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FEATURED Q&A

What's Behind the Controversy Over Guatemala's CICIG?



Guatemalan President Jimmy Morales appointed María Consuelo Porras (R) to serve as attorney general in May. She has been criticized for acting slowly to advance certain corruption cases, according to an InsightCrime report. // File Photo: Guatemalan government.

Q The administration of U.S. President Donald Trump is reportedly discussing potential changes it may seek to the U.N.-backed International Commission against Impunity in Guatemala, or CICIG, to which the United States is the largest individual donor, McClatchy reported. The changes could include more narrow definitions of corruption, and the appointment of a deputy commissioner whom Guatemala would help select. Supporters of CICIG have expressed alarm that the Trump administration may be seeking to weaken the commission, which has targeted Guatemalan President Jimmy Morales for investigation. Would the proposed changes undercut CICIG's mission? What sorts of reforms would most help CICIG become more effective? Is the commission falling short at remaining "free from the corruption that it has been charged with prosecuting," a question U.S. Senator Marco Rubio raised in a May letter to Morales?

A James M. Meyer, partner at Harper Meyer in Miami: "From its inception, the primary concern in Guatemala about the U.N.-based International Commission against Impunity in Guatemala (CICIG) was that it could become politicized. Those fears were somewhat laid to rest during CICIG's early years, as it effectively went about its business of ferreting out major networks of crime and corruption at the highest levels of government and society. Guatemala was a better place for it and there was not much to debate. Unfortunately, however, in more recent years, as CICIG has opted to cast a much wider net, including wide-ranging investigations of the private sector with respect to relatively minor matters, impacting almost every

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TODAY'S NEWS

POLITICAL

Nicaraguan Leader Open to Int'l Groups in Talks

President Daniel Ortega said in an interview over the weekend that he wants to "strengthen" the country's mediation talks by adding international organizations.

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POLITICAL

Legislator Flees Venezuela, Cites Gov't Threats

José Manuel Olivares has fled to Colombia, claiming that in recent weeks secret police agents said his family would be targeted unless he got out of politics.

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ECONOMIC

Mexico to Invest More in State-Run Energy Firms

Mexican President-elect Andrés Manuel López Obrador said Friday his government will earmark more than \$9 billion for state-run energy companies next year and start work on a new oil refinery in southern Mexico in order to slash reliance on fuel imports from the United States.

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López Obrador // File Photo: Salvadoran government.

POLITICAL NEWS

Opposition Legislator Flees Venezuela, Cites Threats

A Venezuelan opposition legislator, José Manuel Olivares, has fled the country, accusing the government of threatening him and his family, BBC News reported Sunday. Olivares claims that in recent weeks secret police agents approached him, his wife and his brother saying they would be targeted unless he stepped away from politics, according to the report. President Nicolás Maduro, re-elected in May to a new six-year term in a disputed vote, has been using the secret police, Sebin, to intimidate opponents, critics say. "We were not prepared for this neither politically, financially nor emotionally," Olivares, a doctor by profession, wrote in an open letter from Colombia. "They were now even harassing my wife, who gave birth only a few months ago," he added. Local media reported that an arrest warrant had been issued for his wife, a lawyer who used to work at an insurance company, for allegedly participating in the purchase of cars of "illegal origin,"



Olivares // File Photo: Ajordanah via CC license.

Reuters reported. Olivares, 32, was elected in 2015 and had chaired the National Assembly's health subcommittee. Over the past three years, more than 1.5 million Venezuelans have fled their country in what is likely the largest such exodus in Western Hemisphere history, according to analysts. While earlier waves of migrants had been political exiles or professionals who have successfully established themselves in the United States or elsewhere, increasingly Venezuelan refugees and migrants

are fleeing a humanitarian crisis in desperate economic circumstances, crossing the border into Colombia and Brazil in massive numbers. Communities have been struggling to accommodate the Venezuelan refugees. The United States this year to date has pledged some \$22 million in aid to support refugees in Colombia and Brazil, on top of more than \$56 million in aid to the region to confront the Venezuela crisis it provided last year, the Miami Herald reported this month.

ECONOMIC NEWS

Mexico's President-Elect to Invest More in State Energy Firms

Mexican President-elect Andrés Manuel López Obrador said Friday his government will earmark more than \$9 billion for state-run energy companies next year and start work on a new oil refinery in southern Mexico in order to slash reliance on fuel imports from the United States, The Wall Street Journal reported. A former mayor of Mexico City, López Obrador, who takes office Dec. 1, said he will aim to boost the country's crude oil production to 2.5 million barrels per day (bpd) from the current 1.9 million bpd. State-run oil company Pemex has struggled to increase production, forcing the one-time oil exporter to rely on imports for its refineries. "Fourteen years ago, oil production was 3.4 million barrels a day. Now it's 1.9 million barrels a day," López Obrador said at a news conference. "In 14 years, we've lost 1.5 million barrels a day in production, a downward trend because the oil industry was abandoned." López Obrador also said he would boost upstream spending for exploration and drilling new oil and gas wells by \$4 billion. López Obrador did not say how he would fund his proposals, the Financial Times reported, an omission that worries analysts concerned about Pemex's already heavy debt burden. López Obrador has named Octavio Romero Oropeza, an agronomist from his home state of Tabasco, to take the helm of Pemex. Current

NEWS BRIEFS

Nicaragua's Ortega Wants International Groups to Join Meditation Talks

Nicaraguan President Daniel Ortega told CNN en Español and the Miami Herald in an interview over the weekend that he wants to "strengthen" the country's mediation commission by adding international organizations in an effort to end the country's bloodshed. Human rights groups accuse Ortega's paramilitary forces of having killed more than 300 protesters over the past three months. Ortega disputed that figure in the interview, saying 195 deaths had occurred. Thousands of opposition protesters and pro-government counter-demonstrators took to the streets Saturday.

Colgate-Palmolive Sales Fall in Latin America

New York-based consumer products giant Colgate-Palmolive on Friday reported worldwide net sales of \$3.9 billion in the second quarter of 2018, an increase of 1.5 percent as compared to the second quarter last year. In Latin America, which represents nearly a quarter of the company's total business, net sales decreased 7.0 percent in the second quarter. However, excluding the consequences of a nationwide truckers' strike in Brazil, unit volume in Latin America would have increased in the quarter, the company noted.

Colombia Central Bank Holds Rates Steady

Colombia's central bank on Friday decided to keep the benchmark interest rate steady at 4.25 percent, the level held since April, Reuters reported. The bank's policymakers sought to get ahead of a likely short-term inflation spike that could push consumer prices above its target figure, according to the report. In a bid to bolster growth, the bank cut the rate by a total of 350 basis points between December 2016 and April this year.

President Enrique Peña Nieto successfully overcame years of opposition and opened exploration and production to private and foreign companies and increased the scope of private investment in the power sector. But rising output has been slow to materialize. López Obrador has yet to make clear whether he intends to continue with oil tenders that have seen more than 100 contracts awarded to 73 com-



López Obrador campaigned for Romero Oropeza (L) in his 2016 mayoral bid. // File Photo: lopezobrador.com.mx

panies since 2015 under the landmark reform. As a candidate, he offered several proposals regarding renewable energy, such as expanding hydropower and introducing more electric vehicles. Although Mexico has been a leader in international climate change negotiations, less than a quarter of its installed power capacity comes from renewable sources, well below the Latin American average of about half. [Editor's note: See related [Q&A](#) in the June 15 issue of the weekly Energy Advisor.]

BUSINESS NEWS

Rising Brazil Costs Cut Into Heineken Profits This Year

Holland-based Heineken announced today its expansion into Brazil had cut into profits this year, Bloomberg News reported. The world's second-largest brewer forecast a drop in profitability this year as it expands more quickly than expected in South America's biggest economy, where its beer business is less profitable than elsewhere, according to the report. Heineken became Brazil's second-biggest brewer last year when it bought Japan-based Kirin Hold-

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segment of society, those fears have been realized. The citizens of Guatemala have become passionately and severely divided among those who are pro-CICIG and anti-CICIG, with many of them falling conveniently into well-established ideological and political camps. With serious accusations flying in both directions, anyone would be hard-pressed to disagree with the assumption that the mission, as valiant as it originally was, has been compromised. It would be even more difficult to argue that change or outright reform is not urgently needed. Therefore, the changes being proposed by the U.S. administration to the United Nations do not seem far-fetched or arbitrary. In fact, the proposal of a more limited scope and better defined mission might be precisely what is needed to put CICIG back in a position of prominence and respect among most Guatemalans and within the international community."

A Peter Hakim, president emeritus of the Inter-American Dialogue: "Like many Latin American nations, Guatemala is plagued by corruption, high levels of crime and violence, and a stark record of impunity that protects the powerful and wealthy. For the past decade, shielded by the United Nations, CICIG has had considerable

ings' business there for about \$590 million. "We weren't expecting these products to accelerate so fast in the first year," chief financial officer Laurence Debroux told Bloomberg News in a phone interview. The company said higher marketing costs, rising raw material costs and a currency headwinds were reasons for cutting its revised financial forecast. The company's biggest competitor, AB InBev, also reported earnings below estimates last week, as marketing spending on the FIFA World Cup in Russia hurt second-quarter profit growth. The Belgium-based company said its second quarter revenue grew by 4.7 percent, boosted from higher volume sales in Mexico and China

success in exposing corrupt practices and helping bring to justice those responsible—including president Otto Pérez Molina, his vice president and other senior government officials. Perhaps not surprisingly, CICIG's accomplishments have left the commission deeply unpopular among Guatemala's politicians and many business leaders. Current President Jimmy Morales, himself under investigation, has sought, unsuccessfully so far, to cancel CICIG's mandate and expel

“CICIG has already come under strain and lost resources, putting its future increasingly at risk.”

— Peter Hakim

its director. With his recent appointment of a new attorney general, replacing a staunch ally of the commission, CICIG has already come under strain and lost resources, putting its future increasingly at risk. The biggest danger to CICIG, however, is the potential loss of U.S. political protection and economic support (now more than half its budget). The United States has been crucial

Continued on page 4

in particular, with declines in the United States and South Africa. The company also said it has consolidated its Latin America areas of operation, creating a new South America zone that will combine the current "Latin America South" zone with its Brazil business unit. The new zone will have its headquarters in São Paulo. In a management shift, AB Inbev said it is replacing chief marketing officer and company veteran Miguel Patricio with Pedro Earp, a native of Brazil who has been running the brewer's global innovation unit, AdAge reported. Patricio, originally from Portugal, will stay with the company in a new role, reporting to chief executive Carlos Brito.

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to keeping the commission intact and effective from the beginning, but appears to be preparing to turn its back on CICIG—perhaps to reward the Morales government for moving its Israeli embassy to Jerusalem or to encourage silence about U.S. ‘zero tolerance’ immigration policies despite the large numbers of Guatemalans affected. But whatever the motivation for abandoning CICIG, we can be sure of a growing skepticism and distrust of U.S. commitments to democracy and the rule of law. CICIG is by no means a solution to Guatemala’s corruption and public security problems. It has not, for instance, done much to strengthen the country’s own capacity to address these issues. That can only be achieved by Guatemalan voters and their elected leaders. Nonetheless, CICIG offers a formidable demonstration of what desperately needs to get done in Guatemala and elsewhere in Latin America.”

A **Luis Castellar Maymo and Charles Jakosa, senior consultants at Counterpart International:** “In consultation with Guatemalan civil society, Counterpart International provides the perspective that follows. In response to the question concerning if a narrowed definition of corruption would undercut the CICIG’s mission, the proposed changes are not very relevant. CICIG’s mandate is not to fight corruption but to investigate the existence of illegal security bodies and clandestine security apparatuses which commit crimes that affect fundamental human rights of Guatemalan citizens, collaborate with the Guatemalan state to dismantle them, and recommend public policies to prevent recurrences. CICIG’s investigations of these illegal and clandestine security apparatuses have resulted in findings that corruption-related crimes are a prominent feature of offenses committed by these members, which in many cases include government officials and/or police officers. Appointing a deputy commissioner with the input of the current Guatemalan

government would likely be considered as a conflict of interest, as there are ongoing CICIG investigations and/or prosecution cases on these clandestine structures operating within the three governing powers of the state. Any change aimed at limiting CICIG’s independence will hamper its effectiveness

“Senator Rubio’s comment is considered representative of U.S. lobbies.”

— Luis Castellar Maymo and Charles Jakosa

and success. When considering what sorts of reforms would most help CICIG become more effective, these would include any reforms that institutionalize CICIG’s current work into the Guatemalan justice system, which could be done by constitutional reforms and provision of international support to continue its work past 2019. With this support, Guatemalan institutions, jointly with civil society, could make the CICIG less needed over time by taking on the work themselves rather than having the transparency efforts be supported by foreign countries. Lastly, when considering whether CICIG is ‘falling short at remaining free from the corruption that it has been charged with prosecuting,’ that is not Guatemalan civil society’s perspective. Instead, Senator Rubio’s comment is considered representative of U.S. lobbies. Furthermore, civil society feels that such accusations give support to Guatemalan opponents to the CICIG as they seek to undercut local reformers against corruption.”

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