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FEATURED Q&A

Will Venezuela's Maduro Complete His Second Term?



Venezuelan President Nicolás Maduro was sworn in for his second six-year term on Jan. 10. Several countries are refusing to recognize his government, saying his election last May was fraudulent. // Photo: Venezuelan Government.

Q Venezuelan President Nicolás Maduro was sworn in for a second term on Jan. 10 amid political and economic crises that have led millions of Venezuelans to flee the South American country in recent years. What can Venezuelans expect of Maduro's new term? Will his current political and economic policies continue, and will he move to consolidate his power? Will the decision by foreign countries, including Peru and Brazil, not to recognize Maduro as a legitimate president have any practical consequences?

A Michael Camilleri, director of the Peter D. Bell Rule of Law program at the Inter-American Dialogue: "On Jan. 10, Nicolás Maduro's already weak claim to democratic legitimacy became even more tenuous. At the Organization of American States, 19 countries voted not to recognize his new presidential term as a consequence of its fraudulent origins. The opposition-held National Assembly is now quite clearly the most legitimate political entity in Venezuela, and its new leader, Juan Guaidó, has positioned himself effectively as a transitional figure. Guaidó has raised his profile with strong backing from the international community, including the United States and many Lima Group countries. And his brief detention—and subsequent release—by Venezuelan intelligence showed that the Maduro regime is split over how to handle him. Nonetheless, Maduro remains in charge of the country, and the governing regime has steadily consolidated power over two decades, initially through political persuasion and more recently via corruption, coercion and—increasingly—outright repression. So far, Maduro has commanded sufficient loyalty from the security forces

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TODAY'S NEWS

POLITICAL

U.S. May Allow Lawsuits Over Confiscated Property in Cuba

The Trump administration may allow U.S. citizens to sue foreign companies and individuals over property confiscated after the Cuban Revolution. Lawsuits would be allowed under a law that has been suspended since its passage in 1996.

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BUSINESS

Brazil's Bradesco Focusing on AI

Brazil's second-largest private lender is reportedly focusing on artificial intelligence in order to boost sales.

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ECONOMIC

Mexico Raises \$2 Bn in Global Debt Market

Mexico attracted 320 institutional investors to purchase its 10-year dollar-denominated bond, raising \$2 billion. The bond issuance was seen as a success for the government of President Andrés Manuel López Obrador.

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López Obrador // File Photo: Mexican Government.

POLITICAL NEWS

Presidents of Brazil, Argentina Blast Venezuelan Gov't

Argentine President Mauricio Macri met with his Brazilian counterpart, Jair Bolsonaro, Wednesday in Brasília, where the two leaders blasted what they called Nicolás Maduro's "dictatorship" in Venezuela, Agence France-Presse reported. "We reaffirm our condemnation of Maduro's dictatorship. We will not accept this affront to democracy," Macri told report-



Macri and Bolsonaro (L-R) met Wednesday in Brasília. // Photo: Brazilian Government.

ers. Bolsonaro, who took office as Brazil's president on Jan. 1, on Monday called Maduro a "modern-day Hitler" and said that Brazil, like Argentina, was working for the "defense of liberty" in Latin America. Brazil and Argentina were among a group of 13 Western Hemisphere nations that issued a statement on Jan. 4 saying they would no longer recognize Maduro as Venezuela's president and urging him to cede power. Maduro was sworn in for a second six-year term on Jan. 10, following an election last May that has been widely denounced as fraudulent. During their meeting, Macri and Bolsonaro also discussed other areas, including economic integration and the Mercosur trade bloc, which also includes Paraguay and Uruguay as full members. Both Macri and Bolsonaro said Wednesday that their main task with the customs union is how to "modernize" and "improve" it, Bloomberg News reported. They gave few details, however, on how they plan to accomplish that modernization. Macri added that concluding a trade deal with the European Union, following talks

that have lasted more than a decade, should be a main priority. Bolsonaro also said the trade bloc is a priority for his administration. "Mercosur needs to realize trade and investment opportunities," said Bolsonaro. The new Brazilian president during his campaign had criticized Mercosur, calling it a political forum for leftists, rather than a tool for strengthening trade, Mercopress reported. However, since Bolsonaro took office more than two weeks ago, Brazil has been working with Argentina on business-friendly and free-market reforms, the news site reported. During the meeting between the Brazilian and Argentine presidents on Wednesday, the two countries also signed a new extradition treaty in order to strengthen cooperation on fighting drug trafficking, organized crime, money laundering and corruption.

ECONOMIC NEWS

Mexico Raises \$2 Billion in Global Debt Market

Mexico raised \$2 billion in the global debt market on Wednesday, with 320 institutional investors participating to buy the government's 10-year dollar-denominated bond, the Finance Ministry said in a statement, El Financiero reported. "Total demand for the transaction was approximately \$8 billion, equivalent to four times the amount issued," the statement added. The bond has a 4.577 percent yield and a 4.5 percent coupon. The higher borrowing cost, compared to Mexico's 10-year dollar debt sale last January that had a yield of 3.838 percent, in part reflects the hike in global interest rates over the past year, the Financial Times reported. "It is an opportune moment, taking advantage of the market conditions that have shown a greater appetite for risk and good support of emerging assets," Santiago Leal Salinger, strategy assistant manager at Grupo Financiero Banorte, told the local newspaper. Before he took office as Mexico's president, Andrés Manuel López Obrador in November spooked investors by announcing the cancel-

NEWS BRIEFS

Venezuela Charges 12 Intelligence Officials in Guaidó's Brief Detention

Twelve officials with Venezuela's intelligence agency have been charged with "illegitimate detention" and "abuse of functions" for participating in the brief detention of opposition leader Juan Guaidó on Sunday, Venezuelan authorities said Wednesday, the Associated Press reported. Guaidó, who heads the power-stripped National Assembly, has become a prominent figure in the country's opposition since President Nicolás Maduro was sworn in for a second term as president on Jan. 10.

U.S. May Allow Lawsuits Over Property Confiscated by Cuban Government

The administration of U.S. President Donald Trump may allow the implementation of a 1996 law in order to allow U.S. citizens to file lawsuits against foreign companies and individuals over property that Cuba's government confiscated following the country's 1959 revolution, Reuters reported. Every U.S. president since 1996 has waived the law, known as Title III, which is part of the Helms-Burton Act, over international opposition and fears that it could lead to chaos in U.S. courts.

Colombia Approves Diverxia Solar Plant

Colombia's national mining and energy planning unit, or UPME, has approved a 240-megawatt solar plant by infrastructure project developer Diverxia, PV Magazine reported Wednesday. The project will participate in the South American country's first large-scale renewable energy projects auction, scheduled for February, the Madrid-based company said. The plant would generate 469 gigawatt hours per year. It is the largest solar plant that UPME has approved so far.

lation of the construction of a new airport for Mexico City. However, López Obrador seems to have calmed market jitters. Investors have applauded the government's deal to buy back \$1.8 billion of the \$6 billion in airport bonds and its move to cut tax rates for initial public offerings. [Editor's note: See related [Q&A](#) on investor confidence in Mexico in the Nov. 14 issue of the Advisor.]

BUSINESS NEWS

Brazil's Bradesco Focusing on Artificial Intelligence: Report

Brazilian bank Bradesco is betting on artificial intelligence to boost sales, improve customer experience and cut operating costs this year, Forbes reported Wednesday. Brazil's second-largest private lender with a portfolio of more than 71 million customers, Bradesco has been developing an artificial intelligence platform dubbed Bradesco Artificial Intelligence, or BIA, over the last four years as it digitized its operations, particularly with its mobile app. "A few years ago, we invested in the idea that BIA would be the engine of a substantial increase in Bradesco's customer value perception," said Mauricio Minas, the bank's executive vice president, Forbes reported. "Today, it is an integral part of any customer interaction, and in 2019 we will see more complex operations being carried out on this platform." Currently, 60 percent of the bank's customer interactions are made through its app, which offers as much as 90 percent of Bradesco's operations online. Artificial intelligence development will focus on voice assistance and speech recognition technology, as well as automating sophisticated functions such as consulting, Minas added. "Artificial intelligence and voice will make the app easier to use," he said. Bradesco reported a 13.7 percent increase in profit in the third quarter of 2018, compared to the same period the previous year, registering a recurring net income of 5.47 billion reais, or \$1.47 billion, Reuters reported.

FEATURED Q&A / Continued from page 1

to maintain his grip on power. Whether this remains the case is the subject of much speculation, and the opposition appears prepared to again test the proposition. To do so effectively, it will need to remain unified, foment regime defections, leverage Maduro's international isolation and economic bungling, and—crucially—demonstrate that it can mobilize Venezuelans en masse. A planned protest on Jan. 23 will be a critical test of its ability to mount a serious challenge to Maduro."

A **Betilde Muñoz-Pogossian, director of the Department of Social Inclusion at the Organization of American States:**

"Venezuela is at a critical juncture. The democratic opposition, represented at this point by Juan Guaidó, president of the National Assembly, the only democratically elected institution in Venezuela, is moving its pieces strategically and with caution. It should prepare for a very important next phase. That next phase may bring about Venezuela's democratic transition, but there are some elements that need to align: the support of the armed forces, the retaking of control over the nation's assets, generating the much-needed political pressure within the regime, and international support, among other factors. On this last one, however, the preceding days have proved fruitful. One clear sign this is the case is the approval on Jan. 10 of an OAS Permanent Council resolution that does not recognize the legitimacy of Nicolás Maduro's new term, and among other things, calls for a new presidential election to be held in Venezuela with the participation of international observers as guarantors of its fairness and transparency. This is the first time that this regional community of states achieved enough votes for approval of a formal document condemning the Maduro regime. No small feat. The OAS resolution also marks the agenda for the community of democratic states in support of the Venezuelan people, and the conditions

for the Maduro regime to have any sort of dialogue with fellow nations. Should these forces not align, Venezuelans and the international community can expect more of the same in terms of the economic, monetary and social policies that have caused more than three million Venezuelans to flee the country. And we would need to prepare, as the United Nations has recently estimated, to see at least two million more Venezuelans flee the country. Let's hope this does not happen."

A **Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest:**

"Any positives Maduro mustered from his poorly attended inauguration have reversed as momentum has built behind National Assembly head Juan Guaidó as interim president. Guaidó's swearing in on Jan. 15 was symbolic, but for external and domestic critics, the dual executive situation serves as a mechanism to pressure Maduro and force regime change. This crisis is the logical conclusion of the risk Maduro took in convening the Constituent Assembly in 2017. Maduro has adopted a business-as-usual approach. But second-term economic plans unveiled on Jan. 14 reflect ongoing detachment from the challenges facing the country. The measures outlined (such as boosting oil production to five million barrels a day by 2025), the statistics quoted on poverty, health and oil revenue losses, and the policies introduced (a 300 percent hike in the minimum salary and a fixed rate for the petro cryptocurrency, among others) was a confection of economic illiteracy that will aggravate economic crisis if he stays in office. The situation is fluid, which is to say not conducive to reasoned negotiation over next steps. Maduro's critics are buoyed by Guaidó's elevation, but there are perils ahead: the move has been pushed by external actors and diaspora groups that are not in step with the domestic opposition movement or popular senti-

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ment; social media campaigns have been prioritized over grassroots mobilization; and recognition of Guaidó as head of state by foreign actors—specifically the Trump administration—renders the interim president vulnerable to charges that he is a puppet in a U.S.-led coup. Tightening the screw, through oil sanctions for example, may exacerbate these fragilities.”

A **Diego Arria, member of the Advisor board, director of the Columbus Group in New York and former permanent representative of Venezuela to the United Nations:** “First, as of Jan. 10, Maduro is no longer the president of Venezuela, as more than 60 countries have rejected his fraudulent election on May 20. According to Article 233 of our Constitution, the president of the National Assembly must fill that position and call for elections. The Permanent Council of the Organization of American States, the Lima Group, as well as Canada and the United States, have declared that they do not recognize the Maduro regime, and most will soon probably recognize National Assembly President Juan Guaidó as the provisional

president of Venezuela. Such a situation for the first time presents a constitutional option to force out Maduro’s narco-tyrannical regime. The full pressure of the international

“The full pressure of the international community today is fundamental...”

— Diego Arria

al community today is fundamental when Guaidó formally assumes his mandate as interim president of Venezuela. The behavior of the armed forces before a legitimate new president will put it to a test.”

Editor’s note: The Advisor requested a commentary from the Venezuelan Embassy in Washington, but did not receive a response.

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

JOB POSTINGS

EDITOR’S NOTE: We are pleased to share Latin America-related job postings that companies reading the Advisor and others have posted recently.

SBA Communications: Government and Regulatory Affairs Manager, Brazil and others

Apple: Latin America Region Business Intelligence Manager, Miami

World Bank: Senior Communications Officer, Washington

University of Florida: Director, Center for Latin America Studies, Gainesville, Fla.

Chemonics: New Business Associate, Latin America/Caribbean, Washington

Mondelez: Regional Analytics Lead, Latin America, Miami or Brazil

The Carter Center: Vice President, Peace Programs, Atlanta

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