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FEATURED Q&A

What Will Williams Bring to Chile's Lithium Industry?



Chilean President Gabriel Boric on Aug. 16 named Aurora Williams as his new mining minister. // File Photo: Chilean Government.

Chilean President Gabriel Boric on Aug. 16 named Aurora Williams as his new mining minister amid a cabinet reshuffle. Earlier this year, the government announced a plan to boost state control of the country's vast lithium reserves. What will Williams bring to the role, and how will she promote Chile's lithium policy? How important is the mining industry's role for the country's economy and green energy transition?

Emilio Castillo, professor in the Mining Engineering Department at the University of Chile: "Minister Williams is a wellknown politician in the Chilean mining sector. She was the mining minister during the second term of President Bachelet in 2014-2018. Williams is the mining minister who has lasted the longest in that position in almost 20 years. She is likely to foster a closer relationship with the mining sector after a lengthy discussion of modifying the mineral taxation system in the country and implementing a highly divisive lithium strategy. In the particular case of lithium, Chile has the largest lithium reserves in the world. Still, the ability to transform lithium reserves into mineral production has historically lagged due to the inability of the political sector to get a national agreement on what the role of government should be in this industry. This debate has not been subdued in the face of the energy transition, pressing for more critical minerals for green energy technologies. The role of the new mining minister will be to ensure a clearer view of the role of government, room for private investment and establishing how the implementation will differ across different brine deposits existing in Chile. William's experience should also support a more

TOP NEWS

POWER SECTOR

Board Files New Debt Plan for Puerto Rico Power Authority

A federal control board that oversees Puerto Rico's finances filed a new plan to restructure debt of the island's power authority.

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OIL & GAS

Thousands Protest Gasoline Price Hikes in Colombia

Thousands of demonstrators took to the streets Monday in cities across Colombia to protest increases in gasoline prices. President Gustavo Petro's government is cutting gasoline subsidies.

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CLIMATE

Brazil Set to Issue \$2 Bn in Sovereign Bonds Next Month

Brazil is preparing to issue some \$2 billion in sustainable sovereign bonds in September. The bonds are part of President Luiz Inácio Lula da Silva's efforts to improve Brazil's environmental record.

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Lula // File Photo: Brazilian Government.

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OIL & GAS NEWS

Thousands Protest Gasoline Price Hikes in Colombia

Thousands of protesters took to the streets on Monday across Colombia's main cities against recent hikes in gasoline prices, the Associated Press reported. Protesters say the increase in fuel prices is making it more difficult to operate small businesses and could push up the price of food, the wire service reported. The government of President Gustavo Petro is cutting gasoline subsidies, which cost some \$11 billion a year, to relieve national oil company Ecopetrol's debt and fund social programs. Officials in the South American country's finance ministry said they wanted the price of gasoline to reach 16,000 Colombian pesos (\$4) per gallon by the end of the year, which would match the price in the United States. Last weekend, Petro reached a deal with the nation's taxi driver unions that ensures no increase in gasoline prices for the country's estimated 200,000 taxis. The protests came amid frustration with Petro's administration a year after he took office. Petro has faced criticism that he has failed to deliver on promises to reduce poverty and achieve total peace in the country. "The change Petro promised has moved slower than many Colombians had anticipated," Steven Holmes, a research associate at the Council on Foreign Relations, told the daily Latin America Advisor in a Q&A published Aug. 21. "While Petro achieved several early victories, notably winning congressional approval for a tax reform, his total peace policy and the Escazú agreement, attempts in other areas have stalled as his political coalition crumbled," he added.

Argentina Sees Record Level of Gas From Vaca Muerta

Argentina's Vaca Muerta shale formation injected a record daily amount of gas into the

country's pipeline system, the government said on Wednesday, Reuters reported. Located in Neuguén province, Vaca Muerta, which is thought to be the second largest shale gas reserve in the world and the fourth largest for shale oil, topped 100 million cubic meters per day. Last month, the Argentine government inaugurated the first stage of a new gas pipeline that connects Vaca Muerta to Buenos Aires. Vaca Muerta could play a critical role in aiding the South American nation get out of debt and save its foreign currency reserves, helping to decrease the amount of money it spends on importing petroleum and potentially allowing Argentina to become the region's primary hydrocarbon exporter, BBC News reported on June 20. Norwegian consulting group Rystad Energy predicts that, by 2030, Vaca Muerta could produce more than one million barrels of oil on a daily basis, Bloomberg Línea reported. In order to reach its maximum potential, however, Rystad Energy said in its report that Argentina must be sure to bring personnel specializing in extraction projects that large in the long term.

Ecopetrol to Invest Up to \$1.3 Billion in Cleaner Fuels: CEO

Colombian state-owned oil company Ecopetrol will invest as much as \$1.3 billion in cleaner fuels over the next seven years. Chief Executive Officer Ricardo Roa said on Wednesday, Reuters reported. "The goal is, in the next seven years from now to 2030, to make investments of close to \$1.3 billion or \$1.2 billion to have clean gasoline," Roa said. The investment will help lower the sulfur in the gasoline produced by Ecopetrol. Sulfur in gasoline has been blamed for health problems, increased mortality and property damage. The oil company has already invested nearly \$450 million to reduce sulfur content in its gasoline, down to 45 parts per million, Roa said. The aim is to bring the sulfur level down to fewer than 10 parts per million, he added. Ecopetrol said Monday that Colombia's finance ministry had authorized it to arrange a credit line worth up to \$1 billion

NEWS BRIEFS

Chile Launches Investigation Into Deadly Accidents at Mines

Chile's government launched an investigation into accidents over the weekend at two mines in the South American country's metropolitan and Tarapaca regions that killed three workers, it said on Sunday, Reuters reported. Newly appointed Mining Minister Aurora Williams is monitoring the inspection of Anglo American's Los Bronces copper mine and Minera ACF, her ministry said in a statement. "The mining ministry expresses its heartfelt condolences to the workers' families and co-workers," it added.

Hurricane Idalia Causes Flooding, Power Outages in Cuba

Hurricane Idalia brought heavy rains and flooding to western Cuba on Tuesday, The Wall Street Journal reported. In Pinar del Río province, approximately 60 percent of the population lost electricity, according to state-run media. Idalia made landfall Wednesday morning in Florida as a Category 3 hurricane. Eastern Time was centered 10 miles south-southeast of Perry, Fla., according to the U.S. National Hurricane Center.

Eni, Repsol Plan to Expand Oil-for-Debt Deal With Venezuela

European oil majors Eni and Repsol plan to expand an oil-for-debt deal with Venezuela, with the United States' approval, people close to the matter said, Reuters reported Tuesday. The agreements aim to supply refined products to Venezuelan state-owned oil company PDVSA and increase exports to Europe. The U.S. State Department last year authorized Eni and Repsol to take Venezuelan crude and process it in Europe, amid Western sanctions cutting off Russian oil from the region.

with international lenders. The loan will be provided by Deutsche Bank, Banco Inbursa, the Latin American Bank of Foreign Trade and ICBC Standard Bank. The credit line has a seven-year maturity and a variable interest rate, but the company did not disclose further details. Some \$800 million will be disbursed over the next few days under the terms of the agreement, with an optional additional \$200 million in the following 90 days, Ecopetrol added. The loan will assist the company with funding its gas expansion and decarbonization plans. Ecopetrol previously said it will invest between \$6.1 billion and \$7.2 billion to promote its transition toward renewable energy, Reuters reported.

POWER SECTOR NEWS

Board Files New Debt Plan for Puerto Rico Power Authority

The federal control board that oversees Puerto Rico's finances on Aug. 25 filed a new plan to restructure the debt of the U.S. territory's power company, the Associated Press reported. The Puerto Rico Electric Power Authority is \$10 billion in debt, and the plan, which would cut its debt by almost 80 percent to \$2.5 billion, is the third such plan attempting to put an end a lengthy bankruptcy process. "We hope that we will be closing not just the chapter but most of the book on the largest public sector bankruptcy in the United States," Robert Mujica, the board's executive director, said in a statement. If Puerto Rico's Energy Bureau approves the plan, it would raise the already elevated power bills for many residents of the island by almost \$9 a month, to \$35, the AP reported. Customers who consume less than 425 kilowatt-hours a month, some 1.4 million people, would be exempt from the new charge, the plan says. Electric bills have increased in the wake of hurricanes, frustrating citizens with frequent power outages. "Hurricane Fiona emphasized the need for a transformation of Puerto Rico's electrical system to a resilient, decentralized grid based on rooftop solar and storage," Ingrid

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direct role in delivering urgent matters from miners, as is the case with the permitting process and a needed modernization of the corporate governance of the state-owned National Mining Enterprise (ENAMI), a company focused on promoting small and medium-scale mining in Chile."

Jennapher Lunde Seefeldt,

associate professor of govern-

ment and international affairs at Augustana University: "No stranger to natural resources, Chile's economy stands to benefit from the continued global demand for lithium batteries. As lithium is an already heavily nationalized strategic mineral with a high royalty rate, the state technically owns and benefits from all lithium deposits. What is really key for Boric, Williams and Chile is the extent to which the state can foster functioning and beneficial PPPs with existing and future extraction companies and/or battery cathode plants. Boric's government is looking to transition from being solely a supplier of raw lithium to becoming a hub for processing and battery manufacturing. Taxes procured from value-added projects would be more significant than what is garnered from existing royalties and rents from mined lithium. The potential problem with this plan is the already crowded field of battery manufacturers, particularly from China and Korea. Williams' return to the ministry brings her experience but also new goals, including demands for greener extraction methods. Industry changes via government mandate and green initiatives have spooked some investors, but in reality Chile sits on the proverbial (white) gold mine of lithium deposits, and anyone wanting access to it can expect to play by more rigorous rules in the future. SQM and Albemarle are promised contracts until 2030 and 2043,

respectively, but Boric and Williams' plans would give the state a 51 percent share in future agreements. Given that Chile and



Williams' return to the ministry brings her experience but also new goals, including demands for greener extraction methods."

- Jennapher Lunde Seefeldt

Chileans bear the environmental burden of the north's energy transition, Boric's changes are not unexpected."

> Luis Alberto Pino, head of content and programs at the Fundación Chilena del Pacífico/ **Consejo Empresarial de APEC**

(ABAC): "As a former mining minister, Aurora Williams brings extensive industry experience to President Boric's government. She is originally from the Antofagasta region, which could be considered as the main mining region in a deeply mining-oriented country, and has held high-level government positions in that region. Williams returns to the mining ministry at a complex and challenging moment for Chile's mining sector, including soaring copper production costs. Additionally, lower grades at several copper mines have been putting pressure on the industry for quite a long time. Minister Williams will likely play a significant role in the implementation of Chile's recently launched National Lithium Strategy, which, unlike the current legal framework for other key minerals, gives the public sector a central role throughout the entire industry development process, and calls on the private sector

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M. Vila Biaggi, the president and co-founder of CAMBIO, told the Energy Advisor in a Q&A published last October. "Hurricane Fiona also revealed what Puerto Ricans have known for

more than a year—that the privatization effort that resulted in the transfer of grid operations to Luma Energy has been a failure," Vila Biaggi added.

CLIMATE CHANGE NEWS

Brazil Set to Issue \$2 Bn in Sustainable Sovereign Bonds

Brazil is preparing to issue some \$2 billion in sustainable sovereign bonds in September, a senior finance ministry official said on Aug. 24, Reuters reported. "In the upcoming month, the world will be closely observing and acquiring our sustainable bonds," Dario Durigan, the ministry's executive secretary, said during a meeting of the country's Climate Funds' committee. "The expectation that we have in the treasury is that we issue something around \$2 billion. It is a very relevant amount, it will be able to serve as a financing base for the ecological transition plan," he added. The National Monetary Council (CMN), comprised of the finance minister, planning minister and central bank governor, defined a new regulatory framework of the Climate Fund operations. The CMN framework, which will be implemented in September, defines loan return rates for the sovereign bonds. It also states that the financing backed by the fund will seek to "support the implementation of enterprises, the technological and productive capacity development and the acquisition of machinery and related equipment mitigating greenhouse gas emissions and adapting to climate change and its effects." The bonds are part of President Luiz Inácio Lula da Silva's efforts to improve Brazil's environmental record. Last month, the government announced a proposal for the creation of a regulated carbon market.

POLITICAL NEWS

Mexico's Opposition Taps Gálvez for Presidential Race

Mexico's opposition on Wednesday effectively chose Senator Xóchitl Gálvez as its presidential

ADVISOR Q&A

What Will Come of the U.S.-Mexico Dispute Over Corn?

The United States on Aug. 17 escalated its complaint against Mexico's ban on some genetically modified corn by requesting the formation of a dispute resolution panel under the U.S.-Mexico-Canada Agreement. The United States claims the ban on genetically modified corn for human consumption violates the nations' free trade agreement. Mexican Economy Minister Raquel Buenrostro said on Aug. 21 the country will not make any changes to its ban. What are the implications of the dispute settlement panel, and what will come out of it? How is the ban affecting trade between the United States and Mexico, as well as the agricultural sector?

Christina Fattore, associate professor in the Department of Political Science at West Virginia University: "After formal consultations between the United States and Mexico failed earlier this month, the two countries are moving toward a dispute settlement panel within the nascent USMCA trade agreement. The United States has the upper hand in negotiations with Mexico due to its economic size, but AMLO is not backing down from his position that genetically modified corn is harmful for

human consumption. While trade panels seem to signal a heightening of tensions between the two countries, it can also be seen as a less biased process of adjudication. Mexico and the United States have had a significant number of trade disputes that have been adjudicated via a dispute settlement panel in both the NAFTA/USMCA. as well as within the World Trade Organization. The possibility of a trade war leading to other production sectors being affected is low, considering the intricate trade ties between the two countries. Trade between the United States and Mexico should not be harmed, as Mexico still imports about \$5 billion in corn from the United States, mostly for livestock feed. But AMLO's bottom line is that this is a health concern. However, it is hard not to see this as a populist tool to win over Mexican corn producers and those who see corn as a vital part of the Mexican food culture. Similarly, the United States is quick to protect its own corn producers as votes in the Unites States' heartland will be vital in the 2024 presidential election."

EDITOR'S NOTE: More commentary on this topic appears in the Q&A of Thursday's issue of the Latin America Advisor.

candidate as the former long-ruling Institutional Revolutionary Party, or PRI, endorsed her instead of its own candidate, Beatriz Paredes, Reuters reported. "This is just the beginning," Gálvez said in a tweet. "Nobody will stop us," she added. Gálvez effectively secured the nomination when the PRI's chairman, Alejandro Moreno, told a news conference that, due to polling results, the party was backing Gálvez. Paredes, a senator and former leader of the PRI did not attend the news conference, Reuters

reported. The PRI's abandonment of Paredes came ahead of what had been expected to be a win for Gálvez at the ballot box as voters were expected to endorse her on Sunday as the opposition's candidate, the wire service reported. "Gálvez has pierced [President Andrés Manuel López Obrador's] divisive rhetoric by coming from one of Mexico's many marginalized sectors yet standing with the business-oriented/foreign investor-friendly opposition," Arantza Alonso, a senior analyst at Verisk Maplecroft,

NEWS BRIEFS

Biden Discusses Migration, Trade With Costa Rica's Chaves

Costa Rican President Rodrigo Chaves met with U.S. President Joe Biden on Tuesday at the White House to discuss legal pathways for migration and trade, The New York Times reported. "We're united by the vision we share," Biden told Chaves. The White House announced shortly after the meeting that the State Department will send more than \$12 million to Costa Rica to help address migration.

Guatemala's Congress Refuses to Recognize Semilla Party Lawmakers

Guatemala's Congress, which is controlled by the current ruling party, on Wednesday refused to recognize the seven lawmakers of the president-elect's Semilla party, following its suspension earlier this week, the Associated Press reported. Prosecutors have accused the Semilla Movement of irregularities during the party's registration, and its lawmakers were declared independents. Bernardo Arévalo, a former diplomat who ran on an anti-corruption campaign, won the country's Aug. 20 presidential runoff election in a landslide.

Chile Launches Search Plan for People Abducted Under Dictatorship

Chile's government launched a national search plan to find people who disappeared under Gen. Augusto Pinochet's military dictatorship, ahead of the 50th anniversary of the coup, The Wall Street Journal reported Wednesday. President Gabriel Boric signed a decree that officials say will increase resources to locate those who went missing under the military regime. It is the first effort of its kind. "Justice has taken too long," Boric said at an event in Santiago. "The state has to be responsible for finding the truth," he added.

told the daily Latin America Advisor in a Q&A published July 19. Morena is to announce its candidate on Sept. 6, following national polling. Former Mexico City Mayor Claudia Sheinbaum has led recent polls.

State Department Says U.S. Citizens Should Leave Haiti

The U.S. State Department said Wednesday that Americans should leave Haiti, which has been beset by high levels of gang violence. "Given the current security situation and infrastructure challenges, U.S. citizens in Haiti should depart Haiti as soon as possible via commercial or private transport," the State Department said in an advisory. The advisory added that U.S. citizens who want to depart the capital, Port-au-Prince, "should monitor local news and only do so when considered safe." The State Department also urged "extreme caution in traveling around the country" and advised citizens to "avoid demonstrations and large gatherings of people." [Editor's note: See related **Q&A** in the Aug. 17 issue of the daily Latin America Advisor.]

Mexico's National Search Commission Head Resigns

Karla Quintana, the official leading the investigation into Mexico's missing people, announced on Aug. 23 that she was resigning from her post, the Associated Press reported. Quintana, the head of the National Search Commission, was responsible for leading the search for the at least 110,000 who have disappeared in Mexico in the last few decades amid political violence, Aristegui Noticias reported. Quintana announced her decision on her social media platforms. She did not offer any motives for her resignation, which comes ahead of a government review of the agency's data, but said she was leaving "in light of current circumstances." "The challenges surrounding the disappearance of people remain," Quintana

posted on X, the social platform formerly known as Twitter. "The state must continue to push for a comprehensive policy geared toward prevention, searching and fighting impunity," she added. Critics have recently accused the government of President Andrés Manuel López Obrador of artificially reducing the commission's figures of missing people ahead of elections next year, the Financial Times reported.

ECONOMIC NEWS

Chinese Investments in Brazil Fall 78% to 13-Year Low

Chinese investments in Brazil plunged 78 percent last year as compared to 2021, falling to a 13-year low, the Brazil-China Business Council announced Tuesday, Reuters reported. Brazil's largest trading partner, China directly invested \$1.3 billion in the South American country last year. That was the lowest level since 2009, the business council said. Overall, Brazil's total level of foreign direct investment soared 95 percent in 2022, to \$90.6 billion, the highest level in a decade. Brazilian President Luiz Inácio Lula da Silva traveled to China on a state visit in April, where he met with Chinese leader Xi Jinping. The trip aimed to strengthen ties with Beijing.

Heavy Rains Have Caused Chile at Least \$1 Bn in Losses

Heavy rains in Chile's central farming region caused at least \$1 billion in losses, according to authorities' and the industry estimates, Reuters reported Monday. The extreme weather conditions that left at least three people dead led President Gabriel Boric to declare a state of catastrophe last week. Boric also issued an agricultural emergency and approved \$8.3 million to address the damage and help farmers, including replacing irrigation infrastructure and canal systems.

FEATURED Q&A / Continued from page 3

to seal public-private alliances (PPAs), including for exploration. The latter will likely demand an intense trust-building and longterm informative process to the business community-other government officials are already trying to get this message across to potential investors. Mining is by far the largest and most capital-intensive industry in Chile, accounting for 14.6 percent of the country's GDP as of December 2021 and 57 percent of total exports as of November 2022. Lithium and copper will play a crucial role in the country's-and the world's-energy transition amid Chile's demanding carbon reduction targets by 2030 and the global move toward electric vehicles."

Juan Enrique Serrano and Andrés Bórquez, both researchers at the Institute of International Studies at the University of

Chile: "President Boric's appointment of Aurora Williams as mining minister is a political signal to speed up the implementation of the National Lithium Strategy announced earlier this year. The new minister has a technical profile due to her deep knowledge of the mining industry and Chilean administration, and she is expected to promote a consensual approach to implementing the lithium policy. Indeed, opposition right-wing political parties consider the National Lithium

Strategy inadequate, and they are inclined to

adopt a short-term approach that will allow Chile to receive the foreign direct investment needed to take advantage of the current global boom of lithium prices and demand. On the contrary, the government defends lithium's special legal status enhanced in 1983, which forbids direct concessions and private ownership, in contrast to copper. In addition, the government intends to create a National Lithium Company to exploit new lithium reservoirs jointly with foreign companies. This policy is expected to allow, in the long term, the development of a local industry of lithium-based components compatible with environment protection and wealth redistribution. However, the creation of this new state-owned company is uncertain as a bill must be passed through Congress, in which the ruling party coalition lacks a majority. In the short-term, Minister Aurora Williams' mission is to invigorate the lithium policy by allocating public contracts to the private sector needed to explore the un-exploited lithium reservoirs-only one of the 50 reservoirs is currently exploited—and, later, by promoting the establishment of joint ventures between state-owned copper company Codelco and foreign companies possessing the adequate technology."

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



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