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FEATURED Q&A

Can Guatemala Have Strong Ties With China and Taiwan?



Guatemala's president has said he wants closer ties with China while still recognizing Taiwan. Guatemala City is pictured. // File Photo: José Hernández via Creative Commons.

Q Guatemala will maintain its diplomatic relations with Taiwan and simultaneously seek closer economic ties with China, the Central American country's new president, Bernardo Arévalo, said in February. Guatemala is among fewer than a dozen countries that have full formal relations with Taiwan. How much will Arévalo's government be able to increase economic ties with China while maintaining relations with Taiwan? How important are Taiwan and Guatemala to each other? How much of an incentive does Guatemala have to sever relations with Taiwan and establish them with China?

A Santiago Herdoiza, Cambridge, Mass.-based independent trade and policy analyst: "Guatemala's capacity to bolster economic ties with China to their full potential would remain constrained absent a diplomatic break with Taiwan. Understandably, expanding commerce with Beijing is an appealing opportunity for President Bernardo Arévalo. Fighting labor informality and poverty—which according to the World Bank affects more than 50 percent of Guatemalans—is a top priority for his government. China's economic and demographic weight vis-à-vis Taiwan offers Guatemalan exporters vast growth opportunities. For instance, China's historic position as a leading sugar importer could spur increased sales of this staple Guatemalan export. Along with bananas and coffee, the opening of China's market to agricultural goods would benefit the campesino and Indigenous populations, two traditionally neglected groups. Not to mention, access to Chinese financing could kickstart Arévalo's infrastructure development plans. Nevertheless, it is unlikely that Guatemala City will sever diplomatic

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Mexico Cuts Ties With Ecuador After Police Arrest Glas at Embassy

Mexico cut diplomatic ties with Ecuador after police in Quito broke into Mexico's embassy to arrest former Ecuadorean Vice President Jorge Glas.

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Musk Defies Brazilian High Court's Order to Block Accounts

Elon Musk said his social media site X will defy a Brazilian Supreme Court order to block some accounts that are accused of spreading false information.

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Prosecutors Interrogate Peru's Boluarte in Rolex Probe

Prosecutors interrogated Peruvian President Dina Boluarte for five hours Friday in connection with an illicit enrichment investigation.

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Boluarte // Photo: @presidenciaperu via X.

POLITICAL NEWS

Mexico Cuts Ties With Ecuador After Glas Arrested at Embassy

Mexican President Andrés Manuel López Obrador broke his country's diplomatic relations with Ecuador after police in Quito broke into Mexico's embassy to arrest former Ecuadorean Vice President Jorge Glas who was granted asylum there after he was indicted on corruption charges, The New York Times reported Saturday. López Obrador called the raid a "flagrant violation of international law and Mexican sovereignty," The Wall Street Journal reported. On Friday night, a heavily armed contingent of Ecuadorean police forced its way into Mexico's embassy to arrest Glas. In the raid, police officers subdued Mexico's chargé de affaires Roberto Canseco, as police searched for Glas and ultimately arrested him and removed him from the embassy. "They threw me on the floor," Canseco said after the raid, The Wall Street Journal reported. "Like criminals, they raided the Mexican embassy in Ecuador. This isn't possible, this can't be. It's crazy," he added. Ecuador's government accused Mexico of abusing diplomatic privileges and immunity. "No criminal can be considered to be politically persecuted," the Ecuadorean government said in a statement, The Wall Street Journal reported. "All embassies have only one purpose, to serve as a diplomatic space for relations between countries," it added. After the raid, Mexican Foreign Minister Alicia Bárcena said Mexico would take the case to the U.N. International Criminal Court in The Hague. Glas had been residing in the embassy since December, the AP reported. On Saturday, he was taken to a detention facility in an armored vehicle that was followed by several police and military vehicles, the wire service reported. Glas had been convicted of corruption in cases dating from his time as vice president during the administration of former President Rafael Correa. In 2017, Glas was sentenced to six years in prison for taking bribes from international construction giant Odebrecht, which has

admitted to paying more than \$800 million in bribes to officials in a dozen countries, The New York Times reported. In 2020, Glas was sentenced to an additional eight years in prison in a separate bribery case but was released early from prison in November 2022. A charge of embezzlement was added later, which led authorities to obtain a warrant to arrest Glas, who fled to the Mexican embassy, prompting Friday's raid. The raid came amid deteriorating ties between Mexico and Ecuador. A day earlier, Ecuador declared Mexico's ambassador in Quito "persona non grata" and ordered her to leave the country after López Obrador remarked on how last year's assassination of Ecuadorean presidential candidate Fernando Villavicencio may have influenced voting in Ecuador's election. Ecuador called López Obrador's remarks "very unfortunate," the AP reported.

Prosecutors Question Peru's Boluarte in Enrichment Probe

Prosecutors interrogated Peruvian President Dina Boluarte for five hours on Friday in connection with an investigation into whether she illegally received cash, luxury watches and jewelry worth hundreds of thousands of dollars, the Associated Press reported. "Everything they've said is false," Boluarte said in televised remarks following the interrogation, the AP reported. In her televised comments, Boluarte held up to the camera one of her Rolex watches as well as gold bracelets and other pieces of jewelry. "With respect to the watches, I should recognize that it was a mistake to have accepted [them] on loan," said Boluarte, the wire service reported. "As these watches are not my property, I was not obliged to declare them," she added. Boluarte said she received the watches on loan from Wilfredo Ocorima, the governor of Peru's Ayacucho region. She added that some of the jewelry belonged to her. Boluarte previously said the Rolex watches were the "fruit of my labor," adding that she has worked since she was 18, the AP reported. The investigation started after digital news program La Encerrona showed Boluarte wearing a

NEWS BRIEFS

At Least One Killed, Nine Injured in Fire at Pemex Platform in Gulf of Mexico

At least one worker was killed and nine were injured Saturday at a platform of Mexican state oil company Pemex in the southern Gulf of Mexico, Bloomberg News reported. The fire happened at one of Pemex's Akal-B platforms in the Campeche Bank. The fire was under control in 20 minutes, the state oil company said. The worker who was killed was an employee of the company COTER. Five of the injured workers are Pemex workers, and rest were from other companies.

Delays in Guyana Natural Gas Project Could Curtail Revenue by \$1 Billion

Construction delays in Guyana's project to use natural gas to fuel a power plant that would reduce energy costs could mean \$1 billion in lost oil revenue, Reuters reported today. The project aims to build a gas pipeline from Guyana's offshore Stabroek block to an onshore power plant and a gas processing facility. However, the project is about six months behind schedule, and completion of the project will require Exxon Mobil, which operates all of the country's oil and gas production, to pause production in the third quarter, leading to the lost revenue.

Guatemalan Environment Minister Fired Over Daughter's Use of Vehicles

Guatemalan President Bernardo Arévalo on Sunday fired his minister of environment and natural resources, María José Iturbide, Reuters reported, citing a government statement. The minister had admitted that her daughter, 28, had misused vehicles and security intended for the ministry. The statement said Arévalo's decision was taken to "avoid any doubt" about his administration's commitment to integrity.

Rolex watch that is worth as much as \$14,000 in Peru. Other news programs later showed Boluarte wearing at least two other Rolex watches in addition to a gold and diamond Cartier bracelet. The origin of hundreds of thousands of dollars in bank transfers that are part of the investigation was still unclear on Friday, the AP reported. The previous weekend, police broke down the front door of Boluarte's home and forced their way in to search for evidence in the case. The same weekend, authorities also searched the presidential palace. Last week, Peru's Congress defeated an attempt to advance an impeachment proceeding against Boluarte and also confirmed her cabinet days after the president named new cabinet ministers. "Boluarte could survive; she has built an alliance with the large opportunistic sectors of Peru's Congress, and legislators fear that, if she is impeached, the calls for not only immediate presidential but also legislative elections will be rekindled, triggering the loss of their jobs," Cynthia McClintock, a professor at The George Washington University, told the Advisor in a [Q&A](#) published April 4.

BUSINESS NEWS

Musk Defies Brazilian High Court's Order to Block X Accounts

Billionaire Elon Musk said Saturday that his social media site X, formerly known as Twitter, would defy an order from Brazilian Supreme Court Justice Alexandre de Moraes to block some accounts on the site that are accused of spreading false information. "We are lifting all restrictions," Musk said in a posting on X. "This judge has applied massive fines, threatened to arrest our employees and cut off access to X in Brazil. As a result, we will probably lose all revenue in Brazil and have to shut down our office there," he added. Moraes responded by saying that the high court would investigate Musk, saying he was waging a "disinformation campaign" against the court's actions, the Associated Press reported.

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ties with Taipei anytime soon. Political ties with Taiwan are robust, and any attempt to approach Beijing at Taipei's expense would face obstruction by Guatemala's opposition-dominated Congress. Moreover, while not among Guatemala's main commercial partners, Taiwan remains a supplier of chemicals, health care products and development aid. Jeopardizing access to these goods could hurt the president's socioeconomic agenda. Expanding ties with Taiwan rather than merely sustaining them could also help Guatemala consolidate its relations with the United States, its main commercial partner. The U.S. government and private sector could even support new cooperation frameworks that, by addressing gaps in the Guatemala-Taiwan partnership, could generate the economic output required to finance Guatemala's development objectives."

A Lin Hua, associate researcher at the Institute of Latin American Studies at the Chinese Academy of Social Sciences:

"The Chinese Ministry of Foreign Affairs has made it clear that the One China principle is the fundamental premise and political basis for China's cooperation with all countries, including Guatemala. What level of economic cooperation can two countries without diplomatic relations achieve? The answer is obvious. If Guatemala wants to develop relations with China and expand trade between the two countries, it must respect China's core interests and strictly abide by the One China principle. According to the Bank of Guatemala, Guatemala's trade with Taiwan has totaled only \$4.15 billion over 28 years. But according to China Customs, Guatemala's trade with China reached \$4.93 billion in 2023 alone. This comparison shows the fragile and slow-developing economic and trade relations between Taiwan and Guatemala. And we must take into account that Taiwan and Guatemala signed a free trade agreement in 2006. To date, China has established diplomatic relations with 183

countries, and the One China principle has become a worldwide consensus. There is also a growing call within Guatemala for the establishment of diplomatic relations with China, as this is in Guatemala's interests. If Guatemala establishes diplomatic relations with China, bilateral trade will be further developed, which would be especially beneficial for the export of Guatemalan agricultural products. Guatemala can learn from the results achieved by neighboring Honduras after establishing diplomatic relations with China. In 2023, China-Honduras trade increased by 21.1 percent, with Honduran exports to China increasing by 177.6 percent."

A Nicholas Virzi, director of strategic analysis at the Guatemala Chamber of Industry:

"Arévalo can go far in increasing economic ties with China without breaking with Taiwan. China is already the second-most important source of imports for Guatemala, and the eighth for exports, while Taiwan ranks 21st and 19th, respectively. This is according to data from the Central Bank of Guatemala (Banguat). By way of historical comparison, in 1994, China ranked 40th and 61st on Guatemalan imports and exports, respectively. Banguat's official data suggests that Arévalo does not need to abandon Taiwan to achieve the left-wing goal of increasing China's presence in the region. Guatemala is in a better strategic position being the most important country (in terms of population, GDP and geography) of the dozen countries in the world that still recognize Taiwan, especially in the context of a bipartisan recognition in the United States that Washington has neglected China's growing presence in the Americas. U.S. regional diplomats insist on 'ABC' (anybody but China), but having recently lost El Salvador and Honduras, Guatemala is left as 'America's Best Champion' (a different ABC) in the region. Guatemala's recognition of Taiwan should secure Guatemala's place at the top of mind for the State Department.

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Taiwan has rewarded Guatemala with aid and access to U.S. political leaders. However, Taiwan needs Guatemala much more than Guatemala needs Taiwan. Taiwan needs to augment its assistance to Guatemala times 10, given the leadership Guatemala has shown among the community of nations that still recognize Taiwan, a community that, incidentally, does not include the United States.”

A James Meyer, partner at Harper Meyer in Miami: “President Arévalo, a man who has been frequently referred to in recent months as ‘The Diplomat,’ will truly have to prove he is worthy of the title if he intends on promoting economic relations with China while maintaining formal diplomatic relations with Taiwan. China will undoubtedly present him with incredibly tempting and desperately needed opportunities which will be essentially conditioned upon a cessation of relations with Taiwan. Meanwhile, President Arévalo’s rock star status on the international stage as one of the few democratically elected ‘moderates’ in Latin America might take a significant hit if he succumbs to the siren song of economic enrichment from China by dumping Taiwan. Moreover, Arévalo’s many detractors in Guatemala will be able to sing a resounding chorus of ‘I told you so,’ if he realigns with Communist China. Although it seems highly unlikely that President Arévalo can have it both ways, perhaps he can use his

diplomatic prowess to continue recognizing Taiwan while encouraging the United States and other world powers to come together to match or at least come close to whatever offers may be flowing from China, all while somehow keeping China in play during his short, one-term tenure. Four years is not a long time for a seasoned diplomat.”

A Andrés Marroquín, associate professor of economics at Mercer University: “Economic relations, specifically trade, are activities that occur among individuals—namely consumers, producers and entrepreneurs. These transactions do not take place between governments. From this perspective, the Guatemalan government should allow entrepreneurs, consumers and producers to engage freely with their counterparts in other countries, irrespective of nationality. Individuals—consumers, producers and entrepreneurs—understand their needs better than the government. Therefore, the government’s role, through its various branches, should be to ensure that these transactions comply with the law. Favoring specific political alliances with certain countries over others can disadvantage consumers and producers by limiting their benefits from trade. These views align with the principles found in the Tao Te Ching, which states: ‘The more restrictions, the more poverty.’ To the greatest extent possible, the Guatemalan government should minimize dependence on foreign aid from any country.”

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