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FEATURED Q&A

Can Ecuador's Next President Make the Country Safer?



Daniel Noboa, who takes office next week as Ecuador's president, faces daunting security challenges. // File Photo: Facebook Page of Daniel Noboa.

Q Ecuadorean President-elect Daniel Noboa, who takes office next Thursday, has raised the possibility of using the military to fight drug traffickers and has said he would call for a referendum on the subject within his first 100 days in office.

Noboa is taking office in the midst of a surge in narco-trafficking and violence, which has led the homicide rate to soar. Why has outgoing President Guillermo Lasso been unable to curb violence and the homicide rate, and what must Noboa do differently? Will voters approve using the military to fight drug traffickers? What challenges will Noboa face in improving security given that his term lasts only 18 months?

A Daniela Chacón Arias, executive director at Fundación TANDDEM and former Quito vice mayor and city council member:

"Outgoing President Guillermo Lasso's ineffectiveness in addressing violence and the rising homicide rate is mainly due to his lack of public sector experience and a team without a clear strategy. Their focus on combating drug trafficking without tackling the root causes of violence created a policy gap, fueling a surge in narco-trafficking and violence, and presenting challenges for President-elect Daniel Noboa. Noboa faces the task of proving results in just 18 months, and he shares Lasso's governmental inexperience. His potential for re-election and the implementation of a comprehensive plan may be hindered by a steep learning curve. Noboa may resort to political clientelism, a strategy that his parents successfully used in previous campaigns, offering state gifts to vulnerable populations for re-election support. While this may boost short-term popularity, concerns arise regarding addressing the fun-

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TODAY'S NEWS

POLITICAL

Guatemalan Prosecutors Seek to Strip President-Elect's Immunity

Guatemalan prosecutors announced that they are seeking to strip President-elect Bernardo Arévalo's immunity from prosecution over tweets he made supporting students who took over a public university.

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POLITICAL

Kenyan High Court Blocks Sending Police Officers to Haiti

Kenya's High Court extended an order blocking the deployment of 1,000 police officers to Haiti.

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BUSINESS

Petrobras Should Lower Prices at Refineries: Energy Minister

Petrobras should reduce prices of diesel and gasoline at refineries, Mining and Energy Minister Alexandre Silveira said today.

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Silveira // File Photo: Brazilian Government.

POLITICAL NEWS

Prosecutors Seek to Strip Immunity of Guatemala's Arévalo

Guatemalan prosecutors announced Thursday that they will seek to strip President-elect Bernardo Arévalo and several members of his party of their immunity from prosecution over accusations that they made social media posts encouraging students to take over a public university in 2022, the Associated Press reported. Ángel Saúl Sánchez, Guatemala's cultural heritage prosecutor, made the announcement while government agents sought to arrest more than 30 student members of the president-elect's Semilla party and also executed search warrants, the AP reported. Prosecutors said they plan to pursue charges of aggravated usurpation, sedition and illegal association against Arévalo and others. In April 2022, students took over San Carlos University in response to what they said was the fraudulent election of the university's new rector. The students did not stand down until last June. In announcing their pursuit of Arévalo, prosecutors on Thursday cited a tweet Arévalo made congratulating the student protesters, which said they were "making it possible to see a ray of hope in Guatemala," the AP reported. Arévalo on Thursday called prosecutors' actions "spurious and unacceptable." The prosecutors' announcement was just the latest in a barrage of attacks that Arévalo, who has vowed to fight corruption, has faced since he unexpectedly won the country's presidential election in August. Arévalo has described prosecutors' pursuit of him and his party as an attempted "slow-motion coup." The office of Attorney General Consuelo Porras, whom the U.S. government has accused of corruption, has also pursued the Semilla party, alleging irregularities in its registration years ago. The actions have drawn international condemnation as attempts to prevent Arévalo from taking office in January. After the Guatemalan prosecutors' announcement, the U.S. State Department announced that it was imposing additional visa restrictions on 11 people "for

undermining democracy and the rule of law" in Guatemala. "The United States unequivocally rejects continued, brazen efforts to undermine Guatemala's peaceful transition of power to President-elect Bernardo Arévalo," State Department spokesman Matthew Miller said in a statement. "This includes Public Ministry officials' plans to file charges against President-elect Arévalo and Vice President-elect Herrera, as well as members of the Semilla party and other opposition members. We also condemn the politically motivated raids and arrests targeting members of the Semilla party," Miller added.

Kenya's High Court Blocks Sending Officers to Haiti

Kenya's High Court on Thursday extended an order blocking the country from deploying 1,000 police officers to Haiti to help the Caribbean nation fight gangs, the Associated Press reported. The justices' order came just hours after Kenya's parliament approved a measure to deploy the officers. The High Court first blocked the deployment in October, and Judge Chacha Mwita said Thursday that he would issue a ruling in late January, effectively delaying the deployment of the officers, who are to lead a U.N.-backed force to Haiti. Whatever decision the court ultimately makes can be appealed, meaning that the issue could become a protracted battle. [Editor's note: See related [Q&A](#) in the Aug. 17 issue of the Advisor.]

López Obrador Meets With Xi on Sidelines of Summit

Mexican President Andrés Manuel López Obrador and Chinese President Xi Jinping met privately Thursday on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit in San Francisco, Reuters reported. In a post on X, the social media platform formerly known as Twitter, Mexican Foreign Minister

NEWS BRIEFS

Tight Race as Argentines Head to Polls for Sunday's Presidential Runoff

Argentines head to the polls on Sunday for the country's presidential runoff election, with opinion polls showing a tight race between current Economy Minister Sergio Massa and libertarian Javier Milei, Reuters reported. Massa has defended the current government's policies and trade bloc Mercosur, but faces criticism over his handling of an economy with triple-digit inflation. Milei has said he wants to dollarize the economy and close the central bank.

Chile's BIWO Renewables, SUSI Partners Planning Renewable Projects

BIWO Renewables, the Chilean renewable energy developer, will bring two large-scale energy projects to the Santiago metropolitan area in partnership with SUSI Partners, the Swiss-based private fund manager focused on sustainable energy, Energy Global reported. The two hybrid solar photovoltaic and battery storage projects will together be capable of generating 232 megawatts peak and storing up to 900 megawatt hours. Construction is set to begin in 2025.

Petrobras Should Lower Fuel Prices at Refineries: Energy Minister

Brazilian Mining and Energy Minister Alexandre Silveira said today in an interview with TV channel GloboNews that he believes Petrobras, Brazil's state-owned oil company, should reduce diesel and gasoline prices at its refineries, Reuters reported. Silveira reasoned that the recent strengthening of Brazil's currency and drop in oil prices means it's "time we speak to [Petrobras] again," Reuters reported. Petrobras last adjusted prices on Oct. 19, when Brent crude was trading above \$92 a barrel; it is now trading at around \$78.50.

Alicia Bárcena said the two presidents had agreed to work on trade and investment, as well as efforts to combat illegal trafficking of precursor chemicals involved in fentanyl production. López Obrador is set to meet with U.S. President Joe Biden today, and fentanyl production is at the top of the agenda, a subject on which Biden has been openly critical of Mexico, the Associated Press reported. A potent and deadly opioid, trafficking of fentanyl into the United States has caused a sharp rise in overdose deaths over the last several years. Most of the chemicals required to produce synthetic fentanyl come from China, and the drug is largely produced in Mexico by cartels, before being trafficked into the United States, the AP reported. Peruvian President Dina Boluarte also had a meeting Thursday with Xi at APEC, where they discussed China's Belt and Road Initiative, Reuters reported.

ECONOMIC NEWS

Drought in Panama Driving up Prices for Liquefied Natural Gas

Drought conditions at the Panama Canal have led to a major jump in the price of liquefied natural gas (LNG), Bloomberg News reported Thursday. Restrictions on passage through the Panama Canal due to low water levels are making transportation of gas much costlier. By January, only half of the usually available slots for ships the size of LNG carriers will be available, according to BloombergNEF. This has led the price premium for European buyers of Asian LNG to double since Oct. 30. U.S. exports of LNG rely heavily on the Panama Canal to reach North Asian countries, but the reduced capacity of the canal will force traders to increasingly use the Suez Canal or the Cape of Good Hope, driving prices up. Xi Nan, head of LNG research at Rystad Energy, predicted that "the margin for U.S. LNG to the Pacific will keep shrinking, given the longer voyage days and higher shipping cost," Bloomberg News reported.

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damental issues of violence and drug trafficking. Noboa's proposal to use the military against drug traffickers and his plan for a referendum within his first 100 days indicate a desire for action. If promptly conducted, the referendum could secure political support, and Ecuadorians would perceive it as a vote on the president's popularity rather than the issue itself. Frustration with the previous administration's inefficiency fuels a willingness to explore new approaches for peace restoration. Yet Noboa's security initiatives' success relies on addressing root causes, assembling an experienced team and navigating governance complexities within a limited timeframe."

A Adam Isacson, director for defense oversight at the Washington Office on Latin America: "It's hard to think of other jurisdictions where violent crime rates increased sixfold in just four years, but that is what has happened in once-peaceful Ecuador. Outgoing President Guillermo Lasso, who governed during the pandemic and a chaotic post-FARC realignment of Colombia's trafficking networks, lacked the institutional tools to respond to criminal violence, which originated in prisons and along trafficking routes but has since metastasized. Like Lasso, Daniel Noboa now must address the challenge while able to employ only his government's weak, neglected, corruption-riven security sector. Under those circumstances, sending in the military to fight crime may seem like an attractive option. But there are very few examples in the hemisphere of violent crime declining significantly after troop deployments, and many examples of such deployments increasing human rights abuses. Unlike insurgencies, organized crime is an 'enemy' that prefers not to fight the government. It operates by penetrating and corrupting the same state institutions that are supposed to be fighting it. That makes organized crime a far more challenging adversary, requiring a smarter approach

than brute force. Instead of troops, Ecuador needs the capacity to identify criminal masterminds, track financial flows, respond to violence 'hotspots,' improve response times, support community-level violence initiatives, weed out corrupt officials and many other duties that an adequately resourced civilian security sector performs. Noboa has issued vague proposals to fill some of those long-term institutional needs. The concern is that he may neglect these—which do not yield short-term results—in favor of a military response, which offers the illusion of action and carries big human rights risks."

A John Polga-Hecimovich, professor of political science at the United States Naval Academy: "President-elect Noboa faces the daunting task of addressing organized crime, a sharply deteriorating security situation and spiraling drug-related violence. These issues have grown out of a confluence of factors: Ecuador's strategic geographical location, demobilization of the FARC in Colombia beginning in 2017 and especially the assassination of Jorge Luis Zambrano, the leader of the powerful Los Choneros gang. That killing, in December 2020, shattered the group's hegemony, created a criminal power vacuum and upset the balance of power among Ecuador's organized criminal groups. A weak state and an ineffective justice system have only made matters worse. Noboa intends to build a broad coalition that is likely to support the government on its security proposals—even if it disagrees on other issues. Among other things, the president-elect plans on reorganizing the Interior Ministry, which would coordinate security policy with the Ministry of Defense, and has vowed to fulfill a Lasso government pledge to budget \$800 million for security spending. Militarization also appears likely, which would follow in the footsteps of several other countries in the region, including Brazil, Colombia and Mexico. Unfortunately, this strategy is rarely

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successful at addressing the root causes of organized crime, which include a lack of educational and economic opportunities, social marginalization and weak state capacity. Instead, a militarized response to drug trafficking has often had the effect of reducing the state's strength, as in Mexico. Ultimately, there is probably little Noboa can do in 18 months to fundamentally improve the country's security situation in a sustainable way; however, if he manages to do so, plan on him winning re-election in 2025."

A **Diego Andrés Almeida, managing partner at Almeida Guzmán & Asociados in Quito:** "Ecuador has faced a surge in violence and the homicide rate, reaching over 6,000 homicides between January and October. According to official police statistics, this number is more than 70 percent higher compared to the same period in the previous year. A lack of reliable intelligence, equipment, control inside jails, and authorization for the use of force, has impeded police action in the past. The first hurdle for President Noboa will be the authorization of the Constitutional Court to include the question about military action within the referendum. The National Assembly could also intervene on the matter, given that the reform requires the amendment of the Constitution's Article 158 (for enabling the military to assist the police to fight organized crime). Unless Noboa has solid arguments for the reform and backing from the previously mentioned entities, the reform might not be feasible. If the question becomes a referendum, it has a high possibility of winning, as military intervention would arguably reduce violence. To improve security, Noboa must rely on international aid, especially in terms of intelligence and resources. Reorganizing the high command of the police and armed forces should also be on the incoming president's agenda. Due to the sophistication of the drug trafficking network, Ecuador must improve the equipment used to

combat crime. To reduce crime and combat drug trafficking, Noboa's efforts should be directed to improving controls in seaports as well as in the high seas and using adequate technology, such as scanners, radars, drones and naval vessels."

A **Santiago Mosquera, head of research at Analytica Investments in Quito:** "The new administration is taking office with two main objectives: improving security and increasing formal employment. While the latter could take more time, the former requires fast success before the end of the honeymoon period traditionally given to new governments. Considerable security improvements, both observed and perceived by the population, are the only way hiring could increase significantly during Noboa's short 15-month term, which in turn would improve his chances for re-election. Compared to the closing numbers for 2022—when the economy showed economic growth, inflation was among the lowest in Latin America, public accounts in the nonfinancial public sector were balanced and the current account was still considerably in surplus territory—the picture at the end of 2023 does not look that promising. An economic slowdown, lower tax collection, lower export revenues, power rationing and the potentially devastating effects of the El Niño weather phenomenon will immediately test the new administration to its core. During his recent international tour, President-elect Noboa's main goal was to convince investors and multilateral organizations that Ecuador needs financial support in 2024 to address economic and security challenges, and that this endeavor requires expansionary fiscal policies in the short term. In his statements, Noboa also hinted that a credible fiscal consolidation strategy could be implemented only in 2025 once he successfully wins re-election. Instead of calming investors, they responded with their feet with a market selloff."

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