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FEATURED Q&A

Will a Constitutional Rewrite Bring Big Changes to Cuba?



Cuba is moving toward constitutional reforms, with former President Raúl Castro as the head of the commission overseeing the changes. // File Photo: Cuban News Agency.

Q Cuba's national assembly this month took steps to begin reforming the country's constitution. Officials say they want to make the communist-run island's legal foundations more compatible with efforts to open the economy to additional private enterprise, as well as to consider other proposals, such as introducing term limits for officials and social issues such as same-sex marriage. However, the body named former President Raúl Castro, 87, to head the constitutional commission, leading some observers to suggest the rewrite will not bring sweeping changes. What sorts of changes can be expected from Cuba's constitutional commission? What forces and interests are driving the debate? What does the selection of Castro to lead the effort say about newly installed President Miguel Díaz-Canel's scope of power and influence?

A Daniel Erikson, managing director at Blue Star Strategies: "The timing of Cuba's constitutional reform is odd, and the motives are unclear. Cuba has typically only reformed its constitution under duress, and with the clear aim of consolidating communist rule over the country. During the last such reform effort in 2002, faced with a hostile Bush administration and a novel effort by Cuban dissident Oswaldo Payá to propose democratic reform through a constitutional loophole, Fidel Castro led a rapid reform process to ensure that Cuban socialism was declared 'irrevocable.' Today, there is not a clear democratic proposal emanating from the opposition, nor does the Trump administration pose the existential threat that the Bush administration appeared to (at least in Fidel's mind) 16 years ago. So what are the

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TODAY'S NEWS

POLITICAL

Trump Signs Order to End Separations of Families at Border

U.S. President Donald Trump signed an order to reverse his administration's policy of separating migrant families at the U.S.-Mexico border. The policy had resulted in the separations of more than 2,000 children from their parents since April.

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BUSINESS

Ecopetrol Paying Off \$156 Billion in Loans Early

The loans to the Colombian state oil company were due for repayment by 2023.

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ECONOMIC

IMF Approves \$50 Bn in Loans for Argentina

International Monetary Fund Managing Director Christine Lagarde praised the efforts of Argentina's government, saying it has been transforming the country's economy.

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Lagarde // File Photo: International Monetary Fund.

POLITICAL NEWS

Trump Signs Order to End Separations of Families at Border

U.S. President Donald Trump on Wednesday signed an executive order to end the separation of migrant families at the U.S.-Mexico border, USA Today reported. Previously, Trump had incorrectly said the immigration policy, which resulted in more than 2,000 children taken from their parents since it was first applied in April, was a law that only Congress could reverse.

“We are going to keep families together. I didn't like the sight or the feeling of families being separated.”

— Donald Trump

Announcing the new order at the White House, Trump said, “We are going to keep families together. I didn't like the sight or the feeling of families being separated.” The order, which Homeland Security Secretary Kirstjen Nielsen drafted, states that the zero-tolerance policy will continue without family separations, but it does not include a plan for the reunification of currently detained children with their parents, The New York Times reported. The order also does not specify what will happen to children while facilities that can hold families together are found or built. The U.S. House of Representatives is scheduled to vote on two different immigration bills today. House Speaker Paul Ryan (R-Wisc.) is pushing a piece of legislation that includes funding for Trump's proposed wall along the U.S.-Mexico border, protecting “Dreamers”—those who have lived in the U.S. illegally since childhood—and also addresses family separations at the border. “We can enforce immigration without breaking families apart,” Ryan said Wednesday, USA Today reported.

ECONOMIC NEWS

IMF Approves \$50 Billion Argentina Loan Package

The International Monetary Fund on Wednesday approved a \$50 billion “stand-by arrangement” aid package for Argentina to help the country as it faces inflation, a weakening of the peso and budget deficits, the lender announced in a statement. Argentine officials reached an agreement with IMF officials earlier this month on the aid package. The South American country's government is planning to draw on \$15 billion of the package, half of which it intends to use for budget support. The remaining \$35 billion “will be made available over the duration of the arrangement, subject to quarterly reviews by the Executive Board,” the IMF said. The lender's managing director, Christine Lagarde, praised the efforts of President Mauricio Macri's government. “For the past two and a half years, Argentina has been engaged in a systemic transformation of its economy, including deep changes to foreign exchange markets, subsidies, and taxation, as well as improvements to their official statistics,” Lagarde said in a statement. “Nonetheless, a recent shift in market sentiment and an ill-fated confluence of factors have placed Argentina under significant balance of payments pressures.” Lagarde added that Argentine officials' intended policies “seek to address longstanding vulnerabilities, ensure that debt remains sustainable, reduce inflation, and foster growth and job creation, while reducing poverty.” Macri's decision to seek assistance from the IMF has led to controversy and street protests in Argentina, where many see the lender as having worsened the country's 2001-2002 economic crisis. On Wednesday, Lagarde told reporters that the IMF approached the agreement with Argentina with “great humility and great attention to the domestic situation of all the people of Argentina,” Agence France-Presse reported. Also on Wednesday, index provider MSCI upgraded Argentina to emerging market status. Inclusion in MSCI's emerging markets

NEWS BRIEFS

Mexico's Federal Electoral Tribunal Upholds Ruling Against 'El Bronco'

Mexico's federal electoral tribunal upheld a ruling against independent presidential candidate Jaime Rodríguez, also known as “El Bronco,” on Wednesday, the Associated Press reported. The court found him guilty of illegally obtaining hundreds of signatures required for him to appear in the ballot and receiving prohibited campaign contributions from businesses. Rodríguez, who is last in the polls ahead of the July 1 election, has previously said electoral officials are framing him to protect established political parties, the AP reported.

Peru's Congress Grants Vizcarra Special Legislative Powers

The Peruvian Congress on Tuesday granted special legislative powers to President Martín Vizcarra for 60 days on matters relating to Peru's economy, competitiveness, taxes, anti-corruption efforts, the modernization of the state and the protection of people vulnerable to violence, *Semana Económica* reported. The Vizcarra administration requested the special powers with the aim of promoting economic growth and battling tax evasion, EFE reported.

Brazil's Central Bank Leaves Key Interest Rate Unchanged at 6.5%

Brazil's central bank held its benchmark Selic interest rate fixed at 6.5 percent on Wednesday, The Wall Street Journal reported. Recent depreciation of the real, which stands at 3.78 to the dollar, has cast a shadow on the country's expected economic growth and inflation. The central bank, which is led by Ilan Goldfajn, said in a statement that it could leave the Selic at the current level, a historic low, at its next meeting in August.

index is expected to draw billions of dollars' worth of passive investment into the South American country's stock market, The Wall Street Journal reported.

BUSINESS NEWS

Colombia's Ecopetrol to Pay Off \$156 Mn in Loans Early

Colombian state-run oil company Ecopetrol said Wednesday that it will pay off \$156 million in loans early. The loans were made in 2013 with international banks and guaranteed by the U.S. Export-Import Bank, the company said, adding that the loans had been subject to a payment schedule lasting until 2023. The loan



Bayón // File Photo: Ecopetrol.

agreements allow Ecopetrol, which is led by CEO Felipe Bayón, to pay off all principal on the loans early, without penalty. "The Ecopetrol Group is able to make this prepayment as a result of its solid cash position of 16.6 billion [Colombian pesos] as of the first quarter of 2018," the company said in a statement. "This position is projected to remain robust, allowing the company to address crude price volatility scenarios and be prepared to seize any opportunities that might arise for inorganic growth." Ecopetrol added that the prepayment "is in line with the objectives of the Company's 2020 business plan and confirms Ecopetrol's commitment to continue to improve its credit rating and increase shareholder returns." In 2016, Ecopetrol also paid off a loan early, paying \$340 million that was not due until 2024, Finance Colombia reported.

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Cubans up to? The best guess is that this reform is a bit of political housekeeping left over from Raúl Castro's presidential tenure, and that Miguel Díaz-Canel has approved it at the behest of his predecessor while ideally overseeing some changes that could credibly position him on the side of reform. The imposition of term limits, further opening the entrepreneurial sector, and approving certain social reforms would help to give Díaz-Canel an early 'win' and help set the pace for the new government. In this sense, the reform effort is unlikely to do much harm, and perhaps can usher in some useful if incremental changes to Cuba."

A Vicki Huddleston, retired U.S. ambassador and former chief of the U.S. Interests Section in Havana: "Fidel Castro declared in June 2002 that the Cuban constitution was 'irrevocable.' He did so in response to Oswaldo Payá's Project Varela, a petition that was presented to the National Assembly just days before former President Jimmy Carter visited Cuba – the first visit of an American president since Calvin Coolidge in 1928. Carter endorsed the petition, which more than 10,000 brave Cubans signed, in a televised speech at the University of Havana. Castro responded by holding his own petition, signed by 98 percent of the island's voting-age citizens, after members of the Committees for the Defense of the Revolution went door-to-door collecting signatures. Given this history, the decision to rewrite the constitution is a giant step into a future where private enterprise is legal and there is a turn toward more representative government with term limits imposed on a government that has had only two presidents in almost 60 years. Raúl Castro, who recently gave up the presidency but remains the head of the Communist Party, will oversee the process. As President Díaz-Canel acknowledged, Raúl retains immense power. But that makes it no less true that Castro and Díaz-Canel are designing a more

open and responsive government. Absence another revolution, change in Cuba will be step-by-step."

A Paul Webster Hare, senior lecturer at the Frederick S. Pardee School of Global Studies at Boston University and former

British ambassador to Cuba: "Through the creation of a constitutional commission, the government can appear responsive to calls for reform but also can play for time. Cuba faces a major philosophical dilemma with economic reforms. Controls have to be loosened, but that loosening will stimulate inequality, long seen as the Achilles' heel of the Cuban Revolution. None of this was resolved by the excruciatingly slow Lineamientos reform proposals of 2011. Only 21 percent of these had been implemented

“Controls have to be loosened, but that loosening will stimulate inequality...”

– Paul Webster Hare

by 2016. With Raúl Castro as its head, the commission will reject shock therapy. In a speech to the National Assembly last July, he rejected any relaxation of restrictions on accumulation of wealth in the self-employed sector. For example, private restaurants had to stay small. He also lamented the fact that some Cubans now had enough money to enable them to travel widely. The Lineamientos stuck fast to the socialist model, distrusted market reforms, insisted on government price setting and state control of major economic sectors. The constitutional revisions will likely reflect the same principles. Cuba's bureaucracy is designed to preserve the Revolution. So any new language in the

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constitution will be largely anodyne. How will private business activities be defined and what shackles will be taken off foreign investment? Social issues like same-sex marriage matter little to the Revolution's survival, so they can appear progressive. And term limits already have Raúl Castro's blessing. But it is hard to imagine any Cuban having a spring in their step at the thought of constitutional revisions."

A Jonathan Benjamin-Alvarado, assistant vice chancellor for student affairs and professor of political science at the University of Nebraska Omaha: "From the political perspective, the issue of term limits is vitally important. Cuba has been governed by a de facto gerontocracy for the past 25 years. Establishing term limits will be an important signal to the younger generations in Cuba, because unlike their parents, they do have the option of leaving the island if they feel their options for the future are limited. Cuba remains limited in the foreign trade arena for a couple of important factors. First, the U.S. embargo remains firmly in place, and that conditions everything as it relates to the limits on foreign trade and investment. That leads to the second factor. Cuba must reform its constitution so that it can more

effectively interface with the global economy and streamline the onerous and cumbersome business code that has long drawn complaints from foreign investors. Moreover, past actions on the part of the Cuban government in the area of joint ventures have left potential investors wondering and worrying 'if the juice is worth the squeeze,' owing largely to limited return on investment and the government's erratic actions to disrupt or co-opt joint-venture projects. If the embargo is lifted in the future, U.S. investors will insist that Cuban investment laws correspond to standard, best practices in foreign investment for international partners. Díaz-Canel and the new Council of State are wise to have Castro head the commission as he can serve as the link to the past, while his record of pragmatism in economic affairs and governing will ensure that a multitude of perspectives and options are explored in this important period of transition. This can assuage the fears of the revolutionary generation, but also blaze a trail forward in the ongoing transition and transformation of the Cuban state. Díaz-Canel is being watched closely by all of Cuban society as to how he handles the pressing demand for change and prosperity, while balancing the necessity of providing secure and sustainable economic and social stability. This is a tall order."

Advisor Video

The Future of Education in Latin America and the Caribbean

An Inter-American Dialogue Discussion with
U.S. Rep. Joaquin Castro (D-Tex.)
Susan Bell, U.S. Department of State
Heather Ward, American Council on Education
And others

View a webcast of the June 14 discussion.

PLAY



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