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FEATURED Q&A

What Will a New Chief Executive Bring to Ecopetrol?



Ricardo Roa on Monday became chief executive officer of Colombian state oil company Ecopetrol. // File Photo: @ricroabar via Twitter.

Q Ecopetrol, Colombia's majority state-owned energy company, on April 11 appointed Ricardo Roa as its new CEO following the departure of former company head Felipe Bayón at the end of March. Roa, who committed in a Twitter posting to a "fair and sustainable energy transition for the benefit of the entire country," began in the position on Monday. Why was Roa tapped as the new CEO of Ecopetrol, and what will he bring to the role? What are Roa's priorities for the future of the state-owned oil company? How well will Roa be able to work with the current government of President Gustavo Petro, who is looking to lessen Colombia's dependence on oil and gas exports?

A Cecilia Aguillon, nonresident fellow at the Institute of the Americas: "Ricardo Roa could help Ecopetrol design the blueprint for national oil companies in Latin America to make a sustainable and equitable energy transition. Roa was chosen to lead Ecopetrol because of his close alliance to President Petro, yes, but also because of his extensive experience in the energy sector leading power companies in Bogotá and abroad. Roa was likely involved in developing Petro's energy transition agenda, which could help Ecopetrol execute the president's goals. Part of decarbonization includes the electrification of transport and other sectors, which increases electricity demand. Aware of this, Ecopetrol has already started moving away from a sole focus on oil and gas and is becoming a power company as well by investing in electricity infrastructure and renewable energy production

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TODAY'S NEWS

ECONOMIC

Brazil's Lula Visits Spain, Trade Deal on Agenda

Brazilian President Luiz Inácio Lula da Silva arrived Tuesday in Spain, the second country he is visiting on a five-country tour of Europe. Discussion of the pending E.U.-Mercosur trade is high on his agenda.

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ECONOMIC

Argentina Will Use 'All Tools of the State' to Protect Peso: Massa

Argentine Economy Minister Sergio Massa said Tuesday that the country's government will protect the country's currency.

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POLITICAL

Venezuela's Guaidó Arrives in United States

Venezuelan opposition figure Juan Guaidó arrived Tuesday in the United States after fleeing his home country. Guaidó said his family had been threatened.

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Guaidó // Photo: @jguaido via Twitter.

POLITICAL NEWS

Guaidó Arrives in United States After Fleeing Venezuela

Venezuelan opposition figure Juan Guaidó arrived in the United States on Tuesday after fleeing his home country and being forced to leave Colombia, The Wall Street Journal reported. Guaidó, who flew to Miami, had crossed the border to Colombia on foot, hoping to meet with participants at an international summit, but immigration officials swiftly accompanied him to the airport to take a flight to the United States, Reuters reported. Colombian President Gustavo Petro is hosting a meeting aimed at restarting stalled negotiations between Venezuela's government and the opposition, with the participation of nearly two dozen delegations, including from the United States and several Latin American and European countries. Guaidó's arrival to Colombia drew criticism from Colombian officials. Foreign Minister Álvaro Leyva said on Monday that Guaidó had crossed the border inappropriately. Removed from leadership in January, Guaidó nonetheless has maintained a high profile in the Venezuelan opposition. In a video posting on

Twitter, Guaidó said his family was under threat in Venezuela and that he had left the country to escape persecution by the government of President Nicolás Maduro. "Guaidó's exit shows that in Venezuela there is no respect for human rights, no respect for civil rights and for those who are not in Nicolás Maduro's party," Gaby Arellano, a Venezuelan opposition activist who lives in Colombia, told The Wall Street Journal. "He is a victim of the persecutions and threats," she added. More than seven million people have fled Venezuela.

Representatives of 20 Nations Discuss Venezuela Situation

Representatives from 20 countries met on Tuesday in Colombia at a conference convened by President Gustavo Petro to discuss the political situation in Venezuela with the aim of restarting talks between the Nicolás Maduro administration and the opposition, the Associated Press reported. Delegates from the United States, the European Union, Brazil and the United Kingdom participated in the five-hour meeting in Bogotá. Colombian Foreign Affairs Minister Álvaro Leyva said the participants had agreed that Venezuela's government and the

NEWS BRIEFS

Brazil's Lula Visits Spain, Eyes Trade Agreement Between E.U., Mercosur

Brazilian President Luiz Inácio Lula da Silva arrived in Spain on Tuesday in an effort to support a pending trade deal between the European Union and the South American Mercosur bloc, the Associated Press reported. Lula's visit to Spain is the second stop in his European tour, following five days in Portugal. The 27 members of the European Union finalized negotiations with the South American trade bloc, which includes Argentina, Paraguay and Brazil, in 2019, though ratification has stalled. The agreement would allow for the integration of markets of some 800 million people.

Argentina Will Use 'All Tools of the State' to Protect Peso: Massa

Argentine Economy Minister Sergio Massa said in a Twitter posting on Tuesday that the government "will use all tools of the state" to protect the country's currency. The peso has slid to record lows against the U.S. dollar in the parallel exchange market this week, Reuters reported. A widely watched black-market exchange rate known as the "blue dollar" on Tuesday hit a low of 495 pesos to the dollar, a gap of more than 120 percent from the official exchange rate, local newspaper *Ámbito Financiero* reported.

Santander's Brazil Unit Reports \$425 Million in Net Profit for First Quarter

Banco Santander Brasil on Tuesday reported a first quarter profit of 2.14 billion reais (\$425 million), a 46.6 percent drop from the same period last year, Reuters reported. Santander Brasil, the South American country's third-largest private bank, had a total loan portfolio of 500.3 billion reais, a 10 percent increase from 2022, while loan loss provisions were up nearly 47 percent year-on-year.

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including green hydrogen. Critics worry that denying new exploration contracts could hurt Colombian revenues, but if Roa successfully increases the electrification of the transportation sector and the development of renewable energy projects, domestic demand for fossil fuels should decrease, allowing exports of oil and gas to continue until global demand for fossil fuels decreases. As long as oil prices remain high, Colombia will continue to benefit from current exports, which could help Roa focus on decarbonization at home. Roa's challenge will be to balance keeping oil export revenues high while accelerating the country's energy transition at the pace expected by Petro. As a prag-

matic businessman, Roa could shift more of Ecopetrol oil production toward exports while increasing production and demand of renewable electricity at home."

A **Andrés Duarte Pérez, director of variable income at Corficolombiana in Bogotá:** "Regardless of the government's controlling stake in Ecopetrol and counting with this government's blessing, Ricardo Roa will face more than a fair share of challenges in his role as Ecopetrol's CEO. To begin with, he is replacing someone with extensive experience in the oil and gas sector, who was very fluent when answering questions

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opposition must agree to an electoral calendar and ensure free elections. Leyva added that participants expressed support for lifting sanctions on Venezuela if negotiations progress. Among them, Juan Gonzalez, the senior director for the Western Hemisphere at the U.S. National Security Council, said the United States would be willing to reduce sanctions on



Maduro // File Photo: @NicolasMaduro via Twitter.

Venezuela if strides are made toward holding free and fair elections. The summit aimed at generating momentum to advance the stalled talks between the Maduro administration and the opposition Democratic Unitary Platform coalition, which have occurred sporadically in Mexico since 2021. In response, the Venezuelan government issued a statement saying that it “took note” of the conference and aims to advance the dialogue in Mexico, EFE reported. [Editor’s note: See related [Q&A](#) on Venezuela in the March 2 issue of the Advisor.]

BUSINESS NEWS

Colombia’s Ecopetrol Will Use Technology to Boost Output: CEO

Colombian state-owned oil company Ecopetrol will use technology to boost production at its existing oilfields, new CEO Ricardo Roa said Tuesday, Bloomberg News reported. Roa, who assumed leadership of the state oil firm on Monday, said the company will also seek to promote successful exploration efforts to boost oil and gas reserves, which currently sit at 8.7 years. Only 8 percent of the company’s 85 exploration contracts have been successful, Roa told a local radio station. “From the envi-

THE DIALOGUE CONTINUES

Will Brazil’s Plan for Peace Talks on Ukraine Take Root?

Q **Brazilian President Luiz Inácio Lula da Silva proposed the creation of a group of countries, potentially including China, India and Indonesia, in order to mediate peace talks between Russia and Ukraine. China, Turkey and several other countries have also sought to make diplomatic pushes to end the war in Ukraine. What role are Brazil and other Latin American countries playing in the war? How are Lula’s proposals different from those of other countries? What are the reasons behind Lula’s efforts to position Brazil as a mediator of the conflict?**

A **Cecilia Godoy, analyst at FrontierView:** “Since the outbreak of the Russia-Ukraine conflict, Latin American government responses have been mixed; in the immediate weeks following, about half of the region’s presidents did not explicitly condemn Russia’s aggression—Brazil’s then-President Bolsonaro included—motivated by principles of non-intervention and likely the scheduled large-scale Sputnik V deliveries to help fight the Covid-19 pandemic. However, as the conflict drags on, the region has become more active in spearheading attempts at peace talks. Mexican President Andrés Manuel López

Obrador was among the first to suggest creating a mediation committee to pursue a five-year truce to the conflict—an initiative backed by Colombian President Gustavo Petro. Since his inauguration, President Lula has made it clear he intends to position Brazil as an impartial regional and global powerhouse, but this anointed mediator role, while certainly in line with Brazil’s constitutional doctrine of neutrality, also safeguards Lula’s economic motivations. Not only do the United States and the European Union continue to be the leading markets providing foreign direct investment into Brazil, but also, Russia has for years been Brazil’s top fertilizer provider, vital to the agribusiness sector, which remains heavily dependent on imported inputs. Brazil’s eagerness to head negotiations for peace talks would undoubtedly go a long way in re-establishing its international prestige within diplomatic and security circles in the post-Bolsonaro context, but it also leaves the country very well positioned to economically withstand the fallout of the Russia-Ukraine conflict.”

EDITOR’S NOTE: The comment above is a continuation of the [Q&A](#) published in the April 7 issue of the Advisor.

ronmental point of view, what is responsible is to no longer allow the search for more fossil fuels,” Roa said, the news agency reported. He added that “with the existing contracts we have today, we have to be more successful in the exploration and discovery of oil and gas reserves to guarantee our energy security.” Ecopetrol will also use new technologies and artificial intelligence to increase output at current producing fields, Roa said, Reuters reported. Efficiency gains could increase production to around one million barrels of oil equivalent per day (boe/d),

compared to the current level of around 709,500 boe/d, the new chief executive said. Colombian President Gustavo Petro appointed Roa, his former campaign chief and a former head of power company Grupo Energía Bogotá, to Ecopetrol’s top post earlier this month. Petro has pledged to phase out Colombia’s dependence on oil and coal, which account for more than 50 percent of its exports, and his administration has not granted any new exploration licenses in the eight months it has been in government.

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from the company's stakeholders—a trial that Roa will endure during the next earnings conference call. Furthermore, Roa must confront several of the government's views and assumptions regarding the energy transition in Colombia and Ecopetrol's role to this effect, through reality and feasibility checks that are expected by stock and debt

“Ecopetrol plays a leading role in the country's fiscal front and its energy self-sufficiency.”

— Andrés Duarte Pérez

holders alike. Ecopetrol plays a leading role in the country's fiscal front and its energy self-sufficiency. Moreover, given the resources that must be allocated to climate change mitigation and the energy transition in Colombia, Ecopetrol's business continuation is essential. This being the case, while Roa—hopefully—achieves a down-to-earth approach on the energy transition front, levered on his experience in power and gas utilities (Grupo Energía de Bogotá and TGI), he must ensure Colombia's liquid fuel and gas self-sufficiency, a front that has not yet been addressed, taking into account the discrete proved reserves certification that the company obtained in 2022, growing only 0.5 percent as compared to the previous year, despite very favorable international oil and gas prices, which enable the certification of

more reserves. I wish the best of luck to Mr. Roa. The country needs his tenure as CEO to be outstanding.”

A **Juanita Hernández Vidal, managing partner at Estudio Legal Hernández in Bogotá:** “Ricardo Roa led the energy team during Petro's presidential campaign, which makes him a very close associate of the president. He has extensive experience in the energy sector, which explains his appointment as it responds to Ecopetrol's need to advance toward consolidating a state energy holding and probably expanding into international markets through the development and operation of renewable energy plants. Roa is surely aligned with the government's intention to replace hydrocarbon exploration and exploitation with a transformation process in which the state-owned oil company migrates toward the production of green, blue and white hydrogen and acts as an integrated renewable energy public utility. This is already reflected in the National Development Plan ‘Colombia, A World Power in Life,’ which the government is presenting to Congress. The plan would enable vertical integration between the activities that make up the electricity supply chain; allowing Ecopetrol, as a shareholder of ISA, to develop energy generation and transmission without limitations.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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