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THEDIALOGUE


**FEATURED Q&A**

# Are Improved U.S.-Bolivia Relations in the Near Future?

The top U.S. diplomat in Bolivia, Peter Brennan, and Bolivian President Evo Morales met Aug. 11 in La Paz. // Photo: Bolivian Government.

**Q President Evo Morales said earlier this month that he wants Bolivia to rebuild its ties with the United States and have ambassadors in each other's capitals again. The countries have been without ambassadors since 2008. How important is ambassadorial representation to both countries, and what would an improved relationship mean for each? Does the re-establishing of U.S. ties with Cuba have an impact on Washington's relationship with La Paz? What must happen before the United States and Bolivia can have closer ties?**

**A Iván Rebolledo is Managing Partner at TerraNova Strategic Partners and President of the Bolivian-American Chamber of Commerce:** "After 2008, the bilateral relationship began a serious downward spiral. The lack of ambassadorial presence in each capital proved to be difficult in light of the sharp differences between both governments and a lack of ongoing diplomatic dialogue. That same year, the DEA was expelled, and a few years later the same happened to USAID. Finally in 2011, the United States and Bolivia signed a 'framework agreement,' which included clauses on drug trafficking and eradication, as well as other areas of cooperation. Some progress was being made, including the possibility of an exchange of ambassadors, until a plane carrying Evo Morales home from Russia was diverted to Vienna amid suspicions that he was transporting Edward Snowden. The United States was quickly blamed for the incident, which derailed all advancements that had been made up until then. It was not until last December that the Bolivian foreign minister publicly announced Bolivia's desire

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## Mexican President, First Lady Cleared of Conflict Claims

Mexico's public comptroller exonerated President Enrique Peña Nieto and First Lady Angélica Rivera of conflict of interest claims involving their purchase of two homes.

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The central bank kept its benchmark rate at 4.5 percent for the 12th consecutive month.

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## Guatemalan President Vows to Finish Term

Guatemalan President Otto Pérez Molina rejected calls for his resignation two days after he was alleged to have been personally involved in a scandal at the country's customs agency. The scandal also led to the arrest of the country's former vice president.

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Pérez Molina // File Photo: Guatemalan Government.

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POLITICAL NEWS

# Guatemalan President Rejects Calls for Resignation

In a televised address Sunday night, Guatemalan President Otto Pérez Molina said he had a clear conscience and vowed to remain in office despite calls for his resignation amid intensifying corruption allegations. "I will not resign," Pérez Molina said in the speech from his office, Bloomberg News reported. "With the same strength and character with which I reject my involvement, I can't fail to recognize that this has taken place in my government and by officials I appointed." Pérez Molina's speech came two days after the country's attorney general alleged that Pérez Molina himself was involved in a kickback scandal involving Guatemala's customs agency. The scandal, in which businesses allegedly paid bribes in exchange for lower import duties, on Friday also led to the arrest of former Vice President Roxana Baldetti, who stepped down in May after the scandal came to light. Baldetti was arrested in a Guatemala City hospital where she had been admitted for an unspecified health issue, BBC News reported. Over the weekend, Guatemala's economy and health ministers also resigned, saying they wanted to distance themselves from the Pérez Molina administration, Bloomberg News reported. Prosecutors say they have sufficient evidence to open an investigation into the activities of the president, who denies wrongdoing, BBC News reported. Pérez Molina's term expires in January, and he has resisted attempts to have his immunity from prosecution lifted. However, Prosecutor General Thelma Aldana has called for an impeachment proceeding. The investigation into the corruption scandal at the customs agency included a probe of approximately 6,000 emails and 66,000 intercepted phone calls, BBC News reported. Altogether, almost 30 people have been detained in connection with the scheme. In recent days, protesters have demonstrated every day, calling for Pérez Molina to resign.

> **"With the same strength and character with which I reject my involvement, I can't fail to recognize that this has taken place in my government..."**
>
> **— Otto Pérez Molina**

# Mexican President, First Lady, Finance Minister Cleared of Conflict Claims

Mexico's public comptroller on Friday cleared Mexican President Enrique Peña Nieto, Finance Minister Luis Videgaray, and First Lady Angélica Rivera of allegations that they used their political stature to influence decisions on the choice of government contractors who had previously sold them homes, Bloomberg News reported Friday. Rivera's purchase of a home in Mexico City from Grupo Higa originally sparked the controversy that led to the comptroller's investigation. After a report in The Wall Street Journal, Peña Nieto said in January that he acquired a house on a golf course in the State of Mexico from the owner of Constructora Urbanizadora Ixtapan, or CUISA, in 2005. Videgaray also acknowledged purchasing a home from a unit of Grupo Higa in 2012 and paid off the loan. At the close of an investigation that lasted six months, Public Comptroller Virgilio Andrade said he found no conflicts of interest. All three individuals had purchased the homes

**Andrade** // File Photo: Mexican Government.

NEWS BRIEFS

## Venezuela's Maduro Indefinitely Extends Bridge Closure

Venezuelan President Nicolás Maduro announced on Friday that he would extend the closing of the Simón Bolívar Bridge between Venezuela's Tachira state and Colombia, the Associated Press reported. Maduro also declared a 60-day state of emergency, which can be extended to two months. The moves came in reaction to a shooting earlier this month that wounded three military officials who had been patrolling for smugglers near the bridge. Colombian President Juan Manuel Santos criticized Maduro's decision, saying on Saturday that closing the bridge "generates a lot of unease and forces a lot of innocent people, including children, to clean up the mess left by others."

## Colombia's Central Bank Keeps Interest Rates Unchanged

Colombia's central bank on Friday kept interest rates unchanged for the 12th consecutive month as the outlook for economic growth worsens amid above-target inflation, Bloomberg News reported. In a split decision, policymakers voted to keep the benchmark interest rate unchanged at 4.5 percent.

## Daimler Cutting 1,500 Jobs in Brazil

Daimler AG, the world's largest producer of commercial vehicles, announced that it would be cutting 1,500 jobs from its Brazilian truck making division, following a 44 percent drop in truck sales in the first half of 2015, Bloomberg News reported today. Daimler said Brazil's recession, inflation, and high financing costs are to blame for the decline in vehicle sales. At the end of 2014, Daimler employed 14,000 Brazilians between its two Brazil-based plants.

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to re-engage with the United States and exchange ambassadors. This came on the heels of the Obama administration's decision to re-establish diplomatic relations with Cuba and most probably a decision in La Paz not to be left out in the cold, considering that Washington's relations with the region were on an upswing. Bolivia is in need of further investments, better terms of trade and an overall improved domestic business climate. An improved bilateral relationship would mostly lead to better flows of FDI."

**Jaime Aparicio Otero, former ambassador of Bolivia to the United States:** "Evo Morales himself said his renewed enthusiasm for improving diplomatic relations with the United States is related to the fact that the White House has a new attitude toward Cuba and Iran. Yet, Morales' ideological approach to international relations hides other, less ideological, reasons: First, in Bolivia, the party is over. After a decade of corruption, excessive public spending and misspending resources on private airplanes, useless Chinese satellites, a nuclear plant project and other white elephants, now it is time for the Bolivian government to pay the bill. The end of the commodity super-cycle indicates that harsher times are indeed on the horizon. The decrease in oil prices, to which the value of Bolivian natural gas is tied, is worrying the government, as this will in turn affect the price of gas sold to Brazil and Argentina. Better relations with Washington would attract direct foreign investment, which the country urgently needs to alleviate the impact of its Bolivian exports. Second is the case against Chile in The Hague. In order to improve his country's image abroad and therefore boost its case against Chile over access to the Pacific Ocean, Morales is seeking U.S. support for this national cause. Improved relations between Bolivia and the United States are possible, but the U.S. government should seize this opportunity to remind the Morales administration to uphold inter-American agreements and commitments on democracy and human rights. An economic crisis in Bolivia could lead the government, like in Venezuela, to consolidate a narco-populist stronghold in the heart of South America."

**Kathryn Ledebur, director of the Andean Information Network in Cochabamba:** "Bilateral relations continue without ambassadors; their fluidity varies according to the diplomats engaged. The renewal of relations between the United States and Cuba raised hopes that Bolivia and its allies would follow, but U.S. sanctions against Venezuela dampened those expectations. Perhaps counter-intuitively, an end to U.S. funding after the 2013 fiscal year alleviated some tensions and suspicions. However, significant challenges persist. The expulsions of the DEA, the U.S. ambassador and USAID remain difficult for the United States to accept. Meanwhile, Bolivia still harbors resentment over the end of the APTDEA trade agreement, biased U.S. drug decertification decisions and a perceived lack of transparency in USAID during its tenure in Bolivia. Nonetheless, successful engagement has occurred after 2008. A trilateral coca monitoring agreement from 2011 to 2013 was a notable, low-cost success and was praised by Obama and Morales. In collaboration with the U.N. Office on Drugs and Crime and the European Union, the Bolivian, Brazilian and U.S. governments have shared intelligence and improved coca monitoring, bringing the U.S. and UNODC estimates of cultivation into sync for the first time. It marked an encouraging shift to evidence-based policy and regional drug control. However, at its conclusion, U.S. estimates began to diverge significantly from the field-verified UNODC figures, with retroactively altered cocaine production figures. The United States could share its frequent high-resolution satellite images of coca growing regions with Bolivia and the international community. Their in

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as private citizens before they became federal officials and were not involved in the process of awarding government contracts, Bloomberg News reported. Some critics have called into question Andrade's credibility, however, as the public comptroller reports directly to the president, and Andrade has known Videgaray personally for almost 30 years.

## Judge Calls for Probe of Rousseff's Campaign Finances

A judge in Brazil's federal electoral court is seeking an investigation of President Dilma Rousseff's campaign finances for her 2014 re-election campaign, The Wall Street Journal reported on Friday. Judge Gilmar Mendes alleged that some of the funds Rousseff received were part of the massive corruption scandal surrounding state oil company Petrobras. Mendes cited testimonies of others involved in the scandal, who said as part of their plea deals that illegal funds had been given to Rousseff's party. On Friday, a spokesman for Rousseff, Social Communication Minister Edinho Silva, said that "all contributions and expenses of the 2014 campaign have been presented to the [electoral court] which ... has approved them."

**BUSINESS NEWS**

## Anglo American Agrees to Sell Two Chilean Mines

London-based Anglo American said today that it has agreed to sell two copper mines in Chile to a consortium led by Audley Capital Advisors, MarketWatch reported. The mining company is selling the mines for $300 million in cash to the investment firm, which has agreed to pay an additional $200 million in the deal depending on certain criteria. The transaction is expected to close in the third quarter.

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situ verification by the United Nations and Bolivian authorities would be a simple step toward building the mutual good faith and shared responsibility that both nations desire."

**Kevin Healy, adjunct faculty member at the Center for Latin American Studies at Georgetown University:** "Bolivia and the United States should lay down their gloves. There is too much to be lost by not doing so and having full and ambassadors restored. This could open the way for the U.S. government to move beyond viewing all its Bolivian interests through the single lens of global narco-politics. Both countries can take a fresh approach and find a new middle ground as equals, respecting each other's national sovereignty and vigorously pursuing common agendas for the welfare of both nations, while being mindful of the policy pitfalls and mistakes of the past to avoid repeating them. The renewal of U.S.-Cuba relations has shown a pathway, demonstrating how long-standing grievances can be overcome in bilateral relations and that even Washington's long-standing adversary and President Morales' ideological mentor, Fidel Castro, can launch a new course in U.S. relations. Bolivia's current critical need, say for new export markets for textiles, for increased tourism or support for its top foreign policy priority—the recovery of its route to the sea—could be enhanced. Both of these examples offer enticing incentives to overcome the impasse which has developed since 2008. Moreover, the United States would benefit by reuniting with a traditional partner in the War on Drugs at a time when Bolivia's coca production has fallen for the fourth consecutive year. Climate change policies in Washington could have a more benign face in Bolivia as well. Perhaps the surest path for this change to happen would be for President Evo Morales to have a face-to-face meeting with President Obama in the Oval Office—an indigenous head of state with an African-American head of state—both of whom have brought important historic benefits to their peoples. The synergy could be transformative."

**Miguel Centellas, Croft Instructional Assistant Professor of Sociology at the University of Mississippi:** "Certainly, the re-establishing of formal U.S.-Cuban relations had—and will continue to have—a profound impact across the region. It's difficult to maintain an 'anti-imperialist' stance when Communist Cuba opens up to the United States. But other factors play a role, too: The recent decline of Brazil's economy, continuing problems in Argentina and the free-fall of Venezuela put Bolivia in a more delicate position than in 2008 when oil and gas prices hit peak levels. Despite many social and political changes in Bolivia since Morales took office in January 2006, the underlying economic realities remain unchanged: Bolivia remains dependent on the export of raw materials, and global economic realities put the country in a difficult spot. Ambassadorial representation is symbolically important for both countries, of course, though the U.S. embassy in Bolivia continues to function through a chargé d'affaires. But mending bilateral relations may require dealing with the role of USAID and drug war cooperation. What Bolivia really wants is to qualify for the trade preferences built into the ATPDEA (the successor to the Andean Trade Preferences Act). But Bolivia was decertified several years ago; it's unlikely Bolivia would be re-certified in the near future. In 2013, Morales expelled USAID from Bolivia, accusing it of meddling in domestic politics. Recent statements against European bilateral aid organizations don't indicate a thaw in the way Morales understands international relations. The reality is that Bolivia needs good bilateral relations with the United States more than the United States does, and therefore may have to make concessions. But it's unlikely Morales is willing to make them."

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