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FEATURED Q&A

What's at Stake in Mexico's June 7 Elections? Who Will Win?

Q **Mexicans will go to the polls on June 7 to elect all 500 deputies in the lower chamber of Congress as well as several state governors and other local officials. What is at stake in the midterm elections? How will President Enrique Peña Nieto's popularity, which fell to a new low in March, affect the vote? What will allowing the re-election of legislators, a change Peña Nieto signed into law last year, mean for political representation in Mexico?**

A **James R. Jones, member of the Advisor board and chairman of Manatt Jones Global Strategies:** "These midterm congressional elections are far more important than normally. Symbolically, the results will be perceived as a referendum on President Peña Nieto and his reforms. Actually, because the Mexican Congress is so much more independent and powerful than ever before, the outcome will determine how much more the government will accomplish in the president's final three years in office. Mexico and the United States are similar in political status, as the electorate in both countries has little confidence in their political parties. So the election results will depend on a) the party machinery to identify and get out the vote, and b) the quality of the individual candidate's appeal. The PRI has a big advantage with a depth of workers extending to the neighborhood level, a machinery built during its 70-plus years of one-party governance. The

PRI seems more united than either the PAN or PRD, where internal power struggles and ideological differences have weakened the party machinery. But it is difficult at this time to see a clear majority victory for any party. That means coalitions will be needed again to push through further reforms. The reform to allow re-election of legislators may have two effects: more experienced legislators who will further strengthen the independence and power of Congress, and legislators who will pay much more attention and be more respon-

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U.S. Close to Removing Cuba from Sponsor of Terrorism List

The U.S. State Department is reportedly near a decision to recommend removal of Cuba from its list of state sponsors of terrorism. President Barack Obama, who is attending the Summit of the Americas in Panama this week, is expected to approve the move. See story on page 2.

File Photo: U.S. Government

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NEWS BRIEFS

Obama Expected to Praise Jamaica's Work with IMF on Visit

U.S. President Barack Obama is scheduled to visit Jamaica today and tomorrow. Jamaican Information Minister Sandrea Falconer told the *Jamaica Gleaner* Tuesday that Obama will meet with Prime Minister Portia Simpson Miller, and that opposition leader Andrew Holness will also have a chance to talk with Obama, who is scheduled to meet with Caribbean Community leaders tomorrow. White House officials have said Obama will express support for Jamaica's success in working with the International Monetary Fund and World Bank on a financial support and austerity package over the past two years.

Biodiesel Production in Brazil to Grow 25 Percent in 2015: Aprobio

Biodiesel production in Brazil is expected to grow 25 percent this year after a weak 2014 on the back of approval of a law late last year that increased the addition of biofuel in diesel to 7 percent, industry group Associação dos Produtores de Biodiesel do Brasil (Aprobio) said, Brazilian newspaper *Zero Hora* reported Tuesday. Brazil's blend mandate had remained at 5 percent since 2010, and at the start of 2014, 56 percent of the industry was idle.

Gang Kills 15 Police Officers in Western Mexico Attack

Mexican officials confirmed Tuesday that 15 elite police officers were killed in a premeditated gang ambush in western Mexico, Agence France-Presse reported. The deaths near Guadalajara Monday, suspected by the Jalisco Cartel, was the heaviest single-day loss for Mexican security forces since the start of President Enrique Peña Nieto's two-year-old administration.

Political News

U.S. Close to Removing Cuba from State Sponsor of Terrorism List

The U.S. State Department is nearing a decision to recommend removal of Cuba from its list of state sponsors of terrorism, Reuters reported Tuesday. President Barack Obama, who is planning to attend the Summit of the Americas in Panama later this week, ordered the review last December when announcing that



Malmierca

File Photo: Government of Cuba.

Washington would seek to renew diplomatic ties with Havana. Ronald Reagan was U.S. president when Cuba was added to the list of terrorism sponsors in 1982 over its support of Marxist insurgencies in countries such as Colombia. The

only other countries on the list are Iran, Sudan and Syria. Some lawmakers in the U.S. Congress think Cuba should remain there as long as it continues to harbor fugitives wanted in the United States. Although the president's approval would not take effect until after a 45-day congressional review period, pro-embargo lawmakers are not expected to succeed in blocking it, according to Reuters. In related news, Cuba's foreign trade and investment minister, Rodrigo Malmierca, told state media that U.S. companies "will enjoy the same treatment offered to those in the rest of the world that have ties with the island," but cautioned that the steps being proposed by Obama "are incomplete and insufficient, and do not change the essence of the U.S. government's unilateral measure against Cuba," EFE reported Tuesday. Meanwhile, the U.S. Supreme Court on Monday said it won't hear an appeal from a former government subcontractor seeking to sue the government for \$60 million for negligence over his five-year imprisonment in Cuba, the Associated Press reported. Alan Gross, whose release last December helped trig-

ger Obama's historic detente with Cuba, filed the lawsuit blaming the federal government for failing to prepare him for the risks of working in Cuba as a subcontractor with the U.S. Agency for International Development. U.S. attorneys said the government is immune from claims arising in a foreign country. In a separate case, Gross received \$3.2 million in December from the federal government as part of a settlement with **Development Alternatives Inc.**, the Maryland-based company he worked for at the time of his arrest. A Cuban court sentenced Gross to 15 years in prison for illegally distributing communications equipment to Jewish groups in Cuba.

Brazil Creates Internet Ombudsman to Protect Human Rights Online

Brazilian President Dilma Rousseff on Tuesday launched the National Pact to Fight Violations of Human Rights on the Internet, being promoted as #HumanizaRedes, a government project supported by technology firms such as **Google, Facebook, Twitter** and civil society groups aimed at ensuring the safety and rights of Internet users. At the launch event, Rousseff claimed her government has "unwavering commitment" to freedom of expression, but said the Internet cannot be a space for disrespect or intol-

“ We are in favor of good debate, respect and democratic coexistence among all. ”

— Dilma Rousseff

erance, state-run Agência Brasil reported. The plan creates Brazil's first ombudsman to review accusations of human rights violations on the Internet. The plan also establishes training programs related to protecting human rights online that Brazil's Education Ministry, in partnership with Internet service providers, will push into classrooms. According to Rousseff, the anonymity of the internet allows users to feel free to "express any

kind of aggression and dissemination of lies, injuring the honor and dignity of others." That said, she insisted the new plan won't infringe on freedom of speech. "The government has unwavering commitment to freedom of speech and expression...We are in favor of good debate, respect and democratic coexistence among all," she said.

Economic News

ECLAC Lowers Latin America Economic Growth Forecast

The regional economy of Latin America and the Caribbean will grow only 1 percent in 2015, the U.N.'s Economic Commission on Latin America and the Caribbean, or ECLAC, said Tuesday. The downward revision, by nearly half its previous estimate of 1.9 percent growth, reflects "a global environment characterized by less economic dynamism than was expected in late 2014," the Chile-based organization said in a press release. The countries ECLAC expects will lead in growth this year will be Panama, with a 6.0 percent increase in GDP, Antigua and Barbuda with 5.4 percent, and Bolivia, Nicaragua and the Dominican Republic growing at 5.0 percent each.

Company News

Chilean Auto Importer Asks Bondholders to Accept Big Losses

Chilean auto dealer **Automotores Gildemeister**, one of the largest importers and distributors of vehicles in South America, wants investors to accept losses of as much as 50 percent in the company's third corporate-bond restructuring of the past 12 months, Bloomberg News reported Tuesday. Gildemeister had tripled its debt load during the past four years to expand, but economic growth and consumer demand hasn't met expectations. Meanwhile, a significant drop in the peso's value has driven up the company's cost of importing vehicles. Last week, Gildemeister announced its annual sales revenue, measured in dollars, rose 6.1

Featured Q&A

Continued from page 1

sive to the general public. That could weaken party discipline in Congress and lead to more coalitions in order to govern. But it could also create a sense of confidence among the electorate."

Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United

States: "The structural issues underpinning the midterm elections in June—and beyond—are not unique to Mexico, and the political landscape there is experiencing most of the same challenges that we have consistently witnessed elsewhere over the past few years. Whether it's in Spain, the United Kingdom and Brussels,

“ We know that voters with no memory breed politicians with no shame. ”

— Arturo Sarukhan

in Chile and Brazil, or in the United States (with Occupy Wall Street and the Tea Party as two sides of the same coin), citizens are rejecting same old same old politicians as well as politics as usual. They all confront, with pluses and minuses, broken conveyor belts between society and policymakers, democracies run by and for the few, and a widening gap between the aspirations of society on the one hand and the results of governance on the other. Polls show that

percent in 2014 compared to the year before, but that earnings before interest, taxes, depreciation and amortization, or EBITDA, fell by 47 percent compared to 2013, according to Chilean Web site Economía y Negocios. Gildemeister is asking investors to surrender as much as \$700 million of dollar-denominated bonds due in 2021 and 2023 as part of a debt swap, according to Bloomberg. In return, investors would receive as much

growing numbers of Mexicans are increasingly fed-up with political parties that, irrespective of stripe or color, seem to only serve partisan interests instead of the public commons. And in a glass house, no party in Mexico today can throw the first stone. Therefore, the consequential constitutional and political reform signed into law by the president last year, while perfectible and certainly no silver bullet, could have a salutary effect on Mexico's democracy. By allowing for re-election in Congress and of mayors for the first time since the Mexican Revolution of 1910, this reform could inject much-needed accountability, transparency and checks and balances to Mexico's political system. Voters have no reason to remember bad behavior if their elected officials are not held accountable via the ballot box. And we know that voters with no memory breed politicians with no shame. This reform would finally provide individuals with a tool to reward or punish elected officials by extending or withholding their support at the voting booth; it would force Congress to become more accountable; and, if you are a believer, as I am, that it's in the cities where public policy can and is being reinvented, also re-establish there the sense that citizens and policy-makers can reconnect as co-stakeholders of public policy."

Araúl Benítez Manaut, professor and researcher at the Center for North American Studies at the National Autonomous University of Mexico:

"Mexico is experiencing a governance

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as \$690 million worth of bonds due in 2020 and non-interest-paying certificates maturing in 2035, the company said. The proposed exchange "leaves bondholders with the stick while local banks and the company's shareholders keep on enjoying the carrots," analysts at **GMP Securities** in New York wrote clients Tuesday, Bloomberg reported. "In our view, it is unlikely that the company will get the 50 percent-plus approval needed."

Featured Q&A*Continued from page 3*

crisis that has accelerated since mid-2014. Three events are the cause of the fall in the image of Peña Nieto's government and some key institutions: the corruption scandal known as 'the White House' at the presidential level; the Tlatlaya incident, where the army is guilty of executing criminals without combat, violating due process; and the most grave of all, the disappearance and probable murder of 43 students in Iguala by the criminal group 'Guerreros Unidos,' where among the main culprits are the mayor of Iguala and the municipal police. This has hurt the image of the president and the armed forces and calls into question the success of the administration's 11 structural reforms. Midterm elections will occur on June 7. Low participation in the election is expected, which will favor the government. There is an atmosphere of anger and indignation. Of the three major parties, the PRI and the PRD are hard hit by corruption and coexistence with organized crime. The PAN is fighting to win the governorship of Michoacán and can increase its power in Congress. A very corrupt party in a strange way, the Partido Verde, is increasing in voter sympathy, and the main electoral surprise could be MORENA, the party of the leftist populist caudillo, Andrés Manuel López Obrador. Without a doubt, the elections will reconfigure Congress, but President Peña Nieto will have to reconstruct his government to lead the country for three more years. The keys are fighting corruption, combating impunity and human rights."

A **Rubén Olmos, managing partner of Global Nexus in Washington:** "The June 7 midterm election will be a crucial turning point for President Enrique Peña Nieto's administration. The magnitude of the election shows the importance of this democratic gathering as more than 2,000 authorities will be cho-

sen at the federal, state and local level, 80 million people are eligible to vote, and 152,512 voting booths will be installed. While the most credible and serious polls show that President Peña Nieto's popularity has dropped given the recent political scandals, his PRI party is leading the race with 30 percent, followed by the PAN with 27 percent, the PRD with 12 percent, MORENA with 11 percent, PVEM with 10 percent and the smaller political parties with 1 to 3 percent each. The reality is that overall people see important changes happening in Mexico. Not just the pas-

"There is an atmosphere of anger and indignation."

— Raúl Benítez Manaut

sage of the second generation of economic reforms but important improvements on the security front. Thanks to the political dialogue set forth by Peña Nieto and accepted by the political parties at the beginning of his administration, the political reform, which includes the reelection of legislators and mayors, is now a reality and will help enhance accountability and, most importantly, produce a 'legislative career' for the new generation of Mexican politicians. After the election, President Peña Nieto will officially begin the second and last part of his administration and will need to prove that his government is ready to uphold the rule of law and mitigate corruption, which has become a threat to business, society and economic growth."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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