



*¡Bienvenidas y bienvenidos to El CC, CCLATAM's newsletter!. Every other week you'll find the main events shaking up Latin America, from Ushuaia in the south to Los Algodones in the north. Sign up [here](#) to stay updated on the region. Get [in touch](#) with us, we may feature an excerpt of your response in the next newsletter.*

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## **Mutual Understanding as the Key to Success in Latin America Amid New US Trade Tariffs**



On April 2, President Trump announced a series of new trade tariffs aimed at various countries, igniting a wave of economic and political reactions both domestically and abroad. How is this impacting Latin America—a region that has historically been intertwined with American economic policies.

Based on the reciprocal tariffs, President Trump imposed baseline duties of 10% on all countries, with around 60 trade partners facing even higher rates. Notably, tariffs on China (34%), Taiwan (32%), Japan (24%), and the European Union (20%) starkly contrast with the baseline tariff applied to many Latin American countries. Major economies like

Chile, Colombia, and Peru will also face the 10% rate, while higher levies have been placed on Guyana (38%), Nicaragua (18%), and Venezuela (15%). This tariff landscape reflects the Trump administration's calculation based on the U.S. trade deficit with each country, leaving many to wonder about the fairness and strategic thinking behind these decisions.

Countries such as Mexico and Brazil, integral to the U.S. supply chain, are already feeling the effects. Although Mexico was excluded from the latest announcements, it remains subject to existing tariffs on most imports, including a 25% tariff on U.S. auto imports that is poised to disrupt North American supply chains. This could lead to higher consumer prices and stunted growth in the automotive sector, a vital component of the Mexican economy, which is currently estimated to be close to a technical recession. Yet, the lingering effects of earlier tariffs are already rippling through the Mexican economy, with automaker Stellantis announcing a production pause at a plant in Mexico, further complicating the investment landscape.

Moreover, the imposition of these tariffs reinforces the value of diplomacy for Latin American countries. This diplomatic engagement may have helped Brazil and Argentina, both of which have a trade surplus with the U.S., to avoid the worst of the tariff fallout, receiving the minimum 10% rate compared to the much steeper duties imposed on major trading partners in Europe and Asia.

Key word here is the reciprocal underlying what Secretary of State Rubio mentioned during his visit to the region and stressed again by the Special Envoy for Latin America in Miami few days ago: bilateral relations is the way to go.

However, as the region navigates these turbulent waters, it may also drive Latin American countries to seek alternative markets and trade partnerships, reconsidering their alliances. Chile's President's visit to India is evidence of that. This realignment could either foster new opportunities or risk fracturing long-standing economic ties built over decades.

Dialogue should be built at all levels. Still, there is no other country in the world that affects the life of Latin-Americans than the United States. The sense from CCLATAM is that Latin American entrepreneurs are increasingly ready to engage in bilateral trade relationships rather than relying solely on multilateral agreements. This shift underscores a growing recognition that mutual understanding is often forged on common interests.

Notably, Mauricio Claver-Carone, the US Special Envoy on Latin America, has emphasized this perspective, pointing to the strong relationship between the U.S. and Mexico as a case study. The collaborative efforts between President Claudia Sheinbaum of Mexico and President Trump demonstrate how common interests can foster more productive diplomatic ties.



**Paulo de León**, you are an economist, financial analyst, and one of the most authoritative voices on finance in Central America. A graduate of the University of Valle, you hold a master's degree from the Pontifical Catholic University of Chile and currently based in Guatemala,

What is your perspective on fostering sustainable economic growth in Central America over the coming decade, and what critical elements will facilitate this growth?

**Urbanization will be the key factor shaping Central America's future in the next 10 to 15 years. This process not only stimulates economic development but also enhances environmental metrics. Densifying populations in compact areas is one of the most environmentally friendly strategies, as it alleviates the pressure on forests and other rural resources.**

What do you identify as the primary economic disparities in Central America, and how do they influence regional progress and stability?

**There exists a notable inequality both in the country and the wider region, largely due to a significant portion of the population living in rural areas. In these regions, there's a lack of development, job opportunities, and innovation, which are essential for individual advancement. Rural communities often lack access to fundamental services such as electricity and clean water. Urbanization is expected to broaden the middle class and help mitigate inequality to some extent. However, structural issues, such as disparities in productivity stemming from low investment and inadequate education, also contribute to this inequality.**

How vital is infrastructure development for Central America's economic prospects, and which specific sectors do you believe need immediate focus?

**Infrastructure development is crucial; enhancing the available infrastructure capital for individuals leads to increased productivity, elevated incomes, and overall growth,**

while also lowering distribution and logistics costs. Once the necessary infrastructure is established, other factors like knowledge, technology, and innovation can emerge. Unfortunately, this is still a distant goal for Central America; the immediate priority must be on boosting infrastructure investment.

In today's digital age, how essential is the advancement of digital infrastructure to enhance economic opportunities in Central America, and what measures should be implemented to improve this sector?

**It is critical to bridge the gaps in information and communication that are essential for business, trade, and investment. Just as there are disparities in income and social status between urban and rural populations, digital divides also exist. A segment of the population remains disconnected from the vital resources of the digital era.**

What is your viewpoint on the role of organizations like CCLATAM in bolstering the business environment in Central America, particularly following their involvement in the CCLATAM event in Guatemala?

**Such organizations play a crucial role by bringing in a fresh, unconventional perspective. While there are numerous think tanks in the region, few have a clear understanding of the private sector's potential as a catalyst for growth, trust, and development. My personal experience at the CC Latam event in Guatemala was very encouraging. The level of engagement, dialogue, and participation was exceptionally high, invigorating discussions with innovative and profound ideas.**

What advantages do countries like Guatemala gain from becoming members of regional financial institutions such as CAF, the Development Bank of Latin America and the Caribbean?


**These institutions provide essential funding sources, both public and occasionally private, which are necessary for developing projects that serve the common good and benefit the citizens of each nation.**

How have recent global occurrences, such as the COVID-19 pandemic and geopolitical tensions, influenced the economic situation in Central America?


**Initially, the impact was challenging, but the recovery after COVID has been positive. It appears that Central America is entering a phase of growth and is beginning to catch up with the rest of Latin America. This previously overlooked or lagging subregion is finally experiencing growth that surpasses that of South America.**


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## Elsewhere in LATAM

 Chile and India have initiated negotiations for a Comprehensive Economic Partnership Agreement (CEPA) to enhance bilateral trade and investment, building upon

their 2017 preferential trade agreement. The decision was announced during Chilean President Gabriel Boric's state visit to India, where he met with Prime Minister Narendra Modi and President Droupadi Murmu. The leaders also recognized the strategic significance of critical minerals for emerging technologies and clean energy transitions, agreeing to accelerate collaboration in exploration, mining, and processing. In line with this, Chile's state-owned copper producer, Codelco, will supply copper concentrate to India's Adani Group's Kutch Copper smelter, the world's largest single-location plant of its type, with shipments beginning this year. Additionally, Codelco signed a preliminary agreement with Hindustan Copper to cooperate on mineral exploration and processing.

 Tensions have flared between Paraguay and Brazil following reports that Brazil's intelligence agency, Abin, conducted a spying operation on Paraguayan authorities between June 2022 and March 2023. On 1 April, Paraguay's government summoned Brazil's ambassador in Asunción to demand detailed explanations, after Brazilian media revealed the surveillance was linked to negotiations over the Itaipú hydroelectric dam. Brazil's current administration under President Lula da Silva has denied involvement, blaming the operation on the previous Bolsonaro government. In response, Paraguay has suspended talks on revising Annex C of the Itaipú Treaty, a key agreement that governs the dam's financial arrangements, pending clarification. The incident threatens to delay a major treaty update planned for May, as Paraguay pushes for more favorable terms. An internal probe has also been launched by Paraguay's communications ministry to assess potential breaches.

 On 3 April, Bolivia's supreme electoral court (TSE) set general elections for 17 August, with a deadline of 18 May for candidate registration. TSE president Óscar Hassenteufel announced that the full electoral calendar will be published soon, noting that political parties must register by 18 April, while the official campaign period will run from 19 May to 13 August. This timeline intensifies uncertainty around key political figures: former president Evo Morales is unlikely to run due to a constitutional court ruling limiting presidential terms, despite recently launching a new party, Evo Pueblo. President Luis Arce, grappling with economic turmoil and poor polling performance, is not guaranteed the nomination from the ruling Movimiento al Socialismo (MAS), which will announce its candidate on 3 May. Senate president Andrónico Rodríguez, from Morales' faction, has emerged as a potential frontrunner. Meanwhile, the conservative opposition remains fragmented, with internal doubts over its candidate selection process.

 APM Terminals, a subsidiary of Danish shipping giant Maersk, has acquired the Panama Canal Railway Company (PCRC) from Canadian Pacific Kansas City and U.S.-based Lanco Group/Mi-Jack. The 76km railway runs alongside the Panama Canal and plays a key role in moving cargo between the Atlantic and Pacific Oceans. In 2024, PCRC reported revenues of US\$77 million and US\$36 million in EBITDA. While financial details of the deal were not disclosed, the acquisition comes amid growing geopolitical tensions, as former U.S. President Donald Trump has called for the U.S. to reclaim control of the canal over concerns about Chinese influence. This follows the

controversial sale of two major Panamanian ports by China-linked CK Hutchison to U.S.-based BlackRock— a deal now under scrutiny amid opposition from Beijing.

🇧🇷 On 2 April, Brazilian Supreme Court (STF) Justice Alexandre de Moraes rejected a request for the pre-trial detention of former president Jair Bolsonaro (2019–2023), who is under investigation for allegedly plotting to overturn his 2022 election defeat. The request, filed by a local councillor from the left-wing Workers' Party (PT), argued that Bolsonaro could incite further unrest if allowed to remain free. However, De Moraes found no grounds for immediate detention, allowing Bolsonaro to remain at liberty as the case proceeds—an outcome that enables him to maintain his political visibility and mobilise his conservative base. Meanwhile, De Moraes did order the preventive arrest of Bolsonaro's nephew, accused of participating in the 8 January 2023 riots. Adding to Bolsonaro's momentum, new polling shows rising public dissatisfaction with President Lula's administration, and one survey suggests Bolsonaro would win a rematch in the 2026 election, if eligible to run.

🇨🇱 Latin America and the Caribbean region requires 3.2 million educators to meet the demands of universal education by 2030. This alarming deficit stems from factors such as excessive workloads, low salaries, and insufficient recognition, leading to high attrition rates among teachers according to a recent [UNESCO report](#). A new regional strategy will be center for discussions at an upcoming event organised by the government of Chile later this year.

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## El Evento



Last week, CCLATAM convened an essential meeting in Guatemala aimed at addressing the pressing challenges within the Latin American region. This gathering sought not

only to evaluate the current landscape but also to envision a more robust and resilient future for all nations involved.

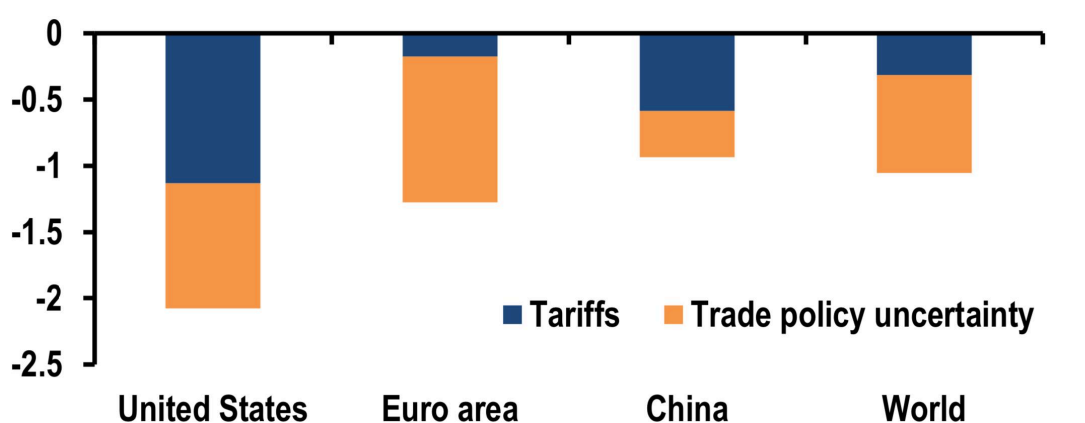
Throughout the sessions, leading figures from the private sector contributed invaluable perspectives on critical themes such as sustainability, innovation, economic advancement, and governance.

The significance of CCLATAM as an impartial forum for fostering dialogue and addressing pivotal issues was clearly demonstrated, enabling candid discussions and encouraging cooperation among a wide array of stakeholders. Their engaged participation resulted in a vibrant exchange of ideas, setting the stage for collaborative solutions that can drive growth across Latin America.

The trajectory of Latin America hinges on collective efforts and the dedication of all sectors. [Watch here.](#)

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### El Grafico



This graphic presents the International Monetary Fund (IMF) projections on the potential economic effects of a major trade conflict related to a significant tariff increase. It highlights that traditional economic models may not fully capture the impacts of trade wars, as crucial factors like market sentiment shifts and disruptions to global supply chains are often overlooked. The graphic indicates that substantial economic shocks, such as a notable tariff hike, can lead to unpredictable outcomes that are not directly proportional to the increase.

According to IMF estimates, a 20% tariff increase could reduce U.S. GDP by 2 percentage points and global GDP by 1 percentage point. This illustrates the potential seriousness of the trade war and its widespread economic consequences, emphasizing the significant risks associated with trade wars.



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## La Invitación



Brazil Summit

14 May 2025

In-Person | Convene One Liberty, New York

As a supporting partner, CCLATAM invites you to join Brazilian and International leaders on 14 May 2025 in New York to examine Brazil's economic outlook, policy priorities, and investment opportunities, while showcasing how its rich cultural heritage, sports, and tourism bolster global influence and create business opportunities.

Speakers include, Simone Tebet, Minister of Planning and Budget of Brazil, Fabricio Bloisi, Group CEO and Executive Director of Prosus, Ricardo Alban, President of Brazilian National Confederation of Industry (CNI), Martín Escobari, Head of Global Growth Equity, Co-President, and Managing Director of General Atlantic, plus many more

Save 20% on your pass. Use code CCLATAM: <https://bit.ly/3Fcm6wG> #FTBrazil

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## La Lectura



This week we suggest reading “El Mundo Digital” co-authored by the great Jorge Fernando Negrete -CCLATAM distinguished advisory board member- and Carlos Jarge. The book features opportunities and challenges arising from the digital world, leading the reader to a critical point: how to reach individual and collective wellbeing in the digital age. A must read.





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*Thank you for reading, nos vemos en la próxima.*