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FEATURED Q&A

Do Criminals Have the Upper Hand in French Guiana?



Organized crime has flourished in recent years in French Guiana. Police in Brazil's Amapá state are pictured patrolling the Oyapok River, which separates the countries. // File Photo: State of Amapá.

Q In recent months, authorities have carried out operations to fight organized crime along the border of French Guiana and Brazil. In efforts against illegal gold mining camps in French Guiana, authorities have seized high-caliber weapons, ammunition, satellite phones, radio transmitters and thousands of liters of fuel. Authorities have also arrested people engaged in illegal gold mining who have threatened area residents and illegally cut down trees and polluted waterways in pursuit of the precious metal. Are authorities winning the fight against organized crime in French Guiana? What is at the root of the French overseas department's struggle with this illegal activity? How well is France maintaining security in the territory?

A James Bosworth, author of the Latin America Risk Report: "French Guiana is losing the battle against illicit gold mining, and so are Suriname, Guyana, Venezuela, Colombia, Brazil and Peru. This is a regional challenge that cannot be resolved by any individual country. Gold prices are around 20 percent higher than they were this time last year, meaning the illicit gold trade has become more lucrative, even as the global economy has been battered by recession. The economic despair has driven desperate citizens into the illegal mining industry and given new profits to criminal groups. The challenge becomes more difficult in remote areas and in places where cross-border cooperation is limited, something that describes well the situation faced by France and French Guiana. As with combating drugs and other criminal networks, it's a mistake to believe the solution is found by focusing on

Continued on page 2

TODAY'S NEWS

ECONOMIC

Mexico's Supreme Court Strikes Down Power Sector Rules

Mexico's Supreme Court struck down changes in the country's electricity market that gave preference to state-owned utility CFE.

Page 2

BUSINESS

Bradesco Reports 2.3% Rise in Profit for Fourth Quarter

Brazil's Banco Bradesco reported 6.8 billion reais (\$1.27 billion) in recurring net income for the fourth quarter, a 2.3 percent increase as compared to the same quarter a year earlier.

Page 3

POLITICAL

U.S. Affirms Recognition of Venezuela's Guaidó

The administration of U.S. President Joe Biden reaffirmed recognition of Venezuelan opposition leader Juan Guaidó as the South American country's legitimate interim president.

Page 2



Guaidó // File Photo: presidenciaive.com.

POLITICAL NEWS

White House Affirms Recognition of Venezuela's Guaidó

The administration of U.S. President Joe Biden on Wednesday reaffirmed its recognition of Venezuelan opposition leader Juan Guaidó as the Andean nation's legitimate president and ruled out talks with the government of President Nicolás Maduro, whom it called a dictator, Reuters reported. State Department spokesman Ned Price also called for free and fair elections in Venezuela, adding that the administration will emphasize "targeting regime officials and their cronies involved in corruption and human rights abuses." Price's remarks suggested little change from former President Donald Trump's stance on Venezuela, though Price did not mention the tough oil sanctions that the Trump administration had imposed since 2019. Before being appointed director for the Western Hemisphere in Biden's National Security Council, Juan Gonzalez told the Advisor in a [Q&A](#) published Aug. 21 that, as president, "Biden will stand with the Venezuelan people and for democracy by granting [Temporary Protected Status] to Venezuelans, marshaling a robust international response to the humanitarian crisis, targeting regime supporters involved in corruption and human rights abuses" as well

as "recovering assets stolen from the Venezuelan people, leading international pressure for free and fair elections and aiding the country's long-term recovery." Gonzalez also said Biden supports multilateral sanctions, as opposed to Trump's unilateral approach. [Editor's note: See related [Q&A](#) in Wednesday's issue of the Advisor.]

ECONOMIC NEWS

Mexico's Supreme Court Strikes Down Power Sector Rules

Mexico's Supreme Court on Wednesday ruled unconstitutional changes in the country's electricity market that gave preference to state-owned utility CFE, The Wall Street Journal reported. The ruling deals a setback to President Andrés Manuel López Obrador, who has sought to return state-owned energy companies to dominance. It also casts a shadow over legislation López Obrador sent this week to Congress that would give the CFE a prominent presence in the electricity market. The fast-tracked bill would alter the order in which electricity is sent to the national grid, putting private investors behind the CFE, the Financial Times reported. The legislation strikes a blow against producers of renewable energy, whose

NEWS BRIEFS

Brazil's Vale Agrees to Pay \$7 Billion Following Deadly Dam Collapse

Brazilian mining giant Vale has agreed to pay \$7 billion in compensation to Minas Gerais state following the January 2019 collapse of its Brumadinho dam, which killed 270 people, Reuters reported today. Vale said it would book an expense of 19.8 billion reais related to the settlement, which is the largest in Brazilian history. The settlement is intended as compensation for socioeconomic damage, but several homicide and environmental charges remain outstanding, The Wall Street Journal reported.

Biden Creates Task Force to Reunite Families Separated at Border

U.S. President Joe Biden on Wednesday signed a second round of executive orders to reverse immigration policies of his predecessor, Donald Trump. Among Biden's orders is one that creates a task force to reunite migrant families separated at the U.S.-Mexico border under a Trump-era policy, The Washington Post reported. Biden also signed orders to provide support to Central American countries to stem the flow of migrants heading north and also review the U.S. immigration system by promoting immigrant inclusion and integration, CNN reported.

Taiwan Opens Office in Guyana

Taiwan on Thursday announced that it had opened a representative office, essentially a de facto embassy, in Guyana, sparking a rebuke from China and praise from the United States, Reuters reported. Guyanese Foreign Minister Hugh Todd said the Taiwanese office would focus on trade and investment. "Guyana is not recognizing Taiwan as an independent state," he said. The South American nation has traditionally had close ties with China.

FEATURED Q&A / Continued from page 1

the supply side. Shutting down individual wildcat gold mines and seizing weapons from individual criminal groups is a game of whack-a-mole that France is never going to devote enough military and nonmilitary resources to win. France needs to work with regional and global partners to focus on the supply chain that traffics and launders the gold once it leaves the territory. This means cracking down on gold refineries and money laundering networks that use illegally mined gold and pressuring multinational companies to audit their supply chains."

A Raúl Gallegos, director at **Control Risks:** "The persistence of organized crime focused on illegal mining, logging and trafficking of drugs and weapons, particularly in the border areas between French Guiana and Brazil, is a largely unwinnable war. These criminal enterprises will continue to flourish in the area for the foreseeable future. There are several reasons for this. For starters, the lawlessness of the areas exposed to illegal economies will remain a free for all because these are very remote areas that are hard to

Continued on page 4

electricity is currently sent first to the national grid, a place they would lose under the legislation. The Supreme Court's ruling on Wednesday, however, could lead to a confrontation between López Obrador and the high court. The president has sought to reverse integral parts of the energy reform that was carried out under former President Enrique Peña Nieto, The Wall Street Journal reported. The Supreme Court's 4-1 ruling strikes down key parts of a policy that Mexico's Energy Ministry published last year, which required the national power grid operator to receive electricity that the CFE generated before less expensive options from private generators. However, Mexico's antitrust commission challenged the policy, arguing it violated the constitution by harming free competition and market access.

BUSINESS NEWS

Bradesco Reports 2.3% Rise in Profit for Fourth Quarter

Banco Bradesco, Brazil's second-largest private-sector lender, on Wednesday reported 6.8 billion reais (\$1.27 billion) in recurring net income for last year's fourth quarter, a 2.3 percent rise as compared to the same quarter a year earlier. The report exceeded analysts' expectations for 5.55 billion reais, according to a consensus estimate of analysts in a Refinitiv poll, Reuters reported. Bradesco also said it reduced expenses by 3.2 billion reais in the quarter, a 9.3 percent reduction year-on-year. The closure of 1,083 branches helped to drive the expense reductions, the bank said. "2021 will be another year of overcoming challenges, but it will be a year of recovery more than adversity," Bradesco's chief executive officer, Octavio de Lazari, said in a statement. He also said the bank is expecting growth in loans and declines in provisions this year. Bradesco said it expanded its loan portfolio by 687 billion reais in the quarter, a 10.3 percent rise year-on-year. Overall, Brazil's level of bank lending grew more than 15 percent for the 12-month period through November, banking industry associa-

THE DIALOGUE CONTINUES

Would Talks Help Solve Venezuela's Political Crisis?

Q **The European Union on Jan. 25 called for political talks in order for Venezuela to hold "credible, inclusive and transparent local, legislative and presidential elections." The statement came less than two months after Venezuela's Dec. 6 legislative elections, which have been widely denounced as fraudulent and which the main Venezuelan opposition parties boycotted. What is the likelihood of such dialogue happening this year in Venezuela? Would talks between President Nicolás Maduro's government and the opposition lead to a productive outcome? What actions should international actors, such as the European Union and the Biden administration in the United States, as well as Maduro allies such as Russia and Iran, be taking now to help stabilize Venezuela?**

A **Jennifer McCoy, professor of political science at Georgia State University:** "There is a chance for dialogue given two new conditions: a change in government in the United States and the displacement of the Guaidó-led National Assembly with a new government-dominated National Assembly. But the obstacles are great: the old strategy of ending the usurpation as a first step (that is, removing Maduro) has clearly failed, but the opposition remains suspended. Guaidó still claims leadership but lacks an institutional position and a clear base. The Maduro government wants relief from sanctions and personal indictments, which the United States controls. Thus, the Biden administration has the opportunity to

flexibilize sanctions in exchange for institutional rebuilding and allowing independent actors to receive and implement humanitarian relief. But to contemplate leaving or sharing power, Maduristas will need clear guarantees of future political life as well as spelled-out transitional justice mechanisms about how human rights abusers will be held accountable, and their supporters will want clarity on political and economic inclusion. International allies should help Venezuelans focus on coexistence rather than regime change. They could start with partial or pre-agreements on the most dire needs, such as impartial mechanisms to receive and distribute Covid-related and humanitarian relief, removing the criminalization of information and organizing, and releasing political prisoners. Such pre-agreements can build confidence toward a larger and longer-term political framework to rebuild institutional and social conditions needed for competitive elections, restart the economy and guarantee political and human rights for all. Such a framework might involve an internationally backed joint interim government or a jointly chosen technocratic government. Elections alone will not solve the underlying problems. Groups working toward change in Venezuela need to build new coalitions, look at longer-term strategies and consider gradual steps to address the humanitarian emergency and rebuild institutions."

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

tion Febraban said in December, marking the sharpest increase in the country's bank lending since September 2013. Factors including the higher demand in credit from companies as well as central bank incentives to boost lending

helped to drive bank lending in Brazil in 2020, Cynthia Cohen Freue, sector lead for financial institutions ratings at S&P Global Ratings, told the Financial Services Advisor in a Q&A published Jan. 27.

FEATURED Q&A / Continued from page 2

police. Second, the limited resources of the security forces (both of Guyana and Brazil) versus the almost unlimited resources of criminal groups make it difficult for the authorities to put up a fight. Third, these powerful criminal actors can also easily buy off and corrupt the authorities, which gives them additional breathing room to operate. But the biggest reason for the continued empowerment of the criminal element is the fact that France has bigger problems now in its overseas department than the fight against crime. French Guiana is struggling with poverty as well as weak institutions and public services, including health services, which has made it harder for France to manage the Covid-19 pandemic in French Guiana. This has drawn the ire of labor unions and other social groups that have staged protests in the past and are likely to give France a hard time this year. Such pressures will in turn force the French government to put its focus on ensuring political and social stability in its overseas territory over the next 12 to 24 months."

A **Amanda Mattingly, senior director at The Arkin Group in New York:** "Illegal mining along the border of French Guiana and Brazil has been an issue of concern for some time, and so far, authorities on both sides of the border have been unable to get it under control. In addition to the criminality, lawlessness and physical dangers that illegal gold mining brings to this region, it has also caused great environmental degradation to

the Amazon rain forest and waterways. Environmental groups have criticized the French government for not doing enough to help local authorities rein in the illegal practice and provide security for the region, noting that the manner in which these miners are extracting gold is harmful to the rain forest

“So far, authorities do not have a handle on the surge that has come with recent high gold prices.”

— Amanda Mattingly

and nearby communities. While French President Emmanuel Macron suspended a large gold mining project in the Guiana Amazonian Park in early 2019, illegal mining remains a problem, and so far, authorities do not have a handle on the surge that has come with recent high gold prices. For Brazil's part, President Jair Bolsonaro's government sent about 4,000 soldiers to patrol the border with French Guiana in late 2020 in an effort to crack down on illegal gold mining, drug trafficking and weapons trafficking. But overall, Bolsonaro has not done nearly enough to prioritize the environment or to halt the area's lawlessness, which continues to harm the rain forest. Sadly, illegal mining and logging in the remote northern areas of the Amazon have significantly increased on Bolsonaro's watch."

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