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THEDIALOGUE

FEATURED Q&A

Does Fidel's Death Pave the Way for Change in Cuba?

Fidel Castro, the Cuban revolutionary who outlived many of the U.S. presidents he bedeviled, died Nov. 25 at age 90. // File Photo: Radio Cadena Agramonte.

Q Fidel Castro, who led the revolution that overthrew Cuban dictator Fulgencio Batista in 1959 and transformed Cuba into a one-party communist state, bedeviling 11 U.S. presidents and at one point bringing the world to the brink of nuclear war, died Nov. 25 at age 90 after years of declining health. His brother Raúl, to whom he officially ceded Cuba's presidency in 2008, has said he would step down from the presidency in 2018. Will Fidel's death pave the way for any significant political or economic changes in Cuba? What is on the horizon for Cuba's political system, with one of the Castro brothers gone and the other pledging to step down in two years? Will the revolution's ideals remain intact with the changing of the guard?

A Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue: "Great flux and uncertainty characterize Cuba today. Beyond the death of Fidel Castro, who shaped Cuban life and politics for six decades, the island is still awkwardly adjusting to its new relationship with the United States. It will soon have to deal with a very different U.S. administration, one that may oppose reconciliation. Raúl Castro's 10-year presidency is supposed to end in 2018. And, as Venezuela nears economic collapse, an already shaky Cuban economy may lose its primary source of hard currency. These complex, intersecting developments make it almost impossible to forecast what comes next in Cuba's evolution. Cuba's politics are hardly transparent, and Donald Trump is impulsive and capricious, regularly shifting his views on issues, people and policies.

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TODAY'S NEWS

BUSINESS

Citi May 'Re-Pace' Mexico Investment Amid Uncertainty

The bank may "re-pace" its $1 billion investment in Mexico amid uncertainty surrounding U.S. President-elect Donald Trump's policies toward the country, said Citi's CFO.

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POLITICAL

Cuban Small Businesses Urge Trump to Maintain Thaw

A group of 100 Cuban entrepreneurs urged U.S. President-elect Donald Trump to preserve the thaw between the two nations.

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POLITICAL

Brazil's High Court Keeps Senate President Calheiros in Post

Brazil's Supreme Court ruled that Senate President Renan Calheiros, who is under indictment, may remain in his post. The ruling, however, removes him from the presidential line of succession.

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Calheiros // File Photo: Brazilian Government.

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POLITICAL NEWS

Brazil's Supreme Court Keeps Senate President in Post

Brazil's Supreme Court on Wednesday voted 6-3 to allow the president of the country's Senate, Renan Calheiros, to remain in his post, defusing a potential constitutional crisis, Reuters reported. Calheiros was indicted Dec. 1 on charges of misusing public money and also faces 10 other corruption investigations, mainly related to the massive graft scheme at state-run oil company Petrobras. He denies wrongdoing. Calheiros' indictment led Supreme Court Justice Marco Aurélio Mello on Monday to order him to step down from his position, reasoning that a person under indictment cannot be in the presidential line of succession. Calheiros on Tuesday defied the order, saying he would wait for a ruling by the full court. Wednesday's ruling, while allowing Calheiros to remain in his position, also removes him from the presidential line of succession.

ECONOMIC NEWS

Chilean Miners Eye Incorporating Renewable Energy

Chilean copper miners are revisiting their energy contracts to determine if they can renegotiate the terms in order to incorporate renewable power, which has become cheaper in recent years, Reuters reported Wednesday, citing company sources. Chilean mines have historically been reliant on coal and gas to power operations, but technology-driven declines in the cost of renewable energy, along

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Cuban politics are unpredictable because they are opaque. Trump is opaque because he is so unpredictable. With that disclaimer, it is reasonable to expect Fidel's death to give Raúl more independence, allowing him, at a minimum, to pursue the essential economic reforms that he has long proposed. Yet, Raúl may now have to reinforce his authority. It may not be the time to disregard his brother's apparent resistance to political or economic opening. Cuban suspicion of U.S. intentions will rise with Trump, and Raúl will surely defy any White House pressure for changes. It would seem highly irrational of Trump to reverse course on Cuba. What for? There is no serious political or economic gain. Outside of Miami, where Cuban-Americans are divided, Cuba is of little interest. Why force losses on U.S. airlines and tourist industries? Why destroy Cuba's embryonic but promising private sector and dash the hopes of millions of other Cubans? Why aggravate relations with Latin America? Well, Cuba is where Trump can display his authority and show the world that he is ready to use American power. Whatever costs are involved, they will be far less than acting against Mexico, China or Iran. Still, after all is said and done, my best guess is that not much will change. Reform will remain at a snail's pace in Cuba and the United States will not offer any further concessions."

Arturo Lopez-Levy, lecturer at the University of Texas Rio Grande Valley: "Fidel Castro's death will have more symbolic than tangible effects on the economic reform and political liberalization taking place in Cuba. The reform process is sustainable because Cuban civil society is more market-oriented, more connected with the rest of the world, more autonomous from the state and more pluralistic than at any other time after 1959 in social, economic, cultural and political terms. Losing Fidel Castro and the charismatic pillar he represented increases the need for the Cuban Communist Party

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NEWS BRIEFS

Walmex Investing $1.3 Bn in Mexico Logistics

Wal-Mart de México, or Walmex, Mexico's biggest retailer, on Wednesday announced plans to invest $1.3 billion to expand and improve its logistics operations in the country, The Wall Street Journal reported. Much of the investment will be made over the next three years and will be in addition to the company's capital expenditures on store openings and remodelings, CEO Guilherme Loureiro said. The announcement is part of the company's 10-year plan to double its annual sales between 2014 and 2024. Walmex's sales last year were approximately $28 billion.

Homicides Fall 18.5% in El Salvador for Year Through November

Homicides in El Salvador fell 18.5 percent in the first 11 months of this year as compared to the same period last year, officials said Wednesday, Reuters reported. "This was possible thanks to the fact that security actions were concentrated in the penitentiary system and throughout the country, especially in the municipalities and sectors most affected by violence," said Mauricio Ramírez, El Salvador's justice and public security minister.

Cuban Entrepreneurs Urge Trump to Preserve Thaw in Relations

More than 100 Cuban small business owners signed a letter sent Wednesday to U.S. President-elect Donald Trump, urging him to maintain the U.S. thaw with the island nation, Reuters reported. Five Democratic members of Congress and one Republican held a news conference in Washington alongside the Cuban entrepreneurs who said their businesses have grown since the two countries initiated their détente two years ago.

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with Chile's geographic predisposition for renewable energy, have made the shift away from "dirty" energy more feasible. "Industrial customers are reviewing their contracts, they are anticipating tenders, they are trying to seize the moment and take advantage of this buyer's market," said Juan Francisco MacKenna, one of Chile's leading energy project and regulation lawyers. State-owned copper miner Codelco

Aliaga // File Photo: Codelco.

is re-examining the terms for energy providers as part of a larger contract review, as the company grapples with the drop in global copper prices, the vice president of Codelco's northern division, Álvaro Aliaga, said. Others, including Antofagasta, are looking to revise their energy contracts, according to four sources familiar with the energy strategies of Chile's largest mining companies.

BUSINESS NEWS

Citi May 'Re-Pace' Mexico Investment Amid Uncertainty

The chief financial officer of U.S. lender Citigroup on Wednesday said the bank may "re-pace" its $1 billion planned investment in Mexico amid uncertainty over President-elect Donald Trump's policies toward the country, the Financial Times. John Gerspach added that Citi was "still planning to go ahead" with the investment, which includes adding 2,500 new ATMs and improving its mobile services, and that the bank is still planning to complete its operations by 2020. Citigroup announced the investment plans a month before the Nov. 8 U.S. presidential election. "It's really unclear as to what [the Trump administration] is going to do, how they're going to do it and where that impact is going to be," Gerspach said. "We still feel very good about Mexico's ability to compete based upon labor rates, access to natural resources. We like the reforms that their new administration has put in. So we still feel broadly constructive about Mexico." Citigroup's Mexican business, Citibanamex, has 5.7 million credit card accounts and handles approximately 17.5 million transactions a day. Other companies, including Ford, AT&T and Nestlé, are also preparing large investments for Mexico.

THE DIALOGUE CONTINUES

Is China Filling a Void Left by the U.S. in Latin America?

Q Chinese President Xi Jinping visited Ecuador, Peru and Chile in mid-November during a trip that also included his participation in the Asia-Pacific Economic Cooperation summit in Lima. The visit was Xi's third to Latin America since he took office in 2013. What did he accomplish for China during the trip, and what was the trip's significance for the Latin American countries he visited? What is the future of Chinese influence in Latin America as compared to U.S. influence in the region as the world looks ahead to Donald Trump assuming the presidency of the United States? How is China's economy and the country's currency, currently trading at multi-year lows, factoring into Latin America's economic outlook?

A Antoni Estevadeordal, manager of the Integration and Trade Sector at the Inter-American Development Bank: "Over the past decade, China and Latin America and the Caribbean (LAC) have developed strong trade and investment ties. Between 2000 and 2011 China-LAC trade grew more than 30 percent a year, with only a minor contraction during the global financial crisis of 2009. China has become LAC's second-largest trading partner, accounting for 14 percent of the region's trade, and it is also the largest trading partner for Brazil, Chile and Peru. However, in recent years bilateral trade has slowed, and between 2014 and 2015 trade contracted from $255 billion to $240 billion. More proactive trade policies would be needed to address some of the bilateral trade barriers that perpetuate a commodities-for-manufactures trade pattern. Nowadays, only Chile, Peru and Costa Rica have bilateral free-trade agreements with China. Xi Jinping's recent visit to Latin America illustrates that China and the region are committed to improving economic relations, expanding trade and promoting pragmatic cooperation. During Xi's trip, China announced a 'comprehensive strategic partnership' with Chile and Ecuador—the highest level of Chinese diplomatic relations with other countries—and further enhanced its comprehensive strategic partnership established with Peru. In addition to engaging in bilateral negotiations, some LAC countries might also consider participating in the Regional Comprehensive Economic Partnership (RCEP) negotiations to keep moving toward wider economic integration in the Asia-Pacific. Other economic powerhouses of the region like Brazil and Argentina have also signaled their commitment to work more closely with China. In a context of increasing negative rhetoric on globalization and trade, LAC and China can be part of a much needed leadership in global trade and keep the liberalization efforts moving forward."

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in the Dec. 1 issue of the Advisor.

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(CCP) to find new sources of legitimacy (such as through economic performance and limiting corruption) and by reinforcing old ones (nationalism, distribution of social welfare, political order and public security). Nationalism and skepticism about the intentions of the United States, reinforced by Trump's return to hostile rhetoric, are central paradigms of Cuba's government. But, important changes in the revolution's ideals have already occurred. President Raúl Castro has called on the CCP to facilitate economic development without stigmatizing private property, foreign investment and market mechanisms. The expansions of religious liberties and the rights to travel and to own private property are already testing whether a market-oriented economy is ultimately reconcilable with a Leninist party system. The most important test for the one-party system in the short term is the intergenerational transition at the helm of the Cuban party-state between 2018 and 2021. The CCP apparatus and the military seem to be well positioned in support of Miguel Díaz-Canel's rise to the presidency, while Raúl Castro remains temporarily in charge of the party to reduce frictions within the leadership. The announced succession has heightened expectations for more changes such as a constitutional reform, the adoption of term limits for party and government officials and a flexible attitude toward market competition and political decentralization."

Otto Reich, former assistant secretary of state for Western Hemisphere Affairs under President George W. Bush and president of Otto Reich Associates: "Anyone trying to predict what will happen in Cuba after Fidel must understand that the Castro family is as fully in control of the island as the Assads are in Syria and the Kims in North Korea. The new head of the ruling family, Raúl Castro, will try to keep the ideology and the myth alive as much as possible, but the principal purpose of the Castro's rule from the outset was to hold power. Staying in power by force is the only thing that mattered. Nothing else has worked: even the military jeep carrying Fidel's ashes to their final resting place broke down and had to be pushed by soldiers. Raúl has said he would step down as president in 2018, but not as secretary general of the Communist Party, the regime's most important position. He will remain behind the scenes in the role of Big Brother, just as Fidel did before him. Meanwhile, Raúl has spent the eight years since he took over the family business from Fidel placing his designated successors in key positions. The two most important institutions of any totalitarian regime are the secret police and the military-industrial conglomerate. Raúl has his son, Col. Alejandro Castro Espín, and his former son-in-law, Gen. Luis Alberto Rodríguez López-Callejas, respectively, as his trustees in those positions: Alejandro as head of counterintelligence (domestic espionage) at both the ministries of Interior and of Armed Forces, and Luis Alberto, the father of his grandchildren, as manager of GAESA, which controls 70 percent of Cuba's economy, including all of the tourist sector which, thanks to President Obama's unilateral concessions, is now the largest single contributor to Cuba's GDP. Those are not indications of 'hope and change' for the Cuban people, but of the continuation of the longest-lasting military dictatorship in the history of the Americas. The 'Revolution' died long before Fidel. What is left is an empty uniform."

> **"The 'Revolution' died long before Fidel. What is left is an empty uniform."**
>
> **— Otto Reich**

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

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