

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

Corporate VP, Global Corporate Affairs
Cargill

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

W. Bowman Cutter

Former Partner,
E.M. Warburg Pincus

Dirk Donath

Senior Partner,
Catterton Aimara

Barry Featherman

Senior Director,
International Government Affairs,
Gilead Sciences

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

President, Boeing Latin America

Jon Huenemann

Vice President, U.S. & Int'l Affairs,
Philip Morris International

James R. Jones

Chairman,
Monarch Global Strategies

Craig A. Kelly

Director, Americas International
Gov't Relations, Exxon Mobil

John Maisto

Director, U.S. Education
Finance Group

Nicolás Mariscal

Chairman,
Grupo Marhnos

Thomas F. McLarty III

Chairman,
McLarty Associates

Carlos Paz-Soldan

Partner,
DTB Associates, LLP

Beatrice Rangel

Director,
AMLA Consulting LLC

Gustavo Roosen

Chairman of the Board,
Envases Venezolanos

Andrés Rozental

President, Rozental &
Asociados and Senior
Policy Advisor, Chatham House

Shelly Shetty

Head, Latin America
Sovereign Ratings, Fitch Inc.

Roberto Sifon-Arevalo

Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

FEATURED Q&A

What Can Brazil Expect of its New Chief Prosecutor?



As Brazil's new chief prosecutor, Raquel Dodge has inherited cases involving prominent politicians, including President Michel Temer, as well as former Presidents Dilma Rousseff and Luiz Inácio Lula da Silva. // File Photo: Brazilian Government.

Q Brazil's new chief prosecutor, Raquel Dodge, was sworn in Sept. 18, replacing Rodrigo Janot. Janot doggedly pursued corruption investigations against scores of politicians, including President Michel Temer, garnering widespread acclaim but also scorn from his targets. Is Dodge the right person for the job? Will she conduct graft investigations as aggressively as did Janot? What changes can be expected during Dodge's tenure as Brazil's chief prosecutor?

A Carlos Eduardo Lins da Silva, global fellow at the Woodrow Wilson International Center for Scholars: "Raquel Dodge has all the qualifications to be a successful chief prosecutor. She was the runner-up in a vote by her peers for the job. Her career is impeccable, and she is well-regarded by most people who follow the Public Ministry's activities. Some fear she may not pursue the corruption probes with his same zeal as her predecessor, Rodrigo Janot. In principle, there is no basis to justify that fear. It is very likely, however, that there will be a change in style. Dodge is much more discrete than Janot. But she is technically much more apt than he was to deal with criminal law. In her first public address as Brazil's first female prosecutor general, Dodge did not explicitly mention the Car Wash operation, but she clearly alluded to it by saying that 'Brazilians do not tolerate corruption and not only expect, but demand, results.' The Car Wash Operation is supported by 78 percent of Brazilians, according to the latest public opinion polls. In her first week in office, Dodge replaced most of Janot's team dealing with Car Wash. But she appointed to lead the new team a

Continued on page 3

TODAY'S NEWS

POLITICAL

Puerto Rico Schools May Stay Closed for Weeks

Some schools could be shuttered until Oct. 16, due to damage caused by Hurricane Maria, said Puerto Rico's education secretary.

Page 2

ECONOMIC

Mexican Election Poses No Risk to Oil Contracts: Regulator

Despite a vow by presidential hopeful Andrés Manuel López Obrador to review oil contracts if elected, the contracts are "completely solid," said the head of the country's oil regulator.

Page 3

POLITICAL

U.S. Cuts Embassy Staff in Cuba

The State Department said it would reduce its embassy staff in Havana following mysterious sonic attacks on diplomats. Americans were also warned against traveling to Cuba. Secretary of State Rex Tillerson said Cuba needs to do more to protect diplomats posted there.

Page 2



Tillerson // File Photo: U.S. State Department.

POLITICAL NEWS

U.S. Cuts Embassy Staff in Cuba, Warns Against Travel

The U.S. State Department on Friday said it would slash its embassy staff in Havana by more than half and also warned Americans against traveling to Cuba amid an investigation into mysterious illnesses that have afflicted more than 20 diplomats in the Caribbean nation, *The Wall Street Journal* reported. Investigators have been working to determine the cause behind what officials have described as “targeted attacks” caused by some type of sonic device that have left victims with concussions, dizziness, hearing loss and other symptoms. At least 21 U.S. government employees, as well as a small number of Canadian diplomats, have reported symptoms. No other U.S. travelers to Cuba have been affected, officials have said. The United States has not blamed Cuba for the attacks, but Secretary of State Rex Tillerson called on Cuba to do more to protect the safety of envoys posted there. “Until the government of Cuba can ensure the safety of our diplomats in Cuba, our embassy will be reduced to emergency personnel in order to minimize the number of diplomats at risk of exposure to harm,” Tillerson said in a statement. The State Department warned Americans against traveling to Cuba, saying it could not guarantee Americans’ safety there. “The Department doesn’t have definitive answers on the cause or source of the attacks and is unable to recommend a means to mitigate exposure,” Tillerson added. Cuban officials said they were dismayed by the State Department’s decision. “We consider that the decision announced by the Department of State is hasty and that it will affect the bilateral relations,” said Josefina Vidal, Cuba’s general director for U.S. affairs, *The Wall Street Journal* reported. Officials at the State Department said they have not ruled out the possibility that a third country could be involved in the attacks, and they have added that Cuban officials are cooperating in the investigation. Cuban

officials have said they have not determined the source of the sonic attacks. U.S. Senator Patrick Leahy (D-Vt.) said the attacks appeared to be an effort to disrupt the normalization of ties between the United State and Cuba. “Someone or some government is trying to reverse that process,” said Leahy. “We should do all that is possible to minimize the effects of these protective steps on our diplomacy and on our ability to assist Americans in Cuba.” U.S. Senator Tom Cotton (R-Ark.), who opposes the U.S. thaw with Cuba, said the situation shows “just how untrustworthy and malicious the Castro regime is.” Another possibility is that Cuban hardliners who oppose the normalized relations between Washington and Havana could be behind the attacks, retired CIA analyst Brian Latell, who wrote a book about Cuban President Raúl Castro, told *The Wall Street Journal*. “The hard-liners are not happy with Raúl’s policy and want to undermine the relationship,” he said.

Schools in Puerto Rico May Remain Closed for Weeks

Some public schools in Puerto Rico may remain closed until Oct. 16 because of damage caused by Hurricane Maria, which raked the U.S. territory and other parts of the Caribbean nearly two weeks ago, Puerto Rico’s education secretary said Sunday, CNN reported. Officials also said that only 5 percent of Puerto Rico has electricity. Power had been knocked out across the entire island when the powerful storm made landfall in Puerto Rico on Sept. 20. The territory has 1,113 public schools, but only 400 have been assessed for damage, said Education Secretary Julia Kelleher. U.S. President Donald Trump, who is scheduled to visit Puerto Rico on Tuesday, criticized the mayor of San Juan and the “leadership ability” of those who “want everything to be done for them when it should be a community effort.” San Juan Mayor Carmen Yulín Cruz had called on the U.S. government to do more and said the government’s distribution of aid to the island was insufficient. The U.S. Federal Emergency Manage-

NEWS BRIEFS

Lula Leads Polls Ahead of Next Year’s Presidential Election in Brazil

Former Brazilian President Luiz Inácio Lula da Silva is still leading in the polls ahead of next year’s presidential election, despite a corruption conviction that could bar him from running, Reuters reported, citing a poll by Datafolha published in *Folha de S.Paulo* on Saturday. The poll showed Lula with 35 percent support in the first-round vote, up from 30 percent in a June poll. His top competitors, former Environment Minister Marina Silva and right-wing Congressman Jair Bolsonaro, trailed in the poll with 13 percent and 17 percent support, respectively.

Chile’s Bachelet Announces 3.9% Hike in Government Spending

Chilean President Michelle Bachelet on Sunday announced a 3.9 percent increase in government spending in next year’s proposed budget, Reuters reported. She said the country’s economy could grow twice as fast as it did this year, though she added that the country “must face this new scenario with the same responsibility as always.” Bachelet said next year’s spending would prioritize investments in infrastructure and education.

Embraer Backs Panel to Probe Bombardier Subsidy Claims

Brazilian aircraft producer Embraer on Friday backed a decision by the World Trade Organization to open a disputes settlement panel to probe allegations that Canadian competitor Bombardier has been undercutting its competition through subsidies, the *Financial Times* reported. Embraer has accused Bombardier of receiving more than \$3 billion in subsidies from the governments of Canada and Quebec and relying on those subsidies to compete with the Brazilian company.

FEATURED Q&A / Continued from page 1

person who is widely considered one of the toughest prosecutors in white-collar criminal cases, Raquel Branquinho. Therefore, either because of her history or because of her first decisions as chief prosecutor, there does not seem any reason to doubt she will continue Janot's work in combating corruption in Brazil. However, she may, very understandably, have another way of doing what she has to do, perhaps less sensationally but maybe even more effectively."

A **Brian Winter, editor-in-chief of Americas Quarterly and vice president of the Americas Society/Council of the Americas:** "Dodge's appointment comes amid an overall 'scaling down' of the Car Wash investigation that is likely to occur in the coming months. The probe will not end—indeed, criminal cases involving politicians before the Supreme Court will last for years. New allegations and charges will continue to be filed. But even many within the judicial sector believe that the most shocking, revelatory phase of Brazil's most successful corruption investigation ever has passed. This is for various reasons, including that many of the key perpetrators have already been jailed and the key leads involving Petrobras (for which Judge Sérgio Moro and his team in Curitiba are responsible) have almost been pursued as far as is feasible. But also, support from the Brazilian public for anti-corruption efforts—which prosecutors openly recognize is critical to preventing politicians from meddling with the probe—has grown less intense this year. Meanwhile, scrutiny of the use of plea bargains has intensified, thanks in part to what many argue are Janot's tactical errors, making future deals more difficult. Dodge is a respected jurist who most doubt will take concrete steps to weaken prosecutors or other investigative bodies like the Federal Police. But she is also subject—as almost anyone in her job would be—to the political and circumstantial realities she finds upon taking the job. Under

her watch, Brazil's anti-corruption drive will continue, but probably not with the same degree of 'shock and awe' as before."

A **Gene Smith, president and CEO of Smith Brandon International:** "Dodge was one of the top three candidates for the position in voting among the more than 1,000 members of the National Association of Federal Prosecutors (ANPR), which has selected final nominees for prosecutor general in Brazil since 2001. She replaces the high-profile Rodrigo Janot, who has been active and aggressive in his support of the Lava Jato

“ Although not a household name in Brazil, Dodge has a solid reputation for her work as a prosecutor...”

— Gene Smith

case and other investigations of corruption in Brazil during his tenure. Dodge has a long history in federal government, as a federal prosecutor, dating back to 1987. She is the first woman to head the federal prosecutor's office. Although not a household name in Brazil, Dodge has a solid reputation for her work as a prosecutor and is seen as more of a wonk than a PR person. A native of Goiás, her father was a lawyer; she has a master's degree in law from Harvard University. She has already been the subject of some media attention, as she has formed her own team to take over the prosecutor's office, including removing a few prosecutors who expected to retain their prior positions. She has also been the subject of some controversy as one of the prosecutors who was removed was reportedly replaced by a relative of a prominent, long-serving senator José Agripino Maia, an ally of President Michel Temer, both

Continued on page 4

ment Agency, or FEMA, said Sunday that it had expanded its distribution of food and water to the island, though officials have said many in Puerto Rico still lack essential goods.

ECONOMIC NEWS

Mexican Election Poses No Risk to Oil Contracts: Regulator

Mexico's National Hydrocarbons Commission, or CNH, the country's top oil regulator, on Friday said the country's upcoming presidential election will pose no risk to already-signed oil contracts, despite a pledge from leading candidate Andrés Manuel López Obrador that he will review them if elected president, Reuters reported. To date, some 70 exploration and production contracts have been signed following the 2013 energy reform, which opened the country's energy sector to foreign and private investment. "These are completely



Zepeda // File Photo: Mexican Government.

solid contracts," said Juan Carlos Zepeda, the head of the CNH. He said there is "no risk" of Mexico's government revoking them. López Obrador, the current front-runner in public opinion polls ahead of the July election, has been critical of the energy reform enacted by current President Enrique Peña Nieto, proposing a nationwide referendum on the reform and saying he would review current contracts. "The entire energy framework is in the Constitution, and that provides it with durability and makes it very difficult to repeal," said Zepeda. Constitutional changes require a two-thirds majority in Congress.

FEATURED Q&A / Continued from page 3

of whom are facing corruption allegations. Dodge has inherited a full workload, and she has the background to get the job done. She will be compared to Janot. However, she can be expected to forge her own, independent approach that may well address other issues, such as human rights and labor issues, along with the ongoing efforts against widespread corruption in Brazil as reflected in the Lava Jato prosecutions.”

A **Gilberto Rodrigues, professor of international relations at the Federal University of ABC in Brazil and member of Coordinadora Regional de Investigaciones Económicas y Sociales in Buenos Aires:**

“There is great expectation for the new chief prosecutor, Raquel Dodge. Elected by peers, she was the second most voted on the list; the first was a Rodrigo Janot team member.

“**It would be a mistake to perceive Dodge as potentially sympathetic to Temer and his government.”**

— Gilberto Rodrigues

For the first time since President Lula’s government, the president did not select the person who was prosecutors’ top choice. Temer’s choice was precisely to avoid a close collaborator of Janot, who is seen as an enemy of the president and his cabinet. But it would be a mistake to perceive Dodge as potentially sympathetic to Temer and his government. Federal prosecutors in Brazil have great institutional independence—for good and bad—and they have no need to

make any kind of political tradeoff. However, possible changes in the chief prosecutor’s office could happen, depending much more on her vision and methodology. Actually, Janot was a ‘radical’ prosecutor in using leniency agreements. The fact that Dodge supported the accusation against Temer under the Supreme Federal Court without any reservation showed continuity in the prosecutor’s office. Yet one could expect Dodge to be more cautious with leniency agreements. Moreover, one may expect to see more assertive action on human rights and environment protection.”

A **Mary Rose Brusewitz, partner at Strasburger & Price, LLP:**

“Opinions about Raquel Dodge vary greatly. Some believe that she was appointed to slow or halt controversial investigations commenced during the tenure of Rodrigo Janot. But Dodge is actively pursuing investigations and has supported controversial Janot decisions. It appears that Dodge may believe in using less coercive investigative methods than have been employed by some, particularly in the corruption cases, as suggested by comments during her confirmation process. It remains to be seen if a less aggressive strategy will reap the needed results. Many feel that Dodge has more technical competence than Janot. Many see her as more ‘serious,’ and she appears to be less media-driven. It is heartening to many Brazilian women for a woman to occupy this position. It is early though. Does she possess the courage to take unpopular actions and pursue strategies that are controversial? Time will tell.”

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2017

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

Michael Camilleri, Director, Peter D. Bell Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Alejandro Ganimian, Nonresident Fellow

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, China and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development and External Relations

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

ISSN 2163-7962

Subscription inquiries are welcomed at freetrial@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.