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FEATURED Q&A

Has Ecuador's Moreno Gained the Upper Hand?



Ecuadoreans this month sided with President Lenín Moreno (pictured above) in a referendum that pitted him against former President Rafael Correa. // File Photo: Ecuadorean Government.

Q Ecuadoreans on Feb. 4 voted in favor of a measure that sets limits on presidents to serving two terms, essentially blocking former President Rafael Correa from returning to the nation's highest office. Current President Lenín Moreno, who enjoys some of the highest popularity ratings among sitting Latin American presidents, pushed for a total of seven constitutional changes in the referendum, most of which reverse policies from the Correa administration. Why did voters support Moreno's referendum, and how important are the new measures? Can Moreno leverage his popularity into a politically viable economic agenda and a set of meaningful institutional reforms? Is Correa now out of Ecuador's political landscape for the foreseeable future?

A Francisco X. Swett, chairman of Pallas Management Corp. and former Ecuadorean minister of finance, member of Congress, and central bank president: "The referendum vote and its overwhelming overall result was more of a rejection of Rafael Correa than an endorsement of Lenín Moreno who, if anything, has continued the policies of his predecessor, with the remarkable difference of his attitudes of bonhomie that contrast with Correa's demonstrable intolerance and resentment. The collective protest against widespread corruption, reflected in the unequivocal rejection of the previous government's minions and agents, the indefinite re-election of the president, and the approval of the 'civil' death of politicians condemned on corruption charges, provides useful tools to begin the process of political sanitiza-

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Head of OAS Anti-Corruption Mission in Honduras Resigns

Juan Jimenez Mayor said the Organization of American States was not providing enough resources for the mission, known as MACCIH.

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Boeing, Embraer 'Getting Closer' to a Deal: CEO

Boeing's CEO said the two companies have "structured a deal concept that will satisfy the needs of everybody involved."

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POLITICAL

Venezuela's Maduro Vows to Attend Summit Though Disinvited

Venezuelan President Nicolás Maduro vowed to attend the Summit of the Americas in April even though the host country, Peru, withdrew his invitation. Peru's prime minister reiterated that Maduro is not welcome.

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Maduro // File Photo: Venezuelan Government.

POLITICAL NEWS

Maduro Vows to Attend Summit Though Disinvited

Venezuelan President Nicolás Maduro on Thursday said he will attend the Summit of the Americas in April, even though Peru, the gathering's host, withdrew his invitation, Agence France-Presse reported. "Are they afraid of me? They don't want to see me in Lima? They're going to see me, come rain, thunder or lightning!" Maduro defiantly said at a press conference in Caracas. Maduro vowed to get to Peru for the summit "by air, land or sea." Peru's prime minister, Mercedes Aroz, said Maduro was mistaken. "A head of state cannot come to a country without an invitation, so he cannot get to step on Peruvian soil without an invitation," Aroz told reporters. She described the Venezuelan president's attitude as "aggres-

SUBSCRIBER NOTICE

The Latin America Advisor will not be published on Monday, Feb. 19 in observance of the Presidents' Day holiday in the United States. We will resume publishing on Tuesday, Feb. 20.

sive" and added, "neither the Peruvian soil, not the Peruvian sea, nor the Peruvian air can be invaded by a foreign force." On Tuesday, Peru's government announced that Maduro would "no longer be welcome" at the April 13-14 summit. The government announced the decision after Venezuela announced that it would proceed with a snap presidential election on April 22 despite not having reached an agreement with the opposition on how to conduct the balloting freely and fairly. Peru's decision to withdraw Maduro's invitation followed a meeting of the 14-nation Lima Group, which was formed to seek a peaceful exit to Venezuela's political and economic crises. The Lima Group urged Venezuela to reconsider holding the April 22 vote, saying conditions for a free and fair election did not exist. Maduro also lashed out at the bloc. "In Venezuela, Venezuelans are in charge, not the Lima Group," he said. "Not [Peruvian President] Pedro Pablo Kuczynski, not [Colombian President] Juan Manuel Santos." Several Peruvian political parties have called a demonstration for April 12, on the eve of the summit, against Maduro's government, Merco-Press reported. In addition, Mexican Foreign Minister Luis Videgaray plans to travel next month to Jamaica, Grenada and Saint Lucia as part of an effort to erode Maduro's influence in the Caribbean, Reuters reported Thursday, citing a Mexican official. Also, Cuban diplomats are planning to visit Mexico next month

NEWS BRIEFS

Former Oxfam Director Denies Hiring Prostitutes During Time in Haiti

The former Oxfam director who is at the center of a prostitution scandal involving the British charity in Haiti in an open letter on Thursday denied paying for sex in the Caribbean nation following the country's catastrophic 2010 earthquake, BBC News reported. Roland Van Hauwermeiren acknowledged having "intimate relations" with a woman in Haiti, but said the woman was "not a prostitute." Van Hauwermeiren said he resigned from Oxfam for failing to control rumors about sex scandals and for "feeding the rumors" through the relationship.

Several U.S. Diplomats in Cuba Suffer Concussion-Like Symptoms

More than a dozen U.S. diplomats posted in Cuba have suffered from symptoms of concussion without ever having received blows to their heads, medical experts found in a study published this week in the journal JAMA, The New York Times reported. "We all believe this is a real syndrome," said Dr. Douglas H. Smith, of the University of Pennsylvania, the study's lead author. "This is concussion without blunt head trauma." However, the findings, which are preliminary, do not identify the cause of the mysterious illnesses of 21 diplomats in Cuba.

Mercado Libre to Open Two New Distribution Centers in Mexico

Argentina-based e-commerce company Mercado Libre said Thursday that it will invest \$100 million to open two large distribution centers in Mexico, Reuters reported. The facilities should help the company improve the reliability and speed of its deliveries, a factor that has held back expansion of e-commerce in some Latin American markets, company executives said. The centers are to be located near Mexico City.

FEATURED Q&A / Continued from page 1

tion in Ecuador. It is not, however, a finished task, which will require time and concerted effort if the country is to become a more functional place. Moreno is, at the moment, the man at the helm, but whether he is 'the one' to lead in a different direction remains to be seen. He confronts thorny economic issues; he needs to achieve governability in a disjointed society with scant political culture; and he requires the support and presence of qualified individuals to run his government, individuals who at this point he cannot count on. He doesn't help himself by falling back on the old discourse of left and right, as he did last week. So, altogether, the

jury is out, and it will take additional time to know whether Correa's dismissal was temporary or definitive, and the people have decided to move on."



Walter Spurrier, president of Grupo Spurrier and director of Weekly Analysis in Guayaquil, Ecuador:

"In the presidential election, the electorate was to decide whether Correa should govern through Moreno. The vote was evenly split, and Moreno was declared winner. Moreno discarded authoritarian rule and called for a referendum on whether he or Correa should govern. Moreno

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to discuss the regional impact of Venezuela's crises. The Cuban Embassy in Mexico City said the trip was not yet confirmed, but added that the two countries have held bilateral meetings. There was no sign that Havana was planning to turn against Venezuela, a steadfast ally.

Head of OAS Anti-Corruption Mission in Honduras Resigns

The leader of the Organization of American States' anti-corruption mission in Honduras resigned Thursday, saying he was not receiving enough support from the OAS and from the Honduran government, the Associated Press reported. In a statement, Juan Jimenez Mayor said the regional body did not provide adequate resources for the mission, known as MACCIH, to be effective and added that OAS Secretary General Luis Almagro did not meet with him when he traveled to Washington last month. On Wednesday, Almagro sent a letter to Honduran President Juan Orlando Hernández to express disappointment in the results that the mission has produced so far. The mission was established in 2016 following massive street protests against corruption in Honduras. In December, MACCIH announced a corruption case against five legislators, but Congress last month passed a law that effectively shields them.

BUSINESS NEWS

Boeing 'Getting Closer' to a Deal With Embraer: CEO

The chief executive at Chicago-based aerospace giant Boeing said Thursday the company is "getting closer" to a deal to create a new venture with Brazilian competitor Embraer, Reuters reported. "We have structured a deal concept that will satisfy the needs of everybody involved," Dennis Muilenburg said in a television interview on CNBC. Boeing had

THE DIALOGUE CONTINUES

How Well Has Peña Nieto Managed Mexico's Economy?

Q Mexican President Enrique Peña Nieto, suffering politically with low approval ratings during his final year in office, on Jan. 31 celebrated better economic news, with an impressive \$93 billion oil-sector auction and new data from the national statistics agency showing that growth in the fourth quarter increased more than expected, up 1 percent from the previous quarter. How well have Peña Nieto and his team managed Mexico's economy? What role is the economy playing in the run-up to July's national election? Is central bank chief Alejandro Díaz de León off to a good start since taking over from Agustín Carstens in November, and what priorities and pressures will the new Banxico head be facing in the months ahead?

A Arnulfo R. Gómez, professor at Anáhuac University in Mexico: "Unfortunately, the handling of the economy in the present presidential term has been disastrous, and as a result, the economy recorded the lowest growth rate of the five most recent administrations, only surpassed by the underperformance of the administration of former President Felipe Calderón. The economic situation will play a very important role in

presented a plan to Brazil's government that would give it an 80 to 90 percent stake in a new venture encompassing Embraer commercial jet business, according to reports. But the notion of a foreign company gobbling up Embraer, which Brazilians view proudly as a home-grown high-tech success story, met with quick opposition from Brazilian politicians and military leaders who pledged to block any deal for Boeing to make the company a subsidiary. Last month Boeing offered to preserve the government's strategic veto rights and ensure safeguards for its defense programs, according to Reuters.

the upcoming elections, because, especially since 2001, the generation of wealth in Mexico has been reduced very drastically. Between 2001 and 2017, Mexico's position as a world economy fell from the 9th to the

“Unfortunately, the handling of the economy in the present presidential term has been disastrous.”

— Arnulfo R. Gómez

15th position, and the GDP per capita from 48th to 73rd place, representing an enormous growth of poverty affecting large parts of the population. The policy of the new central bank governor is equal to those carried out by Agustín Carstens and Guillermo Ortiz. Their policies have made the Mexican economy uncompetitive.”

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in Wednesday's issue of the Advisor.

Competition over the global commercial jet market has been fierce in recent years. Last month the U.S. International Trade Commission surprised industry watchers with a 4-0 decision against Boeing in a bitter trade case it brought against Canadian rival Bombardier over passenger jets its Canadian rival sold to Delta Air Lines, the CBC reported. Boeing had argued that Bombardier's trade practices were illegal and harmful to its business. At stake were nearly 300 percent duties recommended on the planes by the administration of U.S. President Donald Trump.

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received overwhelming support, while the Correa/Moreno half of the electorate was split evenly. The referendum approved three key constitutional reforms: 1) Moreno may replace Correa minions in the Participation Council, which has the power to remove and appoint all key state officials not part of the administration or legislature. This includes judges and the attorney general, among others. Moreno may appoint to the Participation Council either prominent members of civil society or his own minions. 2) Correa is barred from running again for president. Correa is down but not out. He may run for National Assembly or for mayor, and engineer the drafting of a new Constitution that would reintroduce indefinite re-election. 3) Officials found guilty of graft are banned forever from holding public office. The final nail in Correa's political coffin would be finding him guilty of such a crime. This may happen under a new attorney general, as the current one is a Correa associate. Moreno has the mandate to adopt a sustainable economic policy, but it is doubtful that he will do so. He woos Correa loyalists and favors continued foreign indebtedness to finance his cradle-to-coffin welfare policies. He has Correa policies without Correa style."

A **Ronn Pineo, professor and chair of the Department of History at Towson University:** "In their vote on Feb. 4, Ecuadoreans showed their support for Lenin Moreno's government. Moreno was elected last year, taking over after 10 years of governance by Rafael Correa. Both Correa and Moreno are leftists, and both come from the same political party, Alianza PAIS which also controls the National Assembly. The February referendum banned more than one re-election for any officeholder, and carried 64 percent of the vote. This action effectively blocks Correa from running again in 2021, some-

thing he clearly had wanted to do. Correa is famously thin-skinned and has lashed out with vitriol and lawsuits against all enemies,

“ This action effectively blocks Correa from running again in 2021, something he clearly had wanted to do.”

— Ronn Pineo

real and imagined. Under Correa, Ecuador carried out far-reaching social reforms. Most notably, Correa gained approval of a new progressive-oriented Constitution in 2008, which had the support of 64 percent of voters. Governing from the left, Correa used oil revenues to pay for his ambitious poverty reduction agenda, controversially opening up pristine Amazonian regions to oil extraction. Oil makes up half of Ecuador's exports but prices have been volatile. In 2014, Ecuador earned \$87 a barrel, slumping to \$24 a barrel in 2016, before recovering to around \$65 now. Under Correa, Ecuador's economy performed well, in the years 2000-2016 showing a very healthy 3.9 percent annual average growth, a rate better than the overall Latin American average of 2.7 percent annual GDP growth for the same years. Under Correa's government, social spending doubled, and inequality fell, with the Gini index improving from 0.55 to 0.47 during his time in office. According to the World Bank, the percentage of Ecuadoreans living in poverty dropped from 38 percent in 2006 to 23 percent in 2015. Overall, poverty fell 38 percent during Correa's term."

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

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