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FEATURED Q&A

Does India Have a Long-Term Strategy for Latin America?



Indian Prime Minister Narendra Modi (R) and Argentine President Mauricio Macri met in New Delhi last month. // File Photo: @mauriciomacri via Twitter.

Q With a surging population and a growing need for natural resources, India has increasingly appeared in Latin American headlines as of late. In February, Argentine President Mauricio Macri visited the subcontinent to discuss topics ranging from commercial ties to defense cooperation with Prime Minister Narendra Modi, who made his first visit to Argentina just three months ago. Meanwhile, India has surfaced as a potential buyer of Venezuelan oil as U.S.-led sanctions limit markets for President Nicolás Maduro's only major export, potentially putting the Asian country into a geopolitical tight spot. What is the state of India-Latin America relations today, and where are they headed? What are the biggest factors shaping the ties between India and Latin American nations, and which stakeholders stand to gain the most from recent developments?

A Deepak Bhowani, founder of Latindia and former Indian ambassador to seven Latin American countries: "Political relations between India and most Latin American nations date back 70 years. Major Latin American countries oppose the bid by Brazil (India's only strategic partner in the region) and India to become permanent members of the U.N. Security Council. India's nuclear weapon status is accepted or acquiesced. High-level political visits and India's diplomatic presence in the region are below India's average elsewhere. India rarely comments substantively on developments in that region, and vice versa. The bedrock is the economic relationship. India's need for fuel, minerals and foodstuffs complements Latin America's production base. That region is increasingly important for India's manufactured and service

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TODAY'S NEWS

POLITICAL

Guaidó Returns to Venezuela, Calls for New Protests

Opposition leader Juan Guaidó defied a court order and returned home to Venezuela despite concerns he would be arrested. Facing international pressure, President Nicolás Maduro allowed his re-entry without incident.

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ECONOMIC

Peru Rejects Chile's Bid to End Pisco Dispute

Peruvian Minister of Culture Rogers Valencia on Monday rejected a proposal from neighboring Chile to end their dispute over the appellation of pisco, a liquor made from grapes.

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ECONOMIC

U.S. Backs Off Threat to Tighten Cuba Policy

U.S. Secretary of State Mike Pompeo announced that some suits would be allowed for the first time under Helms-Burton's Title III starting March 19, but they would be limited to Cuban enterprises.

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Pompeo // File Photo: @secpompeo via Twitter.

POLITICAL NEWS

Guaidó Returns to Venezuela, Maduro Shows Restraint

Opposition leader Juan Guaidó defied a court order and returned home to Venezuela on Monday despite concerns the interim president could be arrested, the Associated Press reported. Greeted at the airport by foreign diplomats and crowds of supporters, Guaidó, 35, walked through customs without delay. "We hope there won't be any escalation and that parliamentary immunity is respected," said Spanish Ambassador Jesús Silva Fernández. There were few security forces nearby and no immediate comment from President Nicolás Maduro's government, according to the AP. Guaidó later urged supporters at a rally in Caracas to intensify their efforts to bring down Maduro's government, announcing plans for street protests next weekend. "I call on the country to mobilize again this Saturday #9Mar. All the support we have received and the backing we need will depend on us being in the streets,"



Guaidó (C) speaking in Caracas on Monday. // Photo: @jguaido via Twitter.

Guaidó said via Twitter. The Secretary General of the United Nations, António Guterres, on Monday called for dialogue by all parties to end the political impasse. "We obviously remain very concerned about the situation in Venezuela," U.N. spokesman Stéphane Dujarric said. "It's important from the secretary general's viewpoint that all actors—all political actors in Venezuela and abroad—make all efforts to lower tensions." Guaidó, who has offered amnesty to government officials and military leaders that renounce Maduro and support him

instead, said he plans to meet today with public sector employees, a group that has generally supported Maduro in the past.

ECONOMIC NEWS

U.S. Backs Off Most Extreme Threats to Tighten Cuba Policy

The United States on Monday backed away from a threat to allow Cuban exiles to file suit in U.S. courts against foreign companies operating in Cuba, Agence France-Presse reported. Instead of the sweeping action some had feared (and others hoped for), the Trump Administration will limit legal action to certain Cuban entities only. The European Union, a major source of foreign investment in Cuba, rose up in opposition to the move at a sensitive time for the United States diplomatically, with a coalition to put pressure on Venezuelan strongman Nicolás Maduro potentially at risk. State Department officials acknowledged Europe's concerns were taken into account in reaching Monday's decision, according to the report. U.S. Secretary of State Mike Pompeo announced that some suits would be allowed for the first time under Helms-Burton's Title III starting March 19, but they would be limited to Cuban enterprises controlled at least in part by the military, the intelligence services or security forces. "It is not intended to affect European companies that are currently doing business in Cuba," a State Department official said. "You can sue the Cuban entity or the Cuban sub-entity. This action does not authorize the suit of a European or Japanese or any other company in some other country," the official added. Attorneys at Hunton Andrews Kurth told clients in an email alert that Monday's less-extreme measures should not be seen as the end of the matter. "The Trump administration is actively considering allowing lawsuits under Title III of the Helms-Burton Act," the firm said, adding that "multinationals doing business in Cuba should analyze whether steps are necessary to mitigate potential lawsuits." Claimants seeking

NEWS BRIEFS

Mexican President's Approval Rating Remains High Despite Recent Dip

Three months into his term, Mexican President Andrés Manuel López Obrador continues to enjoy high approval ratings, according to a poll released Monday by El Financiero, Reuters reported. López Obrador's approval rating stands at 78 percent, a point higher than when he took office Dec. 1. The figure is down from the 86 percent rating published in a similar poll released on Feb. 7. A survey released on Feb. 28 by polling firm Consulta Mitofsky showed López Obrador's approval rating at 67.1 percent.

Safra Takes Over Position as Richest Person in Brazil

Banker Joseph Safra, 81, last month became the richest person in Brazil, taking over the number-one-richest position in South America's largest economy from entrepreneur Jorge Paulo Lemann, Haaretz reported Monday. The bank that bears his name cleared a net profit of about \$2 billion in 2018, helping to increase his fortune. Safra is now considered the richest banker in the world by Forbes magazine.

Peru Rejects Chile's Effort to End Pisco Dispute

Peruvian Minister of Culture Rogers Valencia on Monday rejected a proposal from neighboring Chile to end their dispute over the appellation of pisco, a liquor made from grapes, BBC News reported. "It's a position that we will not accept because pisco is Peruvian," he said. Chilean Agriculture Minister Antonio Walker recently proposed recognizing both countries as producers of pisco in international markets. "If we are the only two countries producing pisco, instead of litigating in all countries, it would be better to be able to complement each other and recognize both," Walker said, citing millions of dollars both producers spend in legal fees.

to file Title III claims must serve a letter on the target companies to notify them of their intention to sue, according to the firm. The suspension of the Helms-Burton provision for all other suits is valid only for a month, until April 17, so that the new policy's impact can be assessed and "changes made if necessary," according to officials. [Editor's note: See related [Q&A](#) in the Feb. 4 issue of the Advisor.]

BUSINESS NEWS

Scotiabank Closes on Deals in Peru, Dominican Republic

Canada's Scotiabank has successfully completed its acquisition of nearly all shares of Banco Dominicano del Progreso (BDP) after receiving regulatory approval, Latin Finance reported Monday. "We are building a leaner, more modern digital bank," said Gonzalo Parral, the chief executive of Scotiabank in the Dominican Republic, in a statement. The deal doubles Scotiabank's customer base in the Caribbean nation and puts it in fourth-place position in terms of assets among full-service banks and in third-place in the credit card segment in the Dominican Republic, with a 17 percent share of the market. BDP's operations include 57 branches, 184 automated banking machines and more than 160 sub-agents, which serve more than 250,000 personal and commercial banking customers. In related news, Scotiabank also confirmed last week it has acquired 51 percent of the controlling interest of Peru's Banco Cencosud after receiving regulatory approval from authorities. Scotiabank and Banco Cencosud will jointly manage the credit card operations and offer other products and services to customers in partnership for 15 years. Scotiabank and Cencosud have similar agreements in Chile and Colombia. With the closing of the deal, Scotiabank has become Peru's second-largest credit card issuer. Cencosud Peru owns the second-largest supermarket and the fourth-largest department store chain in the country, as well as several shopping malls.

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exports. Most commerce stays in the private sector, unlike China, whose state finances have inflated its trade with the region five times over. India's annual trade with Latin America and the Caribbean peaked at around \$50 billion in 2013. It was around \$37 billion last year, mainly after the fall in prices of crude oil and other commodities. Indian industry has billions invested in Latin America's hydrocarbons, aluminum, sugar, pharma, automobile and other industries. Brazil continues to be the most dynamic partner. Close behind is Mexico, followed by Chile, Peru and Colombia. President Macri's visit in February gave an impetus to collaboration hitherto dominated by Argentine edible oil exports. Venezuelan exports of \$11 billion of crude oil to India halved recently with the fall in prices and reduced shipments. The recent takeover of India's Essar Oil by Russia's Rosneft ensures some Venezuelan oil will come to India despite sanctions post-April. The other Indian company buying Venezuelan crude—Reliance Industries—is more dependent on its U.S. business interests, so no predictions there. Meanwhile India's state oil company—OVL—refuses to invest more in Venezuela until it starts receiving the more than \$400 million in overdue dividends from Venezuelan state company PDVSA. The advent of business-friendly governments in the region augurs well for India's economic engagement. The passing of old guard 'revolutionaries' will not be a cause for concern in India."

A Hari Seshasayee, Mumbai-based Latin America analyst: "The two recent high-level visits by India's and Argentina's respective heads of government have added some momentum in bilateral ties. Argentina certainly has reason to court India: it is the largest market for soybean oil exports, and it's the seventh-largest trade partner overall. New Delhi also sees Buenos Aires as a long-term partner in food security.

India-Argentina relations still have a long way to go, and these visits can infuse some much-needed political will into the relationship. Venezuela is a more urgent matter, as India becomes the top buyer of Venezuelan oil, reportedly importing more than 600,000 barrels per day in February after the United States announced sanctions against PDVSA on Jan. 28. But don't be mistaken, this has little or nothing to do with the Indian government: only two private companies in India buy Venezuelan oil, Reliance Industries and Nayara Energy (formerly known as Essar Oil, now owned by Russia's Rosneft). Both companies have complex refineries capable of processing heavy Venezuelan crude and will likely continue importing more oil in the short run, as long as they can avoid U.S. sanctions. India-Latin America ties remain positive and are still fundamentally driven by commerce rather than politics or policy. Cross-border investments are increasing as some LAC economies recover, and India-LAC trade grew by 10 percent in 2018. We may see some loss in momentum in the coming months, as India gears up for elections, but the second half of 2019 will hopefully bring some renewed vigor."

A Greg Ahlgren, partner, and Javier Coronado, associate attorney, both at Diaz, Reus & Targ: "The recent developments show the potential that India has to become an alternative to the United States and China, the two big players in the region. However, they do not necessarily suggest the adoption of a Latin America-driven policy by India. On the contrary, they reaffirm that India's interactions with Latin America are trade-based and conducted on an ad hoc basis. In the past, economic and political conjunctures have also bolstered Peru, Chile, Mexico and Colombia's interactions with India. India-based companies with interests in the oil market have been directly benefited by the recent U.S. sanctions on PDVSA because

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the Venezuelan government was forced to turn to India for most of its oil exports (at a discounted rate). Macri's dialogue with the government of India aimed to benefit companies from the two countries in various economic sectors. Indirectly, the recent developments might help private actors with ties to India gain momentum and push Latin American countries and India to consolidate or increase their relations and adopt long-term economic and diplomatic agendas. Momentum for this has been building for some time across the broader region—since at least 2017, institutional actors, such as the government of the state of Nuevo León in Mexico, have actively courted foreign direct investment from Indian concerns, with some record of success. Given the evolving state of relations between the United States and its traditional trade partners, it seems that the subcontinent is an obvious area of focus for market expansion and trade diversification in Latin America."

A **Stuti Banerjee, research fellow at the Indian Council of World Affairs in New Delhi:** "India's relations with the Latin America and Caribbean region (LAC) have been interrupted. However, India is trying to build a formidable economic relationship and a powerful political partnership for enhanced south-south cooperation. A start in that direction would be for India to become part of the various regional groupings in the LAC region. It would provide India with the advantage to interact with smaller groups of nations, understand their needs and provide solutions and allow India to engage with the

larger northern market of the United States. India is diversifying its energy basket, and the countries of the region—such as Argentina, Venezuela, Chile, Colombia and the Caribbean countries—are important energy partners. The region is also focused on the development of renewable energy, with Brazil leading with its biofuel platform. Collaboration and investment in this sector by enterprises from LAC would accelerate economic engagement. The LAC region also has the potential to help India achieve its nutri-

“**India's interactions with Latin America are trade-based and conducted on an ad hoc basis.**”

— Greg Ahlgren and Javier Coronado

tional security goals as the region produces food products that are familiar and part of the Indian diet. The defense sector needs to be explored in terms of strategic ties. Apart from security, the maritime domain provides an opportunity to exchange expertise on the development of the blue economy in a sustainable manner. The region and India could work toward operationalizing the concept of the Indo-Pacific, which for India extends to the west coast of the Americas, bringing prominence to its relations with nations such as Chile and Peru.”

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

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