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THEDIALOGUE

FEATURED Q&A

Will Honduras' Hernández Win a Second Term?

Juan Orlando Hernández has been Honduras' president since January 2014. // File Photo: Honduran Government.

Q Honduran President Juan Orlando Hernández said Nov. 9 that he intends to run for a second term, an announcement he made a year after the country's Supreme Court ended a longtime constitutional ban on presidential re-election. What does the decision mean for Hernández's presidency and Honduras' democracy? How well has Hernández performed as president since he was sworn in for a four-year term in January 2014? What is the state of Honduras' opposition and how likely is it to deny Hernández a second term?

A Olban Valladares, former Honduran congressman and presidential candidate of the Innovation and Unity Party: "President Hernández's decision to run for a second term is the ultimate violation of the Honduran Constitution which was designed, in 1982, precisely to impede this type of political abuse from acting mandataries. Although some magistrates of the Supreme Court's Constitutional Chamber have argued that their 2015 decision was restricted to allow public discussion of re-election without penalty, the National Party's political machinery has taken full advantage of this situation and has proclaimed that constitutional articles prohibiting re-election have been deleted in their entirety. This controversial situation is creating dangerous political turmoil that is becoming more critical as time approaches the inscription dates for candidates for primary elections. The role of the armed forces is a major factor in this crisis. The Constitution imposes certain obligations on the army to safeguard the principle of

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TODAY'S NEWS

POLITICAL

Seventy-Five Killed in Colombia Plane Crash

The plane, which went down in Medellín, was carrying members of the Chapecoense de Brasil soccer club. The players were headed to the final of the Copa Sudamericana tournament.

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BUSINESS

U.S. Airlines Begin Scheduled Flights to Havana

American Airlines and JetBlue launched their first scheduled flights between the United States and the Cuban capital. U.S. carriers began regular flights to other Cuban cities in August.

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POLITICAL

Moïse Wins Haiti Election in First Round

Jovenel Moïse, the handpicked successor of former President Michel Martelly, won Haiti's presidential election in the first round on Nov. 20, without the need for a runoff, according to preliminary results.

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Moïse // File Photo: Moïse Campaign.

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POLITICAL NEWS

Colombia Plane Crash Kills 75

Seventy-five people were killed Monday night when a small plane carrying members of a Brazilian soccer team crashed near the Colombian city of Medellín, CNN reported. There were 81 people—72 passengers and nine crew members—aboard the charter flight, which went down near the town of Rionegro, according to Colombia's civil aviation department. Rescue crews found a sixth survivor this morning under the plane's fuselage, local disaster official Mauricio Parodi told CNN. The flight, which crashed at about 10 p.m. local time, was operated by La Mia, a small airline, and was carrying members of the Chapecoense de Brasil soccer club. The team had taken off from the Viru Viru airport in Bolivia and was traveling to Colombia to play in the final of the Copa Sudamericana tournament, The New York Times reported. Colombia's civil aviation director told Blu Radio that the plane had declared an emergency as it approached Medellín. Following the crash, the South American Football Confederation suspended the tournament. In a posting on Twitter, Brazilian President Michel Temer said there would be a three-day mourning period for victims of the crash.

Moïse Wins Haiti Election in First Round

Jovenel Moïse appears to have won Haiti's presidential election outright in the first round, according to preliminary results released Monday night, the Associated Press reported. The country's electoral council said Moïse won 55.6 percent of the vote in the Nov. 20 election and led his nearest competitor, Jude Célestin, by more than 25 percentage points. Either result is enough for a first-round victory without the need for a runoff. "The Haitian people have made their choice and voted for me in the first round. Thank you all for your trust. Long live Haiti!" Moïse, a businessman, said in a tweet. Moïse was the handpicked successor of former President Michel Martelly. Moïse also came in first in the October 2015 election, but the results were voided amid allegations of fraud.

> **"Thank you all for your trust. Long live Haiti!"**
>
> **— Jovenel Moïse**

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presidential succession, and this role has not been eliminated. An aggravating factor is that Hernández's presidency has had little or no success in improving poverty, health or public safety. His main concern has been to sustain favorable macroeconomic figures via the imposition of higher taxes in order to satisfy International Monetary Fund requirements that maintain the lower echelons of society in constant despair. Unfortunately, the opposition has been unable to consolidate a unified front and Hernández, with scarcely 30 percent of the electoral vote, is bound to repeat a victory if all legal intents to stop the re-election process fail."

John F. Maisto, member of the Advisor board and former U.S. ambassador to Nicaragua, Venezuela and the Organization of American States: "President Hernández running for a second four-year term is no surprise. The Honduran Supreme Court decision to permit re-election follows the example of other countries in the hemisphere over the past years (Colombia, Costa Rica, Ecuador, Nicaragua). The lead issue next year will not be re-election, but the performance and credibility of President Hernández's government in combating corruption. Honduras' approach, with a wary eye on

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NEWS BRIEFS

Mexico's Jobless Rate Falls to Nine-Year Low

Unemployment in Mexico fell to its lowest level in nine years in October, the country's National Statistics Institute said Monday, Reuters reported. Strong private-sector job growth has supported consumption and helped keep the economy expanding. Seasonally adjusted unemployment fell to 3.6 percent of the workforce last month from 3.8 percent in September and 4.4 percent a year before. However, economists have pointed out that wages in Mexico have been slow to recover and remain below pre-financial crisis levels.

Drug Trafficking on the Rise at Peruvian Ports; Anti-Narcotics Agency

Drug trafficking at ports in Peru has been on the rise in recent years as drug gangs use dockworkers to smuggle cocaine into containers used for shipping, the country's new anti-drug agency, Devida, said Monday, Reuters reported. The agency's president said some 90 dockworkers have lost their lives in the past two years in drug-related killings.

Brazil's Temer to Release Petrobras From Operator Obligation

Brazilian President Michel Temer is expected to sign a bill into law later today that will free state-run oil company Petrobras from its obligation to be operator in all subsalt oil and gas exploration areas, Reuters reported Monday. Company officials have asserted that high debt and financial problems have made it impossible for Petrobras to take part in large new investments in the subsalt Polygon region, an area offshore Rio de Janeiro where several of the world's largest recent oil discoveries have been made. The legislation is aimed at opening the oil sector to more foreign investment.

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ECONOMIC NEWS

Chile Bank Regulator Expresses Optimism About Basel Rules

The head of Chile's banking regulatory agency said he was "optimistic" that an agreement could be reached by the Basel Committee on international bank capital rules during meetings taking place in Santiago this week, Reuters reported. "There is a collaborative spirit...we are optimistic that in these two days an agreement will be achieved," Eric Parrado told reporters at the Presidential Palace after meeting with President Michelle Bachelet and international regulators on Monday. Chile has been an observer on the Basel Committee since 2014. The Bank for International Settlements, a forum for central banks, has expressed concern that the balance sheets of some lenders have still not been wiped clean of bad loans after the financial crisis began nearly a decade ago.

BUSINESS NEWS

U.S. Airlines Begin Scheduled Flights to Havana

American Airlines and JetBlue on Monday launched their first scheduled flights between the United States and Havana since U.S. carriers began offering regular service to other Cuban cities in August, The Wall Street Journal reported. At least six other U.S. carriers are expected to begin service in the coming days. Demand has been soft on the U.S.-Cuba flights to date, however. American in February will reduce flights to three of the smaller airports it serves on the island to one per day, compared with two now. Delta said its bookings to date for what will be three daily flights to Havana have been "in line with expectations," according to the Journal. Meanwhile, U.S. President-elect Donald Trump on Monday posted a tweet that reiterated a threat to shut down the thaw the Obama administration initiated with Cuba. Trump said he would end the thaw if Cuba does not offer a "better deal." Trump posted the tweet after the death Friday of revolutionary leader Fidel Castro. Tens of thousands of people in Havana queued in snaking lines Monday to pay their respects and walk past a portrait of a young Fidel dressed in military fatigues, with a rifle and pack slung over his back, Reuters reported.

THE DIALOGUE CONTINUES

What Does the TPP's Demise Mean for Latin America?

Q U.S. President-elect Donald Trump said Monday that he will issue a notification of intent to withdraw the United States from the Trans-Pacific Partnership trade agreement on day one of his presidency in January. Is the TPP dead? How might aspects of the agreement be salvaged? Will the lack of a TPP significantly change the outlook for trade flows and economic activity for its signatories? What sectors of the economies involved will be most negatively affected by the TPP's demise?

A Gary Horlick, Washington-based international trade lawyer: "The real story is not only the loss of gains in market access for U.S. exporters (and thus for the United States) but perhaps even more painful, the loss of recently existing markets. For example, Japan bought $1.3 billion worth of U.S. beef in 2015 despite Japan's 38.5 percent most-favored-nation tariff. But Australia and Japan signed a free-trade agreement in 2015 that lowered that tariff to 30 percent for Australia in late 2015, giving Australian exporters an 8 percent advantage. U.S. beef lost $100 million in sales to Japan just last January, and it is losing millions more every week. This is not an isolated example, or limited to agriculture. The European Union has signed an FTA with Vietnam which should go into effect soon, and it is negotiating an FTA with Japan. Those were the two markets the United States sought to open in the TPP (we had FTAs with many of the others), and soon U.S. exporters will be losing further sales in those markets in everything the European Union makes that we make—which is most things."

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in the Nov. 23 issue of the Advisor.

CountourGlobal to Acquire Brazil Assets

The São Paulo office of power-generation company ContourGlobal announced Monday that it has signed an agreement to acquire Neoenergia's interests in a 206 MW portfolio of operating generation assets located in Brazil. The portfolio consists of seven hydroelectric plants totaling 130 MW in the states of Bahia, Goiás and Rio de Janeiro and four high-efficiency cogeneration facilities totaling 76 MW in Paraná, Rio de Janeiro and São Paulo. Alessandra Marinheiro, the company's chief executive for Latin America, said in a statement that assets are located in, or are adjacent to, Brazilian states in which the company already has an operating presence and include dollar denominated cogeneration facilities. The acquisition, which has an enterprise value of approximately 711 million reais ($208 million) is expected to close in the first quarter of 2017. Including the deal in Monday's announcement, CountourGlobal has 1,850 MW in operation and development in Latin America, including 1,423 MW in operation in Brazil, Peru, Colombia and the Caribbean.

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'sovereignty' and 'non-intervention,' has been through the new, OAS-based 'Mission to Support the Fight against Corruption and Impunity in Honduras.' MACCIH, with power to independently investigate politicians, judges and members of security forces, is off to a spotty start over its first months. Critics note that MACCIH, headed by respected former Peruvian Prime Minister Juan Jiménez, is not comparable in power to CICIG, the successful U.N.-supported anti-corruption body in Guatemala. But MACCIH's effectiveness—and credibility—will depend on the ability of the attorney general to follow through juridically, similar to what happened in Guatemala. It would be fair to say that MACCIH and the attorney general are still in the early days of their work. Their record will be key in the political debate next year, and public response to it by 'The Indignados' (The Outraged), who have demanded a CICIG-type entity, will be important. So will the still unresolved murder of campesino/human rights activist Berta Cáceres. The opposition's ability to present a united front will also be key in the coming, dramatic election year."

James Bosworth, freelance writer and author of Bloggings by Boz: "Hernández is popular, and it's been known for months that he would likely run for a second term, in spite of the constitutional restrictions that should limit his ability to do so. His National Party controls nearly all the levers of power in the country, having won the recent elections and having manipulated institutions to prevent the opposition from providing a significant check on them. During his term in office, crime is down and the economy is marginally better, making Hernández a favorite to win against a divided opposition. For Honduras' international partners including the United States government, Hernández's decision to run for re-election presents a clear challenge. He is an eager partner who has persuaded many in the international community that he has the political will to improve Honduras' security situation. Still, the United States, OAS and the rest of the international community need to strike a balance, pushing back against the weakening of Honduras' democratic institutions and continuing the fight against corruption without alienating Hernández, who may be president for the foreseeable future."

> **"His National Party controls nearly all the levers of power in the country...."**
>
> **— James Bosworth**

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Nicole Wasson
Reporter, Assistant Editor
nwasson@thedialogue.org

THEDIALOGUE

Michael Shifter, President
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