

**Article Latin Trade September
2020**

Pan American Geopolitics

*Ingo Plöger
Brazilian entrepreneur,
CEAL Brasil President*

Global geopolitics are changing dramatically. The conflict between the USA and China is intensifying, and regardless of the American elections, it will deepen. Europe is heavily involved in the climate issue, and elections with thriving radicals cause governments to seek strong positions, without being clearly involved for or against the United States or China. Japan with a new government finds itself about to regain its position in the world and follows its path away from China and closer to the USA. The Middle East, with low oil prices, seeks to remain as peaceful as possible, and is divided into alliances for Israel and against. Russia increasing its hegemony in the region traces its relationship ties with unorthodox governments.

Latin America shrinks to resolve its dramatic health and economic situation, where democratic support depends deeply on the level of support of the poorest, which generates populism and indebtedness above expectations.

The electoral situation in the USA leads to diplomatic confrontation interventions, as is the case in Venezuela and Cuba, to attract the Hispanic electorate, on the one hand and cooperation on the other. In the short term, Latin American diplomacy is on the defensive environment, socially and economically. The daily news is one of confrontation and insecurity, and the images of Latin America on other continents are strongly shaken.

After the pandemic, we will be less global, more digitalized, poorer and richer. If it is true, then there will be disruptions in several global production chains. China, like it or not, has become the factory of the world, the USA leads in global digital commerce and service, and Europe in the production of processes and specialties. Global product and service chains will not become national overnight, nor will they be able to replace the global with the local. Add the fact that the pandemic has changed habits worldwide, some will change forever others will remain. Each business segment today renews its matrix of risk and opportunities, to identify where it will go. *Home and Office* will be different.

The USA, which is an economy of long production chains, will cause a new concentration of American elements, repatriating part of Europe and China to their country. Europe, obstinate by the green revolution, and hostage to its precautionary principle (USA is security) restricts its market to this principle, increasing the demands on production chains outside Europe. Europe, which for its historical tradition has always sought raw materials from abroad to benefit them, now due to the demand of its consumers, it needs to put its principles and values to external suppliers. Pressed on the one hand to transform its economy still strongly originating in the oil

chain, a Bio Economy needs to make intense investments to become more “green”. An expensive and uncompetitive way, if it does not count on the intense cooperation of its external suppliers.

In the medium and long term, what changes for Latin America?

The European consumer of high benefit needs in its sustainable production chain, an environment of trust and security. Democracy, freedom of the press, transparency, the rule of law, will be values of governance increasingly valued. Traceable products, of increasingly sustainable production, with lesser impacts on the environment will receive preference. Environmental care and the preservation of biomes will receive institutional and monetary support. Social responsibility, better work with respect to diversity and dignity will be decisive in the choices. Why is Europe so hostile to Latin America for its environmental and social policies? Precisely because it sees it as the best long-term strategic option, for democracies, sensitivity to the environment and social recovery. Europe's alternatives such as China, the USA, Russia, the Middle East and other continents do not have this ecosystem. The USA, on the other hand, finds in Latin America a partner in the long production chains, which are not in Europe, and in the case of China and Russia, it sees it with great suspicion. The USA and Latin America have many similarities in the energy, food, logistics and financial, environmental and industrial production chain. China, on the other hand, which also has long production chains, seeks in Latin America its supply of basic products, added with water and energy to transform them and return them to the markets.

Suddenly, structured demands appear for Latin America that show their relevance in the global context for less globalization, greater digitalization and consumer awareness regarding social and environmental issues. Latin America suddenly receives an unexpected social and environmental democratic bonus by its nature.

The new Geopolitics favors in Pan-Americanism, the long productive chain, which contains sustainable raw materials, added by renewable energies, sustainable water and by a traceable and transparent social and political system a primacy of references.

We should note that investments were not lacking in 2020, a very difficult year worldwide, in the areas of agribusiness, energy, water and logistics. The emergence of investors focused on ESG Environmental Social Governance, involving national and international banks, in search of attractive positions in price and volumes. The stock exchanges reflect this. Latin America is beginning to visibly become a food, energy, and environmental power. Latin America's path from a fossil-based economy to Bio Economy becomes very visible.

What the markets are beginning to perceive, Latin American politics and diplomacy have not yet realized. Concerned with excess in the defense of their sovereignty, their environment, their national economy, their social and health policies, they do not perceive the existing force in the combination of their potential.

Energy Pan-Americanism would give the region an inexhaustible renewable competitive force. Pan-Americanism Bio Economic would give the region inexhaustible strength in its global food chain, of sustainable products from plant and animal origin in circular economies. Pan-Americanism in the social area, offers educational, health, tourism, and service digitalization in an integrated market of more than 500 million consumers, most of whom speak the same language, a potential consumer.

It seems that some countries have already discovered that Pan-Americanism represents a potential for their segments, and there is no shortage of current investors from China, the USA, Japan and some even from Europe, reviewing their strategic positions. Scholarships are again looking for papers that have a recognized ESG.

Will the last ones to discover the Pan American potential in the new geopolitics be ourselves?