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FEATURED Q&A

Does Bogotá's Mayor Have the Right Plan for Urban Mobility?



Bogotá Mayor Enrique Peñalosa has drawn both criticism and support for his plan to build an elevated metro rail. // File Photo: Colombian Government.

Q Colombia's capital city, Bogotá, last month received seven bids for a \$4.5 billion contract to build the first line of the city's long-promised rail transit system. The contract for the 15-mile line will be awarded in September. Bogotá will provide some 30 percent of the funding, while the remainder will come from the national government. Is Mayor Enrique Peñalosa's metro project the best one possible for Bogotá, and does it bring the right incentives for private participation to work in the long term? What sorts of challenges lie ahead of the project's completion? What will it take for the rail system to run efficiently and avoid pitfalls other cities have fallen into, and will it successfully lower congestion in the crowded capital city, as promised?

A Andrés Escobar Uribe, manager of Metro de Bogotá: "Mayor Peñalosa's metro is the best for Bogotá. Metros are a transportation medium, not a purpose, and each city has to find its own best solution. That's what happened in Bogotá. After gathering field information, in 2016 the national government demanded a comparison of proposals. With the support of French consulting firm Systra, we evaluated eight alternatives to conclude what would be the best one for our city given our financial restriction of \$4.5 billion. Our first line is a nearly 24-kilometer viaduct with 16 stations, complemented by 28 access buildings, in which there will be services including bicycle parking and convenience stores. The architecture will be bioclimatic, with natural light and ventilation. The container workshop will have 32 hectares for a capacity of 60 trains, of which 23 will start the operation. The project

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TODAY'S NEWS

POLITICAL

Venezuela Asks Supreme Court to Investigate Guaidó

Venezuelan Chief Prosecutor Tarek Saab has asked the Supreme Court to investigate opposition leader Juan Guaidó for allegedly sabotaging the country's electrical system, allegations he denies.

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ECONOMIC

Mexico Delays Oil Refinery Project

The \$2.5 billion that the administration of Mexican President Andrés Manuel López Obrador had earmarked for the construction of a refinery in Tabasco State will instead be funneled into state oil company Pemex, an official said.

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POLITICAL

Two Former Police Arrested for LGBT Activist's Killing

Authorities in Brazil have arrested two former police officers in connection with the murder of Rio de Janeiro Councilwoman Marielle Franco, an advocate for the LGBT community.

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Franco // File Photo: Brazilian Government.

POLITICAL NEWS

Venezuela's Maduro Asks Supreme Court to Investigate Guaidó

Venezuelan Chief Prosecutor Tarek Saab on Tuesday asked the Supreme Court to investigate opposition leader Juan Guaidó for allegedly sabotaging the country's electrical system, BBC News reported. Stacked with supporters of President Nicolás Maduro, the courts could be used to silence Guaidó, who has the backing of at least 50 countries internationally and hundreds of thousands of Venezuelans. Guaidó



Saab // Photo: @TarekWilliamSaab via Twitter.

says the electricity has been down sporadically nationwide since last Thursday due to the Maduro government's mismanagement of the state-run utility. Maduro said in a nationally televised address on Tuesday that "the hour of justice has come" and that the "justice [system] will go after the person behind this criminal attack against the Venezuelan electricity system." Facing criminal charges, other opposition leaders have fled the country or spent years in squalid prison conditions while their court cases languished. Meanwhile, Maduro continues to crack down on journalists reporting on the country's crisis. With international condemnation from groups such as Amnesty International growing, security officials late Tuesday released journalist Luis Carlos Díaz, whom intelligence police took away in handcuffs and held for more than a day, Bloomberg News reported. A top government official had accused Díaz, a critic of the regime, of taking part in a plot to cause the nationwide blackout. The arrest was another of many of Maduro's attempts to silence and intimidate the press.

While free for now, Díaz must report before a court every eight days, according to the report. Separately, the United States is preparing to impose "very significant" additional sanctions against Venezuelan financial institutions in the coming days, special envoy Elliott Abrams said Tuesday without giving further details, BBC News reported. [Editor's note: See related [Q&A](#) in the most recent issue of the biweekly Financial Services Advisor.]

Two Former Officers Arrested for LGBT Activist's Killing

Authorities in Brazil on Tuesday arrested two former police officers in connection with the murder of Rio de Janeiro Councilwoman Marielle Franco, state news service Agência Brasil reported. An advocate for the LGBT community, Franco and her driver, Anderson Pedro Gomes, were gunned down almost a year ago in a drive-by shooting that her supporters alleged was a targeted assassination for her political activism. Ronnie Lessa, a retired military police sergeant, and Élcio Vieira Queiroz, a former police officer, have been arrested. "It is incontestable that Marielle Franco was summarily executed for her political activity in the defense of the causes she defended," prosecutors said in a statement, The Guardian reported. Prosecutors added that her killing had been planned three months in advance, and they now want to know who ordered the hit or if it was a hate crime.

ECONOMIC NEWS

Mexico Delays Oil Refinery Project

The \$2.5 billion that the administration of Mexican President Andrés Manuel López Obrador had earmarked for the construction of the Dos Bocas refinery in Tabasco State will instead be funneled into state oil company Pemex in an attempt to turn around a 15-year decline in production, Deputy Finance Minister Arturo

NEWS BRIEFS

Amnesty Bill in Guatemala Scheduled for Vote Today

A bill scheduled for a vote today in Guatemala's Congress would free more than 30 former army officers and soldiers imprisoned for heinous crimes committed during the country's 36-year civil war, The New York Times reported Tuesday. The measure would also halt investigations into thousands of cases. The author of the bill, Fernando Linares, has said courts have been "infiltrated with judges and prosecuting attorneys with ideological inclinations to one side, the left-wing side, which are the guerrillas." Victims and their families claim the bill would deny them justice.

First Data to Acquire Brazil Payments Firm

New York-based payments processor First Data said Tuesday it will acquire Software Express, which it described as a leading firm in Brazil's electronic funds transfer market. Founded in 1986, Software Express serves more than 100,000 merchants. According to Gustavo Marin, the head of First Data in Latin America, together the two companies expect to process more than 15 billion transactions in Brazil this year. First Data did not disclose the price of the acquisition.

Colombia's Grupo Éxito Reports Net Income Up 28 Percent Last Year

Colombia-based retailer Grupo Éxito said Tuesday its net income rose 28 percent last year as compared to the year before, to 279 billion pesos (\$88.4 million). Results benefited from a diversification strategy in South America that has been underway in Brazil, Uruguay and Argentina since 2015, chief executive Carlos Mario Giraldo Moreno said in a statement. The company opened or converted 76 stores in the four countries in 2018, ending the year with 1,533 stores and 140,000 employees.

Herrera told the Financial Times on Tuesday. "We will not authorize [construction] until we have a final figure that is not very different from the original \$8 billion," Herrera said, referring to the original estimate of the project's total cost, which has been repeatedly revised upwards, La Jornada reported. Herrera added that the planned investment can go to "exploration and production." Hours later, López Obrador contradicted the minister, saying the refinery project had a budget and that it was "very possible" that a tender would be announced on March 18, the Financial Times reported. Investors may welcome a decision to cancel or delay the Dos Bocas refinery project, as they fear the new facility would be a burden that the indebted state company cannot afford. Herrera also said the government was talking to the International Monetary Fund and other multilateral lenders about a capital injection for Pemex, which holds \$106 billion in debt. López Obrador last month announced a financial package for the oil company, including a \$1.3 billion capitalization and tax breaks, that would boost state investment in the company's operations by 46 percent this year, according to the report.

Brazil, U.S. Reach Deal on Space Base

After almost 20 years of talks, Brazil and the United States have reached an agreement on technological safeguards that will allow the commercial use of the Alcântara Launch Center in Maranhão State, Folha de S.Paulo reported Tuesday. Officials are reviewing the final document, which Brazilian President Jair Bolsonaro is expected to sign during his first visit to Washington next week. In teaming up, Brazil would become a bilateral partner of the United States in the International Space Station project. The new safeguard agreement will protect U.S. technology used in rocket launches from Alcântara. The Brazilian base is attractive to foreign countries and companies because it is located close to the equator, which accounts for savings of 30 percent in fuel costs, while Brazil hopes to get a piece of the \$300 billion-a-year space launch business.

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also includes 1.4 million squared meters of renovated public space. The main challenge is developing this complex work with the least impact on mobility. The contract model is an integral concession. It will be the contractor's responsibility to make detailed designs based on advanced basic engineering studies, as well as construction and the supply of trains and other equipment related to the provision of energy, communications and electronics. It will also maintain and operate the system for 20 years. The process seeks to hire a consortium or a large firm that's able to do the job and has relevant experience. Since it's a long-term concession, the contractor should be concerned from the outset with the quality of design and work. The metro will contribute to the city's mobility in two ways: first, by the people it will help transport, which is estimated to be more than one million a day. This will happen when it reaches maturity, probably in 15 or 20 years. And, in addition to the passengers mobilized, the city benefits because these are people who will stop using other types of vehicles, including the BRT bus system. This means not only higher average speed and relief of congestion, but also an improvement in the comfort for users of the bus system, which currently operates over capacity."

A **Yohir Akerman, columnist for Colombian newspaper El Espectador:** "Bogotá is one of the world's cities with the most automotive traffic. On average, Bogotá citizens spend 271 hours a year in traffic jams, the equivalent of 12 days inside a car. That is one of the reasons why last month two environmental alerts were declared over worrying levels of air pollution. In the midst of that, the announcement that Bogotá received seven offers for the contract to build the metro's first railway line is very encouraging. The announcement comes only 30 years late, and the current mayor of Bogotá, Enrique Peñalosa—the one who is auctioning off the metro—is responsible for

the delay. Ironic. Peñalosa has invested his reputation into preaching that subways are bad and that articulated bus systems, such as TransMilenio, are good. For this reason, it is not surprising that in 1998, when he first served as Bogotá's mayor, Peñalosa changed the project for an integrated system of massive transport, which proposed a subway network, for his articulated bus sys-

“The announcement comes 30 years late.”

— Yohir Akerman

tem. As Peñalosa himself said in the book 'TransMilenio, la joya de Bogotá,' the mayor funneled resources for the metro toward the bus system, and in the process, buried the possibility of having a good metro for the city, mooring Bogotá to the situation today of traffic and pollution with its diesel-engine buses. Unfortunately, the metro project that is about to be contracted, according to studies and designs, will be a complement of the bus system, when the opposite should occur. In any case, we must move forward with the first metro line, supporting it from multilateral entities and private investment, in order to see if, in the near future, Bogotá can abandon its dependence on articulated buses and with that diminish traffic and pollution."

A **Sergio Guzmán, director of Colombia Risk Analysis:** "Mayor Peñalosa's infrastructure works to be adjudicated in 2019 are the elevated metro, the expansion of Transmilenio on a number of major avenues and the expansion of major roadways, among others. Undoubtedly, many of Peñalosa's proposed works are necessary to improve mobility in the city and its surrounding municipalities, although they also largely compromise budgets for the next 30 years—which will become a keystone of the debate

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ahead of the elections in October. Aside from questions over their cost, Peñalosa's projects have been controversial because of his insistence on giving continuity to the bus rapid transit system and the alleged lack of preparedness of city officials to undertake the metro project. This controversy, largely due to the refusal of Mayor Peñalosa to give continuity to the plans of his left-wing predecessor, Gustavo Petro, to build an underground subway, meant a serious delay for the adjudication and construction of the metro and other infrastructure projects. It

“There is a high likelihood that the projects will face legal suits that will lead to delays.”

— Sergio Guzmán

also suggests that, just as Peñalosa dismantled Petro's flagship initiative, his successor taking office next Jan. 1 could do the same. Although it is likely that many of the works will begin their adjudication phase before the end of Peñalosa's term, there is a high likelihood that the projects will face legal suits that will lead to project delays. The biggest challenge for Bogotá's next mayor will be to respect the progress that previous mayors have made without restarting discussions and design processes for the metro or other large infrastructure projects. Perhaps one of the only areas of agreement for Bogotá's citizens is that the current mobility landscape is unsustainable and must be the next mayor's number-one priority.”

A Juan Antonio Cuartero, managing partner of Structuralia: “All options have advantages and inconveniences, which is why

it's fundamental to have a good technical and economic analysis when making a final decision. What's clear is that Bogotá, like other large cities, needs a solution for sustainable urban mobility. An elevated metro means lower investment and a reduction of construction time, which may be an appropriate option, although logically it is always necessary to consider the pros and cons. Regarding private participation, one of its advantages is that it allows undertaking necessary infrastructure projects that could not be otherwise carried out. In the case of Bogotá, seven large international consortiums have already shown interest in the project. One of the project's biggest challenges is for it to be an effective, efficient and sustainable solution to the problem of mobility in Bogotá. To this we must add the adaptation of infrastructure to the city and an adequate planning of the construction works so that the already complicated current mobility is affected as little as possible. The city must take advantage of other countries' similar projects in order to try to avoid the difficulties they experienced. For a city of eight million inhabitants, the incorporation of a new transportation option is necessary and will help reduce current congestion, if previous studies are taken into account.”

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