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## FEATURED Q&A

### *What Can the Middle East & Latin America Offer Each Other?*

**Q Peruvian President Ollanta Humala recently wrapped up a nine-day visit to the Middle East during which he visited Israel, Palestine and Qatar, where he signed agreements to increase trade and investment cooperation and promoted investment opportunities to business leaders. Also in recent weeks, Israel was granted observer status in the Pacific Alliance and Prime Minister Benjamin Netanyahu announced he will visit the region in April, while Iranian President Hassan Rouhani said the country wants to improve economic ties with Latin American counties. What is behind increasing engagement between the two regions? What do the regions have to offer each other economically? What businesses stand to gain from stronger ties between Latin American and Middle Eastern countries?**

**A R. Evan Ellis, assistant professor of national security studies at the William J. Perry Center for Hemispheric Defense Studies in Washington:** "As Latin America and the Caribbean continues to diversify its economic relationships globally, its $40.6 billion in trade with the Middle East (as of 2012) is modest in comparison with its $807.4 billion in trade with the United States, $243.5 billion in trade with Europe, or even its $360.4 billion in trade with Asia. This is ironic, given that some of Latin America's most successful businessmen and families come from the Levant, and traders of Lebanese/Syrian origin play a key role in the region's export sector. The present developments are driven by important, yet separate and idiosyncratic factors. Iranian President Rouhani, who has a Ph.D and studied in Scotland, is attempting to leverage his conciliatory gestures on Iran's nuclear program to escape isolation from international commercial and financial markets through a courtship of the region which is lower-key, less overtly political and less ALBA-centric. Israel, in the context of an increasingly unstable regional envi-

*Continued on page 2*

### Michelle Bachelet Returns to Chile's Presidency

Moderate socialist Michelle Bachelet, who governed Chile from 2006 to 2010, returned to the country's presidency on Tuesday. In a speech to supporters at the presidential palace, Bachelet vowed to fight inequality in the South American country. See story on page 2.

*Photo: Chilean Government.*

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## NEWS BRIEFS

### Student Leader Fatally Shot in Venezuela Protest

Student leader Daniel Tinoco was shot and killed at an anti-government protest late Monday in the western Venezuelan city of San Cristóbal, officials said, BBC News reported. The city's police chief, Ángel Perdomo, said Tinoco was shot at an intersection, and eyewitnesses reported seeing armed men on motorcycles attack Tinoco and other students. Daniel Ceballos, the city's mayor, from the opposition Popular Will party, said the attack happened after a day of clashes between the opposition, security personnel and pro-government militias known as colectivos.

### Bank of America Names New CEO for Brazil Operations

Rodrigo Xavier has been named chief executive officer of **Bank of America**'s operations in Brazil effective March 31, the United States' second-largest bank by assets said in a statement Tuesday. Xavier replaces Alexandre Bettamio, who became head for Latin America in September.

### Corpbanca Shareholder Vows to Press Case Against Merger

A minority shareholder in Chile's **Corpbanca** vowed Monday to continue opposing the proposed merger with the local unit of Brazilian bank **Itaú Unibanco Holding**, *The Wall Street Journal* reported. In a second letter to Corpbanca's board, **Cartica Capital**'s Teresa Barger said the Chilean bank's controlling shareholder was seeking to "divert your attention from the fundamental issues of value and fairness we have raised..." Cartica has said controlling shareholder Álvaro Saieh is getting a better deal out of the merger than are minority shareholders.

# Political News

## Michelle Bachelet Returns to Chile's Presidency

Michelle Bachelet was sworn into office Tuesday as Chile's president, returning to the office that she held from 2006 to 2010. Sen. Isabel Allende placed the presidential sash onto Bachelet's shoulder in a ceremony at Chile's Congress in Valparaíso, the Associated Press reported. "It's time to take this road that we committed to through our government program; it's time to kick start these dreams toward a nation that is more just, developed, modern, tolerant and inclusive," Bachelet, a moderate socialist, later told more than 5,000 people gathered outside the presidential palace in Santiago. "Chile has only one great adversary: inequality. And only together will we be able to defeat it."

> "Chile has only one great adversary: inequality. And only together will we be able to defeat it."
>
> *— Michelle Bachelet*

During her campaign, Bachelet vowed to finance education reform through higher corporate taxes. She has also promised to improve the country's health care system and make Congress more representative through constitutional changes. However, the country is facing an economic slowdown. "She promised a lot of things, a lot of reforms, so people expect many things to happen," Patricio Navia, a Chilean political science professor at New York University, told the AP. "But the economic conditions have changed … The economy is not growing quite as fast and Bachelet is not going to have the leverage to introduce all the reforms."

## Quijano May Seek High Court's Intervention in Electoral Dispute

Conservative presidential candidate Norman Quijano threatened on Tuesday to take the dispute over El Salvador's presidential election to the country's Supreme Court and asked electoral officials to annul the election, Reuters reported. Quijano trailed leftist candidate Salvador Sánchez Cerén by about 0.22 percentage points, or fewer than 7,000 votes, as officials work to ensure that polling station records match electronic vote tallies. Quijano has demanded a vote-by-vote recount. The electoral tribunal, however, has said it will not conduct a full recount and has called Sánchez Cerén's lead "irreversible."

**Featured Q&A**

*Continued from page 1*

ronment, seeks to shore up overseas friendships while building its position in the global economy by exploiting its comparative advantages in high-value sectors such as information and other technologies, defense systems and the security industry. The February visit by Ollanta Humala to the Middle East arguably sought to build on Lima's hosting of the Arab-Latin American summit in 2012, to showcase Peru's growing status as international player, and was carefully balanced to include Israel and Palestine, plus a conservative Gulf state with an ample sovereign wealth fund."

**A Cecilia Baeza, professor of international relations at the Fundação Getulio Vargas and deputy coordinator of the Arab-Latin American Forum:** "The reciprocal interest of Latin America and the Middle East is relatively new. Both regions have multiplied their efforts over the last decade to diversify their trade and investment partners, and it can be argued that they represent the last economic frontier for each other. Although rising, bi-regional trade and investment flows remain relatively low when compared with other South-South economic

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# Company News

## AIG Expects 40 Percent Rise in Brazil Premium Revenue

New York-based insurer **American International Group** is expecting a 40 percent rise in revenue this year from its underwritten premiums in Brazil, the Brazil unit's leader said late Monday, Reuters reported. AIG is planning to inject approximately $120 million into the unit in an effort to boost its life, property-casualty and high-risk corporate insurance segments, according to the executive, Jaime Calvo. The move is part of a larger strategy by AIG to grow through acquisitions. The insurer wants to make Brazil one of its five largest markets by 2017. Currently, the South American country is not even in the company's top 20 markets. AIG is aiming to nearly double its staff to 700 employees over the next three years, said Calvo. "Our plan is one of accelerated growth. It implies organic growth of course, but it includes acquisitions too," said Calvo, Reuters reported. "The secular process of household income gains in Brazil will naturally lead to more demand for insurance services and products." Insurance companies have seen Brazil as ripe for growth. In Brazil, consumers spend less than one-tenth of the amount of money on insurance than do consumers in Britain or the United States. Premiums in Brazil increased 18 percent for 2013 through November, according to Susep, Brazil's insurance sector watchdog agency. In addition to seeking a growing market share, AIG is aiming to achieve high returns, said Calvo. Consumer lines of insurance, such as auto insurance, make up about 25 percent of AIG's business in Brazil, and the company hopes to increase that to about 75 percent, he added.

> "Our plan is one of accelerated growth."
>
> — *Jaime Calvo*

# Comings & Goings

### Paolucci Named President of Alcoa Latin America and the Caribbean

Metals company **Alcoa** on March 6 announced that Aquilino Paolucci, vice president of business development and regional affairs for Latin America, has been named president of **Alcoa Latin America and the Caribbean** effective March 1. He has also been named president of global primary products for Latin America and the Caribbean. In his regional position, Paolucci reports to chairman and CEO Klaus Kleinfeld, and in the global primary products position, he reports to GPP Chief Operating Officer Roy Harvey. Paolucci has worked at Alcoa since 2004 and has 28 years of experience in finance. He previously served as the CFO of Alcoa LAC and of the Brazilian subsidiaries of **Pharmacia & Upjohn** and later, **Monsanto**. He holds a bachelor's degree in accounting from Mackenzie University in São Paulo and a MBA from the Ibmec School of Business. Paolucci replaces Franklin Feder who will retire Aug. 1. In his 23 years at Alcoa, Feder worked as director of corporate development, vice president of financial planning and analysis and then as president of the region.

Paolucci

*File Photo: Alcoa.*

### Librizzi Stepping Down as Americas Co-President at Year's End

Osvaldo V. Librizzi, currently the co-president of the Americas at **Starwood Hotels & Resorts Worldwide**, will step down from the position at the end of this year and serve as non-executive chairman until the end of 2015, the hotel company announced Feb. 25. Current co-president of the Americas, Sergio Rivera, will become president and assume full responsibility for the region. Jorge Giannattasio, who is currently senior vice president and CFO for the Americas, was named chief of Latin America operations and global initiatives. Giannattasio will begin overseeing regional operations this summer and will report to Rivera. Librizzi began working at Starwood in 1975 as an assistant controller at the Sheraton Buenos Aires, moving progressively through more senior positions. Before being serving co-president of the region, he was president of the Americas for 22 years, during which time Starwood grew to become the largest hotel operator in the region. Giannattasio joined Starwood as vice-president of finance for Latin America in May 2004 and previously held management roles at **Boston Scientific Corporation** and **Deloitte** in Latin America and the United States.

### Naigeborin Named Head of Latin America Equity Trading at HSBC

**HSBC** announced Feb. 25 that Renato Naigeborin has joined the investment bank as head of equity trading for Latin America. Naigeborin comes to HSBC from **BR Partners**, a boutique investment bank where he was a partner. Naigeborin will manage HSBC's equity products in Latin America, including structured equity derivatives, prime and cash and work with the sales, asset and structured finance and global banking teams to develop new products. He also previously worked as the head of equity trading at **Citibank Brazil** and head of equity derivatives at **Merrill Lynch**. He will be based in Brazil and report to Otavio Mendes, head of global markets for Brazil, and Delfos Machado, head of equity trading for the Americas.

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## Featured Q&A

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links. And yet, complementarities do exist, in particular in the areas of food security and agricultural development, energy, hospitality, and infrastructure and logistics. Business opportunities are still largely untapped, sparking a new investor appetite and political interest. In the area of food security for example, several deals involving Gulf interests have been concluded in Latin America over the last few years: In 2011, Al Gharrafa Investment, a subsidiary of Qatar's sovereign wealth fund, increased its stake in Adecoagro, an agricultural company in South America backed by billionaire investor George Soros and with operations in Argentina, Brazil and Uruguay. In 2012, the Saudi company Almarai, the largest dairy company in the Gulf, acquired Fondomonte, an Argentine company, and its 12,306 hectares of land. What is lacking now for greater investment flows is information and infrastructures for connecting the two regions whose geographical distance is a real obstacle to the strengthening of biregional relations. These two shortcomings have been identified during the recent inaugural meeting of the Council on Arab Relations with Latin America and the Caribbean—a newborn nongovernmental and multi-stakeholder biregional organization—as a top priority."

**Cecilia Porras Eraso, president of the Arab Colombian Chamber of Commerce:** "It is of vital importance for countries in the region to strengthen relations with the countries of the Middle East and North Africa. The privileged geographic location, the biodiversity, the wealth of natural resources and the potential for development of food reserves in Latin America increase Middle Eastern countries' interest in the region. The signing of APIs (Acuerdos de Protección de Inversión) with Qatar and the United Arab Emirates has been the first step for Colombia, attracting investors' attention. There are a number of regional and biregional players. One is the Cooperation Council for the Arab States of the Gulf (GCC), a political and economic union of the six Arab states on the Persian Gulf. The objectives are the formation of similar regulations in diverse fields such as the economy, finances, trade, customs, tourism, legislation and administration. An expanded and unified GCC market would offer new trade and investment opportunities. Another is the Summit of South American-Arab Countries – Federation of Arab-South American Chambers of Commerce, of which CCAC is a founding member. It is playing an important role in the increase of South-South relations, conducting various activities to encourage cooperation. It includes 34 nations, 12 in South America and 22 Arab countries, who have expressed the desire to negotiate economic agreements. A third is CARLAC, the Consejo Para las Relaciones Entre el Mundo Árabe y América Latina y el Caribe, a council comprised of more than 40 leaders from Latin America and the Caribbean and the Arab world. There are four main areas of cooperation: trade; investment; industrial cooperation: small- and medium-sized enterprises/small industries; and technology transfer in agriculture, energy, mining and metals. An in-depth understanding of the mechanics and dynamics of the GCC countries should help Latin America—both governments and the private sector—to formulate a winning strategy for success in the region and individual countries. In view of the current economic problems in Europe and the United States' approach in politics, business opportunities abound for two-way trade and investment."

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

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