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FEATURED Q&A

How Important Is the G20 to Latin America?



Brazilian President Luiz Inácio Lula da Silva and Indian Prime Minister Narendra Modi were among the world leaders on hand at this month's G20 summit in New Delhi. // Photo: Brazilian Government.

Q The Group of Twenty, or G20, Summit took place on Sept. 9-10. A forum for international economic cooperation, the gathering brings together the world's largest developed and emerging economies, including Argentina, Brazil and Mexico. How important is the group to Latin America's economic prosperity? What key policy concerns and issues were discussed, and what was achieved?

A Deepak Bhowani, former Indian ambassador to Colombia, Venezuela, Cuba, Ecuador, Costa Rica, the Dominican Republic and Haiti, and founder of Latindia: "The three biggest Latin American economies—Brazil, Mexico and Argentina—are in the G20. All three are considered developing countries with a fundamental need to tackle poverty, inflation, climate change and other issues bedeviling even middle-income countries. The recent summit in New Delhi was attended by Brazil's President Lula and Argentina's Alberto Fernández. Mexico's President López Obrador traveled to South America that week. Brazil has the greatest stake in this forum, given the size of its economy, its multilateral profile and its prowess in international affairs. Lula will project Brazil's leadership of the Global South during Brazil's presidency of G20 in 2024. Brazil was instrumental in the final formulation on the compromise on Ukraine in the final declaration, according to India's Sherpa. Fernández, speaking on the subject said 'north and south have quite different realities.' Lula's own Zero Hunger (Zero Fome) pet project was reflected amply in the declaration as was the need for more impetus to the needs of developing countries on climate change, global

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TODAY'S NEWS

POLITICAL

Brazilian, Cuban Presidents Meet in Havana

Brazilian President Luiz Inácio Lula da Silva and his Cuban counterpart Miguel Díaz-Canel met Saturday in Havana during the Group of 77 summit. The gathering came ahead of this week's U.N. General Assembly meeting.

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ECONOMIC

Peru's Economy Contracts More Than Expected

Peru's economy contracted 1.3 percent year-on-year in July. Economists in a Bloomberg survey had expected the economy to remain flat in July as compared to the same month last year.

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POLITICAL

Mexico Extradites Son of 'El Chapo' to United States

Mexico has extradited Ovidio Guzman López, a son of imprisoned drug lord Joaquín "El Chapo" Guzmán, to the United States to face drug trafficking charges.

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Guzmán // File Photo: U.S. State Department.

POLITICAL NEWS

Mexico Extradites Son of ‘El Chapo’ to U.S. to Face Charges

Mexico has extradited Ovidio Guzmán López, a son of imprisoned Sinaloa drug cartel Joaquín “El Chapo” Guzmán, to the United States, U.S. Attorney General Merrick Garland said Friday in a statement. “This action is the most recent step in the Justice Department’s effort to attack every aspect of the cartel’s operations,” Garland said. The U.S. government had offered a reward of \$5 million for the information leading to the arrest of the younger Guzmán, who was indicted in Washington in 2018 on charges of cocaine, methamphetamine and marijuana smuggling, The Wall Street Journal reported. Mexican security forces captured him last January following a gun battle in Sinaloa state. The gun fight on the outskirts of Culiacán, Sinaloa’s state capital, left at least 19 cartel members and 10 soldiers dead. The operation set off a wave of violence in which cartel gunmen shot at two military aircraft, forcing them to land, and also shot at military and civilian aircraft at Culiacán’s airport, the Associated Press reported. The operation happened just days before U.S. President Joe Biden visited Mexico for bilateral talks. Mexican forces had briefly captured Guzmán in Culiacán in 2019, but he was freed after hundreds of cartel gunmen stormed the city, The Wall Street Journal reported. President Andrés Manuel López Obrador said he had ordered Guzmán’s release in order to avert a bloodbath. Guzmán is alleged to have spearheaded the illegal production and trafficking to the United States of fentanyl, a deadly synthetic opioid, The Wall Street Journal reported. “The Justice Department will continue to hold accountable those responsible for fueling the opioid epidemic that has devastated too many communities across the country,” Garland said Friday in his statement. He also said he was “grateful to our Mexican government counterparts for this extradition.” [Editor’s note: See related [Q&A](#) in the March 30 issue of the Advisor.]

Brazil’s Lula Meets With Cuban Leader Díaz-Canel in Havana

Brazilian President Luiz Inácio Lula da Silva met with his Cuban counterpart, Miguel Díaz-Canel, on Saturday in Havana during the Group of 77, or G77, summit, the Associated Press reported. It was the first visit by a Brazilian leader to the Caribbean nation in nine years and marked a re-establishment of political and diplomatic relations between the two countries. The group of emerging economies met in Cuba ahead of the U.N. General Assembly in New York. At the summit, Lula denounced the U.S.-led embargo of Cuba. The island “is the victim of an illegal economic embargo.” He added, “Brazil is against any unilateral coercive measure.” Lula was friends with former Cuban leader Fidel Castro, and Lula’s victory over Jair Bolsonaro in last year’s presidential election was celebrated across the island, the AP reported. Lula and Díaz-Canel were expected to discuss Cuba’s debt to Brazil’s development bank, which stands around \$540 million, as well as trade relations. “We want to make the relationship between Brazil and Cuba one of great friendship,” Lula advisor Celso Amorim said during the trip to Havana, Reuters reported. “That will contribute to peace in our region, and that’s the greatest goal of diplomacy, alongside economic growth,” he added.

ECONOMIC NEWS

Peru’s Economy Contracts More Than Expected in July

Peru’s economy contracted 1.3 percent year-on-year in July, a worse performance than analysts had expected, Bloomberg News reported Friday, citing the national statistics institute. In a Bloomberg survey, the median forecast of analysts was for flat performance in July as compared to the same month last year. The

NEWS BRIEFS

Fourteen Killed in Crash of Small Plane in Brazil

Fourteen people were killed Sunday in the crash of a small propeller plane in the Brazilian Amazon, BBC News reported. The plane had taken off from Manaus and was approaching its destination, the remote jungle town of Barcelos, when it crashed, BBC News reported. Everyone on board was killed, according to officials. Vinicius Almeida, the security secretary for Amazonas state, said initial information indicated that the plane ran out of runway as it descended in heavy rain and low visibility. The plane was an EMB-110 twin-engine turboprop manufactured by Embraer, according to Brazilian news site G1.

Mexican Court Convicts 11 Ex-Police Officers in 2021 Killings of Migrants

A court in Mexico convicted 11 former police officers of killing a group of migrants in 2021, BBC News reported Saturday. The bodies of 17 migrants were discovered in a burned-out vehicle in the municipality of Camargo in the northeastern state of Tamaulipas, near the U.S. border. Investigators say the migrants were killed in a conflict between criminal gangs over control of migrant smuggling routes.

CAF Approves \$488 Mn in Loans for Ecuador

The Development Bank of Latin America (CAF) approved three credit lines for Ecuador worth a total of \$488 million, the Economy and Finance Ministry said on Friday, Reuters reported. One loan will fund electricity installation including in shrimp farms along the country’s coastline, a project that has been repeatedly delayed. Another \$117.5 million credit line will go toward the health care sector, while the third credit of \$170.2 million will go to education. Additional details on the programs or repayment conditions were not disclosed.

country's manufacturing output fell 14 percent year-on-year in July, while construction activity fell 8.8 percent. Mining activity performed better, with 11 percent growth, according to the statistics institute. The results from July extend the country's recession and throws into question a prediction by the finance ministry that an economic recovery is imminent, the news service reported. It also increases the possibility that the country's central bank will continue the interest rate easing cycle that it started last week. The central bank on Sept. 14 lowered its benchmark interest rate by 25 basis points to 7.5 percent. "With interest rates high, inflation decelerating and inflation expectations falling, that supports the central bank's rate cut this week and our expectation for further reductions into next year," Felipe Hernández of Bloomberg Economics said last week in a report. Also on Friday, the central bank lowered its economic growth forecast for this year to 0.9 percent from its previous expectation of 2.2 percent growth. "GDP contraction during the first half of the year was a result of negative supply shocks, social and political upheaval (temporarily interrupting mining production) and a persistent investor confidence crisis," former Peruvian Finance Minister Luis Miguel Castilla told the Advisor in a Q&A published Aug. 8. "Better results are expected in the second half, but still the economy will post a disappointing year," he added.

BUSINESS NEWS

Fitch Assigns A Rating to Chilean Insurer MetLife Vida

Fitch Ratings said Friday that it had assigned a long-term insurer financial strength rating of "A" to Chilean insurer MetLife Vida. The ratings agency also said it assigned MetLife Vida a local currency long-term issuer default rating of "A-" with a stable outlook. "The rating reflects MetLife Vida's solid market position, which allows it to maintain competitive advantages in the domestic insurance industry," Fitch said.

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trade, multilateral financing, sustainable development goals, debt vulnerabilities and the digital economy, among others. The Global Biofuels Alliance, launched during the summit, includes Argentina and Brazil (a biofuels superpower), Paraguay and Guyana. The 83 paragraphs of the Delhi Declaration echoed most of the priorities of Latin America. Brazil has invited its Mercosur partners, Paraguay and Uruguay, to the 2024 summit. Historically, there has not been much coordination between the Latin American countries in G20. Hopefully next year will prove different."

A Riordan Roett, professor and director emeritus of the Latin American Studies Program at SAIS-Johns Hopkins University: "The recent G20 Summit in India was an opportunity for Prime Minister Modi to signal the beginning of a journey from the 'Global South' to global player. It was a relatively low-key affair with the absence of the leaders of Russia and China. President Biden played a quiet role and sought to deepen U. S. ties with India. It was widely noted that the final communiqué, in contrast to last year, did not include a condemnation of Russia's invasion of Ukraine; instead, it recognized the 'suffering' of the Ukrainian people. Important policy issues that were discussed, included the issue of global debt and an overhaul of institutions like the world Bank to address the growing strains on poorer countries, an invitation to the African Union to join the G20 and a call for more financing to help vulnerable nations deal with the challenge of climate change. The declaration also underscored the potential of digital technologies to increase inclusion in global economies. Other policies discussed were a project to create a rail and shipping corridor to link India to the Middle East and eventually Europe. There were no details on a time frame or budget. The United States and the European Union announced a project to explore a rail line between Zimbabwe and

Angola. Latin American participation was extremely low key. The region may benefit from the general interest in global debt and financial support for climate change policies, but there were no specific initiatives for Latin America countries—the quiet players at the table this year."

A Angela Torres-Andresen, founder and executive director of the Latin American Chamber of Commerce in Singapore, 'Lat-AmCham': "There are two essential problems that we are currently experiencing that were discussed at the G20. The first is global warming, and the second is food insecurity. The member countries of Latin America, especially Argentina and Brazil, were in a very important position compared to the rest of the members of the G20. One of the most important resolutions in relation to global warming was the creation of the Global Biofuels Alliance. This step represents a huge gain for Brazil, which is perhaps the most advanced nation in the production and use of biofuels such as ethanol. The alliance can help advance solutions for the use of biofuels in the aviation and maritime industry, which are under great pressure to reduce emissions. Brazil as president of the G20 next year could rewrite the history of biofuels and the globalization of a well-developed industry within the country. Another important resolution that was taken was the G20 Deccan High-Level Principles on Food Security and Nutrition 2023. Latin America is the food reserve of the world, and it is in this region that many of the principles established in the Deccan can be developed."

A Donald J. Planty, former U.S. ambassador to Guatemala and senior advisor at Albright Stonebridge Group: "The recently concluded G20 meeting resulted in a unanimous statement on the need for deeper and broader international cooperation on issues ranging from energy to climate change and

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beyond. A key feature of the meeting was the inclusion of several countries more representative of the 'Global South,' particularly the addition of the African Union to the group. The consensus final document also demonstrated Indian Prime Minister Modi's determination to bridge disagreements within the G20 on controversial issues such as global trade and finance. The presence of Argentina, Mexico and Brazil at the G20 meeting can be seen as a step toward greater participation by key Latin American countries in global institutions and engagement on issues beyond the Western Hemisphere. This is especially true of overarching issues such as climate change, economic growth and development and resource management. While Argentina is not among the largest world economies, its membership in the G20 can provide a different 'Global South' perspective and a unique set of problems for the forum to consider. Brazil and Mexico are major economies and can also benefit from exposure the G20 milieu. Overall, the presence of the three countries at the G20 meeting represents a useful expansion of the forum's purview and exposes all three to a host of world issues and problems that will impact their respective futures."

A **Elijah Oliveros-Rosen, lead economist for Latin America at S&P Global Ratings:** "In a world of increasing geopolitical fragmentation, the G20 will remain a strategically important organization to ensure Latin America's continued economic integration to the major global economies. Tensions between the United States and China put some Latin American economies at a crossroads, given important trade and investment ties with both countries. The rising leadership role India is playing in the G20 could also reshape certain global trade and investment flows relevant to Latin America. Important topics discussed that are relevant for the region include climate change, the role multilateral development banks and pandemic preparedness. The G20 provides

a platform for Latin America to continue to benefit from access to trade and finance from the major economies around the world, while having a voice on the key challenges that the region will face in the coming years, such as climate change."

A **Arturo Porzecanski, global fellow at The Wilson Center:** "The G20 Summit is the most prestigious meet-and-greet opportunity for heads of state of the world's largest countries. Its concluding declaration usually reveals how much consensus there is—or is not—on current events and challenges. The Delhi declaration's main theme is captured in the first sentence: 'We are One Earth, One Family, and we share One Future.' Pledges of goodwill toward the planet and its population feature commitments to achieve strong, sustainable, balanced and inclusive growth; accelerate progress on sustainable-development goals; pursue a greener development process; build a digital public infrastructure; and empower girls to attain gender equality. However, the Delhi meeting most likely will be remembered for the fact that the top leaders of China and Russia didn't attend; the declaration has references to the war in Ukraine but not to Russia's invasion; governments pledged to reinvigorate multilateralism, including by enlarging the World Bank's role; and because the G20 might come to be known as the G21, since the 55-member African Union was formally made a permanent member, on par with the European Union. As concerns the G20's importance to Latin America's economic prosperity, with few exceptions—like its coordination work during the 2008-09 global financial crisis—history does not suggest the existence of a link between G20 proclamations and the region's prosperity. It is China plus the G7 governments that still have outsized influence on the international economic and financial landscape, and in Latin America, governments determine the suitability of economic policies and the attractiveness of their investment climate."

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