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FEATURED Q&A

Did the U.S. Vice President Win Support on His Trip?



U.S. Vice President Mike Pence's trip last month to Latin America included a stop in Ecuador, where he met with President Lenín Moreno. // Photo: Ecuadorean Government.

Q U.S. Vice President Mike Pence visited Brazil, Ecuador and Guatemala at the end of June, his third trip to Latin America since taking office a year and a half ago. What did the vice president accomplish? Are U.S. relations with Brazil and Ecuador improved as a result of his visit? Did Pence's meeting with Central American leaders win over more support and sympathy for the Trump administration's hardline stance on immigration at the U.S. border with Mexico? Has Pence's visit given a boost to regional pressure against the government of Venezuelan President Nicolás Maduro, the object of frequent criticism from Pence on the trip?

A Daniel Erikson, managing director at Blue Star Strategies: "Vice President Pence's continued interest in Latin America is a net positive for the United States, but his recent swing through Latin America was by far the most enigmatic of his three regional trips since taking office. His first visit, last August, to Colombia, Argentina, Chile and Panama, fit firmly in the tradition of goodwill visits to steadfast U.S. allies in the region. His second visit, to Peru in April for the Summit of the Americas, was to fill in for President Trump, who decided to skip the summit at the last minute. While Vice President Pence's most recent mission was framed as an effort to rally regional support against President Maduro in Venezuela, the outcomes seemed a good deal hazier. Given that Brazil is heading into elections this year to replace the struggling Temer government, any impact on Brazil's stance will be by definition short-lived. In Ecuador, Vice President Pence became the

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TODAY'S NEWS

POLITICAL

Ecuadorean Judge Orders Arrest of Correa

A judge issued an arrest warrant for former President Rafael Correa in connection with his alleged involvement in the kidnapping of a political rival in 2012.

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BUSINESS

GE's Latin America CEO Arrested in Brazil

General Electric's CEO for Latin America, Daurio Speranzini Jr., was arrested in connection with an investigation into an alleged health care cartel. GE said it is not the target of the investigation, and the company's offices were not among those raided.

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POLITICAL

Brazil's Batista Sentenced to 30 Years in Prison

Brazilian businessman Eike Batista, a former billionaire, was sentenced to 30 years in prison in connection to the massive "Lava Jato," or "Car Wash" corruption scandal.

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Batista // File Photo: Workers' Party.

POLITICAL NEWS

Ecuadorean Judge Orders Arrest of Ex-President Correa

An Ecuadorean judge has ordered the arrest of former President Rafael Correa in connection with his alleged involvement in the brief kidnapping of a political rival in 2012, *El Comercio* reported Wednesday. The case involves Fernando Balda, a former legislator who fled to Bogotá in an effort to avoid charges in Ecuador of involvement in a failed coup against Correa, UPI reported. Balda has said that five men attempted to abduct him, but added that Colombian police foiled the plot. Balda was sentenced to a year in prison in connection with the attempted coup charges. Judge Daniela Camacho of the National Justice Court of Ecuador issued the order to arrest Correa and alerted Interpol of the request for the former president's extradition. Correa and his wife now live in Belgium. Correa, who was Ecuador's president from 2007 to 2017, denied the allegations involving Balda's kidnapping

and said prosecutors had no evidence against him. "How much success will this farce have at the international level?" said Correa. "Don't worry, everything is a matter of time. We will overcome!" Correa added that the arrest warrant against him is part of a conspiracy against him, saying current President Lenín Moreno is behind it. "There is a whole plot," Correa told *Agence France-Presse* in an interview in Brussels. Correa said he doubts whether Interpol would accept the arrest warrant.

Brazil's Batista Gets 30 Years in Prison in Graft Scandal

Eike Batista, a Brazilian oil and mining mogul and former billionaire, has been sentenced to 30 years in prison for money laundering and corruption charges related to the "Lava Jato," or "Car Wash," scandal, *Folha de S.Paulo* reported. Federal Judge Marcelo Bretas found Batista, whom *Forbes* magazine ranked as the seventh wealthiest man in the world in 2012 with a fortune of \$30 billion, guilty of paying \$16.5 million in bribes to former Rio de Janeiro

NEWS BRIEFS

Number of People Missing After Guatemalan Volcano Eruption Rises to 332

Guatemala's disaster agency, Conred, said on Wednesday that the number of people missing as a result of the Volcán de Fuego eruption in early June reached 332, the Associated Press reported. The new figure, up from 197 estimated previously, came after Conred reviewed nearly 200,000 records of people living in shelters. The eruption killed at least 113 people as hot lava flowed into surrounding villages.

Brazilian Judge Orders Monsanto to Deposit Royalties Into Escrow

A Brazilian judge has ordered U.S. biotech corporation Monsanto to deposit royalties from a GMO soy seed technology into an escrow account, Reuters reported Wednesday. The decision comes as part of a larger case over a patent issue between Monsanto and local soy growers in Mato Grosso. Monsanto will have to deposit royalties, which soy growers estimate amount to \$204 million, into the account until a federal court issues a final ruling, the wire service reported.

Chile Needs Rebound in Copper Prices to Sustain Agenda: Mining Minister

The success of Chile's public policy relies on a rebound in copper prices for financing, Chilean Mining Minister Baldo Prokurica said Wednesday in a statement. The red metal's price has been fluctuating as tensions over a trade war between the United States and China have escalated, falling to \$2.93 per pound. For President Sebastián Piñera's proposed agenda to be viable, including his comprehensive pension reform, it is "essential" that copper prices be maintained at \$3 per pound, Prokurica added.

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most senior U.S. official to visit the country since Secretary of State Hillary Clinton in June 2010, and for much the same reason, in order to edge this marginal regional player into a slightly more constructive stance regarding Venezuela and a better bilateral relationship with the United States. It did not work then; time will tell if Pence has better luck. In Guatemala, the vice president focused on the Central American migration crisis affecting the U.S. border, warning regional leaders that 'this exodus must end.' But for Pence's trip to have lasting results, upon returning to Washington, he should focus on restoring the intense diplomacy towards the Northern Triangle of Central America, backed by many Republicans in Congress, to address the root causes of migration that continue to drive people north to the United States."

A **Gilberto M. A. Rodrigues, professor of international relations at the Federal University of ABC in Brazil and member of Coordinadora Regional de Investigaciones Económicas y Sociales in Buenos Aires:**

"U.S. Vice President Mike Pence's visit to Brazil is part of a U.S. counterpoint strategy against one particularly major actor in the region. China was the main target of this visit, and all other issues in the agenda were secondary. The United States is now maneuvering to limit China's influence in South America. Besides, Michel Temer's government is too weak to present any demands to the United States. Temer did not even address any criticism regarding the Brazilian children separated from their parents at the U.S. southern border. Precisely because of that, the U.S. vice president went to Brazil

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governor Sérgio Cabral in return for securing public contracts, The New York Times reported. The order was signed Monday and made public on Tuesday. Cabral was also convicted to 22 years in prison, bringing his total sentence to over 120 years, all on corruption-related charges. Batista is one of Brazil's most well-known businessmen internationally, a fact that was detailed in Bretas' sentence. "[He is] a businessman who was known outside, and exactly because of it, his criminal practices had the potential to contaminate the business environment and reputation of Brazilian businessmen," the judge wrote, The New York Times reported. Batista is the highest-profile businessman sentenced in the Lava Jato scandal, which has also led to the imprisonment of political figures such as former President Luiz Inácio Lula da Silva and former speaker of the lower house of Congress Eduardo Cunha.

BUSINESS NEWS

General Electric's Latin America CEO Arrested in Brazil

General Electric's chief executive officer for Latin America was arrested Wednesday in Brazil in connection with an investigation into an alleged health care cartel that was in operation for more than 20 years, Bloomberg News reported. Boston-based GE confirmed the arrest of Daurio Speranzini Jr. and added that the company is not the target of the probe. "The company believes that the facts will be clarified by the Justice and is available to collaborate with the authorities," the company said in a statement. Speranzini formerly headed Philips Medical Systems in Brazil, Agence France-Presse reported. Authorities executed search warrants at 44 sites, including the Brazilian headquarters of Philips and Johnson & Johnson, but not GE, Rio de Janeiro's prosecutor's office said. Philips said it was cooperating with authorities, and Johnson & Johnson Medical Devices said it "rigorously follows the laws of the country and is collaborating with the investigation," AFP reported.

THE DIALOGUE CONTINUES

Is Venezuela's Entire Oil Sector About to Collapse?

Q **Venezuela's crude production is at its lowest annual average in more than 30 years, as tightened U.S. sanctions continue to squeeze President Nicolás Maduro's budget. State-run oil company PDVSA has reported its oil exports dropped 32 percent in the first half of June, as compared to May, as it struggles to afford equipment, retain employees and contain theft of its infrastructure as the country's hyperinflation continues. Is PDVSA close to collapse? What would its collapse mean for the South American country and foreign oil companies operating there? What will it take to turn the company around, and are the new PDVSA board members and leadership named by Maduro in recent weeks up to the task?**

A **Carlos A. Rossi, president and owner of EnergyNomics:** "PDVSA's unprecedented oil production and export collapse—along with Venezuela's entire economy—is the only result that could possibly have emerged from the government's ill-conceived policies and its inept, hopelessly corrupt implementation of appointed cronies with only graft as their goal. The current level of production at less than 1.4 million barrels per day (bpd) is the lowest level since the late 1940s and represents a 58 percent reduction from 2006 when the Mixed Enterprise Model was forcefully imposed on multinational corporations that had invested more than \$25 billion since the 1990s in Venezuela's oil sector. This free fall has since accelerated; PDVSA has dropped its oil production 1.3 million bpd since Maduro was elected in 2013, and its exports have fallen 32 percent during the first half of June, compared to May. If trends continue, as they must, given the Chavismo underpinning, Venezuela stands to lose around \$32 billion this year. It doesn't have

the means to attract new investment or new debt (given the U.S. sanctions and the lack of international confidence), plus there's widespread personnel desertions, damaged equipment and lack of maintenance. Two harbingers portended this catastrophe: 1.) the Mixed Enterprise Model that granted all management decisions—including in

“ If trends continue ... Venezuela stands to lose around \$32 billion this year.”

— Carlos A. Rossi

investment, operating, procurement, finance and employment—to the state, and 2.) the equally disastrous management of the economy, where expropriations of private property, confiscation of agricultural lands, non-firing laws and recurring wage increases became the norm. This, in due time, forced a myriad of companies to close, reducing Venezuela's industrial apparatus by 30 percent, according to the trade chamber. This has accelerated to 50 closures per day, or 18,000 in 2018. The destruction of supply means that the government increasingly relies on imports to satisfy demand, but since these imports require hard currency and oil accounts, PDVSA has had to fork over all of its revenues to cover the costs, leaving nearly nothing in its coffers to invest or to pay its debts; which it has missed, causing holders of both sovereign and PDVSA bonds to fret for default possibilities."

EDITOR'S NOTE: The comment above is a continuation of the [Q&A](#) published in the June 29 issue of the Advisor.

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with a foreign policy basket full of U.S. strategic interests, such as the agreement to use the Alcântara aerospace base in the northeast state of Maranhão. Moreover, a visit made during the World Cup in Russia, when Brazilians pay little attention to other issues other than the national team's games, raises suspicions about whether both diplomatic sides were concerned about exposing the visit to a broad public opinion. In this sense, Vice President Pence's visit scored in favor of the United States and against Brazilian interests. In fact, Temer's government plays soccer without a goalkeeper when the adversary is the United States."

A **Riordan Roett, professor and director emeritus of the Latin American Studies program at the Johns Hopkins University's**

School of Advanced International Studies:

"The Trump White House lives in a world of 'make believe'—a world of make believe where all is well in U.S.-Latin American relations, even though there is a trade war underway; the NAFTA talks are going nowhere, apparently; thousands of Central American children have gone missing or are in danger of not being reunited with their parents; and Mexico is sending drug dealers, rapists and gang members to the United States. So make believe all is well and send

Mike Pence to ask for favors from governments in the region. As usual, a high priority was Venezuela. There is no question that the country is or will be a failed state. Conditions are deplorable. But the strong tradition of noninterference and respect for sovereignty will preclude any overt action against

“The Trump White House lives in a world of ‘make believe’...”

— Riordan Roett

the Maduro regime by Latin American governments. Did Pence offer the Central American presidents a 'Marshall Plan' for the region in order to create conditions that will allow the region's citizens to remain at home? Of course not. Make believe all is well but pressure the beleaguered presidents to 'do something.' There has to be a high level of skepticism and disbelief on the part of regional leaders that the White House is interested in anything positive for the region to improve relations. But as with so many things, Trump and his cronies can make believe and carry on as usual."

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Advisor Video

Duque's Peace? Colombia's New President and the Future of the Peace Process

An Inter-American Dialogue Discussion with Ana Caridad, The Carter Center
Adam Isacson, Washington Office on Latin America
Katie Taylor, Pan-American Development Foundation

View a webcast of the June 28 discussion.

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