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FEATURED Q&A

What Must Be Done to Improve Security in Chile?

Q Fourteen people were injured Sept. 8 when a bomb exploded in a fast-food restaurant at lunchtime in Santiago. The bombing was the worst since the return of democracy to Chile in 1990 and was just one of nearly 30 bomb attacks, mainly small ones, that have happened so far this year in the Chilean capital. Anarchist groups have taken responsibility for several of the past bombings. Who is behind the attacks, and what do they want? Is President Michelle Bachelet taking the right steps to address the problem? What more should be done to improve security in Chile?

A Mahmud Aleuy, Chile's deputy interior minister: "Violence is an increasing problem in Latin America that challenges governments to be effective to prevent and control all its different manifestations. In Chile, homicide and violent crime rates are among the lowest in the region, and public policy initiatives have been implemented to further increase security. Still, since 2008, around 130 explosives have been detonated in specific public spaces with no casualties. However, the one that occurred. Sept. 8 left 14 people injured. This is a terrorist act that repulsed the entire community, and our administration will not tolerate it. President Bachelet, since the beginning of our administration, highlighted the need to enhance the effectiveness of our criminal justice institutions and the legal framework that allow us to prosecute these crimes according to the rule of law. For that reason, the Ministry of Interior has developed new strategies of collaboration between our two police institutions to more effectively investigate these crimes. Furthermore, we have been working on increasing the technological capabilities of the police to respond to criminal activities that are elusive and complex. The modernization of the entire intelligence system in the country is being tackled with specific legal changes to antiterrorist and intelli-

Continued on page 3

Venezuela's Maduro Heading to New York to Address U.N.

President Nicolás Maduro will travel this week to New York to address the U.N. General Assembly as Venezuela is poised to win a temporary seat on the U.N. Security Council. It will be Maduro's first appearance at the body since becoming president. See story on page 2.

File Photo: Venezuelan Government.

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NEWS BRIEFS

Mexico's Peña Nieto Opposes Legalizing Marijuana

Mexican President Enrique Peña Nieto said he opposes the legalization of marijuana as it would be "opening the door to a large intrusion of drugs that is very damaging to the population," Bloomberg News reported Monday. However, "I'm in agreement that we need to have a large debate in the hemisphere about the policies for this area," the president added.

Clorox to Scrub Operations in Venezuela at Cost of $65 Million

Clorox Co. said Tuesday that it will immediately end its operations in Venezuela and attempt to sell its assets because inflation and government-mandated price freezes, which meant selling products at a loss, made doing business unprofitable in the country, Bloomberg News reported. Clorox said the exit from Venezuela, which accounted for 1.4 percent of total revenue, will cost the company as much as $65 million this fiscal year.

International Energy Companies Agree to Cut Methane Emissions

Six international energy companies, including Britain's **BG Group**, Italy's **ENI**, Mexico's **Pemex** and Norway's **Statoil**, have committed to working with more than a dozen governments to reduce emissions of methane under a United Nations framework, officials and executives told *The Wall Street Journal* on Monday, a day before the opening of the U.N. climate change summit. The companies have not committed to a specific target, but will voluntarily monitor and disclose their emissions of methane, a greenhouse gas that leaks into the atmosphere during drilling and transmission of oil and gas.

Political News

Venezuela's Maduro Heading to New York for U.N. Appearance

Nicolás Maduro said Monday that he will head this week to New York for his first appearance as Venezuela's president at the United Nations General Assembly despite what he called "racist" editorials against him in U.S. newspapers, Reuters reported. Venezuela is expected to win a temporary seat next year on the U.N. Security Council due to strong support across Latin America and the Caribbean. Although the United States is unhappy with that development, it will not seek to block Venezuela from taking the seat, diplomatic sources told the wire service.

> "*The Washington Post* and *The New York Times* treated me like a bus driver and an illiterate."
>
> — ***Nicolás Maduro***

Over the weekend, editorials in *The New York Times* and *The Washington Post* blasted the idea of Venezuela being on the Security Council, citing its crackdowns on government opponents. "They treat me in a racist manner. *The Washington Post* and *The New York Times* treated me like a bus driver and an illiterate," said Maduro, who drove a bus before entering politics. "I'm proud that a bus driver can be president of the republic ... Gentlemen at *The Washington Post*, this busman right here is going to the United States. Just you wait!" Maduro's predecessor, the late Hugo Chávez, famously appeared at the U.N. General Assembly in 2006. At that appearance, Chávez likened then-U.S. President George W. Bush, who had addressed the body the day before, to the devil, saying he could still "smell sulfur" at the podium. Last year, after Chávez's death, Maduro sent his foreign minister to New York rather than addressing the United Nations himself.

Economic News

Argentina Seeks to Remove BNY Mellon as Trustee in Bond Dispute

Argentina's government has asked **BNY Mellon** to resign as its trustee, among the latest moves in the South American country's long-running battle with "holdout" bondholders. In an advertisement published in *The Washington Post* on Monday, Argentina said it has sent the New York-based bank a formal letter requesting that it resign. In August, the country's central bank revoked BNY Mellon's authorization to operate in Argentina, *The Wall Street Journal* reported. The move by the government of President Cristina Fernández de Kirchner followed the filing of a lawsuit in London against BNY Mellon by hedge funds holding Argentine government bonds. The hedge funds filed suit because Argentina owes them interest payments, but BNY Mellon was barred from distributing the payments because of an order from U.S. District Judge Thomas Griesa prohibiting the disbursements. Earlier this year, Griesa barred Argentina from paying bondholders who accepted restructurings after the country's massive 2001 default unless it also paid the holdouts. Griesa's ruling led Argentina to default on $539 million in interest payments due July 30. On Monday, Argentina's government said that if BNY Mellon refuses to resign, the government and bondholders are within their rights to remove the bank as trustee and appoint a different one. "BNY Mellon has consistently followed the binding court orders that govern its actions as trustee in this matter," said a bank representative, *The Wall Street Journal* reported. "BNY Mellon remains eligible to serve as Trustee for the Exchange Bonds under the terms of the Indenture,

Fernández

File Photo: Argentine Government.

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and will continue to comply with binding court orders that govern its actions as Trustee in this matter."

Company News

Colombia's Grupo Aval Selling Shares in U.S. at $13.50 in IPO

Colombia's **Grupo Aval Acciones y Valores** today announced that it is pricing its initial public offering of U.S.-listed shares at $13.50 apiece. The American depositary receipts begin trading today on the New York Stock Exchange under the ticker symbol "AVAL," said the Bogotá-based bank. Aval, which is controlled by billionaire Luis Carlos Sarmiento Angulo, already was listed in Colombia and said in a filing with the U.S. Securities and Exchange Commission that it planned to raise $1.1 billion in the initial public offering, with each American depositary receipt representing 20 preferred shares, Bloomberg News reported. Aval is planning to use the proceeds of the share sale to increase capital at its units, including **Banco de Bogotá**, and also for general purposes, the filing said. Aval has kept its focus on Latin America, buying Central America's **BAC Credomatic** for $1.9 billion in 2010 as well as by purchasing the Panama unit of **Banco Bilbao Vizcaya Argentaria** and a Guatemalan lender. By assets, Aval is the largest Latin American banking group outside Brazil and has four banks in Colombia. Banco de Bogotá is the second-largest bank in Colombia. As of Sept. 4, Sarmiento Angulo owned 95.9 percent of the common shares of Aval as well as 60.8 percent of its preferred shares, according to the U.S. filing.

Aval is planning to raise $1.1 billion in the initial public offering.

Featured Q&A

Continued from page 1

gence laws, which will allow us to protect our citizens from small groups of criminals who do not want to accept the rule of law."

Patricio Navia, master teacher of global studies at New York University: "The bomb blast brought the threat of terrorism to the top of the political agenda in Chile. Though most open societies have to deal with the potential threat of terrorism, Chileans just had a rude awakening. Because of how existing antiterrorism legislation came about and how it was applied under the Pinochet dictatorship, the center-left Nueva Mayoría government finds itself between a rock and a hard place as it tries to bring tranquility to a worried population. Normally, left-wing governments are seen as weaker on combating crime. As a candidate, Bachelet ruled out using the antiterrorism law in situations associated with social movements. She was referring to the Mapuche conflict in the south, where activists in favor of indigenous demands for land rights have conducted violent attacks against landowners who received land taken from the Mapuches in the 19th century. Since those attacks resulted in the deaths of some landowners, there is debate as to whether they constitute terrorism. Regardless of its authoritarian origin and independent of campaign promises made by Bachelet, Chileans want decisive government action. Adopting a zero-tolerance policy for terrorism might make Bachelet uncomfortable because of the implication it might have on the way the government will respond to social movements who use protests and civil disobedience to advance their causes. Yet, since she has a mandate to protect democracy, Bachelet has no other alternative but to take a firm stand against terrorism—regardless of the legitimacy of the claims made by those who use violence to advance their cause."

> "Though most open societies have to deal with the potential threat of terrorism, Chileans just had a rude awakening."
>
> — *Patricio Navia*

Guillermo Holzmann, CEO of Analytyka Consulting and professor at the University of Valparaíso, Chile: "The evolution of political violence and terrorism in Chile has been marked by processes of ideology rather than religious fundamentalism. Over the last decade, the perpetrators of bomb attacks have been anarchist groups who have admitted responsibility on their Web sites. These groups are a segment of non-democratic ideological radicalism whose goal is to exert pressure through political violence (including hooded attacks with Molotov cocktails), mixed with the various manifestations of social movements and terrorist actions against human and property targets in Chile's main cities. The attack on Sept. 8 and the demonstration of the security system's vulnerability to these groups' strategy have changed the political climate in Chile. The challenges of this scenario are twofold. The first is to build capacities in advance to avoid a new attack, neutralize these groups and to strengthen the security environment in Chile. To do this, a reform of the national intelligence system, especially as it relates to domestic security, is currently under consideration. The second challenge is to update antiterrorism legislation so that there are efficient judicial processes along with effective and specific penalties that discourage political violence. Support for fighting terrorism has been universal across the political spectrum, from the Communist Party to the right. Ideological differences in this debate are in the past, as it is recognized

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Featured Q&A

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that anarchist groups represent the main threat to Chile's democracy and society, and that is where the government has focused its effort."

Peter M. Siavelis, chair of the Department of Politics and International Affairs and director of the Latin American and Latino Studies Program at Wake Forest University: "More than just glass and furniture, Santiago's Sept. 8 bombing shattered the sense of calm and peace to which Chileans have become accustomed since the return of democracy. While frequent in recent years, most bombings have been aimed at symbolic targets in the capital. However, they have almost always been timed to go off at night to avoid pedestrian injuries, reinforcing Santiago's image as one of the safest capitals in Latin America, immune from the violence plaguing many of the region's cities. This attack is qualitatively different, taking place in a busy metro station, injuring 14 people and sending jitters throughout the capital as Chileans headed into the week's independence holidays. Finger-pointing ensued, with the right accusing the government of a lack of concern for terrorism, and the left suggesting the involvement of right-wing extremists bent on definitively undermining the Bachelet government. The same anarchists responsible for previous bombings are the most likely culprits, but the nature of the attack also suggests they may be raising the stakes. Like everything in Chile, the shadow of the dictatorship looms over the bombing and response. The bombing will force Bachelet's hand to invoke the Pinochet-era antiterrorism law, which remains controversial regarding when and how it should be invoked and what precisely constitutes terrorism. However, Bachelet must take a strong, unequivocal stance against terrorism. Chileans are already concerned about economic security, but at the very least could feel safe on Santiago's streets. That is no longer the case, a potentially grim development for the remainder of Bachelet's government."

> "Like everything in Chile, the shadow of the dictatorship looms over the bombing and response."
>
> *— Peter M. Siavelis*

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

Latin America Advisor
is published every business day by the Inter-American Dialogue, Copyright © 2014

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Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at:
1211 Connecticut Avenue NW, Suite 510
Washington, DC 20036
Phone: 202-822-9002 Fax: 202-822-9553
www.thedialogue.org ISSN 2163-7962

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