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## FEATURED Q&A

# What Is Behind Colombia's Latest Spying Scandal?



Nearly a dozen Colombian military officials were fired in connection with a recent spying scandal. Gen. Luis Fernando Navarro blamed the incident on rogue elements in the army. // File Photo: Colombian Government.

**Q** Colombia's defense ministry this month fired 11 military officials, and one general resigned, in relation to an ongoing probe into accusations that the army spied on more than 130 journalists, politicians, magistrates and other members of the military, allegedly using U.S.-supplied equipment. Gen. Luis Fernando Navarro, who heads Colombia's armed forces, blamed the hacking on what he described as rogue elements within the military. It's the latest hacking scandal to rock Colombia's army, which had previously been accused of spying on negotiators of the historic peace deal with the FARC rebels. What happened this time around, and do Colombia's armed forces have their intelligence system under control? Is President Iván Duque's government likely to face political costs as a result of the scandal? What could the alleged misuse of U.S.-provided equipment mean for the future of U.S.-Colombia military cooperation?

**A** Sergio Guzmán, director of Colombia Risk Analysis: "Unfortunately, this is not the first time that Colombian authorities were caught red-handed investigating political opponents, journalists and others who are considered threats to the current government. The event is likely to undermine trust, not only in the military but also in the government's commitment to upholding democratic values. Although the president and his ministers have made it clear that they would not tolerate this behavior, the Duque administration has not grasped the severity of the issue and has shown a remarkable tone-deafness. The government had promised to fully investigate the

Continued on page 2

## TODAY'S NEWS

### ECONOMIC

## Panama to Allow Parts of Economy to Open

Panama's government said parts of its economy that have been shuttered by lockdowns designed to fight the spread of Covid-19 will be allowed to reopen this week.

Page 2

### BUSINESS

## Ecopetrol's Profits Plunge 95% in First Quarter

The Colombian state-owned oil company said its profits fell to 133 billion pesos (\$34.3 million) for the first three months of the year.

Page 3

### POLITICAL

## López Obrador Allows Military Policing in Mexico Until March 2024

Mexican President Andrés Manuel López Obrador authorized the military's involvement in civilian policing for another four years. In March, the country recorded its highest level of homicides since López Obrador took office.

Page 2



López Obrador // File Photo: Mexican Government.

## POLITICAL NEWS

## Mexico's AMLO Authorizes Military Policing Until 2024

Mexico's government on Monday published a decree from President Andrés Manuel López Obrador that authorizes the country's military to participate in civilian law enforcement for another four years, until March 2024, the Associated Press reported. "The participation of the armed forces in public safety should be under extraordinary conditions, and should be regulated, reviewed, subordinated and complementary," the decree says. In March, Mexico recorded 2,585 murders, marking the deadliest month since López Obrador took office in December 2018, CNN reported. According to the decree, the arrangement will stay in place until the National Guard is able to improve its capabilities. López Obrador created the National Guard shortly after he took office in an effort to fight high levels of violence. The National Guard was tasked with targeting organized crime groups in order to reduce violence. Amid pressure from the United States, López Obrador deployed thousands of National Guard troops to Mexico's borders in order to stem the flow of migrants heading north. At the same time, Mexico's homicide rate climbed. The country recorded 22,059 murders in the first nine months of 2019, as compared to 21,581 in the same

period a year earlier. The military involved in civilian policing will be under the command of the National Guard, the decree said, Reuters reported. [Editor's note: See related [Q&A](#) in the April 17, 2019 issue of the Advisor.]

## ECONOMIC NEWS

## Panama to Start Reopening Shuttered Economy This Week

Panama will begin a gradual reopening of its economy this week, including e-commerce, mechanical workshops and fishing, the government said on Monday, Reuters reported. The reopening consists of six phases starting Wednesday, weighing factors such as virus transmission, as well as the virus' strength and the economic impact, said Trade and Industry Minister Ramón Martínez, La Estrella de Panamá reported. "Let's not let our guard down and let's comply with sanitary measures," President Laurentino Cortizo had said earlier on Twitter. "This is everyone's responsibility," he added. Health Minister Rosario Turner said the Central American country was in a position to slowly restart economic activity, as it has been able to hold its contagion rate at close to 1 and attained a case fatality rate of 2.8 percent, below the world average of 7 percent. On Monday, Panama reported 168 new cases of infections,

## NEWS BRIEFS

## Brazil's Bolsonaro Deems Gyms, Hair Salons 'Essential Businesses'

Brazilian President Jair Bolsonaro on Monday decreed gym, hair salons and barbershops to be "essential businesses," allowing them to reopen in locations that are under lockdown because of Covid-19, Agence France-Presse reported. Bolsonaro, who has been accused of not taking the pandemic seriously enough, said gyms help people to have a "healthier life" and that having "one's nails painted and fixing up their hair" is a "matter of hygiene."

## Seventy-One Guatemalans on Deportation Flight From U.S. Test Positive

The number of Guatemalan deportees on an April 13 flight from the United States who have tested positive for coronavirus has reached 71, health officials said Monday, the Associated Press reported. Vice Minister Érick Muñoz told members of Guatemala's Congress that 71 of the 76 deportees on the flight had been infected with the virus. The United States had purportedly been testing deportees before they boarded, certifying that they tested negative, but Guatemala's government said one certified deportee had tested positive upon arrival.

## Chile Expected to See Copper Supply Glut of 200,000 Metric Tons

Chile's copper market will see a supply glut of 200,000 metric tons this year as the economic consequences of the coronavirus pandemic hits global demand for the red metal, according to a Chilean industry group, Reuters reported Monday. Diego Hernández, president of Sonami, an association of mining companies with operations in the Andean nation, said demand is expected to fall between 3.5 percent and 4 percent, while supply is expected to decrease by 3 percent.

## FEATURED Q&amp;A / Continued from page 1

issue back in January when the revelations first made the news, but it became evident by the timing of the dismissals (after another news story broke) that the investigations had been put on the back burner. Moreover, until the latest revelations surfaced, the government planned to reward former Gen. Nicacio Martínez, who has been linked to the illegal investigations, by designating him a special envoy to NATO. Members of the ruling party have ardently defended the military and suggested that interceptions based on open-source materials are fair

game and covered by existing law, a wholly unacceptable defense. There is little public trust in the government's willingness to fully investigate the issue. The key question, which both officials from the government and the military have been unable to answer, is who ordered the investigations, and who was the ultimate recipient of the intelligence gathered. President Duque cannot claim control of the state intelligence system unless he knows the answer to those questions. If he does, it suggests a terrible predicament for Colombia's democracy."

Continued on page 4

with the total reaching 8,616, and a total death toll of 249. There are no specific dates to reopen other sectors, including education, air transport, hotels, restaurants, sports leagues and places of entertainment.

## BUSINESS NEWS

### Brazil's Banrisul Reportedly in Talks to Sell Card Business

Brazilian state-controlled bank Banrisul is in talks to sell its card business, Reuters reported Monday, citing sources with knowledge of the matter. The reports come as the bank's controlling shareholder, the state of Rio Grande do Sul, struggles with a sharp fall in tax revenue. Banrisul is expected to hire JPMorgan Chase in the coming days to sell the business, said the sources, who asked for anonymity to disclose private discussions. JPMorgan and Banrisul did not immediately reply to Reuters' requests for comment. The lender had filed an initial public offering of its card unit two years ago but canceled the transaction in November 2018. Then, the bank expected to reach a 2.5 billion-real (\$432 million) valuation. The card unit, Banrisul Cartões, posted a net income of 272 million reais last year, up 5 percent from the previous year. In order to get the same amount expected for the IPO, Banrisul would need an investor that would pay 10 times earnings, a challenge amid the economic fallout of the coronavirus pandemic. Last month, Fitch Ratings downgraded Banrisul's outlook from stable to negative, with long-term foreign and local currency issuer default ratings at BB-, the ratings agency said in a statement.

### Ecopetrol's Profits Plunge 95 Percent in First Quarter

Colombian state-owned oil company Ecopetrol's first-quarter net profits fell 95 percent, as compared to a year earlier, to 133 billion

## THE DIALOGUE CONTINUES

### What Are the Odds That Bolsonaro Will Face Impeachment?

**Q** **Brazil's Supreme Court on April 28 ordered an investigation of President Jair Bolsonaro after popular Justice Minister Sérgio Moro resigned and leveled explosive allegations against Bolsonaro, alleging that the president's firing of the country's Federal Police chief followed attempts to interfere with the police force's investigations. Where will the allegations against Bolsonaro lead? How likely is Bolsonaro to be impeached, an action that some polls show a majority of Brazilians support? How much political support does Bolsonaro have to fend off efforts to remove him from office?**

**A** **Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:** "Brazil needs to hold a stable course in order to regain growth, overcome Covid-19 and return to democratic normalcy, but the tea leaves seem to tell us that stability is not on the immediate horizon. Indeed, to the poor response to the health challenge posed by Covid-19 one needs to add a faltering economy not fully recovered from the downturn in commodity

prices, a horrific destruction of a fifth of the rain forest as well as a fragmented and fractious political climate. These features have interacted to create an environment of discord and displeasure among the population not seen since the times when Fernando Collor de Mello was president. Moro's resignation threw a flame into a haystack, and the fire is probably going to burn high and fast. The Bolsonaro investigation could lead to his impeachment if Congress rallies together in favor of that course of action. But given Brazil's current political fragmentation and challenges that the country faces, it is unlikely that the consensus will be there to follow that course of action. Also, the Brazilian people are 46 percent in favor of impeachment, while 48 percent are against. Polarization, however, does not seem to exist in the Supreme Court, whose members see many of Bolsonaro's unconventional policy choices as truly unconstitutional."

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**EDITOR'S NOTE: The comment above is a continuation of the Q&A published in Monday's issue of the Advisor.**

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pesos, or \$34.3 million, Ecopetrol said in a statement on Monday. The company had registered a net profit of 2.76 trillion pesos in the first quarter of 2019. The plunge in profit was due mainly to the sharp fall in international oil prices, Chief Executive Officer Felipe Bayón said in a statement. "We confronted challenging and unexpected market conditions, reflected in a Brent price decline of over 65 percent in comparison to year-end 2019," he said. However, he added that Ecopetrol was in a "stronger operational and financial position, with a competitive investment portfolio ... and a level of leverage that provide the flexibility to navigate through this environment." Ecopetrol's earnings before interest, taxes, depreciation

and amortization, or EBITDA, also declined in the first three months of the year, by 29 percent to 5.26 trillion pesos. Total sales fell to 15.07 trillion pesos from 15.95 trillion pesos a year ago. Colombia has revised down its outlook for oil production this year to around 850,000 barrels per day, from a previous forecast of 900,000 barrels per day, if oil prices stay close to \$35 a barrel, Reuters reported. Ecopetrol said its production was sustainable at \$30 a barrel. The company also said that production averaged 735,000 barrels of oil equivalent a day (boed) during the first quarter, up 1 percent from the same period a year earlier but below the targeted range for the year of 745,000 to 760,000 boed.

## FEATURED Q&amp;A / Continued from page 2

**A** **Adam Isacson, director for defense oversight at the Washington Office on Latin America:** “These latest very serious allegations come after a year of scandals, from corruption to covering up killings to requiring ‘body counts’ in a way that risked increasing extrajudicial executions. These corresponded with the tenure of Gen. Nicacio Martínez, who left the leadership of Colombia’s army in December. While Martínez isn’t entirely to blame, he did appear to empower a coterie of officers, especially in military intelligence, with especially low ethical standards. For the first time, journalists reporting military malfeasance have relied on sources within the army itself. That’s important: it means that the institution was not united behind the direction it was taking, and that some officers were willing to risk their careers to blow the whistle. That’s a break with a chronic resistance to reform within Colombian security forces’ intelligence units, going back at least to the disbanding of the army’s 20th Intelligence Brigade back in 1998. But real change won’t happen until those maximally responsible are held to account in the civilian criminal justice system, which has never happened. The future of U.S.-Colombia military cooperation hinges on that accountability. The Leahy Law on foreign assistance cuts off aid to units if gross human rights violations go unpunished, but it allows aid to flow if the justice system does its job. (The law doesn’t apply, though, to assistance untransparently supplied by the CIA.)”

**A** **Karla Schiaffino, senior analyst of Latin America insights at Verisk Maplecroft:** “Colombia’s army has a history of human rights abuses in its fight against terrorism and organized crime, including allegations of abuses by military intelligence. The latest allegations—of illegal surveillance of

journalists and activists—come at a time of heightened social tensions, which have not abated despite the Covid-19 pandemic. Localized protests have taken place over the last two weeks despite the lockdown, and we expect a resumption of anti-government demonstrations once quarantine measures are eased. Despite President Duque’s firing of military personnel involved in the incident, the scandal sustains the state’s poor human rights record and adds pressure on the government to show real commitment to implementing the FARC peace agreement. The episode will continue to fuel public distrust of authorities in vulnerable areas, precisely where security effectiveness would benefit most from popular support. Indeed, the alleged snooping coincided with nationwide protests demanding the full implementation of the transitional justice mechanisms and respect for human rights. The scandal also raises questions over the continuation of U.S.-Colombia military cooperation, the risk of which would increase in the event of a change at the White House in 2021. Democratic Sen. Patrick Leahy has called for an investigation into the most recent allegations to reassess U.S. military cooperation. However, we consider a suspension of aid to Colombia under President Trump a remote possibility. This is because President Duque remains the United States’ key ally against Venezuela’s Maduro, and democratic transition in Venezuela is a top foreign policy priority.”

*Editor’s note: The Advisor requested a commentary for this issue from the Colombian 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](mailto:gkuleta@thedialogue.org).*

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