A DAILY PUBLICATION

THEDIALOGUE

Latin America Advisor

www.thedialogue.org

Monday, December 8, 2025

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FEATURED Q&A

What's the Impact of Brazil's Rules on Virtual Assets?

Brazil's central bank last month released new rules for the regulation of virtual assets, including cryptocurrencies. // File Photo: Markus Mainka via Adobe Stock.

Q Trading of virtual assets, including cryptocurrencies, in Brazil will be subject to new rules that extend existing anti-money laundering and terrorism financing regulations to such assets. The country's central bank released the rules on Nov. 10, three years after a new law called for such regulations to be crafted. What are the most significant new rules that were released by the central bank, and what will be their effect? How well will the new rules protect consumers? What will they mean for businesses and Brazil's financial services sector?

A Lourdes S. Casanova, senior lecturer and director of the Emerging Markets Institute at the Cornell S.C. Johnson College of Business at Cornell University: "According to the 2025 Global Crypto Adoption Index, Brazil processed $318.8 billion in crypto-asset transactions between July 2024 and June 2025—about one third of the total estimated for Latin America—making it the region's largest market for digital assets. Brazil ranks fifth globally in this index. Given this significant level of activity, the country's new rules for virtual-asset trading represent an important step toward aligning the crypto ecosystem with Brazil's broader financial-compliance and regulatory framework. Brazil's new rules for virtual-asset trading mark a major step toward aligning the crypto ecosystem with the country's broader financial compliance framework. The central bank's regulations extend full AML/CFT requirements to virtual-asset service providers (VASPs), mandating customer due diligence, real-time transaction monitoring, reporting of

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Frustration Grows in Honduras With Still No Winner in Presidential Vote

Frustration grew over the weekend in Honduras, with still no winner announced a week after the country's presidential election.

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Spain's Zelestra to Divest Latin America Assets

Spain-based renewable energy developer Zelestra has agreed to sell its entire portfolio of assets in Latin America to Colombian utility firm Promigas. The value of the deal was not announced.

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POLITICAL

Hegseth Defends U.S. Boat Strikes Off Latin America

U.S. Defense Secretary Pete Hegseth on Saturday defended the military's lethal boat strikes off the coast of Latin American countries, saying President Donald Trump can take military action "as he sees fit" to protect the United States.

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Hegseth // File Photo: U.S. Defense Department via CC BY 2.0.

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POLITICAL NEWS

Hegseth Defends U.S. Strikes on Boats Off Latin America

U.S. Defense Secretary Pete Hegseth on Saturday defended the U.S. military's lethal strikes on boats that it has alleged are carrying illegal drugs in international waters off Latin America, saying President Donald Trump can take military action "as he sees fit" in order to protect the United States, the Associated Press reported. "If you're working for a designated terrorist organization and you bring drugs to this country in a boat, we will find you and we will sink you. Let there be no doubt about it," Hegseth said in a speech at the Ronald Reagan Presidential Library in California, the wire service reported. "President Trump can and will take decisive military action as he sees fit to defend our nation's interests. Let no country on Earth doubt that for a moment," he added. Hegseth's comments came amid intense scrutiny on a Sept. 2 strike on a boat that killed 11 people, including two survivors who survived an initial missile and were then killed by a follow-up strike. In all, publicly announced airstrikes over the past three months in the Caribbean and eastern Pacific have destroyed 22 vessels, leaving 87 people dead. Hegseth's comments came a day after the White House released its new national security strategy, which characterizes allies in Europe as "weak" and says the United States will reassert dominance in the Western Hemisphere. "After years of neglect, the United States will reassert and enforce the Monroe Doctrine to restore American preeminence in the Western Hemisphere, and to protect our homeland and our access to key geographies throughout the region," the document states. "We will deny non-Hemispheric competitors the ability to position forces or other threatening capabilities, or to own or control strategically vital assets, in our Hemisphere," it adds. The document describes

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suspicious activities and segregation of client and proprietary assets. VASPs must also obtain formal authorization to operate, follow enhanced cybersecurity standards and ensure transparency in pricing and risk disclosures. These measures should significantly strengthen consumer protection, reducing fraud, misuse of client funds and illicit-finance risks. For businesses, the rules increase compliance costs but also provide regulatory clarity, which can attract institutional players and foster a more stable market. For Brazil's financial sector, the framework positions the country as a regional leader in responsible digital-asset regulation, enabling closer integration between traditional finance, fintechs and emerging crypto services while supporting long-term innovation and market confidence. The regulations aim to integrate the crypto market into the traditional financial system, making it more secure and transparent. They also introduce mandatory authorization/licensing and capital requirements. The new rules enhance consumer protection by reducing fraud, helping to prevent money laundering and by demanding minimum capital requirements and asset segregation to help ensure that service providers can cover risks and that customer funds are protected even if a firm fails. Brazil's financial services sector will have more regulatory clarity because the rules provide a comprehensive legal framework."

Vanessa Faleiros, chief operating officer at Rio Bravo Investimentos: "On Nov. 10, the Brazilian central bank issued regulations governing all services related to the intermediation, custody and brokerage of virtual assets, subjecting these activities and their providers to a level of oversight and protection comparable to that applied to other financial institutions in Brazil. The rules also define which virtual asset activities fall

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NEWS BRIEFS

Frustration Grows in Honduras With Still No Winner in Election

Frustration grew over the weekend in Honduras as electoral authorities have still announced no winner a week after the country's presidential election, Reuters reported. The latest tally, released Friday with 88 percent of the votes counted, had conservative Nasry Asfura in the lead, with 40.19 percent, ahead of centrist Salvador Nasralla, who had 39.49 percent. Rixi Moncada of the ruling left-wing Libre Party trailed with 19.30 percent. Moncada on Sunday called for the vote to be annulled, citing allegations of irregularities and influence by U.S. President Donald Trump, who endorsed Asfura.

Venezuelan Opposition Member Dies in Custody

Alfredo Díaz, former governor of Venezuela's Nueva Esparta state and a key figure in the opposition to President Nicolás Maduro, died on Saturday while in custody at the headquarters of Venezuela's intelligence service in Caracas, United Press International reported. Venezuela's prison authority said in a statement that Díaz died from a heart attack, UPI reported. Díaz's Acción Democrática party on Sunday called for an investigation into his death.

Tens of Thousands Protest Gender-Based Violence in Brazil

Tens of thousands of Brazilian women protested gender-based violence on Sunday, with major demonstrations taking place in cities including São Paulo and Rio de Janeiro, the Associated Press reported. Recent murders of women in those two cities, as well as the southern city of Florianópolis, sparked the protests. More than one in three Brazilian women experience sexual or gender-based violence over the course of 12 months, according to the Brazilian Forum on Public Safety.

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the administration's strategy in the hemisphere as the "Trump Corollary" to the Monroe Doctrine. It adds that the United States will "enlist established friends in the Hemisphere to control migration, stop drug flows, and strengthen stability and security on land and sea," and that it will "expand by cultivating and strengthening new partners while bolstering our own nation's appeal as the Hemisphere's economic and security partner of choice."

BUSINESS NEWS

Spain's Zelestra to Divest Assets in Latin America

Spain-based renewable energy developer Zelestra has agreed to sell its entire portfolio of assets in Latin America—including more than one gigawatt in operating solar energy capacity spread across Chile, Colombia and Peru—to Colombian utility firm Promigas, the companies announced Friday. For Zelestra, which was formerly known as Solarpack, the agreement marks the end of 15 years of involvement in Latin America, Renewables Now reported. Zelestra plans to focus its near-term investments in Europe and the United States, the firm said. "We are very proud of the impact of Zelestra in Latin America over the years and have strong confidence that the team will continue to have a deep impact in the coming years," Zelestra CEO Leo Moreno said on Friday. The firm also has 2.4 gigawatts in solar-plus-storage projects that are currently in various stages of development across Latin America. Zelestra and Promigas did not disclose the value of the deal, which is the latest in a string of multinational power firms' divestments from renewable power projects in Latin America this year. In July, Spain's Iberdrola sold its remaining assets in Mexico to Grupo Cox, with Cox agreeing to take over Iberdrola's wind and solar plants in the country for $4.2 billion. Also in July, Colombia's Ecopetrol acquired a long-delayed solar park in Colombia from Italy's Enel; last month, Ecopetrol closed a deal to buy seven solar plants in Colombia from Norway's Statkraft.

THE DIALOGUE CONTINUES

What Must Mexico Do to Fight Gender-Based Violence?

Q An incident in November in which Mexican President Claudia Sheinbaum was groped while speaking with members of the public in Mexico City sparked outrage and renewed scrutiny of Mexico's pervasive violence against women. Sheinbaum's government responded with a plan to toughen penalties for sexual abuse, expand reporting mechanisms and launch awareness campaigns. Data from Mexico's statistics institute, INEGI, shows that seven in 10 women aged 15 and older have experienced violence, and approximately 10 are murdered each day. What obstacles does Mexico face in reducing gender-based violence? How likely is Sheinbaum's plan to yield significant changes in terms of violence against women in Mexico? How does the strategy compare with regional initiatives, and what lessons could Mexico draw from other countries' experiences?

A Verónica A. Lira Ortiz, Mexico-based analyst on gender violence in Latin America: "After watching the video circulate across national and international media, many of us saw ourselves reflected in President Sheinbaum. It is rare to feel a personal connection to the head of state, yet her eyes and expression while recounting what happened on Nov. 5 echoed those of friends, colleagues and so many women who have shared their experiences of sexual harassment or gender-based violence (GBV). They were my eyes too, and those of nearly 70 percent of women in Mexico who have lived through GBV. Despite the growing strength of feminist movements and the election of Mexico's first woman president, the country remains deeply patriarchal. Machismo is woven into daily life, shaping families, media and institutions. This culture permeates the very people responsible for justice—legislators, judges and police—often leaving women unprotected, unheard, revictimized and stigmatized. Mexico's GBV 'dark number,' or unreported-crime rate, is alarmingly high and shows how deeply ingrained machismo is. The number of women who report GBV barely scratches the surface of the true scale of violence. Following the attack, Sheinbaum announced a seven-point plan against sexual abuse. Yet while typifying crimes and launching awareness campaigns are necessary, Mexico's GBV crisis demands deeper structural change: institutions prepared to respond, public servants trained to act and awareness efforts that connect with lived realities. For example, standardizing 'sexual abuse' as a serious crime nationwide does not automatically translate into more agile or humane reporting processes. The core challenge lies not in the legal category, but in the preparedness and willingness of public servants. Political incentives to show progress often lead to crimes being reclassified, weakening attempts at standardization. The plan's focus on awareness campaigns faces similar barriers. Recent administrations have struggled to create campaigns that resonate through posters or disconnected messaging. Effective awareness must spark genuine conversation, be grounded in experience and be supported by experts who can enhance relatability. Mexico should learn from itself and its historical challenges. The country lacks institutions capable of responding and communication efforts that truly reach those who need them most—this is sadly not new and has no secret formula."

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

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under the foreign exchange market. Tokenized securities remain outside this framework and will continue to be regulated by the Brazilian Securities Commission. The new requirements will take effect in February. Entities currently offering virtual asset services must notify the central bank within 270 days and begin adjusting their operations to obtain an operating license. Consumers will be subject to suitability and anti-money laundering assessments, and virtual assets will carry a defined risk profile. The objective is to evaluate clients' familiarity with the virtual asset market, their financial goals and risk tolerance. Additionally, all virtual wallets must be recorded in segregated accounts to mitigate fungibility risk. Starting Oct. 30, 2026, financial institutions and other entities authorized by the central bank will be prohibited from conducting or facilitating transactions in the virtual asset market with counterparties that are not authorized—or in the process of obtaining authorization—to operate in Brazil. In essence, the new rules establish a framework that clearly balances financial system stability with consumer protection, creating safer conditions for the expansion of the virtual asset market in the country. The key point going forward will be to observe how service providers adapt their corporate structures and how consumers engage with these assets in Brazil compared to other jurisdictions."

Aaron Stanley, host of the Brazil Crypto Report podcast: "The main takeaway from these rules is that the incumbents win—specifically banks and brokerages, and to a lesser extent the large established digital asset exchanges. It will be extremely difficult for smaller players and start-ups to compete in this market moving forward, and all indications are that there will be significant merger and acquisition activity moving ahead. The central bank has made it clear that it only wants large, regulated and well capitalized players operating in this space given the country's history of financial pyramids involving crypto assets and, more recently, Pix hacks and other cybersecurity threats to the financial system. The big interesting question that remains is how stablecoin taxation will work, particularly the application of the IOF tax. This is currently a loophole because IOF can legally only be applied to transactions involving fiat currency. The central bank punted this question to the Receita Federal, and the Finance Ministry has said that it is actively exploring ways to apply IOF to stablecoins. But it is not clear that they will be able to do so without legislation from Congress. Any attempt by the executive branch to impose this tax without legislation will almost certainly be challenged in the courts by the digital asset industry."

Heather Ba, adjunct professor at the Truman School of Government and Public Affairs at the University of Missouri: "Brazil's new rules mark a clear pivot to risk-oriented regulation. They bring most retail crypto activity into familiar legal and prudential financial frameworks (licensing, anti-money laundering, capital, foreign exchange reporting). That should reduce fraud, make cross-border flows visible and create safer, more stable service providers—which should increase the quality of and confidence in crypto markets. Other consequences will depend heavily on implementation and enforcement. Smaller players face steeper compliance costs that might reshape the market by advantaging banks and larger companies."

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
Washington, DC 20005
www.thedialogue.org

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