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## FEATURED Q&A

# Are Ecuador & Colombia Working Together Well?



President Lenín Moreno last month suspended Ecuador's role as a host for Colombia's peace talks with the ELN rebels. // File Photo: Ecuadorean Government.

**Q** Ecuadorean President Lenín Moreno announced on April 18 that he was suspending his country's role as mediator between the Colombian government and the National Liberation Army, or ELN, rebel group over the group's continued attacks. The two countries have been cooperating in tracking down members of the Oliver Sinisterra Front, a Colombian armed group that kidnapped and killed several journalists earlier in April. The group is also accused of trafficking drugs in Ecuador. How well are Colombia and Ecuador cooperating on transnational issues? What are the implications of recent kidnappings for security and rule of law in the two countries? How do Moreno's actions compare to those of his predecessor, Rafael Correa, who frequently clashed with Colombian President Juan Manuel Santos?

**A** Adam Isacson, senior associate for the regional security policy program at the Washington Office on Latin America: "Colombia and Ecuador don't have a rich history of border security cooperation. Colombian forces' presence in the sparsely populated border area has been episodic. On the Ecuadorean side, armed groups and traffickers involved in cocaine transshipment have generally been left alone if they refrain from engaging in violence or establishing coca fields or laboratories. That's changing now that the provinces just north and south of the border comprise the busiest cocaine trafficking corridor in South America. The FARC's post-2016 exit has made the situation less predictable and manageable. Violence now erupts daily between an ever-changing patchwork of small, competing

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## TODAY'S NEWS

### POLITICAL

## Police, Protesters Clash in Puerto Rico's Capital

Thousands took to the streets in San Juan to protest pension cuts, school closures and slow hurricane recovery efforts. Violence erupted when youths began throwing rocks.

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### POLITICAL

## Brazil's Lula Slapped With New Graft Charges

Brazil's attorney general brought new corruption charges against former President Luiz Inácio Lula da Silva. Lula has been imprisoned since early April, but has vowed to continue appeals.

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### ECONOMIC

## Argentina Confirms Deal on U.S. Tariff Exemption

Argentine Production Minister Francisco Cabrera confirmed that his country had reached a deal for an exemption from U.S. tariffs on steel and aluminum.

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Cabrera // File Photo: Argentine Government.

## POLITICAL NEWS

## Police, Protesters Clash as Thousands March in Puerto Rico

Police in San Juan clashed Tuesday with protesters, firing pepper spray into a crowd demonstrating during a May Day rally that brought thousands of people into the streets of Puerto Rico's capital, the Associated Press reported. Puerto Ricans came out to demonstrate against pension cuts, school closures

“We prefer to fight against the board rather than die in our homes without money.”

— Andrés Miranda

and slow efforts at recovery following Hurricane Maria, which pounded the U.S. territory last September. Protesters gathered at several points around San Juan and marched down Ponce de León Avenue in the heart of the city's financial district. The protest was peaceful until hundreds of youths, many of whom had their faces covered, began throwing rocks and other objects in a clash with police, who shot tear gas and rubber bullets into the crowd. Several people were arrested, and many protesters and police officers sustained head injuries as clouds of smoke rose in the Hato Rey financial district. “This kind of violence damages the good name of Puerto Rico,” Gov. Ricardo Rosselló said at a news conference late Tuesday, The New York Times reported. Rosselló said that while the protest had begun peacefully, a small group of protesters had tainted the gathering by throwing “projectiles” at police officers. The “vandalism” continued despite efforts by police to fall back and de-escalate the confrontation, the governor added. A similar protest on May Day last year also concluded with violence and resulted in property damage. Ahead of the protests this year, store owners

covered their windows with plywood as well as hurricane shutters and closed their businesses for the day. Protesters were demonstrating against an oversight board established by the Promesa law, which was passed in an effort to bring Puerto Rico out of its \$74 billion debt crisis. The oversight board wants Rosselló to start cutting pension benefits by 10 percent on average for some retirees beginning in 2020, Bloomberg News reported. Rosselló and Puerto Rican lawmakers have rejected the proposals, and workers have vowed to fight for their pension benefits. “We prefer to fight against the board rather than die in our homes without money,” Andrés Miranda, vice president of the Federal Association of Pensioners and Retired People, said during Tuesday's protests. “If Rosselló gives up on defending us, we will not. We will fight for what belongs to us.” [Editor's note: See related [Q&A](#) in the Jan. 16 issue of the Advisor.]

## Brazil's Lula Slapped With New Corruption Charges

Brazil's attorney general brought new graft charges against imprisoned former President Luiz Inácio Lula da Silva and two others on Monday, *Correio da Manhã* reported. Federal prosecutors allege that Brazilian construction firm Odebrecht gave several officials from the Workers' Party, which Lula founded, access to a fund worth \$40 million in exchange for government contracts, Reuters reported. Along with Lula, those charged include Senator Gleisi Hoffmann, who now leads the embattled Workers' Party, and Marcelo Odebrecht, the former president of the construction firm. Marcelo Odebrecht and his father, Emilio Odebrecht, have confessed to paying approximately \$90 million in bribes to the Workers' Party, the newspaper reported. Odebrecht is also accused of funding Hoffman's 2014 Senate campaign. Neither Lula nor his lawyers commented on the new allegations, though the Workers' Party said in a statement that the accusations were baseless. In addition to the charges for active corruption against Lula, Hoffman and Odebrecht, Attorney

## NEWS BRIEFS

## Argentina Confirms Tariff Exemption From U.S.

Argentina and the United States have agreed to a permanent exemption from U.S. tariffs on Argentine exports of steel and aluminum, the South American country's production minister announced Tuesday, Reuters reported. The White House had announced Monday that U.S. President Donald Trump was postponing for one month a plan to impose steel and aluminum tariffs on Mexico, Canada and the European Union and had reached deals for exemptions for Argentina, Brazil and Australia. Argentine Production Minister Francisco Cabrera confirmed his country's exemption on Tuesday afternoon.

## Guatemalan Embassy Moves to Jerusalem

Guatemala moved its Israeli embassy to Jerusalem from Tel Aviv on Monday, drawing praise from Israeli leaders, *Haaretz* reported. “I was moved to see the flag of Guatemala waving in Jerusalem in advance of the opening of the Guatemalan embassy,” Israeli Prime Minister Benjamin Netanyahu wrote on Twitter on Tuesday. The new embassy is slated to officially open on May 16 in the disputed Israeli capital.

## Brazilian Judge Orders Norsk Hydro to Cut Output at Refinery

A federal judge in Brazil on Tuesday ruled that Norwegian aluminum refiner Norsk Hydro must slash output at the Alunorte refinery due to waste dumping, upholding an earlier ruling in Pará state courts, Reuters reported. Norsk Hydro, which has confessed to what it called “unacceptable” dumping of untreated waste and rain water, disputed some of the allegations and said there was no evidence of long-term environmental damage. According to the ruling, Norsk Hydro must cut its output by 50 percent at the Alunorte refinery.

General Raquel Dodge charged former Finance Minister Antônio Palocci, former presidential Chief of Staff Leones Dall'Agnol and former Planning Minister Paulo Bernardo and his wife, all on charges of passive corruption. The prosecutors seek prison sentences and fines of approximately \$12 million for each of the accused. The charges, which were brought in connection with the wide-ranging Car Wash corruption investigation, are just the latest for Lula, who on April 7 began serving a 12-year prison sentence for similar graft-related crimes. Lula has repeatedly denied wrongdoing and has vowed to continue appeals. Marcelo Odebrecht is also serving a 10-year sentence under house arrest for his role in kickback schemes in Brazil.

## ECONOMIC NEWS

## Cayman Islands, Bermuda Blast New Transparency Law

The Cayman Islands and Bermuda, British overseas territories, have lashed out at a new measure approved in the United Kingdom's parliament on Tuesday under which the Caribbean territories will be compelled to reveal the ownership of companies based there, the Financial Times reported. The new rules, which would



McLaughlin // File Photo: Gov't of the Cayman Islands.

take effect by the year 2020, are aimed at tackling money laundering and corruption. Alden McLaughlin, the premier of the Cayman Islands, said his territory was keeping all options on the table, including a legal challenge, saying the decision was "reminiscent of the worst

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groups: some of them former FARC fighters, all of them with connections to Mexican cartels. Collaboration between Colombia's hardened security forces and their less-experienced Ecuadorean counterparts is now closer, but uncertain. Still, the Oliver Sinisterra dissident group is unlikely to be around for long due to the high profile it has gained through its attacks on Ecuadorean security forces and civilians since October, especially the tragedy of the El Comercio journalists. Should Guacho's group fall, though, others will replace it quickly. The traffic is too lucrative and the area is too ungoverned. The medium-term prognosis is either worsening violence, or a return to the situation that reigned during, and before, the Correa government, when armed groups and narcotraffickers in the border zone behaved by a set of unwritten rules."

**A** R. Evan Ellis, Latin America research professor at the U.S. Army War College Strategic Studies Institute: "President Moreno's suspension of Ecuador's role mediating the ELN-Colombian government peace talks reflects his government's prioritization of security cooperation with Colombia along their shared border, over the ambiguous benefits (and costs to Ecuador's image) from representing the country as a 'neutral party' between its neighbor's government and the remaining politically oriented group conducting terrorist attacks against it. Although much of the recent violence on the Ecuadorean side of the border (including the murder of three journalists, 45 police casualties and four Ecuadoran soldiers killed in an ambush) was attributed to a dissident

injustices of a bygone era of colonial despotism," the Guardian reported. David Burt, the premier of Bermuda, said the new rules would violate 50 years of "constitutionally sanctioned self-government." The United Kingdom has 14 overseas territories, many of which have come under regulatory scrutiny for secretive financial

faction of the FARC (led by Walter Artízala, aka. 'Guacho'), it was increasingly difficult for the Ecuadorean government to represent itself as a trusted host of the ELN in Quito, while engaging in security cooperation with the Santos government in Colombia. Indeed, that cooperation is relatively close in the military domain, including information sharing and some operational level coordination

“ President Moreno's move also highlights how his centrist leftism is guided more by principle than protecting an ideologically defined group of friends.”

— R. Evan Ellis

(although much weaker with respect to law enforcement cooperation). It is also likely that Moreno had evidence of ELN activities on the Ecuadorean side of the border, even though none of the high-profile incidents were attributed to them. President Moreno's move also highlights how his centrist leftism is guided more by principle than protecting an ideologically defined group of friends. Indeed, he has expressed willingness to investigate his predecessor for accepting money from the FARC, the current accusations coming on top of evidence found in 2008 on the computer of FARC leader Raúl Reyes. He has criticized the violation of democratic norms in Venezuela. He has imposed presi-

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systems that have been used as tax havens. Two years ago, Mossack Fonseca, a Panama-based law firm, suffered a data breach that shed light on how the world's wealthy exploit financial secrecy laws to hide assets. [Editor's note: See related Q&A in the April 4 edition of the biweekly Financial Services Advisor.]

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dential term limits, and has excluded those convicted of corruption from politics through the February 2018 referendum.”

**A** **Maria Velez de Berliner, president of Latin Intelligence Corp.:** “Colombia’s ‘residual groups’ are nothing more than proxy groups of the FARC’s demobilized Central Command, including the Oliver Sinisterra Front. These groups and the ELN have operated in the Ecuador/Colombia/Peru border area for years, under the assistance and protection of police and armed forces tasked with eliminating them. Economic gain, local influence, corruption and collusion trump any collaborative agreement Ecuador and Colombia have to eliminate transnational organized crime on the border, and any rule of law that might exist in both countries. Lenín Moreno is exercising a stronger hand than Rafael Correa’s by terminating Ecuador’s role in the negotiations with the ELN. Colombia gave the FARC the negotiating ceiling that has become the floor from which the ELN negotiates. Colombia has nothing more to give. Colombians are witnessing and suffering from the disintegration of the agreement between the FARC and the Colombian government into growing insecurity, violence, coca cultivation and cocaine production, and public acknowledgement that a leader

of the demobilized FARC Central Command (Jesús Santrich) and his associates have long been the Sinaloa Cartel’s men in Colombia. Ecuador will be the loser, despite Moreno’s courageous stand. Ecuador lacks the resilience Colombia has demonstrated in its decades-long, unsuccessful fight against

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**“Colombia has nothing more to give.”**  
— Maria Velez de Berliner

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the FARC, ELN and sundry criminal organizations. More ominous, impunity and the corruption of the judicial system makes the rule of law ineffectual in both countries. The murder of journalists will either go unpunished or, with plenty of luck on Ecuador’s side, will get pro-forma justice, for a short time, should ‘El Guacho’ (head of Sinisterra) be ‘sold’ to Ecuador for the 20 million Colombian pesos promised by Colombia.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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# Advisor Video

## A Conversation with Felipe Larraín Bascuñán

An Inter-American Dialogue Discussion with Chile’s Finance Minister

View a webcast of the April 20 discussion.

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