

# INTER-AMERICAN DIALOGUE'S LATIN AMERICA ADVISOR

## BOARD OF ADVISORS

**Diego Arria**

Director,  
Columbus Group

**Genaro Arriagada**

Nonresident Senior  
Fellow,  
Inter-American  
Dialogue

**Joyce Chang**

Global Head of  
Emerging Markets  
Research, JPMorgan  
Chase & Co.

**W. Bowman Cutter**

Former Partner,  
E.M. Warburg  
Pincus

**Dirk Donath**

Managing Director,  
Eton Park Capital  
Management

**Jane Eddy**

Managing Director,  
Corporate & Govt.  
Ratings Group,  
Standard & Poor's

**Marlene Fernández**

Corporate Vice  
President for  
Government Relations,  
Arcos Dorados

**Jason Hafemeister**

Vice President,  
Allen F. Johnson &  
Associates

**Peter Hakim**

President Emeritus,  
Inter-American  
Dialogue

**Donna Hrinak**

President,  
Boeing Brazil

**Jon Huenemann**

Vice President,  
U.S. & Int'l Affairs,  
Philip Morris Int'l

**James R. Jones**

Co-chair,  
Manatt Jones  
Global Strategies LLC

**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**

President,  
McLarty Associates

**Carlos Paz-Soldan**

Partner,  
DTB Associates, LLP

**Beatrice Rangel**

Director,  
AMLA Consulting LLC

**José Antonio Ríos**

Chief Executive Officer,  
Vadium Technology Inc.

**Gustavo Roosen**

Chairman of the Board,  
Envases Venezolanos

**Andrés Rozental**

President,  
Rozental & Asociados  
and Senior Fellow,  
Brookings Institution

**Everett Santos**

President,  
DALEC LLC

**Shelly Shetty**

Head, Latin America  
Sovereign Ratings,  
Fitch Inc.

## FEATURED Q&A

### How Solid Is Morales' Support as he Looks to a Third Term?

**Q** Bolivia's Constitutional Court ruled last month that President Evo Morales can seek a third term in the presidential election scheduled for December 2014. How solid is Morales' support as he looks toward his next campaign? How strong is the opposition, and what could Morales' rivals do to gain an edge? Will Morales choose to make 2014 his last run for office?

**A** Carlos Mesa, former president of Bolivia: "Bolivia's Constitutional Court has made a decision that, although it should be respected, shows its subordination to the executive branch. The transitional provision of the 2009 Constitution that explicitly limited the possibility of a third term for Morales was incorporated after a political agreement between the government and the opposition in 2008 and was written for President Morales and for the elections of 2014 (thus its transitory nature). It is, in consequence, important to note that this decision shows the iron-fisted control the government has over the judiciary and electoral authority, which is especially sensitive given the upcoming election. President Morales has improved his image in the last year, after he suffered a large decline in popularity following the failed attempt to raise the internal price of hydrocarbons in 2010. His approval rating exceeds 55 percent which, considering he is in his eighth year of office, is significant. In polls of voter intentions, he comfortably

outstrips the potential candidates of the opposition. If the election were held today, Morales would win, although he would be far from receiving the 64 percent of the vote that he achieved in 2009. The supporters of the opposition, aware of Morales' power, want a unity candidate in the style of Venezuela. These days, that is a very unlikely possibility, especially since the two primary candidates, Juan del Granado (of the left) and Samuel Doria Medina (of the center), are reluctant to form an alliance. They also face the problem that they have

*Continued on page 3*



### Guatemala's Ríos Montt Convicted on Genocide Charges

Relatives of victims killed in Guatemala's civil war celebrated Friday after former dictator Efraín Ríos Montt was convicted on genocide charges. Ríos Montt, 86, was sentenced to 80 years in prison. The former strongman ruled from March 1982 to August 1983. See story on page 2.

*File Photo: Associated Press.*

## Inside This Issue

FEATURED Q&A: How Solid Is Morales' Support as he Looks to a Third Term? .....	1
Guatemala's Ríos Montt Convicted on Genocide Charges .....	2
Brazilian Infrastructure Agency Head Wants More Long-Haul Rail Service .....	2
Archer Daniels Midland Opens New Soy Processing Facility in Paraguay .....	2
Brazilian-Made Cars Less Safe Than Ones Produced Elsewhere: AP .....	2
Italy's Generali Posts Stronger Results in Latin America. ....	3

## NEWS BRIEFS

**Brazilian-Made Cars Less Safe Than Ones Produced Elsewhere: AP**

Cars produced in Brazil are less safe than similar models produced for consumers in the United States and Europe, with four of the five best-selling models in Brazil failing independent crash tests, the Associated Press reported Saturday. Cars built with weaker welds, inferior materials and fewer safety features than vehicles produced elsewhere have contributed to a death rate in Brazil from car crashes that is four times that in the United States, according to analysis of Health Ministry data by the AP. Car manufacturers say their vehicles adhere to safety laws and are even built more sturdy than models elsewhere because of Brazil's poorly maintained roadways.

**Maduro Accuses Polar of Contributing to Food Shortages**

Venezuelan President Nicolás Maduro accused the owner of the country's largest private company, **Empresas Polar**, of cutting food production and contributing to record scarcity and increasing inflation in the country, Bloomberg News reported Sunday. Maduro claimed to have seen signs that Polar was cutting production and hiding goods in order to create shortages.

**Economists Trim Peru Growth Forecast Amid Trade Deficit**

Economists polled by Peru's central bank on Friday reduced their forecast for Peru's economic growth this year from 6.3 percent to 6.2 percent after the country posted a \$233 million trade deficit last quarter, its first trade deficit in more than four years, Reuters reported. Weaker demand for Peru's main exports, mostly minerals, combined with rising demand for imported goods accounted for the deficit.

**Political News****Guatemala's Ríos Montt Convicted on Genocide Charges**

Former Guatemalan dictator Efraín Ríos Montt was convicted Friday on charges of genocide, with a three-judge panel ruling that he knew about and failed to stop the killing of at least 1,771 Ixil Mayas during the Central American country's 36-year brutal civil war, which ended in 1996. Ríos Montt, 86, was sentenced to 80 years in prison and on Friday night was transferred to a jail cell in Matamoros prison, which is located on a Guatemala City military base, the Associated Press reported. Ríos Montt's lawyer is expected to request

“It's a painful process for Guatemala but we need go through it if we want to heal our wounds as a society.”

— *Helen Mack*

that he be transferred to a hospital or to serve his sentence under house arrest. The conviction marked the first time that a former Latin American head of state was found guilty of genocide by a court in his own country. As the trial wound to a close last week, Ríos Montt, who ruled the Central American nation from March 1982 to August 1983, spoke in court to deny the charges against him. Human rights activists applauded his conviction. "It's very valuable to us, totally refreshing. We deserved it," said rights activist Helen Mack, whose sister Myrna, an anthropologist, was killed in 1990 while investigating abuses against indigenous groups during the war. "It's a painful process for Guatemala but we need go through it if we want to heal our wounds as a society." Mack added that it is too early to know if justice will fully be done. "This sentence is still not firm because Ríos Montt's lawyers have already said they will work to nullify it," she said. [Editor's note: See [Q&A](#) on the Ríos Montt trial in the May 2 issue of the *Advisor*.]

**Economic News****Brazilian Infrastructure Agency Head Wants More Long-Haul Rail Service**

A Brazilian infrastructure official said the country should plan to build more long-haul rail transit instead of expanding or duplicating its road network, Agência Brasil reported Saturday. Bernardo Figueiredo, the chairman of Brazil's state-owned **Planning and Logistics Co.**, said the construction of railways is "more important" to the country than building new roads today, according to the report. "The railway is more competitive in the long distance and the highway is more competitive in the short distance," Figueiredo said, noting that current practices invert that model. "We have very high logistical costs due to this inversion; we are carrying [goods] the wrong way," he said. According to Figueiredo, a single train can replace 300 trucks to transport cargo. Figueiredo added that creating more rail options will improve traffic congestion in urban centers and make ports more efficient. Last August, the government released a plan to construct 10,000 kilometers of railway in Brazil under public-private partnerships. In related news, Brazil's national ground transport agency, ANTT, is preparing 13 railroad projects worth a total \$49.3 billion for bids, Business News Americas reported Friday.



Figueiredo

File Photo: Funes campaign

**Company News****Archer Daniels Midland Opens New Soy Processing Facility in Paraguay**

Illinois-based **Archer Daniels Midland** on Friday opened a new soybean processing facility in the Paraguayan city of Villeta. The plant has a daily capacity of 3,500 metric tons and has provided 160 direct jobs in the area, the company said. The new plant, which was constructed

adjacent to the existing ADM fertilizer-blending facility in Villeta, expands the company's South American oilseed crush capacity by more than 20 percent. The location of the complex, near a port facility on the Paraguay River, allows for efficient crop-origination and export capabilities. Trucks and barges that arrive full of fertilizer inputs will now be able to leave with soy outputs instead of leaving empty. The plant has an integrated water treatment system and biomass-fueled electric power generation system. Paraguay has become one of the largest soy producers in the region. The nation produces 10 times more grains than it can consume in the domestic market, according to a report in Eurasia Review. Paraguay is expected to lead the Latin America and Caribbean region in economic growth this year, with a 10 percent jump in GDP forecast by the U.N. Economic Commission for Latin America and the Caribbean.

### Italy's Generali Posts Stronger Results in Latin America

Italian insurer **Generali Group** said Friday it closed the first quarter with stronger Latin America results. Property and casualty premiums were up 40 percent in Latin America compared to the same period last year. In the company's life insurance segment, premiums increased 22.7 percent in the quarter. Latin America is still a relatively small part of the company's total business however, representing less than one-seventh of the insurer's total premiums written. Overall, the company posted a net profit of 603 million euros (\$783 million) in the quarter, up 6.3 percent from the same period last year. Generali Group CEO Mario Greco said in a statement that the company "recorded our best operating result of the last four years." However, he warned that "ongoing uncertainty in the general economic and financial scenario" will likely lead to a reduction in the company's life segment premiums in 2013. Generali is one of Europe's largest insurance providers, with total premium income last year of 70 billion euros and 80,000 employees worldwide.

### Featured Q&A

*Continued from page 1*

not succeeded in attracting opposition voters and have not positioned themselves firmly in the local political scene. If Morales wins the election, it is very likely that we will see an attempt to move toward a legal model of indefinite re-election. It is clear that the president and his party are looking to remain in power."

**A Kathryn Ledebur, director of the Andean Information Network:** "If elections occurred tomorrow, continued economic growth, high commodity prices, and the state's role as the largest employer would all work in Morales' favor. Measures such as a 173 percent increase in the minimum wage and social service cash transfer programs have provided palpable improvements in family incomes, a priority for any voter. Although MAS has taken measures to limit its political rivals, widespread support for Morales' political foes has been hindered primarily by their inability to transcend critiques of the incumbent, some well-founded, and to present concrete pragmatic alternatives to voters. Morales' initiatives, such as the highway through the TIPNIS territory and multiple concessions to the armed forces, have provoked intense public protests. Yet, it is unclear whether this discontent will translate into broad-based support for another candidate. Morales became president after the discrediting of the traditional party system and exasperation caused by relentless U.S. political intervention, especially forced coca eradication. During his tenure, traditional political parties and U.S. influence have ceased to be determining factors. Currently, no unified cause has replaced them to consolidate the opposition of sectors with often conflicting demands against the incumbent. As Morales' own election shows, in Bolivia, political paradigms can topple, and the rules of the game can change on a dime. How the MAS administration tackles challenges and crises, as well as the ability of an

opposition candidate to present coherent alternative proposals, could strongly influence the process over the next 18 months. At this time, it would be folly to hazard a guess about the outcome."

**A Iván C. Rebolledo, managing partner at TerraNova Strategic Partners LLC and president of the Bolivian-American Chamber of Commerce:** "At the tail end of the negotiations for the new Constitution approved in 2009, it was commented that Morales had agreed not to run again in 2014 in exchange for the ratification of the new charter. Even back then, the opposition was already con-

---

“What should be of concern to Morales is the splintering that is occurring within MAS.”

— *Iván C. Rebolledo*

---

cerned about Morales seeking re-election in 2014. It now seems they were right. Based on recent polling, Morales is still riding high, in spite of his ongoing problems with trade unions, miners, farmers' associations and other sectors. What should be of concern to Morales is the splintering that is occurring within MAS. Leading and vocal members of his inner circle have left him, including his former U.N. and U.S. ambassadors, who have even suggested the creation of their own political parties. It is this upheaval that could jeopardize MAS' two-thirds majority in Congress as we look to the next election. Unfortunately, the opposition is still rather disarticulated and without unified leadership, which plays well for Morales. The coalition of center-right parties that challenged Morales during the last elections have virtually disappeared. If Morales continues improving social and economic indica-

*Continued on page 4*

**Featured Q&A***Continued from page 3*

tors, fortifies conditional cash transfer programs, garners improved credit ratings for his fiscal policies, has a successful second round of sovereign bond issuances, and is able to translate all of this to continued investment in the social sector and infrastructure, his re-election is quite plausible."

**A** **Miguel Centellas, visiting assistant professor of political science at the Croft Institute for International Studies at the University of Mississippi:** "Polls clearly show Morales remains popular. After the 2011 crackdown on indigenous marchers protesting the government plan to build a highway through the TIPNIS nature preserve, his popularity declined to 35 percent. Over the last year, Morales' approval ratings rebounded and reached 59 percent in March 2013. There's little doubt that, as things currently stand, Morales would legitimately win any head-to-head contest. It's too early to tell whether Morales will run again in 2019. The opposition to Morales remains divided largely because there is no consensus on an alternative to Morales' policy agenda—especially since the calls for regional autonomy have been mostly incorporat-

ed in the 2009 Constitution. Potential rivals (including former ally Juan Del Granado, a former mayor of La Paz) have focused on local or regional political arenas. This is a product of the new reality of a radically decentralized (and de facto 'federalized') political landscape. The most powerful opposition figures are mayors and governors, not national-level politicians. Perhaps the lone exception is Samuel Doria Medina. However, he won only 5.65 percent of the vote in the 2009 presidential election. The history of opposition parties is not promising. In 2005, an entirely new political vehicle was created to bring together most of the anti-Morales coalition. Podemos did not survive into the 2009 election, when it was replaced by PPB-CN. The fact that PPB-CN did not even participate in the 2010 mayoral and gubernatorial elections demonstrates the party's limited roots. Perhaps a clear test will simply be whether PPB-CN holds together for a second election."

---

*The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) with comments.*

**Latin America Advisor**

*is published every business day by the Inter-American Dialogue, Copyright © 2013*

**Erik Brand**

General Manager, Publishing  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**

Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Megan Cook**

Reporter, Assistant Editor  
[mcook@thedialogue.org](mailto:mcook@thedialogue.org)

**Inter-American Dialogue**

Michael Shifter, President

Peter Hakim, President Emeritus

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Maria Darie, Director, Finance & Administration

Mary Ellen Flather, Senior Director  
of Strategy and Development

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director,  
China and Latin America Program

Manuel Orozco, Director, Remittances  
and Development Program

Tamara Ortega Goodspeed, Senior  
Associate, Education

Jeffrey Puryear, Vice President, Social Policy

**Latin America Advisor** is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at:

1211 Connecticut Avenue NW, Suite 510  
Washington, DC 20036

Phone: 202-822-9002 Fax: 202-822-9553  
[www.thedialogue.org](http://www.thedialogue.org) ISSN 2163-7962

**Subscription Inquiries** are welcomed at  
[freetrial@thedialogue.org](mailto:freetrial@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.