

BOARD OF ADVISORS

- Diego Arria**
Director, Columbus Group
- Devry Boughner Vorwerk**
Corporate VP, Global Corporate Affairs
Cargill
- Joyce Chang**
Global Head of Research,
JPMorgan Chase & Co.
- Marlene Fernández**
Corporate Vice President for
Government Relations,
Arcos Dorados
- Peter Hakim**
President Emeritus,
Inter-American Dialogue
- Donna Hrinak**
President, Boeing Latin America
- Jon Huenemann**
Vice President, U.S. & Int'l Affairs,
Philip Morris International
- James R. Jones**
Chairman,
Monarch Global Strategies
- Craig A. Kelly**
Director, Americas International
Gov't Relations, Exxon Mobil
- John Maisto**
Director, U.S. Education
Finance Group
- Nicolás Mariscal**
Chairman,
Grupo Marhnos
- Thomas F. McLarty III**
Chairman,
McLarty Associates
- Carl Meacham**
Associate VP for Latin America
Int'l Advocacy Division, PhRMA
- Carlos Paz-Soldan**
Partner,
DTB Associates, LLP
- Beatrice Rangel**
Director,
AMLA Consulting LLC
- Jaana Remes**
Partner,
McKinsey Global Institute
- Ernesto Revilla**
Head of Latin American
Economics, Citi
- Gustavo Roosen**
Chairman of the Board,
Envases Venezolanos
- Andrés Rozental**
President, Rozental &
Asociados and Senior
Policy Advisor, Chatham House
- Shelly Shetty**
Head of Sovereign Ratings,
Latin America, Fitch
- Roberto Sifon-Arevalo**
Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

FEATURED Q&A

Which Candidate Has the Edge in Guatemala?



Among the hopefuls ahead of Guatemala's presidential election is former First Lady Sandra Torres. // File Photo: Facebook site of Sandra Torres.

Q Campaigns have been shaping up ahead of Guatemala's presidential election scheduled for June 16. Candidates include former First Lady Sandra Torres, who was the runner-up in 2015, and Zury Ríos, daughter of former strongman Efraín Ríos Montt. Meanwhile, 47 U.S. lawmakers from the Democratic Party recently asked U.S. President Donald Trump to cut assistance to Guatemala and impose sanctions against allegedly corrupt officials in Guatemalan President Jimmy Morales' government. Morales is constitutionally prohibited from running for a second term. Who are the most prominent presidential candidates in Guatemala, and how has the race been developing? What issues and factors will be the most decisive in the coming months? Will U.S. policy toward Guatemala play a role in the elections?

A Arturo Matute, Guatemala-based analyst: "This year's election may institutionalize the struggle to establish the rule of law or entrench the traditional corrupt system under which development has been stunted. The anti-corruption wave that toppled the government in 2015 became a threat to the status quo, but President Jimmy Morales' turn against the International Commission Against Impunity, or CICIG, benefits a conservative comeback. The National Unity of Hope (UNE) party's Sandra Torres, who placed second in the past elections, is the candidate to beat. She has cultivated support in rural areas and is known as a relentless administrator. Recurrent candidates Zury Ríos, Alejandro Giammattei and Mario Estrada are the most prominent of a crowd of hopefuls. All, though, are considered represen-

Continued on page 3

TODAY'S NEWS

ECONOMIC

Brazil, China to Begin High-Level Trade Talks

The two countries are expected to start the talks this year, their first such meetings since 2015. The move is likely to boost agricultural trade.

Page 2

BUSINESS

Vale Seeks to Start Paying Victims of Dam Disaster

The Brazilian mining giant is seeking a deal with Minas Gerais State to begin paying damages to victims of a deadly dam failure last week.

Page 3

POLITICAL

Guaidó Wins Recognition From European Parliament

The European Parliament voted to recognize Juan Guaidó as Venezuela's president. At the same time, the 35-year-old opposition leader laid out his plan for reversing President Nicolás Maduro's policies.

Page 2



Guaidó // File Photo: Venezuelan Government.

POLITICAL NEWS

European Parliament Recognizes Guaidó as Venezuela's President

The European Parliament voted Thursday to recognize Venezuelan National Assembly leader Juan Guaidó as the country's president, Reuters reported. The move came more than a week after Guaidó declared himself the country's interim president and followed official recognition by other countries in Latin America and the United States. During a special session in Brussels, European Union lawmakers voted 439-104 with 88 abstentions to recognize Guaidó as the South American country's president. In a statement accompanying the nonbinding vote, the European Parliament also urged the 28 nations of the European Union to recognize Guaidó as "the only legitimate interim president" until Venezuela holds "new free, transparent and credible presidential elections." European Union governments, though divided about recognizing Guaidó as president, also agreed to lead an international crisis group along with South American governments to seek new elections in Venezuela. Also on Thursday, Guaidó spoke to an auditorium packed with supporters at a Venezuelan university to outline his plan for reversing President Nicolás Maduro's economic policies and address the Andean nation's humanitarian crisis, *The Wall Street Journal* reported. "We have to create confidence in the country," said Guaidó. "This isn't a problem of left or right, but a humanitarian problem." Guaidó said his plan included seeking financial aid from multilateral organizations, using bilateral loans, restructuring Venezuela's debt and bringing private investment into the country's oil sector. Guaidó also called for eliminating currency controls and privatizing state assets. Additionally, Guaidó said his plan would guarantee basic public services, such as electricity and running water, and would also seek to boost the private sector and eliminate wasteful government subsidies. "Here, no one wants to be given anything," said Guaidó. "We

are going to clean up this economic crisis and create jobs." On Thursday, Guaidó also warned Venezuela's feared Special Action Force state security agency to stay away from his family, the Associated Press reported. The opposition leader accused agents of showing up at his apartment while his 20-month-old daughter was inside the home. "I hold you responsible for anything that might happen to my baby," said Guaidó as his wife stood alongside him. "Children are sacred," Guaidó told a crowd of supporters. "Wives are sacred. So don't cross that red line." In a posting on Twitter, Venezuela's police denied that agents went to Guaidó's home, calling his claim "totally FALSE." Earlier this week, Venezuela's Supreme Court, which is loyal to Maduro, barred Guaidó from leaving the country, and Chief Prosecutor Tarek William Saab, an ally of Maduro, launched an investigation of Guaidó. [Editor's note: See related [Q&A](#) in Tuesday's Advisor.]

ECONOMIC NEWS

Brazil, China to Start High-Level Trade Talks This Year

Brazil is expected to restart high-level trade talks with China later this year, the first such meetings since 2015, Brazilian agriculture trade secretary told Reuters on Thursday. The China-Brazil High-Level Coordination and Cooperation Committee, or Cosban, is "very probable" for the second half of this year, Secretary Orlando Leite Riberio said. Riberio handles trade and international relations at the Brazilian Agriculture Ministry. Cosban, which was last convened under former President Dilma Rousseff, is likely to increase farm trade between the two countries. "Our expectation is that this will result in openings. This is a very important year with China, we will have Cosban, so I want to believe that this year we will have good news, major advancements," Riberio said. He added that the talks should help the two countries advance on issues such as permitting more Brazilian meatpackers to export

NEWS BRIEFS

Leaders of Colombia's ELN Vow to Remain in Cuba

Leaders of the National Liberation Army, or ELN, rebel group said on Thursday that they would not leave Cuba unless Colombian President Iván Duque fulfills the conditions his predecessor had agreed to for their return to Colombia, Reuters reported. Duque in January reactivated Interpol red alert notices against the guerrillas after a car bombing in Bogotá killed 21 people and the ELN claimed responsibility. Cuba refused Duque's request to capture ELN leaders in the Caribbean nation.

Chile's Codelco Reaches Deal With Workers to Avert Strike

Chilean state-run copper miner Codelco said on Thursday it had reached a deal with the supervisors' union at its Gabriela Mistral mine in northern Chile to boost workers' salaries by 1 percent, avoiding a strike, Reuters reported. Codelco said it had also offered a signing bonus of between \$5,200 and \$6,400. The supervisors' union last week dismissed the company's proposal for a new collective labor agreement. The Gabriela Mistral mine produced 96,500 metric tons in the first 11 months of 2018.

Wells Fargo Bringing 17 New Funds to Colombia

Wells Fargo Asset Management is bringing 17 new funds to investors in Colombia through an agreement with its distribution partner, Bci Asset Management, Citywire reported Thursday. Bci, which is based in Chile, has secured regulatory approval in Colombia to market the funds, which include ones focused on Chinese equities, as well as short/long strategies, according to a regulatory filing. Wells Fargo confirmed that it and Bci had a distribution agreement, but it did not comment further, Citywire reported.

to China and accelerating Chinese approval of genetically modified products, Reuters reported. The Asian country is Brazil's largest trade partner and the number-one importer of Brazilian soy and beef. Brazilian exporters in 2018 increased soy sales amid a record crop and higher demand from China, which turned to South America as trade tensions escalated with the United States, Mercopress reported.

BUSINESS NEWS

Vale Seeks to Begin Paying Victims of Brazil Dam Disaster

Brazilian mining giant Vale is seeking a deal with the state of Minas Gerais in southeastern Brazil to start paying damages to the victims of a dam break last week that has left at least 110 dead and more than 200 people missing, The Wall Street Journal reported. Vale Chief Executive Fabio Schvartsman said Thursday it is too early to know how much the damages might amount to, adding that the legal process will take place in Minas Gerais. "We're ready to skip the lawsuits, seeking an agreement as quickly as possible with the authorities of Minas Gerais, allowing Vale to begin the process immediately," Schvartsman told reporters after a meeting with federal top prosecutor Raquel Dodge in Brasília. Brazilian newspaper Folha de S.Paulo reported today it had acquired access to a document that shows the mining company was aware of a possible dam collapse at its operations in Brumadinho. The dam's emergency plan, written last April, reportedly shows that a possible break at the dam would destroy Vale's facilities there, including the cafeteria, where many employees were located when the dam ruptured last Friday. Investors and analysts expect it will take years to determine the total cost of the disaster. Vale's shares plummeted almost 25 percent on Monday, the first day of trading after the dam collapse, but have since regained some ground, The Wall Street Journal reported.

FEATURED Q&A / Continued from page 1

tatives of traditional politics. Reformists' hopes are set on Thelma Aldana, the former attorney general who put in jail scores of politicians and powerful businessmen. She is well known and considered an anti-corruption champion, but she lacks a political platform of her own. She will run with the brand-new Semilla (Seed) party, set up by progressive newcomers to politics. Reforms enacted while the anti-corruption wave held sway will make these the best-controlled elections ever. The electoral authority, the TSE, can restrict the use of open media for propaganda and control parties' finances better. It has put forward a slew of judicial actions against political actors recently. Also, this will be the first time that Guatemalan migrants in the United States will be able to vote. Guatemalans support the fight against corruption, but it's mostly a conservative public. A stronger anti-corruption caucus can be expected in the new Guatemalan Congress, but, although not implausible, it is not likely that progressives will take the executive. Change, if it is to happen at all, will only come slowly in Guatemala."

A James Meyer, partner at Harper Meyer in Miami: "Four years ago, in the lead-up to Guatemala's last chaotic election cycle, for the first time ever, the electorate felt that it could finally demand that elected leaders be free from corruption and influence from organized crime, and instead focus on the well-being of their constituents. Those high hopes and great expectations were not realized, as President Morales' and CICIG's overreaching, aggressive and all-consuming efforts to undo each other eventually resulted in a bitterly divided country that fundamentally mistrusts and, in some cases, actually fears the very government institutions that they had hoped would be reformed. Now, as the people of Guatemala prepare to return to the polls in this new election cycle, the slate of prominent presidential candidates leaves most of them with

the very unfortunate impression that they are going backwards rather than forward. The hope that the 2015 election of a political outsider as president would allow the country to break from the decades of traditional crooked political alliances and cronyism has been dashed. Instead the people are being asked to vote on a ballot that looks like it could have been used in 2015, 2011 or even before that. Instead of the departure from the past, for the most part, Guatemalans are once again being offered the usual slate of populist candidates, minus the ones already in jail, with little or no hope of finding a candidate who can successfully pull their great country out of its continuing political and social crises. Notwithstanding all of the evidence to the contrary, however, perhaps one of the recently announced, lesser-known candidates can somehow prove this prevailing pessimistic view wrong."

A Francisco Villagrán de León, former ambassador of Guatemala to the United States:

"This will be one of the shortest electoral campaigns in many decades. The electoral period officially opened on Jan. 18, and the general election will be on June 16. A runoff between the two leading presidential candidates will be on Aug. 11. Political parties were barred from campaigning before Jan. 18 but have now begun nominating their candidates. Around 20 parties may take part in these elections, and the scenario looks very uncertain, with only a few well-recognized candidates. Current trends could change, and the electoral process will resemble the last Republican primaries in the United States, where those who were ahead in the polls were displaced by a previously unknown or inexperienced figure. It's impossible to predict the outcome of Guatemala's presidential election, but so far, the frontrunner is Sandra Torres, a former first lady who divorced former president Álvaro Colom to be able to run in 2011 but was barred by the Electoral Tribunal and the

Continued on page 4

FEATURED Q&A / Continued from page 3

Constitutional Court. Her speedy divorce was seen as a maneuver to circumvent a constitutional ban on the president's close relatives from succeeding him. She ran again in 2015 and made it to the runoff. Her center-left party is the country's largest and best-organized, and she's likely to make it to the runoff. Right-wing Zury Ríos Montt, who comes in second in most polls, may be barred from running by a constitutional provision on the relatives of past coup leaders (her father). Other candidates on the right may benefit from her being disqualified. Centrist Thelma Aldana, the former prosecutor who unveiled many corruption rings and jailed former President Otto Pérez Molina and other senior officials, is expected to run. The most critical issue will be the fight against corruption and CICIG's future. Insecurity is seen as linked to a weak judicial system, and the corruption and organized crime affect the economy. Civil society and college students' strong stance against corruption and impunity is expected to lead to high voter turnout."

A **Donald Planty, former U.S. ambassador to Guatemala:**
 "The general election field for Guatemala's June 16 election is crowded by more than a dozen potential candidates, with former public prosecutor Thelma Aldana adding her name to the group on Tuesday. If no candidate wins 50 percent in the first round, a runoff election will be held on Aug. 11. Guatemalan national elections are generally won by the person with the most name recognition among the public, usually based on past electoral campaigns or having held high office. Those criteria would suggest that Sandra Torres

and Zury Ríos would lead the pack—Torres is a former first lady and lost the presidential race to Jimmy Morales the last time around. Ríos is also well known but has to contend with her father's notorious legacy. That said, both could be leading vote-getters despite the fact that Torres is widely considered to be corrupt. This reputation is the primary reason she lost to Morales in the last elec-

“Corruption may be less of a driver in this election, taking a backseat to Guatemala’s problems with economic stagnation and insecurity.”

— Donald Planty

tion. Aldana is well regarded as a prosecutor who worked well with the U.N. Commission Against Impunity in Guatemala (CICIG). However, she does not have a high public electoral profile. Corruption continues to be an overriding issue in Guatemala and Jimmy Morales, although a political unknown at the time, was elected because he stressed anti-corruption and honesty in government. However, corruption may be less of a driver in this election, taking a backseat to Guatemala's problems with economic stagnation and insecurity. As is the case in most countries, U.S. policy toward Guatemala will not play a significant role in the election."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2019

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Michael Camilleri, Director, Peter D. Bell Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development and External Relations

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

ISSN 2163-7962

Subscription inquiries are welcomed at freetrial@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.