INTER-AMERICAN DIALOGUE'S
LATIN AMERICA ADVISOR

BOARD OF ADVISORS

Diego Arria
Director,
Columbus Group

Genaro Arriagada
Nonresident Senior Fellow,
Inter-American Dialogue

Joyce Chang
Global Head of Emerging Markets Research, JPMorgan Chase & Co.

W. Bowman Cutter
Former Partner,
E.M. Warburg Pincus

Dirk Donath
Senior Partner,
Aimara Capital LLC

Jane Eddy
Managing Director, Corporate & Govt. Ratings Group,
Standard & Poor's

Marlene Fernández
Corporate Vice President for Government Relations,
Arcos Dorados

Peter Hakim
President Emeritus,
Inter-American Dialogue

Donna Hrinak
President,
Boeing Latin America

Jon Huenemann
Vice President,
U.S. & Int'l Affairs,
Philip Morris Int'l

James R. Jones
Co-chair,
Manatt Jones Global Strategies LLC

Craig A. Kelly
Director, Americas International Gov't Relations,
Exxon Mobil

John Maisto
Director,
U.S. Education Finance Group

Nicolás Mariscal
Chairman,
Grupo Marhnos

Thomas F. McLarty III
President,
McLarty Associates

Carlos Paz-Soldan
Partner,
DTB Associates, LLP

Beatrice Rangel
Director,
AMLA Consulting LLC

José Antonio Ríos
Chief Executive Officer,
Vadium Technology Inc.

Gustavo Roosen
Chairman of the Board,
Envases Venezolanos

Andrés Rozental
President,
Rozental & Asociados and Senior Policy Advisor,
Chatham House

Everett Santos
President,
DALEC LLC

Shelly Shetty
Head, Latin America Sovereign Ratings,
Fitch Inc.

FEATURED Q&A

Will Argentine Authorities Determine Who Killed Nisman?

Q Argentines were shocked by the untimely death Jan. 18 of prosecutor Alberto Nisman, who had accused Argentina's president and foreign minister of covering up responsibility for the 1994 bombing of a Jewish center in Buenos Aires. The country's security minister said the death appeared to be a suicide, but others, including President Cristina Fernández de Kirchner, voiced suspicions about foul play. Do Argentine authorities have sufficient independence to get to the bottom of what happened? Does the country's judiciary have enough strength and autonomy in major cases like that of the Jewish center bombing? Will the case have a chilling effect on future investigations?

A Horacio Verbitsky, president of the Center for Legal and Social Studies in Buenos Aires: "The Argentine judiciary has the independence and resources to investigate Nisman's death and is working seriously. However, it is very difficult to reconstruct the truth decades after the AMIA bombing given the deliberate diversion of the investigation. Former President Carlos Menem and Israeli Prime Minister Yitzhak Rabin, in conjunction with U.S. President Bill Clinton, agreed to forget the Syrian track and focus on Iran, as evidenced by documents declassified in 2003. In June, the trial against Menem, former Judge Juan José Galeano and two of his prosecutors for obstruction of justice will begin. The third prosecutor was Nisman, who was not charged and continued working in the same line, with intelligence services fed by its Israeli and American counterparts. AMIA case Judge Rodolfo Canicoba questioned the probative value of that material. The shock of the murder or suicide of Nisman does not affect an analysis of his accusation. Only on two pages of his report did he attempt to give some legal argument, strangely without citing doctrine or jurisprudence. His argument's backbone is the attempt by CFK and Timerman to

Continued on page 3

Castro Demands U.S. Return Guantanamo, End Embargo

Cuban President Raúl Castro on Wednesday demanded that the United States return Guantanamo Bay Naval Base and also end its 53-year embargo of Cuba before relations between the two countries are normalized. See story on page 2.

Photo: Granma.

Inside This Issue

FEATURED Q&A: Will Argentine Authorities Determine Who Killed Nisman?.....1

Castro Demands U.S. Return Guantanamo, End Embargo.....2

Brazil's Bradesco Reports 29 Percent Increase in Q4 Profit.....2

Argentine Prosecutor Feared His Bodyguards: Assistant.....2

Peru's Central Bank Boosts Some Reserve Requirements.....2

YPF, Sinopec Sign MOU for Joint Venture in Argentina's Oil Sector.....3

Copyright © 2015, Inter-American Dialogue

NEWS BRIEFS

Argentine Prosecutor Feared His Bodyguards: Assistant

Argentine prosecutor Alberto Nisman, who was found dead in his home a day before he was scheduled to testify in front of a congressional committee and accuse President Cristina Fernández of covering up Iran's involvement in a Jewish center bombing, was suspicious even of his bodyguards, an assistant said Wednesday, Agence France-Presse reported. Diego Lagomarsino said he gave Nisman the revolver that later killed him after the prosecutor said he needed it for protection.

Peru's Central Bank Boosts Some Reserve Requirements

Peru's central bank on Wednesday raised reserve requirements on deposits in soles when swap and forward operations exceed certain levels, Reuters reported. The limit on currency derivative operations is an attempt to tame volatility in the sol which is caused by large derivative plays by traders, "in particular by economic agents who are not residents," the bank said.

Jamaica Mortgage Bank Sues Companies Over Loan

Jamaica Mortgage Bank is suing two companies controlled by businessman York Seaton over a loan and interest amounting to more than 1 billion Jamaican dollars ($8.7 million), the *Jamaica Gleaner* reported Wednesday. The companies named in the suit are **YP Seaton & Associates Co. Ltd.** and its sister company, **Ebony View Ltd.**, said the bank's general manager. The bank said the companies failed to fully repay the real estate development loan, disbursed in 2006 and 2008, within two years. A lawyer for the companies said the firms are fighting the suit.

Political News

Castro Demands U.S. Return Guantanamo, End Embargo

Cuban President Raúl Castro said Wednesday that the United States must return Guantanamo Bay Naval Base to Cuba and also end its trade embargo of the island nation before relations between the two countries are normalized, BBC News reported. In a speech at the summit of the Community of Latin American and Caribbean States, or CELAC, in Costa Rica, Castro also demanded that the United States remove Cuba from its state sponsors of terrorism list. "The re-establishment of diplomatic relations is the start of a process of normalizing bilateral relations, but this will not be possible while the blockade still exists, while they don't give back the territory illegally occupied by the Guantanamo naval base," said Castro, Fox News Latino and the Associated Press reported. Castro also demanded that Washington stop broadcasting anti-Castro radio and television programming and also "deliver just compensation to our people for the human and economic damage that they've suffered." The land on which the naval base sits was leased to the United States in the Cuban-American Treaty of 1903. U.S. President Barack Obama has called on Congress to lift the 53-year-old embargo. The Obama administration did not comment on Castro's demands Wednesday. However, some U.S. lawmakers bristled at Castro's statements. "Naval Station Guantanamo Bay is strategically important for U.S. national security," said Rep. Ileana Ros-Lehtinen (R-Fla.), Fox News Latino and the AP reported. "The president must not allow this strategic asset to be extorted from the U.S. by the Castro brothers at any cost." Earlier this month, Sen. Robert Menendez (D-N.J.) wrote in a letter to Secretary of State John Kerry that Cuba owes compensation to Americans dating from the Cuban Revolution. "The administration has not provided details about how it will hold the Castro regime to account for the more than $6 billion in outstanding claims by American citizens and businesses for properties confiscated by the Castros," he wrote.

Ros-Lehtinen

File Photo: U.S. House of Representatives.

Company News

Brazil's Bradesco Reports 29 Percent Increase in Q4 Profit

Brazil's **Banco Bradesco** said today that its profit for the fourth quarter increased 29 percent year-on-year, beating analysts' estimates, Bloomberg News reported. The

Bradesco said higher lending margins drove the rise in profit.

Osasco, Brazil-based bank, Latin America's second-largest lender by market value, said that higher lending margins drove the rise in profit. Bradesco's adjusted net income for the fourth quarter, excluding one-time items, rose to 4.13 billion reais ($1.6 billion) as compared to 3.2 billion in the fourth quarter of 2013. The bank's profit topped the average estimate of 3.98 billion reais of six analysts in a Bloomberg survey. The bank's net income rose 30 percent in the quarter to 4 billion reais. Bradesco and **Itaú Unibanco Holding** are increasing the fees they charge customers amid declining competition from government-controlled banks. The average net interest margin in Brazil increased to 20.4 percent in December as compared to 17.5 percent for the same month a year earlier, according to the country's central bank. During the same period, the central bank hiked Brazil's benchmark interest rate by 1.75 percentage points. Bradesco said it is

Copyright © 2015, Inter-American Dialogue

expecting lending to increase between 5 percent and 9 percent this year. The company's stock increased 36 percent over the past year, as compared to a 0.3 percent gain in the country's benchmark Ibovespa index.

YPF, Sinopec Sign MOU for Joint Venture in Argentina's Oil Sector

Argentine state-owned oil company **YPF** and China's **Sinopec** on Wednesday signed a preliminary agreement to jointly develop new oil and gas projects in the South American nation, Reuters reported. "The memorandum of understanding, signed today in Beijing, reflects the intentions of both parties to form a joint venture that will cover different market segments, upstream and potentially downstream," YPF said in a statement. YPF CEO Miguel Galuccio and Sinopec Chairman Fu Chengyu signed the agreement, which covers both conventional and shale oil and gas resources. Sinopec, which purchased **Occidental Petroleum Corp.**'s Argentina unit in 2010, is Argentina's fourth-largest oil producer, but has no experience with unconventional resources there, according to *The Wall Street Journal*. Argentina has the world's second largest potentially recoverable shale-gas resource and fourth-most shale oil resources, according to the U.S. Energy Information Agency. A partnership between the companies could see the Chinese company investing with YPF to increase shale output, while YPF could help Sinopec boost its conventional output. While lower oil prices have prompted some companies to cut investment and spending, Chinese investors are looking at the long-term potential and how valuable development of the Vaca Muerta formation could be for them in a decade or more, people familiar with the talks between the two companies told *The Wall Street Journal*.

Galuccio

File Photo: YPF.

Featured Q&A

Continued from page 1

annul the 'red notice' alerts against seven accused Iranians, an attempt blocked by Ronald Noble, the former secretary general of Interpol. The purported motivation of the government had been to obtain Iranian oil. But Noble said in an interview that Nisman was lying and in an e-mail to Minister Timerman said that the Argentine government's position has always been 'consistent and unwavering' that 'Interpol should keep the red notices in force.' Further, Argentina doesn't import oil, but rather fuel and gas not produced by Iran, whose heavy oil is incompatible with Argentine refineries."

Luigi Manzetti, Faculty Fellow at the John G. Tower Center for Political Studies at Southern Methodist University: "The simple answer to the question is no. According to the World Justice Project 2013, Argentina ranks among the worst countries in terms of politicians' impunity in corruption cases. Only a handful of corruption cases in the last 25 years have ended in conviction. Since Argentina's return to democracy in 1983, Peronist presidents have been particularly keen on curtailing judicial independence. It started in 1989 when Carlos Menem packed the Supreme Court. More recently, the trend has continued under Cristina Kirchner. In 2013, a Peronist-dominated Congress approved an executive-sponsored bill aimed at destroying whatever independence there was. Unfortunately for Ms. Kirchner, the Supreme Court ruled it unconstitutional. Indeed, in recent years, the Supreme Court and some lower courts have tried to assert their independence in some important cases. The recent spate of judicial inquiries on corruption charges affecting a lame-duck Ms. Kirchner, her vice president and several administration officials and business associates can be interpreted in this way. However, it has created anxiety in the president's camp prompting Attorney General Alejandra Gils Carbó to issue a decree appointing loyal substitute state prosecutors in charge of sensitive corruption investigations. Alberto Nisman added to this executive-judiciary showdown when he disclosed that he had wiretaps suggesting that Ms. Kirchner had tried to cover up the possible involvement of Iran in the 1994 bombing of a Jewish organization in Buenos Aires killing 85 people. Should Gils Carbó's effort succeed, the possibility of impartial investigations, which can be damaging to the government, will be highly unlikely. In fact, Ms. Kirchner has just announced the intention of sending to Congress a bill proposal according to which any judge or prosecutor who wishes to request a wiretap must first get the approval of the attorney general."

> "Since Argentina's return to democracy in 1983, Peronist presidents have been particularly keen on curtailing judicial independence."
>
> ***— Luigi Manzetti***

Martín Federico Böhmer, professor of law at Universidad de Buenos Aires and global law professor at NYU-Buenos Aires: "I do not think the main issue is lack of independence, but rather a general perception of lack of impartiality. Argentine authorities have been lying, breaking promises, disregarding legal and parliamentary processes, deciding on partisan interests and thus eroding their legitimacy. Nobody believes anything, and so many do not respect their decisions. This lack of impartiality sometimes derives from a perception of lack of independence and sometimes from using public office to persecute the opposition or public officials. Therefore, even if they ever get to the truth, it is very likely that a large portion of the citizenry will not believe them. In major cases, when the pressures are stronger, they

Continued on page 4

Copyright © 2015, Inter-American Dialogue

Featured Q&A

Continued from page 3

lack the basic professional capabilities to meet the challenge. They lack long-established ethical practices, legal ethics education in law schools and training in evidence and in argumentation. There is a great need for a legal community able to hold its members accountable, to criticize their actions and to support their decisions. Without such institutions and practices, not only will cases not get solved, but the rule of law in general will be further undermined."

Santos Goñi, attorney and Buenos Aires-based international affairs consultant: "The international audience interested in the case has expanded because of the prosecutor's untimely death. Historically, Argentina is a federal republic with a system of division of powers like that of the United States. After a period of de facto military rule, it returned to being a functioning democracy in 1983, with presidential elections scheduled for next October. Argentine judicial authorities have had sufficient formal independence and are traditionally zealous of it. In recent years, they have become increasingly wary of challenges to the exercise of their constitutional functions, including recently-passed judicial reform bills deemed in part unconstitutional. Prosecutor Nisman's demise has intensified the public's awareness of this and produced a pointed political response to the effect. The country's judiciary shows itself confident in its capacity to exercise its strength and autonomy in major cases. International interest in the Jewish center bombing and the 1992 attack on the Israeli Embassy in Buenos Aires should not detract from the judiciary's role in the constitutional division of power with the executive and legislative branches of government. In those circumstances, future investigations will be further empowered by the response to the Nisman case evidenced by most sectors of Argentine society."

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

Tap Into the Archive

Subscribers can now access more than 2,000 archived editions of the **Latin America Advisor** through a new IP-protected, keyword search portal. That's more than 6,000 expert commentaries, all at your fingertips. Send an email to freetrial@thedialogue.org for access.

Photo: Matthew Petroff

Latin America Advisor

is published every business day by the Inter-American Dialogue, Copyright © 2015

Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Megan Cook
Reporter, Assistant Editor
mcook@thedialogue.org

Inter-American Dialogue

Michael Shifter, President

Peter Hakim, President Emeritus

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Maria Darie, Director, Finance & Administration

Ariel Fiszbein, Director, Education Program

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director,
China and Latin America Program

Manuel Orozco, Senior Fellow

Jeffrey Puryear, Senior Fellow

Lisa Viscidi, Director, Energy Program

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

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.

Copyright © 2015, Inter-American Dialogue