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THEDIALOGUE

FEATURED Q&A

Does the U.S. Have a Place in Resolving Venezuela's Crisis?

Venezuelan President Nicolás Maduro and U.S. Secretary of State John Kerry (L-R) met last month in Cartagena, Colombia. // Photo: U.S. Government.

Q Following a meeting between Venezuelan President Nicolás Maduro and U.S. Secretary of State John Kerry on the sidelines of the signing of peace agreement between the Colombian government and the FARC rebel group, Maduro said a top U.S. diplomat would soon visit Caracas in order to jointly explore easing tensions between the two countries. Has Maduro experienced a change of heart toward the United States? What might be the goal for improved relations between the two countries? How would the meeting differ from top U.S. diplomat Thomas Shannon's meeting in Caracas in June? Does the recent announcement from OPEC of a preliminary agreement to cut oil production change the dynamic between cash-strapped Venezuela and the United States?

A Diego Arria, member of the Advisor board and director at the Columbus Group: "Maduro has not had a change of heart at all. The Venezuelan president has been playing the U.S. diplomats to gain time, which he badly needs, facing at least 80 percent public rejection in the midst of a growing humanitarian tragedy as well as an economic and social collapse. The top U.S. diplomat, barring Secretary Kerry, would be Ambassador Shannon, again insisting on restarting a botched initial dialogue that even the Venezuelan Catholic bishops found inadvisable, as the regime is not willing to consider fundamental issues such as holding a presidential recall referendum this year, nor the liberation of political prisoners. By now it should be evident to the United States that improved relations with Venezuela while Maduro remains in power is

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TODAY'S NEWS

POLITICAL

Maduro to Pass 2017 Budget by Decree on Friday

Venezuelan President Nicolás Maduro said Wednesday that it is the National Assembly's "duty" to comply with a Supreme Court ruling earlier this week bypassing congress to constitutionally enact his 2017 budget before an Oct. 15 deadline.

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POLITICAL

Veracruz Governor Requests Leave of Absence

Javier Duarte, the governor of the Mexican state of Veracruz, said Wednesday that he planned to step down 48 days before the end of his term to deal with the corruption investigation against him.

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ECONOMIC

ECLAC Lowers Latin America Growth Forecast

Led by Alicia Bárcena, the U.N. agency reduced its forecast for Latin American growth this year, saying gross domestic product would contract 0.90 percent.

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Bárcena // File Photo: ECLAC.

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POLITICAL NEWS

Venezuela's Maduro Demands Assembly Pass Budget Friday

Venezuelan President Nicolás Maduro said Wednesday that it is the National Assembly's "duty" to comply with a Supreme Court ruling earlier this week, bypassing congress to constitutionally enact a 2017 budget before an Oct. 15 deadline, El Universal reported. "I will convene a People's Assembly of the country's congress on Friday, as approved by decree law, which will give the Supreme Court a 2017 budget to ensure the rights of the people," Maduro said, according to the report. The Supreme Court, led by Maduro loyalists, said in a ruling published late Tuesday that it will take over all budgetary functions from the National Assembly because its leaders, who oppose Maduro, stand in contempt of court for not obeying earlier unrelated rulings, The Wall Street Journal reported. Alfonso Marquina, the head of the Assembly's finance committee, decried the court's action. "The supreme court is usurping our powers," Marquina said. "Even during dictatorships the budgets went to congress." Venezuela's legislative body has approved every budget since 1861. "Nothing like this assault on democratic powers happened in Venezuela at least since the 1950s," Javier Corrales, a professor Amherst College told the Journal. "This decision by the Supreme Court is further evidence of the hardening of Maduro's dictatorial rule."

Embattled Mexican Governor Requests Leave of Absence

Javier Duarte, the governor of the Mexican state of Veracruz, said Wednesday that he planned to step down 48 days before the end of his term to deal with the corruption investigation against him, EFE reported. "I have made the decision, as of today, to ask the state legislature to grant me leave so I can step down from the post of governor," Duarte, who took office in 2010 and was to finish his term this year, said in an interview with Televisa. Mexico's ruling Institutional Revolutionary Party, or PRI, last month suspended Duarte from party membership in a bid to address perceptions of corruption in its ranks, Reuters reported. The PRI's seven-member justice commission approved the suspension of Duarte and six of his aides. During Duarte's six-year term, which ends next month, widespread drug violence, accusations of graft and electoral fraud, and multiple killings of journalists have tarred his reputation. The PRI lost Veracruz in gubernato-

Duarte // File Photo: Government of Mexico.

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impossible. It is difficult to understand why the United States continues to persist in a dialogue that in my view has more to do with not affecting its normalization process with Cuba than with the Venezuelan process. The U.S. should also acknowledge that many of the principal officers of the Venezuelan armed forces are associated with the drug cartels (the U.S. Treasury Department has imposed sanctions on seven individual armed forces members). And even though the armed forces are really in command of the Maduro regime, they are not included in the dialogue. Finally, the U.S. should evaluate the significance of the fear that the Colombian electorate felt by the influence of the Chávez/Maduro regime in voting against the peace agreement negotiated in Havana."

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NEWS BRIEFS

Creamfinance Expands Into Latin America

Creamfinance, an online consumer financial services provider, on Monday expanded its footprint in Latin America by launching a Mexico City office. With current operations in seven countries in Europe, the Mexico office marks its first presence on a new continent, the company said. "Mexico is obviously a very different country from the ones Creamfinance was operating [in] before," said Francisco De Vega, who has been named managing director of the Mexico office. Started in Latvia in 2012, Creamfinance currently employs approximately 200 people with aims to become a "one-click loans provider" to consumers globally.

Peru Hopes to Lead World in Blueberry Exports

Peruvian Agriculture Minister José Hernández on Wednesday told Congress that the Andean nation could become the world's top exporter of blueberries within the next two years, state news agency Andina reported. In a presentation before the legislature's budget committee, Fernandez said a recent agreement reached with Colombia granting access to several Peruvian agricultural products is will help boost demand, with a goal to double overall agricultural exports to $10 billion by 2021.

Weyerhaeuser Mulls Sale of Uruguay Assets

Washington-based Weyerhaeuser said on Wednesday it will explore selling or other strategic alternatives for its operations in Uruguay, Reuters reported. The assets include more than 300,000 acres of timberlands in northeastern and north central Uruguay, a plywood and veneer manufacturing facility, a co-generation facility and a seedling nursery. More than 90 percent of Weyerhaeuser's output in Uruguay is exported, mostly to the United States and Mexico, according to Reuters.

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rial elections in June. Duarte said Wednesday that no one demanded his resignation and that the move was "a personal decision." "I have nothing to hide, my assets have been made public, my financial statements have been very clear and have no variations in them," Duarte said.

ECONOMIC NEWS

ECLAC Lowers Latin America Growth Forecasts

The U.N. Economic Commission for Latin America and the Caribbean, or ECLAC, revised its forecast for Latin America downward on Wednesday, saying that the region's gross domestic product would contract 0.90 percent this year, EFE reported. Economic activity is expected to pick up again in 2017, however, with average growth of 1.5 percent. "The projections for 2017 reflect expectations of more auspicious global conditions than in 2015 and 2016," ECLAC said in a statement on its Web site, adding that "growth is expected to be stronger in the economies of the region's trading partners." That said, any expansion in 2017 will show marked differences between countries and sub-regions, with the economies of South America posting average growth of 1.1 percent in 2017, and the economies of Central America are expected to register growth of 4.0 percent next year, as compared to the 3.7 percent projected for 2016. In the English- and Dutch-speaking Caribbean, average growth is estimated at 1.4 percent for 2017, a recovery from the contraction of -0.3 percent expected for 2016.

Economic activity is expected to pick up in 2017 with average growth of 1.5 percent.

BUSINESS NEWS

eBay to Sell Majority of its Stake in MercadoLibre

California-based eBay said Wednesday it has decided to sell the majority of its stake in MercadoLibre, a leading on-line commerce platform in Latin America. The sale will enable eBay to realize "a significant gain on our investment," said Scott Schenkel, eBay's chief financial officer, in a statement. "We intend to use the net proceeds in a manner consistent with our capital allocation strategy," he added. eBay entered into a strategic agreement with Argentina-based MercadoLibre in 2001, when MercadoLibre acquired iBazar Com Ltda, the Brazilian subsidiary of iBazar SA, which previously had been acquired by eBay. In return for MercadoLibre's acquisition, eBay received an ownership interest in MercadoLibre. Also on Wednesday, eBay announced a new strategic agreement with MercadoLibre that is designed to advance eBay's cross-border trading business opportunities for its sellers who are targeting buyers in Latin America. "eBay's commitment to Latin America remains unchanged as a result of this transaction," Schenkel said. The name of the stake's buyer and financial details were not disclosed.

China's Envision Energy Wins Argentina Auction

Shanghai-based Envision Energy said Wednesday it has been awarded the largest wind energy contract in Argentina's first renewable energy auction, RenovAR. Envision secured four projects totaling 185 MW, out of the 708 MW awarded, along with other international and local bidders such as Genneia, Central Puerto, Pan American Energy and EREN Groupe. RenovAR received a total of 123 project bids, adding up to 6.3 GW of available capacity, among which 17 were awarded with 12 going to wind, four to solar and one to biogas. Since its first project in Chile in 2014, Envision has grown its Latin America portfolio to include more than 1,000 MW in capacity, with projects also in Mexico. Envision Energy says it is ranked among the 10 largest wind turbine companies in the world, with more than 7.5 GW of smart wind turbines in operation.

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Riordan Roett, director of the Latin American Studies program at the Johns Hopkins University's School of Advanced International Studies: "Given the political, economic and social turmoil in Venezuela—a failed state—the visit of a senior U.S. diplomat should be seen as a symbolic gesture of statecraft. Unless Maduro is willing to allow the recall referendum to proceed, release political prisoners and address the imploding economy, there does not seem to be much of an agenda for such a meeting. Maduro appears oblivious to the deteriorating situation in Venezuela. Reports on the failed public health system, for example, results in a comment by the president that the country has the best health system in the Americas. Food shortages, closed or mal-functioning schools and rising violence apparently are not part of his day-to-day 'reality.' The

> **"The salience of this meeting is overstated."**
>
> **— Julia Buxton**

Chavista model is now history. All the U.S. can do is repeat what Ambassador Thomas Shannon and Secretary John Kerry probably said in their meetings with Maduro: respect civil liberties and human rights, allow freedom of expression, and give the Venezuelan people the right to vote in the recall referendum. Nothing in recent comments from the government indicates willingness to compromise or to acknowledge the realities on the ground. The OPEC preliminary agreement, if implemented, will make little difference to U.S.-Venezuelan relations. The Chavista regime has basically gutted PDVSA. It will take years to restore the company to its former level of performance given the absence of investment in recent years. The country teeters on the edge of default, and a modest increase in global oil prices will only make a difference at the margin."

Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest: "The salience of this meeting is overstated. With the U.S. presidential elections rapidly approaching, Secretary of State John Kerry has limited time or leverage over Venezuela. There is pressure on the United States from some hemispheric partners and Venezuela's opposition movement to weigh in heavily on the recall and on the imprisonment of opposition figures. The reality is that U.S. attention is focused elsewhere and is likely to be averted from Venezuela for weeks if not months to come (barring the incoming president making it a top foreign policy priority)—by which time the window for a 2016 recall referendum will have closed. It does not seem that there has been a particular change of heart on the part of Venezuela. There has been a constant, if rebuffed, pursuit of the United States and improved bilateral ties for many years, but on sovereign terms and without concessions to U.S. demands. It is difficult to see what significant positives could come out of a high level U.S. diplomatic visit in this context and at this stage in the U.S. presidential term. Certainly Venezuela would like to see a restoration of ambassadorial representation and the lifting of sanctions against senior Venezuelan officials. But Kerry does not seem positioned or inclined to shift course in this direction, which would in any event outrage sections of the opposition. As such, the meeting and any follow up seem more like an exercise in treading water than reconfiguring bilateral ties."

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

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