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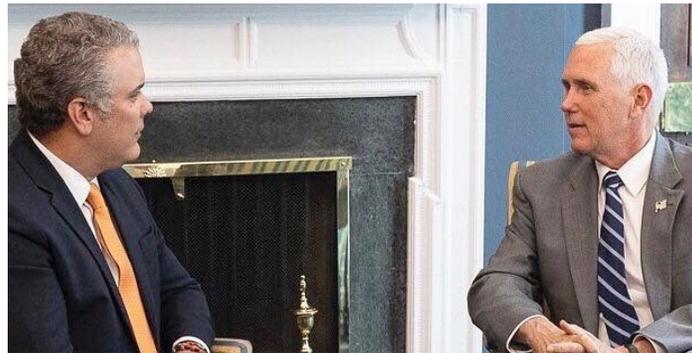
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## FEATURED Q&A

# Will U.S.-Colombia Relations Thrive Under Duque?



Colombian President-elect Iván Duque met earlier this month with U.S. Vice President Mike Pence during a visit to Washington. // Photo: Office of U.S. Vice President Mike Pence.

**Q** Colombian President-elect Iván Duque met with U.S. Vice President Mike Pence in Washington on July 6 to discuss Colombia's peace process, as well as economic engagement and illegal immigration. Duque and Pence also committed to continue battling drug production and trafficking, and they exchanged concerns over the "collapse of democracy" in Venezuela, the White House said in a statement. Duque and U.S. President Donald Trump spoke by phone about Colombia's security challenges after Duque's June 17 victory. What will U.S.-Colombia relations look like under Duque? What is the future of U.S. cooperation and aid for Colombia? How will the two countries approach the political and economic situation in Venezuela? How will joint security and counter-narcotics efforts evolve under the Trump and Duque administrations?

**A** Carolina Barco, former Colombian ambassador to the United States and former minister of foreign affairs in Colombia: "When considering the relationship between Colombia and the United States during the Duque presidency, one must start by recognizing the very constructive, bipartisan friendship between our countries. Colombia's strong leadership and the bipartisan commitment of the United States during Plan Colombia starting in 2001 and more recently during Peace Colombia have been instrumental in helping to reach the peace agreement. That agreement ended 50 years of guerrilla warfare and has brought less violence, more opportunities for growth and greater prosperity. However, peace building also encompasses huge challenges.

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## TODAY'S NEWS

### BUSINESS

## Volkswagen's Brazil Unit to Furlough Workers

The automaker plans to furlough 1,000 workers at its largest factory in Brazil, the São Bernardo do Campo plant, amid slumping demand, including declining exports to Argentina.

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### ECONOMIC

## Mexico Delays Oil, Gas Auctions Until February

Auctions scheduled for later this year will now be held in February. The country's National Hydrocarbons Commission said it is hoping to attract more bidders.

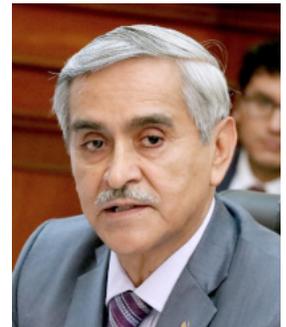
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### POLITICAL

## Head of Peru's Judicial Branch Resigns Amid Scandal

The head of Peru's judicial branch, Duherli Rodríguez, resigned Thursday amid a scandal in which judges were secretly recorded discussing deals involving their cases.

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Rodríguez // File Photo: Peruvian Government.

## POLITICAL NEWS

## Head of Peru's Judicial Branch Quits Amid Scandal

The head of Peru's judicial branch, Dußerlí Rodríguez, resigned Thursday amid a scandal in which several judges were caught on secretly made recordings, making deals on a range of issues, including criminal sentences and promotions. In a resignation letter that the judicial branch posted via Twitter, Rodríguez said he was stepping down "due to the institutional crisis." The judicial misconduct crisis broke two weeks ago when the investigative news website IDL-Reporteros and the "Panorama" television news program released a series of phone recordings that shows several judges, local authorities and businessmen describing behind-the-scenes deals, the Associated Press reported. In one recording, Judge César Hinostroza is heard talking about the suspect in the rape of an 11-year old girl. He is heard saying, "What do you all want? For the sentence to be reduced or be declared innocent?" The result of that case was unclear, but Hinostroza has previously acquitted three other suspects who had been accused of raping minors, the AP reported. Hinostroza has now been suspended,

but he was seated on the country's Supreme Court despite accusations that he had plagiarized his thesis and a book. Some of the released recordings also showed how members of powerful judicial commissions helped prosecutors and judges win promotions over other candidates who were better qualified.

**One judge, César Hinostroza, was secretly recorded discussing a case involving the rape of an 11-year-old girl.**

The scandal angered residents in Peru where the most recent former president, Pedro Pablo Kuczynski, resigned after being accused in the multi-country Odebrecht bribery scandal. Two other recent former presidents, Ollanta Humala and Alejandro Toledo, have also been implicated in the scandal. More than 5,000 protesters marched through the streets of Lima on Thursday night, chanting "Judicial power, national shame!" the AP reported. Eighty percent of Peruvians disapprove of the country's justice system, according to recent polls. [Editor's note: See [Q&A](#) on Peru in Thursday's issue of the Advisor.]

## NEWS BRIEFS

## Walmart Buys Costa Rica's Gessa Group Supermarkets

Walmart's Mexico and Central America unit has agreed to buy the Gessa Corporate Group supermarkets in Costa Rica, which include Perimercados, Super Compro and Saretto, the Costa Rica Star reported Thursday. The retailer presented a request for the purchase to Costa Rica's Ministry of Economy, Industry and Commerce and the Commission for the Promotion of Competition. Financial terms of the deal were not disclosed.

## Talks Break Down at Lumina Copper Chile Mine, Strike Planned

Contract negotiations over the length of work shifts between miner Lumina Copper and a labor union representing workers at its Caserones copper mine in Chile have failed, union secretary José Zambra said Thursday, Reuters reported. The union will reject the company's final proposal, which is to be submitted by July 24, and said a potential agreement would be possible only through government mediation. Zambra also said the union would legally strike if the two parties did not reach a deal through mediation.

## Venezuela Exports Gold to Turkey Amid Concerns About Sanctions

Venezuela has exported \$779 million of gold to Turkey so far this year, according to Turkish government statistics, Reuters reported Thursday. The South American country exported no gold to Turkey last year. Venezuelan Mining Minister Victor Cano said Wednesday that it was sending gold to Turkey rather than Switzerland due to concerns about economic sanctions, adding that the gold would eventually return to Venezuela and be part of the central bank's asset portfolio.

## FEATURED Q&amp;A / Continued from page 1

Addressing the major issues of the post conflict means addressing the wounds and establishing state presence in large parts of the country where the government had been absent throughout Colombia's history. The challenge of providing security, education and health services, as well as economic opportunities, while building trust and addressing the necessary issues of justice and reconciliation, is immense. The Duque government's clear priorities and leadership will be more successful with strategic support from the United States. We have been successful in addressing the challenges before and should continue this work together.

Without a doubt, the Duque government will address the issue of reducing drug production. This illegal activity is a curse on Colombia and is the seed of violence and other illegal activities that undermine democracy and security. However, drug production and consumption are also a challenge for the United States and the hemisphere. We must address consumption and production policies and programs together. We must also expand trade and accelerate economic growth so that we can create more jobs. These are all areas of a continued bipartisan relationship between two allies who are also good friends."

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## ECONOMIC NEWS

## Mexico Delays Oil and Gas Auctions Until February

Mexico's National Hydrocarbons Commission, or CNH, announced Wednesday that oil auctions originally scheduled for later this year will be delayed until Feb. 14. CNH, which runs the auctions and regulates the contracts, said the postponement aims to attract more bidders and came at their request for more time to analyze information and obtain appropriate licens-



López Obrador // File Photo: López Obrador Campaign.

es. The delay will also allow President-elect Andrés Manuel López Obrador to take office on Dec. 1 before the auctions occur. "Let's remember we're about to enter into a process of the new administration reviewing the contracts, which is a process that will take some time, a few weeks, a few months," said CNH President Juan Carlos Zepeda, Reuters reported. During his campaign, López Obrador said he would review all existing oil contracts issued to private and foreign companies under Mexico's 2013 energy reform for any irregularities.

## BUSINESS NEWS

## Volkswagen's Brazil Unit to Furlough 1,000 Workers

Volkswagen Brazil will furlough some 1,000 workers at its São Bernardo do Campo plant just outside São Paulo, its largest factory in

## COMINGS &amp; GOINGS

### Colombia's Duque Taps Botero as Defense Minister

Colombian President-elect Iván Duque on Tuesday named entrepreneur and lawyer Guillermo Botero as the country's new defense minister, El Tiempo reported. Botero currently serves as president of Colombia's Federación Nacional de Comerciantes. He has been an avid critic of the 2016 peace agreement with the FARC, Agence France-Presse reported. In his announcement, Duque said Botero had "great management experience," but the new minister has no previous experience in security. He will assume the position on Aug. 7.

### Nomura Holdings Senior Economist Leaves Company

Benito Berber, the senior Latin American economist at Japanese financial holding company Nomura, left the firm in early July after eight years working there, Bloomberg News reported. The reasons for his departure and where he will go next were not announced. Berber handled economic issues in Mexico and supervised work related to the economies of Colombia and Brazil. He previously worked at HSBC Holdings and the Royal Bank of Scotland.

### Diaz Reus Adds Staff to Tax Department in Miami

International law firm Diaz Reus & Targ brought two attorneys to its international tax department at its office headquarters in Miami, the firm said July 16. Julio Barbosa has practiced law for 40 years, mostly helping foreign clients do business in the United States. Bruna Barbosa has experience advising individuals and businesses on international tax issues.

### Demarest Announces New M&A Partner

Law firm Demarest Advogados, based in Rio de Janeiro, hired Guilherme Vieira da Silva as its newest partner for mergers and acquisitions, the firm said July 18. Vieira has ample experience in M&A operations and has advised international clients in areas such as equity and asset acquisitions, disinvestments, joint ventures and corporate restructuring.

Brazil, amid declining demand, O Estado de S.Paulo reported Wednesday, citing the local metalworkers' union. The plant employs a total of about 8,000 workers. Volkswagen has faced lower-than-expected sales growth in the domestic market this year, in part because a truckers' strike in late May paralyzed the economy and affected demand. Moreover, exports to Argentina, where 70 percent of all Brazilian auto exports go, have slumped as inflation and a currency crisis hit the Argentine economy earlier this year. "Before, we calculated total market sales would be somewhere between

2.5 million and 2.55 million [cars]. Now, we expect it to be between 2.45 million and 2.5 million," Volkswagen President Pablo Di Si said in a recent interview, the Brazilian newspaper reported. However, a Volkswagen spokeswoman told Reuters Wednesday that sales had increased from January to June by 33 percent, compared to the same period last year, adding that the auto company expected overall car production in Brazil to increase 12 percent this year. She declined to discuss the furlough, which the labor union says will start on Aug. 21 and last one month, Reuters reported.

## FEATURED Q&amp;A / Continued from page 2

**A** **Maria Velez de Berliner, managing director of RTG-Red Team Group, Inc.:** “President-elect Duque represents an excellent opportunity for collaboration between Colombia and the United States. Duque knows, from having worked in the United States for more than a decade, under which conditions, how, for and by whom U.S. policy toward Latin America is made. Without collaboration with the United States, Duque can hardly

“**President-elect Duque represents an excellent opportunity for collaboration between Colombia and the United States.”**

— **Maria Velez de Berliner**

tame, least of all solve, the problems of insecurity, economic contraction, countryside deterioration, illicit crops of coca/cocaine, guerrillas, FARC dissidents and criminal groups that beset Colombia today. Duque will need assistance from the United States that meets the needs of Colombia, not what Washington thinks Colombia needs, or what Washington wants Colombia to do in exchange for assistance. Using Colombia, as Venezuela has alleged, to ‘help’ oust President Maduro will immerse Colombia into conflict with the close to one million Bolivarian militias and ‘colectivos’ (Maduro’s paramilitary gangs) who will defend President Maduro to the bitter end, as well as with Venezuela’s armed forces. Improbable as it seems today, the last thing Washington needs in Latin America is to have Colombia and Venezuela at war with each other. Therefore, Washington should understand that if its assistance to Duque comes at the cost of being detrimental to Colombia, then the eight million votes that were cast for leftist

Gustavo Petro, Duque’s opponent, in the May presidential election, will have opened the door to the election of a hard-left candidate to the presidency in 2022.”

**A** **Cynthia J. Arnson, director of the Latin America program at the Wilson Center:** “President-elect Iván Duque’s ability to strengthen the already-deep U.S.-Colombian relationship will depend on his success at navigating diverse constituencies in Washington. The surge in coca production in Colombia to record levels and the increase in cocaine consumption in the United States are the principal concerns of the Trump administration and of bipartisan majorities in the U.S. Congress. The ‘re-narcotization’ of the bilateral relationship is a direct consequence of facts on the ground, and Duque’s commitment to a vigorous strategy of mandatory coca eradication and crop substitution in rural areas will be well received across official Washington. That said, illegal narcotics are not the only issue on the agenda. A record 311 human rights activists and social leaders were killed between January 2016 and June 2018, according to Colombia’s ‘Defensoría del Pueblo.’ This surge in murders ignites passions across the political spectrum, but particularly among congressional Democrats and U.S. civic organizations that have strong relationships with the Congress. Duque’s ability to protect vulnerable populations in the rural areas where these killings are taking place will have an impact on future levels of U.S. assistance, especially if Democrats win control of the House of Representatives in November. In his July visit to Washington, Duque reportedly held productive meetings with Vice President Pence, Secretary of State Pompeo, and CIA director Gina Haspel, among others. These relationships should help to cushion the U.S.-Colombian relationship from President Trump himself, whose penchant for attacking and humiliating America’s allies seems to know no bounds.”

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2018

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**Latin America Advisor** is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

[www.thedialogue.org](http://www.thedialogue.org)

ISSN 2163-7962

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