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FEATURED Q&A

What's at Stake as Macri Meets Today With Trump?



Argentine President Mauricio Macri is to meet with U.S. President Donald Trump today at the White House. // File Photos: Argentine, U.S. Governments.

Q Argentine President Mauricio Macri meets today in Washington with his U.S. counterpart, Donald Trump. The meeting will be the U.S. president's second with a Latin American head of state, after Peruvian President Pedro Pablo Kuczynski visited the White House in February. How have U.S.-Argentine relations fared since Macri took office in late 2015, and where are they headed during Trump's presidency? What are the most fruitful avenues for cooperation between the two countries? What sticking points remain? In which ways might the United States and Argentina work together to end the turmoil in Venezuela, a topic that Trump and Macri plan to discuss?

A Claudio M. Loser, visiting senior fellow at the Inter-American Dialogue, president of Centennial Group Latin America and former head of the Western Hemisphere Department of the International Monetary Fund: "President Macri rebuilt relations with the United States and President Obama in his first year in office, after a turbulent period during the Cristina Kirchner administration. The United States was instrumental in opening doors for an improved dialogue with the international financial community, and many constraints were effectively lifted during the period, be it at the executive or the judiciary level—which acted independently from the White House. In addition to the opening up of foreign financing, the two governments agreed on a number of initiatives, including cooperation on tax information. The latter may in fact explain the success of the tax moratorium on undeclared assets that the Argentine government recently completed. Whether or

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TODAY'S NEWS

POLITICAL

Venezuelan Gov't Announces Withdrawal From OAS

Foreign Minister Delcy Rodríguez announced that Venezuela would withdraw from the OAS after member states voted to proceed with a meeting to discuss the political and economic crises and violent protests in the Andean country.

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ECONOMIC

U.S. Will Rework NAFTA: Trump

U.S. President Donald Trump told the leaders on Mexico and Canada in separate phone calls that he would renegotiate the North American Free Trade Agreement and not immediately seek to withdraw from it.

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ECONOMIC

Brazil's Lower House OKs Labor Reform Bill

President Michel Temer has pushed the legislation, which supporters say will increase investment and boost the economy.

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Temer // File Photo: Brazilian Government.

POLITICAL NEWS

Venezuela Planning to Pull Out of OAS

Venezuela's government said Wednesday that it will withdraw from the Organization of American States, an announcement it made after OAS member states voted to convene an emergency meeting to discuss the country's political and economic crisis and deadly pro-



Rodríguez // File Photo: Venezuelan Government.

tests that have rocked the country for weeks. "Behind this coalition of countries is a sight set on our sovereignty and the pretension to intervene, and that can never be allowed to happen," Venezuelan Foreign Minister Delcy Rodríguez said in a televised statement, The Wall Street Journal reported. The announcement followed a threat Venezuela's government issued on Tuesday, saying it would pull out of the regional body if members proceeded with the meeting. At least three more people were killed Wednesday in violent protests in Venezuela, including a 20-year-old who was struck by a canister of tear gas in Caracas, The Washington Post reported. So far this month, at least 29 people have been killed there in unrest, including protesters, government supporters, police officers, alleged looters and bystanders, according to Venezuelan officials. The process of withdrawing from the OAS would take 24 months, during which Venezuela will no longer participate in OAS meetings or other activities with other nations "trying to undermine the peace and stability of our country," said Rodríguez, who accused OAS member states of promoting an "invasion." Venezuela also would have to pay \$8.7 million in dues that it owes before it can leave the bloc, an OAS spokesman told The

Wall Street Journal. OAS Secretary-General Luis Almagro has become a fierce critic of Venezuelan President Nicolás Maduro, calling him a "dictator" and accusing him of widespread violations of human rights. Several OAS members, including the United States, Canada, Mexico, Brazil, Argentina and Colombia, have shared his concerns, The Washington Post reported. If Venezuela does withdraw from the OAS, it would join Cuba as the Western Hemisphere's only nation not in the bloc. Cuba was expelled from the OAS in 1962. Venezuela's opposition-controlled National Assembly could try to block the withdrawal, and if Maduro is defeated in next year's scheduled presidential election, his successor could keep the country in the organization. Venezuela's withdrawal also could lead to a major fracture in the bloc if other leftist governments, including those of Nicaragua and Bolivia, also leave in protest, Chris Sabatini, a Latin America expert at Columbia University, told The Washington Post. "At that point, the body that had once represented the hemisphere would be fractured," he said, adding that no other Western Hemisphere bloc carries the same institutional weight as the OAS.

Brazilian Senate OKs Measure Seen as Curbing Prosecutors

Brazil's Senate, which has some two dozen members who are being investigated on corruption allegations, on Wednesday approved legislation that several prosecutors and judges say hinders their ability to carry out graft investigations, Reuters reported. In a vote of 54-19, senators voted in favor of the measure that punishes government workers, as well as members of the executive, legislative and judicial branches of government for "abuse of power," the wire service reported. Under the legislation, prosecutors can face as long as six months in prison for collecting evidence without judicial authorization or for showing impartiality against the targets of their investigations. The Chamber of Deputies is also expected to approve the bill.

NEWS BRIEFS

Paraguay's Lower House Rejects Presidential Re-election Measure

Paraguay's Chamber of Deputies on Wednesday voted down a proposed constitutional amendment that would allow a sitting president to run for re-election, the Associated Press reported. The vote came four weeks after the Senate secretly voted to approve the measure, sparking riots in which protesters of the amendment burned furniture in Congress.

Brazil's Chamber of Deputies Passes Labor Reform Bill

Brazil's lower house of Congress on Wednesday passed the main text of President Michel Temer's proposed labor reform bill, Reuters reported. The bill was aimed at increasing investment and pulling the economy out of its recession. The main text of the measure passed 296-177, though the lower house still needs to vote on amendments to the proposal before it will be sent to the Senate for a vote. The vote came two days before a planned national strike and demonstrations called by labor unions and left-wing parties in opposition to the reform, which the groups say undermine workers' rights for the benefit of the business sector.

Argentina Approves Exportation of Natural Gas to Uruguay

The Argentine government has authorized the exportation of as much as 12.4 million cubic feet of natural gas to Uruguay over the next two years, Reuters reported Wednesday, citing Argentina's national gazette. Though Argentina is currently a net importer of natural gas, mostly from Bolivia, the government is hoping to boost production at one of the world's largest shale reserves, Vaca Muerta.

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not the relationship between Macri and Trump will 'click' is an open question. Their personalities and business backgrounds will help, but it is far from certain that they have many common objectives. Argentina is not a large trading partner of the United States, and in fact there is competition in terms of agricultural exports. At the same time, Argentina is eagerly looking for foreign investment, which may go against Trump's perceived national interest. There could be some cooperation in terms of coordinating agricultural export policies, but at present Argentina seems much more interested than the U.S. government in an open trade and investment system. Macri may, however, persuade Trump to take a more active role on Venezuela. In the end, not much should be expected from the forthcoming meeting, unfortunate as it may sound."

A Felipe Yapur, journalist at Radio Nacional and Tiempo Argentino: "From the outset, President Mauricio Macri has aligned his government with the ups and downs of the United States' politics and economy. His public support of Hillary Clinton's candidacy has now forced him to exaggerate his closeness to the administration of President Donald Trump, which he now has to express during his prompt visit to the White House. This alignment is expressed, for example, in Argentina's purchase of \$2 billion worth of military equipment despite the fact that Argentine Defense Minister Julio Martínez has tried convincing the public that it is really a donation of disused equipment. In addition, there are also Argentine exports, such as lemons, that are still not entering the United States despite the fact that the Macri administration is deepening its relationship with the IMF and opening its economy to U.S. businesses that are still not making good on their investment pledges in Argentina. Under this scenario, the presence of dollars in Argentina is due mainly to multimillion-dollar financial speculation fanned by Argentine

central bank policies that have led to capital flight—far from the flood of investment that Macri has promised. The other axis of rapprochement is undoubtedly the case of Venezuela. The governments of Argentina and Brazil have been strong collaborators in the destabilization of that country's democracy, not only by criticizing President Nicolás Maduro in international forums, but also by backing the coup efforts of the Venezuelan opposition."

A Charles H. Blake, professor of political science at James Madison University's School of Public & International Affairs:

"Mauricio Macri pledged to deepen Argentina's ties with international trade, investment and finance. His government reduced import controls, removed capital controls and approved an expensive settlement with the remaining holdouts of Argentina's 2002 debt default. Closer ties with the United States also form part of Macri's agenda. In March 2016, during a state visit from Barack Obama, Argentina announced the elimination (for U.S. citizens) of its tourist entry fee in the hopes of regaining a slot in the U.S. Visa Waiver Program. In May 2016, Argentina approved the establishment of two new U.S. military bases. This first meeting with Donald Trump finds Argentina in a recession deepened by Macri's abrupt policy changes. Macri had claimed that these policy adjustments would usher in a wave of new investment, but foreign direct investment in Argentina fell from \$11.7 billion in 2015 to \$5.7 billion in 2016 amid the recession. The Macri government will be hoping that media coverage of his U.S. visit stimulates productive investment. In turn, Argentina will likely be fielding requests from U.S. diplomats to make good on its March 2016 pledge to ratify the WTO's Trade Facilitation Agreement. Argentina is the lone Mercosur country that failed to ratify the TFA prior to its entry into force on Feb. 22. While the U.S. government will encourage Argentina's assistance in

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ECONOMIC NEWS

Trump Tells Mexico, Canada He'll Rework, Not Scrap, NAFTA

U.S. President Donald Trump late Wednesday told the leaders of Canada and Mexico that he would not immediately move to terminate the North American Free Trade Agreement, just hours after officials in his own administration said that withdrawal from NAFTA was imminent, The New York Times reported. In separate evening phone calls with President Enrique Peña Nieto of Mexico and Prime Minister Justin Trudeau of Canada, Trump said he would start the process of renegotiating NAFTA rather than abandoning it. "It is my privilege to bring NAFTA up-to-date through renegotiation," Trump said in a statement issued by the White House after the call. This morning on Twitter, Trump said, "if we do not reach a fair deal for all, we will then terminate NAFTA. Relationships are good—deal very possible!" Washington must give Canada and Mexico six months' notice before exiting the trade agreement, but alarms over the prospect of the United States pulling out entirely from the deal, in force for more than two decades, sent the Mexican peso plummeting past the 19 peso-per-dollar mark Wednesday, the Financial Times reported. Both the Canadian dollar and peso are recovering in early trading today, Business Insider reported. After toning down its rhetoric over NAFTA in recent months, the Trump administration has once again become more critical of the deal. Earlier this week, U.S. Commerce Secretary Wilbur Ross announced that the United States would impose a tariff on Canadian softwood lumber, the latest move in a longstanding dispute between the two countries, and today Ross told CNBC that Chinese goods dumped in Mexico are finding their way to the United States. "The rules of origin in NAFTA need some tightening," Ross said. "Rules of origin are what let material outside of NAFTA to come in and benefit from all the taxes and tariff reductions within NAFTA."

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reducing tensions in Venezuela, the Nicolás Maduro government is unlikely to welcome Argentina as a potential mediator, given the pro-market, pro-U.S. stance of the Macri government.”

A **Megan Cook, political risk specialist, and Juan Cruz Díaz, managing director, at Cefeidas Group in Buenos Aires:** “Since taking office, Mauricio Macri’s government has focused on reintegrating Argentina into global political and economic affairs, including revamping U.S. ties, which had cooled significantly over the previous decade. This change was marked by the high-profile visit of President Barack Obama just three months after Macri took office and the declassification of a series of U.S. documents related to Argentina’s military dictatorship. During the U.S. presidential campaign, several high-level officials in the Macri administration had indicated a preference for Hillary Clinton, and Trump’s win forced a recalibration of engagement strategy. Since then, both countries have indicated a desire to continue improving relations. The idea of a meeting between Macri and Trump arose during a reunion on the sidelines of the G-20 between Argentine Foreign Minister Susana Malcorra and U.S. Secretary of State Rex Tillerson, who became familiar with Argentina during his time at ExxonMobil. One focus of Macri’s visit will be the energy sector, as the president will make a stop in Houston to seek investment in the Vaca Muerta shale play. The discussions between Trump and Macri will focus on areas where there is common ground—namely, the crisis in Venezuela and promoting democracy, the energy sector and security cooperation—but avoid areas of contention, such as trade disputes related to Argentine exports of lemons and biofuel. There is a strong foundation to keep developing bilateral relations, especially related to energy and security, although the fact that the Argentine and U.S. ambassador posts are currently both vacant will pose a challenge to coordinating diplomacy.”

A **Santos Goñi, board member of the World Affairs Council of Greater Miami and retired Argentine career ambassador:**

“Despite their ups and downs, since the re-establishment of Argentine democratic institutions in 1983, U.S.-Argentine relations have been more than good. Over those years, and generally due to pressure from sectoral interests, successive U.S. administrations have either included or removed Argentina from their immigration, commercial and security regulations. A more stable inclusion would help avoid negative effects that do not correspond to the true nature of the underlying bilateral relationship. After a tense period, President Macri’s inauguration in 2015 brought expectations that his offering a more traditionally friendly atmosphere would soon materialize into concrete advances in the relationship. Due to the U.S. government’s recent nontargeted regulatory reviews that negatively affect Argentine exports to the United States, President Trump is presently perceived in Argentina to have slowed the progress of a promising agenda. Both presidents might signal the importance of re-establishing those achievements, while proposing similar initiatives in other fields. Notwithstanding their common positions on many international issues over many decades, the United States and Argentina should each approach the Venezuelan situation from their unique geographic and political perspectives. Both are also now home to expanding Venezuelan communities. President Macri has always been personally concerned with Venezuela. Both the United States and Argentina are actively seeking solutions to this present crisis within international, hemispheric and regional bodies. The presidents’ meeting will surely underline their respective and common views on how to reach a positive outcome for all concerned.”

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

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