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FEATURED Q&A

Will Santos Soon Be Able to Achieve Peace in Colombia?



In announcing that Colombia's government would enter formal peace talks with the ELN, President Juan Manuel Santos said Wednesday that the rebel group "could and should play a part in the creation of peace" in Colombia. // Photo: Colombian Government.

Q Colombia's government and the FARC rebels on March 23 missed their self-imposed deadline to sign peace accords. The government's lead negotiator, Humberto de la Calle, said differences on "significant issues" still remain. Does the missed deadline represent a major setback in the process? What are the biggest issues that must be resolved? Whose views are resonating most with Colombians—those of President Juan Manuel Santos, who has made the peace talks the centerpiece of his presidency, or those of former President Álvaro Uribe, who has relentlessly criticized the process? What will be the effect of Colombia's second-largest rebel group, the ELN, joining the peace talks?

A Daniel Velandia, head of research and chief economist for Colombia at Credicorp Capital in Bogotá: "The missed deadline does not necessarily signify a setback in the process as public opinion already believed that reaching a final agreement by March 23 would be difficult amid the tough remaining discussion points. In addition, both parties had previously indicated they were highly unlikely to meet that date, so the announcement was not surprising. Likewise, we think that the imposed deadline allowed progress on some issues after the pace of the peace talks had slowed in 2015. In general, several sensitive issues are yet to be agreed upon, with the endorsement mechanism (the FARC remains against a plebiscite as established by the government), the definition of the concentration areas for rebels and their control, the abandonment of arms and the enforcement timing of the agreements regarding amnesty for rebels with no serious crimes and

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TODAY'S NEWS

BUSINESS

Moody's Downgrades Ratings of Pemex

The ratings agency predicted the Mexican state oil company's credit metrics will worsen amid low oil prices, falling production and high taxes.

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POLITICAL

Dominican Republic Doctors Call Off Strike

Physicians at public hospitals had planned a three-day walkout over pay and other demands. A Dominican medical association leader plans to meet with top government officials next week to discuss their terms.

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POLITICAL

Brazil's Supreme Court Takes Over Lula Case

In an 8-2 vote, the high court took control of the corruption case against former President Luiz Inácio Lula da Silva away from the lower court judge who has been spearheading the Petrobras probe.

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Lula // File Photo: Lula Institute.

POLITICAL NEWS

Brazil's Supreme Court Takes Over Lula Case

Brazil's Supreme Court voted Thursday to take over the corruption case against former President Luiz Inácio Lula da Silva, the Associated Press reported. In the 8-2 vote, the high court took control of the case away from lower court Judge Sergio Moro, the magistrate from the city of Curitiba who has been presiding over the massive graft scandal at state-run oil company Petrobras. Lula's supporters have accused Moro of waging a partisan crusade

Two officials involved in the preparation of this year's Summer Olympics in Rio de Janeiro resigned this week.

against the former president. After Lula was accused in connection with the scandal, his successor and protégé, current President Dilma Rousseff, appointed him as her chief of state. Under Brazilian law, only the Supreme Court can authorize investigations and detentions of cabinet members and legislators. The Supreme Court has not yet decided on appeals of an injunction that has prevented Lula from taking his position in the cabinet, and his appointment remains in limbo. Both Lula and Rousseff have denied wrongdoing in the Petrobras scandal. Also on Thursday, Brazil's government confirmed the resignation of Colonel Adilson Moreira, the commander of a government security force involved in this year's Summer Olympics, Reuters reported. Moreira reportedly stepped down after criticizing Rousseff in a message to subordinates. The departure of Moreira, who headed the National Force for Public Security, was announced a day after the government said Sports Minister George Hilton resigned. The resignations of the officials involved in the preparation for the Olympics

come just four months before Brazil is to host the Games in August. Brazilian officials said Thursday that preparation for the Olympics is in advanced stages, adding that personnel changes would not affect them. "Instability, political turbulence and economic difficulties are bad and they can generate uncertainty, but people should know that our security operations involve more than 80,000 people," Andrei Rodrigues, who heads a government agency that oversees large events, told Reuters. "There is no reason to worry."

ECONOMIC NEWS

Brazilian Central Bank Raises Inflation Forecasts

Brazil's central bank released its quarterly inflation report Thursday with stark data suggesting the country's economy has worsened considerably this year, The Wall Street Journal reported. The central bank raised its forecast for consumer price increases to 6.6 percent for this year, from 6.2 percent, and increased the inflation prediction for 2017 to 4.9 percent from 4.8 percent. The bank also



Ramos // File Photo: Goldman Sachs.

cut its forecast for gross domestic product in 2016 to a contraction of 3.5 percent, from the fall of 1.9 percent it forecast in December's report. The central bank did not disclose the growth forecasts for 2017 underpinning the current inflation projections, however, market analysts noted. In a research note to clients circulated Thursday, Goldman Sachs analyst Alberto Ramos said the combination of very high inflation amid extremely weak real activity

NEWS BRIEFS

Moody's Downgrades Pemex Ratings on Weak Production Outlook

Moody's Investors Service on Thursday downgraded its ratings on Pemex, Mexico's state-owned oil company, predicting its credit metrics will worsen "as oil prices remain low, production continues to drop [and] taxes remain high." Pressure to adjust down capital spending to meet its budgetary targets is also weighing on Pemex's ratings. For 2016 through 2018, Moody's estimates that Pemex's production will decline at an average of 5 percent annually as a consequence of limited ability to make investments that would be needed to stabilize output.

Doctors in Dominican Republic Call Off Three-Day Strike

A major medical association in the Dominican Republic on Thursday agreed to call off a three-day walkout planned for next week, Dominican Today reported. The labor action would have been the association's seventh walkout of public hospitals thus far in 2016, according to the report. After meeting with Public Health Minister Altagracia Guzman, the president of the Dominican Medical Association, or CMD, Waldo Ariel Suero, said he had agreed to attend a meeting next week with a commission of senior government officials to discuss salary increases and other demands.

Enterprise Expands Car Rental Presence in Latin America, Caribbean

Enterprise Holdings said Thursday that it is expanding its "Rent-a-Car" presence in Latin America and the Caribbean with the opening of 22 new locations in the region. The majority, 12, will be located in Mexico. Other countries include Belize, Honduras, Trinidad & Tobago and Uruguay.

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participation in politics, remaining as the most relevant in our view. Most of these issues are subjected to the abandonment of arms process. According to President Santos, the FARC must entirely lay down their weapons to be able to participate in politics. Undoubtedly, the degree of skepticism about the peace process remains high as reflected in the last Gallup poll, with 57 percent of respondents considering that the talks are going in the wrong direction while those who believe that the government must continue until reaching an agreement fell to 54 percent. Thus, public opinion seems divided and the developments in the upcoming months will be decisive for the future of the process. For now, the recently announced start of peace talks with ELN may strengthen the overall process as its participation can improve confidence in the possibility of a real finalization of the internal guerrilla conflict."

A **Adam Isacson, senior associate for the regional security policy program at the Washington Office on Latin America:** "After several months of breakthroughs, the peace process has hit another rough patch, as the parties disagree on the mechanics of a full bilateral cease-fire. Both sides agree that guerrillas will concentrate in specific zones around the country, both for their own security and so that a U.N. mission can verify their disarmament. However, disagreement remains on the number of zones, their size, whether they can include populated areas and whether security forces can be present inside. Both agree that the FARC must 'lay aside' its weapons through an internationally verified process. However, they disagree over the timetable for this process. Meanwhile, a notable increase in paramilitary groups' activity, and an alarming spike in killings of human rights defenders, have complicated the atmosphere in Havana. FARC leaders contend that if Colombia's government couldn't protect and punish the killers of the roughly 20 social leaders

murdered in the past month, its security guarantees for demobilized guerrillas are suspect. Meanwhile in Bogotá, despite a 50-year low in conflict-related violence, public patience with the three-and-a-half year process is wearing thin, and opponents, led by Uribe, plan a big protest march for this weekend. A full bilateral cease-fire accord won't be easy to reach, but it must come quickly to restore confidence after the missed deadline. This is certainly possible, as much middle ground exists. Even better

“**A FARC accord would do much less for Colombians' security if the ELN remains at large, shunning talks....**”

— Adam Isacson

would be a trilateral ceasefire, including the smaller ELN guerrilla group, which has just assented to formal peace negotiations with the government. This is a welcome development: a FARC accord would do much less for Colombians' security if the ELN remains at large, shunning talks, and prepared to move into FARC-controlled areas and recruit former FARC fighters. However, adding the ELN may slow the FARC talks, as the Santos government is now playing chess with two boards, and it is not clear when the two processes can be merged. Due to the added complexity, we shouldn't expect a trilateral cease-fire right away."

A **Maria Velez de Berliner, president of Latin Intelligence Corporation:** "March 23 was one among other unmet deadlines. Negotiations continue with the FARC raising the conditions bar, and the Santos government catching up. The number, location,

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in the economy is unusual. "Given the atypical inflation-activity backdrop (very high inflation amidst extremely weak real activity), and the fact that monetary policy and overall financial conditions facing the Brazilian economy are already quite restrictive, we expect the central bank to keep the Selic policy rate unchanged at the current 14.25 percent for a while longer," Ramos said in a research note, adding however that "given the uncommon depth, breadth and duration of the economic recession, we expect the central bank to likely act on the first window of opportunity to ease policy."

Canada Commits \$15 Million for IDB to Improve Extractive Industries

Canada's government has granted 20 million Canadian dollars (\$15.4 million) over the next five years to improve transparency and sustainability in the extractive industries sector in the Americas, the Washington-based Inter-American Development Bank announced Thursday. The new Canadian Extractive Sector Facility will pay for specialists from the IDB to identify and implement best practices in the management of natural resources linked to extractive industries such as oil, gas and mining, with particular attention to environmental and social safeguards. The grant will also support technical assistance efforts in at least three countries to contribute to strengthening the governance of natural resources by improving regulatory and institutional frameworks for infrastructure information management. The IDB did not name the three countries in its statement. Some of Canada's largest resource companies have been active in Latin America, including Barrick Gold, Goldcorp and Sherritt International. With the election last year of Justin Trudeau as Canada's first Liberal prime minister in nearly a decade, analysts expect to see greater emphasis on international cooperation within the Americas on energy and climate change. [Editor's note: See related Q&A in last week's [Energy Advisor](#).]

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internal governance and right of egress from the Zonas de Seclusión; and the FARC's disarmament, under the coordination of Simón Trinidad (imprisoned in the United States) and supervision of a U.N. commission, remain to be resolved. But the central issue is the distrust 90 percent of Colombians have in this peace process and their reluctance to approve it via a plebiscite neither they nor the FARC want, the latter insisting on an unlikely constitutional convention. Santos has until the end of 2016 to sign an agreement. One will be signed. The stakes for Santos' legacy are too high not to, and the FARC lacks assurance a new president in 2017 will be as generous as Santos. The FARC knows this and will continue to condition a final settlement to the last minute. Despite his laudable intentions, Santos bet the security of Colombia on the chimera that Colombia can be a country of peace, comity and non-violence when Colombia's violent history proves otherwise. Therefore, while Santos continues with promises of peace that fall on deaf or, at best, skeptical ears, Uribe's opposition has the approval of many Colombians who, under Uribe, either had security, or the perception of it in large parts of the country, particularly in Antioquia and urban areas today besieged by criminal and paramilitary gangs. Uribe, like Santos, had eight years to defeat the FARC. He failed. The violence that a demobilized FARC will unleash in Colombia will show that Santos failed, too. The announced negotiations with the ELN will not alleviate Colombia's criminal

environment. The ELN's conditions bar will be higher than the FARC's, which set the precedent. No one knows how long these negotiations will last. But the overall effect will be the same if the negotiations lead to an agreement: more criminals on the loose to join paramilitary and criminal groups. A bleak future indeed."

A **Mark L. Schneider, senior vice president and special advisor on Latin America at International Crisis Group:** "Not achieving

a signed final agreement on March 23 is not a sign of failure. It does, however, reflect the continuing complexity of negotiating an end to a 50-year civil conflict in a way that assures a sustainable peace—a peace that guarantees security for a disarmed FARC, for victims and for the communities that have been at the center of violence. They have resolved the bulk of the transitional justice, political participation and rural change issues, but now are debating the details of where, how and when will arms be abandoned. That process is close to resolution with proposals from military commanders on both sides. The announcement of the start of talks with the ELN may speed the process of reaching a final deal with the FARC and ease the process of implementing the agreement in the short and long-term."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Nicole Wasson

Reporter, Assistant Editor
nwasson@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

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Phone: 202-822-9002

Fax: 202-822-9553

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Subscription Inquiries are welcomed at
fretrial@thedialogue.org

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