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FEATURED Q&A

Should Colombia's President Change His Approach?



President Iván Duque has encountered a series of frustrations in getting his agenda through Colombia's Congress. // File Photo: Colombian Government.

Q Colombian President Iván Duque campaigned on promises to cut taxes, take a tough stance with the former FARC rebels and fight the production of illegal drugs. Within the eight months since he's taken office, however, lawmakers passed just a watered-down version of his tax bill, the lower house of Congress overwhelmingly rejected his modifications to the country's transitional justice system and cocaine production is at record levels. Does Duque need to change his approach in order to push through his agenda, and if so, how? Which of his goals does he have the best chance at achieving, and which will be most difficult for him to accomplish? What are the main lessons that he should be taking to heart from his first eight months in office?

A Daniel E. Velandia O., director and chief economist for research at Credicorp Capital in Bogotá: "Duque took office amid high political polarization in the country, mainly the result of the peace deal with FARC. Thus, it was expected that the new president—regardless who it was—would have a tough time getting approval for main reforms. The country is divided, with 55 percent of the population favoring Duque's proposals and the other 45 percent opposing them. Recall that Duque won in the second round with 54 percent of the vote. In addition, Duque has taken a strong stance against pork barrel politics. Among other things, this means that traditional political parties have not been granted relevant positions in the cabinet, which is taking a toll on governability. Last but not least, the ruling Democratic

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The Federal Reserve Bank of New York is cracking down on banks in Puerto Rico and the U.S. Virgin Islands over alleged violations of sanctions on Venezuela.

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Japan-based mining and energy conglomerate JXTG Holdings is reportedly considering the sale of its Caserones copper project in Chile.

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Venezuelan opposition leader Juan Guaidó, who is internationally recognized as the country's acting president, has called for a massive demonstration on May 1 in an effort to force President Nicolás Maduro from power.

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Guaidó // File Photo: Venezuelan Government.

POLITICAL NEWS

Venezuela's Guaidó Calls for Massive Demonstration

Venezuelan opposition leader Juan Guaidó, who is internationally recognized as the country's acting president, on Friday called for the "biggest demonstration in history" for next week in order to pressure President Nicolás Maduro to step down, Agence France-Presse reported. "We call on all the people of Venezuela to take part in the biggest demonstration in this country's history on May 1 to demand the usurpation ends definitively," Guaidó told hundreds of supporters at a rally in Caracas. "Miraflores! Miraflores!" chanted supporters in reference to the presidential palace. The demonstration is timed for Labor Day, when Maduro's government plans to hold its own commemoration of Maduro's predecessor, the late Hugo Chávez. Guaidó has frequently called on Venezuelans to take to the streets in efforts to dislodge Maduro who was re-elected last year in what Venezuela's opposition

and several other countries consider a sham election. Maduro still retains the support of the country's military.

ECONOMIC NEWS

New York Fed Cracking Down on Puerto Rico Banks

The Federal Reserve Bank of New York is cracking down on the offshore banking industry in Puerto Rico and the U.S. Virgin Islands over alleged violations of sanctions on Venezuela, Reuters reported last week. The government agency, which acts as a financial supervisor for mid-Atlantic states as well as Puerto Rico and the U.S. Virgin Islands, has halted approval of new accounts for offshore banks and other financial institutions "in light of recent events, including the expansion of U.S. economic sanctions relating to Venezuela," according to the report. The New York Fed's action will prevent the offshore banks from opening accounts with the Fed that give them

NEWS BRIEFS

Peru's García Led Crime Ring: Official

Former Peruvian President Alan García, who committed suicide last week after police arrived at his home to arrest him, led a criminal group that accepted millions of dollars in bribes from Brazilian construction conglomerate Odebrecht, said a top official in Peru's attorney general's office, The Wall Street Journal reported Saturday. Odebrecht has admitted to paying bribes to officials in several countries in order to acquire lucrative contracts. García had denied wrongdoing.

At Least 17 Killed in Colombia Landslide

At least 17 people were killed Sunday in a landslide the town of Rosas in southwestern Colombia, BBC News reported. Five others were injured, and several houses were destroyed due to heavy rains across the Cauca region. Colombian President Iván Duque visited the town on Sunday, pledging to provide humanitarian aid, rental assistance, a housing plan and counseling care for affected families and children. "We are here for them in this difficult moment, they have the support of the whole country," Duque said in a tweet.

Brazilian Judge Reverses Order Following Censorship Accusations

A judge on Brazil's top court has canceled a ruling that forced two news sites to remove reports that a corruption investigation had included a reference to the court's president, the Associated Press reported Sunday. The ruling on Thursday by Judge Alexandre de Moraes overturns his own order issued earlier last week, which had been criticized by media rights advocates, as well as other judges and by the nation's attorney general. De Moraes now says he was able to confirm that the documentation used in the reporting did exist.

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Center party has not decisively supported some of the government's relevant proposals, which may be explained by the fact that regional and local elections will be held on Oct 27. In fact, the Democratic Center has ambitious goals for those elections in terms of the number of governors and mayors, which makes us think that it does not want to make any unpopular decisions that can reduce its expected number of votes. Thus, Duque should change his approach with political parties, improving communications channels while considering their proposals and comments in a more constructive way, recognizing the strong need to form a coalition for the coming years. We would expect the relationship between the government and political parties to improve after the October elections. Beyond this, we are

confident that the government and Congress will take the required measures to maintain fiscal consolidation in the period ahead, which is the most important medium-term economic challenge."

A **Fernando Cepeda Ulloa,**
professor of political science
at Universidad de los Andes in
Bogotá and a former Colombian

interior minister: "Last year's election was a tragic case for the candidates who were close to incumbent President Juan Manuel Santos—former Vice President Germán Vargas Lleras, and the government's chief peace negotiator, Humberto de la Calle. Now it seems that everyone wants to play the role of the opposition in order to win the next presidential election in 2022. Even more

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direct access to the U.S. financial system. The move follows two Puerto Rican offshore banks that have accounts open with the New York Fed being mentioned in federal investigations into money laundering and sanctions evasion related to Venezuela. Sixteen of Puerto Rico's 80 offshore banking and financial services firms are owned by Venezuelan individuals or companies, according to Reuters. Recent rounds of U.S. sanctions on Venezuela have posed new compliance risks for banks and international financial institutions as they seek to understand how to comply with fast-evolving requirements. [Editor's note: See related [Q&A](#) in the Feb. 28-March 13 issue of the biweekly Financial Services Advisor.]

BUSINESS NEWS

JXTG Eyeing Sale of Chile's Caserones Copper Mine

Japan-based mining and energy conglomerate JXTG Holdings is considering the sale of Chile's Caserones copper project, of which it has a majority stake, The Wall Street Journal reported Friday. The sale could fetch some \$1 billion, people familiar with the matter told the newspaper. The discussions follow a 9 percent increase this year in the price of copper. The metal sells for about \$6,465 per metric ton, and some analysts are expecting that price to rise to \$7,165 per metric ton by 2023. The metal's rising price has led to some recent deals in the sector. This month, Canada-based Lundin Mining agreed to buy Brazil's Chapada copper mine from Yamana Gold for \$800 million. That deal followed an agreement by China's Zijin Mining Group to acquire Nevsun Resources, which Lundin was also seeking to buy, for \$1.41 billion. JXTG is Japan's largest operator of gas stations and has a metals business that focuses on mining, refining and smelting. The company is also involved in oil exploration. JXTG acquired its stake in the Caserones mine for \$137 million in 2006. Mitsui Mining and Smelting and Mitsui & Co. also partially own the project.



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when the opposition is enjoying new privileges. Several parties have formally declared that they want to be considered the opposition. Others prefer the role of independents. The situation is worsened because President Duque has refused to use procedures that facilitate governance, such as clientelism. In a country that has been accustomed to consensual politics since 1957 and now has significant division as a result of the peace agreement, there is acute debate about both

“**Now it seems that everyone wants to play the role of the opposition in order to win the next presidential election in 2022.**”

— Fernando Cepeda Ulloa

trivial topics and also very serious ones. In my perspective, there is a middle ground. Cabinet positions should be assigned to parties like Liberal, Radical Change and Conservative. Governance without congressional majorities will be torture and a useless exercise. The presidential party that was built on the basis of clientelism and public contracts distribution should be a tool of the past. This could be Duque's major contribution to clean up politics, toward more transparency and integrity. It is extremely important that other parties start practicing the role of an

intelligent and effective opposition. It is high time for this important improvement of Colombian politics.”

A **Gimena Sánchez-Garzoli, director for the Andes at the Washington Office on Latin America:** “President Duque is experiencing difficulties getting his campaign promises through Colombia's Congress. The only initiative that has advanced, the tax bill, passed but with significant modifications from what Duque initially proposed. On the issue of transitional justice, Duque attempted to push reforms to the transitional justice system through the lower house and failed. There was tremendous pushback by the international community and global civil society against such efforts that would reopen debates about the peace that had already been decided. The lesson for Duque is that he cannot govern on rhetoric and appeasing Colombia's political and economic elites alone. The peace process changed Colombia, making it more democratic and giving excluded political voices more of a platform. Governing from the top no longer works. He needs to build consensus on his proposals with a broader swath of Colombian society. If that does not work, then he needs to adapt to the demands of the majority. In this case, the majority wants peace to advance. Lowering cocaine production will require a long-term integral approach rather than repeating failed militaristic policies.”

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