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THEDIALOGUE

FEATURED Q&A

Is the OAS Taking the Right Steps With Venezuela?

Clashes between protesters and police are expected to continue this week in Venezuela, where more than 30 people have died in street demonstrations over the past month alone. // File Photo: Andrés E. Azpúrua.

Q Venezuela has announced it plans to withdraw from the Organization of American States after member states voted to proceed with a meeting to discuss human rights concerns, economic turmoil and political protests raging across the country. The Andean nation would join only Cuba among Western Hemisphere nations that are not actively members of the OAS. What will the process of Venezuela's withdrawal from the OAS look like? Will other member states that are supportive of the Maduro government follow its lead and depart, or will pressure be applied to keep Venezuela in the Washington-based group? If Venezuela leaves, has the OAS done its job well, or has it failed in its mission?

A John F. Maisto, former U.S. ambassador to Venezuela, Nicaragua and the OAS and former senior director for the Western Hemisphere at the National Security Council: "Venezuela's announced exit from the OAS signals that the Maduro government has lost the traditional 'sovereignty trumps everything' game in Latin America—a big blow. Venezuela still has to face two years of OAS obligations and Venezuelan issues determined by majority vote. Though the Maduro government is legitimately elected, OAS members increasingly are no longer refusing, on that basis, to ignore the Venezuelan government's avoidance of constitutionally-mandated elections, jailing of political opponents, stripping the legislature of its constitutional role and violating human rights. Nor is the majority ignoring the unprecedented social and economic hardship of Venezuelans, the law and order breakdown and the violence in the streets. Invoking the OAS

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Inflation Up More Than Expected in Colombia

The cost of gasoline, transport, electricity and water tariffs showed the biggest increases, while slowing food prices continued to anchor the overall disinflation trend thus far this year.

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Alexion Offices in Brazil Searched in Police Probe

Investigators are looking into whether the company improperly subsidized lawsuits for patients to get access to the company's top-selling drug, Soliris.

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POLITICAL

Mexico Decries Texas Law on Sanctuary Cities

Mexico's Foreign Ministry on Monday criticized a new "sanctuary cities" law, signed by Texas Gov. Greg Abbott (R), that requires local police to help enforce U.S. immigration laws, a measure critics say is bad for policing and will lead to racial profiling.

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Abbott // File Photo: State of Texas.

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POLITICAL NEWS

Mexico Criticizes New U.S. Law Against Sanctuary Cities

Mexico's Foreign Ministry on Monday criticized a new "sanctuary cities" law in Texas, known as SB4, that requires local police to help enforce U.S. immigration laws, the Associated Press reported. "The Foreign Ministry expresses its concern regarding SB4 because it contains elements that could be harmful to the rights of Mexican and Mexican-born persons living in that state, who account for about one-third of its total population," the statement said. The law requires local police chiefs and sheriffs, under the threat of jail and removal from office, to comply with federal requests to hold criminal suspects in jail for possible deportation. Police officials worry the measure will cause immigrant families to not report crimes or come forward as witnesses over fears that talking to local police could lead to deportation. Critics also fear it will lead to the racial profiling. In McAllen, Texas, scores of demonstrators took to the streets near the Mexico border in protest of the measure, local television station KENS reported. Governor Greg Abbott (R) stated Monday in an announcement that public safety was his top priority in signing the bill into law.

ECONOMIC NEWS

Inflation in Brazil Slows to Lowest Level in 10 Years: Poll

Brazil's annual inflation rate in April likely eased to its lowest level in nearly 10 years, according to a Reuters poll released Monday. The IPCA benchmark consumer price index rose 4.10 percent in the 12 months through the end of April, as compared with a 4.41 percent increase in the year to the middle of the month, according to the median estimate of 26 economists surveyed. Annual inflation has fallen from a 12-year peak of 10.7 percent in January 2016. In April, consumer prices were expected to have increased 0.16 percent from March, slowing from a 0.25 percent rise the previous month. However, a report from Brazil's Central Bank on Monday suggests that inflation could be on the rise again in 2018, Folha de S. Paulo reported. The survey says the IPCA will rise again to 4.39 percent next year, from its current 4.10 percent rate. One of the biggest factors that could push up consumer prices would be a rising value of the U.S. dollar against Brazil's real currency, which has been among the strongest performers in the world this year.

Consumer Prices Up More Than Expected in Colombia

Consumer prices in Colombia climbed more than expected in April, rising 0.47 percent month-over-month, state statistics agency DANE said on Monday. Regulated prices were the main culprit of April's surprise, JP Morgan analyst Ben Ramsey said in a research note to clients. The cost of gasoline, transport, electricity and water tariffs showed the biggest increases, while slowing food prices continued to anchor the overall disinflation trend thus far this year, Ramsey noted. Inflation in Colombia is expected to end the year at slightly above 4 percent overall. In related news, last week U.S. President Donald Trump formally signed a $1.16 trillion federal spending bill that ensures Colombia will receive the $450 million in aid for the nation's peace process that was pledged last year by former President Barack Obama, Finance Colombia reported. The funds are targeted at security and counter narcotics measures, and they cannot be used as "payment of reparations to conflict victims or compensation to demobilized combatants associated with a peace agreement between the government of Colombia and illegal armed groups," the bill states. The White House announced last week that Colombian President Juan Manuel Santos will visit Washington on May 18.

NEWS BRIEFS

Argentina: Protesters Keep Santa Cruz Governor in Office Overnight

The governor of the Argentine province of Santa Cruz, Alicia Kirchner, was able to leave her offices at dawn this morning after spending 15 hours holed up in the government headquarters building, her exit blocked by protesting teachers and pensioners, La Nación reported. Kirchner is the sister-in-law of former president Cristina Fernández de Kirchner. The government of President Mauricio Macri said Monday it is monitoring the situation in Santa Cruz "with concern," Télam reported.

Newell Brands Posts 11.8 Percent Sales Growth in Latin America in Q1

New Jersey-based consumer goods company Newell Brands said Monday that sales in Latin America in the first quarter rose 11.8 percent as compared to the year before, to nearly $170 million. Better foreign exchange terms helped boost net revenue, although Latin America remains the smallest region for the company in terms of sales, with North America posting $2.4 billion in sales in the period. Overall, core sales grew 2.5 percent at the company in the first quarter.

Venezuela Defense Minister Says Military Courts Within the Law

Venezuelan Defense Minister Vladimir Padrino on Monday said cases of demonstrators being arrested and prosecuted by military courts are "within the law," El Universal reported. Padrino's defense of the increasingly widespread tactic comes amid criticism from opposition leaders, who pointed out Monday that as many as 780 people were arrested last week for looting in Valencia and other cities in the state of Carabobo, and of those, 251 were processed in secret military courts, Bloomberg News reported.

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BUSINESS NEWS

Alexion Offices in Brazil Searched Over Sales Practices

The São Paulo offices of Connecticut-based Alexion Pharmaceuticals were raided by Brazilian authorities Monday as part of an investigation into the drugmaker's sales practices, Bloomberg News reported. Investigators are looking into whether the company improperly subsidized lawsuits for patients to get access to the company's top-selling drug, Soliris (eculizumab), through the national health system. Law enforcement officials allege that some lawsuits filed on patients' behalf were fraudulent, according to the report. Police also searched a local patient association, the Associacao dos Familiares, Amigos e Portadores de Doenças Graves, or AFAG, to which Alexion has given financial support. A company spokeswoman denied wrongdoing Monday. "Alexion

> **"Alexion has not been charged with any criminal or civil misconduct at this time."**
>
> **— Kim Diamond**

provides support to the patient association in Brazil in the form of unrestricted educational grants and in accordance with local laws and regulations and industry code," Alexion spokeswoman Kim Diamond told Bloomberg News. "Alexion has not been charged with any criminal or civil misconduct at this time," she added. In addition, Alexion is under investigation by the U.S. Securities and Exchange Commission and Department of Justice for issues related to the Foreign Corrupt Practices Act in countries including Brazil, according to Bloomberg. Last month Alexion reported first-quarter revenues of $870 million, a 24 percent increase over the same period last year that the firm attributed in part to $21 million in bulk orders of Soliris shipped in Latin America.

THE DIALOGUE CONTINUES

Are Latin America's New Whistleblower Laws Working?

Q Last year, Mexico enacted sweeping changes to the country's anti-corruption regime, including new whistleblower protections for individuals. Also last year, Argentine authorities extended special benefits to whistleblowers, such as reducing the length of prison sentences, when they report certain types of public corruption. What is the state of whistleblower laws in Latin America and the Caribbean? Are such laws effective ways to encourage reporting corruption and allowing people to speak up when they see wrongdoing? What best practices in protecting whistleblowers need to be replicated, and what flaws in the system should be corrected? Should whistleblowing laws apply differently to the public and private sectors?

A Morgan Miller, partner, and Bryan Parr, of counsel, in the Investigations and White Collar Defense practice at Paul Hastings: "Laws providing protections for whistleblowers, and that ensure private actors do the same, are critical to ensuring effective compliance, particularly in the context of anticorruption regimes. The challenge is to find the right mix, and types, of carrots and sticks to incentivize true whistleblowers. While certainly they are steps in the right direction, by offering to spare the rod, both the Mexico and Argentina reforms communicate an approach quite different from the U.S. Securities and Exchange Commission's frequent press releases about significant monetary rewards. By presuming there is a penalty to be reduced, such measures necessarily target those without clean hands, who are technically not whistleblowers at all and whose credibility and reliability may negatively impact the information they report. Whether possible reductions and leniency will also incentivize the casual bystander or good citizen to step into, voluntarily and proactively, a regime with that default presumption remains to be seen. In the meantime, the SEC's Office of the Whistleblower, aided by the U.S. plaintiffs' bar, will continue to

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expand the awareness of its payouts—and receive reports from around the world. That said, Lava Jato in Brazil—and successful criminal prosecutions around the world—in large part owe their success to flipping one wrongdoer against another, which Mexico's and Argentina's reforms appear poised to facilitate. Ultimately, throughout Latin America (and elsewhere), the challenge is to ensure that relevant groups see both that the protections are working effectively, and that the incentives provide actual, meaningful rewards, to society as a whole and to whistleblowers individually."

EDITORS NOTE: The above is a continuation of the Q&A featured in yesterday's edition of the Advisor.

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and Inter-American Democratic Charter, the OAS has gained significant new relevance throughout the hemisphere—as well as, in an important bipartisan way, in Washington. This new majority, working with the principled and resolute Secretary General (and an effective U.S. delegation) will continue to seek negotiated, forward movement to permit the Venezuelans to resolve their several impasses. Continuing pressures and diplomacy through the OAS, plus individual country pressures and demands for fair elections and freeing political prisoners, are aimed to help the Venezuelans, facing more need and desperation, to work something out. Any combination of moves, events and diplomatic interventions, including the Vatican's, can come together to help make this happen. This includes pressures and/or action by the Venezuelan military. Throughout, the OAS will provide the inter-American venue—and play the role the member states want it to play."

Steve Ellner, participating editor for Latin American Perspectives: "The political polarization in Venezuela has reached new levels of intensity and could easily drag the nation into a veritable civil war. The problems the nation is facing have no easy solutions. While the government of Nicolás Maduro has committed its share of errors, the opposition has also assumed positions that do not reflect popular sentiment, which is in favor of national reconciliation and a focus on concrete economic solutions rather than political confrontation. Unfortunately, Secretary General Luís Almagro of the OAS, among other foreign actors in the hemisphere, has failed to place himself above the nation's internal politics and to facilitate a peaceful and constructive resolution of the conflict. Instead, his statements without exception have been explicitly in line with the opposition's narrative and the demands it has formulated. Nevertheless, what is happening on the ground in Venezuela is not black and white, and the true facts are hard to determine. The opposition accuses the government of violent repression. The government, for its part, accuses the opposition of organizing protests that lead to actions carried out by small combat units, involving barricades, fires, destruction of public property and attacks on security forces. Given this complexity, the OAS should have promoted a national dialogue and named a non-partisan committee to investigate disputed events. Venezuela's decision to withdraw from the OAS must be seen in the context of the organization's partisanship, which has only exacerbated, rather than eased, polarization."

Edmundo González, former Venezuelan ambassador: "The decision to withdraw from the OAS is a new signal of weakness from the Nicolás Maduro government, besieged by the worst crisis in history; increasingly spurned by the international community and isolated by a good portion of the democratic nations of the hemisphere. It appears unlikely that other countries will accompany Venezuela in its decision. Perhaps the few allies it has maintained will threaten the body with rhetorical discourse, as they have done in the past. More than half the members of the OAS have tried to exercise 'democratic pressure' using the instruments of multilateral diplomacy, including the Inter-American Democratic Charter, in search of a peaceful exit from the crisis. Despite the efforts of a few governments to weaken the OAS and try to substitute it with a newly created organization, the OAS—with all of its imperfections—continues to be the natural space for the upcoming reestablishment of democratic order in Venezuela. In this regard, we should highlight the effort that Secretary General Luís Almagro has made to arrive to a political solution to the crisis, within the framework of the aforementioned instruments, in order to reinstate the institutions and democratic coexistence in Venezuela. The majority of the members of the Permanent Council have acted in the same vein, calling for the restoration of constitutional order."

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