

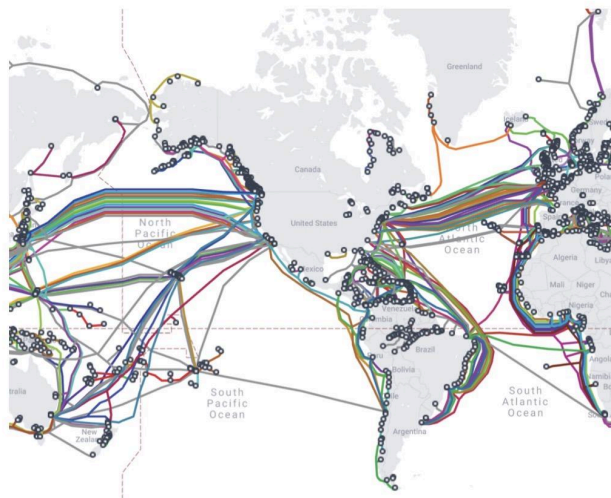
EL CC #65: The Subsea Cables Issue



¡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.

The Subsea Cable Issue

Map of Subsea Cables connected to the Americas



Source: [Telegeography](#)

Submarine cables carry [more than 99 percent](#) of international data traffic, and Latin America is receiving more of them than ever before. Vtal has created [Malbec](#) to open the first direct international route out of southern Brazil, while [MANTA](#), running from Florida to Cartagena, is promoted as the [first international submarine cable in the Gulf of Mexico](#). Smaller systems have also spread wider, with [Fénix](#) connecting Venezuela to Curaçao, and El Salvador, which has no direct subsea connection at all and routes international traffic through its neighbors, [contracting](#) an 1,800 kilometer system for 2028. Chile's [Humboldt](#) project will run 14,800 kilometers to Sydney and connect a segment to Panama City, giving

South America its first direct route to the Asia Pacific. These systems are bringing substantial capacity with them, but ownership, routing, and jurisdiction determine what a cable does once in the water.

Ownership and use have changed significantly over the last decade, replacing carrier consortia that divided capacity proportionally among national operators and gave countries at either end an institutional stake in the system. [TeleGeography](#) now finds content and cloud networks accounting for at least 75% of bandwidth demand on the major routes, with hyperscalers [participating](#) in more than two thirds of planned deployments. The firms laying cables increasingly also operate the cloud regions, data centers, and platforms at either end, so the capacity travels inside a private network rather than into a market that a regional regulator supervises. This shift is evident in [Malbec](#), which was built around Meta as its principal customer. With Humboldt, Google is the anchor tenant with an [undisclosed share](#) of capacity, while the Chilean state contributes roughly US\$25 million to a project estimated at US\$300–550 million. Telefónica and Pontegadea have meanwhile [reportedly](#) agreed the sale of Telxius, which consolidates Telefónica's subsea business, for around 1.2 billion euros, an operation that could shift control of one of the region's largest carrier-owned subsea operators to foreign hands.

Routing follows from ownership, since landing points are selected to minimize latency between the compute clusters an owner already operates, which makes a country's place in the network a function of where those clusters sit rather than of its own demand. The result is an architecture in which traffic between neighboring Latin American countries often transits the United States. Humboldt was conceived precisely to interrupt that pattern, but that Chilean state initiative required an American partner to become [financially viable](#), after Desarrollo País encountered difficulties with financing and commercial viability before Google joined in January 2024.

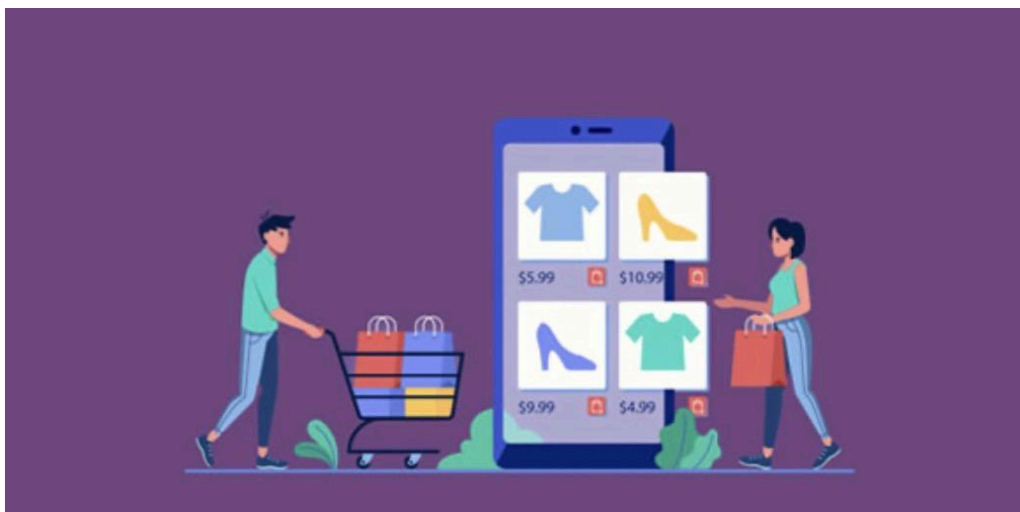
Jurisdiction is where the region's position became explicit this year, when Chile's telecommunications ministry [signed](#) a 30 year concession in January for a China Mobile subsidiary to install and operate cables linking Concón to Hong Kong at an [estimated](#) 500 million dollars. Chile annulled the decree two days later citing a technical error, after ministry officials were summoned to the United States Embassy in Santiago, and the State Department later [restricted](#) the visas of three Chilean officials in February for conduct it described as compromising critical telecommunications infrastructure and undermining regional security. The project now sits [frozen](#) between the defense and foreign ministries, and no administrative resolution has been adopted. A landing concession is formally an administrative act of the coastal state, but Chile's experience shows that international treatment of jurisdiction over subsea cables has changed.

The consequences of all three of these factors were visible recently in Venezuela, where earthquakes on June 24 broke Cirion's cable about [1,800 meters](#) from its landing station at La Guaira and the communications authority [reported](#) a capacity reduction of around 50

percent. Three other submarine cable systems remained intact, but the state-owned ALBA-1 carried little commercial traffic because of its limitations. As a result, most international traffic was routed over just two systems until the damaged cable was repaired, which took 29 days and approximately US\$4 million. Adding cables is not the same as building redundancy, and the differentiator is a matter of policy rather than capital, since it depends on what those cables connect to and on what terms.

The [Porto Declaration](#) recommended treating cables as critical infrastructure, promoting route diversity and redundant landings, and ensuring non-discriminatory access to landing stations. Because the declaration is expressly non-binding, these recommendations contrast with the European Union's clear [commitment of €347 million](#) to cable security. Governments possess leverage through landing concessions. They could require reserved capacity for domestic operators, guarantee routes that avoid foreign jurisdictions, and coordinate landing-station rules across neighboring states to prevent regulatory arbitrage. Amazon's commitment of more than [4 billion dollars](#) to a Chilean cloud region indicates the same conditionality could be attached to data center incentives and directed toward projects that anchor traffic in the region rather than move it through. The cables will arrive either way due to the immense demand for compute, so what can still be decided is whether the countries they reach are parties to the arrangement or bystanders.

Latin America's New Middle Class: Digital-First, Brand-Fluid, and \$5 Trillion Strong



E-commerce is on track to cross \$215 billion this year, growing 1.5x faster than the global average, and 84% of purchases happen on smartphones. Not “mobile-friendly” — mobile-only, for a lot of people.

Payments skipped straight past cards. **In 2025, over 300 million people were using digital wallets, nearly half of e-commerce ran through them, and cash dropped to about a third of transactions.** Brazil’s Pix gets all the press, but every country still runs its own mix — Pix, Mercado Pago, cash-on-delivery, local wallets — so there’s no single payment setup that works everywhere.

Discovery doesn’t happen the way it does in the US either. WhatsApp is basically a storefront and customer service line in one, with no real American equivalent, and livestream shopping has taken off in Brazil and Mexico. TikTok Shop and Chinese platforms are pulling even more of that discovery layer their way.

Gen Z drives a lot of this, and they’re picky. 58% of young Chilean shoppers say they specifically favor brands with real social impact. But don’t read that as woke marketing bait — people care more about whether a brand actually makes their life easier or helps their community than about ESG language. Convenience and trust beat slogans.

The biggest likely mistake by brands would be treating this as one market. **São Paulo, Bogotá, and Buenos Aires are genuinely different audiences, and a campaign built for Mexico won’t just translate into Brazil.** Whoever wins here is winning country by country, not region-wide.

Elsewhere in Latam

 Mexico deployed over 1,500 troops to its avocado-producing region, following a halt in fruit exports to the US triggered by regional security concerns. The suspension came after the US embassy in Mexico paused operations in Michoacán state — the source of the vast majority of Mexican avocados — citing a threat to American interests there. Mexico’s defense ministry responded by confirming it had dispatched 1,557 army and National Guard troops across various parts of Michoacán, aiming to bolster security within the avocado sector and shield producers from extortion.

 [Hundreds of thousands of Haitians in the United States are now facing the risk of arrest and deportation](#) after the Trump administration officially stripped Temporary Protected Status protections that had allowed them to live and work legally in the country for years. The decision from August 5 turns a long-running immigration dispute into an immediate threat for families who have built lives in the U.S. as it is already translating into [fear of family separation and return to violence](#). The consequences will not stop at the U.S.

border: forced returns could deepen Haiti's humanitarian crisis, reduce remittances, and place new strain on a state already struggling to protect its population.

 Colombia's new presidency, called for "the nation's unwavering unity" following a deadly earthquake that has caused widespread damage. Pres. De la Espriella's August 7 inauguration [skipped Bogotá and traveled through Cali, Barranquilla, and Medellín](#), using the tour to emphasize security, decentralization, and ties with local power brokers. He will be visiting most affected cities by the earthquake.

 Costa Rica's reputation for institutional stability is being tested by [an escalating fight between the executive branch and the courts](#). President Laura Fernández's government has pushed steep cuts to judicial operating funds, which magistrates warn could weaken investigations and trials just as organized crime is putting new pressure on the country. The dispute goes beyond austerity: it is becoming a battle over whether Costa Rica's "mano dura" turn can coexist with the checks and balances that have long set it apart in Central America.

 [Brazil downgraded relations with Buenos Aires on August 5 after Argentine President Javier Milei insulted](#) Brazilian President Luiz Inacio Lula da Silva again, leaving one of South America's most important bilateral relationships managed at a lower diplomatic level. The clash is personal, ideological, and strategic: Milei is leaning into a Trump-aligned regional right, while Lula is framing Brazil's position as a defense of sovereignty and institutional respect.

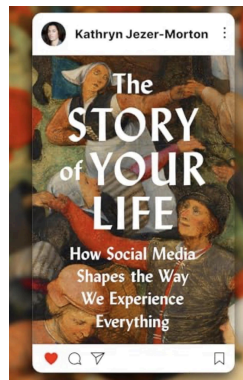
 Bolivia, Brazil, Colombia, Ecuador, and Peru carried out [one of the region's largest recent crackdowns on environmental crime](#) between July 15 and 31, arresting hundreds of people across their territories. Operation Green Shield targeted illegal mining, logging, wildlife trafficking, fuel smuggling, and land grabbing, exposing how environmental destruction in the Amazon now functions as a cross-border environmental-crime economy. The operation's scale matters because the same routes that move timber, minerals, and wildlife often overlap with networks moving drugs, weapons, and money.

 The government is letting Codelco, the state copper miner, keep every dollar of its 2025 earnings rather than sending most of it to the treasury as usual — a first since the company was created in 1976, aimed at helping it through a financial squeeze. Mining and economy minister Daniel Mas announced Monday that Codelco will retain the full \$2.42 billion it earned last year.

"There is no greater sorrow than to recall a time of happiness when in misery."

Dante Alighieri

La Lectura



[*The Story of Your Life: How Social Media Shapes the Way We Experience Everything*](#) by **Kathryn Jezer-Morton** is a thoughtful look at how social media has changed the way we narrate our own lives.

Moving through everything from vacations and parenting to politics, identity, and personal branding, Jezer-Morton explores why the impulse to curate experience online has become so central to modern life. More importantly, she looks into what gets lost when every ordinary moment starts to feel like a story we are expected to perform.



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