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FEATURED Q&A

What Do Duque's Cabinet Picks Say About His Agenda?



Colombian President-elect Iván Duque, who takes office next month, held his first meeting on Tuesday with his designated cabinet members. // Photo: Facebook page of Iván Duque.

Q Colombian President-elect Iván Duque, who takes office Aug. 7, has named several key ministers to his cabinet. Among them are Guillermo Botero as defense minister, Carlos Holmes Trujillo as foreign minister and Andrés Valencia as agriculture minister. Is Duque surrounding himself with the right people? What do his cabinet selections say about the direction his government will take in areas such as its relations with former members of the FARC and its approach to dealing with the ELN guerrillas? What will the selection of Holmes and Botero mean for the direction of Colombia's policy with other countries, including Venezuela?

A Gimena Sánchez-Garzoli, director for the Andes at the Washington Office on Latin America: "Duque has emphasized that his ministers are expected to work hand in hand with citizens and to be fiscally austere. He has also kept to his campaign promise of gender equality. Seven of the 15 cabinet members named so far are women. That is necessary and positive. However, when we look at the profile of the overall cabinet, we see mostly members of the business sector and people aligned with Uribismo, not much political diversity. While business experience is good, it does not always translate into effective governance or the diplomacy and know-how of meeting the needs of common citizens. In a polarized Colombia, ethnic and political diversity will be required to govern effectively. Duque named one Afrodescendant to his cabinet, Carmen Vásquez to the Ministry of Culture. However, her selection is highly problematic, due to her indifference toward the Afro-Colombian women of northern Cauca who protested

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Workers' Party Would Tap Brazil's Reserves for Infrastructure

Brazil's Workers' Party said it would use a portion of the country's \$380 billion in reserves for a new infrastructure development fund if it recaptures the presidency in October.

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Santander's Brazil Unit Beats Estimates for Q2

The Brazilian unit of Spain's Banco Santander reported a 30 percent increase in second-quarter net income, year-on-year.

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Colombia's Uribe Abruptly Resigns From Senate

Former Colombian President Álvaro Uribe resigned from the country's Senate, where he has been serving since 2014, saying he needs to focus on his defense in a witness-tampering case.

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Uribe // File Photo: Colombian Government.

POLITICAL NEWS

Colombia's Uribe Abruptly Resigns From Senate

Former Colombian President Álvaro Uribe abruptly resigned his Senate seat on Tuesday after the country's Supreme Court said he would be interrogated for witness tampering in an ongoing investigation, *El Tiempo* reported. Uribe, a mentor of President-elect Iván Duque, was re-elected in March to his Senate seat with

“ I feel morally impeded from serving as a senator and at the same time advancing my defense.”

— Álvaro Uribe

a record-breaking 800,000 votes. “The honorable Supreme Court has called me for questioning, I feel morally impeded from serving as a senator and at the same time advancing my defense. Because of that, I resign from the Senate,” Uribe said in announcing his decision via Twitter. He also denied wrongdoing, saying witnesses are being paid to make accusations against him. Uribe is under investigation for alleged witness tampering in a case that dates back to 2012, when the former president accused an opposition lawmaker, Iván Cepeda, of paying people to fabricate stories about Uribe and his brother's involvement in paramilitary groups that during the 1990s and early 2000s fought on behalf of the government against rebel groups, and killed tens of thousands of civilians, *The Wall Street Journal* reported. In February, the Supreme Court, which handles criminal cases involving members of Congress, rejected Uribe's claims against Cepeda and instead opened an investigation into whether Uribe had paid witnesses to support his allegations against the lawmaker. The Supreme Court said in a statement that there was evidence that “people close to ex-President Uribe had undertaken new acts of witness manipulation.”

Uribe and Duque have both criticized Colombia's Supreme Court, and both have said a judicial reform is necessary.

ECONOMIC NEWS

Workers' Party Would Tap Brazil's Reserves for Infrastructure

Brazil's Workers' Party would finance a new infrastructure development fund with part of the \$380 billion the country holds in currency reserves if its candidate is elected in the country's Oct. 7 presidential election, Reuters reported Tuesday, citing Marcio Pochmann, an advisor to former President Luiz Inácio Lula da Silva. In an interview, Pochmann said approximately 10 percent of the reserves would go to the infrastructure fund, which would be complemented by loans from state banks Banco do Brasil and Caixa Econômica Federal and borrowing through the use of debentures. The party would invest in infrastructure projects that include finishing sewages, highways and similar developments with the aim of



Pochmann // File Photo: Brazilian Government.

boosting the country's sluggish economic recovery, Pochmann said. Business group CNI estimates that some 517 projects in Brazil remain unfinished for lack of funds, Reuters reported. The Workers' Party has insisted that Lula will be its presidential candidate, though he has been imprisoned since April after being convicted on corruption charges. Polls have consistently put Lula as the front-runner ahead of the October election, though it is unclear if he will be allowed to run. Brazil's electoral

NEWS BRIEFS

Brazilian Gov't Recalls Ambassador to Nicaragua After Student's Death

Brazil recalled its ambassador in Nicaragua on Tuesday after a Brazilian student was killed there the day before, the Brazilian foreign ministry said in a statement, Reuters reported. “The Brazilian government condemns the worsening repression and disproportional and lethal use of violence and the use of paramilitary groups in operations coordinated by security teams,” the ministry said. More than 300 people have been killed in three months of clashes between President Daniel Ortega's supporters, including state police and paramilitary groups, and anti-government protesters.

Month-Long Drought Prompts Emergency Measures in El Salvador

El Salvador has put into place emergency measures as a month-long drought has affected crops, the civil protection agency said Tuesday, Reuters reported. It has not rained for 33 days in the eastern part of the country, and temperatures have risen to record-breaking highs, leaving many without water. The government will use public funds to ensure food supplies and help farmers increase production.

Pacific Alliance, Mercosur Vow to Back Free Trade

Leaders of the Pacific Alliance and Mercosur, two main trading blocs in Latin America, met in the Mexican city of Puerto Vallarta on Tuesday, agreeing to broaden and strengthen the region's commercial and economic ties in an effort to counter potential disruptions from U.S. President Donald Trump's threats to impose new tariffs, Reuters reported. “Today we're sending the world a clear signal we're moving onward with regional integration and free trade,” said Mexican President Enrique Peña Nieto.

court is scheduled to make a final decision on his candidacy on Sept. 17.

BUSINESS NEWS

Santander's Brazil Unit Beats Estimates for Second Quarter

The Brazilian unit of Spain's Banco Santander today beat estimates by reporting second-quarter recurring net income of 3.03 billion reais (\$807.23 million), 30 percent higher than the same period last year. The figure was also 14 percent higher than a consensus estimate by Reuters of 2.65 billion reais. The Brazilian unit's loan book also grew 4 percent in the second quarter, to 368.2 billion reais. Earlier this year, Santander Brasil's chief executive officer, Sergio Rial, said he was pushing for double-digit expansion of the bank's loan book, Reuters reported. The bank said it also maintained its asset quality, and its 90-day default ratio declined by 0.1 percentage point, to 2.8 percent, in the second quarter. The bank also reported higher return on equity, and it posted a profitability of 19.5 percent in the April-through-June period, 0.4 percentage point higher than in the second quarter last year. Santander Brasil also said it gained two million clients in the 12-month period through June, reaching 22.7 million clients. The larger number of clients also helped the bank to increase its fee revenue, to 4.28 billion reais, a 12.7 percent increase from the same period last year. Despite the Brazil unit's strong performance, Spain-based Santander as a whole reported a 3 percent decrease in its net income for the second quarter due to one-time integration costs related to Banco Popular. The bank's Brazil unit was the largest contributor to Santander's earnings, at 26 percent, followed by Spain at 15 percent and Britain at 14 percent, the bank said. "During the quarter, we have seen particularly strong growth in Brazil, Spain, Mexico and the U.S. and this has more than offset a more challenging environment in other markets," said Santander's executive chairman, Ana Botín.

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illegal usurpation of their lands by illegal mining interests. Duque should learn from Uribe that tokenism is not sufficient to transform a society. He should hire and work with the representatives of the Afro-Colombian and indigenous communities if he wants to address the tremendous security and socioeconomic gaps facing them. Colombia is no longer the same after the FARC peace process. Two key posts in determining its future will be its defense and foreign ministers. Carlos Holmes Trujillo, the incoming foreign minister, has extensive experience. If he wants democracy and for Colombia not to resort back to war, he should continue to uphold the commitments of the FARC accord and encourage a bilateral cease-fire with the ELN. The new defense minister, Guillermo Botero, comes from the commercial world. He has announced that he will seek to restrict social protest in order not to interrupt business practices. If this is an indication of his priorities, then Colombia is in trouble. With the peace accord, we have seen a rise of killings of social leaders. The purpose of peace is for Colombians to be able to debate and defend their interests pacifically. One expression of this is by taking to the streets when other mechanisms of dialogue fail."

A **Andy Webb-Vidal, CEO of Latin iQ, a business risk consultancy:** "President-elect Iván Duque's choice of ministers comprises a mix of technocrats and experienced figures from the private sector. In essence, the shape and flavor of Duque's cabinet-in-waiting underscores the message that he intends to pursue a broadly pro-business agenda. In the months ahead, Colombia will remain gripped by the heated ideological and political controversy over how the post-peace transitional justice system should work. Duque would be wise to find a way of rising above the fray to emphasize that he was elected to govern for all Colombians, and to foster national reconciliation. The heavy lifting of transitioning the country from war to

peace was achieved by outgoing President Juan Manuel Santos. Therefore, Duque's overarching objective must be to pursue the meaningful modernization of Colombia, and tackle themes like regional economic imbalances, woeful infrastructure and corruption. As the country's youngest-ever president, Duque has a golden opportunity

“One clear concern is that some of Duque's ministers are old pals of former President Álvaro Uribe...”

— Andy Webb-Vidal

to demonstrate that he has the dynamism to meet the challenge. One clear concern is that some of Duque's ministers are old pals of former President Álvaro Uribe, and this has inevitably fueled speculation that Uribe will be pulling strings behind Duque's back. Duque should not be afraid to make it clear that he is now in charge, even if this risks upsetting Uribe. Granted, that may be easier said than done: ex-presidents enjoy almost caste-like status in Colombia and a degree of everyday political influence unparalleled in Latin America. Let's hope the 'ex-presidents club' lets Duque get on with the job."

A **Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:** "Cabinet designations usually state two things. The first is content of policies. The second is which generation will take the helm. I believe these designations indicate that a new generation of operators has come to the helm of policy-making in Colombia, and that they are there on the basis of their individual merits, not because of the support of any political party or civic organization. Another message we

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are receiving is that President Duque will concentrate in undoing the development knots that are holding Colombia back. As far as Venezuela is concerned, I believe it is crystal clear not only for President Duque but for the whole world that the collapse of Venezuela will disrupt any development effort in Colombia. Thus, the Venezuelan dilemma needs to be addressed head on, particularly given the fact that every passing day it becomes more clear that the apocalyptic governing clique in the neighboring country seems to be the political arm of organized crime."

A **R. Evan Ellis, Latin America research professor at the U.S. Army War College Strategic Studies Institute:** "President-elect Duque has selected a team with a combination of technical experience and competence in navigating the complex politics of Colombia. Carlos Holmes is particularly notable for a diplomatic career that spans six governments of different political orientations. If this suggests a bureaucratic disposition, he has also served as mayor of Cali. His time in Moscow could orient him to opportunities (but also hazards) of resurrecting Colombia's Samper-era cordiality with Russia as the country manages changing post accord needs and the realities of working with the Trump administration. Holmes' experience working commercial issues in Tokyo, while dated, will help craft a vision for Colombian engagement with Asia,

not focused exclusively on China. Regarding incoming Defense Minister Guillermo Botero, his lack of formal experience causes some discomfort in the armed forces, yet his leadership of Fenalco gives him unique insight

“**President-elect Duque has selected a team with a combination of technical experience and competence...**”

— R. Evan Ellis

to ensure that the new security environment will be workable for small businesses and other investors. Moreover, Botero had to understand Colombia's powerful private security industry (a key component of Fenalco). Andrés Valencia, moving to the Agriculture Ministry from the presidency of FENAVI, is well versed in Colombian agribusiness, while his time as commercial manager of Fedecafeteros orients him to the practical needs of the sector, from physical and juridical stability of property, to logistics, trade access and the Colombian brand. Valencia's experience at the WTO may give him an effective international perspective on issues such as opening up Colombia's llanos for export-oriented agriculture, against the counterweight of occasionally parochial local business interests."

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

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