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THEDIALOGUE

FEATURED Q&A

Will Venezuela Advance or Be Mired in Gridlock?

Venezuela's National Assembly this month chose Henry Ramos Allup as its new president. // File Photo: Venezuelan Government.

Q Venezuela's opposition last week formally took control of the National Assembly, ending 17 years of control of the legislature by supporters of late President Hugo Chávez's socialist revolution. At the same time, the opposition named Henry Ramos Allup as the assembly's president. What does Ramos' selection say about the assembly's direction? How will President Nicolás Maduro's action to limit lawmakers' ability to oversee the central bank, and the outgoing National Assembly's action to name 13 new Supreme Court justices affect lawmakers' ability to make significant reforms?

A Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest: "For some opposition supporters, Ramos' confrontational approach is a more viable response to Chavismo than negotiation and consensus. In the short term, this and other 'statement' politics such as the removal of Chávez iconography may serve the opposition MUD coalition well. It sends a bold statement of no compromise to the Maduro government and indicates a determination to unpick policies that have damaged the economy, institutions and citizen security. But the MUD must also articulate popular concerns and initiate concrete policy alternatives; it has to be constructive as well as destructive and, most fundamentally, avoid the trap of replicating the government's intolerance and radicalism. This is where Ramos is a liability. It is simply too early to offend former Chavistas who after 17 years, finally moved behind the MUD. The selection of Ramos flags ongoing polarization to a wearied population, the pursuit of fast and hard roll back of the Bolivarian revolution to the

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Venezuela's High Court Voids Assembly's Actions

The country's Supreme Court ruled void any actions the National Assembly takes until three banned opposition lawmakers are removed from office.

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J.P. Morgan Sees Recovery in Global Bond Offerings

The region's banks could see some $12.5 billion worth of new bond offerings this year, said analyst Natalia Corfield, who added that offerings in Mexico, Colombia and Peru are likely to drive the growth.

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Colombia's El Quimbo Plant Restarts

A court had shut down the power plant, but President Juan Manuel Santos called on courts to allow it to begin re-operating because of the country's drought.

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Santos // File Photo: Colombian Government.

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POLITICAL NEWS

Venezuela's Supreme Court Voids National Assembly's Actions

Venezuela's Supreme Court on Monday ruled that all actions of the National Assembly are void until three opposition lawmakers, who were sworn in despite a ban from the high court, are removed from office, BBC News reported. Following an appeal by President Nicolás Maduro's Socialist Party, the high court had banned four lawmakers from Amazonas state from taking office pending an investigation into the legitimacy of their election. Three of the banned lawmakers are members of the opposition and one is from the ruling party. But in defiance of the court's ruling, the assembly last week swore in the three opposition members. Opposition members have seen the court's action to ban the opposition lawmakers as a move by a court stacked with Maduro supporters and an effort to rob the opposition of its powerful two-thirds majority in the National Assembly. However, the Socialist Party leader in the assembly, and former assembly president, Diosdado Cabello, said the legislative body should adhere to the court's rulings. "The logical, sane and democratic step is for the National Assembly's leadership to revoke the swearing-in of these lawmakers," he said, BBC News reported. "If the National Assembly is in contempt, nobody is going to recognize it." Opposition members in the assembly, however, said they would continue to defy the Supreme Court. "We will not cede one iota of the power that the people of Venezuela gave us," said opposition lawmaker Freddy Guevara, the Associated Press reported. The opposition-controlled National Assembly, which was seated Jan. 5, has not yet passed any legislation. However, on Monday, it began debating a law to free jailed opposition leaders. Legislators also formed a committee to probe irregularities surrounding the outgoing National Assembly's rush in its final days to name 13 new Supreme Court justices, a move that opposition members say proves that the court is rigged in the government's favor.

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>
> **— Diosdado Cabello**

ECONOMIC NEWS

JP Morgan Sees Recovery in Global Bond Offerings

Latin American banks could see a recovery this year in global bond offerings, a JP Morgan Securities analyst said Monday, Reuters reported. The region's banks are likely to see approximately $12.5 billion worth of new bonds this year, according to a forecast by the analyst, Natalia Corfield. That amount would be more than twice the 2014 total of $5.8 billion, but lower than the 2012 record total of $30 billion, the wire service reported. Last year, Latin American banks had the lowest total of bond offerings since 2008, said Corfield. A recovery this year would be focused on senior securities and is likely to be driven by lenders in Mexico, Colombia and Peru, which are facing higher needs for funding and refinancing, Corfield added. However, she said that she is "cautious" about Colombia and Brazil, whose banking systems could face higher borrowing costs, a slowdown in domestic growth and lower loan book quality. Brazil's financial system is encountering an "extremely challenging macroeconomic backdrop, which could lead to a more pronounced and prolonged non-performing loan cycle," said Corfield, adding that banks in Peru, Chile and Mexico are "the bright spot among Latin American institutions." In a Brazilian central bank survey released Monday,

NEWS BRIEFS

Argentine Commandos Capture Three After 15-Day Manhunt

Argentine police commandos on Monday recaptured three convicts who escaped from jail on Dec. 27, ending a massive manhunt, Reuters reported. Victor Schillaci and brothers Martin and Cristian Lanatta had been imprisoned for drug-related killings. Authorities cornered them in a rice mill plant near the town of Cayasta in Santa Fe province.

U.S. Lifts Ban on Agricultural Products From Dominican Republic

The U.S. Department of Agriculture on Monday announced it would lift the ban that had prevented 23 of the 30 Dominican provinces in which the Mediterranean fruit fly has not been detected from exporting agricultural products to the United States. The fruit fly attacks vegetables and tropical fruits, and was detected in the Dominican Republic last year. The subsequent ban the United States imposed on imports from the Dominican Republic last April resulted in the loss of millions of dollars for Dominican producers, officials said.

Colombia's El Quimbo Functioning Normally After Restart

Colombian hydroelectric power plant El Quimbo is functioning normally after temporarily restarting over the weekend, plant operator Emgesa said Monday. El Quimbo generates 5 percent of the electricity consumed in Colombia and is the second-largest facility of its kind in South America. A court had shut down El Quimbo due to a failure to remove wood and biomass from a dam. However, President Juan Manuel Santos called on courts to allow El Quimbo to continue operating because Colombia is experiencing drought conditions as a result of the El Niño weather phenomenon.

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disdain of opposition moderates, and leadership by an 'old school' elderly, white male in a supposedly forward and future-looking alliance. While intended to outflank Maduro's crude efforts to limit the capacity, oversight and authority of the assembly, Ramos' election enables a new government narrative of MUD obstructionism and vengeance. Legitimate and successful policy responses to Venezuela's profound problems can only come from inclusive, pluralist deliberation and wide stakeholder engagement. As such, and somewhat tragically, there may be some minor benefit from the current if egregious constraints on the assembly and Ramos, its cavalier president."

Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: "Ramos' election tells us two fundamental things. First, democratic opposition in Venezuela is finally united and will aim at keeping unity in spite of a deteriorating political environment and in the midst of government induced economic chaos. Second, it will seek to achieve its goals through democratic means. Ramos was elected among his peers. He has had a very distinguished parliamentary track record. He knows the limits of conflict and the secrets of interest aggregation. This democratic behavior is in sharp contrast with that of the government which, in order to keep the country under its control, is not abiding by the 1999 Constitution which was the product of a constituent assembly. The first sign of this unconstitutional demeanor was the request to the Supreme Court to render void the election of four assembly members from the state of Amazonas after the electoral power which has the sole jurisdiction to proclaim or render elections void had proclaimed these four deputies valid. Also, President Maduro has announced that the executive branch will not publish in the public register laws that the assembly enacts. Administrative procedures demand publication or else laws are not enforceable. This clearly is and institutional gimmick aiming at voiding the self-determination that the people of Venezuela loudly expressed on Dec. 6."

Jorge Lara-Urbaneja, partner at Arciniegas, Lara, Briceño & Plana in Bogotá: "Venezuela requires deep social, economic and political changes like no other country in the world, and these changes must be accomplished within an extremely difficult environment where there is no rule of law, and where the various opposition parties do not have a common political program. Besides taking control of the National Assembly, opposition leaders must strengthen their political structures and jointly adopt long-reaching decisions in order to steer the course of the country. The coalition of the opposition's political parties obtained the majority of votes for the National Assembly election because the military and the Venezuelan people backed this dramatic change. With this in mind, the new leaders should stay away from confrontations with the groups that supported their political victory, particularly if such confrontations will have no effects for the purpose of changing the course of the country. Very likely, the groups that support the present regime will attack the newly elected members of the assembly, but it is hard to believe that removing Chávez's pictures from the National Assembly will improve the opposition´s political standing. Rather, it could have gen-

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>
> **— Jorge Lara-Urbaneja**

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analysts said they expected the country's economy to contract 2.99 percent this year, a worse outlook than the previous week's forecast, EFE reported.

BUSINESS NEWS

Colbun Says it Won't Bid for Isagen Stake

Chilean energy company Colbun said Monday it would not be able to bid on a controlling stake in Colombian power company Isagen during Colombia's energy auction set for Wednesday, Reuters reported. Consortiums controlled by Colbun and Canada's Brookfield Asset Management had been expected to bid for the 57.6 percent controlling stake in Isagen on Wednesday, which is valued at approximately $1.94 billion. "Due to the new deadlines established by the authority to present a bid and also in part because of a 21.5 percent increase in the minimum price, Colbun will not be in a position to present a bid on the scheduled date," the company said in a statement. Colbun's share price rose 3.23 percent following the news.

Cárdenas // File Photo: Colombian Government.

Colombia will press forward with the sale of the controlling stake even if there is only one bidder, Finance Minister Mauricio Cárdenas said Monday in an interview with daily newspaper El Tiempo newspaper. Cárdenas told the newspaper that Colombia was prepared for the possibility of only having one bidder, and that it was certain that Brookfield would still participate in the auction. Isagen's sale has been postponed twice before due to legal challenges.

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erated a negative reaction from the military that backed the opposition's victory. Now, the new figures in the National Assembly must deal with Maduro, who apparently reorganized the government with Cuba in an effective advisory role. To counter that, opposition leaders must re-establish the support they lost by putting together a comprehensive political program, as they should have done from the start. There is no need for violent street confrontations, but rather for new political structures. Both notions are not just different. They are contradictory."

Gustavo Coronel, member of the founding board of PDVSA: "Naming Henry Ramos Allup as president of the National Assembly has more to do with his parliamentary skills than with signaling a particular sense of direction for the assembly. Ramos has spent about 20 years in the assembly and has considerable knowledge of parliamentary procedures. He is also a superb and aggressive speaker who will keep the government's deputies on a short leash. The agenda of the new assembly is already known: obtaining the freedom of political prisoners; evaluating the performance of President Maduro and his cabinet, including looking into their sworn statements of personal financial assets; passing emergency laws related to supplies of food and medicine; evaluating the national budget and, very importantly, selecting—within the next six months—the constitutional mechanism to end Maduro's presidency before his term expires in 2019. The government is taking several actions that will inevitably lead to a clash of powers, one in which the new National Assembly will have to face all other powers, which are under the control of the regime. This will make the work of the new assembly extremely difficult. However, three factors might work in its favor. First, as the government engages in this clash, its political and financial problems will increase very rapidly and might accelerate its fall. Second, the international community is finally fully conscious of the Venezuelan situation and could intervene to pressure the government into accepting the will of the people. Third, the armed forces could come out in favor of the National Assembly, given the country's worsening situation. In this last case, Maduro runs a real risk of being ousted in the short term."

Editor's note: The commentaries in this issue were submitted to the Advisor before Venezuela's Supreme Court on Monday ruled that the National Assembly's actions are void until three banned legislators are removed from office.

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

LATIN AMERICA ADVISOR

Energy Advisor

The answers to questions that informed executives are asking ... every week.

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