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FEATURED Q&A

Is Brazil's Military Doing a Good Job of Policing Rio?



Earlier this year, Brazilian President Michel Temer ordered the country's military to take over policing operations in Rio de Janeiro State. Members of the military are pictured in Rio. // File Photo: Brazilian Army.

Q More than 4,000 Brazilian soldiers were deployed Aug. 20 across several Rio de Janeiro shantytowns as part of a security operation that led to clashes and at least seven deaths. Since President Michel Temer issued a decree for the military to take over public security in Rio in February, shootings in the Brazilian state have grown by 40 percent, with a total of 736 people killed in raids and some 2,617 registered homicides, according to the Center for Public Safety Studies at Candido Mendes University. Have the military's policing tactics in Rio de Janeiro been working, and what else can the Brazilian government do to curb street violence? What is the right level of military involvement in a civilian police force?

A Caio Pizetta Torres, political risk analyst for Brazil and the Southern Cone in Control Risks' global risks analysis practice in São Paulo: "The military intervention in Rio has had very limited results. Violent crimes remain persistently high, and both civilian and police casualties are on the rise, whereas results in terms of dismantling drug trafficking groups, improving intelligence-gathering and providing local police forces with better resources and training have been disappointing. In other words, more military and police operations are leading to an increase in shootings and civilian victims without having a significant effect on countering organized crime. This was the first time the military was put in charge of a state's security apparatus and, while the population seemed to welcome the measure, the original motivation and methods employed by the federal government suggested that the intervention had little prospect of success to begin with.

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TODAY'S NEWS

ECONOMIC

U.S.-Mexico Trade Deal Shifts Focus to Canada

U.S. President Donald Trump said the United States and Mexico had reached a deal to revise key portions of the North American Free Trade Agreement, adding he was ready to exclude Canada.

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BUSINESS

Man Accused of Facebook Fraud Held in Ecuador

Paul Ceglia, who was arrested last week after fleeing from the United States with his family to Ecuador three years ago, allegedly forged documents to extort Facebook founder Mark Zuckerberg.

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POLITICAL

Spain's Prime Minister on Latin America Tour

Spanish Prime Minister Pedro Sánchez started his week-long Latin America tour in Chile on Monday, the socialist-party leader's first international trip outside of Europe since taking office in June.

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Sánchez // File Photo: Spanish Government.

ECONOMIC NEWS

U.S.–Mexico Trade Deal Shifts Focus to Canada, Congress

U.S. President Donald Trump said on Monday that the United States and Mexico had reached a deal to revise key portions of the North American Free Trade Agreement that they would finalize within days, adding he was ready to exclude Canada from the trilateral trade pact moving ahead, The New York Times reported. “They used to call it NAFTA,” Trump said. “We’re going to call it the United States-Mexico Trade Agreement.” Trump implied that either Ottawa signs onto the new deal or face a 25 percent tariff on cars made in Canada, The Wall Street Journal reported. “Ideally we’ll have the Canadians involved,” said Robert Lighthizer, the U.S. trade representative, adding that the administration planned to officially inform Congress by Friday of its intent to sign a new deal, a step required before approval of any U.S. trade pact. “If we don’t have Canada involved, we will notify that we have a bilateral agreement that Canada is welcome to join.” Chrystia Freeland, Canada’s foreign minister, will travel to Washington today to continue negotiations. Any agreement that does not involve Canada is likely to face legal challenges and intense opposition from Congress, which had granted the Trump administration authority to renegotiate NAFTA as a trilateral. The revised deal with Mexico makes significant alterations to rules governing automobile manufacturing in an effort to shift more car production to the United States from Mexico, according to the report. The new deal includes an extension on data protection for biologic drugs to 10 years from five and ensures U.S.-produced genetically modified crops have access to Mexico. The Trump team stepped back from its demand for a five-year “sunset clause” that businesses opposed. Financial markets staged a rally Monday on the news of trade progress and indications that, at least for Mexico, Trump has set aside his threat to withdraw unilaterally from NAFTA.

Brazilian Firms Will Need to Tap Capital Markets: Study

Brazilian companies will have to consider borrowing through bonds and other debt instruments instead of traditional banks for a significant part of their funding needs next year as international rules drive lenders to reduce their balance sheets, a recent study conducted by the asset management unit of local bank Itaú Unibanco found, Reuters reported Monday. By January, Brazilian banks will have to abide by the new Basel III capital requirements, drafted after the 2008 global financial crash, which instruct banks to hold more capital reserves. Corporate borrowing will have to grow by between 2 and 4.8 times the current level over the next four years to make up for the reduction in traditional bank lending, according to the research. “Under Basel III, banks will turn to loans that require less capital expenditure, such as mortgages and payroll-backed credit, leaving companies to seek more financing in the capital markets,” said Gerson Konishi, Itaú’s asset management portfolio specialist, who led the study. As a result of the changes next year, Brazil’s corporate debt load is expected to grow between 343 billion reais (\$87.67 billion) and 799 reais by 2022 from 165 billion reais this year, the study found. If the companies do not borrow through the capital market, whose accessibility would require keeping benchmark interest rates and inflation low, the economy could slow, according to the analysts. Investors have been hammering Brazil’s real currency as well as local stocks amid continued uncertainty over the outcome of October’s presidential election. Market-favorite candidate Geraldo Alckmin has failed to gain much traction among voters, rating near the bottom with numerous other candidates in recent polls. The South American nation’s currency plummeted 4.7 percent last week to its lowest level since early 2016, the worst performer among emerging markets worldwide, Bloomberg News reported. [Editor’s note: See related [Q&A](#) in the Aug. 29, 2017 issue of the Advisor.]

NEWS BRIEFS

Peruvian President Makes Changes to 2019 Budget

Peruvian President Martín Vizcarra on Monday told reporters that the nation’s public sector budget will undergo “substantial changes” next year in order to meet evolving needs, state news agency Andina reported. “The budget includes substantial changes, there are priorities,” the centrist Vizcarra said. “For instance, there is a very important allocation of resources to fight violence against women,” he told América TV. More funding for home heating would also be included in the new budget, which will require approval from Congress.

Spanish Prime Minister Makes Latin America His First Trip Abroad

Spanish Prime Minister Pedro Sánchez started his week-long Latin America tour in Chile on Monday, meeting with President Sebastián Piñera. The visit is the socialist-party leader’s first international trip outside of Europe since taking office in June, EFE reported. After Chile, Sánchez, 46, is slated to visit Bolivia, Colombia and Costa Rica before returning to Spain on Sunday. Three of the four countries he choose to visit, all except Bolivia, have newly elected presidents who took office this year.

South Korea’s POSCO Spends \$280 Million on Argentina Lithium Deal

South Korean steelmaker POSCO said Monday it will spend \$280 million to buy lithium mining rights in northern Argentina from Australia’s Galaxy Resources, Reuters reported. POSCO plans to produce 25,000 metric tons of the commodity, which is used in batteries and other industrial uses, each year at the site for 20 years starting in 2021, according to the report. In addition to Argentina, POSCO has operations in Brazil, Mexico, the United States and Canada within the Americas.

POLITICAL NEWS

Venezuelan Migrants Accept Free Flight Home From Peru

Nearly one hundred Venezuelan migrants in Peru decided to take up their government's offer of a free flight home and job assistance instead of continuing to live abroad, the Associated Press reported. Many of the migrants traveling home on Monday complained of xenophobia against Venezuelans as Peru, which, like other countries in the region, is struggling to cope with the influx. The group included 22 children and four pregnant women, Agence France-Presse reported. The assistance is a part of the "Return to Homeland" program announced by Venezuelan President Nicolás Maduro earlier this year. More than 2 million Venezuelans have left their homes to try making better livelihoods abroad within the past three years. Officials from Venezuela's neighboring nations are due to meet in Bogotá later this week to discuss a regional response to the long-anticipated migration influx. [Editor's note: See related [Q&A](#) in the Aug. 24 issue of the Advisor.]

BUSINESS NEWS

U.S. Citizen Fights Ecuador Extradition Over Facebook Fraud

A U.S. citizen charged with trying to defraud social media giant Facebook founder Mark Zuckerberg is fighting extradition from Ecuador, Reuters reported Monday. Paul Ceglia, who was arrested last week after fleeing with his family before trial in the United States three years ago, allegedly forged documents to extort Facebook and Zuckerberg. In a court hearing Saturday, Ceglia argued that his life was at risk. Ceglia claims that Zuckerberg had, while a student at Harvard University, signed a contract

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For instance, the strategic plan outlining the intervention's objectives was released nearly five months after the operation was deployed. Originally announced as one of the intervention's main goals, restructuring local police forces by improving officers' working conditions and combating corruption also failed to bear any fruit so far—a missed opportunity to address a longstanding problem in Rio de Janeiro and arguably one of the main obstacles to effective security policymaking. While there is growing skepticism regarding military involvement in police forces, particularly among the military itself, the intervention could have been used as an opportunity to reassess and reform entrenched practices and behaviors. Another strategy overlooked by the intervention was investing in more efficient, evidence-based policies, particularly amid the ongoing financial crisis and steep budget cuts."

A Henrique Rzezinski, former president of Amcham Rio and member of the board of the Council of Foreign Relations of Brazil: "It is very difficult to answer such questions while the military intervention is still trying to rework the present intelligence processes in place as well as the organizational structure of the Rio police. But I am convinced that the military intervention is the most important move made in the last decades to address the roots of the current, terrible levels of urban violence reached in Rio. It is certainly a very superficial view whenever you analyze only the number of casualties in certain operations, without know-

giving him half of a planned social networking website that later became Facebook. U.S. District Judge Richard Arcara dismissed Ceglia's lawsuit after another judge said the contract was doctored. Attorneys for Ceglia said the extradition treaty between the United States and Ecuador does not cover the crimes with which Ceglia is accused. In another case, Ecuador has been providing safe harbor for Wikileaks

ing the decision-making process behind it and the reasons why these operations were launched. We will have to wait to analyze the results of the intervention until they finish the first cycle of operations and the changes to intelligence structure and police organiza-

“ We will have to wait to analyze the results of the intervention until they finish the first cycle of operations...”

— Henrique Rzezinski

tion slated for the end of the year. Until then, we can only speculate with very little data. We cannot make any serious evaluation about success or failure of the intervention, but we can certainly conclude that the low popularity of the present government has led to bad perceptions and antipathy regarding the intervention. This, in turn, influences the impartiality of viewpoints on such a complex issue, which is still ongoing and cannot yet be evaluated."

A Christoph Harig, research fellow at the chair of international relations and regional governance at Helmut Schmidt University in Hamburg: "The federal intervention has not reduced violent crime; shootouts are on the rise and the seizure of firearms actually decreased—the military's approach thus hardly seems to be working. The military

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found Julian Assange in its London embassy since 2012. While Assange has cited fear of prosecution in the United States for seeking asylum, earlier this month the U.S. Senate Intelligence Committee called on Assange to testify on Russian meddling in the 2016 U.S. national elections, CNN reported. Ecuador's President, Lenín Moreno, has begun talks with British authorities to find a way to end Assange's asylum.

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had announced it would pursue an intelligence-driven approach with occasional operations against organized crime. However, recent developments suggest that the armed forces are now repeating what the state military police has been doing for decades: violent mega-operations in gang-controlled territory that cause victims on both sides as well as among innocent civilians. Yet there certainly is no quick fix for Rio's security situation. The federal government's claim that the intervention would 'bring back security' to Rio always was a sad joke. Previous failed security policies in Rio have in common that they did not sufficiently address structural issues in marginalized communities. More

“The federal intervention has not reduced violent crime...”

— Christoph Harig

investments in basic state services are needed in order to build trust among the population and improve the lives of people in these areas. However, this is unlikely to entirely end the attraction of the lucrative drug trade. Brazil's policing is already highly militarized—the state military police forces' confrontational approaches have rather contributed to increasing, instead of reducing, violent crime. I therefore do not see how the armed forces could improve Brazil's security situation. I would suggest that programs such as the Pacifying Police Unit, or UPP, which on paper have intended to reduce confrontations between police and criminals, would be more promising—but only if they are sufficiently funded and backed up politically and by further investments in state services.”

A **Katie Hillegass, major in the U.S. Army, assistant professor of military science at the University of Virginia and former exchange officer in Rio de Janeiro:**

“Brazilian military involvement in policing is compromising Brazil's democracy and jeopardizing the military's image as one of the few remaining trusted government entities. Brazilian military tactics, based largely on their international peacekeeping experience and American counterinsurgency doctrine, cannot remedy the endemic violence crippling Rio de Janeiro. To overturn the status quo, Brazil needs radical change. One solution is to revamp the admissions process to Brazil's elite federal universities. The current 'vestibular' system, an admission exam that guarantees a meal ticket to an upper-middle class life, incents self-serving behavior. Designed to democratize access to education based on merit, the vestibular has failed to inspire civic engagement among its youth. Unlike top American universities which holistically screen applicants for their propensity to serve, lead others, commit to a cause or innovate, Brazilian universities evaluate applicants solely on a test score. Instead of participating in community service or captaining a sports team, young Brazilians spend their time and resources hiring tutors or taking prep courses. American youth are therefore more likely to commit to a lifetime of public service, creating massive ripple effects across society, not because they are inherently more altruistic, but because they are rewarded at a young age for doing so. Imagine if the millions of Brazilian youth entering university were admitted not based on the vestibular, but on their contributions toward making Rio's streets safer. Such a change may take decades to generate tangible results, but is much more likely to produce lasting effects than a stop-gap military intervention.”

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