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FEATURED Q&A

Is Argentine President Fernández's Support Crumbling?

Q Thousands of demonstrators marched in Buenos Aires and other cities across Argentina last week to protest against the government of President Cristina Fernández de Kirchner. The marches came just days after a federal court struck down parts of a media law that Fernández had championed and at the same time that Argentine lawmakers were debating judicial reforms that the administration has sought. To what extent is Fernández losing public support for her initiatives? How will the fights over the media law and judicial reforms play out? What do the controversies say about issues such as freedom of the press, political risk and the business climate in Argentina?

A Horacio Verbitsky, president of the Center for Legal and Social Studies in Buenos Aires: "The protest was significant, but smaller than ones in the past. The difference was that this one was better organized, less aggressive and that opposition leaders took part in it. That implies an endorsement by the forces who won 46 percent of the vote, in comparison to the 54 percent that the president won in the 2011 elections. A united opposition in Argentina would constitute a phenomenon equivalent to that of Venezuela's Henrique Capriles. However, this seems unlikely for now as there are several factors that weigh against this. All the protesters come from the middle and upper classes, not from the lower classes whose loyalty to the president is not in question. With regard to the media law, the ruling of the appeals court was expected, given the ties between its members and Grupo Clarín, which paid for trips they took to Miami through a lobbying group the company controls. The judicial reform bills were approved with comfortable majorities in Congress and rejected by the media, opposition parties and judges' associations, which the government has branded as corporate strongholds. Press freedom

Continued on page 2

Venezuela's National Assembly to Probe Post-Election Violence

Venezuelan lawmakers on Wednesday announced a probe into violence that occurred after the country's presidential election. Officials have blamed Henrique Capriles, who narrowly lost the election, for spurring the violence, which he denies. See story on page 2.

File Photo: Capriles campaign.

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NEWS BRIEFS

Mexico Inflation Rises in First Half of April to 4.72 Percent

Inflation in Mexico rose in the first half of April at a pace that exceeded the country's central bank ceiling, Reuters reported Wednesday. The country's statistics agency stated that annualized inflation rose to 4.72 percent. Some analysts suggested the figure remains benign, however, when taking into account seasonal factors. The most recent data "has been driven by large but narrow-based supply shocks," **Goldman Sachs** analyst Alberto Ramos said in a research note Wednesday. "Core inflation remains well anchored to the 3 percent target," he added.

Bolivia Sues Chile in World Court Over Access to the Sea

Bolivia's government on Wednesday filed a lawsuit against Chile in the World Court, its latest effort to regain access to the Pacific Ocean, which it lost more than a century ago, BBC News reported. In The Hague, Bolivia's foreign minister, David Choquehuanca, said the landlocked country wants Chile to negotiate "a swift and effective agreement that grants [Bolivia] fully sovereign access to the Pacific Ocean." Chilean Interior Minister Andrés Chadwick ruled out any talks on the matter.

Chile's Empresas Copec Boosts Investment Plan to About $900 Mn

The head of Chilean conglomerate **Empresas Copec** said Wednesday the company is increasing its 2013 investment plan to about $900 million, Dow Jones reported. Roberto Angelini, the fuel and forestry conglomerate's chairman, said about $150 million in higher expenditures are now planned for the company's Colombian operations, where Copec controls **Terpel**, the country's largest fuel distributor.

Political News

Venezuelan Lawmakers to Probe Post-Election Violence

Venezuela's National Assembly, which is dominated by the party of newly inaugurated President Nicolás Maduro, on Wednesday established a commission to investigate deadly protests that occurred after the country's razor-thin April 14 election, Reuters reported. Authorities have blamed the violence on the opposition's Henrique Capriles, who lost the election to Maduro by less than two percentage points. Nine people were killed and dozens sustained injuries in the days after the vote. Capriles' campaign has rejected assertions that it caused the violence, which it says the government has exaggerated in order to discredit the opposition. "The government is desperately sowing lies," said Capriles, who called on his supporters to demonstrate after the election, but has since urged his supporters to only engage in peaceful protests. The commission that is tasked with investigating the violence is to begin meeting Monday. It does not include any opposition politicians. In a posting on Twitter, the National Assembly said, "The commission will determine responsibility for violent actions directed by Capriles."

> "The government is desperately sowing lies."
>
> — *Henrique Capriles*

Economic News

Standard & Poor's Boosts Colombia's Foreign Debt Rating

Standard & Poor's raised Colombia's foreign debt rating a notch to the second-lowest investment grade offered by the company, Bloomberg News reported Wednesday. The outlook for continued economic growth, increased tax revenue and peace talks with rebels have boosted investor confidence, according to the

Featured Q&A

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is not at risk in Argentina, which was the first country in the region to abolish criminal defamation charges in matters of public interest. It is only the concentration and control of the media market that is under discussion. Regulation of media properties in Argentina is less strict than in the United States so that should not affect the business climate, which depends on other factors."

A Miguel Kiguel, executive director of EconViews in Buenos Aires: "The most recent demonstrations managed to convene around 2 million people to the streets of most Argentine cities, which means that they doubled in size from the previous demonstrations that took place last November. The size of the demonstrations clearly shows that a large part of the population wants a change. The most important demands were about personal safety (due to higher crime), corruption and the attack of the executive power against the judiciary, which is the only independent power that Argentina has today. However, the continuous deterioration in economic and financial conditions has contributed to the bad mood that led people to take the streets. Economic activity has stagnated since the second half of 2011, investment is falling due to the huge credit spread and the constraints to remit dividends abroad, while inflation continues unabated in the mid-20s. The rise in the parallel exchange rate and the strict foreign exchange controls have been important concerns that affect a large part of the middle class and the business community. The imposition of the con-

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report. "A stronger fiscal profile, growing domestic capital markets, and favorable long-term prospects for GDP growth have strengthened Colombia's creditworthiness," S&P credit analyst Joydeep Mukherji wrote in a statement. "Negotiations between the government and the country's main guerrilla group could lead to a significant reduction in violence." Both **Fitch Ratings** and **Moody's Investors Service** have similar ratings for Colombia. Finance Minister Mauricio Cárdenas told reporters Wednesday that the upgrade will help lower borrowing costs. "This is very positive," Cárdenas said. "It's the best economic news we've had this year," he added, Bloomberg News reported.

Cárdenas

File Photo: Colombian Government.

Company News

Corsán Enters Peru Hydroelectric Market With $989 Million Contract

Spanish construction firm **Isolux Corsán** said Wednesday it has been awarded a contract for the construction of the Molloco hydroelectric power plant located in the southern Peruvian region of Arequipa. It is the company's first hydroelectric project in the country. The estimated total investment will exceed $989 million, the company said. The plant will have a total capacity of 300 MW and be built as part of a consortium with Brazilian companies **Enex** and **Engevix**. Water resources of the Molloco River basin and in part from the Palca River will generate power at two units that will tap water from three reservoirs. Construction of the plant will begin in 2015 and take five years to build. Although this is Isolux Corsán's first hydro project in Peru, it previously built two photovoltaic plants in Arequipa with an installed capacity of 44 MW, one of the first large solar PV projects developed in Latin America, the company said, supplying power to as many as 80,000 people.

Comings & Goings

Ecuador Energy Minister Stepping Down Next Month: Report

Wilson Pástor, Ecuador's minister for non-renewable resources, plans to step down next month after three years in the position, local daily *El Comercio* reported Wednesday. Pástor, who oversaw the country's oil and gas sector under President Rafael Correa, led the country's efforts to control more of the industry and has been credited for helping Ecuador boost its international reputation for environmental stewardship. He will be replaced by Pedro Merizalde, who currently runs the state-held Refinería del Pacífico Eloy Alfaro, according to the report. No official announcement on the change has been made.

Sun Chemical Promotes Tavara to President of Latin America Region

New Jersey-based **Sun Chemical** on April 18 named Fernando Tavara its president for Latin America. He will be responsible for all of the company's ink business in the region, including Central America and the Caribbean. Tavara has worked for 30 years in the industry, joining Sun Chemical in 2004, where he was most recently in sales. Before that he worked for **Cia. Impresora Peruana**, one of the largest newspaper chains in Peru. Tavara replaces Gregory Lawson, who will retire at the end of 2013 after more than 10 years at the company. With $3.5 billion in sales, Sun Chemical is the world's largest producer of printing inks and pigments.

Diageo Names Gavazzi to Run Latin America Region; Millian Retiring in 2014

Diageo, which counts the Johnnie Walker, Smirnoff, Captain Morgan and Guinness brands among its portfolio, said last Thursday that Randy Millian, president of the company's operations in Latin America and the Caribbean, will be retiring in June 2014, Dow Jones reported. Alberto Gavazzi, managing director for Diageo West Latin America and Caribbean, has been named to replace Millian, starting July 1, 2013. From that date, Millian will take on a new non-executive role as chairman of Diageo LAC until he retires next year, according to the report.

SolarReserve Hires Jose Lobo as Director of Development for Latin America

SolarReserve, a California-based solar energy developer, on Friday announced the company is expanding into Latin America through the opening of an office in Santiago, Chile. José Lobo, a Chilean who formerly worked at **E-CL** and **Endesa**, has been hired as director of development for Latin America. The company is pursuing both large-scale concentrated solar power and photovoltaic projects, with a special emphasis on opportunities in the mining sector.

Spain's Weblogs Plans to Move Headquarters to Miami to Focus on Latin America

Spain-based blog publisher **Weblogs** is making its expansion into the U.S. Hispanic market and Latin America its main business priority, *Portada* reported last week. "The Miami office will be opened in June or July," Julio Alonso, founder and CEO of Weblogs, told reporters. Alonso will be moving to Miami to lead the business. Olga Palombi, the CEO of **Social Media SL**, the company that markets Weblogs' advertising and social media services, is also moving to Miami and will be in charge of the business development for both firms.

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Featured Q&A

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trols has backfired, as international reserves are falling. The combination of an economy that suffers from stagflation with a government whose image is falling quickly indicates that the official party will have a difficult time in the October mid-term elections, though it is likely to maintain one-third of the popular vote. The biggest question is whether the opposition will be able to get its act together to capture this widespread discontent of roughly two thirds of the population. The answer is by no means obvious."

Juan Cruz Díaz, managing director of Cefeidas Group: "From the perspective of the CFK administration, the media law fight has taken a turn for the worse. The government will undoubtedly appeal to the Supreme Court as soon as possible, and the court might decide with the same 'all deliberate speed' that it asked of lower courts. The court could lean either way, though. The Civil and Commercial Court's opinion went against previous Supreme Court decisions, indicating that the issue is more political than truly legal in nature, hence the timing of the mass mobilization and the announcement of judicial reform. As for the judicial reform, the bills will most likely be passed quickly. Nonetheless, the opposition will continue to use the reform to mobilize against President Kirchner and the most controversial initiatives will surely be challenged in court. It is clear that some of the proposed bills are geared toward remedying current difficulties the government faces in the courts, especially the media law. The court's decisions in both these questions will deeply affect political developments this year and will either lend to or take away from CFK's general popularity and support, especially in the mid-term elections. Despite the risk, the current macroeconomic context will not lead to a major economic crisis in the medium-term and it is unlikely that Argentina is headed toward a crisis as deep as in 2001. However, the government is expected to avoid serious attempts to control inflation this year, which will make it difficult for the administration to recover economic stability once the elections have passed. While the political mobilization against the CFK administration has grown, affecting its public support (though not yet to 2009 levels, during the incident over the agricultural taxes), the lack of a viable alternative with real chances of governing still makes a change in political direction uncertain."

> "Some of the proposed bills are geared toward remedying current difficulties the government faces in the courts."
>
> — *Juan Cruz Diaz*

Editor's note: The Argentine Embassy in Washington was invited to submit a commentary, but declined to do so.

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 © 2013

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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 NW, Suite 510
Washington, DC 20036
Phone: 202-822-9002 Fax: 202-822-9553
www.thedialogue.org ISSN 2163-7962

Subscription Inquiries are welcomed at freetrial@thedialogue.org

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