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## FEATURED Q&A

### *Should the U.S. Take a More Active Role in the Caribbean?*

**Q U.S. Rep. Eliot Engel (D-N.Y.) recently introduced a bill that would expand the United States' diplomatic presence in the Caribbean by opening five new embassies in the region, arguing that the country needs a more permanent physical presence in the region that would allow it to deepen trading partnerships, better target economic development assistance and increase security cooperation to fight drug trafficking and violence. Should the United States take a more active role in the Caribbean? Are more embassies the right way to do that? In which areas is there room for collaboration?**

**A Ronald Sanders, consultant, former Caribbean ambassador and senior research fellow at the Institute of Commonwealth Studies:** "The Caribbean has always been a pathway to the United States even before Columbus stumbled on the islands and the mainland. That reality has not changed, though the opportunities and threats that the United States and the Caribbean pose to each other have altered through modern technology and transport as well as the impossibility of stopping disease and natural disasters at borders. There is, therefore, every reason for the United States to improve and expand its economic cooperation with the region. While measures to fight drug trafficking and violence are important and should continue, they should not be the primary focus of U.S. efforts. The Caribbean needs urgent economic development assistance, including the construction of infrastructure and investment in the productive sector that will create jobs, ease poverty and diminish crime. The United States should also review its imposition of extraterritorial laws such as FATCA and seek a more balanced approach to financial services matters that are important to the diversification of regional economies. Helping the Caribbean to install renewable energy sources and to convert from oil-based

*Continued on page 2*

### Azul Files for Initial Public Offering in Brazil, United States

Brazilian low-cost airline Azul, which was founded by David Neeleman, filed Monday for an initial public offering in Brazil and the United States. The carrier had planned an IPO last year, but canceled it due to adverse market conditions. See story on page 3.

*File Photo: Azul.*

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## NEWS BRIEFS

### Thousands March in Mexico City Protest

Thousands of demonstrators marched in Mexico City on Monday as President Enrique Peña Nieto's approval ratings reached their lowest point on the two-year anniversary of his inauguration, Bloomberg News reported. Protesters marched to protest the government in the wake of slow economic growth, the scandal involving the first lady's mansion and the disappearance and apparent murder of 43 college students in September.

### Overdose Kills at Least 35 Inmates at Venezuelan Prison

At least 35 inmates in Venezuela's Uribana prison near the northwest city of Baquisimeto died from overdosing on medications after they stormed the jail's infirmary, and more than 100 others are being treated, lawmaker William Ojeda of the governing PSUV party said, BBC News reported Friday. The prisoners had been protesting conditions in the prison, and after storming the infirmary, Ojeda said they ingested a mix of anti-seizure, antibiotic and other drugs. Relatives have questioned the government's version of the story and accused the prison of poisoning the inmates.

### Puerto Rico's Lower House Poised to Vote on $2.9 Bn Borrowing Plan

Puerto Rico's House of Representatives will vote as early as today on a $2.9 billion borrowing plan that would boost the Government Development Bank and support public bus and rail service, Bloomberg News reported Monday. The House recessed until today after members discussed raising the island's petroleum tax from $9.25 per barrel to $15.50 per barrel to back bonds.

# Political News

## Colombian General Freed by FARC Resigns

The Colombian general who was freed on Sunday, two weeks after being kidnapped by FARC rebels, resigned on Monday, the Associated Press reported. In his first remarks since the rebels released him, General Rubén Alzate admitted that he failed to follow military protocol when he ventured by boat into rebel territory in Chocó province dressed as a civilian and without his security detail. "Out of love and respect for our military institution, which has been affected by this incident, I've asked the national government to retire me from active service," Alzate said alongside family members and holding back tears, the AP reported. He made the statement from a military hospital where he is recovering. Alzate and two others—a lawyer and an army corporal—had been inspecting a power project in a rural area when four armed members of the FARC's 34th front captured them. Alzate said he was trying to keep a low profile in an effort to build trust among the population in the area. The soldier who had piloted Alzate's boat said that he had warned the general that he and his companions were getting too far away from their base in the town of Quibdó when Alzate ordered him to continue traveling downriver and to dock at the village of Las Mercedes where the three were then captured, BBC News reported. The soldier then returned to Quibdó to notify the military of the kidnappings. The abductions led Colombian President Juan Manuel Santos to suspend the government's peace talks with the rebels, which reached their two-year mark last month.

*Alzate admitted that he had failed to follow military protocol.*

### Featured Q&A

*Continued from page 1*

energy is also crucial to improving the economies of the region, curbing crime and giving the region's people an economic foundation for staying at home. It should also end the embargo of Cuba. The United States does not need more embassies to achieve these goals; it needs fundamental policy changes in Washington that recognize the strategic importance of the Caribbean and acts upon it on a basis of mutual respect and good neighborliness. If not, others will fill the space, and the neighborhood for all will become increasingly unreliable."

**A Peter Laurie, writer and former ambassador of Barbados to the United States:** "The Caribbean and the United States are neighbors that share a history, a common language and values such as democracy, freedom and the rule of law. We also share a strategic interest in a secure, peaceful and prosperous Caribbean. But the United States is a superpower with global strategic interests, and the Caribbean is a bunch of vulnerable microstates. Despite our shared strategic objectives, we inevitably have different perspectives on how to achieve them. Caricom is the only integration movement in the insular Caribbean. For some of the weaker states, it is the only chance of achieving viability. Without Caricom, the United States would have a string of failed states on its border. The United States therefore has a strategic interest in ensuring that Caricom succeeds. By supporting Caricom, the United States gets the most bang for its buck. The United States can do this by contributing to regional development and social cohesion funds and by helping with capacity building and institutional reform. Caribbean states are doing their best to transform and modernize their

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# Economic News

## U.N. Climate Change Conference Gets Underway in Lima

The United Nations Climate Change Conference, COP20, began Monday in Lima, the *Economic Times* reported. Thousands of representatives from more than 190 countries gathered in the Peruvian capital for the 12-day conference where their goal is to negotiate a draft agreement to reduce global greenhouse gas emissions that would be signed at next year's conference in Paris. Peru's deputy minister of strategic development for natural resources, Gabriel Quijandría, said last Friday that he expects the conference to produce an "ambitious draft," and that recent announcements of goals to cut GHG emissions from China, the United States and the European Union are "positive signs," state-run Andina reported. [Editor's note: See related Q&A in the July 14-18 issue of the *Energy Advisor*.]

Quijandría

*File Photo: Peruvian Government.*

# Company News

## Chief Financial Officer of Mexico's Banorte Resigning

Mexico's **Banorte** said Monday that its chief financial officer, David Suárez, is leaving the bank, *The Wall Street Journal* reported. Banorte did not specify a reason for Suárez's resignation, but said that Rafael Arana, its director of operations, administration and finance, will become the new head of the bank's financial department. The announcement of Suárez's exit came less than two weeks after Banorte announced that its chairman, Guillermo Ortíz, and longtime chief executive officer, Alejandro Valenzuela, were stepping down. At the time, people familiar with the situation said that Ortíz and Valenzuela had not been getting along well over the past year. Banorte announced last month that Carlos Hank González would succeed Ortíz. Hank is the grandson of Roberto González Barrera, who grew Banorte into one of Mexico's largest financial institutions after acquiring it in a privatization in 1992. José Marcos Ramírez Miguel, who previously headed Banorte's wholesale bank, became CEO on Nov. 20, succeeding Valenzuela. **Moody's Investors Service** said Nov. 26 that Banorte's nomination of Hank as chairman suggests "undue influence" of the bank's direction by the González Barrera family, which constitutes Banorte's largest group of shareholders, Bloomberg News reported. Moody's added that additional changes in Banorte's top management could be "disruptive" to the bank's strategy for the long-term.

Suárez

*File Photo: Banorte.*

## Azul Files for Initial Public Offering in Brazil, United States

**Azul Linhas Aéreas Brasileiras** said Monday that it has filed to sell shares in an initial public offering in Brazil and the United States, *The New York Times* reported. The low-cost carrier, Brazil's third-largest airline, filed papers for the IPO with Brazil's CVM securities regulator as well as with the U.S. Securities and Exchange Commission. Azul had originally planned to sell shares last year in an IPO and was reportedly seeking to raise some $500 million. However, the airline canceled the plan due to adverse market conditions. Azul founder David Neeleman, who owns 67 percent of the airline's shares, will maintain control. Neeleman, who also founded U.S. low-cost airline **JetBlue**, has said that an initial public offering would be geared more toward rewarding current shareholders than for raising new capital, *The Wall Street Journal* reported. Azul is planning to make the listing completely in preferred shares—as American depositary shares in New York and regular preferred shares in São Paulo, *The New York Times* reported. Private equity groups **TPG Growth**, **Weston Presidio**, **Grupo Bozano** and **Gávea Investimentos** also hold stakes in Azul. The airline has a market share of 15.9 percent and is Brazil's fastest-growing airline, based on distance flown, according to Brazil's National Civil Aviation Agency. The company had revenues of 4.2 billion reais ($1.64 billion) for this year through September. Azul did not indicate in its filings Monday when an IPO could take place or what price may be set for the shares.

# Job Postings

*Editor's note: Readers of the* Advisor *and others occasionally ask us to pass along job announcements. We are pleased to share the recent Latin America-related listings below.*

Fitch: Associate Director, Director for Latin America Sovereign Ratings, New York

Campbell's: President, International, Camden, N.J.

Alltech: Regulatory Manager, Latin America, Brazil

DirecTV: Finance Manager, Business Development Latin America, New York

Streamlight, Inc.: Regional Manager, Latin America, Miami

Opportunity International: VP, International Business Development, Oak Brook, Ill.

NBA: Director, Marketing, Latin America, New York

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## Featured Q&A

*Continued from page 2*

economies so as to participate competitively in the global economy. They have few options. One is to set themselves up as service centers for the legitimate flows of international capital that constitute such an important feature of the new global economy. While the United States should insist on accountability and transparency, it should do nothing to harm the Caribbean's ambitions in this regard. None of this requires more embassies. It needs a change of policy in Washington. So don't hold your breath."

**Tony Payne, professor of politics at The University of Sheffield in the United Kingdom:** "It has long been a moot point in the Caribbean in thinking about the region's relations with the United States whether it is worse to be ignored than engaged. The region has experienced both over the past 30 to 40 years. The former removes opportunities for benefit and feeds the concern that the Caribbean has become marginalized in global affairs; the latter brings energy and interest, but also sometimes too much of an overweening presence. The period of the prosecution of the notorious Caribbean Basin Initiative in the 1980s is a good illustration of the negative aspects of engagement. For their part, embassies can only respond to the politics of the day. Of themselves they do not constitute anything more than tools for engagement. The bigger question is always: to what end does and should the United States engage the Caribbean? Deepening trade, targeting economic development assistance more effectively and increasing security cooperation to fight drug violence are all worthy enough goals. But they have to be carefully and sensitively pursued when the partners are, on the one hand, the only global superpower and, on the other, a number of small, impoverished, underdeveloped island states. An awkward politics of 'giants and pygmies' is an ever-present possibility. At the same time, the realities of geography mean that 'Caribbean America' (as I once cheekily dubbed the region by way of contrast and comparison with North America, Central America and South America) always ignores the power to its immediate north at its peril."

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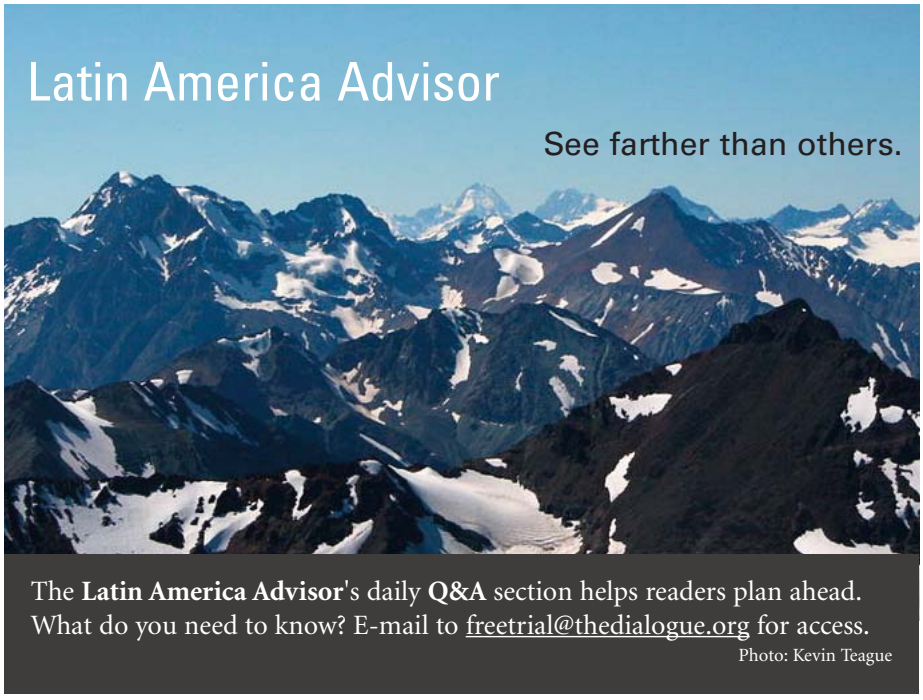
*The* Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*


The **Latin America Advisor**'s daily **Q&A** section helps readers plan ahead. What do you need to know? E-mail to freetrial@thedialogue.org for access.

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