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FEATURED Q&A

Can South America Find New Ways to Integrate?



This month, Colombian President Iván Duque announced plans to create "Prosur," a new grouping of South American nations. // File Photo: Colombian Government.

Q Colombian President Iván Duque on Jan. 14 announced talks were underway with other South American countries to create "Prosur," a new regional initiative to collaborate in areas such as public policy, the promotion of democracy and market-economy cooperation. The new bloc would replace Unasur, from which Colombia withdrew last year and other countries have suspended their membership in protest over the state of Venezuela's democracy. What would Prosur accomplish, and how would it differ from Unasur's activities? Is Duque stepping up to assume a bigger leadership role in the region? Is South America poised for increased regional integration, or will it see continued fragmentation for the foreseeable future?

A Juan Carlos Hidalgo, public policy analyst on Latin America at the Cato Institute: "Iván Duque's proposal gives the impression that multilateral institutions in South America are created in line with the ideological leanings of governments that are currently in power. Unasur was an initiative of the left-wing governments that ruled during the last decade, but now that the region has made an ideological turn toward the right, what remains of that institution is an expensive and empty building in Quito. Although the values behind Duque's initiative are commendable, it is very likely that when the left returns to power in South America—which will happen sooner or later—Prosur will become irrelevant, and the governments in power then would once again want to create another regional entity that reflects their objectives and values. This shows a lack of an institutional framework behind integration efforts in the region. It would be better for the Co-

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TODAY'S NEWS

POLITICAL

Venezuelan Opposition Has Met With Military Members: Guaidó

The withdrawal of the military's support from President Nicolás Maduro is needed for a change in government, said National Assembly leader Juan Guaidó, who is heading the effort to remove Maduro from office.

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BUSINESS

Regulator Rejects Walmex's Plan to Buy Costa Rican Supermarkets

The country's competition regulator rejected the retailer's plan to buy Grupo Empresarial de Supermercados.

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POLITICAL

López Obrador Declares End of Mexico's Drug War

Mexican President Andrés Manuel López Obrador said his government would not prioritize using the military to pursue drug kingpins.

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López Obrador // File Photo: Mexican Government.

POLITICAL NEWS

Opposition Has Met With Venezuelan Military: Guaidó

Members of Venezuela's opposition have held "clandestine" meetings with the country's military, National Assembly leader Juan Guaidó, who proclaimed himself the country's interim president last week, wrote in an opinion piece published Wednesday. "The transition will require support from key military contingents. We have had clandestine meetings with members

“The military's withdrawal of support from Mr. Maduro is crucial to enabling a change in government...”

— Juan Guaidó

of the armed forces and the security forces. We have offered amnesty to all those who are found not guilty of crimes against humanity," Guaidó wrote in the piece published by The New York Times. "The military's withdrawal of support from Mr. Maduro is crucial to enabling a change in government, and the majority of those in service agree that the country's recent travails are untenable." Citing protests against Maduro's rule, Guaidó added, "Mr. Maduro no longer has the support of the people." Guaidó, who is leading the effort to remove Maduro from office, also called on "all of Venezuela" to "unite in pushing for a definitive end to his regime," and he urged the support of "pro-democratic governments, institutions and individuals the world over." Several countries, including the United States, have recognized Guaidó as Venezuela's interim president. Maduro's swearing-in for his second term on Jan. 10 followed his re-election last May, which opponents inside Venezuela and foreign governments have viewed as fraudulent. On Wednesday,

U.S. President Donald Trump called Guaidó to reinforce what the White House has called Venezuela's "fight to regain its democracy," The Wall Street Journal reported. Also on Wednesday, Maduro reiterated his offer to engage in talks with the opposition. Guaidó has characterized that offer as disingenuous, but has also demanded that Maduro uphold any guarantees he makes during any future talks. U.S. National Security Advisor John Bolton met Wednesday at the White House with representatives of Citgo, Venezuela's U.S.-based refining unit. "The United States is continuing to work to make sure that the economic benefits of Venezuela's resources are not pilfered by Maduro and his cronies. Very productive meeting this afternoon with members of the CITGO executive team," Bolton wrote on Twitter. Bolton's meeting Wednesday with the Citgo representatives came two days after the Trump administration imposed sanctions on Citgo's parent, Venezuelan state-owned oil company PDVSA. [Editor's note: See related [Q&A](#) in Tuesday's Advisor.]

López Obrador Declares End of Mexico's Drug War

Mexican President Andrés Manuel López Obrador on Wednesday said the country's war on drugs was over, adding that his government would not prioritize using the armed forces to capture drug kingpins, Agence France-Presse reported. "There's no war. There is officially no more war. We want peace, and we are going to achieve peace," López Obrador said at his daily press briefing after being asked whether his government had arrested any kingpins since he took office. "No capos have been arrested, because that is not our main purpose. The main purpose of the government is to guarantee public safety," the president answered. López Obrador said his security policy instead focuses on reducing the daily number of homicides. Last year was the country's most violent on record, with 33,341 homicides, Agence France-Presse reported. The government has advocated for social programs to tackle poverty, which López Obrador says is one of the root causes of

NEWS BRIEFS

Death Toll Rises to 99 in Brazil Dam Collapse

The death toll from the dam collapse in the Brazilian town of Brumadinho last week rose to 99 people on Wednesday, with 259 people still missing and feared dead, authorities said, The Wall Street Journal reported. Rescue workers expect the number of fatalities to continue rising over coming days, with an official saying the final death toll could amount to more than 300 people. The dam, owned by Brazilian mining giant Vale, ruptured last Friday.

Costa Rica Regulator Rejects Walmex's Plan to Buy Supermarket Chain

Costa Rica's competition regulator has rejected a plan by Walmart de México y Centroamérica, also known as Walmex, to purchase a local supermarket chain, Reuters reported, citing the head of the regulatory agency. Last July, Walmex said it had agreed to buy the stores of Grupo Empresarial de Supermercados in an effort to boost its growth in the region. However, the regulator, the Commission for the Promotion of Competition, informed Walmex in December that it opposed the deal, saying the acquisition could give Walmex too much market power. The agency's president said Wednesday that the body rejected the retailer's appeal of the decision, which is now final.

Chile's Central Bank Increases Interest Rates

Chile on Wednesday hiked benchmark interest rates by 25 basis points to 3 percent, in line with market expectations, Bloomberg News reported. The central bank board's unanimous decision looked past below-target inflation to expectations for a strengthening economy. Policymakers said their tightening cycle will be "gradual and cautious." Chile's economic activity in November increased 3.1 percent from a year earlier.

violent crime. He has also proposed a national guard that would handle civilian police duties, a plan that critics say would militarize the country. Meanwhile, closing arguments in the trial of alleged Mexican drug lord Joaquín “El Chapo” Guzmán began Wednesday, with prosecutors saying they had “presented a mountain of evidence” that shows “the way that this defendant brought his drugs into the United States,” USA Today reported. Guzmán’s lawyers will present their closing arguments today. Guzmán stands charged with 10 criminal counts and, if convicted, could receive a life prison sentence. [Editor’s note: See related [Q&A](#) in the Dec. 3 issue of the Advisor.]

ECONOMIC NEWS

Argentina, E.U. Reach Deal on Biodiesel Exports

Argentina and the European Union have reached an agreement to end a conflict over exports of biodiesel from the South American country to Europe, the Argentine Ministry of Foreign Affairs said Wednesday, *La Nación* reported. The European bloc will not sanction the exports, but the deal sets price and volume limits, the ministry said. Details are expected to be announced in the coming month. The European Union is expected to ratify the deal in the next few days. Earlier on Wednesday, a European Commission source told Reuters that E.U. countries supported imposing anti-subsidy duties on Argentine biodiesel imports, exempting producers who agree to a minimum price, the wire service reported. The commission is set to impose anti-subsidy duties of between 25 and 33.4 percent by Feb. 28. The European Biodiesel Board, which represents E.U. producers, said the move showed the bloc recognized Argentine export taxes unfairly distorted the international market, Reuters reported. The agreement could help boost the South American country’s soybean sector. Argentina is the number-one producer of soy oil, a main ingredient in biodiesel.

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Colombian president to take advantage of his incipient regional leadership by promoting long-term structural changes, such as the consolidation of a single South American trade bloc through the union of the Pacific Alliance and Mercosur, or the expansion of the former. This is a great challenge, but its benefits have been estimated to amount to an increase in intraregional trade flows of as much as \$11.3 billion per year, according to the Inter-American Development Bank. Unlike Prosur, this would be a regional initiative of greater transcendence over time, and which would have a discernable impact on the lives of South Americans.”

A **Claudia Blum, writer, former senator and former Colombian ambassador to the United Nations:** “The Prosur initiative may be able to fill an evident void in the region, and it should not be seen as a whim of President Duque or as a simple idea to confront Maduro, nor should it become an exclusive space for that. Other organizations have been created in the region—ALBA, ECLAC, Unasur—where political issues are treated with ideological bias and are dominated by authoritarian governments seeking to impose their notion of ‘democracy’ and their vision of permanent confrontation against the developed world. Latin America and the Caribbean need a proactive forum that counterbalances these visions, where democratic consolidation is understood as a political objective that is built with the contribution of all ideologies—without the extremes that weaken such multilateral organizations in the face of any change in governments. The region needs a forum that defends institutions that are solid, legitimate, transparent and respectful of pluralism and popular will, of human rights and of the true separation of powers. An organization such as Prosur could, in the short term, provide this forum for political debate, which is urgent to protect true democracy. In the medium and long terms, we need a high-level, coordinat-

ing organization that, without duplicating structures, would drive the integration of processes such as Mercosur, CAN, Central America’s treaties, Caricom and the incipient Pacific Alliance. For this, coordination of economic, social, environmental and cultural

“**The Prosur initiative may be able to fill an evident void in the region...**”

— Claudia Blum

policies is required, as well as strengthening the interaction between the region’s public and private sectors. Development is not only built through trade with developed countries. Important industrial and services sectors with high value added have a natural market in the region. Prosur could help promote this coordination to overcome subregional agreements, and instead grow in equity as an increasingly integrated and more competitive region vis-à-vis the rest of the world.”

A **Sebastián Bitar, Karl Loewenstein fellow and visiting associate professor at Amherst College and associate professor at Universidad de los Andes:** “President Duque announced that plans are underway to create Prosur, an alternative to Unasur, where only open-market and pro-democratic countries of South America would be invited. If created (and I don’t think it will be), Prosur would add to the list of meaningless regional organizations that abound in Latin America. The call for new regional organizations is understandable, however, amid political rhetoric intended to appear relevant in the news cycle and give the appearance of action against Maduro. International

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institutions need clear mandates, effective mechanisms and some coordination value to offer to member states and other stakeholders. There is no indication that Prosur would have any of those. If the idea is to politically isolate Maduro further, we already have the Lima Group for that. Moreover, the Organization of American States is finally starting to produce votes that are critical regarding the illegitimate government of Venezuela, and more should come. Strengthening the region's call for democracy in Venezuela is important; creating new, costly and meaningless organizations is not."

A **Rafael Piñeros, international relations professor at Universidad Externado de Colombia in Bogotá:** "The proposal for Prosur does not distinguish itself from what Unasur does or from other regional blocs such as the Organization of American States, which promotes the defense of democracy, or the United Nations' Economic Commission for Latin America and the Caribbean (ECLAC), which advances economic cooperation. Creating a new bloc does not satisfy the need for a real implementation of regional treaties. On the contrary, it would be another budgetary, political and technical burden. Undoubtedly, Duque seeks to have a more important role in the region, but he is doing so by excluding others, in this case Venezuela, which could be counterproductive to the extent that it would bring opposition from other countries such as Bolivia. There are other sub-regional forums, including the Pacific Alliance and ALBA, that work to better articulate public policies among countries in the region. Building on what has been created in the past instead of looking for new forums could contribute to an improved and deeper integration. The excess of ideology and lack of pragmatism

should be the elements to focus on in order to generate a more cohesive region."

A **Eduardo Muñoz Gómez, former Colombian ambassador to the World Trade Organization and former vice minister of trade:**

"While few details are known, President Duque has said Prosur would be a coordinating entity for South American countries to promote good policies, democracy and the market economy. It seems the main difference is political: Unasur was founded by left-of-center governments to contain U.S. influence in the region and take power away from the OAS, which they viewed with suspicion. While it was presented as an organization to solve conflicts among South American countries, it proved ineffective in that aim. Furthermore, Unasur was passive in dealing with the Venezuelan political crisis and lost credibility. Prosur is being promoted by center-right governments who are friendlier toward the United States, work within the OAS and seek a transition in Venezuela. It will more likely operate as a coordination mechanism among like-minded countries to act as an organized group in fora such as the OAS and the United Nations. With this move, President Duque seems to be seeking a larger leadership role in the region—one aim would be to push for a quick democratic solution in Venezuela whose crisis has brought many problems to Colombia. It is unlikely that economic integration will be among Prosur's main goals. Brazil and Argentina face large economic and political challenges, and other integration schemes—Mercosur, Aladi, the Andean Community—proved they could only go so far."

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