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FEATURED Q&A

Who Has the Edge in Colombia's Presidential Race?



Recent polls show Iván Duque (pictured), the candidate of former Colombian President Álvaro Uribe's Democratic Center party, in a dead heat with former Bogotá Mayor Gustavo Petro. // File Photo: Duque Campaign.

Q Gustavo Petro, a former leftist guerrilla who later served as mayor of Bogotá, and Iván Duque, the candidate of former President Álvaro Uribe's Democratic Center party, are virtually tied less than three months ahead of Colombia's May 27 presidential election. According to a poll published Sunday by daily newspaper El Tiempo and W Radio, Duque had 23.6 percent support, as compared to Petro's 23.1 percent, while former Medellín Mayor Sergio Fajardo had 8.1 percent support, and ruling party candidate former Vice President Germán Vargas had 6.3 percent. What issues are shaping Colombia's presidential race ahead of the May 27 vote, and how have the top candidates gotten where they are today? What factors will decide the election's outcome? Would any of the front-runners pursue radically different policies from the current administration of centrist President Juan Manuel Santos?

A Adam Isacson, senior associate for the regional security policy program at the Washington Office on Latin America: "The polls have varied widely, but four candidates appear to stand out in the most recent ones. Let's list them, from left to right. 1) Gustavo Petro made his name as a senator who investigated corruption and had a stormy 2012-15 term as mayor of Bogotá. 2) Sergio Fajardo, a center-left, pro-free market mathematician, enjoyed high popularity as mayor of Medellín from 2004-2007. Petro and Fajardo are buoyed by perceptions that they are not corrupt. 3) Germán Vargas Lleras, the grandson of a president, has built support among traditional political patronage networks around the country. Though he served as Santos'

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TODAY'S NEWS

ECONOMIC

Eleven Countries to Sign Pacific Trade Deal

Canada, Chile, Mexico and Peru are among the countries set to sign the slimmed down version of the Trans-Pacific Partnership today in Santiago.

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BUSINESS

Former Petrobras CEO Bendine Gets 11 Years for Graft

Aldemir Bendine, a former chief executive officer of Brazilian state-run oil company Petrobras, was sentenced to 11 years in prison for taking nearly a million dollars in bribes from construction firm Odebrecht.

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ECONOMIC

Trump to Offer Canada, Mexico Tariff Exemptions

U.S. President Donald Trump is planning to offer temporary exemptions to the steel and aluminum tariffs he announced last week. The exemptions could be extended based on the progress in renegotiating NAFTA.

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Trump // File Photo: White House.

ECONOMIC NEWS

Trump Planning to Offer Canada, Mexico Tariff Exemptions

U.S. President Donald Trump is planning to offer Canada and Mexico temporary exemptions from the steel and aluminum tariffs that he announced last week, The Washington Post reported Wednesday. The plan is still being finalized, but one possibility would be

“There’s going to be a provision which will exclude Canada and Mexico until the NAFTA thing is concluded one way or another.”

— Peter Navarro

that Canada and Mexico would receive 30-day exemptions from the tariffs, a period that could be extended, based on the progress in renegotiating the North American Free Trade Agreement, or NAFTA. If the talks to renegotiate the trade accord fail, then Canada and Mexico would be subject to the same tariffs as other countries—a 25 percent tariff on steel and 10 percent on aluminum, Bloomberg News reported. “Here’s the situation, and the president has made this public. There’s going to be a provision which will exclude Canada and Mexico until the NAFTA thing is concluded one way or another,” White House Trade Advisor Peter Navarro said Wednesday. This week, U.S., Canadian and Mexican negotiators meeting in Mexico concluded the seventh round of NAFTA renegotiation talks, with no announcements of breakthroughs on major points of contention. Other U.S. allies could seek similar exemptions, Navarro added. Earlier on Wednesday, White House Press Secretary Sarah Huckabee Sanders said the plan for the tariffs would include “potential carve-outs for Canada and Mexico, based on national security” considerations, as

well as potential exclusions for other countries. Among the nations seeking exemptions is Australia, where Foreign Minister Julie Bishop cited the country’s status as a “close ally and partner” of the United States in an interview today with Sky News. Navarro said Wednesday night in an interview with the Fox Business Network that Trump would sign the tariff proclamations today at 3:30 p.m. surrounded by steel and aluminum industry workers in the Oval Office. However, a person familiar with the planning of the tariffs told Bloomberg News that the signing would not happen as scheduled because attorneys needed more time to finalize the details. A White House schedule that was released Wednesday did not include any signing ceremony today related to the tariffs.

Eleven Countries to Sign Pacific Trade Deal, Minus U.S.

Eleven Asia-Pacific nations today are scheduled to sign a slimmed-down version of the massive Trans-Pacific Partnership trade deal, now dubbed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, Agence France-Press reported. The United States has backed out of the TPP, leaving Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, representing together 13.5 percent of global gross domestic product, to proceed with the agreement, which is to be signed in Chile. Together, the 11 nations represent 13.5 percent of global gross domestic product, down from 40 percent had the United States stayed in. Critics of U.S. President Donald Trump’s decision to pull out say Washington’s absence leaves an open path for China to forge stronger ties with Pacific Rim trading partners at the expense of the United States. Chile said membership of the new pact will improve access to markets currently responsible for 17 percent of its total exports. In related news, Canada on Friday is expected to announce the start of formal free trade negotiations with Mercosur, the Southern Cone trade bloc consisting of Argentina, Brazil, Uruguay

NEWS BRIEFS

Argentina’s Last Military Dictator Bignone Dies at 90

Reynaldo Bignone, the last of four military presidents from Argentina’s brutal 1976-83 dictatorship, died Wednesday at age 90, the Associated Press reported, citing the state-run Telam news agency. Bignone had been serving a life sentence under house arrest for human rights crimes that included the torture, disappearances and killing of tens of thousands of people, as well as the kidnapping of babies from their mothers. He served as president of Argentina from July 1, 1982, to Dec. 10, 1983, when he handed over power to Raúl Alfonsín, who was democratically elected.

Amazon in Talks for Direct Sales in Brazil

Online retailer Amazon last week held meetings in Brazil with manufacturers to discuss plans to stock and sell products in the country, Reuters reported. Amazon currently operates in Brazil as a marketplace for third-party sellers but does not compete head-to-head with more established rivals such as MercadoLibre. Company executives did not comment directly to the wire service on the topic but said they have held “hundreds of meetings” with potential vendors about its business in Brazil over the past five years.

Drummond Considers Sale of Colombia Assets

Alabama-based Drummond Co., a producer of coal, oil and gas and foundry coke, is exploring the possible sale of at least a portion of its Colombia operations, AL.com reported Wednesday. In a statement, the company said it has engaged Goldman Sachs to “explore investment options” for its equity in Drummond International, which operates large coal mines, railroad facilities and an ocean port in Colombia.

and Paraguay, the Canadian Press reported. Trade ministry spokesman Joseph Pickerill said Mercosur countries “are keen [on] Canada’s approach to trade ... and are prepared to do a more comprehensive deal than was ever on the table in the past.” [Editor’s note: See related [Q&A](#) in the Feb. 2 issue of the Advisor.]

BUSINESS NEWS

Former Petrobras CEO Sentenced to 11 Years for Graft

Aldemir Bendine, a former chief executive of Brazilian state oil giant Petrobras who was brought in to stabilize the company amid a massive graft scandal, was on Wednesday himself convicted of corruption, Agência Brasil reported. Judge Sérgio Moro sentenced



Bendine // File Photo: Brazilian Government.

Bendine to 11 years in prison for taking nearly a million dollars in bribes from construction firm Odebrecht. “The last behavior one would expect from him would be corruption, once again putting at risk the reputation of the company,” Moro said, Reuters reported. Bendine, who led state-owned lender Banco do Brasil from 2009 to 2015 and had been considered a skilled businessman from outside the oil industry who could help set Petrobras on firmer footing, was charged last summer with the crimes. Authorities also accused Bendine of unsuccessfully seeking bribes from Odebrecht even before he had joined Petrobras, where he worked from February 2015 to May 2016. Bendine’s attorneys said throughout the trial that he was innocent.

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vice president, he has since broken with the president on the FARC peace issue. 4) Senator Iván Duque is the chosen candidate of the party headed by ultraconservative, still-popular ex-president Álvaro Uribe, which guarantees him support despite low name recognition. Two of these candidates would continue Santos’ slow-moving implementation of the peace accord (Petro and Fajardo). Two would slow it down (Vargas Lleras and Duque), perhaps to the point of undoing it. Petro would significantly increase the state’s role in the economy, while Duque would significantly reduce it. The other two would make leftward or rightward adjustments. If the most recent polls are right and nothing changes, Petro would face Fajardo or Duque in a runoff. But don’t write off Vargas Lleras: polls may not be capturing his formidable, shady get-out-the-vote machinery. Polls tend to give one of the lowest ratings, usually below 2 percent, to the candidate of the FARC political party, Rodrigo Londoño also known as Timochenko.”

A **Maria Velez de Berliner, president of Latin Intelligence Corporation:** “Polls lost credibility when the ‘No,’ which polls predicted would not win, defeated the ‘Yes’ in the referendum on the peace agreement with the FARC. A March 1 poll by Polímetro shows a tie between Gustavo Petro and Iván Duque. A poll by Celag shows Germán Vargas Lleras first, and Sergio Fajardo second. Speculations about who will win are premature, based on who does the polling, the sample’s composition, and the questions asked. The results of Sunday’s congressional elections will show the coalitions and alliances entered into by the presidential aspirants. Therefore, the legislative vote will be a more reliable predictor of who might win the presidency on May 27, or in the second round on June 17. Three subtexts will drive voters’ preferences: 1) Voters are fed up with the excesses of public corruption at all levels of government and the irrisory penalties

those who snitch and/or collaborate with justice receive. 2) Today’s widespread criminality and personal insecurity is what voters feared would come as a result of the peace agreement with the FARC. 3) Some voters want anyone but a Santos-like president.

“**A swing from the center to the hard right seems probable.**”

— Maria Velez de Berliner

Given the prevalence of anti-Santos and anti-FARC sentiment, and the electorate’s general dissatisfaction and fear of insecurity and danger, a swing from the center to the hard right seems probable. Should a hard-right coalition win the presidency, a majority of Colombians would welcome policies that deal a heavy-hand against criminality, further militarize law enforcement, make changes in the judicial branch, and bring a return of ‘democratic security,’ the signature policies of Álvaro Uribe’s government (2002-2010). Most Colombians long for the relative peace and security they enjoyed under ‘democratic security.’ ”

A **Juan David Escobar Valencia, director of the Center for Strategic Thought at the Universidad EAFIT in Medellín:**

“The reason for Petro’s initial success can be explained by the historically known and recurrent phenomenon of societies in crisis, especially economic ones, in which the most affected sectors are attracted by populist proposals. The March 11 legislative elections are not an exact reflection of the presidential ones, but they would put the electoral contest in the final stretch, which will be between those who support and those who oppose the process of appease-

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ment signed between Santos and the FARC. But there is something that cannot be underestimated. The majority of Colombians have three powerful feelings: 1) They are afraid of becoming the next Venezuela, and that will be a factor that will be at odds with the Chavista candidate, Gustavo Petro. 2) They never agreed with the appeasement agreement with the FARC, which will be an obstacle for Sergio Fajardo, badly qualified as a centrist, because the allies that he acquired for his campaign, defenders of the agreement, are closer to the left than to the center. 3) They do not want anything that smells like Juan Manuel Santos: his 15 percent approval rating is the best proof of that. Both Petro and Fajardo are defending government projects.”

A **Alberto J. Bernal, chief emerging market and global strategist at XP Securities:** “The 2018 presidential contest is a transcendent one for many reasons, but perhaps more so because the next president of Colombia will have to implement the agreements that the Santos administration negotiated with the FARC. Implementing these agreements will prove a titanic ordeal, as they will remain fiscally expensive to implement, and perhaps even more cumbersome, politically costly to implement. If anything, the reduction of violence that has been seen in the country since the negotiations

started—violent deaths per 100,000 stood at 24 at the end of 2017, the lowest rate in 30 years—has not translated into increased support for ‘peace’ by the population at large. On the contrary, most Colombians are now demanding changes to be introduced to the Havana agreements. In fact, roughly 70 percent of candidates that are running for seats in Congress this year are promising to introduce changes to the accords. In my view, the 2018 election will be decided in the second round, and it will be a sequel of the peace plebiscite that took place a couple of years ago. The center-right will run an anti-impunity and anti-corruption campaign, and the left will run a ‘pro-peace’ and anti-corruption campaign. My base case scenario remains that hard-left candidate Gustavo Petro and center-right candidate Iván Duque will face each other in the runoff, and that Duque will win the election by a relatively comfortable margin. He is a fiscal hawk and clearly one of the most market-friendly candidates in the roster (together with Germán Vargas and Marta Lucia Ramírez). If my view proves inaccurate, and Petro wins, markets will react violently, as Petro’s economic agenda is highly interventionist and not conducive to Colombia remaining a large recipient of foreign direct investment.”

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

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

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