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FEATURED Q&A

Will Latin America's Water Resource Struggles Continue?



Many parts of Latin America have experienced struggles recently with water. Among them is the Panama Canal, which has seen low water levels, affecting ship traffic. // File Photo: Panama Canal Authority.

Q Water shortages stemming from climate change and El Niño's impact on rainfall are causing problems across Latin America. Bogotá is rationing water, and Mexico City may soon be forced to do the same. Lower water levels have limited the traffic that can pass through the Panama Canal and prevented Paraguay from exporting its record soy crop via its rivers. Ecuador declared a national energy emergency and rationed power because of lowered production at hydroelectric dams, and Venezuela similarly faced power shortfalls. At the same time, devastating flooding in Brazil's Rio Grande do Sul state has left more than 150 people dead and hundreds of thousands displaced from their homes. Will these regional struggles abate following El Niño, or are they symptoms of long-term problems? How seriously could climate issues affect Latin American access to water, electricity and trade—and what are the largest water resource risks facing the region? What policies need to be implemented at the national level to address these challenges, and what kind of regional collaboration could mitigate future risk?

A Jessica Eise, assistant professor of environmental and social challenges at the University of Texas at San Antonio: "We are staring down the barrel of a long-term climate crisis that extends beyond the climatic variations wrought by El Niño. There is no reason to anticipate that regional struggles will decrease in the future. They will continue to worsen every year, although there will be variations in the intensity and type of pressure, depending on the impact of extreme weather events and deviant climatic phenomenon

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Brazil's supreme court has annulled two high-profile convictions connected with the massive "Car Wash" corruption investigation.

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Carlyle Group Sells Minority Stake in Brazil's Rede D'Or

Private equity group Carlyle Group has sold its entire minority stake in hospital chain Rede D'Or for approximately \$427 million.

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POLITICAL

Peru's Attorney General Dismissed Over Abuse of Power Allegations

Peru's National Board of Justice dismissed Attorney General Patricia Benavides over allegations that she abused her power in order to shield her sister from an investigation.

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Benavides // File Photo: Agencia Andina.

POLITICAL NEWS

Brazil's High Court Annuls Two 'Car Wash' Convictions

Brazil's supreme court has annulled two convictions against two high-profile people convicted in the country's sprawling "Car Wash" corruption case, the Financial Times reported Wednesday. The high court late Tuesday overturned the 2017 conviction of José Dirceu, a politician and ally of President Luiz Inácio Lula da Silva, saying a limitation period had expired, the newspaper reported. A single justice on the court also annulled rulings against businessman Marcelo Odebrecht, who was convicted in 2016 of crimes including money laundering and bribery. Filipe Campante, an associate professor at Johns Hopkins University, told the Financial Times that the rulings were "symbolic of the utter defeat and reversal" of the Car Wash case. In the massive case, which started in 2014, investigators discovered a multi-billion-dollar kickback scandal that took money from state-run enterprises, particularly oil company Petrobras. Dozens of businesspeople and politicians were imprisoned in connection with the case. Among those convicted was then-former President Luiz Inácio Lula da Silva, who spent 580 days in prison before the supreme court overturned his sentence in 2021, allowing him to run for president again in 2022 and win. Once a close ally of Lula's, Dirceu had been convicted for receiving bribes between 2009 and 2012 from a company that had a contract with Petrobras, the Financial Times reported. However, his lawyers argued that because he was over age 70 at the time of his sentencing, the statute of limitation period had been reduced by half to six years, the newspaper reported. The supreme court overturned his conviction on Tuesday in a 3-2 vote. In the case of Marcelo Odebrecht, Justice José Antonio Dias Toffoli annulled rulings against the businessman, saying there was "collusion" between magistrates and prosecutors and that proper legal procedures had not been followed, the Financial Times reported. "It's clear there

was a mixing of the prosecutorial and judicial functions, eroding the foundations of the democratic criminal process," Toffoli wrote in the ruling. Last year, Toffoli also nullified large amounts of evidence obtained during the Car Wash case, saying investigators had "disrespected due legal process and acted with bias," the newspaper reported. Anti-corruption group Transparency International criticized the latest rulings. "The destruction of the fight against corruption in the country is relentless," the non-governmental organization said in a posting on social media site X. The organization has previously criticized Toffoli's rulings in the Car Wash case, leading Toffoli in February to order it to be investigated, Bloomberg News reported. Toffoli launched the probe, citing allegations that it misappropriated public resources, accusations that the group has denied, the Financial Times reported.

Peru's Att'y General Fired Over Abuse of Power Accusations

Peru's National Board of Justice on Wednesday dismissed Attorney General Patricia Benavides following accusations that Benavides abused her power to shield a relative from investigation, Agence France-Presse reported. Benavides was originally suspended in December

Benavides has denied the accusations, and her lawyer called the board's decision "a shameful scandal."

amid an investigation into her firing of a prosecutor conducting a corruption probe involving her sister, Emma Benavides. "It was unanimously decided to remove Patricia Benavides Vargas from her position as chief public prosecutor for having interfered in the investigation of her sister Emma Benavides," Antonio de la

NEWS BRIEFS

Nine People Killed When Stage Collapses at Mexico Campaign Rally

Nine people were killed and 54 were injured after heavy winds caused a stage to collapse during a presidential campaign event for candidate Jorge Álvarez Máynez in the Mexican city of San Pedro Garza García on Wednesday, CNN reported. A strong gust of wind toppled the stage, which supported a large video screen, trapping several attendees. Álvarez Máynez, a candidate for the center-left Citizens' Movement party, who is trailing in the polls, said he would suspend all campaign activities.

Walmart to Invest \$700 Million in Guatemala Over Next Five Years

The Central America head of U.S. retail giant Walmart announced Wednesday that the company would invest \$700 million in Guatemala over the next five years, Reuters reported. The announcement came at a ceremony to break ground for a new retail store in Guatemala. Walmart's Mexico and Central America unit reported first quarter same stores sales growth in the double digits for Guatemala, Nicaragua and Honduras.

Mexico's Economy Grows 1.6 % in First Quarter

Mexico's gross domestic product grew 1.6 percent in the first quarter as compared to the same period of last year, in line with analysts' estimates, according to official statistics published today, Bloomberg News reported. The economy grew 0.3 percent in the first quarter as compared to the previous three months. Mexico's economy exceeded growth expectations for much of last year, but momentum has slowed this year amid weaker demand for Mexico's exports and weather conditions that have hampered agricultural output.

Haza, president of the justice oversight board, said during Wednesday's hearing. Patricia Benavides has denied the accusations, and her lawyer told local media that the decision was "a shameful scandal," AFP reported. Peru's political landscape has become sharply polarized with top ranking officials accusing each other of corruption; Benavides herself was leading an ongoing probe into President Dina Boluarte's use of force in repressing protests against her government. Peruvian legislators last week lodged a request to remove Boluarte from her post, citing "moral incapacity," which can serve as grounds for impeachment of a president under Peru's constitution, the Associated Press reported. Boluarte has been embroiled in multiple scandals and had already survived four other attempts to remove her from office.

BUSINESS NEWS

Carlyle Group Sells Minority Stake in Brazil's Rede D'Or

Private equity firm Carlyle Group has sold its entire minority stake in Brazil-based hospital chain Rede D'Or for 2.2 billion reais (\$426.9 million), Brazil Journal reported Wednesday. The shares that Carlyle sold were priced at an initial price of 29.44 reais, a 5 percent discount as compared to Tuesday's closing price. Carlyle had initially planned to sell approximately half of its stake but later increased the amount amid heavy demand. Data from Brazilian exchange operator B3 showed the sale of more than 69 million shares of Rede D'Or in a block trade, Reuters reported. Part of the stake that Carlyle sold included seven million shares that it sold to an unnamed foreign investor, Brazil Journal reported. Regulatory filings showed that Carlyle had a stake of less than 5 percent of Rede D'Or, Reuters reported. On Wednesday, Rede D'Or shares fell 6 percent to close at 29.12, one of the biggest decliners on Brazil's Bovespa stock index, which lost 1.4 percent on Wednesday.

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on natural resources. No one can predict exactly what climatic changes will occur or the speed at which they will unfold, but we do know with certainty that we are currently on a path toward increased challenges. This is, of course, if we continue business as usual. However, human behavior and choice has always been up to us. We must set aside the minutia of our day-to-day business and policy operations and aggressively address the environmental crisis with a collective mindset toward future generations and our fellow global citizens. Open trade policies around food and fibre will help buffer regions that are experiencing scarcity, and in ensuing years they may benefit areas that previously experienced plenty but now face droughts, floods or plagues. Additionally, we must take seriously investing in green energy and ruthlessly cut our dependence on fossil fuels and petroleum-based products such as plastic. The solutions exist. It appears to be more a question of will on a societal level and a willingness to defy norms."

A **Maria Velez de Berliner, chief strategy officer at RTG-Red Team Group, Inc.:** "If climate-risk predictions hold, El Niño will be wider and stronger and will reach farther north. Oceans will continue to rise, damaging coastlines, and fluvial transportation will decline due to rivers' depth decreases caused by low or no rainfall at their source. Latin America faces serious water and electricity-related risks: 1.) Governments lack regulations addressing the personal, industrial and agricultural waste of water. 2.) 150 million people live where access to potable water is scarce, with only 2 percent having access to it. 3.) Most of the region depends on hydroelectric power, with 45 percent of electricity produced this way. Consequently, dry seasons lead to water shortages and blackouts, not only in Brazil, but in the whole region. 4.) Estimates indicate there could be 17 million climate migrants by 2050. Unfortunately, governments

lack the will to manage water and electricity resources due to union opposition and to the fear of riots and street demonstrations against those in power. Water and electricity management policies need to be enacted and enforced at the national level and not

“ Latin America faces serious water and electricity-related risks.”

— Maria Velez de Berliner

be left to municipalities, as has been done in Bogotá. Regional collaboration is unlikely to happen. Each country will look at its own needs first. This was demonstrated when Colombia refused to sell electricity to Ecuador, although there is a written agreement of electricity sharing between them. But collaboration and cooperation are doomed as countries' own priorities increase."

A **Nicolás Mariscal, member of the Advisor board and chairman of Grupo Marhnos in Mexico City:** "Access to water is becoming a central public policy issue in Latin America, and Mexico is no exception. As election campaigns are underway, water is becoming a hot-button issue as never before. Recent trends are not reassuring, and serious debates and solutions are more needed than ever. To start, we may well be entering a hotter world. As The New York Times recently reported, the first two months of this year were exceptionally warm, reaching new records globally and affecting droughts. Since 1960, the amount of water available per capita in Mexico has decreased by more than 60 percent. There is currently a worldwide debate on how much climate change is behind some of the major climate catastrophes of recent years. It is a fact that global temperatures are rising due

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to fossil fuels, and climate change is here to stay. As the Inter-American Development Bank recently stated, Latin America is very vulnerable to climate change and would need investments of between \$470 billion and \$1.3 trillion to comply with the Paris Agreement. No country alone can face the challenges ahead. Cooperation is fundamental to effectively implement both mitigation and adaptation measures. Hopefully, North America will lead by example."

A William Nichols, head of climate and resilience at Verisk Maplecroft: "Water, either too much or too little, defined the climate events that pummeled Latin America in 2023. El Niño conditions exacerbated storms, floods and droughts in the second half of the year, costing Latin America around \$21 billion in economic damage, according to EM-DAT, The International Disaster Database. The terrifying flooding in Rio Grande do Sul in early May and rising cases of mosquito-borne diseases like dengue are reminders of the lasting and cascading impacts of El Niño. Forecasts suggest a rapid switch to La Niña later this year, giving countries little time to recover. Farmers who saw drought ravage wheat, soy and corn crops throughout the region can expect little respite: the 2021-2022 La Niña heralded record droughts that diminished crop yields

and forced up global food prices. This year, soybean, barley, wheat and corn crops are all likely to be affected. Water resource hazards can very quickly snowball into economic, political and social risks. Our Cascading

“Water, either too much or too little, defined the climate events that pummeled Latin America in 2023.”

— William Nichols

Climate Risk Resilience Model suggests that six of the region's top 10 economies lack safeguards (such as strong institutions and robust economies) to prevent physical risk events from triggering—or exacerbating existing—vulnerabilities. The interconnectivity of these risks means that addressing water resilience is difficult. A first point of call is addressing issues around poor-quality infrastructure and widespread pollution (primarily from agriculture), which further shrink water availability. Geographical barriers and the emergence of water as a scarce resource make cross-border cooperation difficult. However, a more regional approach to water management could help build longer-term resilience."

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