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FEATURED Q&A

Is Brazil's Military Distancing Itself From Bolsonaro?



The Brazilian military's top brass resigned last week after President Jair Bolsonaro's sacking of Defense Minister Fernando Azevedo e Silva (pictured). // File Photo: Brazilian Government.

Q The commanders of Brazil's army, navy and air force abruptly resigned on March 30, following President Jair Bolsonaro's unexpected dismissal of Defense Minister Fernando Azevedo e Silva as part of a cabinet shake-up amid mounting criticism of his government's response to the pandemic. The resignations have led to speculation of a breakdown in the relationship between Bolsonaro, a former army captain, and the military, a key faction of his political alliance. What were the main motivations behind Bolsonaro's cabinet shuffle, and what are the most significant implications of the changes? Why did the military leaders quit? Do the commanders' resignations signal the military's distancing from Bolsonaro, and what would that mean for him politically?

A Kenneth Maxwell, founding director of the Brazil studies program at Harvard University's David Rockefeller Center for Latin American Studies: "The resignations of the commanders of Brazil's air force, navy and army are unprecedented since the end of military rule. The resignation of the minister of defense is less so. This position had been held by a general under the regimes of Michel Temer and Jair Bolsonaro. Brazilians had long gotten used to the invisibility of the military. This changed after the election of a former army captain to the presidency. Many generals have served in Bolsonaro's administration, not least his recently sacked fourth minister of health, General Eduardo Pazuello, who had no medical training. The Brazilian response to the pandemic has been catastrophic. Bolsonaro has become global denialism personified, dismissing Covid-19 as being

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Brazil Replaces Leaders of Federal Police Forces

Brazil's new justice minister replaced the heads of the federal police force and federal highway force with officials who have the support of President Jair Bolsonaro.

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Ex-Gunvor Official Pleads Guilty in Petroecuador Case

A former representative of commodities trading house Gunvor pleaded guilty to helping channel more than \$22 million to high-level officials in Ecuador in exchange for contracts with Petroecuador.

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POLITICAL

Trinidad & Tobago's Rowley Tests Positive for Covid-19

Keith Rowley, the prime minister of Trinidad & Tobago, tested positive for Covid-19. He is currently in isolation and under medical supervision.

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Rowley // File Photo: Government of Trinidad & Tobago.

POLITICAL NEWS

Brazil Replaces Leaders of Federal Police Forces

Brazil's new justice minister, Anderson Torres, on Tuesday replaced the leaders of the federal police force and federal highway police with officials who have the support of President Jair Bolsonaro, Reuters reported. Paulo Maiurino will replace Rolando de Souza as head of the federal police, and Silvinei Vasques will replace Eduardo Aggio as leader of the federal highway police, Torres said on Twitter. Torres, whom Bolsonaro tapped last week as attorney general, was among the most prominent officials in a major cabinet shake-up. He is reportedly close to Bolsonaro's family, and the appointments come as Bolsonaro's critics raise concerns that the president is seeking to control federal police investigations into his family and other supporters, the wire service reported. The president's critics also say Bolsonaro is seeking to increase his support among the state police forces ahead of next year's presidential election. "Changes are natural," Bolsonaro said Tuesday at Torres' swearing-in ceremony. "We know that all the changes you will make in your ministry are to better arrange it for its objective. You want the Ministry of Justice as focused as possible for the good of everyone in our country." Bolsonaro has previously been accused of seeking to interfere with federal police investigations. Tuesday's changes came as Brazil recorded its single deadliest day yet during the Covid-19 pandemic as the P.1 variant ravages much of the country. Brazil shattered its one-day record, announcing 4,195 deaths from the disease in the previous 24 hours, according to the Health Ministry, CNN reported. Since the pandemic began, Brazil has recorded more than 13.1 million cases of the disease and more than 336,000 deaths, according to Johns Hopkins University. Only the United States, which has more than 30.8 million recorded cases and more than 556,000 recorded deaths, has more, according to the count by the university.

BUSINESS NEWS

Ex-Gunvor Official Pleads Guilty in Petroecuador Case

A former representative of Gunvor, one of the world's largest commodities trading houses, on Tuesday pleaded guilty to helping channel more than \$22 million in bribes to high-level officials in Ecuador in exchange for securing contracts with state-run oil firm Petroecuador, the Associated Press reported. As part of his plea deal in Brooklyn federal court, Raymond Kohut agreed to pay \$2.2 million in forfeiture of funds he received from the bribery scheme, which he said occurred between at least 2012 and August of last year. Kohut, 68, a Canadian citizen who lives primarily in Panama and the Bahamas, is facing as many as 20 years in prison for his role in the scheme. Switzerland-based Gunvor said it was cooperating with the U.S. Justice Department in connection with the case. Kohut said in court that he worked with two of his supervisors at Gunvor as well as two independent consultants in the money laundering scheme, The Wall Street Journal reported. The scheme involved Petroecuador and two state-owned oil and gas companies in Asia, according to court documents. The Asian firms allegedly provided loans to the Ecuadorean company secured by oil to be delivered over a period of years, and Gunvor had deals with the Asian firms to market and sell the oil products that Petroecuador supplied. A lawyer for Petroecuador declined the newspaper's request for comment.

MercadoLibre to Double Work Force Across Latin America

MercadoLibre, Latin America's largest e-commerce company, will double its work force across the region as demand for online purchases soars amid the pandemic, Bloomberg News reported Tuesday. The Argentina-based company expects by year-end a direct

NEWS BRIEFS

Piñera Enacts Law to Delay Election Until May

Chilean President Sebastián Piñera on Tuesday enacted a law to delay by five weeks an election to select a commission that will rewrite the country's dictatorship-era constitution, as well as local elections, as Covid-19 cases surge, Agence France-Presse reported. The votes, which were originally scheduled for this Sunday, will now be held on May 15 or 16. Chile has recently seen rising numbers of Covid-19 cases despite having the region's most successful vaccination program. [Editor's note: See related [Q&A](#) in Tuesday's issue of the Advisor.]

Trinidad & Tobago's Prime Minister Tests Positive for Covid-19

Trinidad and Tobago Prime Minister Keith Rowley's office announced Tuesday that he has tested positive for Covid-19, the Associated Press reported. Rowley had experienced flu-like symptoms the previous day, the statement said. He is currently in isolation and under medical supervision, officials said, without providing further detail. Rowley was scheduled to be vaccinated on Tuesday, the day he tested positive. The Caribbean nation of 1.2 million people has reported more than 8,000 cases and 145 deaths from the novel coronavirus.

Argentina Benefiting From Higher Food Prices: IMF Chief Economist

Argentina's economy is benefiting from higher world prices for food, among its main exports, the International Monetary Fund's chief economist, Gita Gopinath, said Tuesday, Reuters reported. Gopinath added that Mexico and Canada will also benefit from the \$1.9 trillion U.S. Covid-19 relief package. [Editor's note: See related [Q&A](#) in the March 31 issue of the Advisor.]

work force of 32,000 people, up from 15,500 at the end of last year, according to Sebastián Fernández Silva, senior vice president and chief people officer at MercadoLibre. The firm has grown exponentially over the past year as strict lockdowns across the region have pushed many residents to buy online, many for the first time ever. "Physical store closures, stay-at-home orders and fears of contagion have accelerated e-commerce growth in Latin America," Anabel González, former minister of trade of Costa Rica, told the Advisor in a [Q&A](#) published March 8. "As has happened elsewhere, once the consumer benefits from the advantage of e-commerce, there is no going back," she added.

Mexico Pulls Rule That Drew Criticism From Brokerages

Mexico's government has withdrawn a rule that would have required local brokers to send at least 30 percent of passive bids to each stock exchange operating in Mexico, a move that would have channeled more bids to the new Biva stock exchange, Bloomberg News reported Monday. The government withdrew the rule from public consultation after Grupo Bursátil Mexicano as well as the brokerages of Grupo Financiero Banorte and Citigroup's Banamex unit filed complaints over it. The country's brokerage association, AMIB, also filed a complaint, the news service reported. The proposal would have directed more orders to Biva, which began operating in 2018 as a challenge to the Bolsa Mexicana de Valores, which was previously Mexico's only stock exchange. In March, Biva handled just 6 percent of Mexico's daily trades and has struggled to get more than 20 percent of the bids in any given session, according to data on its website. The CNVB regulator defended the rule, saying the existence of the two exchanges has helped to reduce fees and listing costs and has also given the country a backup in case of a failure at one of the exchanges. However, the brokerages argued the rule would have driven up costs and led to market fragmentation.

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a 'little flu.' Brazil is now the epicenter of the pandemic and its dangerous variants, and Brazil's neighbors have closed their borders. More than 336,000 Brazilians have died of Covid-19, and the daily recorded death toll on Tuesday exceeded 4,000 for the first time. One thousand five hundred former central bankers, private sector bankers, leading economists and former ministers of the economy recently signed a joint letter saying that Bolsonaro's response to the pandemic has been 'homicidally negligent.' Another change is the revival of Lula as a viable candidate in the 2022 presidential race. The Supreme Court reversed its own ruling over the former president's conviction (and imprisonment) for corruption, and this reversal has also put the final nail in the Car Wash anti-corruption investigations. China will be delighted with the removal of Foreign Minister Ernesto Araújo, a far-right conspiracy theorist who saw the Chinese under every bed. China is making a major push for Huawei in the forthcoming Brazilian 5G auction. Bolsonaro, however, has consolidated his support in Congress within the center-right bloc known as the 'centrão,' and it too will be delighted at the end of the corruption probes. This is a group in which Bolsonaro swam during his 27 years as a congressman from Rio. It is not a pretty picture. T.S. Eliot said it all: 'April is the cruelest month.' "

A **Jessica A.J. Rich, assistant professor in the Department of Political Science at Marquette University:** "According to the most common interpretation, Brazil's three top military commanders resigned en masse to protest President Jair Bolsonaro's dismissal of the national defense minister, General Fernando Azevedo e Silva. Azevedo had angered Bolsonaro after publicly disavowing the president's attempts to use the military as a personal political tool. Yet the president's decision to dismiss the defense minister was also part of a broader cabinet reshuffle involving six core ministries, engi-

neered to shore up his plummeting political support as the Covid-19 crisis worsens. Brazil's top military brass resigned in solidarity with the outgoing minister, to reinforce their loyalty to the constitution and to disentangle their public image from that of an increasingly unpopular president. Some, however,

“**Whatever the motivations behind this military resignation, the implications are troubling.**”

— Jessica A.J. Rich

suggest that their stepping down was also a semi-forced resignation. For weeks leading up to his removal of the defense minister, Bolsonaro had been publicly demanding the resignation of the commander of the army, General Edson Leal Pujol. Whatever the motivations behind this military resignation, the implications are troubling. As many have pointed out, no other president has intervened in the military since the end of the country's dictatorship. The incoming defense minister, moreover, made an immediate statement celebrating the 1964 coup, which ushered in military rule. Most commentators have downplayed the immediate possibility of another military coup. However, many have pointed to a growing and dangerous rift between the military's top brass, many of whom do not support a return to authoritarianism, and the more radical, pro-Bolsonaro rank-and-file."

A **Ryan C. Berg, research fellow in Latin American Studies at the American Enterprise Institute:** "President Bolsonaro sent shockwaves through Brazil's political system when six ministers either resigned or moved to new posts in a single day. The next day, all three heads of Brazil's armed forces resigned. Bolsonaro's cabinet shake-up comes

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at a critical moment and had been expected for a while. With many of these resignations, Brazil's Congress held Bolsonaro's executive team accountable when they felt the team had served the country's interests poorly. Frankly, with Bolsonaro's approval numbers falling and the P.1 coronavirus variant ravaging Brazil, a cabinet shuffle—and the potential strategic shift it could engender on a number of important issues—is highly necessary. Planalto is likely feeling the political imperative to improve Bolsonaro's performance even more after the dismissal, on narrow technical grounds, of former President Lula's corruption conviction, making him eligible to run again in 2022. With respect to the military, Bolsonaro did not exactly select ultra-loyalists to head the army, navy and air force; instead, he avoided provoking further tensions and followed protocol by selecting from a list of vetted names furnished to him by the military. While the commander of the air force is seen as a supporter of Bolsonaro, the new head of the army shared criticism of Bolsonaro a mere week before his selection. In other words, if there is a reservoir of support for Bolsonaro within the military ranks that is cause for concern, it does not emanate from the high command, which appears keen to assert independence, but rather from the lower rungs."

A **Anya Prusa, Slater family fellow and senior associate at the Brazil Institute of the Woodrow Wilson International Center for Scholars:** "The resignation of the commanders of the Brazilian army, navy and air force last week was unprecedented, and it came on the heels of a surprisingly large cabinet shake-up. Facing mounting pressure to address the deepening Covid-19 health crisis and declining popularity, President Bolsonaro sought to protect himself from potential impeachment and strengthen his control

over the military by appointing loyalists and a congressional ally to key government posts. Yet Bolsonaro's attempt to protect his position instead may have further constrained his political options. The president retains support among many of the military rank-and-file and can count on the loyalty of many of the generals in his cabinet,

“**The president retains support among many of the military rank-and-file...**”

— Anya Prusa

including the new minister of defense. Nonetheless, there has been growing frustration within the armed forces over Bolsonaro's attempts to use the military in his political fights, as well as deepening unease over the military's alignment with the Bolsonaro government and its unsuccessful pandemic response. The firing of former Defense Minister Azevedo and the commanders' joint resignation brought these tensions to the fore at a moment when Bolsonaro is already isolated. His alliance with congressional leaders is tenuous, the opposition is calling for unity and business leaders are warning that enough is enough—and last week's cabinet shake-up will do little to address the root cause of these political troubles: an unchecked pandemic and a stagnant economy."

[Editor's note: The Brazilian Embassy in Washington declined to comment for this issue of the Latin America Advisor.]

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