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FEATURED Q&A

What Will Piñera's Second Term Bring to Chile?



Sebastián Piñera on Sunday returns to Chile's presidency, succeeding Michelle Bachelet for the second time. // File Photo: Piñera Campaign.

Q **Sebastián Piñera, who served as Chile's president from 2010-2014, returns to the country's highest office on Sunday, succeeding Michelle Bachelet for the second time. What will be the top items on Piñera's agenda, and how will his second presidency be different from his first? What clues about his upcoming term can be gleaned from his expected cabinet selections? To what extent will his government take advantage of the country's favorable economic environment in order to address low productivity and high inequality, as the Organization for Economic Co-operation and Development urged last month?**

A **Guillermo Holzmann, professor at the University of Valparaíso in Chile and CEO of Analytyka Consulting:** "Piñera can be the model for promoting a beneficial deepening of the process of globalization led by China and in tune with the OECD and IMF. He appears to have the capacity and political ability to be a credible and indispensable actor in the area of trade agreements aimed at increasing investment and productivity, deepening trade relations with Asia and Europe, and reducing inequality. Chile's democracy appears strong as compared to the lurching of Brazil, Argentina, Bolivia, Colombia, Venezuela and Mexico. The country's challenges are economic ones relating to greater growth, investment, quality of employment and tax improvements. Challenges also include social issues such as inclusion, guarantees of social rights and an increase in freedoms related to education, health, pensions and work—including for migrants and

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TODAY'S NEWS

ECONOMIC

Trump Signs Tariffs, Exempting Canada, Mexico

U.S. President Donald Trump signed orders to impose tariffs on imports of steel and aluminum. The orders temporarily exclude Canada and Mexico, exclusions that could be extended based on the outcome of the NAFTA renegotiations.

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ECONOMIC

Eleven Countries Sign Sweeping Pacific Trade Pact

In Chile, trade ministers signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

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POLITICAL

FARC Leader Drops Out of Colombia's Presidential Race

Rodrigo Londoño, also known as Timochenko, officially exited the race. He had been polling badly and earlier this week underwent open-heart surgery.

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Londoño // File Photo: Colombian Government.

ECONOMIC NEWS

Trump Signs Tariffs, Temporarily Exempts Canada, Mexico

U.S. President Donald Trump on Thursday signed orders imposing stiff controversial tariffs on imported steel and aluminum. While defying criticism from abroad and within his own party by moving ahead with the orders, Trump also sought to soften the impact on the United States' allies, saying his administration would be more flexible in enforcing the tariffs than initially stated, The New York Times reported. For example, Canada and Mexico, two neighbors currently in the midst of tense talks over renegotiating the North American Free Trade Agreement, would receive a pass on the levies, for now. Countries that support the United States militarily might also receive special treatment, Trump said. "The actions we are taking today are not a matter of choice; they are a matter of necessity for our security," Trump said in a ceremony at the

White House. The levies will go into effect in 15 days. While China's alleged dumping of steel had been a target of Trump's ire on the campaign trail in 2016, countries such as Brazil, a top-five exporter of steel to the United States, could suffer unintended consequences as well. "Enhanced protectionism in the United States can lead exports from other countries to search for alternative markets, intensifying competition within Brazil's steel market and reducing margins domestically," Moody's Investors Service told clients in a research note this week. Brazil's government said Thursday that it will seek an exemption to the new tariffs, but added that it might take tougher actions if those negotiations fail, Reuters reported. The country's acting trade minister, Marcos Jorge, would not rule out potential responses, such as an appeal to the World Trade Organization. "We will work to exclude Brazil from this measure," he told the wire service. Brazil is the second-largest steel exporter to the United States, after Canada, and exported \$3 billion worth of iron-ore-based products to the United States last year. Argentina also said it would seek an exemption from the tariffs, though it supplies just 0.6 percent of U.S. steel imports and 2.3 of the country's aluminum imports.

NEWS BRIEFS

Eleven Countries Sign Sweeping Pacific Trade Agreement

Eleven countries, including Canada, Chile, Mexico and Peru, signed the sweeping Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP, Thursday in Santiago. U.S. President Donald Trump pulled the United States out of the pact, then called the Trans-Pacific Partnership, last year. The deal streamlines trade and slashes tariffs. It covers approximately 13 percent of world GDP, but still includes some 500 million people, The Santiago Times reported.

Venezuelan Opposition Calls for Massive Protest Ahead of Election

Venezuela's opposition on Thursday called for a nationwide demonstration on March 17 to protest what it says will be a "fraudulent" presidential election in May, Reuters reported. The country's main opposition parties have announced they will boycott the vote, though Henri Falcón, a former governor of Lara State, has defied the boycott and is running against President Nicolás Maduro. The protest a week from Saturday was called by a newly formed opposition umbrella group called the Broad Front for a Free Venezuela, which includes opposition parties, university professors, students and union activists.

Chile's Codelco Gets Approval for \$1 Billion Desalination Plant

Chile's Codelco, the world's largest copper producer, has received approval to construct a \$1 billion desalination plant to supply water to its operations in the northern part of the country, Reuters reported Thursday. The green light from the Antofagasta region's environmental regulator will allow the state-owned company to expand its Radomiro Tomic mine.

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sectors that are discriminated against. With regard to security, challenges that stand out include violence in indigenous communities. Institutional challenges include corruption and transparency. Chile's problems lie in its ability to generate cross-cutting agreements upon a base of governance that includes all state, private-sector and social actors. It is important to make public policies visible and efficient with both continuity and change. The fragmentation of political parties in Congress will make it difficult to push for deeper changes and adequately manage the agenda inherited from Bachelet. Social mobilizations will be combined with unmet demands and radical positions and polarization related to the political and economic systems. Electoral support obtained, as well as the economic and political environments on the global and regional levels are in Piñera's

favor. His experience from his first term will be tested in the first six months to define his second term."



Patricio Navia, clinical professor of liberal studies at New York University: "In his second government, Sebastián Piñera

will face fewer challenges than in his first administration (2010-2014). Yet, there will also be more expectations as to what he can accomplish. Working in his favor will be the fact that people will compare his administration to his first term, not to Pinochet's long dictatorship (1973-1990). In 2010, Piñera became the first right-wing president since Pinochet. Today, he will not have to deal with Pinochet's shadow. Piñera also won't have to deal with the shadow of a popular former president as he did in 2010. Michelle

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POLITICAL NEWS

Leader of Colombia's FARC Drops Out of Presidential Race

The leader of the leftist political party that emerged from the Revolutionary Armed Forces of Colombia militant rebel group on Thursday officially dropped out of the country's May presidential race, *El Tiempo* reported. Rodrigo Londoño, known by his nom de guerre Timochenko, had been polling poorly for months, barely registering on national voter surveys ahead of the election. But on Wednesday, the former rebel, who led lengthy peace negotiations with the government of President Juan Manuel Santos in 2016, underwent open heart surgery. While the operation was reportedly successful, Timochenko has decided to end his candidacy, and his fledgling party will not present an alternate candidate for the presidential election. Over Twitter, Timochenko said that his commitment to peace and common people is "unbreakable." In a statement, FARC officials said the party will continue to post candidates in legislative races this Sunday. Under the terms of the 2016 deal that brought an end to the FARC's half-century of armed struggle, it is guaranteed 10 seats in the legislature as long as it campaigns for them, *BBC News* reported. Last month Timochenko suspended his campaign activities in the face of protests and death threats. [Editor's note: See related [Q&A](#) in Thursday's issue of the Advisor.]

Peruvian Lawmakers Renew Push to Impeach Kuczynski

Opposition members of Peru's Congress on Thursday renewed their effort to impeach President Pedro Pablo Kuczynski over his ties to scandal-plagued Brazilian construction and engineering conglomerate Odebrecht, the Associated Press reported. The measure introduced in Congress calls for Kuczynski to be ousted on the grounds of "moral incapacity." The coun-

try's largest opposition party, Popular Force, signed a motion that leftist parties had drawn up to begin the impeachment proceedings, though the party has not yet decided whether it will support the president's ouster, Popular Force legislator Cecilia Chacón told Peruvian

state television on Thursday, *Bloomberg News* reported. The party will make that decision after Kuczynski testifies to a congressional committee on March 16, she said. Kuczynski narrowly survived an impeachment attempt in December.

COMINGS & GOINGS

Guerra to Head Apple's Latin American Programming

Apple has hired Sony TV's Angélica Guerra as head of Latin American programming, *Variety* reported. Guerra, whose previous experience includes senior management roles at Caracol, Gntv and Telemundo, is the latest Sony veteran to make the move to Apple, according to the report. Sony TV presidents Zack Van Amburg and Jamie Erlicht departed the studio to lead Apple's push into original programming last June. She will report to Morgan Wandell, Apple's head of international creative development.

XL Catlin Taps Thyme for Emerging Markets Role

Paris-based property and casualty insurer XL Catlin has appointed Claudia Thyme to the role of director for emerging markets development, *Insurance Journal* reported. The former Zurich executive has been tasked with focusing in particular on Latin America. On Monday, AXA announced that it had entered into an agreement to acquire XL Group for \$15 billion.

Sea-Land Names Christeon to Latin America Post

Ohio-based Sea-Land Chemical has given Mark Christeon responsibility for the company's business development efforts in Mexico and Latin America, as well as the role of national account manager for strategic accounts.

Carvalho to Lead Region for Burson Cohn & Wolfe

Francisco Carvalho has been named president for Latin America at Burson Cohn & Wolfe. Advertising firm WPP announced the merger of its Burson-Marsteller and Cohn & Wolf units in February. Carvalho had led the region for Burson-Marsteller, and will report to Donna Imperato, BCW's new chief executive.

Andersen Global Creates New Regional Board

San Francisco-based tax firm Andersen Global has created a new Latin America regional board comprised of eight tax and legal partners from Andersen Global member firms. The board is charged with providing counsel and guidance on the company's direction and operations within Latin America. The members include Leonardo Mesquita of Brazil, Irene Itzel Bolivar Cisneros of Panama, Gil Andrés Lara Morales of Mexico, Bernardo Oliveira of Brazil, Stuardo Ralon of Guatemala, and Juan Landa Tobar of Chile.

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Bachelet, who was president before and after. Bachelet is leaving office with a 35 percent approval rating, much lower than the 80 percent approval rating she had in 2010. The left-wing opposition is now fragmented and weaker. There will be a radical wing in the streets trying to block Piñera, but he will have room to bargain with the moderate opposition in order to pass his reforms. Finally, there is no devastating earthquake to deal with now as there was in 2010, when he assumed power just days after the big

“In his second government, Sebastián Piñera will face fewer challenges than in his first administration.”

— Patricio Navia

Feb. 27 quake. Yet, the expectations are also higher now. Piñera has promised to restore vibrant growth after four years of mediocre growth under Bachelet. Piñera will inherit a complicated fiscal situation, with growing public spending and stagnant public-sector revenues. Bachelet left some unfunded mandates, including free university education for 60 percent of students. Since that mandate is popular, Piñera will be hard pressed to balance fiscal responsibility and high expectations. Still, because he is putting up a big sign that says Chile is open for business again, his arrival will have a

positive impact on FDI and economic expectations. There will be problems, but Piñera is surely thinking that his challenge today is far less complex than when he first became president in 2010.”

A **Maria Luisa Puig, senior analyst for Latin America at the Eurasia Group:** “President-elect Sebastián Piñera’s big win in December’s runoff against center-left Senator Alejandro Guillier undermined the ability of Michelle Bachelet’s administration to pass controversial legislation before the handover on Sunday. It also boosts the incoming president’s political capital to negotiate policy changes with other parties in Congress after taking office. Still, his lack of a majority in Congress and strong pressure for more spending will force Piñera to somewhat modify his plans for reducing taxes to boost investment and improving the pension system, two areas that will likely be a priority during his administration. As for his team, Piñera has chosen experienced figures in his cabinet in an effort to avoid the slow start that characterized his first administration and better negotiate with opposition groups in Congress. His main challenge will probably come again on the social front, considering that pressure for more spending in areas such as education and pensions remains strong.”

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

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