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FEATURED Q&A

Will the Snowden Case Lead to Big Changes in Privacy Laws?

Q At their summit on July 12, Mercosur leaders issued a declaration condemning allegations, brought to light by fugitive NSA leaker Edward Snowden, that the United States has monitored their citizens' electronic communications. The leaders also called for the adoption of global standards governing information and communications technologies that protect citizens' privacy and the sovereignty of states, and they affirmed their support for free software principles. Are clear multilateral standards of behavior for respecting privacy likely to materialize in the fallout from the Snowden revelations? What is the current state of communications privacy laws and what sorts of policy changes would bring them up to date to address modern technological developments? How are these events affecting businesses in the region that run communications networks and services?

A Daniel Castro, senior analyst at the Information Technology & Innovation Foundation in Washington: "The recent NSA revelations will hurt the trust that users have for data stored in the cloud. While the United States now has a sullied reputation as a secure provider of cloud computing, the reality is that most developed countries have mutual legal assistance treaties which give their governments the ability to access data stored in other jurisdictions upon request. In addition, there are few restric-

tions on service providers turning over data about customers in response to a government request or notifying their customers if they do so. As awareness of this situation grows, there will likely be attempts to harmonize data privacy laws. Such actions should be resisted. Countries have different priorities and should pursue different privacy laws based on their unique needs. Privacy rules modeled off of the European approach put privacy ahead of innovation, and the problems with these laws have not diminished because of the

Continued on page 2



Francis Arrives in Rio on First Foreign Trip as Pope

Pope Francis arrived Monday in Brazil, which is home to more Catholics than any other country, on his first foreign trip as pontiff. An Argentine, Francis is the first-ever pope from the Americas. See story on page 2.

Photo: Getty Images.

Inside This Issue

FEATURED Q&A: Will the Snowden Case Lead to Big Changes in Privacy Laws?	1	Presidents of Colombia, Venezuela Meet in Effort to Mend Ties	3
Francis Arrives in Brazil on First Foreign Trip as Pope	2	Brazil's Government Cuts Spending Amid Slower Growth.....	3
U.S. Hopes to Restart Bilateral Talks With Ecuador: Namm	2	In Profile: Liliana Ayalde, U.S. Ambassador-Designate to Brazil	3

NEWS BRIEFS

U.S. Hopes to Restart Bilateral Talks With Ecuador: Namm

The U.S. government hopes to restart bilateral talks with Ecuador before the end of the year, U.S. Ambassador to Ecuador Adam E. Namm said on a local radio station this week, according to Dow Jones. The nations have had a strained relationship since early 2011 when a WikiLeaks cable led to the mutual expulsion of ambassadors, and they have clashed in recent weeks over the case of NSA leaker Edward Snowden. The United States is Ecuador's top trade partner.

Peru's Central Bank Loosening Reserve Requirements

Peru's central bank announced Monday that it is relaxing reserve requirements for banks in order to encourage the use of the sol currency as economic growth in the Andean nation slows, Reuters reported. The changes lower the average and marginal reserve rates on accounts denominated in dollars and soles and take effect Aug. 1. The central bank increased reserve requirements numerous times during the last year as the government tried to reduce capital inflows that were raising the sol. This year, the currency has fallen 9 percent against the dollar.

Shareholders of Chile's CFR Approve Capital Increase

Shareholders of Chile-based pharmaceutical company CFR on Monday approved a capital increase of approximately \$750 million in order to help pay for CFR's planned purchase of South Africa-based **Adcock Ingram Holdings**, Reuters reported. The Chilean company bid \$1.3 billion earlier this month to acquire all of the company's shares.

Political News

Francis Arrives in Brazil on First Foreign Trip as Pope

Pope Francis arrived Monday in Brazil to begin his first trip abroad as leader of the world's Roman Catholics. The first-ever pope from the Americas, the 76-year-old Argentine pontiff was greeted at the airport in Rio de Janeiro by President Dilma Rousseff and then rode in an open Fiat hatchback to the city's cathedral, Bloomberg News reported. Huge crowds lined the streets along the route, screaming and waving at Francis. "It's so exciting to see the pope in our country," Antonio Dantas, 24, a seminary student from northeastern Brazil, told the news service as he balanced on a fire hydrant in order to catch a glimpse of the pontiff. "I hope he brings a message of peace to all of us who make up the Catholic religion, but also people of other religions." Among the messages of Pope Francis' visit are ones of humility and justice for the most marginalized people in Brazil, where crowds filled the streets in massive protests over the past month over issues including high taxes, poor public services and corruption. "I learned that to have access to the Brazilian

people, it is necessary to enter through the door of its immense heart," Francis said in Portuguese Monday. "Allow me at this point to knock softly on that door." The papal visit coincides with the World Youth Day event, which begins today and lasts through Sunday. This week, the pope will celebrate three public Masses and also

“ I learned that to have access to the Brazilian people, it is necessary to enter through the door of its immense heart. ”

— Pope Francis

tour a slum and meet with young prisoners. An additional 7,000 civil and military police are on duty to provide security for Francis' visit, according to the security secretariat of Rio de Janeiro state. Military police told the *O Globo* newspaper that they found a small homemade bomb near a shrine the pope is scheduled to visit. Police officers also deployed tear gas against protesters Monday outside the Guanabara palace, where the pontiff was

Featured Q&A

Continued from page 1

NSA's surveillance. But while universal privacy rules should be avoided, universal transparency rules are very much needed. Companies should be required to disclose on a regular basis details about the types and quantities of government requests for user information they receive. While businesses must follow the law of the land where they do business, they should not be required to keep silent about it. Transparency is the only way to hold governments accountable for their actions and ensure that users can trust third parties with their data. Just as the economy cannot flourish without trust in the offline world, neither can the digital economy flourish without it on the Internet."

A James Andrew Lewis, senior fellow and director of the Technology and Public Policy Program at the Center for Strategic and International Studies:

"The Mercosur statement has two problems. First, it's a bit hypocritical since most countries engage in as much domestic surveillance as their budgets allow. What the United States does for foreign intelligence is no different than any other great power. Second, like many observers, Mercosur doesn't distinguish between 'monitor' and 'read.' The United States may monitor traffic but only reads messages about terrorism, proliferation or transnational crime. It's like buying a library but reading only the one book

Continued on page 4

meeting with Rousseff. Protesters threw Molotov cocktails amid demands for the resignation of Rio state's governor, Sergio Cabral, according to *O Globo's* television channel.

Presidents of Colombia, Venezuela Meet in Effort to Mend Ties

Colombian President Juan Manuel Santos and his Venezuelan counterpart, Nicolás Maduro, met Monday in an effort to mend the strained relations between the two Andean countries, BBC News reported. During the meeting in a Venezuelan border town, the presidents agreed to establish high-level groups to talk about security, trade and energy. Ties between Colombia and Venezuela have been particularly strained since Santos met two months ago in Bogotá with Venezuelan opposition leader Henrique Capriles. Maduro defeated Capriles in April in a close presidential election that was called after the March 5 death of Hugo Chávez.

Economic News

Brazil's Government Cuts Spending Amid Slower Growth

Brazil's government is trimming its spending in an effort to meet its fiscal targets as growth slows in Latin America's largest economy, Bloomberg News reported Monday. The announcement marked the second time in two months that the government of President Dilma Rousseff has cut spending. The government will reduce its expenditures by 10 billion reais (\$4.5 billion) and is lowering its forecast for economic growth this year to 3 percent from 3.5 percent, said Finance Minister Guido Mantega.

Correction

A news brief in Monday's Advisor incorrectly stated that Chilean Labor Minister Evelyn Matthei was nominated as the presidential candidate of the country's conservative coalition. In fact, she was nominated as the presidential candidate of her party, the Independent Democratic Union (UDI).

In Profile

Liliana Ayalde, U.S. Ambassador-Designate to Brazil



Name

Liliana Ayalde

In the News

The United States' ambassador-designate to Brazil is Liliana Ayalde, an expert in international aid and development. Ayalde presented her credentials to the Brazilian government in early June and received its approval. She is awaiting confirmation by the U.S. Senate, but once approved will replace Thomas Shannon, who has been in Brasília since 2009.

Ayalde

File Photo: U.S. State Department.

Background

Ayalde, 57, is a career diplomat with more than 30 years of experience in foreign service. She currently serves as the deputy assistant secretary of state for Western Hemisphere affairs, where she is responsible for the Offices of Caribbean Affairs, Central American Affairs and Cuban Affairs, a position she has held since last July.

Ayalde began her career working for USAID, where her first overseas post took her to Bangladesh. In 1985, she began her career in Latin America, managing USAID programs in Guatemala and Nicaragua. She returned to Washington in 1993 to work for the Office of Central American Affairs in the Bureau for Latin America and the Caribbean, becoming director in 1995. Ayalde returned to USAID in 1997 and served as deputy mission director in Nicaragua and mission director in Bolivia and Colombia. During her time in Colombia, Ayalde managed over \$200 million of development assistance provided to the country under "Plan Colombia."

In 2008, former President George W. Bush nominated Ayalde as the U.S. ambassador to Paraguay. She served in that capacity from June 2008 through 2011, during the politically contentious years of former President Fernando Lugo's term. The current U.S. ambassador to Brazil, Thomas Shannon, strongly supported Ayalde's nomination to this new post, mainly due to her history of service and knowledge of languages.

Baltimore-born Ayalde is the daughter of a Colombian doctor, speaks fluent Spanish and Portuguese and has a working knowledge of French. Ayalde holds a B.A. in international studies from American University and a master's in international public health from Tulane University's School of Public Health and Tropical Medicine. She is married and has two daughters.

Of Note

Ayalde will begin her term at time when the United States and Brazil seem to be on track to building a stronger bilateral relationship. The announcement of her nomination came on the heels of U.S. Vice President Joe Biden's visit to Brazil and a few months before President Dilma Rousseff is scheduled to make a state visit to the United States in late October. It will be the first state visit to the United States by a Brazilian president since 1995. The countries have joint programs in the areas of defense, security, health, energy and educational exchange. The Brazilian Air Force is also considering a multi-billion dollar purchase of new fighter jets with U.S.-based Boeing as one of three finalists, a deal the U.S. government has been advocating.

Sources: State Department, Folha de São Paulo, All Government, EFE, Reuters, Agência Pública

Featured Q&A*Continued from page 2*

that interests you. There are 154 billion e-mail messages sent a day—there aren't enough analysts at any agency in any country to read them all, even in China, so the focus is on national security priorities. International law does not address espionage. This has been true since medieval times. One reason for this is practicality. Since few countries admit to engaging in espionage, they are unlikely

“Since few countries admit to engaging in espionage, they are unlikely to observe any agreement to restrict it.”

— James Andrew Lewis

to observe any agreement to restrict it. An international agreement would be meaningless and routinely violated by many nations. We have a larger problem when it comes to privacy. It is a 19th century concept trying to live in the digital age. What people say and what people do are different—they demand privacy while posting away on social networks. Simply chanting mantras about privacy's importance is inane. We need to rethink concepts like 'public domain' and commercial use of data, but there are no agreed global standards and no serious process to obtain them. Rethinking privacy for the digital age is an important task, but new problems are not solved by old ideas.”

A **María Luisa Kun, Buenos Aires-based independent business and technology consultant:** “The Mercosur declaration could be interpreted as mainly related to

public sector privacy more than personal privacy. There are already multilateral standards for privacy rights in areas like financial records in the context of fighting money laundering and the financing of terrorism. Like cyber-security overall, private electronic information protection with multilateral standards and procedures must be a cooperative project between multiple parties: governments, international bodies, the private sector and the owners of information (citizens, companies and public agencies). Thus, significant challenges lie ahead, beyond claims by governments that have differing policies on protecting privacy. Communications privacy laws differ in depth and strength across Latin America; no country has established controls and liabilities related to privacy enforcement for any specific provider of information and communication technology services, from infrastructure (such as servers, devices and networking) through applications (including e-mail, voice, messaging, social networks and mobile and cloud applications). Policies to ensure private data protection will need to contemplate all these layers, not just where the information is ultimately stored. Businesses in the region, even worldwide, will incur costs as well as opportunities from electronic privacy issues. Governments may establish and enforce needed protection regulations, and compliance equates to expenses. The increased awareness of the importance and value of privacy in some areas will create good prospects for businesses capable of communicating the value they add because of their way of protecting it.”

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

**Latin America Advisor**

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

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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 ISSN 2163-7962

Subscription Inquiries are welcomed at fretrial@thedialogue.org

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