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THEDIALOGUE

FEATURED Q&A

What Does the Future Hold for Venezuela?

Leaders of Venezuela's Democratic Unity Roundtable, or MUD, coalition, celebrated victory Sunday night. // Photo: Democratic Unity Roundtable.

Q Venezuela's opposition coalition on Sunday won a majority of seats in the country's National Assembly, wresting control of the legislature away from the ruling United Socialist Party for the first time since late President Hugo Chávez's election in 1998. What do the election results mean for President Nicolás Maduro and his grip on the presidency? Will he share power with the new National Assembly or seek to undermine it? What major laws and changes will lawmakers push through when they take office in January? What do the results mean for imprisoned opposition leaders?

A Michael Shifter, president of the Inter-American Dialogue: "Sunday's election results sent a powerful message that the Bolivarian Revolution no longer enjoys popular support. The opposition coalition's resounding victory—the margin was even greater than anticipated—was also a clear repudiation of Nicolás Maduro, who has presided over a dramatic deterioration in Venezuela's economic, political, social and security situation. Maduro's grip on the presidency, already weak before the legislative elections, is today even shakier. He will likely have to deal with an even more intense power struggle within the governing United Socialist Party. At least some sectors of the Democratic Unity Roundtable are expected to press for a recall referendum next year to remove him from power. Maduro, who deserves credit for recognizing defeat, should tone down the confrontational rhetoric and not usurp or undermine the incoming National Assembly's authority, which includes approving an amnesty law for imprisoned opposition leaders like Leopoldo López. Although admittedly very difficult and

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WTO Panel Allows Canada, Mexico to Slap U.S. With Tariffs

The ruling came in response to the countries' complaints over U.S. meat-labeling rules.

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Drummond Sees Increase in Colombia Coal Exports Next Year

Drummond Colombia's president said the company's exports could reach 28 million metric tons in 2016.

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Impeachment Proceedings Against Rousseff Delayed

Brazilian lawmakers were unable Monday to come to an agreement on the formation of a committee to begin investigating the allegations against President Dilma Rousseff, said Chamber of Deputies Speaker Eduardo Cunha.

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Cunha // File Photo: Brazilian Government.

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POLITICAL NEWS

Proceedings to Impeach Brazil's Rousseff Delayed

Brazilian lawmakers on Monday were unable to agree on the terms of forming a committee to handle the first phase of the investigation in President Dilma Rousseff's impeachment proceedings, resulting in a delay of the process, Chamber of Deputies Speaker Eduardo Cunha said Monday, The Wall Street Journal

Rousseff // File Photo: Brazilian Government.

reported. Any delay in the proceedings could benefit Rousseff's political enemies, who would then be able to use the time to promote mass demonstrations against the president, analysts have said. Rousseff's supporters on Monday said the delay amounted to a violation of ruled governing the process. "This isn't acceptable. It is against the democratic principles," said lawmaker José Guimarães, a member of Rousseff's Workers' Party, The Wall Street Journal reported. Legislators would attempt again today to form the committee, he said. Each of the 29 political parties represented in the Chamber of Deputies has the right to name a representative to the 65-member committee, and larger parties can name a greater number of representatives. However, Cunha said there was no quorum on Monday, meaning lawmakers could not take a final vote. Cunha, who himself was charged earlier this year in connection with the massive kickback scandal at state-run oil company Petrobras, last week launched the impeachment proceedings against Rousseff. The president, whose approval ratings are barely in double digits, is accused of illegally manipulating the government's finances in order to cover up a growing budget deficit. Rousseff denies wrongdoing. Also on Monday, federal prosecutors in Brazil formally charged former BTG Pactual CEO Andre Esteves and Senator Delcídio do Amaral on charges related to the Petrobras scandal. Both men are accused of obstructing the investigation into the graft at the state oil company, allegations that they deny. Amaral is the third legislator to be charged in the case, after Cunha and former President Fernando Collor de Mello, who is currently a senator. Under Brazil's Constitution, only the Supreme Court can try lawmakers.

ECONOMIC NEWS

WTO Panel Allows Canada, Mexico to Slap U.S. With Tariffs

Canada and Mexico may impose as much as $1 billion in retaliatory tariffs on U.S.-traded products, a World Trade Organization panel ruled Monday in response to the United States' meat labeling rules, Reuters reported. The retaliation level was much lower than the combined $2.8 billion the two countries had originally sought. In 2009, the United States passed a requirement that retail stores must label food to notify consumers of its country of origin. Canada and Mexico say that the regulation, known as country of origin labeling, or COOL, has led to fewer slaughters of cattle and pigs originally from either country. Canada threatened to retaliate if the U.S. Senate did not repeal COOL regulations for beef and pork, and though the

> **"We are disappointed with this decision and its potential impact on trade among vital North American partners."**
>
> **— Tim Reif**

NEWS BRIEFS

Venezuelan Opposition Leaders Claim Two-Thirds Majority

Venezuelan opposition leaders claimed Monday that they had secured a two-thirds supermajority in the country's National Assembly in the previous day's election, BBC News reported. The official results show the opposition with a majority, but with the winners in several races yet to be declared. President Nicolás Maduro on Sunday night conceded his party's defeat in the legislative vote. If opposition members win a supermajority, they would be able to make sweeping changes to the government's appointments and legislation.

Bolivia's Entel to Cut Price for Internet Access

Bolivian state-run telecommunications company Entel announced that in the first quarter of 2016 it would reduce its price for basic Internet service by around 30 percent, Telecom Paper reported today. Expanded international underwater fiber capacity made the rate reduction possible. Entel said the rate for basic Internet would drop from approximately $23 per month to $17 per month.

Chilean Banks 'Well-Positioned': Fitch

Chilean banks are "well-positioned" to face an economic slowdown, according to a Fitch Ratings report released Monday. The stable outlook is based on strong credit metrics, which is what continues to drive the success of most large and mid-size Chilean banks. Fitch predicts a third consecutive year of economic slowdown, with an average GDP growth of only 2 percent for the period of 2014-2016. However, a stronger-than-expected slowdown in the domestic economy could potentially trigger a negative outlook, because it would lead to a weakening of Chile's credit portfolio quality and operating profitability, the ratings service said.

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improbable, he should also try to work with the opposition and encourage them to agree to reforms that everyone knows are fundamental but politically costly. To be sure, this strategy will not work if the opposition decides to pursue the recall referendum option, which would risk heightened polarization. The opposition should interpret Sunday's results as a demand by Venezuelans to focus on solving the country's profound problems. In the short term, tensions could well increase, as each side establishes its political position. Still, the elections mark a turning point, the environment has changed and a transition is already underway."

Gustavo Roosen, member of the Advisor board and president of IESA in Caracas: "The victory of the Venezuelan opposition poses many challenges, both to the opposition and the government. The most important effort will be to achieve a proactive cohabitation mindset for resolving the nation's main problems. One of them should be releasing political prisoners. Surveys that anticipated the victory of the opposition coalition also reported the expectations of the very large segment of the population with limited resources regarding what they would need from the new National Assembly. Their aspirations are to have a calm and orderly country, which provides opportunities for them and where the environment is that of dialogue. The new Assembly should work to achieve improvements in these three areas, and their first challenge is to involve the executive power in these tasks, to perform them together. In this scenario, a new actor must be part of the transformation of the country. One of the most important pre-election research findings is that the respondents attributed the economic decline and loss of quality of life to the weakening of the private business sector, which has been attacked by interventionist policies and revolutionary expropriations. Rapprochement and cooperation of the government and the Assembly with the industrial private sector would help them find ways to solve the compelling economic problems the nation faces, while the private sector can become the main supplier of the three elements to which marginalized classes aspire: order in the reconstruction, dialogue and employment opportunities."

Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest: "Venezuela's political situation will be fragile for months, if not years, ahead. The opposition will seek to maintain its electoral momentum, and the drive to collect four million signatures for a recall referendum will soon be under way. This looks unwinnable for Maduro, whom the PSUV will likely cast aside as a liability. But while the prospect of a fresh presidential election will force the PSUV to find and unify behind a new leader, for the opposition it opens up the possibility of very real divisions. The scenario for one sector of the MUD will be the use of the legislative majority to secure the release of Leopoldo López and the fairy tale of his triumph in a late-2016 presidential election. This will face a challenge from the sectors that cohere around Henrique Capriles who very much see their commitment to the ballot box as the driver of the Dec. 6 success. The MUD has learned the benefits of unity, but the extent to which it can be maintained is questionable. Radicals will want to move fast to overturn legislation and state appointments. But with power comes responsibility, and moving too quickly will alienate those voters

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> **— Julia Buxton**

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U.S. House of Representatives passed a bill in June to repeal COOL, the Senate has yet to vote on it. The United States responded with dismay following the WTO's ruling. "We are disappointed with this decision and its potential impact on trade among vital North American partners," said Tim Reif, general counsel for the Office of the U.S. Trade Representative, Reuters reported. "We will continue to consult with members of Congress as they consider options to replace the current COOL law and additional next steps." It was not clear upon which products Canada and Mexico would apply the tariffs. The WTO's ruling cannot be appealed, and it is expected that the ruling will receive formal approval from the WTO's dispute settlement body later this month.

BUSINESS NEWS

Drummond Eyes 28 Mn Metric Tons of Coal Exports

Drummond Colombia, the South American country's second-largest miner of thermal coal, is expecting to export 28 million metric tons this year, an increase from the 23.1 million metric tons that it exported last year, said the company's president, José Miguel Linares, Platts reported Monday. A Colombian tribunal's decision this year to ban overnight use of the Fenoco coal railway led to a decrease in Drummond's coal exports of 4.5 million to 5.5 million metric tons between February and November, said Linares. The ban was lifted last month. If shipments continue unhindered next year, the company's total exports of coal are expected to reach 35 million metric tons, he added. In an interview with Colombian daily newspaper La República, Linares said the company could see $1.68 billion in total coal sales next year. He added that the company is planning to focus its investments for 2016 on the completion of a second Fenoco rail line as well as safety measures associated with the railway.

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who were finally persuaded to back the MUD. This will particularly be the case in relation to any proposed economic liberalization. Dialogue and negotiation within and between the PSUV and MUD is the only way to secure a violence-free transition from the Bolivarian revolution."

Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: "Dec. 6, 2015 will be remembered as Venezuela's new democratic dawn. Opposition forces were able to puncture the invincibility cloak that has enveloped Bolivarian forces since 1998. Food scarcity, rampant crime and unfettered corruption were the victory-propelling tailwinds. These defining features of Bolivarian rule convinced Venezuelans that no progress could be made for them or their children under the regime. Accordingly, the search for new leadership began. This entails the liberation of political prisoners, as part of the new leadership is all in jail. On the government front, Maduristas seem to have overcome more radical factions led by National Assembly President Diosdado Cabello. This also entails the undoing of several legislative measures concentrating power in the executive branch. And while President Maduro will seek to undermine the Assembly, it will be difficult for him to achieve that goal. A cabinet reshuffle is almost certain, as President Maduro will try to sail these difficult waters with loyalists. Should Maduro follow a Machiavellian dictum, he might appoint Cabello to a cabinet post, as enemies should be kept close. But the process of change has started and will see the arrival of new leadership both in the opposition as well as the Bolivarian ranks. The road will be fraught with conflict, but it is sure to lead to a bipartisan system that would have for the first time in Venezuelan history a genuine populist force and a genuine value-creating force. The greatest concern should now be the state of the economy, as continuing aggravation could turn friction into battles and battles into civil strife. This will perhaps define the limits of cooperation among the emerging political forces. And we might then cheer."

Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States: "First, there's no way around the fact that with 74.3 percent voter participation, a sizeable proportion of the population has backed change. The opposition coalition will pose a serious challenge to the government's power to pass legislation, and its victory could energize a movement aiming to constitutionally drive Maduro from power. Second, in what has become the prime example of an illiberal democracy in the Americas—where accountability and checks and balances on who wields power have all but been eroded—the government still maintains formidable powers at its disposal. There is no way around that either, at least not in the short term, and the scenario of the government either buying off elected legislators or changing the rules of the game before they are sworn in is a distinct possibility. Third, the pressure brought to bear on Caracas by former heads of state seems to have paid off at a moment when sub-regional or regional organizations have turned a blind eye. Finally, social media has once again proven its relevance as a tool for mobilization in the face of a closed government controlling and restricting the flow of information. Going forward, two critical decisions must be confronted. If the opposition makes good on its promise to pass an amnesty law, the Maduro government may face no other choice than to free all political prisoners, including Leopoldo López. And throughout Latin America, the 'see no evil, hear no evil, speak no evil' of these past years is untenable. For nations aspiring to play a leading regional or global role, jettisoning the excuse of non-intervention in the face of systematic violations of fundamental rights needs to become the norm, not the exception."

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