

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

Corporate VP, Global Corporate Affairs
Cargill

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

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

Retired VP, U.S. & Int'l Affairs,
Philip Morris International

James R. Jones

Chairman,
Monarch Global Strategies

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

Chairman,
McLarty Associates

Carlos Paz-Soldan

Partner,
DTB Associates, LLP

Beatrice Rangel

Director,
AMLA Consulting LLC

Jaana Remes

Partner,
McKinsey Global Institute

Ernesto Revilla

Head of Latin American
Economics, Citi

Gustavo Roosen

Chairman of the Board,
Envases Venezolanos

Andrés Rozental

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

Shelly Shetty

Head of Sovereign Ratings,
Latin America, Fitch

Roberto Sifon-Arevalo

Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

FEATURED Q&A

How Big a Problem Is Police-Involved Violence in Brazil?



Rio de Janeiro State's governor, Wilson Witzel, has been blamed for an increase in violence at the hand of police. // File Photo: Brazilian Government.

Q The head of the human rights commission of Rio de Janeiro's state assembly on May 8 blamed Gov. Wilson Witzel for a surge in police killings, accusing him of "legitimizing" police violence, the Associated Press reported. Deputy Renata Souza said Witzel "thinks he is a vigilante, and says that the only security protocol applicable in his government is to aim and shoot in the head." Witzel defended his security strategy, calling for "maximum toughness" on organized crime. A record 434 people in the state died at the hands of police in the first three months of this year. How big of a problem has police violence become in Rio de Janeiro and elsewhere in Brazil? Are Witzel's security tactics to blame for the rise in deaths? What will it take to improve public safety in Brazil's major cities?

A Mary Rose Brusewitz, member at Clark Hill Strasburger: "Violence is an enormous problem in Rio. The sensation of living in a city rife with areas that are tantamount to war zones has long been present in Rio for Brazilians of all economic classes. Resource-poor and marginalized people bear an unfair share of the burdens and risks. However, Witzel has been in office for just a few months. He was elected by voters demanding that crime and corruption be eliminated. Witzel has a mandate and may be playing to his voters, but the overall situation pre-dates his tenure. Human rights issues are paramount. These concerns should take into account lives lost at the hand of the police and the increase in police deaths. The police operate in areas where the criminals are better armed and funded than they are. Parts of

Continued on page 2

TODAY'S NEWS

POLITICAL

Venezuelan High Court Accuses Lawmakers of Treason

The country's Supreme Court accused four opposition lawmakers of treason and inciting rebellion. The move followed the opposition's April 30 call for a military uprising, which failed to unseat President Nicolás Maduro.

Page 2

BUSINESS

Bolivia Mine Helps Drive Profit at Orvana Minerals

The Canadian miner's profit was in part helped by good results at the company's Don Mario gold mine in Bolivia.

Page 3

ECONOMIC

Brazil Cuts Forecast for Economic Growth

The South American country's government is lowering its estimate for this year's economic growth to 1.5 percent from the previous level of 2.2 percent, said Economy Minister Paulo Guedes.

Page 2



Guedes // File Photo: Brazilian Government.

POLITICAL NEWS

Venezuelan Court Accuses Lawmakers of Treason

Venezuela's Supreme Court on Tuesday accused four opposition members of the National Assembly of treason and inciting rebellion, further deepening the country's political crisis. The accusations against Carlos Paparoni, Miguel Pizarro, Franco Casella and Winston Flores were posted on the high court's Facebook page. It was the latest move in a crackdown on the opposition following its call on April 30 for a military uprising to unseat President Nicolás Maduro. Earlier on Tuesday, pro-Maduro security forces prevented lawmakers from entering the legislature, saying they were investigating the possibility that a bomb had been placed in the building, Reuters reported. The Supreme Court's accusations against the lawmakers amounted to "illegitimate orders from the dictator," said Flores, referring to Maduro, the wire service reported. "This simply gives us more strength," he added. "We know they will continue with this process of trying to destroy the National Assembly." Flores said he would go to Uruguay to address the Mercosur trade bloc's parliament on an

"emergency" trip to denounce the accusations against Venezuelan lawmakers. Ten other lawmakers face similar charges following the opposition's call for an uprising, which failed to dislodge Maduro from power. Late on Tuesday, Mexico's foreign ministry said Casella had entered its embassy in Caracas and that it was providing him "protection and shelter." Mexico said it would continue following a nonintervention policy in Venezuela. In a statement posted on Twitter, Pizarro called the high court's accusations "an illegal sentence that seeks only to generate fear to shut us up." Reuters was unable to reach the other lawmakers who are facing accusations.

ECONOMIC NEWS

Brazil Cuts Forecast for Economic Growth

Brazil's government is cutting its 2019 growth forecast to 1.5 percent from the current 2.2 percent, Economy Minister Paulo Guedes said Tuesday, as one of the central bank's indicators suggested the country's economy may have shrunk in the first quarter of this year, Folha de S.Paulo reported. "You will see that growth, which was 2 percent when they made the first simulations, has already dropped to 1.5

NEWS BRIEFS

Mexican Authorities Warn Residents to Stay Indoors Amid Heavy Pollution

The Mexican government's air quality index reached 158 points in parts of Mexico City on Tuesday, indicating "very poor" conditions and "very high" health risks and prompting warnings for residents to stay indoors, Bloomberg News reported. High temperatures and a lack of rain have sparked numerous forest fires in the valley surrounding the capital, which have resulted in the smog combining with heavy pollution from traffic in the city.

Former Lima Mayor Jailed in Odebrecht Case

A Peruvian judge has ordered former Lima Mayor Susana Villarán to be jailed for 18 months in connection with allegations that she accepted bribes from Brazilian construction conglomerate Odebrecht, which has admitted to paying off politicians in several countries, El Comercio reported. The Peruvian capital's first female mayor, Villarán was in office from 2011 to 2015. In a posting on Twitter, Villarán acknowledged taking money from Odebrecht and construction company OAS for her campaign to remain in office amid a 2013 recall vote, but denied they were bribes, Reuters reported.

Colombia Begins Selling Stake in Power Utility

Colombia's government has started the process of selling some or all of its 51 percent stake in utility Interconexión Eléctrica, or ISA, the fourth-largest company on the country's Colcap stock index, Bloomberg News reported Tuesday, citing a document published April 30 on the Finance Ministry's investor relations page. The entire stake would be worth around \$2.7 billion, but the ministry said it is still evaluating the "optimal" amount of shares to sell, as well as the mechanism under which the sale is to take place.

FEATURED Q&A / Continued from page 1

Rio are under the control of organized criminals. The cost in human lives (civilian and police) is unacceptable. Funds needed to eliminate crime suck money away from education, infrastructure, health and improving the lot of the people who live with daily terror and insecurity. Increasing the emphasis on intelligence and sophisticated methods of combating criminal elements would help. Providing more infrastructure and public services to marginalized segments of the population, those who feel excluded from society, could improve the situation over time. The balance between doing battle to eliminate the criminal elements and avoiding

unnecessary deaths, both civilian and of the police, is tough to strike. Transparency and outreach need to be prioritized."



Brian Winter, editor-in-chief of Americas Quarterly and vice president of the Americas Society/Council of the Americas:

"There's no question that Gov. Witzel's rhetoric is contributing to the increase in police violence in Rio. In countries like Brazil, verbal signals from leaders can be more important than actual laws—every policeman knows right now that, if she or he kills someone under dubious circumstances, criminal pros-

Continued on page 4

percent," Guedes said, adding that the Brazilian economy is in "the bottom of the pit." Data on Tuesday showed that Brazil's services sector, which makes up approximately 70 percent of economic activity, contracted by 0.7 percent in March from February and by 2.3 percent compared to the same month a year earlier, Reuters reported. The drop was far larger than expected. The government's new figures are more in line with private sector estimates, which have been more pessimistic in recent months, especially on growth. A central bank survey last week showed analysts from nearly 100 financial institutions giving an average forecast of 1.45 percent growth, Reuters reported. Guedes said that congressional approval of the government's proposed fiscal reforms, including a pension overhaul that seeks to save more than 1 trillion reais (\$252 billion) over the next 10 years, could lead to annual growth of 2 percent to 3 percent.

BUSINESS NEWS

Bolivia Mine Helps Drive Profit at Orvana Minerals

Toronto-based miner Orvana Minerals recorded a net income of \$3.3 million on \$36 million in revenue during the second fiscal quarter ending March 31, up from a net loss of \$3.5 million on \$37 million in revenue during the same quarter a year earlier, the company said Tuesday. The results were partially driven by good performance at Orvana's Don Mario gold mine in Bolivia, which produced 9,564 ounces of gold during the quarter. Although the figure is approximately 11 percent less than the amount produced in the first fiscal quarter, it is nearly the same amount as in the second quarter of 2018, The Northern Miner reported. Orvana also announced it has reached a deal with Compañía Minera Taguas to acquire its Taguas property in San Juan Province in Argentina, which consists of 15 mining concessions. Compañía Minera Taguas will receive an indivisible net smelter royalty of 2.5 percent on all future metals production mined in the area.

COMINGS & GOINGS

Bukele Names Foreign, Culture Ministers

Salvadoran President-elect Nayib Bukele has tapped Alexandra Hill Tinoco and Suecy Callejas as the incoming foreign and culture ministers, respectively, *El Diario de Hoy* reported May 4. Hill, Bukele's first confirmed appointment, was formerly a member of the U.N. Inter-American Drug Abuse Control Commission, or Cicad, where she led the division on demand reduction starting in 2012. She also previously worked as the executive director of Fundación Antidrogas de El Salvador, or Fundasalva, a nongovernmental organization focused on drug use prevention and treatment. Hill has also been a member of several governmental commissions on public security, drugs and mental health. Callejas is a lawyer and professional dancer. She has worked as an advisor for El Salvador's education ministry. She previously served as San Salvador Culture Secretary when Bukele was the capital city's mayor. Bukele takes office on June 1.

R. Evan Ellis Starts as Senior Advisor in State Department's Policy Planning Staff

R. Evan Ellis on May 13 began his new position as senior advisor on the U.S. State Department's Policy Planning Staff, a unit created in 1947 and which is often considered the department's internal "think tank," Ellis said in an email. At Policy Planning Staff, or S/P, he will focus on the role that Latin America and the Caribbean have for the United States as part of its global engagement. It is a one-year assignment. Before joining the State Department, Ellis worked as a research professor of Latin American studies at the U.S. Army War College's Strategic Studies Institute.

Claudia Gioia Joins Llorente & Cuenca

Claudia Gioia has joined Llorente & Cuenca as senior vice president for the Americas, the company said in a statement on April 15. Based in Miami, she will lead the firm's efforts to expand its consulting services in the United States, Latin America and the Caribbean. She was previously chief executive officer and president of Hill + Knowlton Strategies Latin America. Before that, she worked in several positions for 19 years at Burson Marsteller, now BCW, where she worked closely with clients such as Ford Motor Company, Intel, Sony, Accenture and FedEx, according to the statement.

BMW Group Shuffles Americas Leadership

Michael Peyton, who currently serves as vice president of BMW Motorrad in the Americas, will become vice president of Mini in the Americas, BMW Group said in a statement May 3. In his new position, Peyton will be responsible for the business operations of the Mini brand in both North and South America. Peyton has more than 17 years in the automotive industry, including at Ford, Lincoln and Mercury. He joined the BMW Group in 2016. Trudy Hardy will take over his previous post, leading all BMW Motorrad operations in the Americas, including in the United States, Canada, Mexico, Brazil and Argentina, as well as the Latin America direct market operations. Hardy had served as vice president of marketing for BMW in North America since 2013.

FEATURED Q&A / Continued from page 2

ecution is unlikely. But it's important to note two underlying factors here. First, Witzel was elected precisely because of this 'tough,' anti-criminal rhetoric—and so in a tragic sense, he is delivering on his campaign promises. Second, data suggest that homicides fell about 25 percent in Brazilian cities during the first quarter, continuing a trend that began last year. Experts are unsure whether this downward trend will continue, or why it's happening, but Witzel and Bolsonaro are already claiming it's because of their tactics. The bottom line is that the crackdown approach—complete with police violence—is very likely to continue and even increase in coming months."

A **Aaron Melaas, senior associate at McLarty Associates:** "Reducing violence in Rio de Janeiro is a huge challenge, but there is strong evidence that homicide rates in Brazil can be reduced by combining modern policing practices to investigate crimes with prevention methods based on social and educational programs. Nonetheless, the evidence that Gov. Wilson Witzel appreciates the value of a comprehensive approach to policing remains very weak, and his 'eye for an eye' approach appears more likely to contribute to the growth of the problem. A helpful guide on how to proceed with successful violence reduction was included in the 'Safe Rio Agenda,' which the Igarapé Institute in Rio published in July 2018. Key components of the agenda include integrating data used by state military and civil police forces, improving collaboration between the police and public prosecutors, and expanding training and control over police operations. These strategies helped contribute to reducing São Paulo State's homicide rate from 33.1 per 100,000 inhabitants in 2001 to 6.4 per 100,000 inhabitants in 2018, and similar programs in other states also

yielded impressive results. While weak rates of economic growth will continue to present challenges for Rio de Janeiro and other Brazilian states to increase public spending on security measures, many of the changes supported by the Igarapé Institute report can be facilitated through improving cooperation between state military and civilian police forces. Rather than requiring an 'eye for an eye,' a successful approach to improving security in Rio de Janeiro should begin by making sure that public security services are capable of listening to one another."

A **Henrique Rzezinski, member of the executive committee and former president of Amcham Rio and member of the board of the Council of Foreign Relations of Brazil (CEBRI):** "Blaming Gov. Witzel for a situation that has been deteriorating during the last 15 years is an oversimplification of what is happening in Brazil and especially in the city of Rio de Janeiro. It is important to understand that during Lula's first term, many positive public policies were implemented in Rio's poor areas, such as the creation of special police groups that have the task of working together with communities to expel drug dealers and help to organize the communities to prepare educational and urban water and sewage projects to be financed by national and international development agencies. Unfortunately, the ethical deterioration of the Lula and Dilma governments resulted in catastrophic management of resources and economic policies that led not only to the destruction of these positive public policies but impoverished Brazilians at dramatic levels, close to where we were in the 1980s."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2019

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

Michael Camilleri, Director, Peter D. Bell Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development and External Relations

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

ISSN 2163-7962

Subscription inquiries are welcomed at ebrand@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.