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FEATURED Q&A

What Do the E.U. and Cuba Have to Gain From Stronger Ties?

Q The European Union on Feb. 10 agreed to begin talks with Cuba aimed at restoring full bilateral ties with the island. The negotiations are designed to boost trade and will also include discussions of human rights. What is behind the move in the European Union's stance toward Cuba? What does each side have to gain from better relations? Will closer E.U.-Cuba ties have any effect on U.S. relations with those countries?

A Stephen Wilkinson, editor of the *International Journal of Cuban Studies*: "Undoubtedly, the move comes as a response to the recent economic and political reforms in Cuba, where the system is liberalizing. The government of Raúl Castro has released political prisoners, brought in fixed-term limits on political office, allowed the freedom of travel and introduced a series of economic changes that go a long way to meeting many of the conditions that the European Union has placed in the way of full cooperation in the past. It behooves the European Union therefore to make some kind of reciprocal gesture. In addition, there are new and expanding opportunities in Cuba for European businesses, as well as a number of ways that closer ties with Cuba benefit the process of development in the Caribbean, where significant European powers still have important interests. Cuba will benefit by being able to obtain grant aid and other trade and investment oppor-

tunities with the European Union. E.U. member states will benefit by being able to take better advantage of the new opportunities that are arising in Cuba. In the medium term, with the opening of the new container terminal and special economic zone in Mariel, Cuba's role as a transportation hub for the Caribbean will make it important for the region's development. The European Union needs to place itself on a par with other trading partners such as China, Brazil and Russia if it is going to compete and have a say in the new Cuban

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Argentina to Petition U.S. Supreme Court in Bond Case

Argentina's government is to file a petition today to the U.S. Supreme Court as it seeks to stall a \$1.33 billion payment to its creditors. President Cristina Fernández de Kirchner has called the holdout creditors "vulture funds." See story on page 2.

File Photo: Argentine Government.

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NEWS BRIEFS

Obama, Peña Nieto, Harper Meeting Tomorrow in Mexico

The presidents of the United States and Mexico and Canada's prime minister are scheduled to meet Wednesday in Mexico, with the Trans-Pacific Partnership high on the agenda, *The Wall Street Journal* reported. U.S. President Barack Obama, Mexico's Enrique Peña Nieto and Canada's Stephen Harper are also expected to discuss issues including security, immigration and energy during the one-day summit.

Trial Starts for 15 Brazilian Police Officers in Prison Massacre Case

Fifteen Brazilian police officers have gone on trial over accusations of their role in a 1992 prison massacre at the Carandiru prison in São Paulo in which 111 inmates were killed after police were called to handle a riot, BBC News reported. The policemen are accused of killing eight men, while their lawyers say it is impossible to know whose shots killed the inmates. The trial has been split into four phases, and 48 officers were convicted in the first two phases.

Pemex to Begin Production Joint Ventures as Early as This Year

Mexican state oil company **Pemex** will begin its first production joint ventures as soon as the end of this year, CEO Emilio Lozoya said in an interview Tuesday, Bloomberg News reported. Lozoya said the first deals, which are allowed under a reform of the energy sector passed late last year, will come in mature fields with proven reserves, where new technology and investment will help Pemex increase output. "We are already having important discussions with players," Lozoya said. "We hope to be announcing some deals toward the end of 2014, early 2015."

Political News

Venezuela Expels Three U.S. Diplomats Amid Protests

Venezuela's government on Monday accused three U.S. diplomats of helping to incite protests that have wracked the country over the past several days, Reuters reported. The protests, which have left at least three people dead, are the most serious since President Nicolás Maduro's election last April. In announcing the diplomats' expulsion, Foreign Minister Elias Jaua said three consular staff members used visits to university campuses as a pretext for promoting student-led demonstrations. "They have been visiting

“I'm not sure we're going to gain from this. But we have to do something.”

— *Student protester Rita Moreno*

universities with the pretext of granting visas," said Jaua. "But that is a cover for making contacts with (student) leaders to offer them training and financing to create youth groups that generate violence." The U.S. State Department dismissed the allegations as "baseless and false" and said the United States supports freedom of expression in Venezuela and around the world. Venezuela's government expelled several U.S. diplomats in recent years during the tenure of late Venezuelan President Hugo Chávez. Critics of Chávez and Maduro have said the expulsions have often been meant to distract attention away from more serious issues in Venezuela. During the recent protests in Venezuela, student demonstrators have vowed to remain in the streets until Maduro resigns. However, the president has vowed not to give up even a "millimeter" of power, Reuters reported. The protests have mainly happened in wealthy areas, and they have not spread en masse across the country. Still, thousands of

protesters joined the latest demonstrations on Monday. Near the office of the opposition Popular Will party, police fired tear gas at protesters. The government has issued an arrest warrant for the party's leader, Leopoldo López, who has been a main organizer of the demonstrations. López's whereabouts are unknown, but he promised in an online video to turn himself in to authorities today. He also urged supporters to walk with him to the Interior and Justice Ministry. "Let's all go dressed in white to one place. Then, I will walk alone. I will not put any Venezuelan's life at risk," López said Monday in a tweet. Also on Monday, student protesters blocked several streets in wealthy areas of Caracas, and students burned tires in the Andean city of San Cristobal. Residents also reported unrest in Merida and on the island of Margarita. "I'm not sure we're going to gain from this. But we have to do something," dentistry student Rita Moreno, 19, told Reuters. She was among about 500 protesters in the affluent Altamira district of the capital.

Economic News

Argentina Seeking U.S. Supreme Court Review of Repayment Order

Argentina's government plans to file a petition today to the U.S. Supreme Court in an effort to stall a \$1.33 billion repayment to its creditors that stems from its massive default 12 years ago, BBC News reported. If Argentina's petition fails, it could face another default and debt crisis. The government owes the money to so-called "holdout" creditors who refused to accept debt restructurings. Most holders of debt from the \$100 billion default accepted discounts, but the holdouts, such as the **NML Capital** and **Aurelius Capital Management** hedge funds, are demanding repayment in full. The creditors who accepted restructurings in 2005 and 2010 agreed to take 25 to 29 cents on the dollar, Reuters reported. Argentine President Cristina Fernández de Kirchner has described the holdouts as "vulture funds" and has said that her government will only make payments to creditors who

participated in the debt swaps. In November 2012, U.S. District Judge Thomas Griesa ordered Argentina's government to pay \$1.33 billion into an escrow account in a ruling in favor of the holdout creditors. Fernández's refusal to pay more to the holdout creditors than to those who accepted the debt swaps could lead U.S. courts to enforce injunctions that block payments to holders of the restructured debt, causing a new default. Last November, the 2nd U.S. Circuit Court of Appeals in New York denied Argentina's petition for a rehearing, leading Argentina to prepare its petition to the Supreme Court.

Company News

Argentine Regulators Approve Clarín Breakup Plan

Government regulators in Argentina have approved a plan to break up the **Clarín** media conglomerate into six parts, BBC News reported Monday. The plan to break up the country's largest independent media group came after lawmakers last year approved a controversial anti-monopoly measure, backed by President Cristina Fernández de Kirchner. Supporters of the law say it will limit the power of big companies, but critics see it as an effort to silence opponents of Fernández's administration. Clarín had



Sabbatella

File Photo: Argentine Government.

presented the plan to avoid one imposed by the government. "The government's goal is to make selective use of the law, benefitting those who were in line with the official voice and punishing those who criticized the administration," Clarín said in a statement. However, Martín Sabbatella, the head of the government's broadcast media regulator, applauded the law. "It's the start of the end of hegemonic media market positions which caused so much harm to the plurality of voices and freedom of speech," he told reporters.

Featured Q&A

Continued from page 1

economic miracle. Already the effect of the U.S. applying its sanctions on Cuba extra-territorially has caused friction between Brussels and Washington. Obviously, with any increase in cooperation, trade and investment with the European Union, then further clashes could arise. The signs are, though, that wiser heads in Washington are realizing that the best policy for the United States to adopt is also engagement rather than isolation. In this respect, the European move is likely to spur that trend. The E.U. move amounts to a rejection of a policy of conditionality on Cuba that the European Union adopted in order to assuage the United States. If anything, therefore, it is a sign that the European Union no longer sees the United States as a threat to its engagement with Cuba."

A Frank Calzon, executive director of the Center for a Free Cuba: "There will not be closer ties without human rights improvement in Cuba. Just like when the Europeans were negotiating Cuba's entry into the Cotonou Agreement, Raúl Castro is likely to ask for exceptions to the Europeans' insistence on respect for human rights, workers' rights, freedom of association, etc. The European Union does not determine U.S. policy. Havana's actions do. Consider: there is an American hostage sentenced to 15 years for giving a laptop to a Jewish group on the island. Colombian terrorists based in Cuba were just indicted by federal courts. The BBC released a documentary charging that Gaddafi's hit men were based in Cuba. A North Korean ship was caught smuggling MiGs and missiles to Pyongyang under a load of Cuban sugar, and a cop murderer living in Cuba is on the 2013 FBI most wanted list. There is also Havana's cyber security threat and its close alliances with North Korea, Syria and Iran. Havana's anti-Israeli and anti-American stance at the United Nations and elsewhere continue. Havana wants and needs desperately hard currency, but it is not willing to allow Cubans to func-

tion in the Cuban economy like foreigners do. The so-called reforms for the most part are a sham. The chitchat between Brussels and Havana will go on for a while and the opposition on the island will demand to be heard. The Europeans and President Obama mean well, but the road to hell is paved with good intentions."

A Carlos Alzugaray Treto, member of the editorial board of Temas magazine and former Cuban ambassador to the European Union: "Three factors are behind the European Union's move. First, European leaders have realized that Cuba is undergoing a significant transition and that its role in the continent has grown as the recent CELAC summit showed. These developments require a new policy. Second, they have also realized that the common position is not a viable basis for that purpose, yet they are reluctant to formally repeal it. Third, Cuba has signaled that it is ready to negotiate an agreement even if the common position is not formally repealed. Both sides gain by establishing a new, more flexible basis for their relations, circumventing the common position. The European Union gains possibilities for expanding its economic and political presence in Cuba. Cuba gains better access to European markets and foreign direct investments. It's a win-win situation for both. Recent developments in Cuban-U.S. relations indicate that there might be an incipient thaw that could lead both sides to start a complicated normalization process. Negotiating and establishing a cooperation agreement with the European Union might induce the United States to take bolder steps, like taking Cuba off of the list of states that sponsor terrorism or accepting Cuba's presence at the Summit of the Americas in Panama next year, gestures that Latin America and the Caribbean have demanded. With this step, the European Union will underline the difference that exists between Brussels and

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Washington on this issue. The common position was originally a failed attempt to align the European Union with the United States on Cuba. The cooperation agreement will move E.U. policy closer to the position of Canada, Latin America and the Caribbean on Cuba, which the United States does not share. It is difficult to predict how Washington will react, but it will hopefully take a cue from the European Union."

A **Jaime Suchlicki, professor and director of the Institute for Cuban and Cuban-American Studies at the University of Miami:** "Negotiations between the European Union and Cuba do not necessarily mean that there will be an agreement or that Cuba will introduce political and human rights changes on the island. The European community is interested in participating in and accelerating a process of transition in Cuba. They see the limited changes introduced by Gen. Raúl Castro in Cuba as an opportunity to

“The European Union has little to offer Cuba ...”

— *Jaime Suchlicki*

influence a more rapid tempo of change. The European Union has little to offer Cuba, no petroleum, no large-scale credits or financing. Cuba has the support of Venezuela, Iran, China, Russia, North Korea and more recently Brazil. These are Cuba's real allies and friends. Gen. Castro's foreign policy is closely intertwined with these countries. The Castro regime is interested in projecting an image of moderation. Castro's main objective is to force unilateral concessions from the United States, hopefully using European Union support. Cuba's immediate objective is its removal from the U.S. terrorism list. A policy of compromise and moderation may induce the Obama administration to further liberal-

ize its Cuba travel policy and perhaps remove Cuba from the terrorism list. Cuba's recent move to freeze bank assets affiliated to Al Qaeda, tacitly admitting that it was facilitating terrorism and its intelligence support for Hamas and Hezbollah are clear evidence of the Castro brothers' continuous commitment to terrorism. It is doubtful that a closer European Union-Cuba relationship will impact U.S.-Cuba policy. Cuba must 'earn' any further U.S. concessions."

A **Martin Palous, senior fellow at the School of International and Public Affairs at Florida International University and president of the International Platform for Human Rights in Cuba:** "The intention of the European Union is to open the path to a new relationship with Cuba. All its aspects—political dialogue, human rights, economic cooperation, humanitarian and development assistance—should be put in one legally binding instrument, the model used in the relationships of the European Union with many other countries of the developing world. Human rights should stay at heart of this relationship and become the essential element of the future agreement between the parties. The E.U. common position from 1996 remains in place until it is replaced by a new treaty which should contain all its requirements and provisions. All 28 E.U. member states will have to consent. The negotiations can be suspended in the case of open and systematic non-compliance with the guiding principles, namely with internationally recognized standards of human rights. If the negotiations are brought to a successful end, the gain for Cubans can be enormous: respect for their unalienable rights and mutually advantageous economic cooperation with one of the major blocks of the world economy."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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