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FEATURED Q&A

Will Major Labor Strikes Continue in Latin America?



Labor strikes have hit several countries in recent weeks, including Brazil, where a 10-day truckers' strike paralyzed much of the country. // Photo: Municipality of Novo Cruzeiro.

Q Labor unions in Brazil, Peru and Argentina have either launched or threatened paralyzing transportation strikes in recent weeks, in several cases yielding big concessions from governments grappling with widening fiscal imbalances and few options to address them. How successful has the strike strategy been, as compared to past periods of austerity, and what scenarios are likely to play out in the future? Have unions and protesters hijacked economic policy, or have politicians been ignoring the needs of their citizens to the point that protests and strikes are the only way to be heard? Will labor strife worsen in Latin America in the coming months and years?

A Alberto Pfeifer, coordinator of the Group of Analysis of International Conjunction at the Institute of International Relations of the University of São Paulo: "Transportation strikes in Argentina, Brazil and Peru seem to have no common call or coordination between them. They share some root causes, aim at ultimate goals that may be identical, but are based on very different social and political structures and face quite distinct dynamics in their relations with respective governments. However, the three movements can be considered successful enough in terms of achieving their respective goals. The common root cause is rising fuel costs and the devaluation of exchange rates in developing markets, due to the increase of interest rates in the United States. Fuel taxes have gone up as well. In Peru, the scenario is about urban mobility, very organized and focused on specific issues. In Argentina, the movement is also firmly coordinated by traditional labor

Continued on page 3

TODAY'S NEWS

POLITICAL

Colombia's Coca Cultivation Rises to Record High

Cultivation of the leaf that is used to produce cocaine increased by 11 percent last year in Colombia, to more than 516,000 acres, according to the U.S. Office of National Drug Control Policy.

Page 2

ECONOMIC

Union-Led Strike Paralyzes Much of Argentina

A general strike led by the country's General Confederation of Workers halted buses, trains, flights and other transportation in the South American country.

Page 2

POLITICAL

U.S. Has Stopped Prosecuting Migrants at Border

U.S. Customs and Border Protection has stopped referring for prosecution migrants who cross into the United States illegally, unless they have criminal records or their children's safety is in question, said the agency's commissioner, Kevin McAleenan.

Page 2



McAleenan // File Photo: U.S. Customs and Border Protection.

POLITICAL NEWS

U.S. Has Stopped Prosecuting Migrants at Border: Official

U.S. President Donald Trump's executive order to stop the separation of migrant families after a national outcry has brought changes to the zero-tolerance immigration policy enacted at the U.S.-Mexico border, the Associated Press reported. Customs and Border Protection Commissioner Kevin McAleenan said on Monday that authorities have stopped prosecuting parents and guardians for illegally entering the United States, unless they have criminal records or the children's safety is in question. He said he is working on a plan to resume prosecutions that do not entail family separations. "We can work on a plan where adults who bring kids across, who violate our laws, (...) could be prosecuted without an extended separation from their children," McAleenan said, according to the AP. His remarks followed a speech by Attorney General Jeff Sessions in Nevada, where he claimed 80 percent of children crossing the border do so alone or with a smuggler, and that the international MS-13 gang recruits them to "replenish the gang," the AP reported. The comments came as Guatemala's president, Jimmy Morales, formally petitioned the United States to grant temporary protected status to migrants seeking to enter the country after eruptions of Guatemala's Volcán de Fuego, or Volcano of Fire, left dozens of people dead and hundreds displaced earlier this month, Reuters reported.

Colombia's Coca Cultivation Rises to Record High

Coca cultivation in Colombia increased by 11 percent last year, reaching 516,450 acres, according to an official report by the U.S. Office of National Drug Control Policy (ONDCP) published on Monday. The figure marked the fourth

consecutive annual increase and a new record high. Potential pure cocaine production rose by 19 percent. Colombian cocaine production has a direct correlation with U.S. consumption and overdose deaths, ONDCP Deputy Director Jim Carroll said in a statement. The production increase may bring additional pressure on the Colombian government from the Trump administration, according to The Wall Street Journal. The two governments in March agreed to develop a strategy to sharply reduce cultivation and production of the coca plant over the next five years. On Friday, U.S. Vice President Mike Pence spoke on the phone with Colombian President-elect Iván Duque and highlighted "the necessity of moving decisively to cut drug production and trafficking," according to U.S. officials.

ECONOMIC NEWS

Union-Led Strike Paralyzes Much of Argentina

A general strike led by Argentina's largest labor union confederation shut down trains, subways, flights and buses on Monday in protest of President Mauricio Macri's austerity policies and his government's deal with the International Monetary Fund, Clarín reported. The General Confederation of Workers, or CGT, called only for workers to strike, but more radical groups blocked access to Buenos Aires in a series of demonstrations, Agence France-Presse reported. At about 7 a.m., protesters began blocking roads into Buenos Aires. Much of the capital was deserted, including schools, which were shut down. The strike also affected more than 70,000 airline passengers, the Associated Press reported, citing the country's Transportation Ministry. Juan Carlos Schmid, the director of the CGT, called the strike "the biggest in eight years," AFP reported. He added that the confederation called the strike in response to Macri's agreement with the International Monetary Fund, which last week approved a \$50 billion loan package for Argentina. "The

NEWS BRIEFS

Pence Leaves for Latin America Trip

U.S. Vice President Mike Pence departed Monday night for a trip to Latin America, which includes stops in Brazil, Ecuador and Guatemala, the Associated Press reported. On Pence's agenda are topics such as trade, Venezuelan migration and security ties, the White House said. However, his agenda includes no plans to discuss the growing number of Central Americans seeking asylum in the United States and the administration's zero-tolerance policy at the border, the AP reported.

Talks Between Ortega's Government, Opposition Resume in Nicaragua

Talks between President Daniel Ortega's administration and Nicaraguan opposition resumed once again on Monday, as violence between police and rebels continued in the northern departments of León and Managua, Agence France-Presse reported. More than 200 people have been killed since unrest began in April. Nicaragua's Catholic bishops, who are mediating the talks, said both sides are discussing the possibility of re-scheduling presidential elections for March 2019 rather than late 2021, AFP reported.

Ecuador Will Raise Oil Production: Minister

As part of an agreement reached with the Organization of the Petroleum Exporting Countries, or OPEC, Ecuador will increase oil production above its current level of 520,000 barrels per day, the country's oil minister said Monday, Reuters reported. Over the weekend, OPEC reached an agreement with Russia and other countries that are not members of the group to boost output by approximately one million barrels per day beginning in July. Ecuadorean Oil Minister Carlos Pérez did not specify how much the country's oil output will rise.

strike is against the economic program ...

The IMF has always brought hardship to the Argentines," Schmid told AFP. Many Argentines blame the IMF for worsening the country's 2001-2002 economic crisis. Labor unions in Argentina are also demanding a reopening of



Macri // File Photo: Argentine Government.

salary negotiations to compensate for inflation, which the central bank has said stands at 27 percent and may reach 30 percent by the end of the year. Negotiations were held early this year when the central bank's annual inflation target was 15 percent, a goal that policymakers have since abandoned.

BUSINESS NEWS

Samarco, Vale, BHP Sign Settlement After Dam Disaster

Samarco and its parent companies, Vale and BHP Billiton, have signed an agreement to settle a \$5.30 billion lawsuit related to the November 2015 collapse of Brazil's Bento Rodrigues dam, which left 19 people dead, Vale said Monday in a statement. The companies signed the agreement with prosecutors from the federal government as well as from the states of Minas Gerais, where the dam is located, and Espírito Santo. Among other provisions, the agreement requires improvements to the Renova Foundation, which was created to aid victims of the disaster. The deal suspends for two years a 155 billion real (\$41 billion) civil claim related to the disaster, MarketWatch reported. The dam's collapse also polluted more than 400 miles of waterways.

FEATURED Q&A / Continued from page 1

union structures, centered on the powerful Workers' Central Union (CGT). The CGT's current leaderships need to display power, since it will face internal elections in August. President Mauricio Macri's announcement of austerity measures, right after reaching a stand-by agreement with the International Monetary Fund two weeks ago, would not go unchecked. What happened in Brazil was by no means a strike, rather a combination of spontaneous arrangements and a lockout by some transportation companies. Root causes are raising transportation costs combined with excessive supply of truck transportation. This extremely effective movement paralyzed the country for more than a week in late May and early June, and deeply hurt the economy. The Ministry of Finance estimates it resulted in almost \$4 billion in total losses for the country. But as it came, it vanished, thanks to the lack of centralization, sparse coordination and diffuse goals. It is yet to be verified if what the government committed to will be delivered in terms of freezing diesel prices and changing the formula of fuel taxation."

A **Brian Finnegan, global worker rights coordinator at the international department of the AFL-CIO:** "These strikes reflect

the uncertain state of institutions that are supposed to balance power relations in negotiations—not only between employees and employers—but also to allocate resources more generally in society. These countries have seen past austerity prescriptions that have addressed fiscal challenges largely on the backs of working people. As a result, trust is low and polarization is high as new austerity measures are imposed. Take Brazil: in 2016, over half its Senate had been convicted or investigated for corruption, yet they removed twice-elected president Dilma Rousseff—who was never charged with corruption. Two days later, that Senate legalized the very fiscal manipulation offered as cause for her removal. Soon after, the unelected

president and same Senate passed massive changes to labor laws, reflecting the wishes of employers. Last November, these changes took effect, reducing workers' capacity to negotiate improved wages and conditions. In a perversion of collective bargaining, negotiations can now legally lower standards below what is in the law, what used to be called the floor of negotiations. As the ILO Committee of Experts put it, the revised labor law 'is not based on negotiation, but on the abdication of rights.' In the first quarter with the new laws in effect, the total number of collective agreements between workers and employers fell by 29 percent over the same period the previous year. Like many countries, Brazil is experiencing extreme polarization. The deliberate and speedy dismantling of social dialogue and mature industrial relations exacerbates that polarization. But we needn't look so far away to see workers pushing back after years of being ignored. This spring, teachers in five U.S. states went on strike over wages and education budgets, even though the strikes were illegal in four of those states. It's too early to say how effective strikes have been, but we know that if workers feel the institutions charged with setting the rules of the game are stacked against them, inevitably they turn to collective measures that demand attention."

A **Mark Langevin, director of BrazilWorks:** "Revealed corruption, economic stagnation and fiscal consolidation challenge labor unions, especially in countries sensitive to the price volatility of commodity markets. Recent energy price hikes in Argentina and Brazil have fueled discontent and fired up protests against government authorities, including Brazil's truckers' strike and petroleum workers' walkout last month. In Peru, per capita income has fallen since 2014, and the tax rate remains below the regional average, leaving few fiscal resources available to meet the demands of the striking Sindicato Único de Trabajadores

Continued on page 4

FEATURED Q&A / Continued from page 3

de la Educación del Perú (Sutep) teachers' union. Moreover, Sutep, the Brazilian truckers and many other labor unions suffer from internal divisions that prevent a coherent dialogue with government authorities over wages and working conditions during this time of slow growth and austerity. The discontent and recent labor mobilizations follow a troubling trend of disapproval of traditional political parties and leaders, spiking political polarization, and the growing scarcity of political intermediaries able to bridge policy differences to facilitate the fiscal and economic adjustments needed for the next round of economic expansion. In Brazil, private sector unions and the independent truckers' movement grapple with the phase out of counter-cyclical policies and the consequent drop in demand and job creation. The truckers won a temporary fix to higher diesel prices, but the costs of the deal worsen the prospects for fiscal stability in the long term. Labor movements can take advantage of discontent to protest government policies and shape electoral outcomes, but they are losing the capacity to meet their members' demands through negotiations with employers and governments."

A **Francisco Durand, professor of political science at the Catholic University of Peru:** "The export bonanza is over, and now governments have to make fiscal adjustments, in some cases changing the tax system and adopting unpopular measures to deal with growing deficits. If governments are pro-market and conservative, the measures not only generate outrage from actors more directly affected by tax increases and austerity measures, but also mobilize opponents from the center and the left. In Peru, a country that unlike Brazil or Chile did not shift to the left, the neoliberal economic model is more intensely criticized as an

inequality generator. Falling tax revenues and increasing fiscal deficits have forced the Vizcarra government to adopt unpopular tax measures, raising gasoline and diesel taxes in May. Transportistas in Lima threatened to organize strikes and obtained concessions in the form of monetary compensations. In Cusco, Puno, Arequipa and Tacna, protesters

“Overall, protests and strikes are becoming more common, yet various social groups and parties are acting on their own.”

— Francisco Durand

paralyzed transportation networks, forcing the resignation of the minister of economy in early June and are now in a wait and see mode. Incidentally, the south is the region where Vizcarra has lowest approval ratings and the left bigger leverage. The government has not touched billions of tax exemptions for corporations in mining and agricultural loopholes in the tax system adopted 'to promote investment,' the centerpiece of the economic model. This is the issue that politicians are willfully ignoring. Other unions (teachers and nurses) are planning strikes, claiming better wages and working conditions. Overall, protests and strikes are becoming more common, yet various social groups and parties are acting on their own, not banding together yet, waiting for a 'unifying issue.' The times are politically uncertain."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2018

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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 fretrial@thedialogue.org

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