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FEATURED Q&A

What Would a Trump Presidency Mean for Latin America?



Presumptive Republican U.S. presidential nominee Donald Trump has vowed to deport all immigrants living illegally in the United States, force Mexico to pay for a "beautiful" wall along the U.S.-Mexico border and renegotiate trade deals. // File Photo: Trump Campaign.

Q Donald Trump has emerged as the presumptive Republican Party nominee for president of the United States. In April, Trump delivered his "America First" foreign policy speech, in which he said the United States "will no longer surrender this country or its people to the false song of globalism." Will inward-looking foreign policy statements from Trump appeal to Latin American leftists who have long accused the United States of meddling in the region's affairs? How would others in the region who have complained about being ignored by the United States respond to Trump's vision? What U.S. foreign policy changes toward Latin America could we expect if Trump is elected? Would Latin American leaders be willing to partner with the United States to cover more costs of establishing law and order, as Trump says he will demand from allies? How would Trump's foreign policy objectives alter the way the United States and countries of the region interact in terms of trade and commerce?

A Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States: "Current U.S. policy in the Americas, eschewing grandiose, over-arching and all-encompassing themes, and focusing instead on approaches à la carte—mostly issue-driven and sub-regional in nature—has been, given the real limitations in U.S. foreign policy bandwidth in a geo-strategically fluid and challenging 21st century, relatively successful. The fact that this pragmatically inspired policy has been accompanied by a reframing in the messaging, narrative and substance of U.S. inter-American diplomacy, could in fact leave, by the end of the

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TODAY'S NEWS

POLITICAL

Kuczynski Maintains Razor-Thin Lead in Peru Election

With 95 percent of ballots counted as of this morning, just three-tenths of a percentage point separated Pedro Pablo Kuczynski and Keiko Fujimori. It could be days before a final result is announced.

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ECONOMIC

Chile Sues Bolivia Over Water Rights

Chile's government filed the lawsuit at the United Nations International Court of Justice, asking for a ruling on a long-running dispute between the two countries over rights to use the Silala River.

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POLITICAL

Rousseff Verdict May Be Reached During Olympics

Brazil's Senate could permanently remove suspended President Dilma Rousseff from office in August while the country is hosting the Summer Olympics.

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Rousseff // File Photo: Brazilian Government.

POLITICAL NEWS

Kuczynski Maintains Razor-Thin Lead in Peru Election

Former Prime Minister Pedro Pablo Kuczynski maintained a narrow lead this morning ahead of his rival, former Congresswoman Keiko Fujimori, as ballot counting continued following Peru's presidential election on Sunday. With 95 percent of ballots counted, Kuczynski had a lead of just three-tenths of a percentage point



Kuczynski celebrated with supporters Sunday night in Lima. // Photo: Kuczynski Campaign.

over Fujimori. Kuczynski had 50.15 percent of the vote, while Fujimori had 49.85 percent, according to the ONPE election agency. Just over 50,000 votes separate the two candidates. Ballots cast by Peruvians living abroad still must be tabulated, which could mean final results won't be available for a few days, election officials said, BBC News reported. The two candidates were silent on Monday, but their aides started jockeying for alliances in Congress where Fujimori's Popular Force party won a majority—73 of the 130 seats, the Associated Press reported. Kuczynski's Peruvians for Change party won just 18. Fujimori had led in polls leading up to the vote, but analysts said Kuczynski's campaign received a boost from the last-minute endorsement of former presidential candidate Veronika Mendoza who urged Peruvians to vote for Kuczynski in order to block the rise of a Fujimori dynasty. Keiko Fujimori's father, former President Alberto Fujimori, is serving a 25-year jail sentence after his conviction on human rights violations. "We cannot allow Fujimorismo to return to power. It not only represents corrupt practices but a

terrible dictatorship," Mendoza told The Guardian before Sunday's vote. Following Mendoza's endorsement, Kuczynski won in his former opponent's home region of Cusco as well as other largely poor Quechua-speaking areas of southern Peru.

Rousseff Verdict May Be Reached During Olympics

Brazil's Senate could reach a verdict in the impeachment trial of suspended Brazilian President Dilma Rousseff during the Summer Olympics, which Rio de Janeiro is set to host in August, according to a timetable that the Senate approved on Monday, The Wall Street Journal reported. Rousseff was suspended on May 12 on charges of manipulating government accounts to hide a growing budget deficit, which she denies.

Cuba 'Will Never Return' to OAS: Raúl Castro

Cuban President Raúl Castro said Saturday that his country "will never return" to the Organization of American States, from which it was expelled in 1962 following the Cuban Revolution, the Associated Press and Reuters reported. The OAS is an "instrument of imperialist domination," said Castro. The Cuban leader made the remarks in Havana during a summit of Caribbean countries, just days after OAS Secretary General Luis Almagro invoked the OAS' Inter-American Democratic Charter in calling for an emergency meeting of the organization's member states to determine whether Venezuela should be suspended from the body. Almagro announced the action May 31, citing human rights concerns and saying that Venezuela under the government of President Nicolás Maduro had suffered "grave alterations of democratic order." In his speech last weekend, Castro said he offered "our most firm solidarity to our brothers the Venezuelan peo-

NEWS BRIEFS

U.S. Supreme Court Turns Away Ecuador's Appeal in Chevron Case

The U.S. Supreme Court on Monday declined to hear the Ecuadorean government's appeal in a case involving a \$96 million arbitration award for Chevron, The Hill reported. Ecuador had sought the appeal of an August ruling by a lower federal court that upheld a 2011 decision by an arbitration panel in The Hague that sided with the oil major. At issue were contracts that Texaco, which Chevron bought in 2001, had with Ecuador in the 1990s. Chevron had claimed Ecuador violated an investment treaty by failing to resolve lawsuits in a timely fashion, the Associated Press reported.

Former Salvadoran Prisons Director Arrested

El Salvador's former director of prisons, Nelson Rauda, has been arrested after a month on the run for his involvement in a 2012 gang truce, the Associated Press reported Tuesday. Rauda was one of the 21 people charged by Salvadoran prosecutors on May 3 for their roles in the truce, which lowered the country's murder rate but also allowed gangs to strengthen, according to critics, including the current administration of President Salvador Sánchez Cerén.

Chile Sues Bolivia in World Court Over Water Rights

Chile filed a lawsuit against Bolivia at the United Nations International Court of Justice in The Hague, asking the court to rule on the decades-old dispute over whether Chile has the right to use a river that crosses the shared border between the two countries, Reuters reported Monday. Chilean officials submitted documentation to start formal legal proceedings over use of the Silala River. Chile wants the court to grant it usage rights, but Bolivia wants to charge Chile for its use of the water.

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Obama administration, a generally positive legacy and footprint for the United States across most of Latin America and the Caribbean. Donald Trump's campaign rhetoric threatens to jeopardize these small but significant gains in hemispheric relations. For starters, his Mexico and immigrant bashing, though targeted solely at a NAFTA partner, is seen by many around the region as a worrisome sign of the potential return of an arrogant and overbearing, 'my way or the highway,' U.S. posture. In a region that highly values predictability in its relationship with the continental hegemonic power, his foreign policy maxim—articulated in his recent first foreign policy speech—postulating that the United States will become 'unpredictable' has, unsurprisingly, raised eyebrows in capitals throughout the Americas. Moreover, as President Obama has sought to deepen and expand Washington's soft-power capabilities and tools in the region, Trump's discourse, measured both in terms of nation-branding and winning the hearts and minds of societies around the continent, is an unmitigated disaster for the United States' public diplomacy footprint there. By talking about building walls, resorting to demagoguery and xenophobia to whip up anti-immigrant sentiment and blasting trade deals, Trump is undermining efforts in recent years by Democratic and Republican administrations alike to develop new paradigms and a rules-based system with like-minded governments and with citizens and NGOs in the Americas."

A Sergio de la Peña, CEO of de la Peña Consulting in Burke, Va.: "As a businessman, Donald Trump actively interacted with government representatives and international business partners to strengthen companies within his portfolio. Similarly, he will follow a results-oriented model for the execution of U.S. foreign policy goals and objectives in Latin America. A query above following Trump's April 27 speech asks, 'Will inward-looking foreign policy statements

from Trump appeal to Latin American leftists who have long accused the United States of meddling in the region's affairs?' The simple answer is 'no.' Latin American leftists will always be critical of the United States

“ [Trump] will follow a results-oriented model for the execution of U.S. foreign policy goals and objectives in Latin America.”

— Sergio de la Peña

regardless of policy positions. Venezuela's President Nicolás Maduro constantly accuses the United States of plotting the overthrow of his country to draw attention away from his disastrous regime. Latin America has undergone a significant swing away from socialist models in the last year. Argentina saw the end of the Kirchners' grip on power, Ecuador's President Correa will step down after his current term, Evo Morales in Bolivia lost a referendum for a follow-on term, and Brazil's socialist president is embroiled in impeachment proceedings. Peru has followed a free-market model and is on track to continue and strengthen its current path. Venezuela's socialist, authoritarian regime is on the verge of collapse. These events offer great opportunities for a Trump foreign policy that values democratic market forces."

A Juan Carlos Hidalgo, policy analyst on Latin America at the Cato Institute's Center for Global Liberty and Prosperity: "During his first year in office, and fresh from the bruising crisis in Honduras, Barack Obama remarked that dealing with Latin America was not an easy task for a U.S. president: If Washington meddles too much, there is widespread criticism about gringo

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ple, to the legitimate government of President Nicolás Maduro," BBC News reported. Maduro recently blasted Almagro as an agent of the United States and of Venezuela's opposition, accusations Almagro denied, and the OAS head responded by calling Maduro a "petty dictator."

BUSINESS NEWS

Brazil's Caixa May Need \$7 Billion Capital Injection

Caixa Econômica Federal, Brazil's second-biggest bank, will require a capital injection of approximately \$7 billion over the next 12-18 months, analysts say, which would widen the budget deficit interim President Michel Temer has worked to close, Bloomberg News reported Monday. Brazil's worst recession in a century has crippled the Brasília-based bank's loan portfolio, and delinquency and default rates are rising just as Temer's administration has implemented new regulatory rules that have made capital requirements even higher. "Capital is the main concern at this point," said Bloomberg analyst Arjun Bowry. The central bank is expected to cut interest rates soon, which will weaken interest income this year, Bowry said. Meanwhile, fee income is below full-year guidance, and asset sales will not be enough to reach the bank's capital needs. "Caixa will have trouble expanding its capital because it has low potential to generate earnings," said Natalia Corfield, head of Latin America corporate credit research for JPMorgan Chase. "Being part of many social government programs, it charges less than other banks and at the same time has a heavier cost structure." One option under review for Caixa is to transfer some of the bank's businesses such as corporate lending to the country's other state-owned lender, Banco do Brasil, according to a person with knowledge on the matter. A Caixa official declined to comment on analysts' projections that the bank will need a capital injection or will need to transfer some businesses to Banco do Brasil.

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interventionism; if it doesn't, the complaint is that the region is being ignored by its powerful neighbor. It took several years of policy fine-tuning—and lots of personal charisma—for President Obama to strike the right balance and improve the U.S. standing in the hemisphere. Much of that good will would disappear in the 15 seconds that it would take Donald Trump to take the oath of office. First, his vile rhetoric against Mexican immigrants and his promise to build a wall on the southern border has already alienated most Latin Americans, making him toxic in the region. From an internal politics perspective, it would be highly unwise for a Latin American president to try to embrace him. Second, if Trump fulfills his threat to revisit trade agreements, particularly NAFTA, it could structurally compromise the greatest pillar of bilateral cooperation and mutual engagement: free trade. Third, Trump's offensive persona and antics would provide ammunition for populists in Latin America who desperately need a bogeyman figure as U.S. president to rally their dwindling troops. It is not that Latin Americans crave the good old days of U.S. interventionism. They just want the old Founding Fathers' approach to the rest of the world: friendship and commerce. Donald Trump promises neither."

A **Alfredo Coutiño, director for Latin America at Moody's Analytics:** "A U.S. foreign policy based on threats rather than on diplomacy will hurt international relations and cooperation. The costs for American society could be higher than the potential benefits. What is usually said in political campaigns is part of the strategy to attract voters' preferences. What is put in practice often faces restrictions and limitations, which explains why political leaders are usually not able to deliver on their promises. The traditional U.S. foreign and trade policy

cannot be reversed overnight since there are institutional arrangements that impose restrictions. After being the champion of globalization and free trade, the United States will face not only domestic but

“ A U.S. foreign policy based on threats rather than on diplomacy will hurt international relations and cooperation.”

— Alfredo Coutiño

also international limitations to become a global-phobic, isolationist and protectionist country. Leftists in Latin America will be happy if the United States does not intervene in the region's affairs, but this seems to be far from happening. Trump's anti-immigrant ideas most probably will generate a common resistance in Latin America, with the potential of raising an anti-United States feeling. Cooperation with regional governments will turn difficult, since it will not be easy for the United States to demand international cooperation at the same time that it attacks countries verbally and with anti-trade and anti-immigration actions. International relations can be hurt under Trump's foreign policy. Imposing arbitrary taxes on imports from China and Mexico is something that will not make happy two of the most important U.S. trade partners. In fact, it can trigger an international trade conflict and even a currency war. In short, Trump's proposals for foreign and trade policies seem to be based more on threats than on high-level diplomacy and excellence of negotiation ability."

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

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