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## FEATURED Q&A

# What Does Lithium Mean for U.S.-Chile Economic Ties?



U.S. Treasury Secretary Janet Yellen discussed economic ties with Chilean Finance Minister Mario Marcel during a meeting earlier this year in Santiago. // File Photo: @SecYellen via X.

**Q U.S. Treasury Secretary Janet Yellen said in March that growing demand for lithium would significantly increase U.S. imports from Chile over the next several years. Following meetings with President Gabriel Boric and Economy Minister Mario Marcel, Yellen told reporters that demand for clean energy alternatives may generate more than \$3 trillion in global investment opportunities over the next 26 years and that deepening U.S.-Chilean economic ties would be key to achieving climate goals and U.S. energy security. How large a role will lithium play in Chile's economic future and the nation's relationship with the United States? What policies should Boric pursue in order to develop the lithium industry in Chile and what potential hurdles stand in his way? How will lithium play into Chile's geopolitical significance for the United States and other major economic world powers?**

**A M. Trinidad Castro C., executive director of the World Energy Council Chile:** "Chile is blessed with natural resources and critical materials for the energy transition, such as abundant renewable energies (solar and wind) and minerals like lithium, copper and rare earths, among others. Lithium presents an important window of opportunity for our country, in the national lithium strategy that the Chilean government presented for the practical application of the industry and its derivatives. The relationship with developed countries such as the United States will be decisive to the extent that developing countries with characteristics similar to ours have sufficient and necessary resources to export and transfer to all corners of the world. The design of a public

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## TODAY'S NEWS

### POLITICAL

## Haiti Council Taps Bélizaire as Prime Minister

Haiti's transitional presidential council named little-known former Sports Minister Fritz Bélizaire as the country's interim prime minister. Just four of the seven voting members approved the appointment.

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### ECONOMIC

## Argentina's Lower House Approves Gov't Reform, Tax Changes

The lower house of Argentina's Congress approved government reform and tax changes pushed by President Javier Milei

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### POLITICAL

## Ammunition Missing From Colombian Military Bases

More than a million pieces of ammunition have gone missing from two military bases in Colombia, President Gustavo Petro said Tuesday.

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Petro // File Photo: Colombian Government.

## POLITICAL NEWS

## Haiti Council Taps Bélizaire as Prime Minister

Haiti's transitional presidential council on Tuesday chose Fritz Bélizaire, a little known former sports minister, as the country's interim prime minister, the Associated Press reported. Bélizaire, who served as Haiti's sports minister from 2006-2011 during the government of then-President René Préal replaces former Finance Minister Michel Patrick Boisvert as interim prime minister. Some members of the nine-member transitional council, which is tasked with setting up a new government and helping to prepare the country for elections, even said they were unfamiliar with Bélizaire, the AP reported. "I don't know him," said Leslie Voltaire, one of the council's seven voting members, when asked whether he supported Bélizaire. "He's kind of an unknown figure," Robert Fatton, a professor of politics and Haiti expert at the University of Virginia, said of Bélizaire, the AP reported. "He doesn't seem to have his own constituency. Maybe that made him the likely prime minister so different parties can accept him as prime minister," Fatton added. Louis Gérald Gilles, another member of the council and a supporter of Bélizaire, said the council wanted to name a new prime minister quickly. "The Haitian population can no longer wait. The security issue is essential for societal calm," he said, the AP reported. Four council members with voting power approved Bélizaire, The Guardian reported. Plans for the transitional council were made nearly two months ago following an explosion in gang violence in Haiti at the end of February. Former Prime Minister Ariel Henry was in Kenya at the time and remains locked out of the country. He submitted his resignation last week from Los Angeles. The transitional council also named Edgard Leblanc Fils, a former presidential candidate, as the body's president, the AP reported. "This is a very good choice for prime minister," Fils said Tuesday of Bélizaire, the wire service reported.

## Ammunition Missing From Colombian Military Bases: Petro

More than a million pieces of ammunition have gone missing from two military bases in Colombia, President Gustavo Petro said Tuesday, Reuters reported. A recent inspection determined that 1.3 million bullets, as well as thousands of grenades and 550 rocket-propelled grenade launchers were missing from army bases in central Colombia and near the Caribbean coast, said the president. "The only way to explain these missing items is that there are networks made up of people within the armed forces who are involved in the illegal arms trade," Petro said, the Associated Press reported. Petro said the ammunition may have ended up in the possession of rebel groups in Colombia or may have been illegally sold to criminal groups outside of Colombia, including Haitian gangs, the AP reported. Petro said authorities would continue to inspect military bases in order to "separate the armed forces from any type of criminal organization." As inspections continue, some officials have been removed from their official posts, Defense Minister Iván Velásquez told reporters on Tuesday.

## ECONOMIC NEWS

## Argentina's Lower House Approves State Reform, Tax Changes

The lower house of Argentina's Congress on Tuesday approved a government reform measure and changes to the tax code, initiatives pushed by President Javier Milei, the Financial Times reported. Lawmakers passed the government reform package on a vote of 142-106. It includes new incentives for large investments, an easing of labor market rules and a provision that allows the government to eliminate some public agencies and privatize some state-owned firms, the newspaper reported. The

## NEWS BRIEFS

## Lawyers for Ecuador Accuse Mexico of Violating Int'l Law at World Court

Lawyers for Ecuador on Wednesday told judges at the International Court of Justice that Mexico violated international law by interfering in the Andean nation's internal affairs, Reuters reported. Mexico has also brought a case before the court accusing Ecuador of violating the law in its arrest of former Vice President Jorge Glas, who was sheltering in the Mexican embassy when police breached the premises on April 5 and arrested him. Ecuador maintains that sheltering Glas was itself illegal.

## Brazil Releases Strong Employment, Job Creation Data

Brazil's government on Tuesday released job market figures showing job creation numbers and the unemployment rate to be far better than experts had expected, Reuters reported. Unemployment in Brazil was recorded at 7.9 percent in the year's first quarter, the lowest recorded level for that period since 2014. Separate data showed that a net 244,315 formal jobs were created in March, higher than the 188,000 that economists in a Reuters poll had expected.

## ICJ Rejects Nicaragua's Request to Order Germany to Halt Israel Military Aid

The United Nations' International Court of Justice on Tuesday rejected Nicaragua's request to order Germany to stop providing military and other aid to Israel and also to re-establish funding for the U.N. aid agency in Gaza, the Associated Press reported. The legal conditions for such an order were not present, the court said in a ruling 15-1 against the request. Germany had earlier told judges on the court that it is exporting few arms to Israel.

measure would allow for the privatization of nearly a dozen state-run firms, including Aerolíneas Argentinas, postal service companies and public utilities, Bloomberg News reported. The tax reform would reinstate income tax that was eliminated last year for high-earning workers and also includes a broad tax amnesty, the Financial Times reported. Lawmakers approved the tax reform in a vote of 140-103, with six abstentions. "This is a fundamental first step to get Argentina out of the mess that it has been in over the last few decades," Milei said in a posting on social media site X. The reforms now go to the Senate, where they face an uncertain future. Milei's bloc has just 10 percent of the seats in the upper chamber, and analysts say Milei would have to win the support of some members of the opposition Peronist bloc in order to secure approval for the reforms, the Financial Times reported.

## BUSINESS NEWS

# Petrobras to Explore Wind Energy Project in Brazilian State

Brazilian state-owned oil company Petrobras signed a memorandum of understanding with the government of Rio Grande do Norte on Monday to explore the development of an offshore wind energy project in that state, Rigzone reported. As part of exploring the feasibility of the pilot project, Petrobras is set to conduct environmental and social impact studies and the state government will work to improve the area where the project is planned. "Petrobras has been establishing partnerships with institutions and companies to acquire knowledge and training in the offshore wind segment, in order to evaluate future projects and opportunities in this segment. Rio Grande do Norte has a natural vocation, an excellent wind regime for offshore wind projects and we believe that the state's vocation should be capitalized on," Petrobras CEO Jean Paul Prates said in a press release, Rigzone reported.

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policy that involves the development of a nascent industry such as lithium in our country, considering the wide and abundant availability of this mineral throughout our territory, especially in our northern area, must include three fundamental aspects. These are accessibility, security and, of course, the sustainability of the project, which consider community and territorial issues, as well as shared value. The great challenge is the generation of agile and dynamic policies and regulations for an industry that moves with lightning speed. Chile has a history of institutionalism as well as orderly and clear regulations that provide stability in this changing, turbulent and conflicted environment. We are a geopolitical alternative within Latin America for the United States and other world economic powers in the coming years, and we hold a leadership position compared to the rest of the countries in the region, with critical capacities for progress and growth."

**A** **Jennapher Lunde Seefeldt, associate professor of government and international affairs at Augustana University:** "Boric's reworked lithium strategy has the potential to benefit Chile, the United States, and global access to lithium. The plan upholds existing contracts without expropriation and emphasizes public-private partnerships (PPPs) in new projects. Boric's plan does not shut the industry off from international investment, but should in fact encourage it. This allows Albemarle and others to continue exploration and extraction. Boric offers stability and clarity to Chile's vision for industry development, which has long been notoriously unstable and confusing. This is good news for the United States and investors, as Yellen explained. PPPs allow for government oversight and management while still being attractive to potential investors in such significant undertakings like lithium flat exploration and extraction. Boric's strategy also seeks to diversify the offered supply chain from raw or processed materials to

value-added products like cathodes. These steps will give Chile more control over a key global industry. Currently, China receives more than twice as much of Chile's exports as the United States. However, Yellen's visit manifests the push in U.S. foreign policy toward 'friendshoring,' hoping to put critical supply chains into U.S.-friendly hands. Yellen hopes to thwart a situation in which any one country dominates production and supply chains, and this renewed U.S.-Chile relationship is encouraging. Boric must heed domestic concerns regarding sustainability in an area with limited water access and justified concerns of environmental contamination. There are also local, rural and Indigenous justice concerns which will only be exacerbated if these stakeholders continue to be ignored in ongoing industry development plans."

**A** **Phillip Leon Euell, of counsel at Diaz, Reus & Targ:** "Lithium's role in the global transition to clean energy positions Chile at the center of a significant economic and geopolitical shift, reflecting the metal's importance to both Chile's future and its relationship with the United States. U.S. Treasury Secretary Janet Yellen's recent visit to Chile underscores this dynamic, emphasizing the critical role that lithium will play in advancing energy security and fostering economic growth through the development of green and resilient supply chains. Yellen's discussions with Chilean officials highlighted this mutual interest in strengthening economic ties and leveraging lithium for green technologies. President Gabriel Boric's administration in Chile has articulated a vision to transform the country into a leading lithium producer that focuses on sustainable mining practices and equitable development. For the United States, deepening ties with Chile represents a strategic effort to diversify supply chains and reduce dependency on critical minerals from geopolitical rivals, notably China. However, Chile's

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lithium industry development faces potential hurdles, including environmental concerns, the need for technological advancement and navigating geopolitical tensions amid global competition for lithium resources. To successfully develop the lithium industry, Boric's policies must balance economic growth with social and environmental considerations, fostering innovation and ensuring that the benefits of lithium extraction contribute to broad-based prosperity. Lithium is poised to play a pivotal role in Chile's economic future and its evolving relationship with the United States, serving as a cornerstone for bilateral cooperation on green energy and offering a critical resource in the global transition towards renewable energy."

**A** **Manuel Albaladejo, representative for Argentina, Chile, Paraguay and Uruguay at the United Nations Industrial Development**

**Organization:** "With one of the largest reserves, Chile is set to become a lithium powerhouse. If exploited wisely, lithium, as well as green hydrogen, will surely make Chile a key player in the decarbonization of global energy systems. The shift in the geopolitical landscape, caused by the availability of high-demand clean energy sources, offers unprecedented opportunities for Chile to reshape its role in the global economy, strengthening its trading relations with the major economic powers. Having learned lessons from the past, Chile's national lithium strategy moves away from the urgency of short-term revenues to a more holistic, collaborative and participative approach with proactive state intervention. Like in the case of green hydrogen, Boric's lithium drive seems anchored in the realms of the so-called modern industrial policy, characterized by public-private collaboration, a focus on the development of clean technologies and value-added lithium manufactures, a responsible protection of ecosystems and the participation of the local community in decision making. Also, the Chilean state

has a majority stake throughout the supply chain. Speeding up and streamlining project approvals will be key to making it all happen as broader and stricter regulations overseen by further layers of government meddling could certainly delay if not deter new investments. Chile would also need to find a technology niche and build specialized skills for the lithium economy to moving up the value-added ladder. Integrating technology and skill transfer agreements in tenders should be a strong tenet in the negotiating process with foreign companies."

**A** **Juan Pablo Escudero, staff attorney at the Emmett Institute on Climate Change and the Environment at UCLA Law:** "While

expectations for lithium's role in the Chilean economy are high, there's also a sense of urgency to seize the current prices before it is too late. The country is struggling to solve some severe regulatory and efficiency concerns to keep up with the demand in an environmentally sustainable way. The current government has yet to address these issues. While the U.S.-Chile relationship is healthy, the United States has lost its position to China as Chile's main commercial partner. This shift in dynamics, coupled with the intense international competition to secure lithium, has reduced the United States' leverage to impose its geopolitical influence to achieve its lithium goals. The United States has many reasons to be interested in Chilean lithium, which potentially qualifies for the IRA EV's tax credits, which require a portion of critical minerals in a battery to be extracted or processed in the United States or a country with a free trade agreement, like Chile. However, Chile cannot afford to sell only raw materials because the lithium fever may be short. It's crucial for Chile to leverage this opportunity to develop knowledge and technology for the future. The challenge lies in selecting partners willing to invest in adding value to the economy, a strategic approach that can ensure long-term benefits."

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