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FEATURED Q&A

How Important Are Colombia's Ties to Europe?



During his trip to Europe last week, Colombian President Iván Duque met with officials including NATO Secretary General Jens Stoltenberg (L-R). // Photo: NATO.

Q Colombian President Iván Duque recently took a three-day trip to Europe, which included stops in the Vatican City, where he met with Pope Francis, and in Brussels, where he visited NATO headquarters and met with Secretary General Jens Stoltenberg. Among Duque's agenda items for the trip were discussions about the Venezuelan migrant crisis. What did Duque accomplish on the trip? What was the significance of the stops he made during the tour? What are the most important aspects of Colombia's relationship with Europe?

A Gimena Sánchez-Garzoli, director for the Andes at the Washington Office on Latin America: "President Duque's trip to Europe was focused on Colombia-Europe cooperation with NATO, the European regional bodies and the Vatican. On NATO, Colombia is the first Latin American nation to join this body. At the meeting with the NATO secretary general, cybersecurity, demining, increasing transparency and the participation of women in the military high command were discussed. During Duque's trip to the Vatican, Pope Francis urged the Colombian president to seek 'what unifies not divides' in Colombia. For Europeans, sustainable implementation of the peace process remains a high priority, and it was announced that an additional 60 million euros will be added to the E.U. Trust Fund for Colombia. E.U. High Representative Federica Mogherini stressed that the European Union will 'accompany this [peace] process, hand-in-hand with the [Colombian] administration.' Duque's trip also resulted in the European Union committing to help Colombia with the Venezuelan humanitarian issue. Duque

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Peruvian Judge Orders Keiko Fujimori Back to Prison

A judge ordered the leader of the Popular Force opposition party back to prison as prosecutors investigate money laundering allegations against her.

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U.S. Eyeing Sanctions Against Venezuela's Gold Exports: Report

The United States may slap new sanctions on Venezuela in an effort to restrict its gold exports. Most of the gold that the South American country is mining is being sent to Turkey.

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ECONOMIC

Fitch Cuts Outlook for Mexico's Sovereign Debt

The ratings agency's move came after President-elect Andrés Manuel López Obrador said he would cancel the project to build a new airport for Mexico City.

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López Obrador // File Photo: Mexican Government.

POLITICAL NEWS

Judge Orders Peru's Keiko Fujimori Back to Prison

A Peruvian judge on Wednesday ordered Peruvian opposition leader Keiko Fujimori back to prison for as long as three years while prosecutors investigate allegations that she ran an operation within her Popular Force party to launder campaign contributions, *El Comercio* reported. Fujimori, a former legislator and presidential candidate and the daughter of former



Fujimori was taken into custody Wednesday. // Photo: Peruvian Government.

President Alberto Fujimori, spent a week in jail in early October in connection with the accusations that she and her associates laundered \$1.2 million from Brazilian construction conglomerate Odebrecht. The company has admitted to bribing politicians across Latin America. Fujimori denies wrongdoing. Fujimori's lawyers say she is the target of "political persecution" and have said they will appeal, *The Guardian* reported. In ordering her back to prison, Judge Richard Concepción of the National Criminal Court ruled that Fujimori and her associates had attempted to obstruct the investigation and ruled in favor of prosecutors who said she should be jailed for as long as three years in order for the investigation against her to proceed unimpeded, *Reuters* reported. As she was taken into custody, Fujimori, dressed in black, hugged her husband and seemed to be holding back tears. "We hope this arbitrary and disproportionate decision can be corrected," said Úrsula Letona, a legislator and member of Fujimori's Popular Force party, told broadcaster ATV+. After the court's decision was

announced, dozens of Fujimori's supporters, critics and police officers clashed outside the courtroom, images on Canal N television showed. Popular Force has a majority in Peru's Congress and used it to help bring down the government of former President Pedro Pablo Kuczynski, who resigned in March. The party has also been increasing pressure on his replacement, current President Martín Vizcarra, *Reuters* reported. However, several top leaders of Popular Force have recently stepped down and infighting has publicly erupted. One member of the party has also admitted to acting as an informant for prosecutors. The party has also publicly pleaded for a meeting with Vizcarra to discuss legislation, but the president has ignored those requests, the wire service reported. [Editor's note: See related [Q&A](#) in the Oct. 24 issue of the Advisor.]

BUSINESS NEWS

Two Brazilian Banks Reopen Accounts of Crypto Exchange

Banco do Brasil and Santander Brasil have reopened the accounts of local cryptocurrency exchange Bitcoin Max in order to avoid a fine, local news outlet *Portal do Bitcoin* reported Wednesday. The Federal District and Territorial Court issued the order to reopen the accounts, with Judge Ana Catarino ruling that the banks violated the law by closing the accounts without issuing proper notifications, *Coin Geek* reported. The judge described the action as abusive and in violation of a central bank resolution. If the banks failed to reopen the accounts, Santander Brasil would have been fined approximately \$1,350 and Banco do Brasil would have been fined about \$5,400, according to *Portal do Bitcoin*. Leonardo Ranna, an attorney for Bitcoin Max, said the exchange's accounts had been reopened. The judge's ruling Wednesday overturned a lower court's order, which had originally rejected the cryptocurrency exchange's request for the accounts to be reopened. Brazil's antitrust regulator, known

NEWS BRIEFS

Fitch Lowers Outlook for Mexico's Sovereign Debt

Fitch Ratings on Wednesday lowered its outlook for Mexico's sovereign debt after President-elect Andrés Manuel López Obrador vowed to cancel a \$13 billion airport project earlier this week following a public consultation on the matter over the weekend, the *Financial Times* reported. The agency downgraded Mexico's foreign currency debt to "negative" from "stable," and kept the rating at BBB+. Fitch said López Obrador's decision raised the risk of policy uncertainty in the incoming government.

Third Migrant Caravan Leaves for United States From San Salvador

A third major caravan of Central American migrants set off Wednesday from San Salvador, bound for the United States, *Reuters* reported. The latest group, of about 2,000 migrants, set off on foot behind two other caravans that are heading north. The original caravan of some 4,000 migrants continued moving through Mexico toward the United States, still at least 1,000 miles from the border, while hundreds of members of a second caravan crossed from Guatemala into Mexico on Monday, *The Washington Post* reported. U.S. President Donald Trump said Wednesday that he may send as many as 15,000 troops to the U.S.-Mexico border.

Chile's Antitrust Court Backs Plan for Stronger Ties Among Airlines

Chile's antitrust court has approved a plan to strengthen ties between Chile-headquartered LATAM Airlines and American Airlines Group and IAG's British Airways and Iberia under joint-business agreements, LATAM said in a statement, *Reuters* reported Wednesday. The deals allow the airlines to coordinate flight schedules and prices for both commercial and cargo planes.

as CADE, in September began inspections at six major banks, including Santander Brasil and Banco do Brasil, on accusations that they improperly closed cryptocurrency exchanges' accounts, Cointelegraph reported.

ECONOMIC NEWS

U.S. Eyeing Sanctions Against Venezuela's Gold Exports: Report

The United States is considering new sanctions in an effort to restrict Venezuela's gold exports, The Wall Street Journal reported Wednesday. The sanctions would be designed to prevent Venezuelan President Nicolás Maduro from looting the South American country's wealth, unnamed officials told the newspaper. The new sanctions could be imposed as early as this week, the sources said. "The idea is to cut off the triangulation of gold and the movement of illegal funds through shell companies," one official said. Much of Venezuela's gold, more than 20 tons of which have been mined this year, is sent to Turkey, which has been a main ally for Maduro's embattled government. The United States has accused Maduro's government of widespread violations of human rights and corruption, as well as contributing to deteriorating conditions that have led millions of Venezuelans to flee the country. Nearly 70 Venezuelan officials have been put on a U.S. Treasury blacklist. Calls from The Wall Street Journal to Venezuela's Information Ministry to seek comment on the planned sanctions on gold exports were not immediately returned.

Colombia's Duque Presents Tax Reform Legislation

Colombian President Iván Duque's administration on Wednesday presented a tax bill to Congress with the aim of collecting some 14 trillion pesos, or \$4.37 billion, to finance next

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stressed that the Venezuelan migrant situation is generating fiscal and social pressure on Colombia. His message was that Colombia needs more economic support. Already, the European Union has given 35 million euros for humanitarian aid inside and outside of Venezuela. While Duque was seeking

“For Europeans, sustainable implementation of the peace process remains a high priority.”

— Gimena Sánchez-Garzoli

diplomatic actions to isolate Venezuela, including stricter sanctions, the European Union wants to find a political, negotiated solution to the crisis. The Europeans, while interested in furthering cooperation on economic, commercial and security issues, want Colombia to implement its peace agreement with the FARC. The European Union took the FARC off its terrorism list in order to facilitate peace building one year after the signing of the accords. The pope was mainly concerned about reconciling differences in Colombia, where political polarization remains high. In sum, Europe while open to broader issues, is urging Colombia to move

year's budget, El Tiempo reported. The proposal raises taxes on the middle and upper classes to up to 37 percent from 33 percent and cuts the corporate income tax to 30 percent from 35 percent. "This is a progressive law that means those Colombians who have more income will contribute at a higher rate for state financing and the redistribution of wealth," Finance Minister Alberto Carrasquilla told reporters, Reuters reported. With lawmakers deeply divided over the reform, the government faces a challenging scenario for legislative approval of the bill, which must be passed by the end

forward with peace, demining, reconciliation efforts and finding a pacific solution to the Venezuelan crisis."

A **Andy Webb-Vidal, CEO of Latin iQ, a business risk consultancy:** "Colombia is, by far, the country most seriously affected by the Venezuelan migrant drama, so President Duque's priority in Europe was to appeal for support to help shoulder the growing economic cost of dealing with the crisis. European Commission President Jean-Claude Juncker emphasized the European Union's recognition of Colombia's laudable effort to absorb such an enormous volume of migrants. Duque's visit to NATO headquarters in Brussels wasn't just about strengthening cooperation in demining and cybersecurity. No doubt there was 'informal' talk on the theme of solutions to the multi-faceted economic, social, political—and security—crisis in Venezuela, which is of course what is driving the exodus of migrants. It's no secret that there is an emerging international consensus that the solution to the Venezuela crisis has to be regime change in Caracas, even if the method of achieving that is unclear. But it would be wrong to think that NATO or the European Union will provide the answer to a security problem in Latin America, even if it is becoming a regional one. Hawks in the Duque government will now pin their hopes on the notion that Brazil's

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of the year in order for it to come into effect in 2019. Carrasquilla sees the proposal as vital to reduce Colombia's fiscal deficit, which currently stands at 3.1 percent of GDP this year, to 2.4 percent in 2019 and to 1.5 percent in 2022, as well as to prevent a loss of investment-grade credit for the country, the wire service reported. The bill also imposes a value-added tax to more products while cutting the rate by two percentage points to 17 percent by 2021, a measure that's expected to bring opposition. [Editor's note: See Q&A on Duque's economic plans in the Aug. 15 issue of the Advisor.]

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president-elect, Jair Bolsonaro, will send in the cavalry, even if that's a remote possibility. In the eyes of Europe, which is grappling with its own migrant problems, the Duque government's benevolent response to the Venezuelan migrant crisis is generating an intangible and positive reputational benefit for Colombia: it helps lay to rest Europe's simplistic and, frankly, outdated view that, when it comes to respect for human rights, Colombia is the 'bad guy' in Latin America. Europeans are recognizing that that title should now go to Venezuela."

A Joaquín Roy, director of the European Union Center and Jean Monnet chair at the University of Miami: "The new Colombian president knows very well that the changing political and economic fabric of Latin America does not recommend a policy based on too much dependence on the traditional anchors of the country's links (the United States). In order to strengthen Colombia's resistance to Venezuela's pressure, Duque needs to extend his support to Europe. Issues like the still-unfinished peace process, the assistance in the reduction of the drug production and dissemination,

and the spillover of the multidimensional emigration problems require the solid backing of Europe. Colombia is basically a

“ Security concepts are now wider than in the past, and the experience of NATO is an asset to be considered.”

— Joaquín Roy

Catholic country deserving the support of the Vatican. Security concepts are now wider than in the past, and the experience of NATO is an asset to be considered. The European Union in general and some specific countries in particular are the natural partners in this strategy. The renewed approach of Spain toward Latin America is an invitation to consolidate that relationship."

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

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Advisor Video

The Americas' Refugee Crisis: Responding to Forced Migration from Venezuela

An Inter-American Dialogue Discussion with Fen Osler Hampson, Centre for International Governance Innovation
Lloyd Axworthy, World Refugee Council
Betilde Muñoz, Organization of American States
And others

View a webcast of the Oct. 31 discussion.



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