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FEATURED Q&A

What Can Stronger Ties Mean for India & Latin America?



Indian Foreign Minister Subrahmanyam Jaishankar met last month with Latin American leaders including Panamanian President Laurentino Cortizo (L-R). // Photo: @DrSJaishankar via Twitter.

Q Indian Foreign Affairs Minister Subrahmanyam Jaishankar on April 24 began a two-day visit to Panama, where he met with President Laurentino Cortizo and participated in a business forum with representatives of Indian companies.

Jaishankar, the first sitting Indian foreign affairs minister to visit Panama, was on a multi-country tour of Latin America that included a prior stop in Guyana and visits to Colombia and the Dominican Republic and aimed to increase South-South cooperation. What can be said about the timing of Jaishankar's trip to Latin America, and what did he accomplish on the tour? What is the state of India-Latin America ties, and what are the most promising avenues for cooperation?

A Hari Seshasayee, advisor to Panama's foreign minister and Asia-Latin America expert at the United Nations Development Programme (UNDP): "Jaishankar's visit to Panama, Guyana, Colombia and the Dominican Republic was the first for an Indian foreign minister to these countries. Since being appointed foreign minister, Jaishankar has visited eight countries in the region. If anything, this is testament to Jaishankar's personal understanding of foreign policy and his background as a former diplomat. He is aware that India has for long neglected the Latin American region, and he wants to set things right. His gesture to visit these countries was reciprocated in large part—he met with the presidents of Panama, Guyana and the Dominican Republic, and also met a dozen ministers from neighboring Central American and Caribbean countries as part of the India-SICA and

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TODAY'S NEWS

POLITICAL

Nicaragua Orders Red Cross to Close

Nicaragua's ruling-party dominated National Assembly passed a law ordering the Red Cross to end its activities in the Central American country, accusing it of "attacks on peace and stability," allegations the group denies.

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BUSINESS

Grupo México Reportedly Near Deal for Banamex

Grupo México is nearing a deal to buy most of Citigroup's Banamex unit for approximately \$7 billion, Bloomberg news reported Wednesday.

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ECONOMIC

Ecuador, China Sign Free Trade Agreement

Ecuador and China on Wednesday signed a free trade agreement that the two countries had been working on for more than a year. Ecuadorean Trade Minister Julio José Prado said the deal "opens the door to the largest market in the world."

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Prado // File Photo: Ecuadorean Government.

ECONOMIC NEWS

Ecuadorian, Chinese Governments Sign Free Trade Deal

Ecuador and China on Wednesday signed a free trade agreement that the South American country hopes will increase its non-oil exports by as much as \$4 billion over the next 10 years, Agence France-Presse reported. The deal covers 99.6 percent of Ecuador's exports and "opens the door to the largest market in the world: 1.4 billion consumers," Ecuadorian Trade Minister Julio José Prado told journalists, AFP reported. Prado called the agreement "tremendously interesting" for Ecuadorian exporters and for sectors that purchase raw materials from China, the wire service reported. "The agreement is focused on trade issues. We have not negotiated issues of services, investments, public procurement and other sectors that may become more sensitive," he added. During a signing ceremony in Beijing, Prado said the deal "puts Ecuador on Asia's map," the Financial Times reported. "This is an opportunity to widen cooperation," said Chinese Trade Minister Wang Wentao. Trade between the two countries reached \$13.09 billion, a record level, last year, according to Ecuador's central bank,

AFP reported. China was the South American nation's main non-oil trading partner in the first half of last year. The two countries launched negotiations for the trade deal in February 2022 when President Guillermo Lasso visited China. The deal comes as the United States has sought to counter China's growing influence in Latin America, where the Asian country also has free trade deals with Peru, Chile and Costa Rica, the Financial Times reported. In order to be put into effect, Ecuador's National Assembly has to ratify the deal. It may meet resistance in the legislature, where Lasso also faces an impeachment attempt over embezzlement accusations that he denies.

POLITICAL NEWS

Nicaragua Orders Red Cross to Close

Nicaragua on Wednesday passed a law ordering the country's Red Cross to close as part of a clampdown on groups perceived as hostile to President Daniel Ortega's government, the Associated Press reported. The National Assembly, dominated by Ortega's Sandinista party, voted to shut down the local branch of the nongovernmental organization, accusing it of "attacks on peace and stability" during

among the region's top 10 trading partners. The new opportunities in India-Latin America ties lie in renewable energies and advanced technology."

A Jorge Heine, research professor at the Frederick S. Pardee School of Global Studies at Boston University and a former Chilean ambassador to India: "The visit of Foreign Minister Jaishankar is highly significant. In the past, Indian foreign ministers rarely set foot in Latin America. Jaishankar grasps that India cannot aspire to play a global role if it ignores 33 countries in the

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NEWS BRIEFS

Costa Rican President Removes Security Minister

Costa Rican President Rodrigo Chaves dismissed his security minister and other top cabinet officials after the country recorded its highest-ever homicide rate last year, Reuters reported. The country ended 2022 with a record number of homicides, at a rate of 12.6 killings per 100,000 inhabitants. Statistics for the first quarter of this year show a jump of 40 percent as compared to the same period last year. [Editor's note: See related [Q&A](#) in the Feb. 23 issue of the Advisor.]

Colombia's Ecopetrol Will Step up Exploration Under Current Contracts: CEO

Colombian majority state-owned energy company Ecopetrol will more aggressively search for oil under its current contracts, Chief Executive Officer Ricardo Roa said on Wednesday, Reuters reported. The oil company on Tuesday reported a 14 percent drop in first-quarter net profit, despite higher production, citing lower crude prices and higher sales costs. "With the existing contracts we're going to have the great challenge of making the search for oil more efficient and more effective," Roa said during a call with analysts. Colombian President Gustavo Petro has said he will not issue new licenses.

Siemens Signs \$200 Mn Deal With Eletrobras

Siemens Energy signed a \$200 million deal with Brazil's state electric utilities company Eletrobras to modernize a key electricity transmission line in the country, a Siemens executive said, Reuters reported Wednesday. The project is worth some one billion reais (\$200 million) and is expected to be completed by 2026. It will upgrade more than 800 kilometers of the energy transmission line that connects the Itaipu plant with São Paulo and Paraná states.

FEATURED Q&A / Continued from page 1

India-Caricom ministerial meetings that were held in Panama and Guyana. Notwithstanding this renewed political will, India-Latin America ties have always been driven by the economic relationship, largely by the private sector on both sides. Jaishankar's keynote speech at the Latin America-India Business Forum in Panama underscored the reality that business will remain the driver of India-Latin America ties, with governments playing a supporting role. His visit comes at an opportune time: India-Latin America trade reached an all-time high of \$50 billion in 2022. This is far from the level of China-LAC trade at \$450 billion but still puts India

antigovernment protests in 2018. Nicaragua's government said the organization violated its commitment to political neutrality. "The association itself transgressed the laws of the country," it said in a statement. The Red Cross said it was only treating injured protesters during the demonstrations, the AP reported. The Inter-American Commission on Human Rights estimates that 355 people were killed in clashes with government forces between April 2018 and July 2019, thousands more were injured. On Wednesday, the assembly also ordered the country's health department to create "a new Nicaragua Red Cross," Al Jazeera reported. Government crackdown since the widespread protests has jailed or exiled almost all of the country's organized opposition and has outlawed more than 3,000 civic groups and nongovernmental organizations. Many of those groups provided basic care and social services that Nicaragua's government has not supplied.

BUSINESS NEWS

Grupo México Near Deal to Buy Banamex: Report

Grupo México is getting close to a deal to buy most of Citigroup's Banamex unit in Mexico for approximately \$7 billion, Bloomberg News reported Wednesday, citing unnamed people familiar with the matter. The report led to a 5 percent decline in Grupo México's shares, their sharpest drop in nearly four months.

The agreement under discussion would see Citigroup retaining a portion of Banamex, with the option of later selling it to Grupo México or listing it publicly, the sources told Bloomberg News. Citigroup announced last year that it would sell its consumer, small-business and middle-market Mexican banking divisions, though it is retaining its institutional operation. Grupo México, which is controlled by Mexican billionaire Germán Larrea, is among the world's largest copper miners, and it operates an infrastructure division and railroads. However, investors have been wary of its plans to enter the banking sector, Bloomberg News reported. For

THE DIALOGUE CONTINUES

What Would an E.U.-Mercosur Trade Agreement Bring?

Q **Brazilian President Luiz Inácio Lula da Silva on April 25 arrived in Spain, the second country he visited on a five-nation tour of Europe, in an effort to promote a pending trade deal between the European Union and the South American Mercosur trade bloc. The 27 members of the European Union finalized negotiations with Mercosur, which includes Argentina, Paraguay and Brazil, in 2019, but ratification has stalled. What are the key aspects of the trade deal, and who would it benefit the most? Why has its ratification stalled? How much did Lula's trip increase the possibility of the trade deal's ratification?**

A **Martín Montoro, senior associate, and Fernando Jiménez de Aréchaga, partner, both at Dentons Jiménez de Aréchaga in Montevideo:** "As with all trade deals, key aspects generally relate to the removal of tariffs and other trade barriers as well fostering market access and deploying of services and investments across the regions. Both Mercosur and the European Union may benefit from having fewer burdens on their exports and improving their business environment. However, there are other key aspects

of this trade deal, such as the Intellectual Property Chapter and the Trade and Sustainable Development Chapter to be considered, in which the European Union has a particular interest. In fact, environmental issues raised by certain countries in the European Union led to a halt in this process years ago. Even though environmental issues were the main factor for the delay, the complexities arising from the political landscape in the region must also be highlighted—especially prior to Brazil's presidential election last year. Both Mercosur and the European Union showed interest in resuming the negotiations even before Lula's trip, on the grounds that additional environmental commitments and warranties will be annexed to the trade agreement and, most importantly, effectively enforced by the countries. Nonetheless, Lula's European trip will surely help to ensure that political commitments will be procured and, significantly, to convince all members of the European Union to ratify the trade agreement."

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

months, several bidders have been interested in buying Banamex. Investors have also closely monitored Citigroup's progress on the sale as the New York-based banking giant has said any potential sale would temporarily harm capital levels. That concern has led Citigroup to refrain from conducting share buybacks recently, the news service reported. The move is part of Citigroup Chief Executive Officer Jane Fraser's strategy of paring back the bank's international consumer divisions in order to focus more strongly on Citi's institutional divisions and on its retail business in the United States. Representatives of Citi and Grupo México declined

to comment on the report to Bloomberg News. "In Fitch's view, Citibanamex remains a highly attractive piece of the Mexican financial sector," Alejandro Garcia, managing director and regional group head for Latin American banks at Fitch Ratings, told the biweekly Financial Services Advisor in a Q&A published Dec. 14. "Its competitive lending positioning has weakened gradually over the past years, but this bank maintains some major credit strengths: a very strong franchise in credit cards; a large and well-positioned branch network; and a sound funding profile, largely composed of stable customer deposits," he added.

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Western Hemisphere. This was his third visit to the region (he visited Mexico in 2021, and he visited Argentina, Brazil and Paraguay in 2022). India has also opened new embassies in the Dominican Republic and in Paraguay. At a time when India is chairing the G20 and managing a delicate balancing act in its relations with Washington and

“Indo-LAC trade has skyrocketed in the past 20 years...”

— Jorge Heine

Moscow (given its nonaligned stance on the war in Ukraine), this is noteworthy. It speaks well of Jaishankar, a career foreign service officer with a Ph.D. in international relations, who has now been in office four years—a rare occurrence in a cabinet position with high turnover in India. Indo-LAC trade has skyrocketed in the past 20 years, from \$1.6 billion in 2000 to \$42.5 billion in 2021, though this only scratches the surface in terms of its potential. Latin America’s leading export to India is oil, whereas vehicles, pharmaceuticals and chemical products are India’s main exports. Trade is concentrated in Brazil, Mexico, Argentina and Colombia. One of the most promising growth areas is IT-enabled services, where Indian companies like Tata Consulting Services (TCS), Infosys and Wipro are world leaders. TCS has a presence in 16 Latin American countries. This should be especially significant for Panama, a transport, logistics and services hub in the Americas. India, until now, has had a limited presence there, something that Panama’s foreign minister, Janaina Tewaney, of Indian origin herself, is determined to change.”

A Devika Misra, assistant professor at the Jindal School of International Affairs: “Since the start of the second Modi term in 2019 in particular, there has been an uptick in the number of high-level visits from the Indian government to Latin America. Often bowed down by the weight of its potential and the absence of concrete political will, this is a positive sign for India-Latin America relations. Though there have not been any state visits even by the internationalist prime minister of India to a Latin American country with the exception of those for international conventions, this is Jaishankar’s second recent foray into the region. Last year, he visited Argentina, Paraguay and Brazil. The significance of the previous visit resulted in conversations about closer cooperation in G20, expansion of BRICS membership and an attempt to capitalize on the goodwill India has generated via its pandemic management efforts. Similarly, the visit to Panama, especially for an event organized by the Confederation of Indian Industry, is an added impetus to the biggest champions of the India-LAC relationship—that of its business sector. As conversations on non-alignment and agency have gained ground in Latin America, Jaishankar’s visit as the emissary of traditional nonalignment in a bid to promote and solidify business interests is emblematic of the agency that the nonalignment option has always attempted to eke out for itself. Given that this visit is to be followed by another similar event in India in August, these are promising signs indeed for a relationship that is often relegated to the background in Indian foreign policymaking.”

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

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