

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

CEO,
DevryBV Sustainable Strategies

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

Paula Cifuentes

Director of Economic & Fiscal Affairs,
Latin America & Canada,
Philip Morris International

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados (McDonald's)

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

Senior VP, Corporate Affairs,
Royal Caribbean Group

Jon E. Huenemann

Former Corporate and
Government Senior Executive

James R. Jones

Chairman,
Monarch Global Strategies

Craig A. Kelly

Senior Director, Americas
Int'l 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

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

Shelly Shetty

Managing Director, Sovereigns
Fitch Ratings

FEATURED Q&A

Will Biden Make Major Changes to U.S. Policy on Cuba?



During his campaign, presumptive U.S. President-elect Joe Biden said he would return to Obama-era policies on Cuba. Havana is pictured above. // File Photo: Augustin de Montesquiou via Unsplash.com

Q Cuban President Miguel Díaz-Canel on Nov. 8 recognized Joe Biden as U.S. president-elect, a day after U.S. news organizations called the race for the former vice president. In a tweet, Díaz-Canel expressed hope for “constructive bilateral relations respecting one another’s differences.” Cuban-Americans in Florida strongly supported President Donald Trump in the election, swinging the state in his favor. What policies relating to Cuba could be expected from a Biden administration? How much would Biden be likely to roll back Trump-era policies through executive orders, and to what degree will the Florida vote temper his ambitions with Cuba? What kinds of policies might the new U.S. Congress keep or change relating to Cuba?

A Lenier González, resident fellow at the Inter-American Dialogue and cofounder of Cuba Possible: “With respect to Cuba, the Biden administration will experience a double tension: on the one hand, it will feel the responsibility of dismantling the more than 130 measures applied by the Trump administration, which have harshly punished the Cuban people, and which literally destroyed the powerful political influence that Barack Obama built inside the island. But, on the other hand, Biden will be very aware of the frustration caused by the Cuban government’s rejection of Obama’s effort at normalizing relations. However, despite the defensive attitude that the Cuban government has assumed since 2016, this type of bilateral relationship continues to be the most plausible path for relations between the two countries. It is in the hands of the Cuban government to defuse this tension by implementing

Continued on page 3

TODAY’S NEWS

POLITICAL

More Than 20 Dead as Iota Hits Central America

More than 20 people are dead, and several others are reported missing, after Hurricane Iota slammed into Nicaragua and pushed west into Honduras and El Salvador. The powerful storm hit several areas that were already flooded by Hurricane Eta two weeks ago.

Page 2

ECONOMIC

Fitch Affirms Brazil Rating With Negative Outlook

Fitch Ratings cited “severe deterioration” in Brazil’s fiscal deficit and public debt burden, in addition to “persisting uncertainty” about fiscal consolidation prospects.

Page 3

POLITICAL

Peru’s Interim President Names New Cabinet

Interim Peruvian President Francisco Sagasti named his new cabinet, including constitutional lawyer Violeta Bermúdez as prime minister.

Page 2



Bermúdez // Photo: Peruvian Government.

POLITICAL NEWS

More Than 20 Dead as Iota Lashes Central America

More than 20 people are confirmed dead after Hurricane Iota slammed into Nicaragua's east coast late Monday and since then plowed westward through Honduras and El Salvador. Fatalities were also reported in Guatemala, Panama and on the Colombian island of Providencia. On Wednesday, Nicaraguan Vice President and First Lady Rosario Murillo said at least 16 people were confirmed dead in the Central American nation, with the fatalities spread across the country, the Associated Press reported. Some victims drowned in swollen rivers, and others were buried in landslides. Nicaragua's emergency management agency released a short video showing a mountainside that collapsed in Matagalpa province, about 80 miles north of Managua. Seven people were confirmed dead at the site, and rescue crews were still searching for survivors, said Murillo. Area residents described the destruction. "The landslide came with all the dirt, and it became like a river going down. It took all of the little houses that were there. There were five homes, five families," Miguel Rodríguez, who works on a nearby ranch, told the AP. Nicaragua's army said it was sending a 100-person rescue force to the site, but access was made more difficult due to fallen trees blocking roads. Rolando José Álvarez, the Roman Catholic bishop of Matagalpa, said in a tweet that priests were

CORRECTION

In Wednesday's Featured Q&A, commentator María del Rocío Sáenz Madrigal was misidentified as the head of the Public Health Department in the School of Medicine at the National Autonomous University of Mexico. In fact, she is professor in the School of Public Health at the University of Costa Rica and former health minister of Costa Rica.

also being sent to the site. Late Wednesday, Guatemalan officials said two people had been killed and two others were missing after a landslide near the town of Purulhá in Baja Verapaz department. When it made landfall with winds of 155 miles an hour, Iota struck the same areas that Hurricane Eta pounded two weeks ago. Some areas were already under water. Iota dissipated Wednesday over El Salvador, but torrential rains remained a threat in the area. Colombian President Iván Duque said at least two people were killed on the island of Providencia, which lies off Nicaragua's Caribbean coast.

U.S. Judge Dismisses Charges Against Mexico's Cienfuegos

A U.S. federal judge on Wednesday formally dismissed the drug-trafficking and corruption charges against former Mexican Defense Minister Gen. Salvador Cienfuegos, a move that came day after the U.S. Justice Department abruptly announced it was dropping its case against the former official, The Wall Street Journal reported. "Although these are very serious charges against a very significant figure ... I have no reason to doubt the sincerity of the government's position," Judge Carol Bagley Amon of the U.S. District Court in Brooklyn, N.Y., said in a hearing before dismissing the case. Cienfuegos was arrested last month at Los Angeles International Airport at the request of the U.S. Drug Enforcement Administration. He had been accused of accepting bribes in exchange for protecting drug cartel leaders. However, Mexican officials threatened to end bilateral cooperation with U.S. authorities unless Cienfuegos was returned to Mexico, unnamed top Mexican officials told The Wall Street Journal. The dismissal of the U.S. case against him cleared the way for Cienfuegos to be flown back to Mexico. Authorities in Mexico are investigating Cienfuegos, but they have no formal charges against him, said Foreign Minister Marcelo Ebrard. In court Wednesday, acting U.S. Attorney Seth DuCharme said the case against Cienfuegos was strong, but added that the case was outweighed by U.S.

NEWS BRIEFS

U.S. Senate Confirms Story as Ambassador to Venezuela

The U.S. Senate on Wednesday confirmed the nomination of James Story as ambassador to Venezuela, despite the United States having no diplomats at its Caracas embassy, the Associated Press reported. Story, who is the United States' first ambassador to Venezuela in a decade following a breakdown of U.S.-Venezuela relations that began under late President Hugo Chávez, will work from Bogotá.

Peru's Interim President Names New Cabinet

Peru's interim president, Francisco Sagasti, on Wednesday named his new cabinet, including a constitutional lawyer as prime minister, Reuters reported. The new prime minister, Violeta Bermúdez, is an expert on gender politics and vulnerable populations and will lead the 18-minister cabinet. Sagasti also named Waldo Mendoza, an economist with experience in tax oversight, as economy minister. Congress' appointment of Sagasti, who was sworn in Tuesday, has helped to calm street demonstrations after the ouster last week of President Martín Vizcarra and his replacement by Manuel Merino, whose government lasted just five days before he resigned on Sunday.

Pfizer Offers Brazil Millions of Vaccine Doses

Pfizer Inc. said Wednesday that it had offered Brazil millions of doses of its potential Covid-19 vaccine to be distributed in the first half of next year, Reuters reported. Brazil has the third-worst outbreak of the novel coronavirus worldwide by number of cases, after only the United States and India. According to data released Tuesday by Imperial College London, the rate of infection in Brazil has grown to 1.1, meaning every 100 people with Covid-19 infect 110 people.

interests in maintaining its relationship and cooperation in law enforcement with Mexico. "There is no concern I have with the strength of our case," DuCharme told the judge. He added that U.S. Attorney General William Barr made the decision to drop the case. One unnamed U.S. official told the Associated Press that Mexico's government had threatened to expel the regional director of the Drug Enforcement Administration unless the U.S. Justice Department dropped the case.

ECONOMIC NEWS

Fitch Affirms Brazil Rating With Negative Outlook

Credit ratings agency Fitch Ratings on Wednesday affirmed Brazil's long-term foreign currency issuer default rating at BB- with a negative outlook, citing the "severe deterioration" in the country's fiscal deficit and public debt burden this year as well as the "persisting uncertainty" in terms of fiscal consolidation prospects. "Moreover, rising near-term domestic debt maturities amid a heavy public debt burden make Brazil vulnerable to shocks, including shifts in domestic investor confidence and financing conditions," Fitch said. Nevertheless, the country's large foreign currency reserves, liquid domestic market and flexible exchange rate can help it absorb any shocks. The ratings agency added that although the government's economic team aims to resume and advance its reform agenda next year, Brazil's "political environment remains fluid," which reduces "visibility and predictability" of the process. Fitch has forecast an economic contraction of 5 percent for Brazil this year and a rebound of 3.2 percent next year, driven by the global recovery, growth in China, Brazil's main trading partner, and a competitive exchange rate, Reuters reported. Yet there are several downside risks, including the end of government emergency aid, high unemployment, a second Covid-19 wave and a loss of market confidence in the fiscal consolidation path, among others.

FEATURED Q&A / Continued from page 1

an agenda of economic, political and social transformations that cannot be postponed. These changes should be centered on the expansion of human rights for Cubans inside and outside the island. The Cuban government should not wait to insert these internal changes into a potential negotiating agenda with the United States, but it should instead implement them as part of a sovereign decision. For its part, the Biden administration could take steps to enhance U.S. presence on the island. The lifting of sanctions, the reopening of the embassy in Havana and the dispatch of a diplomatic team to rebuild bridges of dialogue with officials, with civil society, with the political opposition and with the Cuban people in general will be critical. However, given the array of forces that emanated from the last presidential election, I unfortunately do not believe that the conditions have been created for the U.S. Congress to lift the embargo."

A **Any Landau French, consultant at Akin Gump:** "Advisors to President-elect Biden have already indicated that Trump administration policies limiting Cuban-American family travel and remittances to the island will be reversed. We can also expect the Biden administration to review policies that had an adverse impact on Cuba's budding private entrepreneur sector as well as on U.S. businesses that engaged in efforts with the support of the Obama-Biden administration. As such, we could expect an executive order that reverses most or all of the Trump administration's Cuba policy and associated regulations, not least because doing so would return to policies rolled out during the Obama-Biden administration, and because doing so could in theory require a less lengthy review period the second time around. Still, moving beyond the Obama era detente could take time, given the number and gravity of issues Biden hopes to tackle after his inauguration. It may be that further innovations will first percolate in Congress,

where bipartisan working groups and delegations to the island have often spurred efforts to ease travel and trade restrictions that benefit both Americans and Cubans. The Biden campaign is no doubt scrutinizing its margin of loss among Cuban-American voters in Miami-Dade County. For decades,

“**We could expect an executive order that reverses most or all of the Trump administration's Cuba policy...**”

— Anya Landau French

Cuban-American voters were thought to be single-issue Republican voters focused only on ousting Fidel Castro. In 2008, President Obama managed to marginally improve his performance among these voters while promising to reverse restrictions on family travel and remittances. In 2020, analysts have suggested that Republican efforts to paint U.S. Democrats as 'socialists' likely resonated with this group of voters. At the same time, that doesn't mean that they prefer to remain isolated from friends and family on the island, as evidenced by the large numbers of Cuban-American visits to the island prior to the pandemic and to the Trump administration's tightening of restrictions. Moreover, it's possible that the Biden-Harris team will not be so singularly focused on winning over this set of voters in South Florida as was President Trump and may instead focus on delivering to larger constituencies around the country."

A **Jaime Suchlicki, director of the Cuban Studies Institute:** "In an interview during the presidential campaign, Joe Biden was asked about his Cuba policy if elected president. He responded that he would follow the Obama policy. Did Mr. Biden mean that he would offer Gen. Raúl Castro more unilateral

Continued on page 4

FEATURED Q&A / Continued from page 3

concessions with little or nothing in return? The Obama policies failed to secure any change regarding respect for human rights on the island, the return of confiscated properties, the reduction of military presence in Venezuela, the return of terrorists hiding in Cuba or moderation of Cuba's anti-U.S. policies. The continuation of the disastrous Obama Cuba policies will only prolong the agony of the Cuban people and delay a return to a more humane regime in Cuba. How about a policy of more tourism and humanitarian aid in exchange for more freedom and respect for human rights? Or perhaps it would be best to reserve any initiatives for after Gen. Raúl Castro (who is now 89) is no longer in the picture. At a time of transition in Cuba, U.S. policy and initiatives could be effective. Historically, unilateral concessions toward totalitarian regimes have failed to achieve U.S. objectives. Adversaries pocket the concessions and ask for more. Only a no-nonsense policy of quid pro quo will achieve, at least, partial objectives in Cuba. The reality of a hardline entrenched military Marxist regime in the island and in Venezuela represent real challenges to the new Biden administration. 'Making nice' will not change that reality."

A Kirby Jones, former president of Alamar Associates: "If you ask any Cuban-American to answer the following: do you want to send money to your relatives? Do you want to freely visit your family and friends? Do you want to visit Granny and grandchildren? Do you want to cruise to Cuba? Do you want a better life for you and your family still in Cuba? The answer of course would be yes to all. With Trump the answer is no to all. With Biden, the answer is expected to be yes to all. As far as the label of socialism, that was a lie created to win the election and win the votes of many exiles from Cuba and Venezuela. Joe Biden never was or will be a

socialist. Now we all can get back to reality. More important is what could lie ahead under Biden. First, the far-right-wing fanatics will not be driving policy toward Cuba in a Biden administration. We can expect, at the least, a return to the Obama policies, as Biden has already indicated. But there could

“ Biden could unilaterally use his almost unlimited licensing power to open trade, increase travel and promote investment by U.S. companies...”

— Kirby Jones

be more ahead. Biden could unilaterally use his almost unlimited licensing power to open trade, increase travel and promote investment by U.S. companies, all without Congress. It is through such licensing authority that Cuban-Americans were first allowed to visit Cuba and U.S. hotel companies were allowed to enter the hospitality sector in Cuba. If U.S. companies can sell food to Cuba under a law passed by Congress, so too could other companies help grow food in Cuba under a general license granted by Biden. And this is just one of many sectors that could be opened to U.S. companies and organizations. We can expect little action from Congress because there are so many other problems that need attention. After more than 60 years of policy failure, a cadre of new policymakers could look ahead with a different point of view from that of the far-right and not accept that the embargo needs to be part of U.S. policy just because it always has been."

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 © 2020

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter & Associate Editor
achacon@thedialogue.org



Michael Shifter, President

Rebecca Bill Chavez, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Senior Advisor

Michael Camilleri, Director, Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Héctor Castro Vizcarra, Nonresident Senior Fellow

Julia Dias Leite, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Peter Hakim, President Emeritus

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia and Latin America Program

Manuel Orozco, Senior Fellow

Xiaoyu Pu, Nonresident Senior Fellow

Jeffrey Puryear, Senior Fellow

Mateo Samper, Nonresident Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development, External Relations & Special Projects

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.