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## Latin America Advisor

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Wednesday, May 20, 2026

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### FEATURED Q&A

## What Does a \$1 Bn Dollar Bond Sale Mean for Bolivia?



Bolivian President Rodrigo Paz's government, which is facing ongoing protests over austerity policies and increasing living costs, this month sold \$1 billion worth of dollar bonds. // File Photo: Ecuadorean Government via Flickr PDM 1.0.

**Q** Bolivia this month sold \$1 billion worth of dollar bonds, its first such sale on capital markets in four years, Bloomberg News reported. The notes, which mature in 2031, carry a yield of 9.75 percent. What does the bond sale and investors' interest in it, mean for Bolivia and President Rodrigo Paz's economic plans? How much progress has Paz made on his economic reform agenda since taking office last November? What headwinds and tailwinds are Bolivia's economy facing?

**A** José Luis Barroso, research economist at CERES and professor at the Bolivian Catholic University: "The Bolivian government's recent issuance and placement of bonds should be interpreted more as an emergency measure to provide liquidity relief than as a firm step toward economic certainty. The measure aims to bolster net international reserves, but it lacks a structural foundation that would allow for a sustainable recovery of those reserves. The central problem facing Bolivia—and the administration of Rodrigo Paz—lies in the absence of real sources that generate foreign exchange and simultaneously signal confidence to the market and the general public. Without reforms that address the fiscal deficit and provide a real boost to exports and the hydrocarbon sector, any revenue generated through debt is temporary, serving as an emergency measure to weather the current crisis. Furthermore, a critical issue with this measure is the high interest rate offered. Given Bolivia's current country risk profile, these return levels act as a magnet for speculative capital rather than attracting serious institutional investors with a long-term vision. This reliance on specula-

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### TODAY'S NEWS

POLITICAL

#### Banks Shutter Branches in La Paz Amid Protests

Several banks in Bolivia's capital, La Paz, temporarily closed branches amid protests against the government of President Rodrigo Paz. Protests erupted in Bolivia in early May amid escalating costs and the government's austerity measures.

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POLITICAL

#### Venezuela Says it Will Release 300 Prisoners

Venezuelan National Assembly head Jorge Rodríguez said the government will release 300 people from detention.

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POLITICAL

#### Chile's Kast Replaces Security and Public Works Ministers

Chilean President José Antonio Kast on Tuesday replaced his security minister and public works minister, changes that came amid a declining approval rating.

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Kast // File Photo: Chilean Government.

## POLITICAL NEWS

## Banks Temporary Close Branches in La Paz Amid Protests

Banks in Bolivia's capital, La Paz, on Tuesday temporarily closed branches amid escalating protests against the government of President Rodrigo Paz, Reuters reported. Banks including Banco Nacional de Bolivia, Banco de Crédito de Bolivia, Banco Económico and state-run Banco Unión closed some of their locations, the wire service reported. Workers at five banks in La Paz told Reuters that they would not return to normal operations until protests had diminished. Downtown La Paz was relatively calm on Tuesday morning following large demonstrations on Monday in which thousands of supporters of former President Evo Morales converged on the capital's main square, Plaza Murillo, and clashed with police who used tear gas to push protesters back from the legislative assembly and presidential palace, the Associated Press reported. The unrest started nearly two weeks ago with strikes amid escalating costs and the government's austerity measures. Deputy U.S. Secretary of State Christopher Landau said Tuesday in a post on social media site X that he had spoken with Paz "and assured him that the United States stands squarely in support of Bolivia's legitimate constitutional government and rejects this attempt to substitute the institutional order with mob rule."

## Venezuela Says it Will Release 300 People From Detention

Venezuela's government plans to release 300 people from detention this week, some of whom human rights groups have described as political prisoners, Jorge Rodríguez, the president of Venezuela's National Assembly and the brother of acting President Delcy Rodríguez, told legislators on Tuesday, the

Associated Press reported. Rodríguez's government has faced escalating civil unrest in recent weeks tied to the conditions facing the hundreds of people who are still believed to be imprisoned in Venezuela for political purposes, the AP reported. A small group of protesters clashed with police in Caracas on Monday after the death of Carmen Navas, the mother of a high-profile political prisoner who had been detained since January 2025. Earlier this month, Venezuela's prisons agency announced that Navas' son, Víctor Hugo Quero, had died in custody in July 2025. Authorities withheld news of her son's death from Navas for nearly 10 months—she died away 10 days after Quero's death was publicly announced, Al Jazeera English reported. The protesters, mostly college students, blamed Venezuela's government for the deaths of both Quero and Navas, the news service reported. Jorge Rodríguez did not say who will be released under the new amnesty provision. "We're not asking anything of anyone, nor are we asking for anything in return," he told the National Assembly on Tuesday, the AP reported. Venezuelan independent human rights watchdog Foro Penal estimates that more than 400 people are currently being detained in the country for political reasons, according to the wire service.

## BUSINESS NEWS

## AIG to Acquire Everest's Operations in Colombia

Multinational insurer AIG announced Tuesday that it has agreed to acquire Everest Group's subsidiary in Colombia. New York-based AIG did not disclose the terms of the deal to acquire the unit, Everest Compañía de Seguros Generales Colombia, or Everest Colombia, which it said would strengthen its presence in Latin America and support its strategy to fuel the growth of premiums. The deal is expected to close early next year, AIG said. Evercore was the financial advisor for the acquisition, the company added.

## NEWS BRIEFS

## U.S. Expected to Announce Charges Against Raúl Castro

U.S. federal prosecutors are expected to announce criminal charges today against former Cuban President Raúl Castro, 94, a move that comes amid increasing pressure on Cuba by the administration of U.S. President Donald Trump, Reuters reported. The case relates to Cuba's shutdown in 1996 of two planes operated by nonprofit group Brothers to the Rescue, a U.S. Justice Department official told Reuters.

## Chile's Kast Replaces Two Cabinet Officials Amid Declining Approval

Chilean President José Antonio Kast on Tuesday fired two top cabinet officials and appointed their successors, replacing security minister María Trinidad Steinert with public works minister Martín Arrau, and naming interior minister Claudio Alvarado to replace government spokesperson Mara Sedini, MercoPress reported. Kast, who took office in March, has seen his approval plummet amid rising energy costs and persistent security concerns—his public approval rate fell from 57 percent at the end of March to just 36 percent on May 8, according to a Cadem survey that was released last week.

## GM to Move Assembly of Two Vehicle Models From China to Mexico

General Motors plans to shift assembly of two vehicle models—the Chevrolet Groove and Aveo—from China to Mexico by 2027, the Detroit-headquartered auto giant announced on Tuesday, Reuters reported. The vehicles' parts will still be manufactured in China, but final assembly will take place at GM's Ramos Arizpe plant, which is located just outside of Saltillo in Coahuila state. The project is part of GM's \$1 billion investment plan for Mexico, Reuters reported.

## FEATURED Q&amp;A / Continued from page 1

tive capital reflects the fragility of international confidence in the Bolivian economy. The main challenge for Paz's government lies in implementing policies that correct underlying imbalances at a low social cost; the sale of bonds is unlikely to stabilize expectations and the latent social conflict. Bolivia needs not only foreign exchange, but also an economic policy framework that ensures that the recovery of reserves stems from a healthy economy rather than costly borrowing."

**A Steven E. Hendrix, managing director at Hendrix LLC and former USAID senior coordinator at the U.S. State Department:**

"Bolivia's bond sale is a vote of confidence, but not a blank check. The country's return to global markets shows that investors believe President Rodrigo Paz has changed the direction of policy and reduced near-term default risk. But a yield near 10 percent also shows that the market still sees Bolivia as high risk. Paz has made real early progress. He moved to cut longstanding fuel subsidies, opened the door to direct diesel imports and signaled a more pragmatic relationship with foreign capital and multilateral lenders. Bolivia's old model relied too heavily on cheap fuel, state control, natural gas rents and a fixed exchange rate. As Bolivian analyst (and rival presidential candidate) Jaime Dunn warned, the old model had shifted 'from gas to debt,' with default risk hanging over the economy. The headwinds remain severe. The World Bank estimates that Bolivia's fiscal deficit reached 11.1 percent of gross domestic product in 2025, inflation rose to 19.5 percent, public debt reached 90.4 percent of gross domestic product and reserves were only \$3.7 billion at the end of 2025. It projects another contraction in 2026 and warns that poverty will rise. Social resistance is also growing, as recent protests in La Paz show. The tailwind is political clarity. Paz has a mandate to change course. The test now is execution: fiscal discipline, social protection for the poor, restored reserves,

and investment rules credible enough to bring private capital back."

**A Dylan Walsh, analyst in the sovereign risk group at Moody's Ratings:** "Bolivia's bond issuance eases near-term liquidity pressures and improves financing flexibility at a time when liquid foreign-exchange buffers remain very low. Strong investor demand, with the transaction reportedly five times oversubscribed, also signals improved market access after a period of elevated external liquidity stress. However, the 9.75 percent yield underscores that investors continue to price in significant credit risk. The credit benefit is mainly near-term. The new bond matures in 2031, creating a sizable external liability over the medium term and reinforcing the need for sustained fiscal, external and structural reforms to support debt-servicing capacity. Bolivia's credit profile remains constrained by wide fiscal deficits, high balance-of-payments pressures, weak policy effectiveness and very low liquid foreign-exchange reserves. Although headline reserves stood at about \$3.8 billion in April, most were gold, while liquid foreign exchange was only about \$200 million. Policy measures under President Rodrigo Paz's administration, including reductions to costly fuel subsidies and progress in securing multilateral development bank financing commitments, have helped ease near-term default risk and improve access to official financing. However, congressional approval and timely disbursement remain key hurdles, and inflows have so far been limited. The main tailwinds are improved market access, potential multilateral financing and a possible IMF arrangement. Headwinds include declining hydrocarbon production, persistent foreign-exchange scarcity and exposure to higher fuel import costs. The June review of fuel price adjustments will test the authorities' willingness and ability to pass through higher import costs while containing fiscal pressures and social risks."

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

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**Latin America Advisor** is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

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