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## FEATURED Q&A

# Who Is Winning the Battle Over Control of Brazil's Amazon?



Waldez Góes, the Amapá state governor who has led a consortium of nine states in Brazil's Amazon region, last month was found guilty in federal court of fiscal mismanagement and faces time in prison if his appeals fail. // File Photo: Brazilian Government.

**Q** France and a group of Brazilian states are planning a partnership to help protect the Amazon rain forest, said Waldez Góes, the governor of Brazil's Amapá state and the leader of a consortium of nine states in Brazil's Amazon region.

**The deal, which would establish a mechanism to allow foreign countries to directly contribute to state-level projects to preserve the Amazon, bypasses Brazil's federal government. President Jair Bolsonaro's environmental policies have come under criticism this year following a jump in Amazon wildfires in August. Are the Brazilian states taking the right approach in working directly with France and other countries, and to what extent will the partnership succeed? What are the risks of establishing an arrangement that circumvents Brazil's federal government? What types of projects will the money go to, and what else can be done at the state level to preserve the Amazon rain forest?**

**A** Jana Nelson, global fellow at the Woodrow Wilson International Center for Scholars: "When uncontrolled fires in the Amazon caused Norway and Germany to put on hold financing going to the Amazon Fund, the governors of the Amazonian states in Brazil took matters into their own hands. The fires were the latest in a series of aggravating factors. The Brazilian federal government had tried to renegotiate how the fund was managed, cutting civil society out the decision making for which projects would be funded. Norway and Germany objected to those changes. To avoid losing funding for future projects, the governors decided to negotiate directly with

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## TODAY'S NEWS

### POLITICAL

## Peru's Vizcarra to Toughen Labor Laws After Deaths

Peruvian President Martín Vizcarra said he will seek to toughen labor laws to take more "concrete action" against companies in cases of workplace accidents in the wake of recent deaths.

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### ECONOMIC

## Mexican Central Bank Cuts Rates

Although the quarter-point cut was in line with analysts' expectations, the decision was not unanimous, with one of the board's five members voting for a larger cut of 50 basis points to 7 percent.

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### ECONOMIC

## U.S. House Passes USMCA Trade Pact

The Democratic-controlled U.S. House of Representatives passed the U.S.-Mexico-Canada trade agreement after more than a year of talks. It now heads to the Senate, where Sen. Amy Klobuchar (D-Minn.) said in last night's presidential debate that she would support the deal.

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Klobuchar // File Photo: U.S. Senate.

## POLITICAL NEWS

## U.S. House Approves USMCA Trade Deal

The Democratic-controlled U.S. House of Representatives passed the U.S.-Mexico-Canada trade agreement, or USMCA, during Thursday's legislative session after more than a year of talks, the Associated Press reported. The agreement, which President Donald Trump's administration is touting as a much-improved version of the North American Free Trade Agreement, next goes to the Senate, which is expected to approve it next year. Democrats vying for their party's presidential nomination in 2020 in Thursday evening's debate expressed mixed opinions over the "new NAFTA," however, Fox News reported. When asked whether he would support the agreement, Independent Vermont Sen. Bernie Sanders said he would not. "This is a modest improvement over what we have right now," Sanders said. Minnesota Sen. Amy Klobuchar said she would vote in favor of the USMCA. "Ninety-five percent of our customers are outside of our borders, and we have to make sure that we have trade agreements that are more fair," Klobuchar said. Polls show that farmers in her agricultural state have largely supported Trump, but after years of low commodities prices, many now face bankruptcy, and others struggle to get approved for loans for spring planting. [Editor's note: See related Q&A in yesterday's issue of the Advisor.]

## Peru's Vizcarra to Toughen Labor Laws

Peruvian President Martín Vizcarra said on Thursday that he will seek to toughen labor laws to take more "concrete action" against companies in cases of workplace accidents, Reuters reported. Vizcarra's remarks follow the deaths of two teenage employees in a McDonald's restaurant in Lima over the weekend, an incident that sparked some protests demanding the improvement of workplace conditions, BBC News reported. Alexandra Porras Inga, 19, and Gabriel Campos Zapata, 18, died of elec-

trocution from a loose cable when they were cleaning the kitchen of the McDonald's where they worked. Vizcarra said that current fines for companies for such accidents appeared to be insufficient. "We can't allow for these kinds of accidents to happen and for there to be no consequence other than a fine," he said on local television, Reuters reported. "If the law is insufficient for these cases, we have to correct it." The McDonald's franchise in Peru remains closed while the food service chain's operator, Arcos Dorados, completes an investigation into the teenagers' deaths, according to the report. Arcos Dorados said in a statement that it was "deeply saddened" by the workers' deaths, adding that it was fully cooperating with local authorities and that it pays competitive salaries and takes seriously concerns raised about working conditions.

## U.S. Deports Mexicans Further Away from Border

The United States on Thursday began flying deportee asylum seekers deeper into Mexican territory and could also send Mexicans to Guatemala, The New York Times reported. In a renewed push to deter repeat crossings, the administration of President Donald Trump has begun sending migrants further away from the U.S. border. Thursday's flight took Mexican deportees from Tucson, Ariz., to the central city of Guadalajara in Jalisco state, a hotspot for organized crime and gang violence. One immigration shelter in the city said it had been informed of a likely influx of deportees, according to the report. The number of Central American migrants apprehended at the border fell sharply in the second half of this year after Mexico deployed National Guard troops to stem the flow. Despite the decline, human rights groups allege the Trump administration has separated thousands of families, locked up and mistreated individuals and even lost track of children in the United States. Acting U.S. Deputy Secretary of Homeland Security Ken Cuccinelli recently said an agreement that lets U.S. immigration officials send asylum

## NEWS BRIEFS

## New Power Plant in Rio to Be First to Use Gas From Brazil's Sub-Salt Fields

A consortium of three global companies said Thursday they had finalized terms with Brazilian state development bank BNDES to build a \$49 million gas-fired power plant in Rio de Janeiro state. Shell, Mitsubishi Hitachi Power and Patria Investments said the new Marlim Azul Energia thermoelectric plant in Macaé will create energy from gas produced in Brazil's offshore pre-salt oil fields, the first of its kind. The plant will come into operation in January 2023, and its construction will directly employ around 1,500 people at its peak.

## Mexico's GAP to Spend \$213 Million on Jamaica Airport Upgrades

Mexico's Grupo Aeroportuario del Pacífico, which operates Jamaica's two international airports, plans to spend \$213 million over the next five years to upgrade runways and buildings, the Jamaica Gleaner reported today. The company said it will charge higher fees to passengers to pay for some of the improvements. Montego Bay will account for most of its capital expenditure over the first three years, while construction in Kingston will come later.

## Brazil's Bolsonaro Pushes Bill to Expand Mining

Brazilian President Jair Bolsonaro said Thursday that his government's bill allowing mining on protected indigenous reserves is ready to be sent to Congress for consideration, Reuters reported. The president told supporters that indigenous peoples should also be authorized to commercially farm on their reserves. Some indigenous rights groups have harshly criticized Bolsonaro's policies pushing for mining and other development activities on indigenous lands, practices that are currently banned.

seekers to Guatemala to request refuge there instead could also apply to Mexicans and other nationalities, something the current administration of President Jimmy Morales, who visited the White House on Tuesday, generally agrees with. However, his successor, President-elect Alejandro Giammattei, who takes office in January, has said Guatemala will not be able to hold up its side of the agreement and serve as a “safe third country” for asylum seekers as the country “does not fulfill the requirements” to be one, Voice of America reported.

## ECONOMIC NEWS

# Mexican Central Bank Cuts Rates

Mexico’s central bank on Thursday voted to cut its benchmark interest rate by 25 basis points to 7.25 percent, El Financiero reported. Although the cut was in line with analysts’ expectations, the decision was not unanimous, with one of the board’s five members voting for a larger cut of 50 basis points to 7 percent, Reuters reported. The dissenting vote “suggests a high probability of additional rate cuts” in the first half of 2020, Goldman Sachs analyst Alberto Ramos told clients in a research note Thursday. In its statement, the board cited softening headline inflation and a sluggish economy as the reasons behind the decision, which was the bank’s fourth consecutive cut. “For 2020, core and headline inflation will reflect both the greater amount of slack in the economy and the cost-related pressures resulting from the recent minimum wage revisions, which could locate them moderately above the levels anticipated in the last quarterly report,” the statement said. Earlier this week, the government of President Andrés Manuel López Obrador announced a hike in the country’s national minimum wage by 20 percent, up to 123.22 pesos a day starting Jan. 1, or about \$6.50 per day at current exchange rates. The new minimum wage, which was increased for a second time under the López Obrador administration, is still below \$1 per hour and is barely at poverty level, the Associated Press reported.

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funding countries, now to include France. States in Brazil can negotiate international contracts as long as they don’t infringe upon national law or unbalance the state budget. The projects that would be funded go from environmental protection to sustainable development. Although circumventing the federal government could risk offending President Bolsonaro, the loss of funding outweighs any considerations for etiquette. The governors of the Amazonian states, for the most part, are not antagonistic toward Bolsonaro. This direct negotiation allows them to continue receiving funding and for the Bolsonaro administration to save face, maintaining their strict anti-civil society and anti-foreign interference in environmental matters.”

**A** **John Albuquerque Forman, director of J Forman Consultoria in Rio de Janeiro and former ANP director:** “The federal government has an environment ministry and institutions that produce regulations and guidelines, but these can only act on offshore and interstate matters. Each state has its own environment secretariat, agency or company responsible for the management of environmental activities and licensing on its territory. The states have to fiscalize extractive activities, the use of the land and fires. The federal government acts on national reserves, forests, parks and native territories. There are plenty of them, with strict rules as to what may be done within their domains. But fiscalizing is done on a very small scale, with few people to cover very large areas, thus very inefficiently. The states are entitled to act on their own, but when big problems arise, they look to the federal government, which usually helps out on a reduced scale and for short periods of time. The federal government—through the environment ministry and institutions such as IBAMA—have taken a position in favor of simplifying and expediting the environmental licenses for all types of projects and is thus

criticized for being lenient with projects that harm the environment, which is not necessarily true. It’s also not fair when the licensing process lasts for years on end, based on obscure arguments used to block the project. It becomes an affair of ‘I like these types of projects, so they may go ahead, but those I dislike will never materialize.’ The environment’s preservation becomes just an excuse for not allowing projects to be built. The environment has become a new religion, and if you do not follow the apostles, you are a sinner and should be penalized. Unfortunately, the process has become a political one, with the ‘left’ using environmental arguments against the capitalist arguments of the ‘right.’ Both can be quite wrong. It is not a rational debate. If it is political in nature, then certain states with governors who oppose the federal government use it to fight against it. If the federal government, in a provocative way, decides to refuse monies from certain international funds, the state governments seeking funds are part of the political fight for power. The rationale here is pure politics, not a real commitment to preservation.”

**A** **Haley Wiebel, strategic communications manager at the Andes Amazon Fund:** “In the first year of the Bolsonaro presidency, an area almost twice as large as the state of Connecticut has been cleared in the Brazilian Amazon. The global community turned its attention to the issue following mass media coverage of the fires in August. By this time, deforestation in Brazil was already at a record high. In response to growing international concern, French President Emmanuel Macron announced a \$22 million commitment to fighting Amazonian deforestation at the G-7 Summit. Bolsonaro swiftly rejected the aid package, igniting a public exchange of insults between the two leaders. France’s involvement has since become personal. The alliance between Brazil’s nine Amazonian states pre-dates

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the Bolsonaro administration, but this year it became legally eligible to receive outside funding without federal approval. Bolsonaro's suspension of the Amazon Fund Guidance Committee (COFA) in April indicates, however, that the national government will likely sabotage these efforts. Participants also risk losing federal funding for important social programs and resources. Yet, these states have more to lose in the long term if action is not taken to preserve the Amazon. Creating protected areas and improving indigenous land tenure on a state level is the first step forward. Without legal designation for these vast territories, they are vulnerable to invasion and are almost impossible to govern. When combined with the use of monitoring technology, such as drones and acoustic devices, the likelihood of success greatly increases. While the future of the new partnership remains unclear, it shows promising signs of hope. Conserving the Amazon should be our collective goal if we are to surmount one of the greatest threats to humanity: climate change."

**A** **Tracy Devine Guzman, associate professor of Latin American studies at the University of Miami:** "The situation of the Brazilian Amazon and its citizens—especially indigenous peoples—was dire well before the outset of the current crisis, as ranching, mining and logging interests have failed to respect the integrity of protected territories for generations. The Bolsonaro administration has made a bad situation much worse, however, by: 1. undoing the already fragile entities responsible for the so-called 'protection' of indigenous peoples and lands (including FUNAI, the National Indian Foundation); 2. failing to enact any policy to ensure indigenous wellbeing, which stems directly from land rights; 3. failing to abide by the relevant international legal agreements to which Brazil is signatory (for example ILO, Convention 169); 4. failing to respect the basic rights guaranteed to

indigenous peoples by the post-dictatorship Constitution of 1988; and 5. emboldening the historical antagonists of native communities with the same incendiary, racist, anti-indigenous rhetoric that characterized Bolsonaro's presidential campaign. Against this rather dire backdrop, the agreement signed by Antônio Waldez Góes da Silva and French Special Envoy Pierre Henri Guignard presents possibility and risk. Looking at the glass half full, the agreement provides an opportunity for local and state leaders to establish new, transcontinental mechanisms that might begin to compensate for

**“The Bolsonaro administration has made a bad situation much worse.”**

— Tracy Devine Guzman

the Brazilian state's historical and present failure to abide by its own constitutional and international promises in the region, or to protect the rights of its most vulnerable citizens and lands. The agreement's proposals to foster collaboration between French and Amazonian scientists, bolster environmental consciousness through educational initiatives and strengthen ties between Brazil's Legal Amazon and French Guiana seem to be positive steps in that direction. However, any French intervention in the region that sidesteps the Brazilian state will surely feed the militarist tendencies of Bolsonaro and likeminded supporters, whose jingoism finds inspiration in age-old conspiracy theories about foreign takeover of the region. The proper distribution and implementation of any international funding at the state and local levels also presents a tremendous challenge in a society that is both plagued with, and outraged by, deep and widespread financial corruption—a shared exhaustion that indeed landed Bolsonaro in power."

## LATIN AMERICA ADVISOR

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

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**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](http://www.thedialogue.org)

ISSN 2163-7962

Subscription inquiries are welcomed at [ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

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