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FEATURED Q&A

Is the Movement to Oust Venezuela's Maduro Fading?



Venezuelan opposition leader Juan Guaidó, whom dozens of countries recognize as the country's legitimate president, called last week for an investigation into graft allegations against two of his representatives. // Photo: Facebook page of Juan Guaidó.

Q Venezuela's attorney general on June 18 accused opposition leader Juan Guaidó of leading an alleged scheme in which two of his representatives are accused of misappropriating money meant to help Venezuelan military defectors living in Colombia. Guaidó has vowed to investigate. How big a blow are the allegations to Venezuela's opposition movement? Will Guaidó lose support over the episode? Is the movement to oust President Nicolás Maduro losing steam?

A David Smilde, Charles A. and Leo M. Favrot Professor of Human Relations at Tulane University and senior fellow at the Washington Office on Latin America: "The accusations of misappropriation are not transcendental in their impact. But they are a part of a process of political normalization that does not work in Guaidó's favor. His project to become interim president and usher in a democratic transition was facilitated by his image as a fresh face, legitimately representing Venezuelans' aspirations for liberty and well-being. Among the population, accusations such as these transmit a perception that Guaidó and his coalition are just another band of politicians seeking personal benefit. And these perceptions contribute to a more general malaise that this new opposition coalition is no more effective than past opposition coalitions at confronting Chavismo. Behind this of course are the very real facts that Guaidó has failed to gain military support and the interest of the United States is fading, as is talk of foreign military intervention. There is considerable consensus within the opposition leadership that they need to change directions and negotiate with the Maduro gov-

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TODAY'S NEWS

POLITICAL

Colombia's Coca Cultivation Falls for First Time in Six Years

Colombia's coca cultivation and cocaine production declined slightly last year, marking the first drop since 2012, according to the White House Office of National Drug Control Policy.

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ECONOMIC

Argentina Posts Trade Surplus of \$1.37 Bn for May

The South American country's trade surplus last month was a better figure than analysts had been expecting.

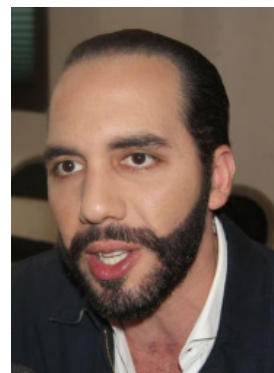
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POLITICAL

El Salvador Will Pay to Repatriate Bodies of Man, Daughter: Bukele

El Salvador's government will pay to repatriate the remains of a man and his young daughter who drowned while trying to cross the Rio Grande into the United States, said President Nayib Bukele.

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Bukele // File Photo: Radio Nacional de El Salvador.

POLITICAL NEWS

Colombia's Coca Cultivation Falls for First Time Since 2012

Coca cultivation and cocaine production in Colombia fell slightly last year for the first time in six years but remained at historically high levels, the White House Office of National Drug Control Policy, or ONDCP, said Wednesday, the Associated Press reported. Coca cultivation in Colombia dropped 208,000 hectares in 2018 as compared to the previous year, which registered some 209,000 hectares, according to the office's figures. Meanwhile, the potential pure cocaine production was 887 pure metric tons last year, down from 900 pure metric tons in 2017. Colombian President Iván Duque, who took office last August, quadrupled the number of anti-narcotics teams in Colombia, which helped the country eradicate 56 percent more coca per month than under the previous administration, according to the White House statement. "In working closely with President Duque, we are seeing Colombia make progress in accomplishing our shared goal of significantly reducing coca cultivation and cocaine production," ONDCP director Jim Carroll said in the statement. Colombia's ambassador to the United States, Francisco Santos, told the AP that the interruption to the increase of cultivation and production is important because it could potentially mean the beginning of a trend reversal. [Editor's note: See related [Q&A](#) in the Oct. 17 issue of the Advisor.]

Venezuela's Maduro Says Security Forces Foiled Coup Plot

Venezuelan President Nicolás Maduro said Wednesday that the country's security forces had foiled a plot to assassinate him, his wife and another high-ranking official and install Raúl Baduel, an imprisoned former military officer, as president, UPI reported. Venezuelan

Communications Minister Jorge Rodríguez said the plot involved an invasion by agents from Israel, Colombia and North America, as well as the seizure of military bases and a raid on the central bank, The Washington Post reported. In an evening broadcast, Maduro said his government's security forces stopped the plot from unfolding. "We have revealed, dismantled and captured a fascist band of terrorists that planned a coup against Venezuelan society and Venezuelan democracy," he said, Reuters reported. "They are captured, behind bars, with clear evidence after following this group of criminals and fascists." Maduro also said the plan involved political leaders from Chile, Colombia and the United States. Opposition leader Juan Guaidó, whom dozens of countries recognize as Venezuela's legitimate acting president, dismissed Maduro's claims as lies. Maduro's opponents have accused him of fabricating stories about coup plots for political effect. In April, Guaidó called for a military uprising, but the move failed to dislodge Maduro as president. Maduro's government made the allegations just hours before the opening of the Organization of American States' General Assembly in Medellín. At the gathering, OAS Secretary General Luis Almagro called suggestions that U.S. economic and financial sanctions against Venezuela's government were to blame for the country's economic problems "ridiculous," the Miami Herald reported.

BUSINESS NEWS

Four Argentine Banks Miss U.S. Regulatory Filing Deadline

Four Argentina-based financial services firms have missed a regulatory filing deadline imposed by the U.S. Securities and Exchange Commission, or SEC, leading the agency to deem the firms delinquent, The Wall Street Journal reported Monday. The firms—Grupo Financiero Galicia, Banco Macro, BBVA Banco Francés and Grupo Supervielle—missed filing deadlines for their annual reports during the

NEWS BRIEFS

El Salvador Will Pay to Repatriate Bodies of Drowned Man, Daughter

Salvadoran President Nayib Bukele said Wednesday that his government will pay to repatriate the bodies of a man and his young daughter who were found dead after drowning in a failed attempt to cross the Rio Grande from Mexico into the United States, USA Today reported. The release by the Associated Press of a graphic image of their bodies face down in muddy water triggered an outcry on social media over the hardships migrants endure on their trek north from Central America.

Argentina Posts Trade Surplus of \$1.37 Bn in May

Argentina last month posted a trade surplus of \$1.37 billion, a better figure than analysts had been expecting, according to the government's National Institute of Statistics and Census, or INDEC, Reuters reported Wednesday. In May, Argentina's exports amounted to \$6.02 billion, an annual increase of 16.5 percent, while imports reached \$4.64 billion, a decline of 28 percent, year-on-year. In May of last year, the country had a trade deficit of \$1.28 billion.

Bank of Nova Scotia Selling Units in Puerto Rico, Virgin Islands

The Bank of Nova Scotia is selling its operations in Puerto Rico and the U.S. Virgin Islands to Oriental Bank, a subsidiary of San Juan-based OFG Bancorp, the Financial Post reported today. Oriental Bank will pay \$550 million in cash for the Puerto Rico business and a \$10 million deposit premium for the U.S. Virgin Islands branch operation. The deal, which is still subject to regulatory approvals, would make Oriental the second-largest bank in Puerto Rico in terms of "core deposits, branches, automated and interactive teller machines and mortgage servicing," OFG said.

second quarter, leading the SEC to deem them delinquent in the reporting requirements. The banks are required to make regulatory filings to the agency because they issue American depositary receipts. They said they missed the deadline because of the adoption of new International Financial Reporting Standards. The delay resulted from a switch to the new accounting standards during a period of soaring inflation in Argentina. IFRS rules require companies to put in place special procedures for reporting in the currencies of economies that are experiencing hyperinflation. For accounting purposes, Argentina's economy has been considered hyperinflationary since July of last year. All four firms filed the required reports after the deadline had passed, The Wall Street Journal reported. Argentine firms have had to change their practices for accounting and reporting and also train staff to process inflation-related adjustments and also restate comparative figures in their financial reports, according to the newspaper. Under the new standards, Grupo Galicia swung to a loss of 3.83 billion pesos last year (\$89.5 million), as compared to a profit of 7.28 billion pesos for 2017. BBVA's Argentine unit reported a loss of 1.57 billion pesos last year, as compared to a profit of 1.86 billion pesos in 2017. BBVA in a separate disclosure also said Argentine authorities had launched an investigation into alleged violations of regulations designed to prevent money laundering and financing of terrorism. Grupo Supervielle reported a loss of 3.06 billion pesos last year, as compared to a restated loss of 755.3 million pesos in 2017. Under the previous reporting standards, Grupo Supervielle had reported a profit of 2.44 billion pesos in 2017. Banco Macro reported a net loss of 734.1 million pesos in 2018 under the new standards, as compared to a profit of 6.02 billion pesos the previous year. Argentina's annual rate of inflation stood at 57.3 percent in May, according to the government, the Buenos Aires Times reported June 13. In April, inflation slowed for the second consecutive month, coming in at 3.1 percent. The country ended 2018 with an inflation rate of approximately 30 percent, among the world's highest and the second highest in Latin America after Venezuela.

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ernment. But selling that to their followers and trying to keep their coalition unified in the process is their current challenge. Just as hard is getting the United States to be constructive. While there is implicit recognition deep within the Trump administration regarding the need for negotiation, key U.S. diplomats around the globe continue to push an anti-negotiation message."

A **Charles Shapiro, president of the World Affairs Council of Atlanta and former U.S. ambassador to Venezuela:** "Twenty years of Chavista corruption and criminality compounded by incompetence have transformed Venezuela into a failed state whose citizens are fleeing the country in record numbers. For Nicolás Maduro's attorney general to accuse interim President Juan Guaidó's people of misusing funds intended to cover the room and board of Venezuelan military defectors is ironic—and troubling to the extent that there may be some truth to these charges bouncing around the Twitter-sphere. I have no doubt that Guaidó is more than busy rallying his supporters, dealing with the existential threat that Maduro and Chavismo represent to the popularly elected National Assembly, the last vestige of democracy in Venezuela, and listening to the cacophony of domestic and international voices telling him what he should and should not be doing. To add my voice to that cacophony: Guaidó should seize the opportunity to act presidential, to demonstrate that he is not just another politician turning a blind eye to corruption and to draw a bright line between Chavismo and the democratic forces in Venezuela. Among the million Venezuelans in Colombia, there are certainly lawyers, investigators and judges. Use those resources. Investigate what happened to those funds and whether they were misused. If they were misused, collect evidence and build a case. Just like in any democratic nation where the rule of law prevails, if there is sufficient evidence, the perpetrators should be indicted. Rooting

out corruption will not undermine Guaidó. It will make the point that Guaidó will not tolerate corruption as business as usual, that he represents a real change and that Venezuela has hope for a better future."

A **Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest:** "Guaidó's problems run much deeper than this misappropriation scandal, but the scandal is symbolic of the wider vulnerabilities that the interim administration has created for itself. Five months since his auto declaration, the interim president is no closer to assuming power than he was back in January. He may be legitimate in

“Guaidó's problems run much deeper than this misappropriation scandal...”

— Julia Buxton

the eyes of (the oft-repeated) 'more than 50 countries,' but this has not translated into control of the state or national policy, finances and territory. The strategic errors are accumulating, next steps are unclear, popular expectations have been elevated and repeatedly frustrated, and Guaidó's capacity to convoke mass mobilizations is waning. The longer the impasse drags, the more of a challenge it will be for Guaidó to hold his coalition together. To date, he has sought to placate divergent factions, resulting in rhetorical and policy flip-flopping. This creates an impression of incoherence. Guaidó is too reliant on the United States to leverage a domestic political shift and too disengaged from the ramifications of U.S. mechanisms, such as sanctions and asset seizures, to force regime change. While the former are exacting a heavy social toll, the latter elevate the risk of irregularities in Guaidó's interim administration. The lack of

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oversight of funding streams is a problem, including among the parallel ambassadorial appointments Guaidó has made. The latest allegations will no doubt be the first of many given the vulnerabilities inherent in seeking to sustain and formalize an interim administration long after its viability has been exhausted."

A **Gustavo Roosen, president of IESA in Caracas:** "It is cynical that the attorney general of Venezuela has accused two people of misdeeds that have occurred in Colombian territory where his office has no jurisdiction. Public statements by the minister of information and culture, Jorge Rodríguez, about the existence of alleged multi-million dollar thefts by Guaidó's supporters in Colombia, in events that had to do with humanitarian aid from third-party countries to Venezuela, preceded this accusation. The origin of the accusation was journalistic work undertaken by a publication related to the opposition, but in reality, what the publi-

cation wanted was to alert the government of Juan Guaidó about alleged irregularities that could affect him and compel him to react. Guaidó's reaction was instantaneous. He took full responsibility for the humanitarian aid and the management of funds related to it. He immediately asked the veteran ambassador of Venezuela in Colombia to file a formal complaint within the Colombian jurisdiction. Unlike the Maduro administration, President Guaidó is fully aware that the authority can be delegated but that responsibility is non-delegable. His way of handling this accusation could strengthen his image. This is his way of carrying out a hand-to-hand fight to stop Nicolás Maduro's usurpation of the government. The reality is that the cessation of the usurpation has turned out to be lengthier than anticipated, which has affected the country's initial enthusiasm."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at ekuleta@thedialogue.org.

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Advisor Video

A Year of Protests and Uncertain Negotiations: Where is Nicaragua Headed?

An Inter-American Dialogue discussion with
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Felix Maradiaga, Instituto de Estudios Estratégicos y Políticas Públicas (IEPP)
Michael Healy, Unión de Productores y Agricultores de Nicaragua (UPANIC)
Violeta Granera, Frente Amplio para la Democracia

View a webcast of the May 30 discussion.

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