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FEATURED Q&A

What Can Ecuador Expect of its New President?



Lenín Moreno is to be sworn in as Ecuador's president on May 24. // File Photo: Moreno Campaign.

Q Former Ecuadorean Vice President Lenín Moreno was confirmed the winner of the country's April 2 presidential runoff election after 10 percent of the votes were re-counted and showed him defeating his opponent, Guillermo Lasso, by a slightly wider margin than had first been reported. Lasso has called for a full recount of all the votes, but the national electoral council has denied the request. Is Moreno's mandate weakened by not having a full recount of the vote? How will Moreno differ from or align with his predecessor, President Rafael Correa? How well will Moreno be able to work with the Andean nation's legislature to address Ecuador's most pressing economic issues?

A Vicente Albornoz, dean of business and economics at the at the Universidad de Las Américas in Quito: "On May 24, Moreno's presidency will start with a strong government, but with weak legitimacy. His government will be strong because his party will be in control of all branches of power, and also of all the key institutions, such as the attorney general and the national accountability office. But at the same time, his government will have a weak legitimacy, due to anecdotal (yet not conclusive) evidence of electoral fraud in the second round of the presidential election. Additionally, his government will face a significant reduction in economic activity and maybe, for the first time since Ecuador has had reliable national accounts, a second consecutive year of GDP decline. The causes for the current economic slump are related to the high dependence of economic activity on public

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TODAY'S NEWS

ECONOMIC

Nationwide Strike Shuts Brazilian Schools, Factories

Businesses, schools and public transportation were shut down today in locations across Brazil as unions led protests in opposition to President Michel Temer's austerity measures.

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IN FOCUS

Macri Meets With Trump at White House

The Argentine and U.S. presidents met to discuss issues including trade and security, as well as the unrest in Venezuela.

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POLITICAL

Only Early Election Will Solve Venezuela's Crisis: Capriles

Opposition leader Henrique Capriles, the governor of Miranda state, said President Nicolás Maduro must allow an early presidential election in order for Venezuela to emerge from its political crisis.

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Capriles // File Photo: Venezuelan Government.

POLITICAL NEWS

Only Early Election Will Solve Venezuela's Crisis: Capriles

Only an early presidential election will put an end to Venezuela's political crisis, opposition leader Henrique Capriles told BBC News in an interview. Nearly 30 people have been killed this month in the Andean country, where the residents are grappling with shortages of basic goods including food and medicine, as well as skyrocketing inflation. Capriles said President Nicolás Maduro must allow an early presidential election in order to end the crisis. "How long can Maduro stand denying Venezuelans the right to vote? I don't think much longer," said Capriles, the news service reported today. "Nothing that the government is doing is in defense; it's repression, savage repression that violates our constitution and human rights." Capriles lost the country's 2013 presidential election to Maduro and this month was banned by the government's comptroller's office from holding political office for 15 years over allegations of "administrative irregularities"

stemming from his role as governor of Miranda state. Capriles and other opposition members blame Maduro for the country's political and economic crises, while Maduro blames his opponents and the United States, saying they have sabotaged the economy.

ECONOMIC NEWS

Nationwide Strike Shuttters Businesses, Schools in Brazil

Brazilian unions nationwide led strikes early Friday in protest of President Michel Temer's government and the administration's austerity measures, closing down factories, businesses and schools, Reuters reported. Protesters used burning tires and other materials to barricade highways and major airports, while police clashed with the demonstrators, blocking them from entering the airports and firing tear gas to clear roads. The strike could be Brazil's largest in more than two decades if participation numbers meet union leaders' expectations. "It is going to be the biggest strike in the history

NEWS BRIEFS

Jamaica Extradites Eight to U.S. in Connection With 'Lottery Scam'

Eight Jamaicans have been extradited to the United States to face charges in connection with a "lottery scam" that bilked 90, mainly elderly, victims out of more than \$5.7 million, the Bismarck Tribune reported Thursday, citing the U.S. attorney for North Dakota. The eight were arrested in Jamaica more than a year ago.

Brazil Agriculture Minister Seeks Tariffs on Ethanol Imports

Brazilian Agriculture Minister Blairo Maggi has asked the country's foreign trade council to enact tariffs on ethanol imports in the wake of an increase of shipments from the United States, an official said Thursday, Reuters reported. Brazil is the United States' main importer of ethanol, and imports have surged in recent months as cane farmers in Brazil turn to producing sugar, due to higher expected revenues from the product. Ethanol imports from the United States to Brazil quintupled to a record of 720 million liters in the first quarter, worth approximately \$363 million.

Bomb Attack Halts Flow of Oil in Colombia's Caño-Limón Coveñas Pipeline

Colombian state-run oil company Ecopetrol on Thursday halted the flow of crude oil in the country's second-largest oil pipeline, Caño-Limón Coveñas, following a bombing of the pipeline early Thursday morning, which caused an oil spill, the company said, Reuters reported. The attack has not had an effect on production at the Caño-Limón field, which is operated by U.S.-based Occidental Petroleum, or exports from the field. The company said the oil spill is affecting a water source for 3,500 Colombians living near the pipeline.

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expenditure. Since the fall of oil prices, public expenditure has been declining, and due to the lack of confidence in public policies, the probability of private investment becoming the new driver of growth in the economy is remote. Moreno's economic policies will differ in some aspects from his predecessor's, mostly because his ideology is further to the left and because he has almost no experience in economic management. He will need to rely more heavily on his advisors, and, considering the current rumors, those advisors will be selected on the basis of ideology rather than pragmatism. His relationship with the legislative branch will also be different from Correa's, because this time the government will be managing 'scarcity,' rather than 'abundancy,' and that will create tensions inside the government's party."

A **Francisco X. Swett, chairman of Pallas Management Corp. and former Ecuadorean minister of finance, member of Congress**

and central bank president: "Mr. Moreno's opponent, Guillermo Lasso, fought a gallant, yet unsuccessful, fight against the power of the state. The electoral authorities, all hand-picked for their closeness and unswerving allegiance to President Correa, configured a court not seen since the times of Torquemada. The vote-counting and structure, borrowed from the Venezuelan franchise, worked to perfection, going off the grid when it had to; switching the servers, and reversing the trends that when upwards of 80 percent of the votes had been counted, had favored Lasso. Justice was later denied when the court of electoral appeals,

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of Brazil," said Paulo Pereira da Silva, the president of trade union group Força Sindical. Workers are striking in protest of the progress this week of legislation in Congress that would weaken labor regulations and change the country's national pension system, forcing many Brazilians to work for years longer than traditionally stipulated before drawing pension payments. The strike was called for 24 hours starting just after midnight on Friday morning. Demonstrations are expected to take place across the country, and more than 200 million people are projected to participate. Brazil has seen repeated violent protests over the last few years, as the country struggles with its worst recession on record and a corruption scandal that has implicated many Brazilian politicians, including a third of Temer's cabinet and some of his congressional allies. Protests also broke out last year over former President Dilma Rousseff's impeachment.

BUSINESS NEWS

Total to Invest \$500 Mn in Argentina Shale Production

France's Total is planning to spend \$500 million over the course of three or four years to develop a shale-gas field in Argentina, the oil and gas company's chief executive officer told reporters Thursday on the sidelines of a conference in Paris, Bloomberg News reported. "We have giant resources of non-conventional gas under our feet in Argentina," said CEO Patrick Pouyanne. "It's the beginning of a nice story." The company is planning to proceed with the first phase of the Aguada Pichana Este license in Argentina's Vaca Muerta formation, and it plans to boost its interest in a license, which is co-owned by YPF, Winterhall Energia and Panamerica Energy, to 41 percent from about 27 percent, subject to local authorities' approval, the news service reported. To encourage drilling at Vaca Muerta, Argentina's government has extended a program that guarantees a minimum price until 2021 for the gas that companies produce.

IN FOCUS

Trump Meets Macri at White House for Talks on Trade, Security

By Nicole Wasson

WASHINGTON—U.S. President Donald Trump and First Lady Melania Trump on Thursday welcomed Argentine President Mauricio Macri and his wife Juliana Awada to the White House, where the two presidents discussed a range of bilateral issues, including trade and security, as well as Venezuela's political crisis.

"We're just going to be great friends. Better than ever before," Trump told reporters in the Oval Office. "And we're off to a wonderful start, because I've

known Mauricio for so many years, and I know the kind of person he is. He's a great person and he's a great leader. He will do a fantastic job for Argentina."

Trump told Macri that he is reviewing the issue of Argentine lemons, imports of which his administration has blocked. During former President Barack Obama's administration, the two countries negotiated a deal to allow Argentine lemons to be imported into the United States after a 15-year ban. The Trump administration suspended that decision for 30 days in January and extended the stay in March.

"I know about the lemons. And believe it or not, the lemon business is a big, big business," Trump said alongside Macri at the White House. "But we are going to give that very serious consideration. One of the reasons he's here is about lemons."

After meeting with Trump at the White House, Macri expressed enthusiasm for strengthening Argentina-U.S. economic and diplomatic ties during an event at the Center for Strategic and International Studies, which was cosponsored by the Inter-American Dialogue and the Brookings Institution.



Trump, Macri and their wives met Thursday at the White House. // Photo: Argentine Government.

Macri said Argentina and the United States have ample opportunity to collaborate on energy matters. The South American country's energy sector can thrive with the help of "access to your technology, because you have already developed shale gas in

the United States." Macri said development of Argentina's energy sector would help boost the economy across many sectors. If the country has access to secure energy at a good price, "the chance of developing all types of industries in Argentina increases."

The Argentine president also condemned the political and economic crisis currently taking place in Venezuela. "In Venezuela, you don't have any respect for human rights; that's not democracy, that's not working," Macri said, calling on the Venezuelan government to hold elections and to release political prisoners. His statement came a day after the Venezuelan government announced it plans to withdraw from the Organization of American States in reaction to OAS member states convening an emergency meeting to discuss the country's crisis. [Editor's note: See [Q&A](#) on U.S.-Argentine relations in Thursday's Advisor.]

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presided over by yet another faithful servant of the state, refused to hear the petition for a full recount, or when the electoral council mounted a reality show with pristine, unfolded, ballots that replaced the dirty and wrinkled ones. So, Moreno is the president-elect, but, who will govern? Correa is the alpha type, and he owns the party. What are the obstacles ahead? Well, Moreno's mandate is feeble, and made weaker by formidable, and possibly insurmountable, fiscal problems that cannot be cured with more taxes or debt (all maxed out) and require the type of medicine—that is, deleveraging the government sector—that will not be accepted. Further, de-dollarization is a clear and present danger for the government's staying power; the caretaker will confront an opposition that is newly aware of their capabilities; widespread and uncured corruption; and a majority of Ecuadoreans who appear to have had enough."

A **Marc Becker, professor of history at Truman State University:** "Lasso and his supporters are warning about Ecuador becoming another 'Venezuela,' which is ironic, because it is their challenge to democratic governance that will destabilize Ecuador. This is the parallel with Venezuela: when conservatives lose elections, they attempt to disrupt the smooth operation of society so that they can regain their class privileges by any means necessary. The threat to institutional structures comes not from the left, but from the right. Any erosion of the

legitimacy of Moreno's mandate will not be the result of a failure to capture a majority of the popular vote, but will be due to Lasso's ability to create such an appearance, despite all concrete and documented evidence to the contrary. Moreno is no radical, but rather a moderate who has a pattern of reaching

“**Moreno is no radical, but rather a moderate who has a pattern of reaching out to opponents with conciliatory gestures.**”

— Marc Becker

out to opponents with conciliatory gestures. He already has met with different interest groups—including indigenous movements—in an attempt to gain support for his policies. Since his Alianza PAIS movement has a majority presence in the National Assembly, Moreno should be able to gain passage of the legislation necessary to address pressing economic issues. A larger question is whether conservatives will continue to resort to illegal measures, not with an eye to solving problems but only with a goal of returning themselves to power."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2017

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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

ISSN 2163-7962

Subscription inquiries are welcomed at

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