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FEATURED Q&A

Does Martinelli Have a 'Bullying Governing Style' in Panama?

Q Panamanian President Ricardo Martinelli is due in Washington Thursday to meet with U.S. President Barack Obama for the first time. The meeting is to happen as the Obama administration says it is ready to send a stalled free-trade agreement with Panama to Congress. However, there are concerns about Martinelli's 'bullying governing style,' as columnist Andres Oppenheimer wrote in the *Miami Herald* April 13. Is Martinelli's governing style a cause for concern? Will fears of 'excessive accumulation of powers, increased corruption, political turbulence, capital flight and an economic downturn,' as Oppenheimer described, be realized in Panama?

A Joaquín Jácome Diez, senior partner at Jácome & Jácome in Panama City: "Panama's constitution gives presidents great amount of authority, therefore making the executive dominant over the legislative and judicial branches of the government. This has been the case in Panama in almost every presidential administration since the country recovered its democracy in 1999. Martinelli's administration has not been an exception to this rule. Oppenheimer's comments could be applied to all administrations, in particular those of the Democratic Revolutionary Party (PRD), which have characterized their behavior by harassing the press and political opponents. The real difference with Martinelli's

administration is his personal style. Martinelli's blunt, informal and confrontational personality has made him not only his great fortune but also one of the most popular presidents in Latin America with this trademark. Therefore, changing this could jeopardize his appeal to the masses. Unfortunately, in countries like Panama that have so many powerful special interest groups, there are certain decisions that have to be taken in order to become a first-world nation. Martinelli has recently started to consult a lot more and listen to the

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New Bloc Important for Independence From U.S.: Chávez

Venezuelan President Hugo Chávez on Tuesday told foreign ministers from Latin America and the Caribbean that a new regional bloc, excluding the United States and Canada, is needed. See story on page 2.

Photo: Venezuelan Government.

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NEWS BRIEFS

Paraguay's Lugo Says He's Open to Re-Election

Paraguayan President Fernando Lugo, who had previously said he would retire after his term ends in 2013, said Tuesday that he would be open to running for another term, the Associated Press reported. In order for Lugo to run, the constitution's single-term limit would have to be overturned. Lugo said he hasn't made a decision yet, but if he has strong popular support for another run, he would ask his advisors to examine the possibility.

Minister: Peru's Sees April Inflation Rate of 0.5 Percent

Peruvian Finance Minister Ismael Benavides said Tuesday that he sees the country's April inflation rate at around 0.5 percent, Reuters reported, citing state news agency Andina. Benavides attributes the rise in part to the global increase in food prices. The consumer price index rose 0.7 percent in March, almost doubling from the prior month. "It's important to get this element under control as it is a crucial factor in the lives of the poor, with international soy, wheat and corn prices now above their 2008 levels," said Benavides.

Fiat Subsidiary to Invest \$100 Million in New Plant

GNH Global, a subsidiary of Italy's Fiat Industrial, plans to build a factory in Córdoba, Argentina to manufacture farm tractors and harvesting combines, Dow Jones reported. The company will invest more than \$100 million in the plant, which will be located near an existing Fiat Industrial engine plant. GNH also has four assembly plants in Brazil and is working to expand its farm machinery business in South America.

Political News

New Regional Group Is Step Toward Independence From U.S.: Chávez

A new regional group, planned as a potential alternative to the Organization of American States, will be an important step toward gaining independence from the United States and other world powers, Venezuelan President Hugo Chávez told foreign ministers from the region on Tuesday, the Associated Press reported. The proposed Community of Latin American and Caribbean States would include "all the countries of Latin America and the Caribbean without the United States, without Canada," Chávez said in Caracas at the meeting to plan a regional summit in July. Chávez has argued the region needs an alternative to the OAS, which he says the United States dominates. Officials Tuesday said they support the effort to create the new regional organization. "We're sure that this year ... we will establish the Community of Latin American and Caribbean States," said Brazilian Foreign Minister Antonio Patriota. Brazilian President Dilma Rousseff is committed to

"our collective efforts to continue coordinating and raising our international profile," he added. The effort to create the new bloc is inspired by attempts of independence hero Simón Bolívar to unite South America. "This is something of the

“It's Bolívar's dream.”

— Hugo Chávez

greatest transcendence. It's Bolívar's dream," said Chávez. "Unity is vital to consolidate our total and everlasting independence from colonial and world powers that always attempt to dominate, exploit and steal from us."

Company News

América Móvil Appealing \$1 Billion Fine by Antitrust Agency

Mexico's América Móvil will appeal a \$1 billion fine that the country's antitrust agency assessed earlier this month, argu-

Featured Q&A

Continued from page 1

different sectors of the country, which has resulted in a positive boost to his approval ratings. All the economic, social and infrastructure development brought by the Martinelli's administration, plus his new attitude, could well give him his desired goal: change the constitution to be able to run for a second term."

A Kevin Casas-Zamora, senior fellow in the Latin America Initiative at the Brookings Institution and former vice president of Costa Rica: "Panama's serious institutional weaknesses—a politicized judiciary, feeble corruption control, suspect press freedom protection, weak parties and frivolous politics—are the soft spot in the country's good devel-

opment prospects. Rather than the cause of these shortcomings, President Martinelli's election was their most eloquent symptom. Yet, his governing methods are fast undoing whatever institutional solidness Panama may have had. What has emerged is a case of hyper-presidentialism, where the president styles himself as the sole embodiment of the nation's hopes and feels entitled to ride roughshod over opposition parties, critical journalists and other government branches. While Martinelli's abrasive style is at the base of important achievements (significant tax reforms, in particular), Panama may live to regret the demolition of the limited checks and balances that were in place. The president's spats with foreign investors, his dramatic

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ing the fine was based on incorrect conclusions about the telecommunications industry, Bloomberg News reported Tuesday. América Móvil, the Western Hemisphere's largest mobile-phone company, said it will ask the Federal Competition Commission to review its findings. The company, controlled by billionaire Carlos Slim, said it also may



Slim

File Photo: The George Washington University.

make other legal efforts in the case, but it did not provide specifics. In addition to slapping the Mexico City-based company with the fine, the antitrust agency also ordered América Móvil's Telcel unit to stop procedures that it ruled limit competition for completing telephone calls. The company's competitors must pay more to connect to Telcel users than users of the América Móvil unit must pay to reach each other. América Móvil argues that allowing Telcel users to call each other at cheaper rates is standard practice in telecommunications industries worldwide.

Bradesco's First Quarter Profit Rises 28 Percent on Loan Growth

Brazil's **Banco Bradesco** said today that its adjusted profit for the first quarter grew 28 percent as loan growth accelerated, Bloomberg News reported. The bank's adjusted net income increased to 2.74 bil-

Brazil's central bank is expecting credit growth of 13 percent this year.

lion reais (\$1.8 billion), or 2.72 reais per share as compared to 2.15 billion reais, or 2.07 reais per share, for the same quarter last year, Bradesco said in a regulatory filing. Brazil's total outstanding credit grew

Snapshot

Only 5 percent of Latin American students did as well as 50 percent of east Asian students on *PISA scores in the sciences, Santiago Levy of the Inter-American Development Bank said in a presentation Friday at the Inter-American Dialogue in Washington. Levy offered the slide below to demonstrate the need for Latin America and the Caribbean to focus on improving the quality of education.

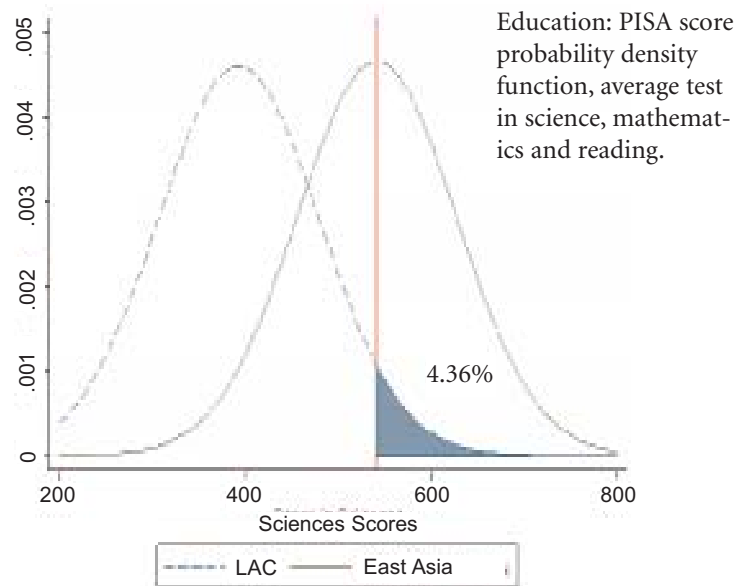


Chart: Inter-American Development Bank.

*PISA is the OECD's Program for International Student Assessment

21 percent to 1.74 trillion reais year-on-year in February. The rate of unemployment in Brazil, Latin America's largest economy, was at near a record low and demand has surged for loans for businesses and consumers. Brazil's central bank is expecting credit growth of 13 percent this year, Tulio Maciel of the bank's department of economic research said in March. Last month, Bradesco's loan portfolio grew 21 percent year-on-year to 284.7 billion reais, the bank said. The bank's total assets rose 27 percent to 675.4 billion reais and its average default rate fell 3.6 percent in late March from 4.4 percent at the same point last year.

Argentina Names Deputy Economy Minister to Banco Macro Board

The government of Argentine President Cristina Fernández de Kirchner on

Tuesday named the country's deputy economy minister to the board of **Banco Macro** as part of the administration's efforts to exert more control over companies, Reuters reported. The official, Roberto Feletti, will represent the state pension agency on the bank's board. Earlier this month, Fernández's administration eliminated a rule limiting the pension agency's voting rights on the boards of companies to 5 percent. The agency's stakes in companies are sometimes larger and the government wants full board representation. Fernández nationalized the pension system in 2008, giving the government's social security agency, Anses, stakes in more than 40 companies. Banco Macro is controlled by Jorge Brito, a supporter of the Fernández administration. Feletti will be the second government representative on the board of Banco Macro, in which Anses has a 30.9 percent stake.

Featured Q&A*Continued from page 2*

increase in public spending and his pharaonic investment plans, all of them undertaken with little or no consideration for alternative viewpoints, are starting to look ominous. Impatience may or may not be a good trait in the business world, but is nearly always fatal in democratic politics, where gradualism and the ability to compromise are usually signs of a healthy system. Panama's economic boom would not be the first one in Latin America to be squandered by the lack of sound political institutions capable of yielding predictable outcomes, workable compromises, widespread welfare improvements and reasonably corruption-free politics. Martinelli calls his a business-minded political style. Another, simpler way to call it is right-wing populism. And we know well by now that in all populist experiments the joys are intense and ephemeral while the pain and poisonous legacies are equally intense, only much more prolonged."

A Luis Manuel Botello, senior director of special projects at the International Center for Journalists in Washington:

"While some economic policies have stimulated the economy, there is no question that Martinelli's governing style threatens to politically radicalize Panamanian society. Martinelli's policies aggressively undermined democratic institutions by constantly violating constitutional laws regarding the appointment of Supreme Court justices and attorneys general. In two years, Panama has had three attorneys general and, recently, a Supreme Court justice was forced to resign amid a serious corruption scandal. Martinelli's government often uses his control of Congress to pass unpopular laws with little to no public participation. These unpopular policies have triggered violent protests that, for the first time in many years, have brought together indigenous people from different regions of the country.

Most recently, the mining code had to be repealed due to public outcry. But perhaps one of the most significant signals of Martinelli's aggressive governing style is his constant intimidation of journalists and the independent media as well as an excessive use of force. Leading journalists

“One of the most significant signals of Martinelli's aggressive governing style is his constant intimidation of journalists ...”

— *Luis Manuel Botello*

have publicly denounced how government officials constantly call their editors to complain about news coverage the authorities consider biased. The lack of judicial independence often resolves against journalists in libel and defamation cases involving government officials. Martinelli has done very little to publicly protest for these questionable defamation cases, but has publicly blamed the media for the country's problems. It is true that in some cases, Martinelli has had to show that he is the one making decisions in order to push for some needed policy reforms, but his public expressions of dislike of civil society participation as well as the lack of transparency in procurement processes have made him look more like an authoritarian ruler trying to benefit his friends than a democratic one willing to make concessions that would strengthen democratic institutions."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

Latin America Advisor

is published every business day by the Inter-American Dialogue, Copyright © 2011

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Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at: 1211 Connecticut Avenue, Suite 510 Washington, DC 20036 Phone: 202-822-9002 Fax: 202-822-9553 www.thedialogue.org

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