# LATIN AMERICA ADVISOR

#### www.thedialogue.org

#### **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.

**Dirk Donath** Senior Partner, Catterton Aimara

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

**Carl Meacham** Associate VP for Latin America Int'I Advocacy Division, PhRMA

**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

Roberto Sifon-Arevalo Managing Director, Americas Sovereign & Public Finance Ratings, Standard & Poor's



### FEATURED Q&A

## How Is Social Media Changing Elections in Latin America?



Latin America does not seem prepared for the political, ideological and geostrategic disruption that technology and digital platforms have recently spawned, Arturo Sarukhan writes below. // Image: Pixabay via Creative Commons license.

In March, a whistleblower drew attention to the actions of Cambridge Analytica, which is accused of processing voters' Facebook data without their consent in order to create psychological profiles during the U.S. presidential election in 2016. Later, executives from the British data firm were filmed saying they used the same strategy in Mexico and Brazil. The scandal has fueled worldwide fears that social media user data is not adequately protected, and that improperly obtained data could influence elections. Is the integrity of Latin America's elections at risk due to data breaches? How might responses to the scandal affect companies that do business with consumer data in Latin America? How can Latin American countries address these concerns as elections approach in Brazil, Colombia, Mexico and other nations?

Pedro Less-Andrade, director of public policy and government affairs for Latin America at Google: "A multi-stakeholder approach is needed here, where Internet platforms jointly with civil society, traditional media, governments and political actors can work together to address some of the most challenging issues for digital democracy: fostering access to accurate information, helping people to understand where to vote, providing information on the different candidates, and enhancing transparency and accountability during electoral processes. Google has been working with electoral authorities for almost a decade, starting with Mexico back in 2009, when we launched an interactive map showing voting polls. Last week we signed a new Continued on page 3

## Wednesday, April 18, 2018

#### **TODAY'S NEWS**

#### POLITICAL

## Drug Gang Takes New Hostages in Ecuador

Just days after sending troops to its border with Colombia to dismantle a dissident rebel group that had killed a team of journalists, officials in Ecuador received a video showing a new couple who have been kidnapped by the same group.

Page 2

## Bosch Plans New Factory in Mexico

The company said Mexico remains an important market despite concerns over potential tariffs on autos being debated in talks renegotiating NAFTA.

Page 2

#### POLITICAL

RUSINESS

## Legislative Session to Select Cuban Leader Starts

A legislative session that will see a historic political transition in Cuba begins today in Havana, one day earlier than previously scheduled. Miguel Díaz-Canel is expected to take over as head of state.

Page 2



Díaz-Canel // File Photo: Cuban Government.

## POLITICAL NEWS

## Colombian Gang Takes New Hostages in Ecuador

Just days after sending troops to its border with Colombia to dismantle a dissident rebel group that had killed a team of journalists, Ecuador's Interior Minister, César Navas, said Tuesday the government has been sent a video showing a couple who have been kidnapped by the same group, Agence France-Presse reported. In the recording, the couple asks President Lenín Moreno for help. "Mr. President, please, I ask you to help us, so that what happened to the journalists does not happen to us," one of the captives said. Navas showed the video at a news conference early Tuesday morning. The rebels, which authorities say control much



Moreno // File Photo: Ecuadorean Government.

of the illicit drug trade in the area, are led by Walter Artízala, also know as Guacho, a former member of the Revolutionary Armed Forces of Colombia. Guacho's group, called the Oliver Sinisterra Front, reportedly consists of 70 or 80 individuals. The killing of the journalists, who worked for El Comercio, has sparked outrage in Ecuador. Colombia has offered support to combat the gang, and six other countries have offered assistance, according to El Comercio. Todd Chapman, the U.S. envoy in Quito, said the United States is committed to helping the country with border security. Over the weekend, more than 500 Ecuadorean troops swept into the area of Esmerelda province where the group operates, arresting 43 people, including family members of Guacho. Navas said Tuesday that the gang is demanding the release of their detained associates in return for freeing

the couple, who apparently have no connection to the kidnappers and were taken hostage Monday after their motorcycle broke down, family members told El Comercio.

## ECONOMIC NEWS

## Argentina Wind Energy Program Nets \$4 Billion

Argentina's national wind energy promotion program has led to \$4 billion in investments, the country's Ministry of Production said on Tuesday, Renewables Now reported. Argentina is targeting a 20 percent share of renewables in its electricity mix by 2025. To meet that goal, officials estimate they will need \$15 billion in investments over the next eight years for the construction and operation of wind, solar, biomass, biogas and small hydropower plants, according to the report. However, the top continuing challenge for Argentina's renewable power sector buildout has been the availability of transmission capacity in the grid, which is currently not enough to handle projects under construction, according to Marcos Patrón Costas, a partner at Allende & Brea. Without it, power produced by new turbines will not reach customers. [Editor's note: See related Q&A in the Sept. 8 edition of the Energy Advisor.]

## **BUSINESS NEWS**

## Bosch Plans New \$124 Million Plant in Mexico

German engineering company Bosch said Tuesday it is making a large investment in Mexico by building a plant in Celaya in order to meet rising demand for electronics components in the auto industry, Deutsche Welle reported. The new plant in Mexico's state of Guanajuato will cost \$124 million. The new Celaya plant will to

### NEWS BRIEFS

## Legislative Session Selecting New Cuban Leader Starts in Havana

A legislative session that will see a historic political transition in Cuba begins today in Havana, one day earlier than previously scheduled, the Associated Press reported. Cuban state media said that the session was moved up to prepare for a "session of such importance." President Raúl Castro has long said he plans to step down at some point this year and hand over the office to a younger successor. Vice President Miguel Díaz-Canel, 57, is expected to take over as head of state. However, Castro, 87, remains the head of the Communist Party.

## Britain's May Apologizes to Caribbean Leaders

British Prime Minister Theresa May apologized to Caribbean leaders on Tuesday after it was reported that many immigrants who settled in Britain between 1948 and 1971 have been unlawfully detained and deported, the Associated Press reported. "We are genuinely sorry for any anxiety that has been caused," said May at a gathering of the British Commonwealth in London this week, adding that the government is correcting the mistake. According to BBC News, the errors had caused some to lose jobs and access to the National Health Service.

## IMF Warns That Trade Friction Could Hurt Global Economic Growth

The International Monetary Fund warned Tuesday that rising trade friction between the United States and China risks undermining what has been relatively good growth in the global economy this year, the Associated Press reported. Latin America is forecast to expand 2 percent this year, up from 1.3 percent in 2017. The IMF now expects Brazil's economy to grow 2.3 percent this year, up from an earlier estimate of 1.9 percent. create about 1,200 additional jobs. The company said Mexico remains an important market despite concerns over potential tariffs on autos being debated in talks renegotiating the North American Free Trade Agreement, or NAFTA. Top U.S., Canadian and Mexican officials driving the NAFTA talks will meet in Washington this Thursday, a Canadian government source told Reuters. Officials have said a NAFTA deal could be possible by early May, but significant differences remain on U.S. proposals to revise content rules for the automotive sector.

## Venezuelan Police Detain Chevron Employees

U.S.-based oil major Chevron said Tuesday that Venezuelan intelligence agents arrested two employees, Reuters reported. Several sources with knowledge of the matter told the wire service that Sebin intelligence agents burst into the office of joint venture Petropiar in the coastal city of Puerto La Cruz and arrested the two Venezuelan employees-chemical engineer Carlos Algarra and procurement advisor Rene Vázquez. The men were taken on Monday following disagreements with their counterparts at Venezuelan state oil company PDVSA over processes related to procurement, two sources told Reuters. "We have contacted the local authorities to understand the basis of the detention and to ensure the safety and wellbeing of these employees. Our legal team is evaluating the situation and working towards the timely release of these employees," Chevron said in a statement. Graft accusations involving Venezuela's oil industry have led to more than 60 arrests in recent months, Bloomberg News reported. Opponents of President Nicolás Maduro say many of the accusations are politically motivated. Employees of foreign oil companies have largely been spared. Also this week, a group representing Ecuadorean villagers is asking the top court in the Canadian province of Ontario to overturn an earlier ruling that barred them from going after the oil company's Canadian unit for a \$9.5 billion award that they previously won in Ecuador in connection with a long-running pollution case.

#### FEATURED Q&A / Continued from page 1

collaboration agreement with INE (Instituto Nacional Electoral) to promote participation in the election and streaming political debates on YouTube. We are also partnering up with multi-stakeholder coalitions like Verificado in Mexico, and First Draft in Brazil, and organizations like Colombiacheck and Silla Vacia in Colombia and A publica y Aos Fatos in Brazil, among others, to work on fact checking to combat misinformation. We support the production and detection of quality journalistic content. On our platforms, we've updated our algorithms to weigh more heavily on authoritative sources during breaking news moments. Additionally, through programs like the Google News Initiative, we are training journalists and creating programs to support fact-checking and limit the spread of disinformation."

Arturo Sarukhan, board director of the Inter-American Dialogue and former Mexican ambassador to the United States: "In the last two decades, Latin America devoted significant institutional bandwidth to hardening institutions first against democratic rollback, then against the footprints of organized crime and now corruption. But it does not seem prepared for the political, ideological and geostrategic disruption that technology

## These threats aren't going away. "

– Arturo Sarukhan

and digital platforms have recently spawned. The weaponization of narratives and storytelling—fueled by disinformation and fake news and magnified by the political and electoral leverage of big data analytics and harvesting, astroturfing, and bot farms—on social media has become one of the most salient forces of the 21st century. These threats aren't going away. The revelations regarding Facebook and Cambridge Analytica, the consulting firm's budding footprint in the region, and more recently Facebook founder Mark Zuckerberg's congressional testimony in mid-April explicitly mentioning the Mexican election as an example of ongoing challenges in this space, are compelling proof of what's at stake. Therefore, a core question for nations heading to the polls in 2018 will be whether governments, societies and the media can preserve the tenets of open societies, the values of freedom of speech or the free flow of information while protecting themselves-and the private data of citizens-from domestic or foreign actors exploiting these tools for political-electoral or geopolitical gain. If the dynamics unleashed in the United States in 2016 caused severe democratic damage there, the replication of some of these tactics in other nations in the Americas might spell trouble. This is a region, after all, where the rule of law, accountability and democratic governance require strengthening, where distrust of institutions, politicians and political parties remains high and where media and watchdog organizations still face important constraints. Sooner rather than later, Latin America will be forced to dedicate greater bandwidth to cybersecurity, to understanding how global power relationships are being reshaped by these forces and implementing holistic measures to confront these tectonic shifts."

Alber presi and f nicat

Alberto Arebalos, senior vice president at MileniumGroup Inc. and former head of communications at Facebook Latin

America: "Microtargeting is a powerful tool for advertising, and politics, but in the wrong hands it can be a deceitful weapon. The problem is not only data breaches, although privacy has been a concern for more than a decade but if society, collectively wants a free Internet (and that seems to be the case)

Continued on page 4

#### FEATURED Q&A / Continued from page 3

somebody has to pay. And the public pays with its privacy. But having said that, technology today allows for a finely tuned political campaign that can disseminate wrong and fake information, reduce participation or discredit democracy in general. In order to do that, a cunning political campaign doesn't need any data breach. The tools, all legal, are there to be used, and abused. That should worry governments. Controls and regulations have to be put in place sooner rather than later. Latin America is a particularly young region, with more than 50 percent of its population under 35 years old and heavy users of social networks. Facebook and others have to be seen as media, with the same obligations as newspapers, magazines or TV channels related to the content and advertising they run in their services. Pretending that, because they want to call themselves 'tech companies,' they do not have an editorial role, is kidding ourselves. Most people get their news from Facebook these days. Perhaps it is not a media company, but it should be regulated as one."

Annagrazia F. Cotrina Pegorari, CEO of the Behavioral Economics and Data Science Team in Peru: "Not only is the integrity of general elections at risk but also that of other democratic decision-making mechanisms like referendums, plebiscites and recall elections. To believe that Cambridge Analytica is the only organization that has allegedly made improper use of citizens' data to try to influence their decisions is naive. The active participation in response to this scandal must come from all organizations that manage user data, including private companies and governmental entities. Citizens also have to let their voices be heard in protest to these wrongful actions. Organizations must improve their practices and security protocols to protect user data. Otherwise they will be destined to fail, as they are held accountable to their users. Exposing or compromising data as a result of wrongful practices or vulnerable systems can result in millions of dollars in financial losses or even dissolution. Governments must implement and reinforce public policies and programs

Data, science, law and psychology are not problems but tools. "

- Annagrazia F. Cotrina Pegorari

to promote digital education from a comprehensive perspective based on rights, aimed at empowering citizens so they are conscious of the positive and negative implications of their behavior in the digital era. Our efforts should not focus on regulating today's technologies but on preventing and acting against those behaviors that harm democracy like fake news, discrediting campaigns and dishonest tactics. Data, science, law and psychology are not problems but tools. Questionable professional and ethical standards by those who use these tools are the problem. Working together on this issue is fundamental to achieving the digital society that we need and hope for."

# Energy Advisor

The answers to questions that informed executives are asking ... every week.

SUBSCRIBE

#### LATIN AMERICA ADVISOR is published every business day by the Inter-American Dialogue, Copyright © 2018

Erik Brand Publisher ebrand@thedialogue.org

Gene Kuleta Editor gkuleta@thedialogue.org

## THEDIALOGUE

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.