict there with Indigenous Mapuche militant groups, but the violence has continued. File Photo: Chilean Government.

Q The leader of a militant Mapuche separatist group, Héctor Llaitul, began a hunger strike in prison on June 3, in protest of Chilean authorities handing him a 23-year sentence for violent attacks and theft. President Gabriel Boric had lifted a state of emergency imposed by former President Sebastián Piñera in hopes of taking a softer approach to resolving the regional conflict with Mapuche militant groups, but Boric then reimposed the state of emergency in May 2022, amid continuing violence in southern Chile. What are the root causes driving Mapuche groups to fight authorities and companies in southern Chile? To what degree has Boric's approach been effective? What has been the economic impact of the conflict? What is needed to bring peace to southern Chile?

A Nicolás Saldías, senior analyst for Latin America and the Caribbean at the Economist Intelligence Unit: "The tensions between the Chilean state and the Mapuche community originates from the colonization process in the Araucanía region that began in the 1860s and lasted until the 1880s. At the time, the Chilean state aggressively expanded its borders to secure its sovereignty and expand its access to rich natural resources. Only in the 1990s, with the return to democracy and a greater sensibility towards Indigenous rights, especially following the introduction of the Indigenous law of 1993, did addressing the long-standing grievances of the Mapuche community gain a sense of urgency. The majority in the Mapuche community supported efforts to peacefully petition the government for greater autonomy and to turn Chile into a plurinational state (a demand rejected following the

Continued on page 3

TODAY'S NEWS

BUSINESS

Brazilian Agency Strike Causing Delays for New Petrobras Project

Analysis of a request from Brazilian state-run oil firm Petrobras, regarding exploratory studies in the Equatorial Margin region, is being affected by a strike called by workers at Ibama, Brazil's environmental regulator.

Page 2

ECONOMIC

Colombia's Debt Ceiling Increased by the Congress

Economic committees in both Colombia's lower house and Senate on Thursday approved the government's request to increase the debt ceiling to $17.6 billion.

Page 2

POLITICAL

President-Elect of Mexico Announces First Cabinet Picks

Mexico's incoming president, Claudia Sheinbaum, announced six of her cabinet picks on Thursday, drawing heavily from academia and government.

Page 2

Sheinbaum // File Photo: Mexico City Government.

COPYRIGHT © 2024, INTER-AMERICAN DIALOGUE

POLITICAL NEWS

Mexico's Incoming President Announces First Cabinet Picks

Mexico's President-elect Claudia Sheinbaum announced six of her cabinet picks on Thursday, drawing heavily from academia and government, the Associated Press reported. Among her announcements was former Foreign Affairs Secretary Marcelo Ebrard, tapped to be Sheinbaum's next economy minister. Last year, Ebrard was a frontrunner for the presidency, resigning from his post as foreign minister in 2023 to run against Sheinbaum for the ruling Morena party's nomination. Investors welcomed the appointment of Ebrard, and the Mexican peso showed a marginal uptick after the announcement. Sheinbaum's cabinet displayed an even gender distribution, with Alicia Bárcena, the current foreign affairs minister, being selected as minister of environment and natural resources, and Juan Ramón de la Fuente signing on to replace Bárcena as foreign affairs minister, the AP reported. De la Fuente is the former rector of Mexico's largest university, the National Autonomous University of Mexico. Under the current President Andrés Manuel López Obrador, de la Fuente served as Mexico's ambassador to the United Nations. Current Finance Minister Rogelio Ramírez de la O will stay on in his current position, the Financial Times reported. Sheinbaum also tapped Ernestina Godoy, the former state attorney from Mexico City, as her top legal adviser.

ECONOMIC NEWS

Colombia's Congress Approves Debt Ceiling Increase

Economic committees in both Colombia's lower house and Senate on Thursday approved the government's request to increase the nation's debt ceiling to $17.6 billion so it can finance development plans and fulfill payment terms, Reuters reported. The vote took place amid warnings from President Gustavo Petro that Colombia could cease paying its debts or enter an economic emergency if the ceiling was not increased. "This gives clear rules going forward about how to manage public credit," Finance Minister Ricardo Bonilla said after the measure was approved, Reuters reported. The government already said it will reduce its spending by $5 billion. Although Bonilla predicts Colombia's economy will grow 1.5 percent this year, slow economic growth combined with low tax revenue have contributed to a deepening budget deficit, Bloomberg News reported in May. The South American nation's bonds have been some of the worst performers in the region, according to a Bloomberg index.

BUSINESS NEWS

Brazilian Agency Strike Causing Delay for Petrobras Project

Analysis of a request from Brazilian state-run oil firm Petrobras, regarding exploratory studies in the Equatorial Margin region, is being affected by a strike called by workers at Ibama, Brazil's environmental regulator, an Ibama official told Reuters in comments published Thursday. The central issue with the proposal involves the potential impact the drilling project could have on Indigenous communities in the region, and Petrobras has stalled in sending the agency the critical details it needs to make an assessment, Itagyba Neto, who handles licensing for marine and coastal ventures for Ibama, told Reuters. "There is no deadline for the (regulator's) opinion," Neto told Reuters during an event in Rio de Janeiro. Neto explained that if it wasn't for the strike, a decision would "likely" have already been reached. With 4,000 workers off the job, the strike has also led to an 89 percent decline in the number of infractions and fines issued for environmental infringements, the Financial Times reported in May.

NEWS BRIEFS

Peru Sentences 10 Soldiers to Jail Over Rape of Teens

A Peruvian court on Wednesday sentenced 10 retired soldiers to jail for the rape of nine teenage women and girls decades ago during the nation's armed conflict, BBC News reported. The court ruled that the soldiers systematically raped local girls and women, which constituted a crime against humanity. The soldiers were sentenced to between six to 12 years in jail. The sexual violence took place in Peru's Huancavelica region between 1984 and 1995, during the government's fight against the Maoist rebel group Shining Path.

Brazil Issues Stricter Energy Guidelines

The Brazilian government on Thursday issued stricter guidelines for energy distribution contracts that seek an extension, softening the advanced cancellation of concessions and enabling Brazil to limit payout from firms that do not adhere to the rules, Reuters reported. The new rules are part of the government's larger policies aimed at promoting better services among providers in the aftermath of extreme weather events that left millions of Brazilians without power in large cities over the last few months.

Petrobras Signs Protocol With Rio de Janeiro for Offshore Wind Project

Brazilian state oil company Petrobras and the government of Rio de Janeiro on Tuesday signed a protocol of intention on joint feasibility studies for a pilot offshore wind energy project, Offshore Magazine reported Thursday. Petrobras said it plans to use the project to test new technologies, some related to commercial-scale offshore wind development. Rio de Janeiro is one of the regions in Brazil with the highest potential for the generation of offshore wind electricity.

COPYRIGHT © 2024, INTER-AMERICAN DIALOGUE

FEATURED Q&A / Continued from page 1

September 2022 referendum that rejected the constitutional reform). However, a minority, influenced by radical anti-colonial and left-wing revolutionary ideas, pursued a violent path. President Boric revoked the state of emergency in the Araucanía region upon entering office in order to seek a peaceful settlement, but his overtures were rebuffed and the state of emergency was reinstated. Although violence has declined, it remains a major risk for both individuals and businesses in the region. The unwillingness of radical groups to negotiate suggests that a peaceful solution is likely to remain elusive in the foreseeable future."

Veronica De Lourdes Figueroa, professor of government at the University of Chile: "Although the triumph of President Boric generated expectations regarding the Indigenous agenda, it has been diluted not only by unfulfilled promises but also by the maintenance of those used by previous governments, such as the State of Emergency in the 'southern macrozone.' In recent decades, the fight for Mapuche territorial restitution has been maintained, and the mechanisms and organizations have diversified. Even when the demand for territorial restitution is historical, today, it is characterized by several 'knots' that are difficult to untie. Among them are forestry companies and their presence in Indigenous territories. Most of the lands claimed by the Mapuche communities are in the hands of forestry companies, which own more than 280 thousand hectares of the nearly 450 thousand hectares in dispute in the Araucanía region. To address this problem, President Boric created the 'Commission for Peace and Understanding,' with the mandate to quantify the disputed lands and propose a solution. However, this will hardly be solved if it is not addressed as a state policy. Without a doubt, climate change and its effects will be a new aspect of the territorial conflict and require a profound reflection on the role of extractive companies and the Chilean productive matrix. Moving towards new governance with Indigenous peoples can be a path, but it requires political will and conviction, issues that (until now) are far from the decision agenda."

Peter M. Siavelis, professor of politics and international affairs at Wake Forest University: "Héctor Llaitul's sentencing and hunger strike highlight ongoing violence rooted in the grievances of Chile's Indigenous Mapuche. While early 20th-century relations were relatively peaceful, neoliberal economic reforms during and after the Augusto Pinochet dictatorship prompted the privatization of ancestral lands for pulp and paper production, both major exports. This, along with environmental disruptions from hydroelectric infrastructure construction, has disrupted Mapuche traditions and sparked continuous and escalating violence since 2016, with casualties mounting on both sides. Activists demand expanded rights, autonomy and the return of ancestral lands. Left-wing President Boric initially abandoned the hardline approach of his right-wing predecessor, Sebastián Piñera. However, Interior Minister Izkia Siches' visit to Araucanía, which ended in gunfire, and the recent killings of three police officers escalated the conflict, prompting Boric to declare a state of emergency and use the military to crack down on activists. These measures have proven inadequate in stemming the violence, and have also drawn criticism from international human rights organizations. Mapuche activists assert that the government is using the state of emergency to shield forestry and hydroelectric companies from their legitimate claims. Increasing evidence that criminal organizations have used the struggle for land as a cover to engage in criminal activity complicates Boric's position. With looming municipal elections in 2024 and a presidential election in 2025, Boric will likely maintain a hardline stance and pass the problem on to his likely right-wing successor."

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

Gene Kuleta
Editor

Carl David Goette-Luciak
Reporter

Nili Blanck
Reporter

THEDIALOGUE

Rebecca Bill Chavez, President
Bruno Binetti, Nonresident Fellow
Sergio Bitar, Nonresident Senior Fellow
Álvaro Botero, Nonresident Senior Fellow
Joan Caivano, Senior Advisor
Kevin Casas-Zamora, Nonresident Senior Fellow
Cristóbal Cobo, Nonresident Senior Fellow
Ariel Fiszbein, Director, Education Program
Sandra García Jaramillo, Nonresident Senior Fellow
Rasheed Griffith, Nonresident Senior Fellow
Peter Hakim, President Emeritus & Senior Fellow
Selina Ho, Nonresident Senior Fellow
Edison Lanza, Nonresident Senior Fellow
Nora Lustig, Nonresident Senior Fellow
Michael Matera, Nonresident Senior Fellow
Ángel Melguizo, Nonresident Senior Fellow
Margaret Myers, Director, Asia Program
Manuel Orozco, Director, Migration, Remittances and Development Program
Jeffrey Puryear, Senior Fellow
Luis A. Rivas, Nonresident Senior Fellow
Michael Shifter, Senior Fellow
Tamara Taraciuk Broner, Director, Peter D. Bell Rule of Law Program
Lisa Viscidi, Nonresident Senior Fellow
Carlos Winograd, Nonresident Senior Fellow

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

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.