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FEATURED Q&A

How Well Is Maduro Fighting Drug Trafficking in Venezuela?

Q Venezuelan authorities have arrested more than 20 people in connection with the smuggling of 1.3 metric tons of cocaine that was flown on an Air France jet from Caracas to Paris on Sept. 11. Among those arrested were eight members of Venezuela's National Guard. What does the case say about President Nicolás Maduro's efforts to fight drug trafficking and corruption? Is Maduro doing a better or worse job than his predecessor, the late Hugo Chávez, in this regard? How entrenched is drug trafficking in Venezuela's military and government today?

A Nicholas Watson, head of Latin America analysis at Control Risks in Bogotá: "This particular case is the exception that proves the rule—namely, that the drug trade is flourishing in Venezuela, thanks mainly to weak governance and rampant corruption (together with official tolerance of corruption). To be frank, most seizures and anti-drug operations are cosmetic and completely ineffective in dealing with the root causes of the problem. The Maduro administration's anti-corruption initiative has thus far only targeted politically expendable mid-ranking officials, and given the failure of previous efforts to tackle corruption, the latest push is unlikely to bring tangible improvements. This case is in all likelihood not even linked to the anti-corruption initiative. The lack of reliable statistics makes it difficult to judge whether Maduro is doing a better or worse job than Chávez in combatting the drug trade. The trend before Chávez's death certainly suggests that Venezuelan effectiveness is deteriorating, and this is a pattern that I strongly doubt Maduro has reversed. After the government stopped co-operating with the United States on drug interdiction in 2005, drug seizures fell from 152 metric tons in 2005 to just over 60 metric tons in 2009, 42 metric tons in 2011 and 45 metric tons in 2012. The simple truth is that Maduro's

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Surprise Alliance Could Alter Brazil Election Outlook

Marina Silva, considered a contender in next year's presidential race in Brazil, told reporters Friday she is setting aside her own presidential ambitions, for now, to support the center-left PSB Party candidate, Pernambuco state Governor Eduardo Campos. See story on page 2.

Photo: Folhapress.

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NEWS BRIEFS

Operation Martillo Plane Crashes in Colombia Killing Three

Three American military contractors were killed and a Panamanian National Guardsman and several others seriously injured Saturday when their small plane crashed in a jungle region in northern Colombia while on a counter-drug mission, the Associated Press reported. The Dash 8 plane was tracking a suspected smuggling vessel. The cause of the crash has not been determined. The United States Southern Command said the plane was contracted to provide detection and monitoring of drug trafficking routes in the coastal region of Central America as part of Operation Martillo, a $165 million, 14-nation multilateral program.

Canadian Spies Targeted Brazil's Mines and Energy Ministry: Report

A Brazilian television report Sunday night said Canadian spies targeted Brazil's Mines and Energy Ministry, the Associated Press reported. The Globo feature was based on documents leaked by former U.S. National Security Agency contractor Edward Snowden. A spokesman for Prime Minister Stephen Harper would neither confirm nor deny the allegations.

Petrobras Sells Stakes in Uruguay to Shell for $17 Million

Brazilian national oil company **Petrobras** announced Friday that its executive board had approved the sale of its oil exploration stakes in Uruguay's Blocks 3 and 4, located in the Punta del Este Basin, to **Shell**. The $17 million deal is subject to approval by Uruguay's state-owned fuel importer and refiner, **ANCAP**. Petrobras held 40 percent of the blocks, along with Argentina's **YPF** and Portugal's **Galp**.

Political News

Surprise Alliance Could Reshape Brazil Election Outlook: Analysts

Two popular opposition political leaders in Brazil made a surprise announcement Saturday that they had joined forces to challenge President Dilma Rousseff in next year's presidential elections, *Valor Econômico* reported. Marina Silva, a former environment minister who made an impressive run against Rousseff three years ago, told reporters she is setting aside her own presidential ambitions, for now, to support the center-left PSB Party candidate, Pernambuco state Governor Eduardo Campos. Silva failed last week to register her new party, Rede Sustentabilidade, when the country's electoral authority, TSE, declared she was some 50,000 signatures short of the minimum required by law to register. "Many think that Marina Silva and her supporters began collecting signatures too late (February 2013) and should have begun this collection process back in 2012 or 2011," Brasília-based political scientist David Fleischer wrote Friday in his weekly *Brazil Focus* newsletter. The move could reshape the outlook for Brazil's presidential election next year, analysts said. Campos had been running fourth in most polls, with only single-digit support, while Silva had been running second. Paulo Sotero, head of the Brazil Institute at the Wilson Center in Washington, told Reuters the new alliance is widely seen as a "masterstroke" by Campos that effectively turns next year's election upside-down. Silva gives Campos "legitimacy among leftist and center-leftist voters" and creates a strong nationwide ticket, since Campos is strong in Brazil's northeast and Silva is most popular in the relatively wealthy south and southeast, Sotero said.

Argentine President Passes Duties to V.P. on Doctor's Orders to Rest

Argentine President Cristina Fernández de Kirchner on Friday was ordered by doctors to take a month of rest, *Clarín* reported. Fernández, 60, has been diagnosed with a "chronic subdural collection" of fluid on her brain, a type of hematoma, stemming from an injury last August. In 2012, Fernández had her thyroid gland removed in a false-alarm cancer scare, and she has had to cancel some public appearances due to low blood pressure in the past. She went into the hospital Friday for a scheduled checkup with headache symptoms. Argentina's vice president, Amado Boudou, will handle day-to-day operations of the executive branch during the period of rest, *La Nación* reported. The president is serving her second and presumably final term in office, if term limit laws stand. The voting public has been expressing frustration with her government of late over high inflation, currency controls and corruption scandals. While most analysts say Fernández's health condition has added new complexity to the country's political calculus ahead of Oct. 27 legislative elections, it may create sympathy among Argentines and reverse her slide in opinion polls, Michael Shifter, president of the Inter-American Dialogue told Bloomberg News Saturday. "Her popularity has declined and she is facing a very difficult mid-term election, there is a solidarity factor or compassion factor that could play to her advantage. It's conceivable that she might get a slight bounce and a bump in the polls," Shifter said. "It does at the same time add to uncertainty about the overall situation in the country," he added.

Fernández

File Photo: Télam.

Economic News

Venezuela Hikes Minimum Wage, Plans Fingerprint Scans for Travelers

Venezuelan President Nicolás Maduro announced Saturday that the national minimum wage will increase 10 percent as of November, *El Universal* reported. The boost brings the total minimum wage

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increase to 45 percent this year. Maduro has been facing a deteriorating economic environment as the country struggles with the highest inflation rate in Latin America. According to the central bank, prices in the last 12 months have risen 45.4 percent, far ahead of the 14 percent to 16 percent inflation rate projected in the country's budget this year. In related news, Venezuela's government on Saturday announced plans to install fingerprint readers in an effort to curb a growing black market for dollars, Globovisión reported. The government hopes the plan will help to confirm a traveler is actually abroad before allowing access to preferable foreign currency terms. Juan Carlos Dugarte, the head of Venezuela's migration and identification office, or Saime, said that "mafias" have been buying tickets for travel abroad but do not use them, instead giving others their credit cards to get dollars, which they then sell on the black market in Venezuela at margins of several hundred percent.

Latin American Leaders Ink Deals in Asia Ahead of APEC Summit

Delegations from Latin American countries have arrived in Asia ahead of this week's APEC summit in Indonesia. In a visit to Thailand Friday, Chilean President Sebastian Piñera signed a free trade accord with his counterpart, Prime Minister Yingluck Shinawatra, that will eliminate tariffs on 90 percent of their products, the *Bangkok Post* reported. Combined trade between the two countries reached $980 million last year. Thailand is Chile's largest trading partner in Southeast Asia, while Chile is Thailand's fourth-largest trading partner in Latin America. The main Thai products that will enter Chile with no tariff will be oil, natural gas, vans, cars, canned tuna, digital cameras and canned pineapple, Chile's government said. Meanwhile, Peruvian President Ollanta Humala was also in Thailand on Saturday to finalize a bilateral free trade agreement. Humala discussed social inclusion and joint efforts at tackling poverty and inequality with Shinawatra as well, state news agency Andina reported. Meanwhile, Mexican President Enrique Peña Nieto and his wife, Angélica Rivera de Peña, arrived Saturday in Indonesia for official bilateral dialogue ahead of the summit. In a meeting Sunday with Indonesian President Susilo Bambang Yudhoyono, Peña Nieto discussed cooperation on transnational crime, drug trafficking, chemical weapons and terrorism, *El Universal* reported. The two also signed four agreements covering double taxation, tax evasion, health and tourism. The two countries have bilateral trade worth $1.2 billion annually. Heads of state or their proxies from the 21-member countries of APEC are scheduled to meet today and tomorrow in Bali, Indonesia, for talks on the global economy. Besides Chile, Mexico and Peru, the only other APEC members from the Western Hemisphere are Canada and the United States.

Peña Nieto (L) with Indonesia's president, Susilo Bambang Yudhoyono.

Photo: Mexican government.

Featured Q&A

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primary focus has been on consolidating his own precarious political position, and combatting drug trafficking is unlikely to have figured particularly strongly in his formidably demanding to-do list. The U.S. government certainly seems to think things are bad; it recently accused Venezuela of having 'failed demonstrably' to adhere to international agreements on combating the drug trade. The involvement of the armed forces in drug trafficking is extensive, and is a major factor in Venezuela's transformation into a leading drug transshipment point in recent years. It is also likely to extend to the highest ranks; the former defense minister and now governor of Trujillo state, Gen. Henry Rangel Silva, and the head of military counter-intelligence, Gen. Hugo Carvajal, have been on the U.S. kingpin list since 2008."

Julia Buxton, independent political risk analyst: "That Venezuela has emerged as trafficking hub has less to do with alleged institutional complicity or the relative effectiveness of Chávez and Maduro in combatting illicit flows than the dynamics of U.S. counter-narcotics strategy. Plan Mexico and Plan Colombia before it sought to seal the Central American corridor bridge to U.S. cocaine consumers. While this reduced cocaine consumption in the United States, it displaced trafficking routes eastward through Venezuela and Brazil and out to West Africa and into Europe. That Scotland is now the world's leading per capita cocaine consuming nation underlines the multilateral impacts of narrowly conceived bilateral counter-narcotics policies framed by U.S. interests. Given the scale of the challenge facing Venezuela, the country has a favorable and proactive record on counter-narcotics. Since 2006, more than 100 top actors in the trade have been arrested, of which 75 have been extradited, including to the United States and despite the theatre of the annual U.S. certification exercise. This year alone, Venezuelan authorities have seized 37,000 kilograms (80,000 pounds) of drugs and arrested 6,400 people on drug trafficking charges. Maduro, Chávez before him and the Venezuelan security sector are acutely aware of the destabilizing threat of 'narco-penetration' and accompanying violence. That the government has moved so quickly to identify those responsible reflects the seriousness of this incident for Venezuela and the embarrassment caused to Venezuela's National Anti-Drug Office, which enjoys good working

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Featured Q&A

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relations with European enforcement partners. Exemplary punishments can be expected as a signal to both the international community and the Venezuelan National Guard."

David Smilde, senior fellow at the Washington Office on Latin America: "In Venezuela, the National Guard provides commercial aviation with the functions the Transportation Safety Administration provides in the United States. They screen passengers and bags before flights. Thus any contraband that exits Venezuela on commercial aircraft at minimum entails failure, negligence or complicity on the part of National Guard personnel. But an operation on this scale would require active involvement of National Guard members, as well as airport officials and airline personnel (who ultimately have to sign off on cargo). And of course, the shipment actually got through security in Paris, indicating complicity on that side as well. The Venezuelan government has arrested mainly lower to mid-level soldiers but did arrest a lieutenant colonel. It is possible that direct complicity within the National Guard does not go higher up than that. But at the very least, serious negligence does go higher. Venezuela is not a cocaine-producing nation but rather a transit country through which Colombian cocaine is moved to North America and Europe. Since it is the military that is responsible for controlling Venezuela's borders and territory, these shipments happen on their watch and they are undoubtedly involved to some degree. During the Chávez and now Maduro administration, government officials have been rewarded for their loyalty and political support, not their professionalism, achievements or transparency. Thus while there is no evidence that tolerance for drug smuggling is official government policy, corruption, including participation in illicit markets, has thrived at every level."

> "Government officials have been rewarded for their loyalty and political support, not their professionalism, achievements or transparency."
>
> *— David Smilde*

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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