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FEATURED Q&A

Who Should Lead the Inter-American Development Bank?



Since its founding, the Inter-American Development Bank has been headed by a Latin American. However, the Trump administration said last week that it would nominate an American, Mauricio Claver-Carone, for the position. // File Photo: U.S. State Department.

Q The administration of U.S. President Donald Trump has announced that it will nominate Mauricio Claver-Carone, currently the head of Western Hemisphere affairs at the National Security Council, to be the president of the Inter-American Development Bank, breaking an unwritten agreement since the bank's inception that a Latin American would lead it. Former President Laura Chinchilla of Costa Rica has also entered the race. The IDB's member states and board of governors are scheduled to elect the organization's new president in September. What does the break in protocol mean for the IDB and for the role of the United States within the bank and in the Western Hemisphere? Given the United States' control of 30 percent of the vote, is Claver-Carone a shoo-in for the bank's presidency? What challenges will the IDB's next leader face, and what should the bank's priorities be during such a critical time for the region?

A José Antonio Ocampo, professor at Columbia University and former Colombian finance minister, and Kevin P. Gallagher, professor and director of the Global Development Policy Center at Boston University: "According to the World Bank, Latin America is predicted to be the region of the developing world worst hit by the Covid-19 crisis. The U.N. Economic Commission for Latin America and the Caribbean estimates that the number of poor will increase by 30 million or more due to the crisis. The region desperately needs to harness the fiscal space and the international financial support to fight the virus and its economic and social effects and build its economies back better than before. The Inter-American Development Bank has a 60-year

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TODAY'S NEWS

POLITICAL

E.U. May Keep Ban on Travelers From Brazil, U.S.

The European Union is set to ease its entry restrictions next week but reportedly may continue a ban on travelers from Brazil and the United States, among other countries, over coronavirus fears.

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BUSINESS

Brazilian Gov't May Buy \$18 Mn in Tickets From Gol

Brazil's government may buy more than \$18 million worth of tickets to support Gol Linhas Aéreas Inteligentes during the Covid-19 pandemic, the airline said.

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POLITICAL

Sucre Named Panama's New Health Minister

Panama's government announced that Luis Sucre would take over as the country's new health minister. President Laurentino Cortizo also announced new officials to lead the ministries of social development as well as housing and land planning.

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Sucre // File Photo: Panamanian Government.

POLITICAL NEWS

E.U. May Keep Ban on Travelers From Brazil, U.S.

The European Union plans to reopen its borders to international travelers on July 1, but travelers from Brazil and the United States may continue to be banned from entering due to the countries' high levels of Covid-19, Euronews reported Wednesday. The two countries, along with Russia and Qatar, are on a draft list of nations from which travelers will continue to be banned as Europe reopens its borders, an unnamed European diplomat told the France-based television network. The diplomat said officials "could not reach an agreement" and that talks would continue "at the ambassadorial level." Earlier this month, the European Commission published recommendations on nonessential travel to Europe, and officials have said the list of countries from which travel will be allowed should take into account the Covid-19 infection rates in those countries. "Travel restrictions should not be lifted as regards third countries where the situation is worse [than] the average in the EU+ area," said the recommendation. The United States still has a ban on entry by foreign citizens who have traveled in the prior two weeks in 28 European nations, Brazil and China, ABC News reported. The 28 European nations include Britain and Ireland, as well as the 26 countries that comprise the Schengen Area including France, Germany, Italy and Spain, which have few border restrictions between them.

Panamanian Gov't Taps New Health Minister

Panama's government on Wednesday named Luis Sucre as the country's new health minister, replacing Rosario Turner, who had been the public face of the country's response to Covid-19, Reuters reported. Sucre had been

Panama's deputy health minister since last July. The pace of the disease's spread has been accelerating in recent weeks in Panama. "The country has a debt to [Turner] that cannot be repaid," said President Laurentino Cortizo. "A task of this magnitude certainly constitutes a marathon that cannot be victorious without a solid sense of teamwork and without the necessary replacements to ensure the achievement of a strong victory." Panama has more than 28,000 confirmed cases of the disease and 547 deaths from it. Also on Wednesday, Cortizo, who marks one year in office next week, named new ministers to lead the government's social development as well as housing and land planning ministries.

Peru Reaches Deal With Clinics on Rates for Covid Patients

The Peruvian government and private clinics have reached an agreement on rates for Covid-19 patients, National Agreement Executive Secretary Max Hernández said Wednesday night, state news agency Andina reported. The announcement came just hours after President Martín Vizcarra threatened to temporarily take over the Andean nation's



Vizcarra // File Photo: Peruvian Government.

private health care clinics if they failed to reach a deal with his government in 48 hours over fees for treating coronavirus patients, Reuters reported. Private clinics had been at odds with the government for three weeks regarding a fair rate of care, following reports of overcharging for patients who require mechanical ventilators and intensive care as a result of Covid-19. "We cannot wait indefinitely," Vizcarra said in

NEWS BRIEFS

López Obrador to Meet With Trump in Early July

Mexican President Andrés Manuel López Obrador said on Wednesday that he plans to meet with his U.S. counterpart, Donald Trump, in early July to mark the entry into force of the United States-Mexico-Canada Agreement, or USMCA, Agence France-Presse reported. "It's very probable that I will go to Washington," López Obrador said, adding that he hopes Canadian Prime Minister Justin Trudeau will also join the meeting. The North American countries' new trade deal comes into effect July 1. [Editor's note: See related [Q&A](#) in Wednesday's Advisor.]

Massive Saharan Dust Cloud Sweeps Over Caribbean

A massive cloud of Saharan dust swept over much of Cuba on Wednesday and started to affect air quality in parts of Florida, prompting warnings for people with respiratory illnesses to stay home, Agence France-Presse reported. Over the past week, strong winds have pushed a dust cloud from Africa across the Atlantic, reaching Puerto Rico on Sunday. Conditions in Havana are expected to worsen today. It's an annual phenomenon, but this year has been the worst the Caribbean has seen in decades, CNN en Español reported.

Brazil May Buy More Than \$18 Mn Worth of Tickets From Airline Gol

Brazil-based Gol Linhas Aéreas Inteligentes said Wednesday that the South American country's government may buy 100 million reais' (\$18.84 million) worth of tickets from it in order to support it during the coronavirus pandemic, Reuters reported. The carrier's chief executive officer, Paulo Kakinoff, said Brazil's state development bank, BNDES, could provide the terms of an aid package worth as much as 2 billion reais as soon as next week.

a televised speech on Wednesday. Hernández later announced that 55,000 soles (around \$15,633) would be the flat rate for as long as the treatment lasts. "It may be a day or two or even beyond 30 days," Hernández said, Andina reported. Peru has been hit hard by the coronavirus pandemic despite a nationwide lockdown. The country has confirmed more than 264,600 cases of Covid-19 and 8,586 deaths.

ECONOMIC NEWS

U.S. Sanctions Iranian Ship Captains for Venezuela Cargoes

The U.S. Treasury Department on Wednesday slapped new sanctions on five Iranian ship captains who recently delivered gasoline to Venezuela, CNBC reported. Earlier this week, five Iranian tankers shipped approximately 1.5 million barrels of fuel to the Andean nation, which has been facing a sharp shortage of gasoline and was once a prominent global fuel exporter. "The Treasury Department will target anyone who supports Iranian attempts to evade United States sanctions and who further enables their destabilizing behavior around the world," Treasury Secretary Steve Mnuchin said in a statement. "The Iranian regime's support to the authoritarian and corrupt regime in Venezuela is unacceptable," he added. The announcement follows another round of sanctions last week on more than a dozen individuals, their businesses and tankers for allegedly being involved with as much as 40 percent of Venezuela's crude oil exports in recent weeks, The Wall Street Journal reported. Among them were Mexico's Libre Abordo and a related company, Schlager Business Group, as well as both of their owners. It was the first formal action by the United States against Mexican firms involved in trading Venezuelan oil, Reuters reported. Libre Abordo said its lawyers would review the decision, which it said wrongly linked the firm to unrelated entities. [Editor's note: See related [Q&A](#) in the June 12 issue of the Energy Advisor.]

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record of helping countries to strengthen their development patterns and recover from crises. During that time, in cooperation with the United States, the IDB has earned the trust of the countries across the Americas. Breaking the 60-year tradition of having a Latin American at the helm, which was President Eisenhower's intent when he led the creation of the IDB, will erode that trust at a time when the institution is needed most. It is also one of the very few international organizations led by a Latin American.

“We should not forget that a U.S. citizen has always been president of the World Bank.”

— José Antonio Ocampo & Kevin P. Gallagher

It should be added that the United States has always had the number-two position in the institution, which is an appropriate way of recognizing the United States as a large shareholder. Finally, we should not forget that a U.S. citizen has always been president of the World Bank, and it would be unfortunate that a U.S. citizen would also lead a regional multilateral development bank. We therefore strongly support the principle that the presidency of the Inter-American Development Bank should continue to be held by a Latin American, and fully support in that regard the statement issued by five prominent former presidents of Latin American countries (Cardoso, Lagos, Sanguinetti, Santos and Zedillo) endorsing that principle. The region has put forth candidates of high merit who can fruitfully continue that 60-year tradition.”

A Marco Rubio, member of the U.S. Senate (R-Fla.): "I'm pleased that the administration has nominated Mauricio Claver-Carone to be president of the Inter-American Development Bank. I have no doubt that he

will faithfully continue his work to promote initiatives that advance economic prosperity, stability and democratic order in our hemisphere.”

A Eduardo Ulibarri, sociopolitical analyst and former ambassador of Costa Rica to the United Nations: "I am afraid that, more than a break in protocol, Claver-Carone's nomination means a break in good faith among partners and a great risk for the integrity and the role of the IDB. Given this prospect, former President Laura Chinchilla is the safest bet for the bank. She deserves the support of its members. Professionally and technically speaking, Claver-Carone is a good candidate. The problem is his record as chief officer for Latin America in the National Security Council, his uncompromising ideological zeal, his abrasive style and his closeness to President Donald Trump, whose commitment to multilateralism and regionalisms is, to say the least, highly doubtful. The first risk is that, given the eventual success of his candidacy, the IDB may become more an ideological battlefield than a policy-oriented financial institution; more a ground for transactions than for consensus. And this will occur precisely when the hemisphere and the bank face one of the most acute challenges in recent history: Covid-19, economic deceleration (or recession), increasing poverty and potential social turmoil. Such is the second, and long-lasting, big risk. Laura Chinchilla will offer a safe, competent and more open option. There are no doubts about her democratic credentials. Her policymaking experience, as president of Costa Rica and beyond, is unmatched by the U.S. candidate and would provide the bank with more trusting, stable, competent and forward-looking leadership. However, good reasons are not enough for success. The diplomatic and financial clout of the United States, both inside and outside the IDB, is a monumental challenge, and it has already been noticed through at least eight coun-

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tries' support of Claver-Carone. Competition will be intense. At the same time, it will be unbalanced."

A **Cynthia J. Arnson, director of the Latin America program at the Woodrow Wilson Center:** "Donald Trump came into office pledging to put 'America First.' His withdrawal from the Paris climate accord and the 12-nation Trans-Pacific Partnership demonstrated his suspicion of multilateralism and preference for a muscular, go-it-alone foreign policy. The nomination of Mauricio Claver-Carone to head the Inter-American Development Bank shows not suspicion, but disdain for regional norms and sensitivities. Claver-Carone's economic credentials do not appear to be in question; he has held senior positions in the U.S. Treasury and IMF. What is at stake is more fundamental: it's respect—for Latin American leadership and the longstanding tradition upheld by all former U.S. administrations that Latin America's most important international financial institution be led by someone from the region. The issues for which Claver-Carone is best known—hardline policies against Cuba and Venezuela—are (with the exception of the issue of Venezuelan refugees) irrelevant to resolving the region's profound economic crisis. The Trump White House has been out of step with the region on key issues the IDB must continue to address, including climate change and progressive tax reform. Just as egregious is the timing, only months before the November U.S. presidential election. The vast social disparities brought to the fore by the Covid-19 pandemic require urgent attention, not just by the private sector but also by an efficient and reformed state, itself under heavy citizen pressure to deliver quality services and greater equality. The egoisms and nationalisms behind Latin America's failure to unite around a successor to Luis Alberto Moreno have opened the door to a reassertion of U.S. unilateralism. The region, and U.S. soft power, will suffer as a result."

A **Andrés Martínez-Fernández, senior research associate at the American Enterprise Institute:** "The next IDB president will face many challenges in the coming years. Chief among these is facilitating the region's recovery from the Covid-19 pandemic. Latin America's development bank will also need to address more deep-seated troubles, such as the inequality and corruption that helped spark widespread protests late last year. Now more than ever, the IDB needs to be a vehicle for promoting inclusive market-oriented economic growth and opportunity in the Americas. Closely related to this goal are priorities such as hemispheric economic integration, infrastructure development, the rule of law, and the empowerment of women and marginalized communities. Firm U.S. support for Mauricio Claver-Carone's candidacy makes him the odds-on favorite to lead the IDB. Yet, the possibility that Claver-Carone would bring along the Trump administration's aggressively politicized approach to international development is a valid source of unease for IDB staff and the region. Costa Rica's subsequent nomination of former President Laura Chinchilla also shows a desire to maintain the IDB's tradition of a regional president. However, Claver-Carone's experience at the Treasury Department and the IMF, and with initiatives such as *América Crece*, offer reason to believe he would be a capable steward of the IDB. Claver-Carone's tenure could also herald an unprecedented U.S. commitment to regional development and economic engagement after years of neglect have left numerous openings for exploitation by Chinese ambitions. If Claver-Carone's bid for the presidency is successful, he will have to overperform to disprove skeptics and shepherd the integrity of the IDB and the United States as an economic partner."

Editor's note: Laura Chinchilla is a co-chair of the board of directors of the Inter-American Dialogue, which publishes the Advisor.

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