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FEATURED Q&A

What Is Behind the Problems in Latin America's Prisons?

Q The United Nations' human rights agency called earlier this month for a probe into violence at the overcrowded Pedrinhas penitentiary in Brazil's Maranhão state after a violent video was posted showing inmates gloating over the decapitated bodies of three other inmates. Overcrowding and violence are common problems at prisons in Brazil and elsewhere in Latin America. What is behind the problems at Latin America's prisons, and what kinds of reforms are needed? What's been standing in their way?

organizing criminal activity and flipped the logic of incarceration on its head. How? Through their control over inmate life, prison gangs can credibly promise those on the street protection or punishment upon eventual incarceration. As a former CV boss told me, 'Whatever you do on the outside, on the inside you'll have to answer for it.' Now, if outside actors obey because they anticipate future incarceration, then mass incarceration and indiscriminate gang sweeps will actually increase prison gangs' power on the streets, as will overcrowding

Continued on page 4

A Benjamin Lessing, assistant professor in the department of political science at the University of Chicago: "Prisons in Latin America do face common problems: when many law-abiding citizens face poverty, malnutrition, insecurity, inadequate public services and abusive police, improving prison conditions sounds more like a cruel joke than a realistic political priority. Brazil, however, has a problem all its own: prison gangs. The term is inadequate: the Primeiro Comando da Capital (PCC)—which paralyzed São Paulo in 2006 with synchronized riots in some 90 prisons and hundreds of attacks on police and public transportation, and now controls São Paulo's drug trade and operates in 16 other states—is hardly a 'gang.' Like Rio de Janeiro's Comando Vermelho (CV), which it emulated, the PCC has transformed prisons into operational headquarters for



Ecuador's Correa to Order Some U.S. Military Officers to Leave

Ecuadorean President Rafael Correa said Wednesday that the U.S. Embassy in Quito has too many military officers assigned to it, and that he would order some to leave the country. See story on page 2.

File Photo: Ecuadorean Government.

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NEWS BRIEFS

Guatemalan VP Remains Under Observation After Lime Attack

Guatemalan Vice President Roxana Baldetti remains under medical observation after two women threw a bag containing lime, a caustic material that can be extremely toxic, at her last week, McClatchy reported Wednesday. The attack happened Jan. 14 at the National Theater in Guatemala City after President Otto Pérez Molina delivered his state of the union address. The white powder was initially thought to be flour. Baldetti spent one night in a hospital and is currently in stable condition with a respiratory inflammation and a cough.

Morales Announces Plans for Bolivia's First Nuclear Reactor

Bolivian President Evo Morales on Wednesday announced plans to build the country's first nuclear reactor in his annual state of the union address before the country's Congress, BBC News reported. Morales said that Iran, France and Argentina are willing to help the Andean country develop nuclear technology for peaceful purposes, which he said is a key priority. [Editor's note: See related [Q&A](#) in the Jan. 13-17 *Energy Advisor*.]

Ex-Head of Mexican Anti-Money Laundering Office Arrested

José Luis Marmolejo, the former head of Mexico's anti-money laundering office, has been arrested for alleged involvement in extortion, Mexico City chief prosecutor Rodolfo Ríos said late on Tuesday, the *Miami Herald* reported. Ríos did not give details of the charges, but local media reports have suggested the Marmolejo asked for money from a local businessman in exchange for avoiding action on a supposed crime.

Political News

Correa to Order Some U.S. Military Officers to Leave Ecuador

Ecuadorean President Rafael Correa said Wednesday that the United States has too many military officers posted in its embassy in Quito, adding that he will order some to leave, the Associated Press reported. "There are about 50 ... What justifies that?" Correa said during a meet-

“There are about 50 ...
What justifies that?”

— Rafael Correa

ing with international correspondents. "Unfortunately, these people have infiltrated all sectors, which scandalously seemed normal. They flew in the helicopters of the air force, of the army. It was normal for foreign soldiers to be flying with our soldiers in frontier areas." The press officer at the U.S. Embassy, Jeffrey Weinshenker, told the wire service that Ecuador's government had not formally notified the embassy about the matter. "There are about 20 military and civilians accredited before the Ecuadorean government to participate in a range of activities," said Weinshenker. "All our activities occur with the explicit approval of Ecuadorean authorities." Relations between Washington and Quito have been strained in recent years. Correa's government recently said that it was ordering the U.S. Agency for International Development to leave the country, accusing it of supporting Correa's political opponents. Last year, Ecuador's government renounced U.S. trade preferences when it was facing pressure from the United States to reject asylum for Edward Snowden, the former U.S. National Security Agency leaker who is now living in Russia. Also, WikiLeaks founder Julian Assange has been living in

Ecuador's embassy in London since June 2012. Since taking office in 2007, Correa has expelled three U.S. diplomats, most recently Ambassador Heather Hodges in 2011.

Economic News

Venezuela Weakens Currency for Airfares, Foreign Direct Investment

Venezuela's government on Wednesday devalued the country's currency for purchases of airline tickets and foreign direct investment as part of its efforts to safeguard its dwindling foreign currency reserves, Bloomberg News reported. Under the new rules, Venezuelans traveling abroad will no longer be able to buy airline tickets or obtain cash at the government's official rate of 6.3 bolívars to the dollar. Instead, they will have to use a secondary rate that will be set at weekly auctions. The secondary rate will also apply to money that Venezuelans send to recipients abroad and to foreign companies that invest in Venezuela, the Associated Press reported. The rate set at the most recent auction was 11.36 bolívars per dollar, according to Bloomberg News. Venezuelan Oil Minister Rafael Ramírez, who is also President Nicolás Maduro's top economic advisor, announced the new rules. Ramírez said that more than 80 percent of Venezuela's dollars will still be sold at the official rate of 6.3 bolívars, the AP reported. Demand for airline tickets and greenbacks has soared amid the South American country's 50-percent inflation rate. Foreign-based airlines have said they have \$3.3 billion worth of bolívars tied up in Venezuela because of controls that have made it impossible to send earnings out of the country. Ramírez defended the new measures, saying, "The big debate here is whether we give dollars to travelers or we import food." The gov-



File Photo: Venezuelan Government.

ernment's move came just after Venezuela's largest private producer of food, **Empresas Polar**, said it was unable to import more raw materials because the government has delayed the release of dollars, Bloomberg News reported. The move caused a plunge in Venezuela's bonds. The benchmark dollar bond dropped to 69.93 cents on the dollar Wednesday, extending losses on Venezuela's debt to 5 percent so far this year, according to **JPMorgan Chase & Co.**'s EMBIG index. The yield climbed 26 basis points to 14.32 percent, its highest level in more than two years.

Company News

Citigroup Adding Staff to Mexico Investment Banking Unit

Citigroup will add staff to its investment banking unit in Mexico in order to meet demand for advising on mergers, acquisitions and issuance of equity, a top executive told Bloomberg News Tuesday. The lender will expand its investment banking staff in the country by 10 percent to 20 percent, Alfredo Capote, Citigroup's head

“There's a very important search for talent right now.”

— Alfredo Capote

investment banker in Mexico, told the news service in an interview in Davos, Switzerland. He declined to say how many people are currently on that staff in Mexico. "There's a very important search for talent right now," said Capote. "The idea is to invest now because in two or three years there's going to be significant growth with regards to all of this." Investment banking in Mexico has grown amid views that the country will benefit from economic growth in the United States. Also, Mexico's opening of its energy industry to private investment has raised expectations for investment banking services.

Comings & Goings

Prudential Real Estate Names Rodríguez Managing Director, Mexico Head

Prudential Real Estate announced on Jan. 16 that it had named Ezequiel Rodríguez a managing director and the company's head for Mexico. The real estate investment management and advisory business is a unit of **Prudential Financial**. Rodríguez, who is based in Mexico City, will report to Alfonso Munk, the unit's managing director and head for Latin America. Before joining Prudential, Rodríguez was a managing director at **GIV Partners** and **UBS**.

Deutsche Bank Names Ricciardi Head of Latin America Global Transaction Banking

Deutsche Bank announced Dec. 18 that it has hired Maria Cristina Ricciardi to head its global transaction banking and trade finance and cash management corporates for Latin America. Ricciardi has more than 25 years of experience in the field and comes to Deutsche Bank from **Citigroup**, where she most recently served as the head of global subsidiaries group in Brazil. Ricciardi will be based in São Paulo and report to Susan Skeritt, the head of GTB Americas, to Shahrokh Moinian, the head of trade finance and cash management corporates for the Americas, and to Bernardo Pares, CEO for Latin America and chief country officer in Brazil.

Beazley Hires Ortega to Lead Development in Latin America

Specialist insurance company **Beazley** announced Dec. 19 that Ricardo Ortega will join the company as the head of business development in Latin America and be based in Rio de Janeiro. Ortega will join Beazley's broker relations team, led by Dan Jones, and work to develop opportunities with brokers in Latin America. Ortega most recently worked as the Brazil country manager at **Crawford & Company**. Prior to that, he worked as a managing director of **Interbrok Group**, one of Brazil's largest independent insurance and reinsurance brokers, and for **Marsh** in London. Ortega said, "I am excited to be joining Beazley...I believe there will be strong demand in Latin America for Beazley's skills and high quality claims service, across many lines of business."

Elespe to Lead Fitch's Argentine and Uruguayan Domestic Ratings Business

Fitch Argentina announced in early December that Douglas Elespe has been named the CEO/managing director and venture partner of its new Argentine and Uruguayan domestic credit rating business. The domestic credit rating business, named **FIX-SCR**, is currently in the registration process. Once the process is complete, the national Argentine and Uruguayan ratings under Fitch will continue under **FIX-SCR**. International ratings of banks, corporations and other bodies will be continue to be made outside of Argentina under the global Fitch Ratings brand. "We will take the know-how, quality and strength of Fitch and focus on the dynamic Argentine and Uruguayan markets, which offer unique opportunities that are best met by nimble companies with dedication and flexibility. We are excited to turn all our attention to these domestic markets, focusing our analytical emphasis, and continuing to promote compliance with domestic and international regulations," Elespe said in a statement. He is currently the deputy director of the University of Buenos Aires' Law and Economics Masters' degree program and is a former president and CEO of **Moody's Latin America**. He has worked in the United States and a number of Latin American countries for **Thomson Financial Services**, **M B W** and **Royal Bank of Canada**. Elespe holds a JD and PhD from the University of Buenos Aires and an MBA from the Universidad Católica de la Plata.

Featured Q&A*Continued from page 1*

and harsher sentences. Indeed, the PCC's quantum leap from upstart to criminal hegemon coincided with the quadrupling of São Paulo's prison population. Maranhão's current violence, within and beyond the prison walls, signals a struggle for dominance by its prison gangs—one of them a local affiliate of the PCC. As such, it is only the tip of the iceberg. The perverse dynamics of prison gangs will persist, even after one gang imposes its rule, violence dwindles (as it did in São Paulo) and the issue disappears from headlines."

A **Julita Lemgruber, director of the Center for Studies on Public Security and Citizenship at the Universidade Cândido Mendes and former director of the Rio de Janeiro state prison system:**

"Latin American prisons, as prisons everywhere, house the most underprivileged in society. Brazil is no different. Most of those in prison in Brazil are black and poor. And the absolute majority of these men and women lack proper legal defense. Overcrowding, violence and corruption are widespread. And this scenario is historical. The question to be answered is: why has the Workers' Party, in power for 10 years now, never considered the prison system a top priority? Because historically the left in Latin America believes that social justice will be achieved by investing in transforming socioeconomic conditions, and from this point of view the prison system will never be a priority. In a nutshell, after decades of military dictatorship in Latin America, democracy has not reached the criminal justice system."

A **Pien Metaal, project coordinator for Latin America drug law reform in the Drugs & Democracy Program at the Transnational Institute:**

"The outbursts of violence in Latin American prisons are a direct consequence of severe prison overcrowding and a dysfunctional judicial

administration. It is not just the sheer amount of people crammed into dirty spaces, but also that the number of people awaiting their trial and sentencing mounts frustration up to an explosive level. Moreover, inmates are often treated with cruelty once entering prison. One important explanation for the increase of prisoners in Brazil can be found in the 2006 drug legislation that decriminalized the possession of drugs for personal use but stiffened penalties for trafficking, leaving the distinction between the two to the arresting officer and allowing doubtful criteria to play a role. Being male, young, black and poor increases the probability of being arrested and charged with trafficking considerably. In most other Latin American countries the situation is similar: a TNI/ WOLA study in 2010 found that in all the countries, the sharp increase in the prison population can be linked to harsh drug laws. The study also found that people convicted for drug offenses are highly likely to be consumers, small-scale dealers and couriers, not exactly Pablo Escobars. On the other hand, overburdened justice apparatuses have proved unable to deal with the influx caused by these laws, and as many as 40 percent of the people in prison are awaiting a sentence. In other countries, the percentage is even higher. In the case of Brazil, many of those, as shown by a recent study, are in detention for offenses that are not punishable with a prison sentence and should not be there in the first place, showing that preventive detention is being abused. Reforming drug legislation and providing all citizens access to proper legal defense would immediately alleviate this situation. The lack of political will combined with inadequate and inefficient resource allocation has been blocking these solutions."

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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