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## FEATURED Q&A

# What Does Lula's Imprisonment Mean for Brazil?



Before surrendering to police on Saturday, former Brazilian President Luiz Inácio Lula da Silva surrounded himself with supporters at the ABC metalworkers' union in São Bernardo do Campo. // Photo: Lula Institute.

**Q** Former Brazilian President Luiz Inácio Lula da Silva, who has been the front-runner in Brazil's presidential race, surrendered to authorities on Saturday to begin serving his 12-year prison sentence after being convicted on corruption charges and losing on appeal. Meantime, deeply unpopular President Michel Temer floated the idea that he may run again, while his finance minister, Henrique Meirelles, has also reportedly been considering a run for president as the candidate of the ruling Brazilian Democratic Movement Party. Will the imprisonment of the still-popular Lula lead Brazilians to question the race's legitimacy? Which candidate has the edge ahead of Brazil's October presidential election? To what can right-wing candidate Jair Bolsonaro, who has been running behind Lula in the polls, attribute his support? Which factors between now and October have the most potential to affect the race?

**A** Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue: "The Supreme Court decision allowing Lula's imprisonment was justified by the facts and the law. But allowing Lula to remain free would have been equally justifiable. Lula's prospects for contesting October's presidential election have plummeted, but they are not yet zero. His chances depend on his keeping his supporters mobilized and sustaining his sizable lead in the polls, and who might be president if he cannot run. Lula should be on the ballot because it would be best for Brazil's democracy; however, as a candidate, he would be subject to intense scrutiny about his conviction on corruption charges. If Lula were to lose

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## TODAY'S NEWS

### POLITICAL

## Trump Cancels Trip to South America

U.S. President Donald Trump canceled his planned trip to South America, which had been set to begin Friday, in order to focus on monitoring the U.S. response to the alleged use of chemical weapons in Syria, the White House announced.

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### ECONOMIC

## Mexican Economy Minister Eyes Deal on NAFTA by May

Ildelfonso Guajardo said there is a "very high probability" that a deal will be reached early next month.

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### POLITICAL

## Colombia Arrests Top FARC Leader on Drug Charges

Colombian authorities arrested Seuxis Hernández, also known as Jesús Santrich, on charges of conspiracy to smuggle 10 tons of cocaine into the United States. Hernández was one of the key negotiators of the FARC's peace deal with the government.

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Hernández // File Photo: Colombian Government.

## POLITICAL NEWS

## Colombian Police Arrest Top FARC Leader in Drug Case

Colombian police on Monday arrested a top leader of the FARC, the disarmed rebel group that has converted into a political party, on charges of conspiracy to smuggle 10 tons of cocaine into the United States, in violation of the FARC's peace accord with the country's government, President Juan Manuel Santos an-

“The accord is clear that whoever commits a crime after the signing of the accord must submit to ordinary justice.”

— Juan Manuel Santos

nounced. Authorities raided the Bogotá home of Seuxis Hernández, also known by his nom de guerre Jesús Santrich, and arrested him, along with three other associates, Colombian daily newspaper El Tiempo reported. Hernández was among the FARC's key negotiators of its peace accord with Colombia's government. The arrests followed an indictment by a grand jury in New York, which evaluated evidence including videos and communications allegedly indicating that Hernández and the three others were involved in a plan to smuggle cocaine with a street value of \$320 million into the United States, said Colombian Chief Prosecutor Néstor Martínez, who spoke alongside Santos in the televised address Monday night. Hernández, who is blind, allegedly met with cocaine buyers at his home on Nov. 2, a day after one of his associates delivered a five-kilogram sample to them in the lobby of a Bogotá hotel, according to an Interpol notice, the Associated Press reported. During the negotiations,

Hernández and his associates allegedly discussed plans to ship 10 tons of the narcotic to the United States, saying they had access to cocaine laboratories and U.S.-registered planes. In the televised address, Santos said he will not hesitate in extraditing Hernández to the United States. “My hand won't tremble in authorizing it,” Santos said, referring to the extradition order, The Wall Street Journal reported. “Those are the rules of the game.” Under the government's peace accord with the FARC, former rebels are shielded from justice for a range of crimes, including drug trafficking. However, they are not protected from punishment for crimes committed after the November 2016 signing of the peace accords. “The accord is clear that whoever commits a crime after the signing of the accord must submit to ordinary justice,” said Santos. The arrest highlighted concerns by the peace deal's critics that the FARC would continue to engage in drug trafficking, which long provided funding for their armed conflict against the state. However, it also showed that Santos' government would pursue former rebels who violated the peace deal, Sergio Guzmán, an analyst at Control Risks in Bogotá told The Wall Street Journal. “This is a very, very bold move” by Santos' government, Guzmán told the newspaper. [Editor's note: See [Q&A](#) on drug trafficking in Colombia in the Jan. 4 issue of the Advisor.]

## ECONOMIC NEWS

## Mexican Economy Minister Hopeful for NAFTA Deal by May

Mexican Economy Minister Ildefonso Guajardo said on Monday that there is “a very high probability” that the signatories of the North American Free Trade Agreement, or NAFTA, will reach an agreement by the first week of May, El Universal reported. Guajardo told Mexico's Televisa network in an interview that, although he doubts the parties will reach a deal during the current round of negotiations in Washington, there is an “80 percent” chance that an

## NEWS BRIEFS

## Trump Cancels South America Trip to Focus on Syria

U.S. President Donald Trump has canceled his planned trip to South America, where he was to attend the Summit of the Americas, in order to monitor the U.S. response to the alleged use of chemical weapons in Syria, White House Press Secretary Sarah Sanders announced today, CNN reported. “At the president's request, the vice president will travel in his stead,” Sanders said in a statement.

## Brazilian Lawyers' Association Seeks Injunction to Free Lula

An association of Brazilian lawyers on Monday requested an injunction from the country's Supreme Court that would free former President Luiz Inácio Lula da Silva from custody, Reuters reported. The request, filed to Supreme Court Justice Marco Aurelio Mello, asks for the freeing of anyone who, like Lula, is jailed but has not yet brought their appeal before the country's top appeals court. Lula turned himself in on Saturday to begin serving a 12-year prison sentence following his corruption conviction and loss on appeal. He is continuing to appeal and has denied wrongdoing.

## Mexican Data Agency Probes Firms Linked to Cambridge Analytica

Mexico's data protection authority, known as INAI, on Monday said it is investigating whether firms linked to British data firm Cambridge Analytica violated Mexican law, Reuters reported. The investigation centers on the application Pig.gi, which recently severed ties with the British firm accused of processing Facebook users' data without their consent, according to the wire service. Officials in Colombia blocked the app on March 28, pending an investigation.

agreement will be made within 30 days. This timetable is crucial to the U.S. delegation, as any further delay would not allow the United States to sign an accord before U.S. Trade Promotion Authority expires, Guajardo said. The TPA gives the U.S. president the authority to sign trade agreements and send them to Congress without the possibility of amendment, so long as Congress is consulted in the negotia-



Guajardo // File Photo: Mexican Government.

tion process. The current TPA agreement is set to expire on July 1, though the administration of U.S. President Donald Trump requested an extension in late March. The news comes as a surprising turn after Trump, who campaigned on promises to renegotiate trade deals, threatened to pull out of the agreement just last week over border security issues. In the interview, Guajardo the U.S. proposal that car manufacturers in Mexico work in special wage zones, where workers would earn \$15 per hour, “unreachable for Mexico in the short term.” Still, he said that the teams were in “permanent talks” in Washington. [Editor’s note: See [Q&A](#) on the NAFTA renegotiations in the Feb. 13 issue of the Advisor.]

## BUSINESS NEWS

### Britain-Based ContourGlobal Eyes Wind Assets in Brazil

Power generation company ContourGlobal has moved on to potential wind acquisitions in Brazil after abandoning negotiations for buying two coal-fired power stations from France’s Engie, Bloomberg News reported Monday. The

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the election, the winner would assume office with far greater legitimacy to govern than he would if Lula had been excluded. Yes, Brazil’s judicial system, under either scenario, could be badly damaged. If Lula gets on the ballot, many Brazilians will claim a constitutional violation. If his candidacy is denied, the election will be viewed as rigged and the court seen as biased against Lula. For some, Lula’s arrest will demonstrate respect for the law; for others, it is an unjust power grab by Brazil’s elite. Lula would probably win if he competes. Many analysts disagree, arguing that his disapproval rating is just too high. But most other possible candidates have similar disapproval numbers. If Lula is disqualified, the election is up for grabs. The best guess is that a centrist candidate, probably São Paulo Governor Alckmin, will come out ahead. Other center-right politicians, including President Temer, are poised to run, but none of them has yet generated more than minimal support. Still, the centrist political parties are the best organized, are able to mount national campaigns and will be allotted the most television time. The candidate of the extreme right, nationalist Jair Bolsonaro, is second to Lula in polls, but is probably unelectable. His party is small, and his access to television will be limited. And he is hardly an outsider having served 20 years in Brazil’s deeply unpopular Congress. With so many other possible candidates, all with meager poll numbers, predicting the election results is simply impossible.”

London-based company is looking “closely” at wind assets that state-owned Eletrobras plans to sell, Alessandra Marinheiro, ContourGlobal’s chief executive officer for Latin America, told the news service. “There are many M&A opportunities in Brazil,” she said in a telephone interview. “We want to grow in the country and have seen a big consolidation in the market.” ContourGlobal co-owns two wind projects in Brazil’s northeastern state of Piauí with Eletrobras’s Chesf unit and is considering taking over the assets. Eletrobras plans to sell stakes in

**A** Carlos Eduardo Lins da Silva, global fellow at the Woodrow Wilson International Center for Scholars: “This is the most unpredictable election in Brazilian history. It is impossible to say which candidate has the edge. Even Lula, who was the clear front-runner, could not be considered a favorite, because if he had 36 percent in the most recent polls before his arrest, the same polls

“This is the most unpredictable election in Brazilian history.”

— Carlos Eduardo Lins da Silva

showed him as the most rejected candidate, with 40 percent of voters saying they would never vote for him. The big questions now are who can benefit from Lula’s absence and how strong his capacity is to transfer votes to an alternate he could anoint. In principle, left-wing candidates would inherit Lula’s votes, but none of them has a fraction of his charisma, and most belong to tiny and unstructured parties. Within Lula’s own Workers’ Party, or PT, no other leader is well known or appeals to voters as does Lula. In the center-right camp, there are several

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70 wind farms and transmission lines in a June 7 auction as the company works to reduce costs and prepares to be privatized. Brazil’s government plans to hold a private auction of the company’s distributors on May 21 and hopes to privatize the entire company by the end of 2018, according to O Globo. However, plans for privatization of state assets in Brazil could change as presidential campaigns get underway this year. [Editor’s note: See related [Q&A](#) in the Sept. 22 edition of the weekly Energy Advisor.]

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contenders, but none of them has more than low-single-digit support in the polls. The possibility of a successful re-election bid by President Temer, who has a 5 percent approval rating and 1 percent voting intentions, seems implausible. As for Bolsonaro, his greatest electoral asset was his self-proclaimed status as the only one who could beat Lula, although his backing in the polls is half of Lula's. Now, with his nemesis out of the game, it remains to be seen whether Bolsonaro will be able to present a platform that attracts more voters than those who fear his alt-right stances on social issues. The election is wide open. Lula, who has denied wrongdoing, is likely to keep filing appeals in attempt to reverse his sentence, but he faces additional lawsuits in which he is accused of corruption. Even behind bars, he will be a relevant electoral factor."

**A** **Brian Winter, editor-in-chief of Americas Quarterly and vice president of the Americas Society/Council of the Americas:**

"Lula's arrest was dramatic, historic—and utterly unhelpful in terms of providing clarity for the October presidential election. We've known for months that Lula's legal troubles would likely prevent him from being a candidate, despite his leading in the polls. Lula had a chance to clearly anoint a successor on Saturday, at a rally in São Paulo before he turned himself in to police. Instead, Lula muddied the waters further, seeming more enthusiastic about two candidates on the far left (Guilherme Boulos and Manuela d'Ávila) than a more moderate potential heir within his own Workers' Party (Fernando Haddad). This leaves the left and center both extremely fragmented, especially if former Supreme Court Justice Joaquim Barbosa now enters the race as expected. In sum: the 2018 campaign remains for now a race to see who will face Jair Bolsonaro in a second-round runoff, with very little clarity as to who might emerge—and it is likely that we will still be guessing come Election Day."

**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:**

"The Constitution says that everyone has the right to freedom before a final judicial decision. Thus, the order to imprison Lula was unconstitutional and can be revoked. This is important for Lula's situation ahead of the presidential election. There will be a legal battle ahead, the outcome of which is not yet clear. The race's legitimacy can be questioned if Lula's candidacy is denied."

**“The race's legitimacy can be questioned if Lula's candidacy is denied.”**

— Gilberto Rodrigues

Besides, Lula's speech at the metalworkers' union—his political cradle—before surrendering to the federal police showed a possible, if not necessary, strategy for the Workers' Party. Making a deal with other parties to build a leftist front in which the main candidate could be from another party is an obvious option. There were cases such as in Uruguay and Chile, in which electoral wins were made possible through leftist coalitions with different parties—in rotation—leading the government. Yet, the political scenario is still too cloudy to envision who could have a good chance at advancing to the second round. But at this point, one thing is clear: whether or not he is a candidate, Lula will make the difference."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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