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FEATURED Q&A

Will Bukele's Gang Crackdown Work in the Long Run?



Salvadoran President Nayib Bukele last week posted photos on Twitter of prisoners being deployed to paint over gang graffiti, comparing organized gang activity in his country to international terrorist groups. // Photo: @nayibbukele via Twitter.

Q El Salvador's Legislative Assembly on March 27 approved President Nayib Bukele's request for a 30-day state of emergency due to a surge in gang-related homicides and violent crime. The declaration suspends some constitutional rights, including the right to a state-sponsored attorney for those arrested and freedom of association. In the days following the move, murders have significantly decreased, according to the National Civil Police. What led to the recent surge of gang-related violence in El Salvador? How effective has the state of emergency been thus far, and how sustainable is the current crime decrease in the long run? How are Salvadoran security forces treating detainees, and how will this response to crime affect Bukele's political support?

A Celia Medrano, San Salvador-based journalist specialized in human rights: "In the last three years, El Salvador has experienced at least three episodes of significant increases in homicides. This last time involved 62 deaths in a single day. The behavior of these violent episodes lasts from three to four consecutive days, and the country later returns to the average of three homicides per day, which has been sustained since 2020. To address each episode, the state response has always been the same: to send more soldiers into the streets. However, this has not guaranteed that the coming months would not see a new rise in homicides. The militarization of public security only shows that there is a lack of a criminal policy that provides sustainable results. Aggressive 'mano dura' speeches and an increase in arrests have

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TODAY'S NEWS

ECONOMIC

Power Restored in Puerto Rico Following Outage

Electricity was restored to nearly 1.5 million customers following an island-wide outage that was caused by a fire at a main power plant, private company Luma Energy said Monday.

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BUSINESS

Chevron Receives Concession From Neuquén Province

Oil major Chevron received a concession from Argentina's Neuquén province to extract shale oil from the Vaca Muerta oil field.

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POLITICAL

Brazil Invites E.U. to Observe October Election

Brazil's national election authority has for the first time invited the European Union to observe its presidential election. European Commission Vice President Josep Borrell said he would consult the E.U. member states about the invitation.

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Borrell // File Photo: European Union.

POLITICAL NEWS

Brazil Invites E.U. to Monitor October Presidential Election

Brazil's national election authority told Reuters on Monday that it invited observers from the European Union to monitor the country's presidential election in October. Brazil has never before invited the European Union to observe one of its elections. The invitation comes as President Jair Bolsonaro, who is seeking re-election and trails former President Luiz Inácio Lula da Silva in polls, has questioned the validity of the country's voting system, leading to concerns that he will refuse to accept the results if he loses. European Commission Vice President Josep Borrell thanked Brazil's Supreme Electoral Court, or TSE, for the invitation and said he had to consult the 27 member states of the bloc and the European Parliament about it, Reuters reported, citing an unnamed person with knowledge of the matter. The European Union is planning to send officials to Brazil next month in order to gather information in order to make a decision on whether to send observers. The European Union's embassy in Brasília declined to comment to Reuters on the matter, and Bolsonaro's office did not immediately respond to the wire service's request for comment. The Brazilian elections authority also told Reuters that it invited observers from groups including the Organization of American States, the Carter Center, the Mercosur trade bloc and the International Foundation for Electoral Systems. The TSE is still in talks with those groups about election observation missions, it said. "The OAS has been invited before to observe the 2018 and 2020 elections. This year we are inviting other institutions," an unnamed TSE source told the wire service. Recent polls have shown Lula with a lead of as many as 14 percentage points ahead of Bolsonaro, who has recently renewed attacks on the country's voting system. If Brazilians' economic situation improves, "Bolsonaro has a chance of closing the gap with Lula and, if the count is close, calling fraud," Amanda Mat-

tingly, a security fellow at the Truman National Security Project, told the Advisor in a [Q&A](#) published Friday. "Bolsonaro has done much to undermine Brazil's electoral system already," she added.

ECONOMIC NEWS

Power Restored in Puerto Rico After Island-Wide Outage

Electricity was restored to nearly 1.5 million customers across Puerto Rico following an island-wide outage that began nearly five days earlier following a fire at a main power plant, private company Luma Energy said Monday, the Associated Press reported. Officials are now investigating what led to the failure of a circuit breaker at a substation of the Costa Sur power plant in the southern part of the U.S. territory, which led to the fire, the wire service reported. The power station is one of main four power plants in Puerto Rico. "I know many in Puerto Rico are asking, 'How is it that this happened?'" said Luma CEO Wayne Stensby, the AP reported. "There's no question the electricity grid in Puerto Rico is incredibly fragile." [Editor's note: See related [Q&A](#) in the July 2, 2021 issue of the Energy Advisor.]

BUSINESS NEWS

Brazil's Stark Bank Receives \$45 Million in Venture Capital

Brazil's Stark Bank on Monday said it received a \$45 million investment led by venture capital funds including Ribbit Capital, Lachy Groom and Bezos Expeditions, which is led by Amazon founder Jeff Bezos, Reuters reported. Created in 2018 by entrepreneur Rafael Stark, Stark Bank raised \$13 million from venture capital investors in an initial round four months ago.

NEWS BRIEFS

Mexican Truck Drivers Block Bridges to U.S. in Protest of Texas Order

Mexican truck drivers blocked two border crossings between Mexico and the U.S. state of Texas in protest of an order by Texas Governor Greg Abbott for more stringent inspections of vehicles, which have slowed commercial crossings, Reuters reported. Last week, Abbott ordered "enhanced safety inspections" of vehicles entering the United States in order to detect smuggling of people and contraband. The protests have blocked the border crossings between Ciudad Juárez and El Paso, Tex. and between Reynosa and Pharr, Tex.

Nubank Gets \$650 Million Credit Line to Expand in Mexico, Colombia

São Paulo-based Nubank, one of the largest digital financial services platforms in the world, on Monday said it had obtained a credit line of \$650 million in order to expand in the Mexican and Colombian markets, where company operates under the name "Nu." In a statement, the company said the funds come from a three-year local-currency line of credit financed by Morgan Stanley, Citi, Goldman Sachs and HSBC, the underwriters for Nubank's initial public offering last year, in which the company raised approximately \$2.8 billion.

Chilean Government Announces Water Rationing in Santiago

Chile on Monday announced an unprecedented plan to ration water in Santiago, a city of nearly six million people, Reuters reported. The government estimates that water availability in the country, which has entered a 13th consecutive year of drought, has dropped to 37 percent in the last 30 years, and could drop another 50 percent in northern and central Chile by 2060, according to the report.

The company says it is the first fintech in the country to offer services via the central bank's popular Pix electronic payment system to the corporate market through API. "We believe that Pix is the future of payments in Brazil," Stark said Monday, noting that 50 million Brazilians have taken up the Pix service since it launched less than two years ago. Stark Bank charges a fixed fee about 10 cents for each Pix transaction. Critics say the central bank's system needs more security and authentication protocols, however, due to high potential for scams and abuses. [Editor's note: See related [Q&A](#) in the Dec. 2-15 issue of the biweekly Financial Services Advisor.]

Chevron Receives Concession From Argentine Province

Chevron received a concession to extract shale oil in Argentina's Vaca Muerta oil field, Reuters reported Monday, citing a local government statement. The oil major will invest \$78.7 million in the project, according to the government of the central Argentine province of Neuquén. The company received a concession to drill in the 282.8 square-kilometer El Trapial Este block, the wire service reported. "We are very excited to begin this new phase in our historic field, and we look forward to continuing to strengthen our commitment to the community and our presence in the country," Eric Dunning, Chevron's managing director in Latin America, said in a statement, Reuters reported. The oil company plans to invest about \$65.7 million to drill down to the shale deposit and create five horizontal wells. Chevron will invest an additional \$13 million in the infrastructure needed to conduct the fracking operation, Reuters reported. The Vaca Muerta shale formation, which is the size of Belgium, is the fourth-largest proven shale oil reserve in the world, the second largest for shale gas extraction. Its development is key for Argentina to reverse its massive energy deficit at a time when it needs to preserve its scarce central bank international reserves, according to Reuters. [Editor's note, see related [Q&A](#) in the Feb. 26, 2021 edition of the Energy Advisor.]

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made headlines in Salvadoran newspapers since 2003. The state of emergency will hardly put an end to crime. Much more is spent on publicity and government propaganda. Punitive populism has been chosen, encouraging the stigmatization and criminalization against children and adolescents from the most excluded areas. The military budget has tripled, but health and education budgets have been reduced. Soldiers are the ones who decide who is a suspect and who is not, if a person will be deprived of their freedom for two weeks and if proof of work is enough to authorize a young person to leave a community subjected to a de facto state of emergency. This state violence and arbitrariness will only invoke more violence."

A **Leonor Arteaga, program director at the Due Process of Law Foundation:** "Several experts believe the latest surge in violence signals a fracture in the Bukele government's secret pact with gangs, which created a façade of security. The current state of emergency suspends several basic rights, including being informed of the charges against you, the right against self-incrimination and the right to a lawyer. Security forces have increased restrictions in many poor communities by flooding streets with police and military. They claim to have arrested more than 6,000 gang members and that homicides have ceased. However, there are reports of arbitrary civilian detentions and indiscriminate searches, which raise serious human rights concerns. Hundreds of people have sought information about detained loved ones, with little luck, and Bukele announced that 'terrorist' prisoners will be under lockdown with rationed food and water, which is considered torture under national and international law. The rise of violence in El Salvador must be addressed, and reducing homicides is essential for improving security, but Bukele's methods are insufficient. Many experts highlight that exclusively relying on homicide statistics as

security indicators does not address the underlying issue of gangs' stronghold. Quick-fix security 'gains' are short-lived; if violence starts again, another surge of migrants fleeing El Salvador could be one of many potential consequences. Bukele's policies indicate that his main concern is consolidating power instead of using democratic institutions to reduce crime. Despite condemnation, Bukele will likely maintain high approval ratings. He is a sharp communicator leveraging government-sponsored media to spread his messages and garner support against a weak political opposition. This might change in the future, and hopefully it won't be too late."

A **Douglas Farah, president of IBI Consultants:** "President Nayib Bukele's state of emergency is likely the final nail in the coffin of El Salvador's hard-won democratic process. Like the Ortega regime in Nicaragua, he militarized security and silenced dissent, the independent media and civil society by criminalizing virtually anything the government views as critical. The state of emergency has particularly harsh jail sentences for any reporting on the government's well-documented pact with the gangs and is renewable. Given Bukele's absolute control of the legislature and judiciary, there is no viable legal recourse for dissent. It is a return to the darkest days of El Salvador's tragic past. The cycle of spikes in gang violence in response to a breakdown of deals with the government is a well-established pattern since the first gang truce in 2012. Violence drops dramatically when a new agreement is reached. This cycle was repeated here and Bukele was able to seize the moment to intimidate and decapitate the opposition after new conditions were negotiated. The arrest of more than 5,000 suspected gang members with no evidence or investigation, the videos of school children being arrested and police brutalizing uncharged suspects show the cost of the power grab. Bukele

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mocked international human rights groups and threatened to export gang members to countries critical of his actions while refusing to extradite the 12 leaders of the MS-13 gang—the gang leadership with whom he negotiated—requested for extradition by the United States. The state of emergency has little to do with combating crime and a great deal to do with establishing Latin America's newest dictatorship.”

A **Christine Wade, professor of political science and international studies at Washington College in Chestertown, Md:**

“Successive Salvadoran administrations have struggled to effectively address gang violence. The reliance on punitive measures and militarized policing strategies often associated with *mano dura* have failed to address the root causes of gang violence and, in fact, often succeeded in worsening it. Likewise, secretive truces between gangs and the Funes and Bukele administrations have proven to only reduce homicide rates in the short-term. The stark reality of nearly 20 years of failed anti-gang policy was apparent in the recent surge of homicides, with a one-day total being the deadliest day in more than 20 years. As has long been evident, gangs—not the state—control the

country's homicide rate. As mayor of San Salvador, Bukele expressed a greater interest in breaking from *mano dura* policies, but as president, he has relied on the same repressive tactics as past administrations—albeit amplified on social media. The suspension of constitutional rights and mass arrests of thousands of suspected gang members without any regard for due process, the abusive treatment of detainees and restrictions on the press are touted as signs of strength by the president, though these are signs of an inherently weak state that lacks capacity to develop effective policies to tackle gang violence at its roots. While Bukele's moves will be politically popular—as *mano dura* policies always have been—they are ultimately ineffective. This is why El Salvador remains caught in a two-decade cycle of gang violence.”

[Editor's note: The Advisor invited El Salvador's embassy in Washington to comment, as well as numerous deputies from President Bukele's party in the country's Legislative Assembly, but did not receive a response from any of them.]

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at ekuleta@thedialogue.org.

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