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FEATURED Q&A

Will U.S. Sanctions Lead to Changes in Nicaragua?



The United States last month imposed new sanctions on members of Nicaraguan President Daniel Ortega's inner circle. // File Photo: Nicaraguan Government.

Q U.S. President Donald Trump's administration in late November slapped sanctions on Nicaraguan Vice President and First Lady Rosario Murillo and the country's national security advisor, Néstor Moncada. Treasury Secretary Steven Mnuchin said the U.S. government is holding Nicaraguan President Daniel Ortega's government accountable for this year's deadly protests and "widespread corruption." Will the newest sanctions lead to any changes in Nicaragua? Are the sanctions justified, and will they prompt other countries or multilateral entities to increase pressure on Ortega? Has anything changed in Nicaragua since anti-government protests began in April, and how likely is the situation to be resolved in the coming year?

A Francisco Campbell, Nicaraguan ambassador to the United States: "Nicaragua firmly rejects the interventionist policy of the U.S. administration stated in the Nov. 27 executive order. Sanctions on officials on the frontline in defense against the failed April 18 coup attempt and its aftermath are another example of flagrant disrespect of international law that has been a permanent feature of U.S. policy toward Nicaragua. In the 1980s, another U.S. administration and Congress sponsored the Contra forces heralded as 'freedom fighters' by President Reagan. This support for perpetrators of violence and terror was condemned by the World Court in its 1986 historic ruling, which found the United States culpable of state-sponsored terrorism against Nicaragua. The damage from this coup attempt is great, resulting in loss of lives, human suffering and destruction of public and private property by

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TODAY'S NEWS

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Cuba to Offer Internet Access on Mobile Phones

Cuba's government announced that it will offer Internet access for mobile phones across the country beginning on Thursday. The government authorized home Internet access last year.

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BUSINESS

Trading Firms Accused in Petrobras Case

Brazilian prosecutors accused trading firms of participating in a scheme that paid bribes to employees of state oil company Petrobras.

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POLITICAL

Ecuador's VP Quits Amid Probe Over Payments

Vice President María Vicuña stepped down amid an investigation over payments she received from a former advisor. She was in office less than a year, having replaced Jorge Glas, who was embroiled in a corruption scandal, last January.

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Vicuña // File Photo: Ecuadorean Government.

POLITICAL NEWS

Ecuador's VP Resigns Amid Investigation Over Payments

Ecuadorian Vice President María Vicuña resigned Tuesday amid an investigation over payments she received from a former advisor while she was legislator with former President Rafael Correa's party, El Comercio reported. Vicuña's resignation came a day after current President Lenín Moreno relieved her of her duties and marked the second time that a vice president has departed since Moreno took office in May 2017. Last January, Vicuña replaced then-Vice President Jorge Glas, who was under investigation in connection with the massive corruption scandal involving Brazilian construction conglomerate Odebrecht. The company has admitted to paying bribes to officials in several countries in Latin America in an effort to win infrastructure contracts. In relieving Vicuña of her duties on Monday, Moreno assigned José Augusto Briones, Ecuador's secretary of the presidency, to handle Vicuña's duties. Moreno said he had decided to reassign Vicuña's duties as vice president so that she could defend herself, Reuters reported. "The President of the Republic has

reiterated his concern for me. I understand that relieving me of duties was a way to ensure my legitimate right to defense," Vicuña wrote in an open letter. Vicuña last week acknowledged receiving payments from the former advisor, but she said they were contributions made voluntarily to a political organization aligned with Correa's Alianza País party. Vicuña said she refused the donor's request to be named to a government post, adding that she is now "a victim of slander."

ECONOMIC NEWS

Cuba to Offer Internet Access on Mobile Phones

Cuba announced Tuesday night that it will roll out Internet access for mobile phones across the country beginning this week for the first time in the island's history, the Associated Press reported. Mayra Arevich, the president of Cuban state telecom monopoly Etecsa, said the company will begin offering 3G services for Cubans for the first time on Thursday. The Cuban government authorized home Internet last year and has set up more than 800 Wi-Fi hotspots in public spaces, including parks and

NEWS BRIEFS

Bolivian Court Rules Morales Can Run for Fourth Term

A Bolivian court on Tuesday ruled that President Evo Morales can seek a fourth term in office in the country's presidential election next year, Agence France-Presse reported. A chamber of the Supreme Electoral Court approved nine candidates for primary elections in January, including Morales. Opponents of Morales say his bid for re-election is unconstitutional and have called for a general strike on Thursday to protest the decision.

Maduro, Putin to Meet Today in Moscow

Venezuelan President Nicolás Maduro is scheduled to meet with Russian President Vladimir Putin today in Moscow, where they are set to talk about trade and energy cooperation, Russian state news agency Tass reported. The two presidents will also discuss extra aid for the crisis-wracked South American country, where there is a shortage of food, medicine and other basic goods. "Practical aid is provided to the Venezuelan side on a regular basis. The issue will be definitely put forward this time," Russian presidential aide Yuri Ushakov told reporters.

Brazil's JBS Taps Tomazoni as CEO

Brazilian meatpacking firm JBS on Tuesday named Gilberto Tomazoni as its new chief executive officer, the Financial Times reported. An engineer, Tomazoni previously was CEO of food producer Sadia, which is now part of BRF. Tomazoni also previously served as vice president of Bunge Alimentos. Tomazoni joined JBS five years ago as the head of the firm's poultry unit. Tomazoni replaces José Batista Sobrinho, 85, who took over the company's helm after his son Wesley Batista was arrested in connection with a corruption scandal.

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so called 'peaceful protesters.' A 4 percent reduction in this year's GDP growth rate is projected. However, the resiliency of the Nicaraguan people is on full display, and recovery in all sectors is increasingly evident. Confronted by external machinations that seek to subvert our sovereignty and independence, Nicaragua reiterates its commitment to peace and reconciliation through dialogue among Nicaraguan families. In March 2019, elections will be held in the Caribbean Coast Autonomous Regions. Legally established political parties are participating, reaffirming their respect for the Nicaragua Constitution and our model of participatory democracy. These elections constitute an unequivocal

response to the radical minority and their external backers, seeking to destroy the harmony and progress attained through hard work and perseverance of Nicaraguans of goodwill."

A Manuel Orozco, director of the Migration, Remittances & Development program at the Inter-American Dialogue:

"The sanctions are a byproduct of U.S. policy warnings to the Nicaraguan government about the Ortega regime's abuses of authority, human rights and property rights. The type of sanctions imposed represent a foreign policy tool that is commensurable to

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plazas, around the country. But Cubans until now have only had access to state-run email accounts on their cellphones, the AP reported. Etecsa executives said the company will offer data packages ranging from 600 megabytes for

The cost of the service will keep it out of reach for many Cubans.

\$7 to four gigabytes for \$30, CNBC reported. Although the costs are about in line with international prices, the services will be out of reach for many Cubans, whose state salaries average \$30 per month. "The devil of the impact of the Internet is in the details of the quality of that access in terms of price, universal openness, speed and government surveillance," Ted Henken, a professor at Baruch College in New York and a specialist in contemporary Cuban culture, told the Advisor earlier this year. [Editor's note: See related [Q&A](#) in the Sept. 11 issue of the Advisor.]

BUSINESS NEWS

Brazilian Prosecutors Accuse Trading Firms in Petrobras Case

Brazilian prosecutors today accused international commodity trading companies Glencore, Trafigura and Vitol of participating in a scheme that paid more than \$30 million in bribes to employees at state oil company Petrobras in exchange for business, Folha de S.Paulo reported. It is the latest graft allegation involving the South American country's massive "Car Wash" corruption investigation. The probe has unveiled the largest corruption scheme in Brazil in decades and has resulted in the imprisonment of former high-level government officials and business executives. Prosecutors allege that Petrobras workers offered the trading companies cheaper prices for oil and its

TECHNOLOGY BRIEFS

Brazil's Solinftec Spending \$50 Million to Establish U.S. Headquarters in Indiana

Brazil's Solinftec announced on Nov. 29 that it will establish its U.S. headquarters in Indiana, near Purdue University, investing \$50.6 million in the move. The digital agriculture company, which has created Internet of Things platforms to digitize the farming processes of sugar cane and row crops, is seeking to bring its high-tech offerings to the U.S. market. Solinftec has developed technology that provides real-time data that helps boost efficiency and increase crop returns by acres, the company said in a statement.

Movile Raises \$500 Million for its Food Delivery App

Brazilian mobile commerce platform Movile announced last month that it had raised \$500 million in new investments for its meals delivery application, iFood, Reuters reported. The funds came from current investors in iFood, among them South African media group Naspers, which owns Movile, and Brazilian billionaire and business magnate Jorge Paulo Lemann, Movile founder and president Eduardo Henrique told the wire service. The recent investments will go into developing technologies, including using artificial intelligence, to optimize the application's logistics. "We are inspired by experiences of companies from the same sector in China, and I think it's early days in Brazil," Henrique added. "I think we can triple the number of restaurants." The food delivery app, the largest in Latin America, made an average of 390,000 deliveries per day in October. It operates in 483 Brazilian cities and also has units in Colombia and Mexico.



Henrique // File Photo: LinkedIn.

Mexichem to Open Tech Hub in Israel

Mexican industrial firm Mexichem is looking to establish a technology hub in Israel, and it is seeking start-ups that fit its businesses, including building and infrastructure, agriculture and data communications and basic materials, according to Chief Executive Daniel Martínez-Valle, Reuters reported. Martínez-Valle said the Israeli innovation center would be an investment priority for Mexichem and would work closely with the recently acquired, Tel Aviv-based Netafim, the world's largest provider of drip irrigation systems. The Mexican company aims to find tech-based solutions to global challenges such as water scarcity and flooding.

derivatives in return for bribes from employees of Glencore, Trafigura and Vitol amounting to some \$15.3 million, half of the total graft uncovered in the case, between 2009 and 2014, Reuters reported. Prosecutors did not name other companies being investigated. The employees allegedly involved worked at Petrobras'

trading desk in Houston and in its headquarters in Rio de Janeiro. Investigators say at least two of the employees still work at the giant oil firm. Petrobras, Glencore and Vitol did not respond to Reuters' request for comment. An official from Trafigura said the company does not comment on legal matters.

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the damage and irresponsible actions of the circle of power surrounding Ortega insofar as these individuals, such as Rosario Murillo, have been responsible for enabling and putting in motion the state repression against Nicaraguan citizens. This tool is of a rather preventive nature against criminal activity from individuals involved in corruption, and it does account for individuals like those

“The ripe moment for negotiation will occur during the year ahead...”

— Manuel Orozco

supporting Ortega. Since the protests, the evolution of the dictatorship has consisted of closing doors to dialogue, targeting leaders for repression, outlawing dissent and protest and now going after nonprofit organizations, think tanks, the media and the private sector. Nicaragua's economy is deteriorating and is expected to contract by more than 4 percent this year. A continued decline in productivity, employment and investment, as well as more pressure is expected to push the government to negotiate. Although the conflict is a protracted one, insofar as one side is using repression as engagement, the nonviolent nature of the opposition, the economic deterioration disproportionately affecting the government and international pressure, dissent will grow in 2019, and the circle of power will slowly continue to weaken to the point of wearing out. The ripe moment for negotiation will occur during the year ahead, as the opposition leverages on national and international solidarity with a firm stance to hold political reforms while the regime's repressive nature loses more resources and is no longer feared.”

A Katherine Hoyt, former co-coordinator of Alliance for Global Justice and its Nicaragua Network program: “Within two

days of each other, the Trump administration placed further sanctions on high-level Nicaraguan officials and the Senate passed the Nicaraguan Investment Conditionality Act (NICA). While the administration's sanctions on individuals will have minimal impact on the Nicaraguan people, the impact of the NICA Act, which mandates that the United States vote against loans from international financial institutions to Nicaragua, could affect a number of important government programs. The United States has an effective veto in the World Bank but needs to get European support to stop a loan from the Inter-American Development Bank. Nicaragua has been able to make progress under the Ortega government, with the international financial institutions noting it is third in economic growth and second in reducing poverty in Latin America. The World Bank said last February that Nicaragua has the best record on project completion in Latin America. Achievements such as free education and health care, land titles, dependable electricity, food and transportation subsidies, expanding potable water and sanitation, renewable energy, rising minimum wages, farm-to-market roads, low crime, a declining Gini coefficient and declining infant and maternal mortality rates, already undoubtedly affected by the upheaval of the recent coup attempt, could be further threatened by a cut-off in loans. The NICA Act demands that presidential elections be moved forward. However, the OAS recognized Daniel Ortega's 2016 re-election as reflecting the will of the Nicaraguan people, and the government is working with the OAS to put in place needed electoral reforms, so this is extremely unlikely to happen.”

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