

Americas

QUARTERLY

THE PORT AT THE END OF THE WORLD

How the southern tip of Chile became an unlikely hotspot for shipping—and a focus of the U.S. and China

BY PATRICIA GARIP



A commercial ship passes through waters off Punta Arenas, Chile. The area is seeing a surge of interest for its strategic location and renewable energy potential.

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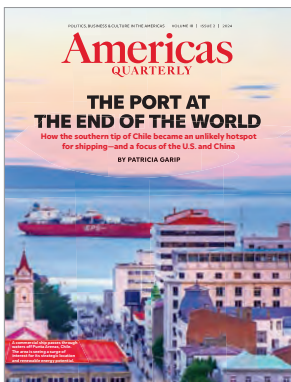
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Ports in a Storm


**Crime, smuggling, nearshoring
and climate change are all making
headlines at the region's seaports.**



THEY'RE NOT ALWAYS THOUGHT OF as political hotspots. But in fact, ports are at the intersection of several crucial issues in Latin America and the Caribbean today.

The eruption of violence in Ecuador earlier this year was largely about drug gangs battling for control of its biggest port, Guayaquil. Smuggling in Chile's port of San Antonio is driving a broad crime wave, weighing on President Gabriel Boric's approval rating. The Chinese are building a \$3.5 billion port near Lima, a potential bonanza for exporters as far away as Brazil — and a source of geopolitical tension with the United States. If countries from Mexico to Colombia are to fully seize today's nearshoring opportunities, port upgrades must be part of the equation, with as much as \$55 billion in investment needed by 2040.

This issue's cover story shows how Punta Arenas, at the very tip of South America, is surprisingly at the heart of several key policy matters. The port lost its importance more than a century ago, with the opening of the Panama Canal. But today, a drought impacting the canal, as well as new technologies like green hydrogen and the potential economic exploitation of Antarctica due to climate change, are putting Punta Arenas back in the spotlight. Officials from China, as well as a senior U.S. military commander, have both visited the windswept region of late.

Outsiders may focus on the risks and rivalries, but Punta Arenas highlights that this is about opportunities, too. Boric's government seems to understand the stakes, announcing in November a \$400 million, five-year investment to upgrade ports and other infrastructure in the Magallanes region, where he was born and raised. "If we want to move toward more just and inclusive development, we need more and better ports," he said. Other leaders would do well to heed his words. 

Latin America's Ports

Ports are ground zero for many of the region's toughest challenges. The opportunities and risks hidden among docks and cranes may make or break the decade ahead.

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Patricia Garip

Garip is a Santiago-based journalist focused on natural resources, geopolitics and social conflict in the Americas. Her work has appeared in *The Wall Street Journal*, *Foreign Policy*, *World Politics Review* and other outlets. She currently heads Chile's international press association.



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Tell us what you think. Please send letters to Brian@as-coa.org



AQ's special report on Guyana launched with a luncheon in New York on February 7. AQ's managing editor José Enrique Arrijoa, center, was joined by panelists Jay Mandle, emeritus professor of economics at Colgate University, left, and Dr. Desmond Thomas, founding member of the Electoral Reform Group in Guyana, right.

Americas Quarterly



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Esto lo escribe [Brian Winter](#) de [Americas Quarterly](#) en un informe sobre la situación económica actual en Latam. Y creo que funciona igual para el liderazgo y la gestión en las empresas: a pesar del día a día no podemos perder el foco en lo importante.
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Oliver Stuenkel presents a view of Latin America's prospects in 2024, recognizing the challenges of economic growth and political stability while pointing to several positive trends that could influence the region's trajectory.



Thiago Leis

@ThiagoLeis
Lic. en Ciencia Política (UBA). Radical de la @ucrcapital. Team @lebensohn. Híncha de @EdeLPOficial.

JOVENES Y CONSERVADORES

Hay más conexión entre el discurso de Milei y sus votantes de lo que creíamos. No fue solo el contexto económico, hay un fuerte alineamiento ideológico, y se hace más visible en varones jóvenes.

[Translate post](#)

 **Americas Quarterly**  @AmerQuarterly · Feb 12
NEW: A new survey shows Javier Milei's supporters are considerably more aligned with his preferences than has been previously recognized, write @ecalvo68, Gabriel Kessler, @VickyMurilloNYC and Gabriel Vommaro....
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@MMcFarlandSM
Acting Deputy Program Director @hrw. Fmr ED @DrugPolicyOrg. There Are No Dead Here, bit.ly/2EkoktA, Peru/US. Español/English.

Strong @luciadammert points on how organized crime/illegal markets (drugs, logging, etc) and corruption are devastating governance and fueling violence in Latin America and beyond. We need to work on root causes. On [@AmerQuarterly](#) podcast.

 **Brian Winter**  @BrazilBrian · Jan 18
An honest 30 minute conversation on the security crisis facing Ecuador, Chile, Mexico, Uruguay.... so many countries.... the role of prisons and illegal markets.... with my friend @LuciaDammert
...

Angel Lugo

@alugodiaz Esta semana Nicolás Maduro dejó de fingir, tal vez el resto del mundo deba hacerlo también. Recomiendo su lectura. @AmerQuarterly

Francis Vargas

@FrancisMVargasT Muy interesante el artículo. Sin pasión pero si mucha realidad de cómo ha manejado Abinader el país en los últimos 3 años y 5 meses.

David C. Adams

@dadams7308 "Over the last five years, efforts to restore Venezuelan democracy have come full circle," writes Brian Winter with @AmerQuarterly. "Venezuela, at this point, looks like a consolidated authoritarian regime." #Venezuela #Maduro

Lauri Tähtinen

@lauritahtinen If you just hear about @LulaOficial's foreign policy remarks and #Bolsonaro's legal troubles, you may miss the big story - @OliverStuenkel in @AmerQuarterly Brazil's Polarization Is Here to Stay Even As Politicians Have (Mostly) Dialed Down the Rhetoric

Juan Carlos Iragorri

@jciragorri ¿Cómo logró Sebastián Piñera mantener la civilidad y la actitud dialogante con sus opositores, característica que todos le reconocen? Responde hoy en @Yestonoestado desde Nueva York Brian Winter @BrazilBrian, director de @AmerQuarterly

N. Parish Flannery

@NathanielParish Interesting @AmerQuarterly article— Could AMLO be paving the way for a right-wing authoritarian populist to take power in 2030? "In Mexico, you have a stew cooking, but you still cannot see who is going to take advantage of that," @DiegoFonsecaDF says.

AQ

THE BIG
PICTURE

Tires burn during a March demonstration in Port-au-Prince against an agreement reached by the Caribbean Community (CARICOM) and Haitian leaders to create a seven-member Presidential Council. The decision came in the wake of Prime Minister Ariel Henry's resignation and a wave of gang violence throughout the city.

PHOTO BY GUERINAULT LOUIS/ANADOLU/GETTY







A man leaps into the waters of the Recreio dos Bandeirantes beach during a heat wave in Rio de Janeiro, Brazil, as record temperatures drove residents to crowd beaches and parks. In March, the heat index in western Rio soared to 60.1 degrees Celsius (140.2 degrees Fahrenheit), the highest since the Sistema Alerta Rio began measurements in 2014.

PHOTO BY TERCIO TEIXEIRA/AFP/GETTY



THE BIG
PICTURE



AQ

THE BIG
PICTURE

Operations like the lithium processing plant run by Sociedad Química y Minera de Chile (SQM), located in the Atacama Desert near Antofagasta, may capitalize on prices that were rising as of March. After a major bust, the lithium market is showing renewed strength and powering a global chain of battery production.

PHOTO BY CRISTÓBAL OLIVARES/BLOOMBERG/GETTY





AQ

THE BIG
PICTURE

A woman with her son hails a ride during a scheduled blackout in Bauta, Cuba, in March. An ongoing economic crisis on a scale not seen in decades has led to energy and food shortages and rare demonstrations.

PHOTO BY YAMIL LAGE/AFP/GETTY







AS HEARD ON THE AMERICAS QUARTERLY PODCAST

Experts and policymakers join AQ's Editor-in-Chief Brian Winter to discuss the issues currently shaping Latin American politics, economics and culture.



“2023 was a year of resilience for Latin American economies and we see the strength continuing in 2024. You have the large economies of Mexico and Brazil, which had surprisingly high growth last year and will probably decelerate, but still grow. And then you have countries like Chile, Colombia and Peru, which we expect them to recover from a difficult 2023 and to grow faster in 2024.”

—Ariane Ortiz-Bollin, Latin America credit officer, Moody's Ratings



“I am not saying that the solution for violence in Latin America is legalization of drugs, but I think this is a moment to discuss how to tackle drugs as a health problem, as well as a political and social problem, because the capacity of the cartels to penetrate politics is growing exponentially.”

—Lucía Dammert, professor, Universidad de Santiago de Chile



“We are in a moment in which the opposition is changing configuration. And this is very important to the political landscape in which President Javier Milei will have to operate.”

—Juan Cruz Díaz, political risk consultant, Cefeidas Group

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47 years old

Rio de Janeiro

Founder of **Favela Compassiva**, a nonprofit, volunteer-run organization. Professor of nursing at Universidade Federal de São João del-Rei.

What they do

Favela Compassiva provides palliative care in Vidigal and Rocinha, two of Rio de Janeiro’s main favelas. A recent study published in the *Journal of Pain and Symptom Management* ranked Brazil 79th of 81 countries when it comes to the quality of end-of-life care.

Q&A: ALEXANDRE SILVA

by Luiza Franco

AQ: How is Brazil doing when it comes to taking care of people with terminal illnesses?

AS: We’re dying badly. In January, the Health Ministry established a national policy for palliative care, but Brazil still has a long way to go.

AQ: What’s different about providing palliative care in a favela?

AS: Access to health care is more limited. Our patients are the most vulnerable because they need comprehensive care inside the home. The public health care system is very good, but it doesn’t have the funds or personnel to offer that level of care.

AQ: How did Favela Compassiva come about?

AS: When I was younger, I witnessed my aunt’s death and was scarred by it. I’m a nurse, and I got a degree in palliative care. I had always wanted to work in favelas, so in 2018 I started a network to take care of the sick in the two favelas we now work in, Vidigal and Rocinha.

AQ: How does Favela Compassiva work in practice?

AS: We work on pain prevention and management and improving quality of life. One of our volunteers will visit a patient in need to evaluate the situation. We then connect them with the community’s health care system, if they aren’t already connected. Our goal is always to work in tandem with the system, not substitute it. We select someone to be their companion: This may be one of our volunteers, or we may have to train a relative or someone else in the community. We stay with them until the end, so they can have a dignified death, hopefully in their homes. **AQ**

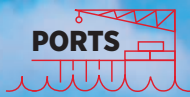


A Favela Compassiva team at work

Francisco Franco is an editor and podcast producer at AQ

THIS INTERVIEW HAS BEEN EDITED FOR CLARITY AND LENGTH

SPECIAL SECTION



THE PORT AT THE

How Punta Arenas, Chile, became an unlikely hotspot



END OF THE WORLD

for shipping—and a focus of the U.S. and China

BY PATRICIA GARIP



The Mardones ship terminal (at left) and a navy shipyard anchor Punta Arenas' modest port infrastructure—but expansions are in the works.

PHOTOGRAPHY BY JOSÉ MIGUEL CÁRDENAS

PUNTA ARENAS, CHILE—Perched on the pylons of a century-old coal pier, sleek black cormorants gaze out at cruise ships, propane tankers and research vessels dotting the white-capped Strait of Magellan. Farther into the horizon, a humpback whale blows a misty plume toward the sky.

This is a postcard from the end of the world, postmarked Punta Arenas.

But it's not as remote as you might think.

Punta Arenas has become an unlikely hotspot for global shipping, one of several seaports gaining importance today across Latin America and the Caribbean. As wars choke vital shipping lanes in the Middle East and Europe, climate change snarls the Panama Canal and technological breakthroughs such as green hydrogen come to the fore, even ports on the region's periphery are getting new attention from governments, multinational companies and others.

The changing tide is reflected in the soaring volume of merchant ships crossing the Strait of Magellan. In January and February, traffic jumped by 25% from the same period in 2023, and by 83% compared with 2021, when supply chains were still disrupted by the pandemic. Chile's navy is bracing for this year's traffic to increase by as much as an additional 70%.

"We're in a part of the world that's increasingly strategic, and it transcends the country," Punta Arenas Mayor Claudio Radonich told *AQ*.

Global powers are racing to expand their presence. China has expressed interest in building a port complex near the Strait's Atlantic mouth just across Chile's border in Argentina. From there, Beijing could grow its presence in the region and also project influence in Antarctica, where geopolitical rivalry is heating up as the sea ice melts. In April 2023, the head of the U.S. military's Southern Command, General Laura Richardson, visited Argentina and Chile, stopping in Punta Arenas for a security briefing and a tour of the strait.

To properly seize the moment, Punta Arenas and the surrounding Magallanes region desperately need

an infrastructure upgrade. At present, the region only has a few jetties and ramps, capable of receiving mid-size vessels, some cruise ships and barges — but not large tankers and container vessels of the kind increasingly sailing through the strait. There are no loading cranes or protected basins. Even the navy lacks a port of its own here.

"If we want to move toward more just and inclusive development, we need more and better ports," Chile's President Gabriel Boric declared last October at the signing of a port expansion plan in Valparaíso. He lauded the "extraordinary modernization" of ports he had visited in China the previous week. Boric, who grew up in Punta Arenas, signed a \$400 million, five-year investment program in November to upgrade ports and other infrastructure in Magallanes. But some wonder if it will be enough.

Indeed, investment is lagging in ports across much of Latin America and the Caribbean. Alarms were ringing as far back as 2018, when regional development bank CAF determined that the region needed \$55 billion in maritime and ports investment by 2040.

Since then, progress has been limited. Montevideo is currently undergoing a \$500 million expansion that will more than double international cargo volume. Oil-rich Guyana is building out Georgetown. The biggest project is in Peru, where Chinese state-owned Cosco Shipping will soon debut the first phase of its \$3.5 billion Chancay seaport near Lima. Many other ports, like Ecuador's Guayaquil, Brazil's Santos and Chile's San Antonio, remain dogged by inefficiencies and capacity constraints — as well as rising organized crime as cartels battle over lucrative smuggling routes.

The challenge is less about bricks than innovation. Most of the region's ports are stuck in closed, outdated structures, the Inter-American Development Bank noted last year. Among the priorities are enhanced governance, digitalization and artificial intelligence to better predict and manage the flow of goods.



SQUARE ROOTS

THE TRAFFIC SURGE through the strait, a 380-mile interoceanic waterway that roughly resembles the mathematical symbol for square root, largely reflects disruptions elsewhere.

Drought has sapped water levels in the Panama Canal, where monthly transits have halved from their December 2021 peak, UNCTAD reported in February. In the Red Sea, Iran-backed Houthi rebels have been firing missiles at ships since last year, slashing Suez Canal crossings by 42% over the last two months. And in the Black Sea, shipping is tenuous because of Russia's war in Ukraine. The turmoil has forced shippers onto longer alternative routes.

Among the vessels resorting to the strait are bulk carriers, gas tankers and container ships. In recent years, traffic has been compounded by giant Chinese fishing fleets.

The surge poses a test for the navy, part of whose role is overseeing maritime safety. As in other waterways, navigational pilots, former naval officers in Chile's case, deploy aboard all ships traversing the strait, while convoys accompany the Asian fishing fleets.

Accidents are rare, and the navy is determined to keep it that way.

"We can handle the traffic increase now, but if it continues, we'll need to grow, both in infrastructure and personnel," navy Commander Felipe González Iturriaga, the recently posted maritime governor of Punta Arenas, told *AQ*. "We'll need more pilots, more people, and more resources to better control traffic with patrol boats."

The rising traffic is reminiscent of a golden age etched onto neoclassical architecture around the

leafy central square of Punta Arenas, the Magallanes regional capital. In the late 19th and early 20th centuries, the young Republic of Chile strove to reinforce its sovereignty in Magallanes, heeding a deathbed plea by founding father Bernardo O'Higgins. Croatian and Spanish immigrants and Chileans from Chiloé island settled here, drawn by coal and gold mining, a customs-free port and lucrative sheep and cattle ranching.

When the Panama Canal opened in 1914, the local economy dimmed. But Magallanes clung to its relative prosperity, especially after oil was discovered in the 1940s. National oil company Enap imbued local culture for generations. But most of the hydrocarbons turned out to lie in Argentina, with which Chile nearly fought a war in 1978 over disputed islands in Cape Horn. Along scenic Route 255 that hugs the Strait, you can still spot army bunkers and warnings about land mines dating back to this tense era.

In the decades since, Magallanes has neglected the sea, lamented eminent historian Mateo Martinic at his book-lined home in Punta Arenas. Chile now has a duty "to ascribe to the Strait of Magellan the significance and attention that it needs" through new port infrastructure that reflects its "extraordinary geopolitical value."

GREEN GOLD RUSH

THE MODERN ECONOMIC anchor for Magallanes could become green hydrogen. The versatile carbon-free resource, derived from water using renewable energy, may eventually help to replace planet-warming fossil fuels. In the International Energy Agency's ambitious net-zero scenario issued last year, the global market for low-emission hydrogen could balloon from just \$1.4 billion today to \$112 billion in 2030. It's a bold scenario for a resource that's yet to prove commercially viable.

Developers are undaunted. With fierce winds and a sparse population, Magallanes is a Goldilocks place to produce green hydrogen. The region has attracted at least 16 gigawatt-scale project proposals, mostly for export in the form of ammonia and synthetic fuels, or e-fuels, that recycle carbon dioxide.

Nearly all the aspiring producers are European companies rushing to meet EU mandates intended to slash emissions and diversify away from Russian gas. The project roster totals upwards of 3,600 wind turbines representing around 25GW of installed capacity. Realistically, four or five projects could crop up by the turn of the decade, enough to transform the landscape.

"For Magallanes, this will be like going back in time, when we were a free port and ship traffic was enormous," said María José Navajas, regional director of state development agency Corfo. From shared infrastructure to a planned \$6 million technology center in Punta Arenas, hydrogen's advent "will be focused on the well-being of the whole region."

That hopeful vision will only materialize with sea-ports, first to enable imports of equipment for turbines, electrolyzers, desalinization plants and other installations, and then to facilitate exports to markets like Germany and Japan.

Encouragingly, Chile has signed cooperation agreements with world-class ports in Rotterdam, Antwerp-Bruges and Singapore. And multilateral financing for infrastructure is within reach. "Wars are won with logistics, not guns," quipped chemical engineer Erwin Plett, one of Chile's green hydrogen champions.

STATE COORDINATES

ON A GUSTY SUMMER day in February, the Laurence M. Gould, one of two U.S. ice-breakers permanently based in Magallanes, was snuggled across from Ukraine's yellow-peaked research ship Noosfera at the Arturo Prat jetty in Punta Arenas. A cruise ship too big to dock there was anchored farther away, its passengers ferried ashore on tender boats.

State-owned Empresa Portuaria Austral (EPA) is gradually lengthening the 373-meter jetty to accommodate more research vessels and larger cruise ships. A few miles north at the José de los Santos Mardones cargo and cruise ship terminal near a navy shipyard, EPA plans reinforcements, two mobile cranes and

A U.S. icebreaker ship (right) next to a Ukrainian vessel at the Arturo Prat jetty in Punta Arenas, a growing logistical base for Antarctic research.



“For Magallanes, this will be like going back in time, when we were a free port and ship traffic was enormous.”

—María José Navajas, regional director of Corfo

HIF Global produces carbon-neutral fuel from green hydrogen at this demonstration plant outside Punta Arenas. The company is awaiting permits for a nearby commercial-scale project.



Some executives are wary of potential liabilities from legacy installations that were built decades before today's rigorous environmental evaluations.

a basin for safer disembarkation. All cruise ships will shift to Prat to free up Mardones for hydrogen-related imports.

Three years ago, Mardones handled imports for an e-fuels demonstration plant spearheaded by Highly Innovative Fuels (HIF), a consortium led by Chilean firm AME along with Porsche, U.S. fund EIG, Baker Hughes and Gemstone Investments. Located about 25 miles north of Punta Arenas, the tidy Haru Oni plant dispatched its first nominal e-gasoline shipments to Europe through Mardones, too. "From the public-sector perspective, we want to ensure that projects like HIF are not impeded by a lack of adequate infrastructure," EPA chairman Gabriel Aldoney told *AQ*.

But Mardones is just a stopgap. The jetty is at least an hour's drive along a narrow highway from wind farm sites, a precarious journey for delicate oversized equipment like giant turbine blades.

A closer, near-term option is Enap's brownfield Laredo terminal near Haru Oni. In April 2023, Enap signed a \$50 million agreement with hydrogen developers HIF, AustriaEnergy's HNH Energy and France's Total Eren to reconfigure Laredo's ramp and esplanade for equipment imports and storage. One constraint is a shallow approach that would require inefficient barges.

The water is deeper at the adjacent Cabo Negro terminal where Enap has two active jetties. It uses one for cabotage fuel shipments and leases the other to Canadian methanol producer Methanex. HIF intends to install its first \$830 million commercial-scale e-fuels facility in Chile at Cabo Negro, to be powered by the planned 384MW Faro del Sur wind farm, a \$500 million project with Italian firm Enel Green Power. Between Laredo and Cabo Negro, there's potential for another jetty at Punta Porpesse.

Enap has bolder plans for its Gregorio terminal, an hour north of Cabo Negro at Puerto Sara. The company and six developers — Total Eren, HIF, FreePower, EdF, RWE and HNH Energy — are studying this alternative and considering forming a consortium.

For potential partners, Enap offers obvious advantages. Its existing maritime concessions and right-of-way pipeline permits would expedite construction. And when it comes to red tape, having a state-owned partner is often a plus. But some executives are wary of potential liabilities from legacy installations that were built decades before today's rigorous environmental evaluations.

Enap is cautious too. "We want to embrace this opportunity and be as business-friendly as possible, but this is an industry that globally still hasn't taken off," said CEO Julio Friedmann, who vowed to avoid "irresponsible business decisions or wishful thinking." Meters from Haru Oni, the company is drilling a new unconventional gas well, underscoring its core business.

HARD TO SHARE

COMPREHENSIVE LOGISTICS plans are progressing, maintains Alex Santander, the Energy Ministry's head of strategic planning and sustainable development. "You won't see any fireworks, but we're doing what we need to do, slowly but surely."

The Boric administration wants seaports to be open access and shared among developers to minimize impact in a region rich in fauna like guanacos and condors. But it also wants to encourage job-creating industrial development.

As if that balance wasn't tough enough, it's uncertain whether developers will succeed in striking a deal



“Strategically, part of the navy’s role is to contribute to the country’s development.”

—Chilean Admiral Jorge Castillo

to share infrastructure. The big ones are jockeying for early mover advantage, subsidies and the Holy Grail of offtaker deals. Executives also worry that cooperation would sow false perceptions of collusion.

In Chile, the shared model is unusual. In its mining industry, for example, ports are typically built by a single company for its sole use. And questions around who would operate a shared facility — Enap or a specialized third party, for instance — remain unanswered. “The main challenge behind shared infrastructure will be the business model,” said Aldoney.

The developers are going it alone for now. HNH Energy is eyeing a greenfield terminal at San Gregorio. Total Eren is targeting Posesión near the Strait’s Atlantic mouth where Enap has gas-processing facilities. On Tierra del Fuego Island, Danish fund CIP, Saudi fund Alfanar and U.K. company TEG could use Enap’s old Clarencia and Percy terminals at Gente Grande Bay.

In nearby Inutil Bay, German firm GSTF wants to install an offshore wind farm to make sustainable aviation fuel. While the trailblazing project would require less port infrastructure, a nearby penguin colony will make it harder to secure an environmental permit, even though subsea foundations are known to attract marine life.

How Chile navigates such environmental sensitivities will largely determine the pace and breadth of investment. The companies say their projects are compatible with nature and will help to decarbonize the planet. But obtaining myriad permits on top of maritime concessions is a complex, years-long affair. Any proposed dredging would prove especially thorny.

The administration says it is working to streamline permitting without compromising the environment. That doesn’t convince people like Ricardo Matus, who runs a bird rehabilitation center in Punta Arenas. “It’s like everyone wants to throw a party and Chile is putting up the house,” he told *AQ*. He worries that unbridled development will doom fragile species like the Magellanic plover and ruddy-headed goose.

So far, only HIF has submitted a permit application for its Cabo Negro project, after withdrawing an earlier one because of blowback over the potential impact of turbines on migratory birds. Other developers plan to apply by year’s end.

ROUGH SEAS

PERMITTING ASIDE, the Strait's rough conditions will make it difficult and expensive to build and operate jetties that could extend for more than a mile and a half. While the waterway doesn't experience the imposing swells that regularly pause Chile's Pacific ports, tidal ranges are among the world's widest, up to 12 meters (39 feet) at the Atlantic mouth compared to an international open-coast average of around two meters (6.5 feet), according to seaports consultancy PRDW. Associated currents in the Strait's narrows can hit a dizzying eight knots.

In the Otway Sound that bulges north from the Strait's Pacific approach, the sea is calmer. This is where Chilean shipping company Ultrana plans to repurpose the jetty of a former coal mine on Riesgo Island. Ultrana's Otway Green Energy would make use of an existing maritime concession to import hydrogen equipment, export ammonia and foster a green shipping corridor. The project would repurpose the site of the Invierno mine, which environmental opposition forced to close in 2020. Across the sound, the old Peckett coal mine offers a similar port option.

These sites are reminders of the boom-and-bust cycles that Magallanes has endured for generations. So locals are expectant but wary as foreign executives scope out the steppe. At the gravel turnoff for the village of Punta Delgada in San Gregorio municipality on Route 255, just past dwindling gas-producing blocks and the ghost town of a former sheep ranch, a windsock flaps over a new helipad. Streets around the village square are freshly paved and a new community center is going up. "We've been through this before. Look what happened with gas," mused former sheep shearer Fredy Barria. "We have to be realistic, not optimistic."

MAGALLANES MOMENT

ON ARGENTINA'S SIDE of the Strait, investors are also weighing hydrogen and port opportunities as libertarian President Javier Milei steers a course more aligned with the West.

Chinese company Shaanxi's proposal to build a \$1.25 billion port at Rio Grande has been quashed by federal authorities, said international security ex-

pert Juan Belikow. For now, an Argentine contractor is designing a port for the site instead. Farther south, in Ushuaia, Argentina's navy is expanding a base for Antarctic logistics and monitoring Chinese fishing.

Back in Punta Arenas, Magallanes Governor Jorge Flies sweeps his hand across a wall map of this proud region around the size of New Zealand, but with a mere 1% of Chile's population of 19 million. In nooks beyond the Strait, Flies points to Ultima Esperanza Bay for Pacific-facing exports. In Puerto Natales and Puerto Williams, the hemisphere's southernmost city, port works will encourage tourism.

The mandate transcends the commercial logic that drives seaports elsewhere in Latin America. A solid jetty in Chile's slice of Antarctica is in progress, and designs are underway for a \$200 million navy port near Mardones, Flies told *AQ*. "To have secure transit, and everything that's needed for logistics and oversight, we need to have very strong armed forces." A new authority incorporating the navy and EPA will oversee the future ports system.

A reinforced military presence here would help to safeguard freedom of navigation and Western access to Antarctica, an emerging theater of international competition over potential minerals exploration, fresh water reserves and defense dynamics. Also at play is global food security, embodied by green hydrogen-based fertilizers and a proposed grains terminal in Tierra del Fuego.

Chile's naval leadership conveys commitment. "Strategically, part of the navy's role is to contribute to the country's development," Admiral Jorge Castillo told *AQ* at the Third Naval Zone headquarters in Punta Arenas. "We should contribute by ensuring that this advances, and not be an obstacle, by allowing maritime industry to scale up in line with the needs of these new strategic situations."

Flies captures the implications of this transformative moment for Magallanes. "Our role, our relative weight inside our country, and our global geostrategic significance will change significantly." **AQ**

Garip is a Santiago-based journalist focused on natural resources, geopolitics and social conflict



LATIN AMERICA AND THE CARIBBEAN'S BUSIEST CONTAINER PORTS

AQ tracks key data on 15 top ports in the region and the value and scope of exports to countries' main partners.

by *Emilie Sweigart*

Manzanillo

3.5 million

78% of Mexico's exports go to the U.S.

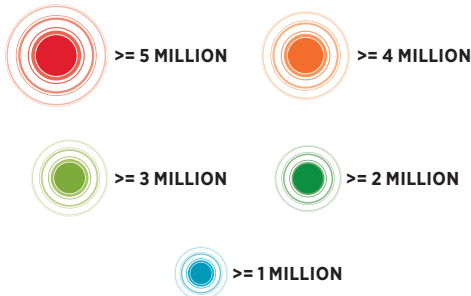
\$452.6 billion worth of exports go to the U.S.

Lázaro Cárdenas

2 million

KEY

THE SIZE AND COLOR OF EACH DOT REPRESENTS THE PORT'S CONTAINER VOLUME IN MILLIONS.



Container volume (2022)

CONTAINER VOLUME IS MEASURED IN TWENTY-FOOT EQUIVALENT UNITS (TEUS), A STANDARD SHIPPING CONTAINER SIZE.



% of country's exports that go to top destination (2022)

PERCENTAGES OF EXPORTS CALCULATED BASED ON UNCTAD DATA



Value of country's exports to top destination (2022)

Kingston

- 2.1 million
- 61% of Jamaica's exports go to the U.S.
- \$1.2 billion worth of exports go to the U.S.

Freeport

- 1.6 million
- 32% of the Bahamas' exports go to the U.S.
- \$267 million worth of exports go to the U.S.

Caucedo

- 1.4 million
- 54% of Dominican Republic's exports go to the U.S.
- \$7.5 billion worth of exports go to the U.S.

San Juan

- 1.4 million

Caribbean side of the Panama Canal (Cristóbal, Colón and Manzanillo)

- 5.1 million
- 22% of Panama's exports go to China
- \$3.4 billion worth of exports go to China

Cartagena

- 3.1 million
- 28% of Colombia's exports go to the U.S.
- \$15.9 billion worth of exports go to the U.S.

Guayaquil (all terminals)

- 2.2 million
- 24% of Ecuador's exports go to the U.S.
- \$7.9 billion worth of exports go to the U.S.

LAC HAS
1,690
PORT FACILITIES,
INCLUDING BOTH PUBLIC AND PRIVATE TERMINALS AND PORTS.

SOURCE: ECLAC

Pacific side of the Panama Canal (Balboa, Rodman (PSA))

- 3.4 million

Callao (public terminals)

- 2.5 million
- 31% of Peru's exports go to China
- \$18.7 billion worth of exports go to China

Santos (Santos and DP World)

- 4.5 million
- 27% of Brazil's exports go to China
- \$89.7 billion worth of exports go to China

Itajaí (includes Portonave—Terminais Portuários de Navegantes)

- 1.5 million

San Antonio

- 1.7 million
- 39% of Chile's exports go to China
- \$38.5 billion worth of exports go to China

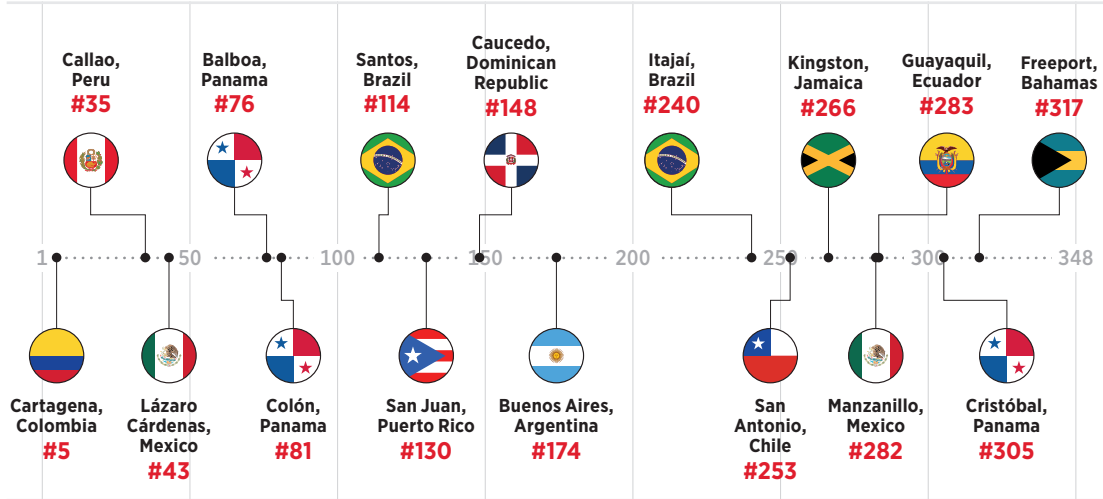
Buenos Aires (metropolitan area)

- 1.4 million
- 14% of Argentina's exports go to Brazil
- \$12.6 billion worth of exports go to Brazil

LATIN AMERICA AND THE CARRIBEAN'S BUSIEST CONTAINER PORTS

How these regional ports ranked in 2022

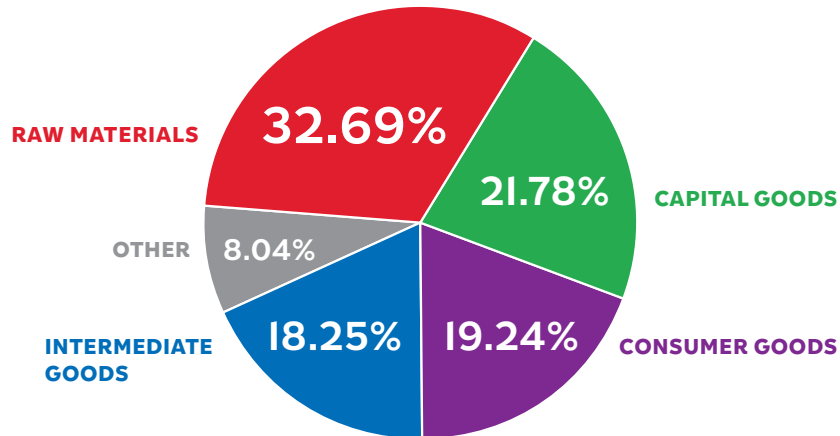
BASED ON THE GLOBAL CONTAINER PORT PERFORMANCE INDEX OUT OF 348 FACILITIES



NOTES: THE 2022 EDITION OF THE CONTAINER PORT PERFORMANCE INDEX MEASURES A PORT'S LEVEL OF EFFICIENCY AND COVERED 348 PORTS. SOURCES: WORLD BANK GROUP AND S&P GLOBAL MARKET INTELLIGENCE

What the region ships to the world

LATIN AMERICA AND THE CARIBBEAN'S EXPORTS (2021)



SOURCE: WORLD INTEGRATED TRADE SYSTEM

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August 14

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PORTS

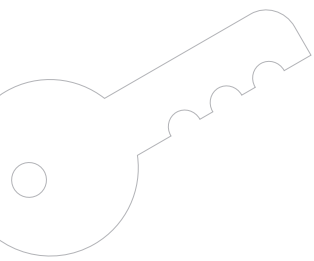


The Ecuadorian navy conducts an anti-trafficking patrol in Guayaquil in January.



5 KEYS TO BETTER PORT SECURITY

by Emilie Sweigart, Rich Brown and Michael Rendon



LATIN AMERICA'S PORTS face an array of security challenges, from narcotics to cyberattacks, often with national implications. For example, Ecuador's recent explosion of gang-related violence has been fueled by drug gangs disputing control of Guayaquil, the country's largest port — and city. Chile's recent spike in violent crime is also partly related to activity at its ports.

Here, *AQ* has collected five recommendations for improving security at ports in the Americas, based on conversations with sector experts and executives.



SHORE UP CYBERSECURITY.

Significant, costly cyberattacks have already struck a range of ports in the Western Hemisphere, according to a 2021 report on maritime cybersecurity by the Organization of American States (OAS). Ports have become attractive targets due to their rapid digitalization and automation and their increasingly important role as hubs for logistics data.

Cyberattacks on logistics hubs are ever more common, a 2021 ECLAC study shows. Assaults on ports often involve ransomware, which disrupts operations so that criminals can solicit a ransom to restore them. The NotPetya ransomware attack in 2017 affected all of Danish shipping conglomerate Maersk's business units and its operations in several Latin American countries — and led to an estimated \$300 million loss, according to ECLAC analysis.

To defend themselves, ports need to implement the same stringent cybersecurity standards as other digitized critical infrastructure. This means they should have cyber incident response plans in place, conduct regular drills and exercises, and establish firm data security protocols. This is especially important given that international rules on maritime cybersecurity still lag behind the severity and immediacy of port vulnerabilities, the OAS report concluded. Training personnel “is one of the most cost-effective and consequential steps a maritime organization can take” to reduce cyber vulnerabilities, the report said.

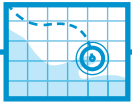


2

DON'T RELY ON REPUTATION ALONE.

Reputations can be misleading. Sometimes, ports with reputations for security problems are undertaking efforts to improve, while ports with safer reputations are sleeping on risks.

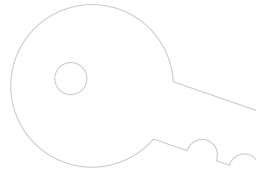
In fact, criminal organizations sometimes target ports with “clean” reputations precisely because this can lower the chance of getting caught, a 2022 study in the journal *Trends in Organized Crime* showed. “Argentina, Chile and Uruguay are countries with clean reputations that do not activate the alarm system,” which is partly why they have seen an increase in drug trafficking in recent years, write authors Carolina Sampó and Valeska Troncoso.



3

DEPLOY TECHNOLOGY TO BETTER TRACK CONTAINERS.

It's crucial to create visibility in the supply chain as early as possible, said Gordon Wilmsmeier, professorial chair in logistics at Universidad de los Andes School of Management and director of the Hapag-Lloyd Center for Shipping and Global Logistics at Kühne Logistics University in Hamburg. Colombia, for example, has deployed a common-sense best practice: “Almost 100% of the trucks that take containers to or from the port are actually obligated by the insurance companies to use GPS,” Wilmsmeier told *AQ*. GPS allows mechanisms like geofencing, which creates a virtual boundary around a specific location, enabling container tracking in real-time. Technologies like blockchain could also improve cargo traceability, according to a 2023 report from Prosegur, a multinational security contractor.



4

BUILD ANTI-CORRUPTION MEASURES.

Whistleblowers and other anonymous reporting mechanisms help identify corruption issues, and stakeholder collaboration contributes to resolving them. In Argentina, shippers have used the Maritime Anti-Corruption Network's (MACN) anonymous incident reporting mechanism to disclose that officials were frequently soliciting bribes at

ports to allow goods to pass inspection.

MACN, which represents over 200 maritime companies, brought government, civil society and private sector stakeholders together in 2015 to develop solutions collaboratively. The issue was addressed holistically, with a new regulatory framework, enhanced training for inspectors, and a new IT system to track inspections.

By 2019, MACN reported that the bribery solicitation in Argentina had fallen by 90%. “That cycle doesn’t happen overnight,” Cecilia Müller Torbrand, MACN’s chief executive officer, told AQ. It’s especially important for international organizations to develop solutions in consultation with local officials and businesses, she said, so that those solutions stick; without their buy-in, enforcement can become impossible. Often, it’s a matter of listening to local priorities and economic goals, and showing how transparency efforts can help reach them, Müller Torbrand added.



5

IMPROVE COOPERATION AND INFORMATION EXCHANGE.

A 2022 study in *Maritime Economics & Logistics* found that “ports tend to compete against each other rather than collaborate” and that public policy doesn’t do enough to facilitate cooperation.

European officials have taken note, bolstering contacts with their Latin American counterparts amid the recent boom in the transatlantic cocaine trade. They’ve built momentum over the past year that is already making waves. Mayors and port authorities from Antwerp, Hamburg and Rotterdam visited Colombia in January to cement cooperation and exchange views on security measures with local government officials as well as port authorities from Ecuador and Peru. In February, Germany and Brazil signed an agreement to fight organized crime and drug trafficking. Last year, the EU launched EL PACCTO 2.0, a €58.8 million program open to all Latin American and Caribbean countries to address transnational organized crime, alongside a European Commission investigation of the vulnerabilities of Guayaquil’s ports. [AQ](#)

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Brown is an editor and production manager at AQ

Rendon is an editorial assistant at AQ

The Key to More Nearshoring

It's unthinkable without better infrastructure.

by Susan Segal



Susan Segal is the CEO of Americas Society/Council of the Americas

THE GROWTH IN NEARSHORING is one of the most exciting things to happen in the Americas in recent years, with millions of dollars pouring into Mexico and other countries in order to integrate the region's supply chains.

But for this hopeful trend to continue, there's no doubt that infrastructure must catch up. In 2023, the Inter-American Development Bank estimated that the infrastructure gap in Latin America represents 2.5% of the entire region's GDP, or around \$150 billion a year.


Traditionally people have thought of infrastructure as ports, rail, roads and airports. But telecommunications and technology are also vitally important.

For the more than 40 years that I have been working with Latin America, both governments and citizens have lamented the lack of infrastructure. Rail in particular seems like a lost opportunity, with vast networks in places like Argentina and Brazil underutilized or missing from today's key export routes.

So what needs to happen to change the landscape?

First, governments need to decide on their infrastructure priorities and put forward robust plans to address them. This must include the role of the private sector. Successful models could include public-private partnerships or concessions where the private sector builds and operates for a fixed period (which could be renewed).

Additionally, governments must create the conditions for the investment. This includes making the process totally transparent as well as accelerating the approval process. Of course the macro environment and policies are also important. Governments must also understand the role that technology plays today in infrastructure planning, delivery and management. Finally, artificial intelligence will have a major impact on infrastructure development and management.

Modern infrastructure is the key to inclusive growth, prosperity and sustainable development. If countries around the region double down, the benefits could be enormous. 



★
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VOTO LATINO 2024



**Ione
Molinares**



**Gustavo
Valdés**



**Jorge
Dávila**



**Gonzalo
Alvarado**



**Al
Cárdenas**



**María
Cardona**



**Octavio
Pescador**



**Rocio
Vélez**

**La mejor
cobertura
y análisis de
las cruciales
elecciones
presidenciales
de EE.UU.**



Juan Carlos López

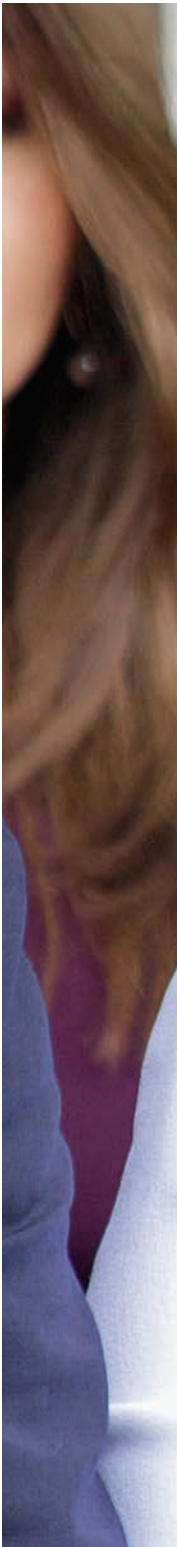


THE AQ PROFILE

Leading the Purge

Ecuador's attorney general, Diana Salazar, has taken on her country's organized crime networks. Will her work produce lasting change?

by María Teresa Escobar





Salazar, 42, is Ecuador's first career prosecutor to ascend to the top job.

QUITO—In the hours after midnight in March, a police task force swept through the streets of Guayaquil, Ecuador’s main port and business capital.

The force made 12 arrests, including seven judges and a former congressman, as part of major investigations known as “Metástasis” and “Purga” (“purge” in Spanish) which in recent months have exposed links between organized crime and the highest realms of political power in Ecuador.

Overseeing the operation from her office in Quito was Diana Salazar, the country’s indefatigable attorney general — even though she was due in court for a hearing later that day. Now entering the sixth and last year of her tenure, Salazar is known as a hands-on investigator who sleeps no more than four hours a day.

There is certainly plenty of work to be done. Since Salazar announced the start of the Metástasis investigation in December 2023, the probe has repeatedly shown how drug cartels and corruption mafias have infiltrated Ecuador’s prison and justice systems, the legislative branch, the police force, local governments and even public procurement of medical supplies.

From the beginning, Salazar warned that the investigation could contribute to an escalation of violence. But even she could not have foreseen what came next. Days later, the gangs lashed out, and shocking scenes of prison riots and the siege of a television station by criminals reverberated around the world.

Shortly thereafter, President Daniel Noboa declared a state of emergency and officially recognized that there is an internal armed conflict in Ecuador.

Salazar, a 42-year-old career prosecutor, told *AQ*

over email that her biggest fear is Ecuador becoming resigned to living with corruption, organized crime, drug trafficking and sexual aggressors “as something as natural as breathing. That my daughter grows up in a country that normalizes crime.”

At this point it is hard to tell what she can achieve. As global production of cocaine doubled over the past decade, Ecuador became a major transportation hub for drugs produced mainly in Colombia and Peru. The country’s homicide rate soared by almost 500% between 2016 and 2022, and it is now one of the most violent in Latin America. Last year’s presidential campaign saw the assassination of a candidate who had challenged the cartels.

With this trend, three different strands of criminality are now intertwined: corrupt politicians, narcos and money launders. The scale and complexity of this is new for Ecuador, considered until recently an island of relative peace. And Salazar has only one year to go of her term.

But she has achieved something unprecedented, which is to begin to reveal these connections. Until her, attorneys general moved slowly, if at all, with investigations.

When *AQ* first profiled Salazar in 2019, she lamented the public’s loss of faith in the nation’s justice system. Now, she at least seems to have Ecuadorians on her side. A decade and a half of polarization between leftist ex-President Rafael Correa’s supporters and anti-Correa sectors has undermined citizens’ confidence in institutions.

But, for all the turmoil, Salazar stands strong. According to a February poll from Cedatos, the attorney general has 58% approval, compared to 13% for judges and the overall judicial system and disapproval of 73% for politicians in general.

**Until her, attorneys general moved slowly,
if at all, with investigations.**



Ecuadorian marines guard the prison in Guayaquil that gang leader Adolfo Macías Salazar, aka "Fito," escaped in January.

Origins

BORN IN THE small city of Ibarra, Salazar was mostly raised by her mother, who moved her family to Quito when she was a teenager, seeking better opportunities for her children.

She studied political and social sciences at Universidad Central del Ecuador, has a juris doctor from the same university, and a masters in procedural law from Universidad Tecnológica Indoamérica.

Salazar entered the attorney general's office in 2001, at age 20, working as a legal assistant while she completed her studies. After working her way up to

a secretary role, in 2010, she was passed over for a prosecutor role in Quito despite her technical credentials. After she complained and rejected an alternative post, she was appointed prosecutor in Quito, winning the first of many battles for advancement.

Salazar's career took off in 2015 when she joined the attorney general's anti-money laundering unit. She could finally pursue her passion there: investigating intricate and complex crime and corruption cases.

Salazar quickly won attention by prosecuting Luis Chiriboga, head of the Ecuador Soccer Federation

(FEF), as part of the so-called FIFAgate investigations. “Chiriboga was soccer’s sacred cow. Beloved, feared, and disliked at the same time,” said Martha Cordova, a sports journalist based in Quito.

Acclaimed for his decades-long tenure at FEF, during which Ecuador qualified for the first time for two World Cups, Chiriboga’s hubris and opaque management of FEF finances raised eyebrows. After Salazar’s investigations, Chiriboga received a suspension for life from FIFA, a 10-year sentence for money laundering, later reduced to six years, and a \$6 million fine.

Career official

AFTER A STINT AT THE HEAD of Ecuador’s anti-money laundering watchdog under President Lenín Moreno, Salazar got the nod for attorney general in 2019. During the selection process, Salazar was asked if there was corruption at the attorney general’s office. She admitted it existed and that the organization was in much need of a cleansing process.

To Luis Hernández, a retired general on the committee that chose Salazar, this was an answer that “revealed she did not have that fake *esprit de corps* that causes a lot of damage in Ecuador, a small society where everyone knows everyone and often covers up for each other’s faults.”

Salazar’s candidacy benefited from a consensus over the need to choose a non-political career attorney general with a spotless record, capable of restoring a troubled and politicized institution. She was, in fact, the first career prosecutor to ascend to the top job. Before her, four different people had held

the job in two years.

“I’m not a politician,” Salazar said. “The attorney general’s office has been regarded by many as a political trophy, a harassment tool, but I’m a career official who sees it as a technical institution.”

Clashes with politicians

HER STYLE HAS EARNED her a pack of enemies, with ex-President Rafael Correa at the top of the list. Salazar was already a leading prosecutor in Ecuador during the anti-corruption movement in Latin America in the 2010s, which exposed a web of graft around the region.

She was a central figure in the Ecuadorian chapter of “Lava Jato,” the investigation that unearthed construction company Odebrecht’s bribe-paying in Brazil and several other countries. At the time, she found evidence linking Moreno’s vice president, Jorge Glas, to the bribery network.

Salazar was soon to deliver a blow to Correa’s reelection ambitions. As part of the “Sobornos” case, the Spanish word for bribes, Salazar accused Correa of leading a network to collect \$7.3 million in bribes between 2012 and 2016. According to the prosecution, the bribes were paid by several private companies interested in securing advantageous contracts with the public sector.

In July 2020, Ecuador’s National Court handed down eight-year prison sentences for 17 of the 20 people indicted, including Correa and Glas. Correa had moved to Belgium in 2017 and, in April 2022, the European nation granted him political asylum. Glas is currently in Mexico’s Embassy in Quito as a “guest” and has requested political asylum.

Her style has earned her a pack of enemies, with ex-President Rafael Correa at the top of the list.

In the last year, Salazar has weathered at least three attempts at impeachment.

Correa frequently attacks Salazar’s technocratic credentials, referring to her as “10/20” — a nod to her score on a test that was one portion of the attorney general selection process. He has also disseminated accusations of plagiarism regarding Salazar’s law dissertation, a claim reviewed and dismissed in 2023 by a special committee appointed by Universidad Central.

Correa has denied all the accusations against him, saying he is the victim of political persecution. Glas has also denied wrongdoing.

Taking on narco-corruption

MEANWHILE, CRIME TOOK ROOT in Ecuador in an unprecedented way.

The spike in violence and the attacks on state institutions by criminals put in question how much officials can do to support the rule of law in the face of broader trends that run in the opposite direction. Salazar’s Metástasis investigation might be understood as one attempt to answer that question.

Metástasis started after the assassination in 2022 of drug lord Leandro Norero, known as “El Patrón.” As part of the investigation, cellphones belonging to Norero were seized by the attorney general’s office, revealing a stream of messages between Norero and judges, lawyers, police officials, businessmen and drug dealers.

Thirty-nine suspects are now being prosecuted for their role in Norero’s conspiracy to permeate the judiciary, the legislature, the police and even a digital news outlet. Evidence gathered during the Metástasis investigation led Salazar to open Purga, to look into a network involving a former congressman and judges from Guayas, one of Ecuador’s most violent provinces. It is uncovering the dynamics between organized crime and the judiciary to protect drug lords such as Adolfo “Fito” Macías, the leader of Los Choneros, Ecuador’s largest narco-criminal gang.

What’s next?

PAULINA ARAUJO, ONE OF ECUADOR’S most respected criminal law professors, followed the arraignment hearing of Metástasis. “She presented a coherent statement of the facts and a thorough investigation that gave sense to what otherwise would have been a series of chats. She contested forcefully attempts from the defense lawyers to challenge the evidence.”

Salazar has also taken advantage of what she sees as a recurring mistake of lawyers’ strategy in high-profile cases: “They tend to focus on winning their case in the media,” forgetting the technical aspects in court, she said. “People who commit these crimes think they are untouchable, that power will get them out of trouble,” Salazar added.

But repeated attempts in Congress to remove Salazar from office show that questions of political power are hardly irrelevant to her work. In the last year, Salazar has weathered at least three attempts at impeachment. The most recent was in 2023, when the conservative Social Christian Party, as well as President Noboa’s ADN political movement and three other political groups, opposed a bid to oust Salazar backed by Correa’s Revolución Ciudadana.

Impeachment remains a threat. Revolución Ciudadana has managed to put the bid on the 2024 congressional agenda, but it will face an uphill path to secure at least 70 votes to oust Salazar. In the meantime, she stays focused on her job.

In political circles in Quito there is discussion about whether she would be a potential candidate in the upcoming 2025 elections. She said that for the foreseeable future she’s not interested.

“The future will take shape as things develop. There are so many responsibilities for this week and the next, so many threats that I have no time left to think of the long-term future,” Salazar said. ■

Escobar is a freelance journalist based in Quito



Dancers who gather weekly in a plaza in Mexico City clashed with city authorities last year over who controls public space.



POLITICAL POWER AT ITS LOUDEST

Sandra Cuevas, an ambitious Mexican politician, seemed unstoppable — until she picked a fight with the wrong pensioners.

BY ALEX GONZÁLEZ ORMEROD
PHOTOGRAPHS BY VÍCTOR BENÍTEZ



Sandra Cuevas, who previously served as the crusading mayor of Mexico City's Cuauhtémoc borough, is pictured here campaigning for a senate seat.

MEXICO CITY — A year ago, Sandra Cuevas was riding high.

As mayor of Mexico City's iconic Cuauhtémoc borough, she had gained a reputation as a vigorous enforcer of the law — marking a contrast with President Andrés Manuel López Obrador's “hugs, not bullets” attitude to questions of public order.

Clad in police gear and trailed by borough employees, Cuevas patrolled her district on a quad bike, taking down unlicensed pandemic-era terraces built out on the streets. Hammers smashed and chainsaws buzzed as much of the citizenry cheered. It finally felt that the local government was enforcing the letter of the law — and ruthlessly. Many of her opponents began to worry about the mayor's rise, and even call her a threat to Mexican democracy.

True, people were rubbed the wrong way when she ordered food stands to replace their colorful stencil-drawn signs with the borough's drab pale gray logo. Still, most complied. Few wanted to mess with the powerful mayor from the opposition coalition.

But then, in February of last year, she picked a fight with the wrong crowd — namely, a group

of mostly elderly dancers. Seeking to oust them from the plaza where they'd staged weekly dances for years, Cuevas overplayed her hand and yielded control of one of her borough's most iconic public squares. The episode showed how Mexican politics is often determined just as much by who best occupies its streets as by who holds official power — and it has hung over Cuevas as she seeks to continue her political career on the national stage.

A crusading borough mayor

THE CENTRAL PLAZA OF the Santa María la Ribera neighborhood is, like many of the city's public spaces, a place where people gather to participate in a range of activities free of charge. On one edge of one square, you might find a rap battle, on another an ensemble of Brazilian drummers, and on another a roller-skating class. Mexico City is one of the most expensive cities on Earth — particularly if one takes into account local purchasing power. That means its citizens, often crammed in crowded households, depend on public spaces as essential spaces for personal expression.

The southeastern corner of the Santa María la Ribera plaza is reserved for the dancers. Some are



Dancers, mostly elderly, have gathered every Sunday in the Santa María la Ribera plaza for years.



Armando and Lupita, in their seventies, are the star couple of the plaza.

lavishly dressed. Most are well past their 60s. An unseasonable rain fell the day I went, but Joel Alejandro García Flores — the event’s organizer and DJ — laughed at the idea that this might disrupt the day’s dancing. “A bit of rain won’t put them off,” he said. By his reckoning, this *sonidero* — or outdoor dance party — has been gathering there every Sunday for the past 13 years, playing cumbias, salsa, and son cubano.

That is, until a year ago when Cuevas ordered the end of the dancing. The *sonidero* resolved to disobey. They felt their physical presence in the square helped them lay claim to it.

“We were beaten by ... goons when we held protests,” said a 70-something dancer named Armando. He and his partner Lupita are the star couple of the plaza, where they



are known only by their first names. While Cuevas had government funds at her disposal to organize “her own concerts,” Armando said, most of their group’s dancers trekked in from poorer parts of the city, soda bottles and a spot of lunch in tow, to revel on the streets for free. To Armando, the matter came down to one privileged and powerful neighbor — Cuevas herself, whose home overlooks the square — who didn’t like the noise.

The dancers mobilized legally and politically. For ages, authorities had been sitting on the paperwork to protect the city’s *sonideros* by declaring them an Intangible Cultural Patrimony under UNESCO guidelines. The organizers of the Santa María la Ribera *sonidero* said after some lobbying, the central Mexico City government spotted an opportunity to gain ground in their turf war with the



Joel Alejandro García Flores is the organizer and DJ for the sonidero.



A bit of unseasonable rain didn't put off the dancers the day AQ stopped by.



Right, the record player that the *sonidero* brings every week to play music from their collection.



The background of the page is a close-up of the Argentine flag, showing the light blue and white stripes and the Sun of May emblem on the right. In the foreground, the dark silhouettes of several people are visible, looking towards the right side of the frame.

THE LONG VIEW

Argentina's Biggest Challenge

It's not inflation, or a dead politician.

by Brian Winter



Supporters of then-candidate Javier Milei record his speech at a campaign rally in Buenos Aires last September.



IN THE COURSE OF MY LIFE I have probably spent, without exaggeration, at least 1,000 hours in Buenos Aires drinking coffee and listening to people offer their pet theories on how Argentina lost its way.

Throughout those conversations, I've heard friends and politicians variously blame: Juan Perón, Eva Perón, Isabel Perón, Old Juan Perón (less enlightened with the years, some insist); the anti-Peronists, the “gorillas,” the *milicos*; the markets, the unions, the farmers; neoliberalism, communism, fascism, capitalism; Néstor and Cristina Kirchner, Cristina but not Néstor, the anti-Kirchnerists; the One World government, the São Paulo Forum, the Cuban intelligence services, the U.S. intelligence services, and the Washington Consensus. This is only a partial list.

I eventually arrived at the conclusion that it's all of these things, and none of these things. Indeed, Argentina's biggest challenge today is probably history itself.

To explain: When I arrived in Buenos Aires as a reporter in 2000, the country was sinking into another one of its crises — its worst on record, in fact. Over the next four years, I would witness the biggest sovereign debt default in history, a 70% currency devaluation, and a social uprising that caused the country to have five different presidents in just two weeks.

I found all this duly shocking. But few Argentines really seemed *that* surprised. By that point, after all, the narrative was already well-established: This was a country that had been in sad decline for... well, how many years exactly was also a very political question. Saying that the trouble started in 1930, 1946, 1955, 1976 or 1989 was more illuminating than announcing your party affiliation. The one thing everyone agreed on was that Argentina, which was among the world's 10 richest countries as recently as the 1930s (a phrase that must be dutifully repeated in every such conversation or political speech, it seems), had long since lost its way.

I spent years digging into history books, earnestly trying to figure out who was right. There was no



A sign lists currency exchange rates outside a Citibank building in Buenos Aires in 1985.

shortage of horrifying violence and betrayal. Soon it all started to bleed together. I wondered — I do not wish to offend with this comparison, given today's politics — if Argentina was a bit like the Middle East. That the matter of who started it, and who was primarily to blame, was no longer the most important question, or maybe even knowable. What mattered now was the fighting itself, and the way it had led Argentines to tear apart this beautiful but delicate thing they once had. What I was witnessing in the early 2000s, as dramatic as it was, felt not like the crisis itself, but its aftermath.

Indeed, Argentina's fall from grace, unique in modern global economic history, has produced its own self-reinforcing logic. People tend to believe that yesterday was paradise, today was hell, and tomorrow



Mounted police officers disperse an anti-government protest in the capital in 2001. Looting and riots had broken out amid the economic crisis, and the government declared a state of emergency.



Former President Carlos Menem with supporters in northwestern Argentina in 1989

would be even worse. This pessimism confounds policymakers; one economy minister even blamed the crisis on a “depression of the state of mind.” But this behavior was not irrational, quite the contrary. Everyone in Argentina, bar the odd centenarian, has witnessed primarily stagnation and decline in their lifetimes. At the first sign of trouble, they stop investing, pull their cash out of the banks, and stuff it under their mattresses or in accounts abroad. There is a reason Argentines have an estimated \$246 billion in deposits outside the country — an amount greater than half their country’s GDP. Sadly, over time, the pessimists have almost always been proven right.

Today, Javier Milei is the latest politician promising to break with this seemingly interminable cycle. “We are turning the page on this long and sad decline in Argentina ... burying decades of failures,” he vowed in his inaugural speech in December. But for all the novelty Milei offers — the hair, the dogs — he is more

familiar than some may appreciate. His call for Argentines to make sacrifices now, in return for better times later — “We can’t reverse a hundred years of decline from one day to the next” — sound like Carlos Menem’s assurances of “*Estamos mal, pero vamos bien*” in the 1990s, as some Argentine commentators have already noted. Milei’s agenda of spending cuts and shock therapy recall the so-called *Rodrigazo* of 1975 under Isabel Perón, Menem’s “surgery without anesthesia” or Mauricio Macri’s more timid efforts of the mid-2010s. Whether you believe those plans failed because the underlying ideology was wrong, or because they weren’t seen through to their proper completion is, again, not the central question. The important thing is that they failed, and Milei must do battle with that history.

This speaks to an additional challenge, one that has bedeviled all Argentine *liberales* for the last half-century. Milei says the country’s main problem today is



President Javier Milei after his inauguration in Buenos Aires last December

fiscal, that Argentina's long decline has led the country to habitually spend beyond its means, which it then finances either through borrowing or, when external sources of financing have run out, as they inevitably do, by resorting to the printing of money — which is why Argentina's inflation is currently above 270%. Almost all mainstream economists agree, and say the only solution is austerity. But in the short run, that only deepens the prevailing negativity — it causes wages to fall, and unemployment to rise. It makes the pessimists say “Oh no, here we go again.” Patience runs out, and people take to the street, because history has taught them the promised payoff will not come — or at least, it will not last. This was the point in the cycle that Fernando de la Rúa could not get past, back when I lived in Argentina. It's the point Milei must somehow reckon with now.

Can he do it? Is Javier Milei really the leader who will succeed where others could not, and overcome

almost a century of self-fulfilling prophecies? Though it's still early, he has done better than some expected. He has simultaneously pushed through changes to the economy, while apparently maintaining most of his popularity. This may point to a contradiction. Milei's base is young, and seems, for whatever reason, less interested in history than previous generations of Argentines. At the same time, of all the Argentine presidents I've seen, Milei is the one who sounds most like the people I've spent 1,000 hours listening to over coffee. An economist, Milei clearly relishes the discursive references to theoretical concepts, and obscure chapters of history, that fuel so many conversations in the belle époque *confiterías* of Buenos Aires. Whether knowing history makes him more likely to be its prisoner, or somehow defeat it, only time will tell. [AQ](#)

Winter is the editor-in-chief of AQ



Brazil's Fraught Resurgence

A year after AQ's special report, Lula has returned Brazil to the international stage, but has missed many opportunities in the process.

by Oliver Stuenkel

IN EARLY 2022, with little more than eight months to go before the Brazilian presidential elections, Jair Bolsonaro made a rather unusual request to his Foreign Minister Carlos França. Bolsonaro's opponent, Luiz Inácio Lula da Silva, was being feted across European capitals, promising Brazilian voters he would overcome the country's diplomatic isolation under Bolsonaro. Eager not to let Lula's argument stand, Bolsonaro asked França to organize bilateral meetings with international leaders.

But in the end, only two leaders were willing to host Bolsonaro: Hungary's Viktor Orbán, who agreed to a brief photo-op while on the campaign trail for reelection, and Vladimir Putin, who, five days after the visit, would initiate Russia's full-scale invasion of Ukraine.

More than a year into Lula's third term, the West's

hopes have been largely fulfilled. Brazil is yet again fully committed to strengthening multilateralism and has made more progress in fighting deforestation than many experts expected. Brazil's priorities during its G20 presidency — combating hunger, promoting sustainable development, and reforming international institutions — are widely considered sensible, and both Foreign Minister Mauro Vieira and G20 sherpa Maurício Lyrio are seen as competent in the leadup to the leaders' summit in Rio de Janeiro in November. Brazil's decision to host the COP30 in Belém in 2025 symbolizes the laudable willingness to take on a greater role in the fight against climate change.

Along with India's Narendra Modi, Lula is today the most visible political leader of the Global South; his reputation has also benefited from a better-than-ex-

pected growth rate of 2.9% and a historic tax reform. All that may explain why many international investors are willing to turn a blind eye to the president's recurring populist rhetoric against "the markets," and his criticism of the Central Bank president and spending limits, which are a response to somewhat lower approval ratings.

Observers have also taken note of Lula's capacity to reduce political tensions after the violent insurrection of Bolsonaro supporters in January 2023. His amicable relationship to São Paulo Governor Tarcísio de Freitas, a Bolsonaro protégé who may challenge him in 2026, symbolizes a remarkable return to normality in Brazilian politics, helping calm investors.

But given the massive global goodwill Lula encountered upon returning to the presidential palace in Brasília, one cannot help but lament the many missed opportunities of his foreign policy. An effort to relaunch UNASUR during a presidential summit in Brasília last year — a sensible enterprise, given the lack of more meaningful regional cooperation — will be remembered by Lula's emphatic defense of Venezuelan President Nicolás Maduro's "democratic legitimacy," which forced several presidents to publicly disagree. While Lula's soft spot for Maduro is well known, his decision to host the Venezuelan president with much fanfare prior to the regional summit rather than more discreetly after the gathering was an unnecessary mistake, as several government officials recognize in private.

In the same way, Lula's rather unsettling habit of taunting persecuted opposition leaders in autocracies such as Venezuela — he recently said banned presidential candidate María Corina Machado should "stop crying," and even compared Venezuela's opposition to bolsonarismo — ends up weakening pro-Lula voices in many capitals around the world. Maduro doesn't even act as a Lula ally. His intimidating rhetoric against neighboring Guyana is an affront to Brazil's leadership ambitions, threatens to undermine South America's geopolitical stability — a key asset to attract investors in an increasingly unstable global context — and shows Brazil's irrelevant influence over Venezuela's president. It took Brazil's government until March to finally express "concern," adding that excluding proxy candidate Corina Yoris "is not com-

patible with the Barbados agreements."

Meanwhile, Lula's unwillingness to impose sanctions against Moscow is understandable — Russia is a key provider of fertilizers, and Lula's overall foreign policy is guided by non-alignment — but his frequent pro-Putin rhetoric has a reputational cost without generating much benefit. In the same way, Lula's controversial comparison between Israel's war in Gaza and the Holocaust was largely seen negatively abroad and undermined the president's attempt to reach out to evangelical voters.

All this limits Lula's capacity as a bridge-builder and mediator in an environment shaped by increased geopolitical turbulence. Whether in Venezuela, Gaza, or Ukraine, where Brazil's president hopes to be seen as a legitimate negotiator by both sides of a crisis, his rhetoric is not helping him. On Haiti's crisis, an issue where Lula once took the lead 20 years ago, Brazil has taken a back seat, even though its armed forces could contribute to the debate — including on how to avoid the mistakes it made in the past.

Looking forward, Lula's greatest challenge is to ensure that his non-alignment strategy is understood by the West on one side and the Russia-China axis on the other. Lula's initial intention to invite Putin to the G20 summit in Rio in November is not only seen as pro-Russian move — Lula would have to pressure the Brazilian judiciary to not follow an active ICC arrest warrant and detain Russia's president — but also risks spilling over onto the other issues Brazil would like to achieve during its G20 presidency.

In addition, Brazil, which in the past has always sought to tone down the summit declarations, may struggle to avoid the expanded BRICS bloc from positioning itself as an explicitly anti-Western club — particularly considering that the bloc's upcoming October summit will take place in Russia. There can be little doubt that Putin will use the encounter to show the world that he is not isolated and claim he is winning the war against Ukraine. It doesn't help that Lula's most controversial comments are often made during long international trips. AQ

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AMLO'S BET ON MEXICO'S SOUTH

Massive infrastructure investments seem to be paying off—for now.

by Rich Brown

ON THE BACK OF rising public investment, two southern states put up the best growth numbers in Mexico last year, signaling what may be a historic shift: The country's south is expanding faster than the north.

This shouldn't be a surprise; the much smaller southern economies have more room to grow. Yet the fact has grabbed national headlines because the south had been mired in remarkably stubborn stagnation for decades.

Leading the scoreboard, the state of Oaxaca averaged more than 10% year-over-year growth through the first three quarters of last year, with Quintana Roo close behind. Over the same period, the south averaged 4.9%, far outpacing the north (2.7%) and the country as a whole (3.47%), according to Mexico's central bank, known as Banxico. If this trend holds when official 2023 data is finalized, it will mark the third consecutive year that Mexico's north has been outpaced by the south, which Banxico defines as Campeche, Chiapas, Guerrero, Oaxaca, Quintana Roo, Tabasco, Veracruz and Yucatán.

But Oaxaca's rapid rise and the new prominence of the south are due almost entirely to massive federally funded infrastructure projects. "This is not sustainable," said Sofía Ramírez Aguilar, the director of México, ¿cómo vamos?, a Mexico City-based think tank monitoring socioeconomic development. These investments will pay off only if the new infrastructure leads to strong private investment in other sectors, like manufacturing and logistics, she told *AQ*.

Even though this hasn't happened yet, the ruling Morena party seems committed to pushing big bets on infrastructure, even after President Andrés Manuel López Obrador (AMLO) — who is from the southern state of Tabasco and



President Andrés Manuel López Obrador, center, and Oaxaca Governor Salomón Jara, right, in Oaxaca in February.

has made investment there a key priority — leaves office in September.

Oaxaca shows this strategy's potential and limits, as well as its staying power within Morena's ranks. The state's gaudy growth numbers are based on the Tehuantepec Interoceanic Corridor — an overland shipping route from Oaxaca to Veracruz intended to compete with the Panama Canal — which is under construction and projected to cost around \$3 billion. Oaxaca is also benefiting from a port overhaul, a major new highway, and a \$3 billion coking plant at the Salina Cruz refinery by Petróleos Mexicanos, the state-owned oil company, among other government investments.

Its neighbors are receiving similar largesse; the Dos Bocas refinery in Tabasco is slated to cost over \$16 bil-

lion, and the Maya Train stretching 1,500 kilometers across five southern states will cost over \$28 billion.

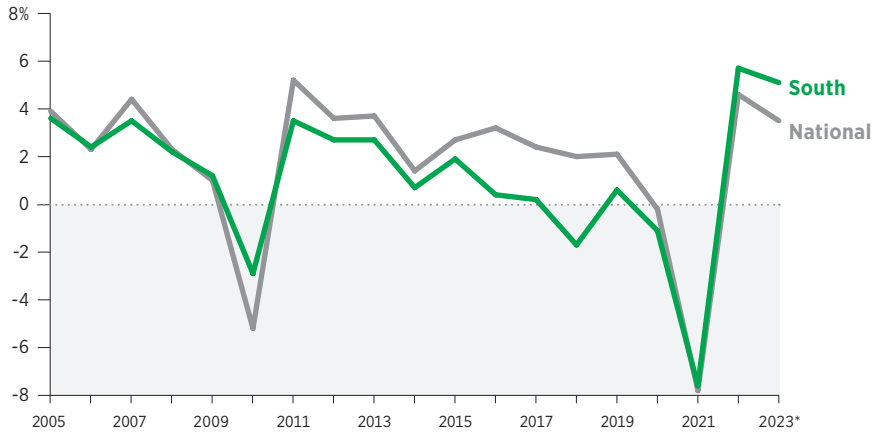
AMLO's administration is counting all this as a victory. "Thanks to the efforts undertaken in favor of the development of the southern states, economic growth in these states is twice as high as the average observed under the two previous administrations," Mexico's Finance Minister Rogelio Ramírez de la O said before the Senate in late September.

Uncertain bets

THE PRIVATE INVESTMENT necessary to support sustainable growth hasn't yet materialized, so it's still possible the federal projects will become "white elephants," said Karla González,

Mexico's South Has Started to Catch Up After Years of Stagnation

MEXICO'S GDP GROWTH



*FIGURES FROM BANXICO, ANNUAL GROWTH OF ECONOMIC ACTIVITY, AVERAGE OF FIRST THREE QUARTERS ONLY
 SOURCES: INEGI, BANXICO (2023)

NOTE: SOUTH PER BANXICO: CAMPECHE, CHIAPAS, GUERRERO, OAXACA, QUINTANA ROO, TABASCO, VERACRUZ, YUCATÁN.

Southern Mexico's Major Infrastructure Projects

FEDERAL INVESTMENT IS BOOSTING GDP, BUT THE GROWTH MAY BE TRANSITORY.



SOURCE: MEXICO'S ECONOMY MINISTRY

associate director of sovereign and international public finance at S&P Global Ratings, using an expression that has become common in Mexico for infrastructure projects that turn out more costly than beneficial. AMLO’s presidency has seen several premature inaugurations of significant projects that “are functional, but not super complete,” she said. Mexico City’s controversial Felipe Ángeles airport, inaugurated in 2022, fits this description.

Even so, “Oaxaca seems headed in the right direction,” Ramírez Aguilar said. The poverty rate in the state — over 58.4% in 2022, compared to 36.3% country-wide — is falling modestly, as it is across the south. Unemployment is also declining, and incomes are rising due to AMLO’s minimum wage increases and the infrastructure construction boom tightening the labor market.

AMLO and his acolytes — including Oaxaca’s Governor Salomón Jara — credit this partly to cuts to unwieldy social programs in favor of expanded cash transfers, which 14 million families nationwide now receive. This is generating locally driven private investment in the south. According to a December report from Mexico’s central bank, more low-income families have greater spending power, so construction firms, for example, have boosted investment in building low-income housing.

To add to this progress, at least six “special development zones” along the Tehuantepec Corridor route are being built in the state, each of which aims to attract a different industry. They still lack a formal tax framework and will need private sector partners willing to offer training to overcome the severe shortage of skilled labor in the region, said González of S&P. Despite these shortcomings, a Danish investment firm inked a memorandum of understanding to develop a \$10 billion green hydrogen project in Oaxaca, precisely the type of investment the Corridor seeks to attract.

An enduring agenda

GOVERNOR JARA SEEMS eager to maintain AMLO’s policies — and style — after the president’s term ends in September. In Jara’s first year in office, he visited over 370 municipalities, at-

tempting the kind of peripatetic calendar that AMLO used to raise his profile and portray himself as close to the people. Jara, like AMLO, also says he has cracked down on corruption and emphasizes that his administration is keeping spending tight. “We received a government in ruins, very indebted, full of phantom employees, and deeply affected by corruption,” he said in a November speech marking the first year of his term.

Oaxaca’s relatively conservative public financing has earned the state a boost in its economic outlook and creditworthiness over the past few years, said Matthew Walter, a Moody’s analyst based in Mexico City. Moody’s Local México currently gives the state an A-.mx stable rating, noting its liquidity and decreasing debt.

In December, AMLO traveled to Oaxaca to promote the state’s success. He gave a speech from Salina Cruz, a port that the Corridor seeks to connect to Coatzacoalcos, in Veracruz. Jara had the first seat behind him. AMLO told the audience that his administration doubled the federal government’s public spending, from 500 billion pesos to over 1 trillion — a key pillar of his “Fourth Transformation” agenda.

“I’m confident that Oaxaca will continue the same policies,” AMLO said, “that will grow thanks to all the projects. ... They’ll get bigger and others that are needed will get done,” he said.

Moody’s estimates that a whopping 89% of Oaxaca’s operational revenue comes from the federal government, but this spigot likely won’t be turned off any time soon. Morena’s presidential candidate and the frontrunner in the 2024 race, Claudia Sheinbaum, has Gerardo Esquivel on her team, “one of the major proponents of infrastructure investment as a motor for growth,” Ramírez Aguilar said. “He has a very clear vision of investing in logistics infrastructure in a way that has cross-cutting benefits across industries.”

Morena seems poised to continue to push more of the same big bets. And even if Sheinbaum loses the presidential race, the Tehuantepec Corridor is promising enough that it will “very likely continue regardless of who is in charge,” González said. **AQ**

Brown is an editor and production manager at AQ

Petro's Environmental Record Is Full of Contradictions

As this October's COP16 summit approaches, is Colombia ready to set real commitments to protect biodiversity?

by Olga L. González

ONE OF THE LARGEST SUMMITS EVER HELD in Colombia will take place in October: the United Nations COP16 Biodiversity Conference. While the nation's outstanding biodiversity will be in the spotlight as global authorities discuss problems and their solutions at this gathering, so will President Gustavo Petro's conflicting environmental actions. Promising to phase out fossil fuel production, his administration has nevertheless underfunded agencies instrumental to protecting nature.

There is no doubt that the government has a genuine interest in the environment, but there is considerable distance between the Petro administration's big statements and the reality on the ground. Despite the consensus on the need to strengthen research on biodiversity and the country's ecosystem, the 2023 budget allocation for the environmental sector fell by 15% compared to 2022 when adjusted for inflation. What's more, in 2024 the Ministry of Science, Technology and Innovation, which is meant to finance scientific projects, will have one of the lowest budgets out of all ministries after funding was cut by 18% compared to last year.

For years, the state-run Natural Sciences Institute in Bogotá has housed collections of unique flora and fauna, and even after warnings from researchers and government officials, the institute is falling apart, putting at risk the 3.5 million specimens it houses. Institutes in charge of environmental research, such as the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM), depend



Colombian President Gustavo Petro addresses the COP28 Climate Change Conference in Dubai in December 2023.

on international donors for funding. Plans to build a controversial facility on the Gorgona Island National Park, dating back to the Juan Manuel Santos administration, appear to be moving forward despite environmentalist opposition. Originally planned as a U.S.-funded coast guard station and pier, the Petro government has downplayed the project, noting that a radar will be installed to control illegal fishing.

Biodiversity under threat

COLOMBIA LACKS SUFFICIENT funding to protect its biodiversity and faces major threats to its splendid natural wealth: illegal wildlife trafficking, legal and illegal industries (logging, cattle ranching, and mining), as well as urbanization, infrastructure projects, land use change, and fires. Few

know that in 2022 Colombia had some of the world's highest levels of primary forest loss, that 1,302 species are under some degree of threat, and that Colombia is among the top five countries with the most endangered species.

Colombian biologists and environmentalists have warned about this. They do the important work of monitoring and criticizing harmful environmental laws and working with communities. On the ground, activists are also mobilizing. Vice President Francia Márquez comes from a social movement that opposed mining and the construction of a dam in Cauca province, in the southwestern part of the country. Defending the environment has cost the lives of many in Colombia, which accounted for a third of the world's recorded killings of environmental and land defenders in 2022.

The country has signed agreements to protect biodiversity and has had a national biodiversity policy in place since the 1990s. Concerns often focus on the preservation of the Amazon biome, where 65% of Colombia's deforestation occurs. There was positive news on that front in 2023, as deforestation in the Amazon decreased through the third quarter. However, experts point out that abundant rain and armed groups that exert control in the area made fires and logging more difficult. This year may tell a different story: By the end of January, more than 40,000 hectares of forest were burned, according to FCDS, a local NGO that promotes conservation and sustainable development in the Colombian Amazon.

Petro's climate change agenda

ARE THESE THE KIND of discussions that will dominate COP16? Or is there another agenda at play? Public documents have not yet been released, but we know Petro's priorities. He frequently emphasizes climate change when addressing international audiences. During an address at the UN in April 2023, he stated that if oil is taken out of the earth, humanity will perish.

Petro has made decarbonization one of his signature policies, but the truth is that Colombia is not a major greenhouse gas emitter. Coal and oil exports account for most of its foreign trade, but it is not a big player in those fields. Colombia's crude oil reserves pale in comparison to neighboring Venezuela's (2 billion barrels compared to 304 billion barrels); at the regional level, it was even recently overtaken by Argentina. In terms of global carbon dioxide emissions, Colombia's footprint is negligible: It contributes just 0.27%, compared to 30.7% for China and 13.6% for the United States.

Nevertheless, Petro has stressed the need to curb hydrocarbon production. This decision, although virtuous in an ideal, decarbonized world, reduces government revenues, which are essential for investment and social programs. Halting fossil fuel exploration, just as economic growth has stagnated (GDP grew

by just 0.6% in 2023), and the manufacturing industry and construction sectors are not doing well, risks further damage to the economy.

Although clean energy production has increased, and energy from water sources covers 72% of the country's electricity needs, Colombia still depends heavily on fossil fuels. These accounted for 75% of the country's total energy supply in 2022. Furthermore, the Petro administration has decided to import gas from Venezuela starting this year. Opponents have described this move as an attack on Colombia's energy self-sufficiency that involves negotiating with an authoritarian government and does not reduce the global carbon footprint.

The COP16 opportunity

AS OF NOW, there is a chance that COP16 will just be a platform for a president with the ambition to be a global voice on environmentalism. So what are concrete steps Colombia can take to seize this historic opportunity?

There is a lot of work to be done to combat deforestation and defend Colombia's biodiversity, and it requires organization and administrative rationality, instead of the "institutional chaos" that some experts have denounced. The Petro administration should consider reorganizing the budget distribution system, since there is opacity about where carbon tax revenues are going.

Many state entities have been criticized for failing to properly spend the funds they have been allocated. Clearer priorities, stronger oversight, and an improved capacity to use the resources already at the state's disposal would make a big difference for Colombia's environmental policy.

Can the Petro administration reconcile its contradictions when it comes to the environment? Will the COP16 summit, with 200 countries invited, be an opportunity for Colombia to seriously protect its marvelous biodiversity? Let's hope so. AQ

||||| González is a researcher at Paris Diderot University

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A book retraces 15 years of grueling litigation over Argentina's 2001 default. What effect did this saga have on global finance?

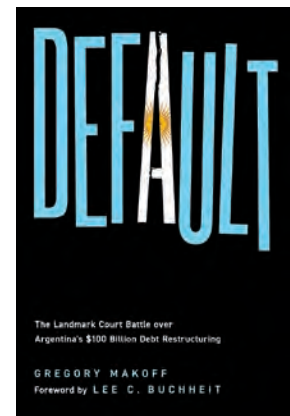
Reviewed by Arturo C. Porzecanski

IN THE INTRODUCTION to his new book, *Default: The Landmark Court Battle over Argentina's \$100 Billion Debt Restructuring*, think-tank fellow and former banker Gregory Makoff proposes to “take readers into the room ... telling the story almost as a historical drama.”

This meticulously researched and organized story, indeed, provides a play-by-play account of the complex litigation that, from 2002 to 2016, pitted thousands of holders of defaulted Argentine bonds against the country's government, mostly in U.S. courts. Featuring excerpts from numerous legal briefs, oral arguments, and judicial musings and decisions — as well as revealing interviews with key participants — the book should be required reading for students of international law, and of interest to anyone wanting to understand what the “Trial of the Century,” as it was referred to in the press and among attorneys, was all about.

The risk of any such detailed compilation effort, however, is that the author might miss some critical features of the forest while counting all its trees. A reader might wonder: When just about every year some government or other in Africa, Asia, or Latin America defaults on its financial obligations, why did this particular default attract so much litigation? It might have been made clearer that Argentina's behavior broke all established conventions: The government was supposed to keep its creditors fully informed; enter into timely and good-faith negotiations; request appropriate debt relief based on the extent of its problems; make up for missed interest payments during the default; and obtain an endorsement of its proposal from a reputable institution like the International Monetary Fund. It did none of these things, thus infuriating bondholders.

Moreover, as was the custom in the 1990s, Argentina's bond indentures required unanimous consent from investors to alter any payment terms. This is what motivated all other defaulting governments to request debt relief that was deemed fair by their bondholders. The number of holdouts was thus always kept small, and governments would quietly buy back their bonds in order to attain the needed unanimity. But Argentina went rogue: It put forth a unilateral restructuring that called on investors to suffer losses in excess of 70%, an off-the-charts amount



Default: The Landmark Court Battle over Argentina's \$100 Billion Debt Restructuring

By Gregory Makoff
Georgetown
University Press
Hardcover
401 pages

for a relatively well-off country, and it made matters worse by passing a law forbidding future payments to any holdouts. This was the equivalent of waving a red cape in front of a charging bull. A quarter of bondholders refused consent, and that meant that Argentina had to face a wave of litigation in multiple financial capitals around the globe and became a pariah unable to access the international bond markets.

Makoff blames U.S. congressional passage of the Foreign Sovereign Immunities Act of 1976 (FSIA) for Argentina’s holdout problem: The FSIA “planted the seeds for the trouble that followed by giving individual creditors the right to sue and seek enforcement in U.S. courts. Disruption from holdout creditors was sure to follow; it was just a question of when and who.” In fact, the FSIA was passed because a growing number of foreign state-owned enterprises were engaging in commercial and financial transactions in the U.S. and would hide behind sovereign immunity whenever they ran afoul of U.S. laws. It established that while foreign governments are generally immune, they are not when engaged in commercial activities or when they waive their immunity —

and Argentina’s bonds checked both boxes. The FSIA rightly empowered all abused creditors, not just potential holdouts.

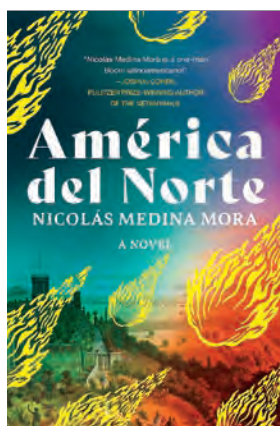
A final consideration is that this book became obsolete, at least for bond issuers, underwriters, investors, and attorneys, long before its ink was dry. Argentina’s messy default and costly litigation saga made it clear to the financial community that unanimous consent should give way to supermajority rule, enabling payment terms to be altered for all, even if a minority of investors withhold consent. Thus, as Makoff mentions, boilerplate indentures began to incorporate such terms two decades ago, becoming the norm, and since then, they have been further amended to allow for consent to be granted for the modification of payment terms in multiple series of bonds placed by the same issuer. These practical innovations may be the only good things that came out of Argentina’s epic litigation and subsequent cautionary tale. **AQ**

Porzecanski is a global fellow at the Wilson Center and a research fellow at American University

Fiction

A Mexican politician’s son tries to build a literary career in the U.S., yielding reflections on both countries’ elites.

Reviewed by Nick Burns



América del Norte

By Nicolás Medina Mora

Soho Press

Hardcover

480 pages

“THERE ARE DIFFERENT CATEGORIES of fancy Mexican,” says one character in Nicolás Medina Mora’s debut novel, *América del Norte*.

These include *fresas* (“harmless, except for their accents, which are known to cause aneurysms;”) *pipopes*, *mirreyes*, *progres* (“*fresas* who read *Open Veins of Latin America*”) and *juniors* (“the nepo babies of someone in the Cabinet”).

In this mock taxonomy, the novel’s protagonist, Sebastián Arteaga y Salazar, is a *junior*. His father, one of Mexico’s most powerful men, is a Supreme Court judge. Raised in a climate of overwhelming, even suffocating privilege — trailed everywhere by bodyguards since the age of

Film

Drama

Pablo Larraín's grisly reimagining of Augusto Pinochet as an ancient vampire reflects a society still haunted by the famous dictator's legacy.

Reviewed by Ena Alvarado

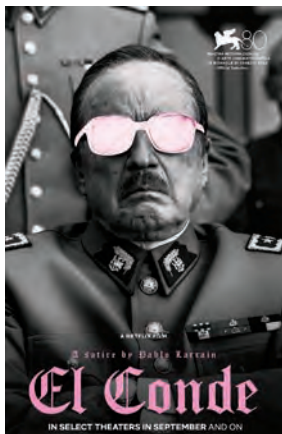
“WHY WOULD I WANT TO KEEP ON LIVING IN A COUNTRY where people hate me?” So says Augusto Pinochet, who, after two centuries of life as a vampire, has finally decided to die. The Oscar-nominated film *El Conde*, directed by Pablo Larraín, bitterly satirizes Chile's infamous dictator, who staged a coup against democratically elected President Salvador Allende, and then ruled the country for 17 years.

In this grisly farce, Larraín manages to inject freshness and humor into a story that has been told and retold for decades. But despite its clever appropriation of the horror genre, *El Conde* does little more than retell the same old joke: Pinochet, reimagined as an actual blood-sucker, denies any wrongdoing or blood on his hands. In the process, Larraín seems to overlook the perspective of real Chileans of *carne y hueso*, both on screen and off.

Alone with his wife Lucía (a human) and butler Fyodor (a vampire, like his employer), Pinochet spends his old age on an isolated ranch. His five adult children eventually arrive, eager to claim their chunk of the family fortune. Their father's wealth is hidden across dozens of offshore bank accounts and real estate properties, an arrangement that calls for the help of Carmen, an accountant, who also happens to be a nun. Unforeseen problems arise when Pinochet falls for this young woman — and many human hearts are blended into smoothies for their nutritious blood along the way.

On a deeper level, *El Conde* spins a yarn that extends far beyond Chile. Pinochet was once Claude Pinoche, a French orphan who grew up under the 18th-century *ancien régime*. As a young officer in the royal army, he witnesses Marie Antoinette's execution by guillotine, tastes the droplets of blood left on the blade that severed her head, and resolves to “use his powers to fight against all revolutions, an eternal subject to his beheaded king.”

Pinoche resurfaces during revolutions in Haiti, Russia and Algeria —



El Conde

Directed by Pablo Larraín

Screenplay by
Pablo Larraín and
Guillermo Calderón

Distributed by Netflix
Chile

Starring Jaime Vadell,
Gloria Münchmeyer,
Alfredo Castro
and Paula Luchsinger

Music

AQ's Spring Playlist

AQ's music critic highlights the lingering power of the human voice in this roundup of tracks old and new.

by **Sebastián Zubieta**



O dia em que faremos contato
by Lenine

Aquellos otros
by Coro acardenchado

Grabaciones solistas, 1979-1984
by Luis Trochón

Laura Itandehui
by Laura Itandehui

Lenine: *O dia em que faremos contato*

I am sure I was not alone when, in 1999, I first listened to the album *O dia em que faremos contato*, by mangubeat superstar **Lenine** — on CD, there being no streaming back then — and was surprised to hear “Aboio avoadado.” The song features a solitary, melancholy voice, which I pictured soaring over the *sertão*, musing on past adventures and a looming surrender. Surely this would be the start of another killer song. But the song is over as soon as it starts, leaving the voice, and the listener, hanging over the dry land, wondering what will happen once they surrender, and what was the damned, “eyelash-burning” madness they followed. We follow the human voice and its resonances through this playlist.

Coro acardenchado: *Aquellos otros*

The Comarca Lagunera, in the Chihuahuan desert of northern Mexico, is home to a remarkable musical tradition, the *canto cardenche*, an *acapella* vocal style which emerged among the hardworking and destitute farmhands of Durango and Coahuila in the 19th century. Sung without instruments in three-part harmony, the songs speak of love and heart-break and made the workers’ harsh lives more bearable with fireside performances. The last practitioners of this oral tradition, passed down through generations, are getting older, but its extraordinary musical value seems to be newly appreciated by scholars and audiences. Researcher, composer and singer Juan Pablo Villa founded **Coro acardenchado** in 2016, and he now directs it with Leika Mochán and María Emilia Martínez. Based in Mexico City and dedicated to the genre, the group includes approximately 20 professional and amateur singers. Their album *Aquellos otros*, released in 2017, includes several classics of the repertoire, in new, mixed choir arrangements that preserve the fascinating rhythmic fluidity and impressive emotional impact of the traditional *canto*. The synecdochally wistful “Ojitos negros” wonders where



Laura Itandehui sings “Yo no necesito de mucho,” a supple, Caribbean-inspired hymn to domestic bliss.

those precious dark eyes could be, and laments that everyone else seems to be able to see them around, while the poet is left to wonder about their whereabouts and just remember their beauty. It is heart-breaking and evocative — once again we can imagine the voices hanging over the desert night.

Luis Trochón:
Grabaciones solistas, 1979-1984

Adding now a bit of accompaniment to the voice, we turn to the late Uruguayan singer, composer and stage director **Luis Trochón**, who was part of an illustrious generation of artists that, in the 1970s and 80s, created a uniquely Uruguayan, idiosyncratic repertoire that at times seems to explore the limits of the idea of a song. Many of their songs share a sense of humor and use unusual instrumental arrangements and harmonies, while the lyrics are sometimes at the service of political liberation (many of these artists started their creative lives during the

country’s dictatorship), yet often focus on observations of everyday situations. Trochón’s song “Ausencia,” released in 1979, seems to speak about and from the perspective of an absent child, looking at the world and making sense of it through sounds and silences. The very sparse guitar accompaniment and some long silences during the song add to its mystery.

Laura Itandehui: *Laura Itandehui*

A song from Mexican singer **Laura Itandehui**’s latest release continues the slow addition of instrumental support to our vocal journey. Her song “Yo no necesito de mucho” is a supple, Caribbean-inspired hymn to domestic bliss and the simple life and its pleasures, including drink, food, self-care and love. Musically, as she says, it just takes a pair of sticks to keep the rhythm — and her beautiful voice. AQ

Zubieta is music director at Americas Society

◀ **LISTEN TO OUR PLAYLIST NOW!
OPEN SPOTIFY & SCAN THIS CODE:**  ▶

Visual Arts

Museum Exhibition

An exhibition in London traces Latin America's still vibrant Freudian history. But why did the “talking cure” of psychoanalysis catch on in some countries and not others?

by **Andrea Moncada**

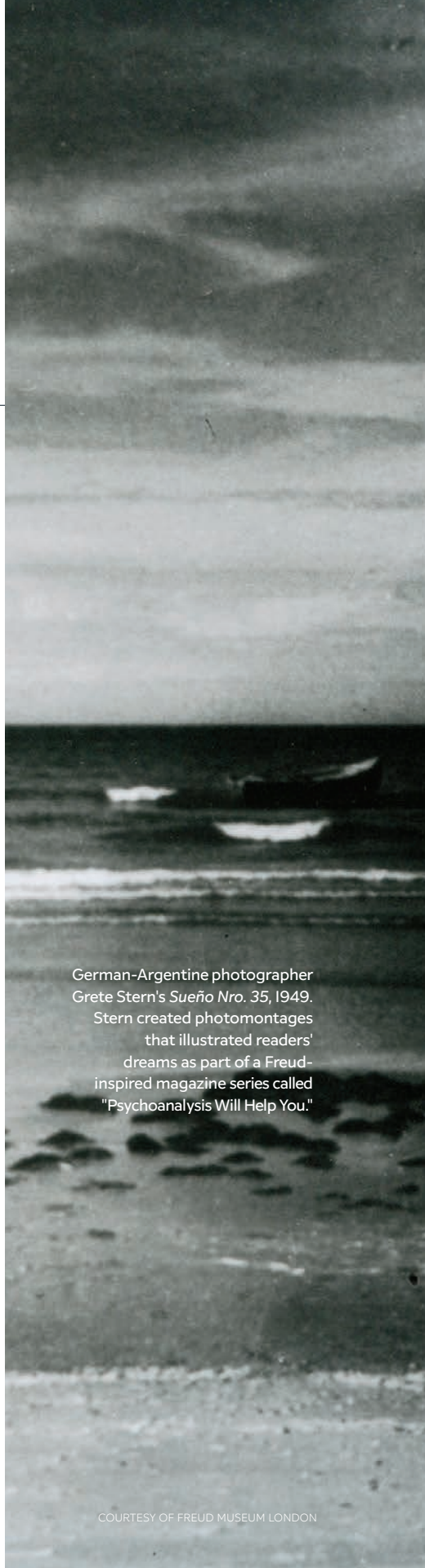
ARGENTINA LOVES TO GO TO THERAPY. And not just any kind of therapy — Buenos Aires, the capital, has the world's highest proportion of psychoanalysts: around 1.2 for every 100 inhabitants by 2013.

But Argentina is not the only Latin American country that has been captivated, at some point in history, by the ideas of Viennese neurologist Sigmund Freud (1856-1939), the founder of psychoanalysis.

In 1940s Brazil, for example, the psychiatrist Gastão Pereira da Silva found an unconventional method of popularizing one of Freud's most famous and controversial theories — that our dreams, if properly interpreted, are a window onto the unconscious desires that shape our lives in ways we often don't recognize.

Freud had his patients relate their dreams to him from the couch, in regular therapy sessions, hoping to help them reckon with the repressed desires that were causing their unhappiness. But Pereira opted for a more public approach: He hosted the radio show *The World of Dreams*, where callers had their dreams analyzed live on air.

Pereira is just one of the figures described in *Freud in Latin America*, an exhibition at the Freud Museum in the doctor's final home in London. His closest relationship in the region was



German-Argentine photographer Grete Stern's *Sueño Nro. 35*, 1949. Stern created photomontages that illustrated readers' dreams as part of a Freud-inspired magazine series called "Psychoanalysis Will Help You."



Freud and Latin America

Freud Museum London

Curated by Jamie Ruers

On through July 14



Freud exchanged letters with Peruvian doctor Honorio Delgado, above, for more than a decade. He described Delgado as his "first foreign friend."

with Honorio Delgado, a Peruvian doctor whom Freud considered his "first foreign friend," with whom he exchanged letters for more than a decade. By the 1930s Delgado had become a vocal critic of psychoanalysis, which he thought had become a dogmatic ideology averse to scientific research, but until then he actively promoted psychoanalytic theories in Peru and throughout Latin America.

And yet psychoanalysis never captured Peruvian society the way it did Brazil and Argentina. It's easy to see why: Fresh waves of European immigrants to these latter countries around the turn of the 20th century brought with them new ideas from the Old World. Several early Argentine psychoanalysts came directly from Vienna.

The Southern Cone and Brazil also had larger middle classes than Andean nations like Peru, Bolivia, Ecuador and Colombia, where socioeconomic power lay in the hands of a conservative, white, landowning few, while the Indigenous majority was kept in poverty. This was far from an ideal atmosphere for psychoanalysis, which seemed to encourage individual liberation and the questioning of authority. No doubt Peruvian *hacendados* in the 1950s would have found the idea of discussing their sexual repressions not just transgressive, but dangerous.

Freud's enduring legacy in Argentina is an interesting example of how certain theories can take root in the national culture. But why are Argentines still such enthusiasts of psychoanalysis, when it has fallen so out of fashion elsewhere? Maybe politics has something to do with it: Freud came up with psychoanalysis to treat people's repetitive compulsions, and since the mid-1940s, Argentina has been trapped in a cycle between Peronism and anti-Peronism.

Although it has become more socially acceptable to go to therapy among Latin America's middle classes, psychoanalysis remains a niche treatment, seen as old-fashioned. The region is instead seeing an increasing use of antidepressants and anti-anxiety medication to treat mental ailments, in line with trends elsewhere.

What about the future of psychoanalysis in Latin America? Politically, psychoanalysis has always been more associated with the left, as both represent challenges to established structures of power. So the recent emergence of a culturally conservative Latin American right, largely fueled by a deteriorating security environment throughout the region, suggests that psychoanalysis is unlikely to make a comeback anytime soon. AQ

Moncada is a contributing columnist for AQ. She is a Peruvian journalist and political analyst based in the U.K.



The Freud Museum exhibit showcases art and media reflecting Freud's influence in Latin America. From top left: *O Psicoanalista* by José Borges, 2020, woodblock color print; *Vidas Ilustres'* comic book, *Freud: El mago de los sueños*, 1963, Mexico; *Divan: Free Floating Attention Piece*, by Santiago Borja, 2010.

LATIN AMERICA AT A GLANCE

Private investment is a key driver in the artificial intelligence (AI) boom. Global private AI investment reached an estimated \$190 billion in 2022, compared to Latin America's \$8.2 billion, according to the Latin American Artificial Intelligence Index.



ARGENTINA BRAZIL CHILE COLOMBIA DOMINICAN REPUBLIC ECUADOR GUATEMALA MEXICO PERU VENEZUELA

GDP GROWTH

2024 (projected)	-2.1%	1.7%	1.9%	1.4%	4.4%	0.9%	3.5%	2.4%	2.2%	3.2%
2025 (projected)	2.5%	2.0%	2.5%	2.7%	4.5%	2.0%	3.5%	1.9%	2.8%	2.9%
2026 (projected)	2.5%	2.1%	2.5%	3.1%	5.0%	2.2%	3.7%	2.1%	3.0%	N/A

PROJECTIONS CURRENT AS OF MARCH 2024

ECONOMIC INDICATORS

2024 Inflation (projected)	265.6%	3.9%	3.4%	6.5%	4.0%	1.8%	4.2%	4.3%	2.6%	70.0%
2024 Unemployment rate (projected)	8.5%	8.0%	8.3%	10.5%	6.0%	3.9%	N/A	3.1%	7.4%	N/A
2024 Govt. deficit as % of GDP (projected)	-2.0%	-6.8%	-2.2%	-4.4%	-3.5%	N/A	-1.7%	-4.9%	-2.5%	N/A

PROJECTIONS CURRENT AS OF MARCH 2024

LATIN AMERICAN ARTIFICIAL INTELLIGENCE INDEX

Index score	54.76	65.31	73.21	53.18	N/A	22.17	N/A	48.55	41.66	N/A
Ranking out of 12 countries	4	2	1	5	N/A	10	N/A	6	7	N/A

INDEX ANALYZES THE STATE OF ARTIFICIAL INTELLIGENCE IN 12 LATIN AMERICAN COUNTRIES, WHICH HAVE AN AVERAGE SCORE OF 42.61

PRESIDENTIAL APPROVAL RATINGS

President	Javier Milei	Luiz Inácio Lula da Silva	Gabriel Boric	Gustavo Petro	Luis Abinader	Daniel Noboa	Bernardo Arévalo	Andrés Manuel López Obrador	Dina Boluarte	Nicolás Maduro
Approval	51%	51%	33%	35%	62%	81%	78%	58%	9%	19%

SOURCES: GDP growth forecasts, inflation rate, unemployment rate, government deficit as percentage of GDP: Bloomberg (March); 2026 GDP growth forecasts for the Dominican Republic, Ecuador and Guatemala, Dominican Republic unemployment, Ecuador inflation and unemployment, Peru unemployment: IMF (October); Latin American Artificial Intelligence Index: Centro Nacional de Inteligencia Artificial de Chile (August).

PRESIDENTIAL APPROVAL: Encuesta de Satisfacción Política y Opinión - Universidad de San Andrés (March); Brazil: Genial/Quaest (February); Chile, Plaza Pública Cadem (March); Colombia, Invamer (February), Dominican Republic, CID Gallup (February); Ecuador, Cedatos (February); Guatemala, CID Gallup (January); Mexico, El Financiero (March); Peru, Ipsos (March); Venezuela, CID Gallup (September).

NOTE: Figures rounded to nearest percentage.

CANCILLERÍA ARGENTINA VIA COMMONS.WIKIMEDIA; CASA ROSADA VIA COMMONS.WIKIMEDIA; GETTY, SEBASTIAN BARROS/NURPHOTO/GETTY; FLICKR; ASAMBLEA NACIONAL DEL ECUADOR FROM QUITO, ECUADOR VIA COMMONS.WIKIMEDIA; GOBIERNO DE GUATEMALA VIA COMMONS.WIKIMEDIA; RADIO ZÓCALO NOTICIAS; WORLD INTELLECTUAL PROPERTY ORGANIZATION VIA COMMONS.WIKIMEDIA; GABY ORAA/BLOOMBERG/GETTY

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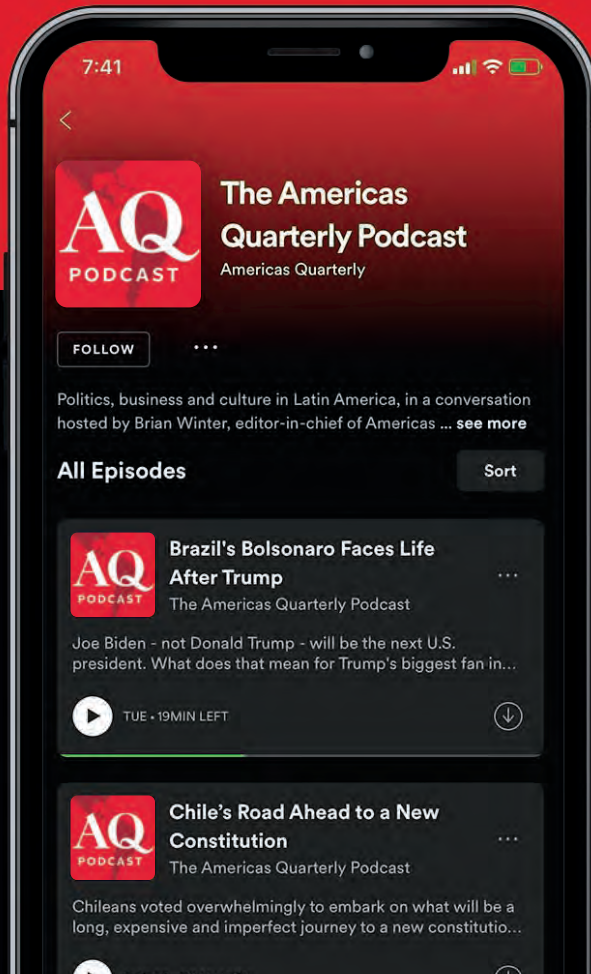
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