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## FEATURED Q&A

# What's at Stake in Brazil's Legislative Leadership Vote?



Brazilian lawmakers will select the presidents of both chambers of Congress next week. The National Congress building in Brasília is pictured above. // File Photo: Brazilian Congress.

**Q** Next week, both chambers of Brazil's Congress will select their presidents. Incumbent Chamber of Deputies President Rodrigo Maia and incumbent Senate President Davi Alcolumbre are unable to remain in those posts due to term limits.

**Who are the lawmakers that are most likely to replace them, and what is driving their support? How is President Jair Bolsonaro influencing the selections? How important will the change in legislative leadership be to Bolsonaro's efforts to advance his agenda?**

**A** Anya Prusa, Slater family fellow and senior associate at the Brazil Institute of the Woodrow Wilson International Center for Scholars: "Months of campaigning and speculation will culminate next week as members of the Brazilian Senate and Chamber of Deputies vote for their new leaders. At the moment, President Bolsonaro's preferred candidates are favored to win: Arthur Lira in the lower house and Rodrigo Pacheco in the Senate. Pacheco has a clear path to victory over Simone Tebet, according to current vote counts, but Lira faces a tougher race. His main opponent, Baleia Rossi, is poised to secure enough votes in the first round to force a second. Leadership votes are by secret ballot, and party discipline is notoriously lax in Brazil. Therefore, Lira—and the Bolsonaro government that supports him—cannot afford to take anything for granted. For Bolsonaro, the result in the lower house is of particular political importance. Outgoing Chamber of Deputies President Rodrigo Maia, who backs Rossi as his replacement, is a powerful critic of the president, despite a shared interest in economic reforms.

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## Venezuela Must Release Detained Guyanese Fishermen: OAS

The Organization of American States condemned what it called Venezuela's "illegal detention" of 12 Guyanese fishermen and demanded their release.

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## Peruvian Lawmakers Advance Pension System Reform

A Peruvian congressional committee approved legislation to replace the country's pension plans with a new government-run system.

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### POLITICAL

## Brazil Ending Military Operation to Curb Amazon Deforestation

Brazil's government is ending its military-led operation to fight deforestation in the Amazon rain forest, said Vice President Hamilton Mourão.

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Mourão // File Photo: @GeneralMourao via Twitter.

## POLITICAL NEWS

## Venezuela Must Release Guyanese Fishermen: OAS

The Organization of American States on Wednesday issued a statement condemning what it called “the illegal detention by the Venezuelan dictatorship” of two Guyana-registered vessels and their crew. Twelve Guyanese fishermen were arrested by the Venezuelan navy last week in waters that both countries claim as their own, but which are generally recognized as part of Guyana’s exclusive economic zone. “The General Secretariat demands that the Guyanese citizens are released promptly and safely to Guyanese authorities, as well as the two detained vessels,” the OAS said. “The resolution of the territorial dispute between Venezuela and Guyana is a matter that lies under international jurisdiction and cannot be settled by unilateral actions. Any attempt to derail this international legal process, such as the decree issued by the Maduro regime, is contrary to international law and standards, and has no legal bearing or significance,” it added, referring to Venezuelan President Nicolás Maduro. The incident is the latest in a century-old territorial dispute that has gained traction in recent

years, in large part due to oil discoveries made offshore Guyana in 2015. Guyana has taken the issue to the International Court of Justice, and the court said last December that it would hear the case, Agence France-Presse reported. However, Venezuela has said the court has no jurisdiction in the matter and will not recognize its decision.

## Brazil Ending Military Operation to Curb Deforestation

Brazil’s government is ending its military-led operation to fight deforestation in the Amazon rain forest, Vice President Hamilton Mourão said Wednesday at the World Economic Forum, the Associated Press reported. The government launched the effort, called Operation Green Brazil 2, last May. It included the deployment of thousands of soldiers in the Amazon. Between July 2019 and August 2020, just over 11,000 square kilometers of forest were destroyed, a 9.5 percent increase as compared to the same period the previous year, according to government data. That level of deforestation was also the highest since 2008. Mourão, who leads the government’s Amazon Council to fight deforestation, said the end of the military operation will mean environmental agencies

## NEWS BRIEFS

## Mexico’s Slim Remains Hospitalized With Covid

Mexican billionaire Carlos Slim, one of the world’s richest men, remains hospitalized with Covid-19, spokesman Arturo Elías said Wednesday, Reuters reported. Slim, 80, a telecommunications magnate, has been under treatment at the National Institute of Nutrition in Mexico City. However, Elías said Slim is “doing very, very well,” and that he is in the hospital for “analysis and monitoring.” Slim’s family controls América Móvil, Mexico’s largest telecoms provider.

## Brazil’s BTG Pactual Planning Expansion Into Retail Banking

Brazil’s Banco BTG Pactual, Latin America’s largest investment bank, is planning to expand into retail banking, launching products including credit cards and mortgages, said Rodrigo Cury, the head of BTG’s digital retail unit, Reuters reported today. Cury said the bank began offering checking accounts to consumers who are not already BTG clients using its BTG+ retail brand. Cury added that the bank is preparing to launch payroll loans, home equity and mortgages by the end of the year.

## BBVA Partners With Chile’s Bci for Cash Management

Spanish multinational bank BBVA has selected Chilean bank Bci to provide payment and collection services, a move that will allow BBVA clients that have a presence in Chile to carry out transactions with Bci, BBVA said Wednesday in a statement. “In order to offer our clients the widest possible coverage for their cash management operations at BBVA, we are creating alliances with leading banks in countries where we do not have a presence,” said Eva Rubio, the head of global transaction banking at BBVA.

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Lira, in contrast, represents the ‘Centrão,’ a coalition of conservative parties far more amenable to cutting deals with the government—especially once Bolsonaro began to engage in the traditional horse-trading of Brazilian coalition politics. A partnership based more on interest than ideology, however, carries its own risks, particularly if Bolsonaro’s popularity crumbles further amid a rising Covid-19 death toll and economic woes. If Pacheco and Lira are elected, the government will have demonstrated a certain ability to enact its preferences in Congress. The challenge of maintaining that influence to pass its agenda still remains.”

**A** **Tabata Amaral, Democratic Labor Party member of Brazil’s Chamber of Deputies:** “The upcoming elections in both chambers of the Brazilian Congress are critical and will determine the future of our nation, especially considering the many projects that must be approved in order for Brazil to control the pandemic and recover its economy. My vote will be to ensure that we maintain the legislative branch independent and as a productive counterpower to the many threats presented by President Bolsonaro, including his disastrous handling of the pandemic, which has cost hundreds

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will again be responsible for monitoring deforestation in the Amazon. “We have been working on a plan ... for our environmental agencies to resume, at the best of their capacity, operations and incursions into the forest,” he said, the AP reported. Mourão also called on Wednesday for “vital” investments from private interests and international actors. Under President Jair Bolsonaro, Brazil’s government is proposing the smallest budget in at least 13 years for environmental protection, Reuters reported earlier this week, citing nonprofit group Contas Abertas.

## ECONOMIC NEWS

### Peruvian Lawmakers Advance Pension System Reform

A congressional committee in Peru on Tuesday approved legislation that would replace the country’s private and public pension plans with a government-run system, Bloomberg News reported. The pension reform committee passed the measure on a vote of 6-2, sending it to the floor of the unicameral Congress. The legislation has caused alarm among the country’s private pension fund managers, called AFPs, the news service reported. The pension fund managers say the \$45 billion that they have under management could be prone to government interference and seizure. “The AFPs want to keep improving—with performance-based fees, higher returns and greater competition—but by no means should that mean destroying what’s already there and starting from zero,” Giovanna Priale, who heads an industry group, told Bloomberg News. She said the plan amounts to a “nationalization” of account holders’ savings. The reform would be the largest overhaul since the country’s current pension system was created in 1993. At that time, a new government-run fund and the AFP system replaced a bankrupt national system. Some lawmakers in favor of reforming the pension system say the current system is too concentrated. However, critics of the overhaul plan, including several former finance ministers, say now is a bad time

## THE DIALOGUE CONTINUES

### Do Social Media Platforms Have Too Much Power?

**Q** **In the wake of the deadly riot at the U.S. Capitol on Jan. 6, social media platforms including Twitter and Facebook respectively adopted permanent and temporary bans of former President Donald Trump from their sites over concerns that his posts were inciting violence. Critics including Mexican President Andrés Manuel López Obrador have blasted the social media companies, calling their actions censorship. Other countries, including Brazil, have also grappled with politically charged misinformation circulating on social media. To what extent can—and should—social media sites take action against political figures in Latin America and the Caribbean? What differentiates free speech, the spread of misinformation and incitement of violence? Do big tech companies have too much power to censor speech and shape political debates in the region? How much are social media sites subject to government regulation in Latin America, and is the level of regulation they currently face appropriate?**

**A** **Gabriela Hadid, principal for investments, and Felipe Estefan, Latin America director, both at Luminat:** “Social media platforms are at the center of the discussion for fomenting hatred, spreading misinformation and distorting political outcomes. While measures were taken to address online violence in the United States, Latin America

to take on the reform, following last year’s political turmoil and as the country currently has an interim government ahead of a presidential election in April. Under the proposed legislation, a new government body would assume the administrative functions of the AFPs, making them solely fund managers. The government would also invite other local and international fund management companies to bid for the

could potentially be confronted with similar incidents. Most Latin American countries do not have an intermediary liability framework (with the exception of the Brazilian ‘Marco Civil’), so there is no general principle on companies’ liability. There also continues to be a tendency toward the criminalization of expression, despite progress made in the past two decades. In many places, lawmakers are pushing short-sighted legislative ‘solutions,’ such as demanding increasingly swift removal of content. Instead of protecting speech, these measures are more likely to restrict it, while politicians abuse platforms in order to mislead and divide the people they govern. In the pursuit of the protection of the public interest and democratic rights, we must remember that the most powerful in society are not the victims of the current dynamic. As such, the solution to these sets of issues will not come from a debate solely defined by the voices of private interests and political elites. Instead, it must include civil society advocates, smaller companies and experts in a wide range of fields, and it must be defined by principles of transparency and accountability to better diagnose the problem and devise viable solutions.”

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**EDITOR’S NOTE:** The comment above is a continuation of the [Q&A](#) published in [Wednesday’s Advisor](#).

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ability to manage pension savings in an effort to reduce costs. In a series of votes last year, Peru’s Congress allowed pension account holders to make partial withdrawals from their plans in efforts to cushion the economic impact of the Covid-19 pandemic. [Editor’s note: See related [Q&A](#) in the Sept. 24-Oct. 7 issue of the Dialogue’s biweekly Financial Services Advisor.]

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of thousands of Brazilian lives and has given rise to several impeachment efforts, and also his constant attempts to corrupt and weaken our very democratic structures and his negligence in the face of increasing poverty and inequality.”

**A** **Gabrielle Trebat, managing director for Brazil and the Southern Cone at McLarty Associates:** “The early February congressional leadership elections have been dominating the narrative in Brasília in recent months with the lower house divided between President Bolsonaro’s candidate, centrist Congressman Arthur Lira (of the Progressives Party, or PP) and Congressman Baleia Rossi (of the Brazilian Democratic Movement party, or MDB) who enjoys support from left-of-center parties as well as outgoing lower house President Rodrigo Maia. While both candidates are pro-reform, the difference is the degree of coordination with the Bolsonaro administration on the president’s legislative priorities. While Rossi is the author of a comprehensive tax reform bill, Lira favors a streamlined tax reform aligned with Economy Minister Guedes. Congressman Lira is favored to win; hailing from the Centrão, his alignment with Bolsonaro will likely come at a price, namely cabinet appointments. Should Rossi be elected, his alignment with left-of-center parties could tilt the lower house’s agenda toward fiscal spending. In the Senate, Senator Rodrigo Pacheco (DEM) is favored to win with support from Bolsonaro and the Workers’ Party, which prefers to have different parties at the helm of each house. Running opposite is Senator Simone Tebet (MDB), who has positioned herself as an independent candidate. Both Pacheco and Tebet support economic reforms and share similar voting records; the Senate race is about parties’ political strategies (for example, committee assignments) more than ideology, which explains how Pacheco can enjoy support from both President Bolsonaro and the Workers’ Party. Ironically, the biggest

risk to the Bolsonaro reform agenda may be Bolsonaro himself. Last week’s Datafolha poll revealed a rise in his rejection rate to 40 percent and decline in approval ratings to 31 percent over his management of Covid. Over the weekend, Brazil’s major cities saw caravans of protesters from the left and right calling for Bolsonaro’s impeachment. The president’s political standing may be a better barometer of the reform agenda than a change in congressional leadership.”

**A** **Gilberto M. A. Rodrigues, professor of international relations at the Federal University of ABC in Brazil:** “Brazil is in the middle of the most serious crisis in its recent history. The mismanagement of the Covid-19 pandemic by President Bolsonaro—due to his denial of science and his criminal lack of support of states and municipalities in dealing with the pandemic—has led to a health catastrophe with millions infected and thousands dead. More than 50 claims of impeachment against Bolsonaro are waiting for an evaluation by the president of the lower chamber. Having lost his main source of foreign ideological support—the defeated President Trump—Bolsonaro will face growing public support in favor of his impeachment in the coming months due to the lack of vaccines and emergency assistance for the vulnerable. In this scenario, the election of a new president of the lower chamber has become a fight between those opposing the president—represented by the centrist candidate Baleia Rossi (MDB), who has the support of incumbent Chamber of Deputies President Rodrigo Maia—and those backing the government through right-wing candidate Arthur Lira (PP). Both candidates claim having sufficient support to win but, because the vote is secret, betrayals may happen. In the Senate, candidate Rodrigo Pacheco (DEM), a self-declared independent who does not oppose Bolsonaro, is likely to win with support from incumbent Davi Alcolumbre and the major parties.”

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**Erik Brand**  
Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**  
Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Anastasia Chacón González**  
Reporter & Associate Editor  
[achacon@thedialogue.org](mailto:achacon@thedialogue.org)



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Subscription inquiries are welcomed at [ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

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