

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

Peter Hakim
President Emeritus,
Inter-American Dialogue

Donna Hrinak
President, Boeing Latin America

Jon E. Huenemann
Former Corporate and
Government Senior Executive

James R. Jones
Chairman,
Monarch Global Strategies

Craig A. Kelly
Director, Americas International
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

Carlos Paz-Soldan
Partner,
DTB Associates, LLP

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
Head of Sovereign Ratings,
Latin America, Fitch

FEATURED Q&A

What Would a New U.S. Administration Mean for the Region?



Primary wins in three states brought former U.S. Vice President Joe Biden (L) closer to clinching his party's nomination in the presidential race. He and Sen. Bernie Sanders (R) are vying to unseat U.S. President Donald Trump. // File Photos: Biden Campaign, Sanders Campaign.

Q Former U.S. Vice President Joe Biden on Tuesday won presidential primaries in Florida, Illinois and Arizona, widening his commanding lead over Sen. Bernie Sanders for the Democratic nomination to challenge U.S. President Donald Trump in November. If either of them were to defeat Trump, what would each candidate's policies mean for Latin America and the Caribbean, and how would they differ from each other? How are investors perceiving Biden and Sanders in terms of the U.S. business environment, and what economic repercussions might their potential governments have for the rest of the region? How different would a Democratic administration be from a second term for Trump when it comes to Western Hemisphere relations?

A Ray Walsler, professor of practice at Seton Hall University's Semester in Washington, D.C. Program and retired U.S. Foreign Service Officer: "It appears that a Biden victory would see a return to many policies of the Obama administration. Changes one would expect include border security without a wall, a new effort for sensible immigration reform, increased assistance to the Northern Triangle and enhanced support for anti-corruption efforts and defense of human rights in the Americas. Cuba policy would revert to the 2016 status. A Biden administration would most likely return to the Paris Climate accord and promote clean and renewable energy. A Sanders administration is more of a wild card. Sanders still hears the siren song of what Carlos Rangel called the 'good revolutionary.' Hardlines on Cuba and Venezuela could easily become soft lines. From immigration to energy, ef-

Continued on page 3

TODAY'S NEWS

ECONOMIC

IMF Rejects \$5 Bn Loan Request From Venezuela for Fighting Virus

The International Monetary Fund said there was no clarity among its members on who is recognized as the country's legitimate leader.

Page 2

BUSINESS

Miners Halt Operations in Peru Amid Quarantine

Numerous mining companies shut down their operations in Peru to comply with a government-imposed 15-day quarantine.

Page 2

POLITICAL

White House Eyes Closing Border to Asylum Seekers

Amid the coronavirus pandemic, the administration of U.S. President Donald Trump is reportedly considering a measure to close the country's borders with Mexico and Canada to asylum seekers and others who do not have advance permission to enter.

Page 2



Trump // File Photo: White House.

POLITICAL NEWS

U.S. Eyes Closing Border to Foreign Asylum Seekers

Due to the coronavirus pandemic, the administration of U.S. President Donald Trump is considering a move to close the country's borders with Mexico and Canada to asylum seekers and other foreign nationals who do not have permission to enter the United States, The Wall Street Journal reported, citing unnamed sources. Under the measure, ports of entry would remain open to U.S. citizens, permanent residents and foreigners who have permission to enter, the newspaper reported. Border Patrol agents would immediately return to Mexico anyone who crosses the southwest border between legal ports of entry, The New York Times reported. Asylum seekers reportedly would not be transferred to any U.S. facility. The pandemic also led several countries in Latin America, many of which have already imposed travel restrictions, to take continued actions to fight the spread of the virus. Brazil's government said it would seek a state of emergency in order to scrap fiscal targets and free up money to fight it, Reuters reported. Additionally, President Jair Bolsonaro said his second test for the virus was negative. In Colombia, President Iván Duque declared a state of emergency and ordered the elderly to remain at home from Friday until the end of May. In Chile, Interior Minister Gonzalo Blumel said the country may postpone its April 26 referendum on a new constitution.

ECONOMIC NEWS

IMF Rejects \$5 Bn Loan Request From Venezuela

The International Monetary Fund on Tuesday quickly rejected a surprise request by Venezuela for an emergency \$5 billion loan to fight

the coronavirus pandemic, the Associated Press reported. An IMF spokesperson said the request can't be considered because there was no clarity among its member states on who it recognizes as Venezuela's legitimate leader: Nicolás Maduro or Juan Guaidó, the head of the National Assembly. "IMF engagement with member countries is predicated on official government recognition by the international community," the spokesperson said in a statement. "There is no clarity on recognition at this time." Maduro's request for the funds came as a surprise because the socialist leader has been critical of the Washington-based lender's market-oriented requirements in providing financing to developing nations. While Venezuela's exposure to the coronavirus has so far been limited, its health system is in disarray amid economic collapse, and the country of 30 million could be among the worst hit by the pandemic, health experts said in yesterday's edition of the [Advisor](#).

Oil Price Plunge Could Be Devastating to Brazil Biofuels

The plunge in oil prices will have serious effects on Brazil's biofuel production, potentially devastating the industry in the South American country, Bloomberg News reported Tuesday. Oil prices fell sharply on March 9 after Russia and Saudi Arabia failed to reach an agreement regarding production cuts, which prompted the Middle Eastern nation to vow an increase in crude production, oversupplying the market amid falling demand for crude due to the global coronavirus pandemic. As prices for gasoline fall, ethanol is also under pressure, as the two fuels compete at the pump, especially in Brazil, where most drivers have cars that can run on either. Margins for the corn-based biofuel have already turned negative in Goiás state, where one-third of Brazil's biofuel plants are based, Bloomberg News reported, citing Matheus Costa, an analyst at INTL FCStone. There could be even worse outcomes if low oil prices continue, with as many as 60 percent of planned expansion projects being canceled,

NEWS BRIEFS

Guyana Judge Grants Injunction to Halt Recount in Disputed Election

A justice of Guyana's high court on Tuesday granted an injunction to bar the country's elections commission from recounting votes from its disputed March 2 election, the Jamaica Observer reported. Justice Franklyn Holder said the injunction would remain in place until a hearing on Friday.

Colombia's Ecopetrol Cuts Investment Plan by \$1.2 Billion

Colombian state oil company Ecopetrol announced Tuesday that it has cut its 2020 investment plan by \$1.2 billion to between \$3.3 billion and \$4.3 billion, in response to current market conditions, with lower oil prices and shrinking demand for crude, Oil & Gas journal reported. The firm's production target for this year remains the same, at between 745,000 and 760,000 barrels of oil equivalent per day. Ecopetrol currently has available committed credit facilities of \$665 million with international banks.

Trump Names Barsa as Acting Director of USAID

U.S. President Donald Trump on Tuesday announced his intent to appoint John Barsa acting director of the U.S. Agency for International Development (USAID) following the departure of Administrator Mark Green at the end of this month, The Hill reported. Barsa, who currently serves as head of the aid agency's Bureau for Latin America and the Caribbean, would require Senate confirmation. In related news, Trump this week nominated former state Rep. Carlos Trujillo of Florida to serve as assistant secretary for the Western Hemisphere in the U.S. State Department. Trujillo is currently the U.S. Permanent Representative to the Organization of American States.

according to Guilherme Nolasco, the president of an industry group known as Unem. Earlier this year, FCStone had forecast that corn-ethanol output would rise to 2.5 billion liters in the upcoming 2020-2021 season, which would have represented a 16-fold increase from about 150 million liters five years ago. However, the oil price shock comes at a time in which production had already been slightly struggling as corn costs surged for the mills turning the grain into fuel. The relatively high energy prices had allowed processors to stay profitable. The fall in prices, if sustained, could cause only 40 percent of the biofuel projects in Brazil to go forward, Nolasco said. Brazil currently has about 15 ethanol corn mills in operation, three in pre-operational stages, and 23 new plants are in the works, Nolasco said.

BUSINESS NEWS

Mining Companies Halt Peru Operations Amid Quarantine

Mining companies in Peru on Tuesday wound down operations to comply with a 15-day national quarantine imposed by the government to fight the spread of the Covid-19 pandemic, Reuters reported. Pan American Silver said it would temporarily shut four mines in Peru, while Anglo American said it would slow construction work at its Quellaveco copper project in the country. Hochschild Mining said it had temporarily halted operations at its Inmaculada and Pallancata mines. Newmont said it has halted mining operations at its Yanacocha gold mine, which represents about three percent of Newmont's attributable gold production outlook this year. "As the situation is dynamic and the duration of these restrictions uncertain, we are currently unable to determine the ultimate impact on Yanacocha's production and costs for 2020," the company said in a statement. Peru's mining ministry said on Tuesday that the mining sector would be given some leeway to carry out "critical" operations during the national emergency period.

FEATURED Q&A / Continued from page 1

forts would be made to stand Trump administration policies on their head. Approaches to trade relations would however be seen through the optic of the worker rather than the consumer or the corporate world. Clearly, either Democrat must wrestle with thorny issues related to China and Russia in the Western Hemisphere. It is too early to make predictions about changes in investment patterns. Between now and November, the Trump administration will vigorously defend its record that includes an adjusted trade relation with Canada and Mexico, greater energy independence, standing up for democracy in Venezuela and freedom in Cuba, strong ties with Brazil and stemming the anarchic flow of migrants from distressed southern neighbors."

A **Rebecca Bill Chavez, non-resident senior fellow with the Peter D. Bell Rule of Law Program at the Inter-American Dialogue and former U.S. deputy assistant secretary of defense for Western Hemisphere affairs (2013-2017):** "It's difficult to overstate the differences between a Biden and a Trump administration when it comes to our relations with Latin America and the Caribbean. And the contrast goes far beyond Trump's racist and jingoistic rhetoric, which has alienated partners and diminished our standing across the region. Biden would also reverse Trump's counterproductive policies, which include cutting off assistance to and imposing safe third country agreements on the Northern Triangle, bullying Mexico into accepting the cruel Remain in Mexico program, reviving the failed Cuban embargo and threatening military intervention in Venezuela. Migration from the Northern Triangle and Venezuela provides a helpful lens to evaluate the differences. Unlike Trump, who has cut assistance to El Salvador, Guatemala and Honduras, Biden recognizes that lack of hope drives people to leave their homes and that a wall isn't the solution. From my position in the Pentagon under President

Obama, I saw Vice President Biden lead the successful effort to secure a \$750 million assistance package to address the root causes of Northern Triangle migration—poverty, violence and corruption—a strategy that he proposes to build on as president with a \$4 billion, four-year program that requires recipients to contribute their own resources and enact reform. In stark contrast to Trump, Biden would step up to help address the Venezuelan refugee crisis, which is on track to overshadow the tragic Syrian outflow. Biden has pledged to designate TPS for Venezuela, and he has what it takes to assume a leadership role in supporting the overburdened countries that have accepted the influx, including Colombia with 1.6 million Venezuelan refugees."

A **Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States:**

"Foreign policy is not a defining issue of the 2020 election, though it certainly should be given the significant and ongoing erosion of U.S. leadership in supporting a 21st-Century rules-based international system. Unsurprisingly, the issue has been conspicuously absent from the campaign trail and debates, despite embarrassing moments such as the pretzel-like contortions and posturing when it came to Mexico and its president. But some things are pretty clear when it comes to what one might expect from a Sanders administration: simply look at four important issues for the region and inter-American relations in general, and the senator's record. On the critically important issue of U.S. guns feeding violence south of the border, Sanders for many years was tone-deaf to pleas regarding the need to reinstate an assault weapons ban, closing loopholes to prevent straw and proxy purchases of guns in gun-shops and gun-shows, and the responsibility of gun sellers and manufacturers. On trade, he continues to combat the revamped NAFTA despite support from

Continued on page 4

FEATURED Q&A / Continued from page 3

labor and an overwhelming bipartisan vote in favor of USMCA ratification. On immigration, Sanders opposed key components of the comprehensive bipartisan reform bill that McCain and Kennedy presented in 2007 and helped scuttle it by seeking to include poison pill amendments. And at a moment when democracy has imploded in Venezuela, Sanders' past positions regarding some of the regimes in the region, despite his recent recalibrations, trigger relevant concerns. On the other hand, Biden, as vice president, had constant exposure, engagement and statesmanship on issues related to the Americas. Predictably, I'm convinced that a Biden administration would be a much better electoral outcome for the region; nonetheless, the most salient question is whether it will continue to be taken for granted, as a strategic and geopolitical afterthought in Washington."

A **Marc Becker, professor of history at Truman State University:** "As a conservative Democrat representing wealthy corporate interests, the difference between a Biden and Trump presidency would differ in form but not in substance. Both politicians have always supported extractive policies that assure the underdevelopment and continued impoverishment of Latin America. Regardless of who occupies the White House,

the ultimate goal of United States policies toward Latin America has been largely consistent since James Monroe articulated his doctrine almost two centuries ago. The best periods for Latin America are when the United States is too distracted by other events to extend its imperial reach into the region—as during World War II and at the beginning of this century when George W. Bush was distracted by his Iraq war fiasco. Generally, Trump's articulated political and economic policies are harmful for the region. However, Latin America does enjoy the benefit of how easily he is distracted, which can save it from the most disastrous of his proposals. Biden, on the other hand, would be more likely to follow through on those same policies. While they may benefit the ruling class that backs his candidacy, they would harm the vast majority of the hemisphere's population. Sanders has not clearly articulated a coherent policy toward Latin America, and as president, at best, he might largely ignore the region. At the same time, his long track record of support for health care, education and other social programs might translate into concrete policies that benefit the vast majority of the region's inhabitants."

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

 THE DIALOGUE

Michael Shifter, President
Rebecca Bill Chavez, Nonresident Senior Fellow
Sergio Bitar, Nonresident Senior Fellow
Joan Caivano, Director, Special Projects
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, Director, Migration, Remittances & Development
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 and External Relations

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.

Advisor Video

Fitch's Shelly Shetty on Latin America's Ratings Outlook

The Latin America Advisor sat down with Shelly Shetty, co-head of Americas Sovereign Ratings at Fitch Ratings, to discuss the coronavirus outbreak, global trade and their impact on Latin America and the Caribbean's economic and ratings outlooks.

WATCH HERE

