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FEATURED Q&A

Will Restricting Ads Help Fight Obesity in Mexico?

Q Mexico moved in mid-July to place restrictions on advertising high-calorie foods and soft drinks, setting specific hours during which ads for the items may not be shown on television or in movie theaters in an effort to fight high levels of obesity. Are restrictions on advertising an effective way to address public health issues? What other policies should or could the government use to achieve its objective?

A Marina Hurtado, intellectual property and advertising attorney at Arochi & Lindner, S.C. in Mexico City: "The recent measures taken by the Mexican government to restrict advertising of food and non-alcoholic beverages aimed at children are without a doubt an important step to fight obesity, diabetes and hypertension, which have become serious public health problems in Mexico. According to data from the OECD, Mexico has the eighth highest level of childhood obesity in the world. However, the advertising restrictions will not produce positive effects in an isolated manner. Like any public health problem, obesity must be addressed holistically. The Mexican government has taken several steps in health regulation. So far this year, it has raised taxes on soft drinks, snacks, chocolates and other candies, restricted the times of day that these products may be advertised and established new labeling requirements to increase the transparency of food and beverage information. Despite these measures, the current policy is still limited. It is necessary to create strategies to inform, raise awareness and educate all sectors of society and thus promote healthy eating in homes, schools and offices. Further, it is necessary to create the required infrastructure and facilities so that the population can participate in athletic activities and to guarantee effective access to quality medical services. Advertising is an indispensable means of expression for promoting products and services. However, when advertising clash-

Continued on page 2

Colombia Sending More Troops to Fight ELN Rebels

Colombia is sending additional troops to the eastern province of Arauca following a wave of attacks by ELN rebels. National Police head Rodolfo Palomino offered a reward for information leading to arrests of rebels involved in the attacks. See story on page 2.

File Photo: Colombian Government.

Inside This Issue

FEATURED Q&A: Will Restricting Ads Help Fight Obesity in Mexico? 1

Colombia Sending More Troops to Fight ELN Rebels.....2

Peru to Enter Free Trade Negotiations With India 2

At Least Two Killed as Earthquake Strikes Ecuador.....2

Investigators Probe Banks in Petrobras Money Laundering Case 3

The Dialogue Continues: Is Mercosur Effectively Promoting Economic Cooperation?.3

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NEWS BRIEFS

At Least Two Killed as Earthquake Strikes Ecuador

At least two people were killed Tuesday when a 5.1-magnitude earthquake rattled Ecuador, striking near the capital, Reuters reported. Eight others were wounded and rescue workers were continuing to work Tuesday night to free people trapped in rubble. The two people who were killed were working at a quarry near Quito, according to officials. The earthquake occurred at 2:58 p.m. local time and was centered 14 miles northeast of Quito at a depth of 4.8 miles, according to the U.S. Geological Survey.

$10 Mn Stolen From Armored Van in Chile's Largest Heist

Eight gunmen in Chile on Tuesday held up guards unloading an armored money transport van at Santiago's international airport and got away with more than $10 million, making it the largest robbery in Chilean history, BBC News reported. Mahmud Aleuy, Chile's interior minister, called the airport's security "an embarrassment" and said the defense ministry will help track down the crime's perpetrators.

NII Holdings Expected to File for Bankruptcy

U.S.-based **NII Holdings Inc.**, a mobile phone carrier that offers **Nextel** services to customers in Brazil, Mexico, Chile and Argentina, said in a statement Monday that it will most likely file for bankruptcy as it having difficulty meeting its financial obligations. NII has been losing customers to competitors **América Móvil** and **Telefónica**, which offer faster download speeds on smartphones. The company reported revenue down 23 percent and a net loss of 77,000 subscribers in the second quarter.

Political News

Colombia Sending More Troops to Fight ELN Rebels

Colombia's military is sending more troops to the eastern province of Arauca, a stronghold of the National Liberation Army, or ELN, rebels who have launched a wave of attacks in recent days, BBC News reported Tuesday. The announcement came just hours after gunmen fatally shot Pedro Antonio Bohórquez, a local politician, and his bodyguard in the city of Saravena. Earlier in the day Tuesday, eight soldiers were wounded in a separate incident when a homemade bomb exploded. Colombia's national police chief, Rodolfo Palomino, offered a reward for information leading to the attackers' arrest. "Reward of up to 50 million [pesos] ($26,600) to those who help us arrest the criminals who brought terror to Saravena," Palomino said in a tweet. Over the past two weeks, nine people have been shot and killed in Saravena, according Colombian daily newspaper *El Tiempo*. Also, a soldier died and six others were sickened last week after they ate locally bought pork that was believed to be laced with rat poison. The person who sold the meat was believed to be a rebel. Also, in June, 13 oil workers and family members were injured in an attack on Arauca. Colombia's military said last month that soldiers had killed eight ELN rebels in Arauca. [Editor's note: See related Q&A in the July 18 issue of the *Advisor*.]

Over the past two weeks, nine people have been shot and killed in Saravena.

Economic News

Peru to Enter Free Trade Negotiations With India

Peru's deputy minister of foreign trade is heading next week to India in order to open talks on establishing a free trade agreement between the two countries, Peru's state-run Andina news agency

Featured Q&A

Continued from page 1

es with a fundamental right such as the right to health and the best interests of children, it must be restricted."

A Trevor Burrus, research fellow in the Cato Institute Center for Constitutional Studies: "Obesity is a private health issue, not a public health issue. The only thing that makes it 'public' is the socialization of health care costs. Socializing health care costs creates perverse incentives and unnecessary political battles. The best way to decrease obesity and other health problems is to make health care cheaper with freer markets and to let people own the costs of their risky behaviors. This may sound heartless, but it is simple economics. If you tell smokers that their health care costs are taken care of, they have less incentive to quit. Tell daredevils that all of their broken bones will be mended at lower cost to them, and they will be less cautious. Tell the obese that the burden of their health problems will be shared by the public and they have fewer reasons to change their lifestyles. No restriction on advertising will be able to counter these incentives. Moreover, when the government decides that something is a 'public health issue' it usually does so selectively. When New York City tried to ban 'big sodas,' for example, they didn't similarly try to ban fatty Starbucks concoctions, which are often unhealthier than soda. Why? Possibly because lawmakers are more likely drink Starbucks and because soda

Continued on page 4

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reported. The Peruvian official, Edgar Vásquez, will be in New Delhi for the talks Aug. 20-22, according to the Ministry of Foreign Trade and Tourism. Officials hope a free trade accord would triple the volume of annual trade between Peru and India. In addition to meeting with officials at India's Ministry of Commerce, Vásquez is scheduled to meet with representatives of major Indian business groups, Andina reported. Over the past five years, trade between the two countries has increased seven-fold, reaching $1.5 billion last year. That amount has made India Peru's fourth-largest trading partner in Asia. Peru currently has 40 free trade accords around the world, including with China and the European Union.

India is Peru's fourth-largest trading partner in Asia.

Company News

Investigators Probe Banks in Petrobras Money Laundering Case

Investigators in Brazil have expanded their probe into alleged money laundering involving state oil company **Petrobras** to financial institutions, Bloomberg News reported Tuesday. According to court documents, units of banks including **Citigroup**, **Banco Santander**, **HSBC Holdings**, **Itaú Unibanco** and **Banco Bradesco** are included in the investigation. The banks either declined to comment to Bloomberg News or said they are adhering to compliance requirements. The case involves cash from Brazilians who were allegedly trying to evade taxes, in addition to revenues from drug trafficking and money alleged to have been embezzled from Petrobras contracts, the news service reported, citing police officials and court documents. Prosecutors are examining bank documents, according to Prosecutor Carlos Fernando Lima. "Institutions have a civil responsibility for all of their clients," Lima told Bloomberg News in an interview. "My experience is there's usually no big money laundering operation without someone behind it from a financial institution. It's too much to go unnoticed." Lima added that prosecutors are "facing some difficulties" in gaining banks' cooperation because, "they are not providing the data with the required speed and detail." According to court documents that contain details of a police investigation as well as wire taps and other sources, banks and brokerages allegedly established accounts, transferred money or both for alleged front companies involved in the matter. Petrobras did not respond to requests from the news service for comment. Its shares declined 2.3 percent Tuesday in São Paulo to 19.67 reais.

The Dialogue Continues

Is Mercosur Effectively Promoting Economic Cooperation?

Q Members of the Mercosur bloc agreed at their July summit to promote regional integration, in part through establishing a new economic zone that would include the member states of the Bolivarian Alliance for the Peoples of Our America (ALBA), the Caribbean Community (Caricom) and Petrocaribe with Mercosur, as well as fully activating the Bank of the South. Does all this mean very much? Is Mercosur an effective mechanism for promoting economic cooperation, and how does it compare to other trade and integration initiatives currently underway in the Americas?

A Diego Bonomo, executive manager of foreign trade at the Brazilian National Confederation of Industry (CNI): "Mercosur was essentially an economic cooperation mechanism designed to foster trade and investment in the Southern Cone, including in response to North American integration spearheaded by NAFTA. However, it faced major challenges over the years with successive economic instability in Brazil (1999 and 2002) and Argentina (2001). With the establishment of Unasur, Brazil tried to expand Mercosur to the whole region and morph it into the economic pillar of the new political union, but the differing political and economic models chosen by ALBA, Mercosur, and the recently-established Pacific Alliance countries created an unsurpassable obstacle to this goal. As a consequence, Mercosur's agenda became extremely politicized and economic cooperation and trade and investment liberalization lost priority. Mercosur continues to be an important market for Brazilian manufactured goods, but its relative importance to Brazil and its industry has been decreasing substantially. Argentina is a key market but more than 50 percent of all Brazilian exports to that country are concentrated in just one sector—autos and auto parts. In addition, in a period of 10 years, Brazil lost almost 10 percent of its market share in Argentina, mostly to third countries such as China and members of the European Union. At the same time, Mercosur rules forbid Brazil to negotiate preferential trade agreements with other partners in absence of other members' agreement. In this context, the new initiative launched in July seems to be of little economic relevance to Brazilian businesses. Companies in Brazil are increasingly interested in more economic cooperation with the Pacific Alliance as they see it as a platform to access the dynamic Asia-Pacific market. In its current format, Mercosur is probably condemned to be an even less effective integration mechanism."

Editor's note: The above is a continuation of a Q&A published in the Tuesday's issue of the Advisor.

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Featured Q&A

Continued from page 2

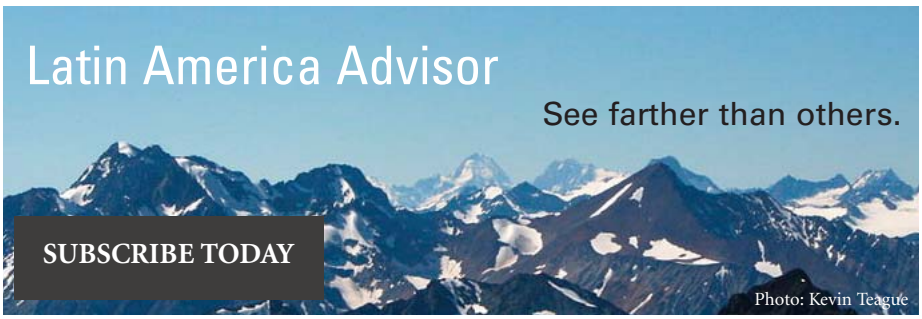
is perceived as something that poorer people drink. People always make decisions that some unhealthy activity—be it smoking or hang-gliding—is 'worth the cost.' The government should let people enjoy the happiness that comes from those decisions as well as pay the possible costs."

> "Obesity is a private health issue, not a public health issue."
>
> — *Trevor Burrus*

Enrique Jacoby, advisor on nutrition and physical activity at the Pan American Health Organization: "The Mexican government has taken a positive step regulating the publicity of processed foods and soft drinks to children, which is a clear indication that industry's self-regulation in Mexico did not work. Not a surprise, given the poor performance of similar schemes worldwide, according to several independent evaluations. The new regulations, however, are perfectible. The World Health Organization holds that the advertising of snacks and sodas to children is a dangerous practice crafted to entice them from a healthy diet. Countering such publicity requires, first, a stringent nutritional criteria to exclude most 'junk food' from being advertised. Second, a more simple and sweeping criteria for the TV ad ban, say no ads of said products during kids' programming and from noon to 10 p.m. on weekdays. Finally, while TV ads are important, it can't be ignored the fact that 'junk food' advertising is migrating elsewhere, mainly to the Internet, e-games, streets, giveaways, sponsorships and to ubiquitous placement strategies. Lastly, we should keep in mind that regulations (for example, taxes and marketing of junk food) are only part of the equation leading to healthy eating. Promotional efforts of similar magnitude, stretching from farm to fork, are critical to reposition whole foods, culinary traditions and cooking before it is too late. Saying 'no' is not enough, it is vital to protect or reinvent a strong aspiration for tasty, healthy and real food. This, in fact, has been the historical path of countries like France, Japan and Italy which not only love their food but notoriously defend it with pride."

> "Regulations ... are only part of the equation leading to healthy eating."
>
> — *Enrique Jacoby*

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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