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FEATURED Q&A

Can a New Leader Revitalize the World Trade Organization?



Roberto Azevêdo is stepping down as director general of the World Trade Organization in August, a year before the expiration of his term. // File Photo: WTO.

Q Brazilian Roberto Azevêdo, who has led the World Trade Organization since 2013, announced that he is stepping down in August, a year before the expiration of his term. Azevêdo cited personal reasons for his resignation, although it comes at a time of heightened global trade tensions and uncertainty over the WTO's purpose and future. What did Azevêdo bring to the WTO, and how have the organization and its operating environment changed under his tenure? How will his departure affect the organization and its work? What qualities should the WTO's next secretary general possess?

A Kellie Meiman, managing partner at McLarty Associates: "When Roberto Azevêdo took over as director general of the World Trade Organization in 2013, the fissures in the post-World War II trading system were already evident. The WTO Fifth Ministerial Conference 10 years earlier had exposed the schism between developed and developing countries as WTO members attempted to advance the so-called Doha Development Agenda, launched in the emotional months after 9/11. As Azevêdo took the reins of the WTO, it was hoped that his combination of technical expertise, faith in the global trading system, and Brazilian sensibilities and charisma would be enough to move the Doha Round forward. Weeks after the Doha Ministerial, China was admitted to the WTO, in a project driven by American optimism that one of the world's largest economies could become a rule-follower, a responsible global stakeholder and even a market economy after making commitments linked to China's WTO succession. Today, one of the most debated questions in Washington is whether the global trading commu-

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TODAY'S NEWS

POLITICAL

Brazilian Police Raid Bolsonaro Allies in Probe

Agents of Brazil's Federal Police raided several allies of President Jair Bolsonaro in an investigation related to an alleged misinformation scheme.

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BUSINESS

Bosch to Restart Operations in Mexico

The German company has received approval from Mexico's government to restart operations that have been shut down due to the coronavirus pandemic.

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ECONOMIC

Venezuela, U.N. Reach Deal to Exchange Gold for Food

Venezuela and the U.N. Development Program have reached an agreement for the government to use gold it has been trying to get back from the Bank of England to buy food, said Venezuelan central bank chief Calixto Ortega.

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Ortega // File Photo: Venezuelan Central Bank.

POLITICAL NEWS

Brazilian Police Raid Bolsonaro Allies in Misinformation Case

Brazil's Federal Police force on Wednesday executed more than a dozen search warrants targeting supporters of President Jair Bolsonaro in an investigation into an operation to spread defamatory misinformation and make threats against Brazilian Supreme Court justices, the Associated Press reported. The raids were in connection with a probe of an alleged scheme to spread fake news via social networks to damage the image of the high court, endangering the "independence of judicial power," said Supreme Court Judge Alexandre de Moraes. A group of business leaders close to Bolsonaro's government appears to have financed the operation, said de Moraes. In postings to Twitter, Carlos Bolsonaro, the president's son, called the investigation "unconstitutional, political and ideological." Carlos Bolsonaro has reportedly been under investigation in connection with a misinformation scheme, but he has denied wrongdoing, calling the allegations against him "garbage" and "a joke," The Guardian reported. Among those targeted in Wednesday's raids are Luciano Hang, owner of retailer Havan; Edgar Corona, owner of a chain of gyms; Allan dos Santos, who operates far-right-wing blog Terça Livre; and Sara Giromini, an activist known as "Sara Winter," the AP reported. Outside his home in Brasília, dos Santos reacted angrily to the raids. "This will be pathetic for the Supreme Court," he told reporters. "We are no longer living in a democracy." Supporters of the president have frequently criticized judicial rulings limiting his power, and the president himself has joined demonstrations in Brasília in which his supporters have denounced Supreme Court justices. In April, the high court ruled against Bolsonaro when it decided that governors and mayors have the right to impose restrictions to fight the spread of Covid-19 even if they go against the president's wishes. Bolsonaro, who has downplayed the threat of the pandemic,

has pushed for reopening Brazil's economy, even as the death toll from the disease rises. On Wednesday, Brazil reported 1,086 new deaths from the novel coronavirus, Folha de S.Paulo reported. The previous day, the country reported 1,039 deaths, putting its daily death toll ahead of that of the United States. Last week, Brazil overtook Russia as the country with the second-highest number of confirmed Covid-19 cases. As of this morning, Brazil has more than 411,000 confirmed cases, after only the United States, which has nearly 1.7 million. Brazil also has the world's sixth-highest reported death toll from the virus, with 25,598 as of this morning. On Wednesday, the United States surpassed 100,000 confirmed deaths from coronavirus and, as of this morning, it has 100,442 reported deaths related to it.

Pandemic May Lead 14 Mn to Go Hungry in Region: U.N.

The coronavirus pandemic could push more than 14 million people in Latin America into hunger, the U.N. World Food Program, or WFP, warned on Wednesday, the Associated Press reported. While 3.4 million people experienced severe food insecurity last year, that number could more than quadruple in Latin America and the Caribbean. "We are entering a very complicated stage," said Miguel Barreto, the WFP's regional director for Latin America and the Caribbean. "It is what we are calling a hunger pandemic," he added. Countries in the region are already seeing signs of mounting hunger, with citizens violating strict stay-at-home orders to go out in the search for money and food. Some citizens in countries such as Colombia have been hanging red and white flags in their homes in a cry for government help. Many of those who are going hungry are part of the informal work force, which is estimated to represent 53 percent of the employed population and a third of total GDP in the region, according to the International Labor Organization. The number of people going hungry is likely to be even higher than U.N. estimates, as the organization's projections do not include

NEWS BRIEFS

Chile to Expand Network of Isolation Residences

Chile is seeking to expand its newly opened network of isolation residences for coronavirus patients as the country's public health service struggles with a sharp uptick in Covid-19 cases, the Voice of America reported. On Wednesday, President Sebastián Piñera said the network consists of 66 spaces with more than 2,500 rooms to treat coronavirus patients, where food and 24/7 medical attention, Internet access and television are available. Chile has recorded more than 82,000 cases of Covid-19 and more than 800 deaths.

Peru's Mining Output Expected to Decline 15%

Output in Peru's mining sector will decline by at least 15 percent this year, equivalent to as much as \$5 billion in lost revenues, due to disruptions brought on by the coronavirus pandemic, Víctor Gobitz, general manager of mining company Buenaventura, said on Wednesday, Reuters reported. Large-scale mining, which represents 80 percent of Peru's copper production, will not be completely up and running until early June, he added. Some mining operations are partially operating now. [Editor's note: See related [Q&A](#) in Tuesday's issue of the Advisor.]

Bosch to Restart Operations in Mexico

German engineering and technology company Bosch said it has received approval from the Mexican government to restart operations in the country, Reuters reported Wednesday. The company's operations in Mexico have been suspended since late March due to the coronavirus pandemic. Earlier this month, government officials said companies related to Mexico's auto industry would be able to lift lockdown measures before June 1 as long as they had approved safety measures in place.

Venezuela, where it does not operate. One in every three people in Venezuela faced hunger last year. [Editor's note: Watch the Advisor's [interview](#) with former Cargill executive Devry Boughner Vorwerk on food insecurity in Latin America.]

ECONOMIC NEWS

Venezuela, U.N. Reach Deal to Use Gold for Buying Food

Venezuela has reached an agreement with the U.N. Development Program, or UNDP, to purchase food and medicine in exchange for gold during the coronavirus pandemic, the country's central bank chief said Wednesday, Reuters reported. The deal follows a legal claim that Venezuela's central bank issued earlier this month to try to force the Bank of England to release part of 31 metric tons of gold that belongs to the government of President Nicolás Maduro, whom Britain does not recognize as the Andean nation's legitimate leader. Central Bank Governor Calixto Ortega told Reuters that, under the deal, the UNDP would receive funds directly, in a move that seeks to respond to concerns about potential corruption, the wire service reported. "It's not my word, it's not me saying that I am going to buy food, medicine and medical equipment," Ortega said in an interview with Reuters in Caracas. "It's the United Nations who is saying that. They are not going to be involved in anything dark that is not neutral and independent," the central bank chief added. Any program would still require the Bank of England to hand over the gold. The bank did not respond to Reuters' request for comment, but Ortega said he was optimistic that the legal case would be resolved soon. Venezuela has registered 1,245 reported cases of Covid-19 and 11 confirmed deaths. The country is ill-prepared for a health crisis, with a collapsed health care system and a shortage of basic goods including medicines. [Editor's note: See related [Q&A](#) in the March 30 issue of the Advisor.]

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nity broke the WTO by letting in an economy that never planned to play by market rules. On the other side of that debate is the factual retort that the WTO would render itself irrelevant with an economy of China's size left on the sidelines. Meanwhile, Azevêdo toiled to advance free trade in agriculture, as well as to address subsidies and domestic supports, all priorities in Brazil, but also critical to bridging the gap between advanced and developing economies. His efforts on trade facilitation and digital trade were laudable. The global shifts witnessed during Azevêdo's tenure were unprecedented. He did the best he could in incredibly trying times and served admirably. Unfortunately, the next director general may need to be willing to break china in order to, well, break China into the WTO once and for all."

A **Kristen Hopewell, associate professor at the School of Public Policy and Global Affairs at The University of British**

Columbia: "Azevêdo's resignation is a blow to the WTO. He has been widely respected during his tenure, seen as a bridge between developed and developing countries. His resignation comes at a perilous moment for the organization. The WTO's negotiation function has been paralyzed by conflict between the United States and China. Overtly hostile to the rules-based trading system, President Trump has repeatedly threatened to withdraw from the WTO and blatantly violated its rules by arbitrarily imposing tariffs on U.S. trading partners. He has also blocked appointments to the Appellate Body, rendering it unable to function and throwing the WTO's entire system for resolving trade disputes among states into jeopardy. Azevêdo has resigned in frustration at the sustained assault on the WTO by the Trump administration. There will undoubtedly be a battle over his successor: this process has frequently been contentious in the past, and now, amid the current crisis in the trading system, it is likely to be even more so. The

WTO is essential to ensuring stability and prosperity in the global economy, but its future is in grave doubt. At the WTO, the director general is a leader with no real power beyond the power of persuasion. The new director general—whoever that will be—cannot be expected to save the institution. It is up to states to save the WTO, and its future will depend on whether the most powerful states in the trading system—the United States and China—are willing to recommit to the institution and take the necessary steps to save it."

A **Gary Hufbauer, senior fellow at the Peterson Institute for International Economics:** "Azevêdo's surprise departure puts the spotlight on inherent tensions in WTO leadership. Will it remain a member-driven organization, or does it now cry out for a strong guiding hand? Should the next director general attempt to revive universal rules of world trade, akin to the Holy Roman Empire of centuries past? Or should the director general accept the realities of fragmentation, with each great power creating its own orbit of followers? Should Azevêdo's successor be chosen based on regional and gender rotation, or should expertise be paramount? Perhaps the most pressing question is how fast the winnowing process should proceed. Member governments will nominate multiple candidates between June 8 and July 8. On this question, the right answer is delay until after the November U.S. presidential election. As president, Biden would certainly be less hostile to the WTO than Trump. He might even be friendly. And, if re-elected, it is conceivable, though not likely, that Trump would send Navarro back to academia, relocate Lighthizer in the Commerce Department and take a fresh look at the WTO. Hence the winnowing process should be slow-walked. Even if Biden is elected, 2021 will not call for a strong guiding hand at the helm of the WTO. The great powers will not be bullied from Geneva. Instead,

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the organization needs another competent technocrat like Azevêdo. But unlike Azevêdo, the next director general must accept that the Holy Roman Empire phase of WTO life has passed. Instead, as Azevêdo was late to recognize, the future is plurilateral accords among like-minded members. And as for rotation, my favorite is Arancha González, now Spain's foreign minister. She is super-competent, drawing from her years as Pascal Lamy's deputy and head of the International Trade Center. True, she's not from Africa, but geographic rotation should not be a paramount consideration."

A **Richard Eglin, senior trade policy advisor at White & Case:** "Each WTO director general inherits a legacy from his predecessor. In Roberto Azevêdo's case, it was the weakening of U.S./E.U. hegemony over the multilateral trading system as China, India and other developing countries demanded that their voices should be heard. Forging a consensus that the WTO must have in order to move forward became increasingly difficult. As the U.S.-China relationship deteriorated, bilateralism replaced multilateralism, frustration was taken out on the WTO, its dispute settlement system and its negotiating agenda, and we experienced the biggest retreat from multilateralism for the global trading system in 75 years. Azevêdo, as any other WTO director general, can use his personal influence to encourage the membership to create multilateral solutions to trade policy challenges, but he cannot instruct the membership what to do, certainly not its two biggest members. The challenges facing a new WTO director general are spiraling: a drift toward plurilateralism; redefining regionalism as the United Kingdom breaks away from the European Union but each searches for new global trade partnerships; the threat of more protectionism in globalized supply chains after the Covid-19 pandemic; demands to rewrite WTO rules on development, state ownership and subsidies; getting to grips with old problems, in partic-

ular agriculture, and creating new rules for e-commerce and other 21st century issues; and re-engineering the WTO, in particular its dispute settlement system. Azevêdo led the WTO to its 25th anniversary. WTO members must now decide what type of trade organization they want for the next 25 years."

A **Renata Vargas Amaral, co-director of the certificate program on the WTO and U.S. trade law at American University's Washington College of Law:**

"In his resignation speech, Azevêdo justified his early departure with the need to decouple between the selection of the next director general and the biennial Ministerial Conference—originally scheduled for June but delayed until 2021 due to Covid-19. This is sad news for the international trade community, and the announcement came during particularly difficult times for the organization. Azevêdo has been an extremely capable director for the WTO, and his diplomatic skills will be missed, especially in such challenging times for the world because of the pandemic, and especially for the multilateral trading system. Along with the Covid-19 crisis, which is hitting the international trade of goods and services hard, the WTO has been facing strong criticism from its members, particularly the United States, in recent years. It is important for WTO members to quickly agree on strong leadership to replace Azevêdo and continue his work, and also take this opportunity to restore the multilateral trading system. The WTO recently announced that the window for nominations will be between June 8 and July 8 for the current selection process. Candidates seeking to succeed Azevêdo may submit their nomination bids and will have the opportunity to meet with the General Council (which is composed of WTO members), answer questions and present their views. Five names are being rumored: Amina Mohamed of Kenya, Eloi Laourou from Benin, Peter Mandelson of Britain, Yonov Fredrick Agah of Nigeria and Hamid Mamdouh of Egypt."

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Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Anastasia Chacón González
Reporter & Associate Editor
achacon@thedialogue.org

 THE DIALOGUE

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