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## FEATURED Q&A

# Where Is Russia's Alliance With Maduro Headed?



Venezuelan President Nicolás Maduro met Dec. 5 in Moscow with his Russian counterpart, Vladimir Putin. // Photo: Venezuelan Government.

**Q** Venezuelan President Nicolás Maduro earlier this month visited his Russian counterpart Vladimir Putin in Moscow, where they signed agreements that secure investment in the South American country's oil and gas sectors and further cooperation in other areas. Several days later, Russia sent two nuclear-capable strategic bombers to Venezuela for several days, prompting criticism from the United States and Colombia. Also this month, Russia's state-run Tass news agency cited a local newspaper in reporting that Russia plans to establish a long-term military presence on a Venezuelan island in the Caribbean. What did Maduro achieve on his trip to Moscow? Will Russia's promised investments help the cash-strapped South American country turn its economy around? What is the future and significance of Venezuela-Russia military cooperation?

**A** R. Evan Ellis, Latin America research professor at the U.S. Army War College's Strategic Studies Institute: "Regarding Russia's \$5 billion investment commitment to Venezuela, Rosneft, led by Vladimir Putin's longtime intelligence colleague, Igor Sechin, is the only major Russian company that did not pull out of Venezuela as its economy crumbled. The investment is too small and self-serving, and Venezuela is too 'far gone' for it to be a 'rescue.' Rather, Rosneft is trying to escape the economic consequences of bad decisions as Venezuela collapses. It loaned billions to the Maduro regime in exchange for questionable guarantees, including a now shaky claim on Citgo assets in the United States. Rosneft now seeks to pump resources into Venezuelan oilfields under its control to generate enough production

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President Iván Duque said the recent talks involving his government, the private sector and labor representatives produced the agreement for the increase, which he called "the most significant in the last 25 years."

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## Nissan to Lay Off 1,000 Workers in Mexico Factories

The automaker blamed the job cuts on "challenging market conditions." Nissan's North American vehicle sales fell 8.4 percent during this year's second quarter.

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### POLITICAL

## Argentina's Fernández to Face Corruption Trial

A court ruled that former Argentine President Cristina Fernández de Kirchner face trial in connection with corruption allegations involving the so-called "notebooks" scandal.

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Fernández // File Photo: Facebook site of C. Fernández de Kirchner.

## POLITICAL NEWS

## Former Argentine President Fernández to Face Trial

A federal court in Argentina confirmed Thursday that former Argentine President Cristina Fernández de Kirchner will be put on trial on bribery charges, Clarín reported. Fernández, who was in office from 2007 to 2015, stands accused of heading a criminal scheme related to the “notebooks” case, in which millions of dollars in bribe money that Argentine government officials allegedly received from businessmen were recorded. The federal court accepted Judge Claudio Bonadio’s request that Fernández be detained before her trial, but as a sitting senator, she has parliamentary

**The notebooks scandal involves \$160 million in alleged bribes.**

immunity that prevents that action, Agence France-Presse reported. In August, Argentina’s Senate partially stripped Fernández of her immunity in order for investigators to search three luxury homes she owns. However, even if she is convicted, she cannot be jailed unless her immunity is completely lifted, the wire service reported. In the notebooks case, a government driver, Oscar Centeno, alleged that he delivered more than \$160 million in cash to several addresses in Buenos Aires, including the former president’s official residence and private home, The Times reported. He recorded the deliveries, which he said were likely bribes, in eight notebooks. On Thursday, the court also seized 1.5 billion pesos (\$38 million) worth of Fernández’s assets and also ordered the prosecution of her former planning minister, Julio de Vido, in connection with the case, AFP reported. After being informed of the court’s decision, Fernández, who denies wrongdoing,

blasted the government of current President Mauricio Macri, accusing him of being behind the case against her. “I say: where will the verdicts be written? All at the request of and custom-made by Macri,” she said, also accusing the center-right Cambiemos coalition and the newspaper Clarín, both of which have opposed her. More than a dozen former Argentine government officials and 30 business leaders have been implicated in the case, which prosecutors say involved bribes paid out between 2005 and 2015. Members of Macri’s family have also been sought for questioning in the case. Macri’s father Franco and brother Gianfranco were called to testify last week before Bonadio to answer questions related to the Autopistas del Sol company, a Macri Group subsidiary, in connection with alleged bribes related to government highway contracts.

## ECONOMIC NEWS

## Colombia to Boost Minimum Wage by 6 Percent

Colombian President Iván Duque said Thursday that the minimum wage for workers would increase by 6 percent in 2019, EFE reported. In a statement, Duque said the wage hike was agreed to in recent talks between his government and the private sector and labor representatives, and he called the increase “the most significant in the last 25 years.” Workers will also receive a “transportation subsidy” increase of 10 percent. Together, the changes will boost the minimum monthly salary of works to 925,148 pesos, or \$287, according to the report. The inflation rate in Colombia has been staying within the government’s 3.3 percent target this year, according to the Financial Times, and growth next year is forecast at 3 percent. A conservative elected earlier this year in a closer-than-expected race, Duque, 42, said the wage boost will “reactivate the economy” and create more formal employment. His administration has faced some turbulence in its first 100 days in office, with student protesters

## NEWS BRIEFS

## Trump Signs Bill to Sanction Nicaraguan Government

U.S. President Donald Trump on Thursday signed into law the “Nica Act,” which imposes financial sanctions on Nicaragua’s government, El Nuevo Diario reported. The law aims to curtail loans to Nicaragua by international financial institutions. Trump signed the measure a day after Ortega’s government said it was expelling international experts investigating allegations of human rights abuses by Nicaraguan security forces.

## Piñera Seeks Resignation of Chile’s Top Police Chief

Chilean President Sebastián Piñera on Thursday asked the nation’s top police chief to resign over the death of an indigenous Mapuche man five weeks ago, BBC News reported. Piñera said Hermes Soto and 10 other police commanders should step down to make way for new leadership. Camilo Catrillanca, 24, was reportedly shot in the head Nov. 14 by police while going to work driving a tractor. The Mapuche have had a longstanding conflict with Chilean authorities over centuries, and his death led to a new wave of violent protests and arson attacks.

## Brazilian Judge Again Freezes Boeing-Embraer Joint Venture Deal

A Brazilian judge on Thursday froze a joint venture deal between aero-defense company Boeing and Brazilian regional jet maker Embraer, Agence France-Presse reported. Labor unions at Embraer requested the suspension. For the second time this month, Judge Victorio Guizio Neto in São Paulo halted the venture. Earlier this month, an appeals court overturned Neto’s order, allowing the deal to proceed. Boeing and Embraer plan to manufacture smaller jets with fewer than 150 passengers under the plan.

clogging streets for months across the country, demanding more funding for education. Last week, Duque reached an agreement with student leaders allocating more than 4.5 trillion pesos (\$1.4 billion) in additional funds for education over the course of his four-year term. [Editor's note: See related [Q&A](#) in Wednesday's edition of the Advisor.]

## BUSINESS NEWS

# Nissan to Lay Off 1,000 Workers in Mexico Factories

Nissan Motor said Thursday it will lay off about 1,000 workers in Mexico at two factories, Reuters reported. The Japan-based carmaker cited "challenging market conditions" for the job cuts, which will take place at its Cuernavaca and Aguascalientes manufacturing facilities. Nissan attributed its decision to a "decline suffered by the Mexican automotive industry," according to the report. Nissan's North American vehicle sales dipped 8.4 percent during the second quarter. The United States has been a primary destination for Nissan vehicles made at the two plants, but changing consumer preferences toward larger vehicles amid continued low gas prices at the pump, as well as rising costs for steel and primary materials to make the vehicles, have cut into Nissan's profit margins. Earlier this year, the auto maker said it would reduce vehicle production by up to 20 percent in North America. Carmakers and their suppliers have been trying to understand how new minimum wage requirements, export quotas and rules-of-origin clauses under the freshly inked U.S.-Mexico-Canada pact, negotiated earlier this year to replace the North American Free Trade Agreement, will affect their supply chains and businesses. The pact still requires legislative approval by the three countries, and analysts say a new Democratic Party majority in the U.S. House of Representatives starting in January could complicate the deal's passage. [Editor's note: See related [Q&A](#) in the Nov. 12 issue of the Advisor.]

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to repay itself for money previously loaned before Venezuela collapses completely: Venezuelan production is 1.14 million barrels of oil per day (bpd), down from 3.1 million bpd, compounded by falling oil prices and an ever-expanding group of legal claimants (including Crystallex, Rusoro and Owens Illinois) winning court judgments to seize Venezuela's assets. Jan. 10 is critical in the legal battle: it is the formal end of Maduro's presidential term (with many countries viewing his re-election as illegitimate), raising questions about the legal status of commitments made to the Russians afterwards. The two Tu-160 bombers and their flight around the Caribbean with Venezuelan fighter escorts repeats Tu-160 flights in 2008 and 2013. The An-124 probably came to support the Tu-160s, while the 100 personnel arriving with the Il-76 transport could be doing technical evaluations for the rumored Russian 'basing agreement.' Such rumors about a Russian 'base' on Orchila island should be treated skeptically: they have been made before and are possible 'fake news' to complement the 'threatening' effect of the Tu-160s."

**A** **Steve Ellner, former professor of economic history and political science at Universidad Oriente in Venezuela:** "It is not surprising that voices in Washington have expressed alarm over the landing of two Russian bombers in Venezuela. But the statements of government spokespeople and reporting in the mainstream media regarding the steps taken by President Nicolás Maduro is largely one-sided. Like always, it is necessary to contextualize in order to form an accurate opinion of what is taking place. Secretary of State Mike Pompeo referred to 'two corrupt governments [Russia and Venezuela] squandering public funds while their people suffer.' Along the same lines, media coverage of the incident underlined Venezuela's pressing economic conditions. All governments, however, regardless

of the state of their economy, have the right to defend themselves. For many media commentators, Maduro sought to strengthen his position internally by putting on display the support he counts on from powerful international allies. Fear of a U.S. military response may be a more plausible explanation for his motives. Indeed, President Trump's threats of military intervention and implicit support for a military coup in Venezuela is veritably without precedent in the history of U.S. diplomacy. Similarly, historical context

“**Fear of a U.S. military response may be a more plausible explanation for [Maduro's] motives.**”

– Steve Ellner

is necessary to understand why Venezuela became (in the words of Time Magazine) 'a major buyer of Russian military hardware,' which is another source of U.S. concern. The embargo initiated by the government of George W. Bush on spare parts for the U.S.-built F-16 fighter jets made it inevitable that then-President Hugo Chávez would look elsewhere. The embargo led to the military partnership between Venezuela and Russia beginning with the purchase of 24 Sukhoi planes in 2006. The presence of Russian bombers in Venezuela last week and the possibility of future deployments are clear examples of the undesirable consequences of Washington's unyielding hostility toward that nation."

**A** **Gustavo Roosen, president of IESA in Caracas:** "Russia's oil investments in Venezuela are unlikely to produce positive results for Moscow, given the deplorable status of the oil industry in Venezuela, with no qualified workers, no management and no

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technology. This has led the production of more than 3.8 million barrels of oil per day in 1998 to fall to 1.2 million barrels per day at the moment. Igor Sechin, president of Rosneft, a major Russian oil company, was in Caracas on Nov. 25 to try to collect the huge debt that PDVSA owes Rosneft. Without a doubt, Russia-U.S. relations are in a complicated moment, given what is going on in

“Russia’s oil investments in Venezuela, are unlikely to produce positive results for Moscow.”

— Gustavo Roosen

Syria, Ukraine, Iran and the nuclear non-proliferation treaty from which the United States withdrew a while back. Since the Hugo Chávez presidency, Russia and Venezuela have been considering establishing a base in Venezuelan territory. I do not wish to speculate about the reasons why Vladimir Putin decided to make this adventurous military deployment in Venezuela. What is significant is that on Jan. 10, when Nicolás Maduro will begin a new term based on unconstitutional elections, more than 50 countries, among them the main global superpowers, the Lima group and numerous other international organizations, won’t recognize Maduro as president. Facing such weakness and the illegitimacy of Maduro’s government, the Cubans, the mentors of his regime, perhaps participated in the deployment of these supersonic planes and their delegation with the purpose of improving the negotiating position that the regime would like to achieve in order to keep power.”

**A** Javier Corrales, Dwight W. Morrow 1985 professor and chair of political science at Amherst College: “For years, Venezuela

has been interested in changing BRIC into VRICC, meaning, replacing Brazil as the most important South American partner in this informal association (which involves Russia, China and India) and inserting Cuba (the second C). Now that the right-wing, pro-Trump Jair Bolsonaro is rising in Brazil, Venezuela thinks it has a better chance at this transformation. For it to take place, Venezuela needs to lure Russia. Venezuela’s charm offensive has two elements. The first element is similar to the strategy employed with the Chinese in the late 2000s: get the Russians to become more and more invested in Venezuela’s economy, so that they always feel compelled to bail out Venezuela, if needed. This strategy isn’t going so well. Just a few weeks ago, the head of Russian oil company Rosneft traveled to Venezuela to complain about Venezuela’s failure to comply with financial obligations. The second element in Venezuela’s charm offensive borrows from the strategy Cuba used toward the USSR in the early 1960s: trap Moscow into overcommitting to providing security. Because Venezuela’s economic offerings to Russia aren’t doing much, Venezuela is thinking of offering more and more military assets. Under Chávez, Venezuela gave military assets to Russia in the form of military purchases. Maduro is trying to go farther by making Venezuela into a military base of sorts. It remains to be seen whether these economic and military assets are enough to lure Russia as much as Caracas would like to.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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