LATIN AMERICA ADVISOR

www.thedialogue.org

BOARD OF ADVISORS

Diego Arria Director, Columbus Group

Devry Boughner Vorwerk CEO, DevryBV Sustainable Strategies

Joyce Chang Global Head of Research, JPMorgan Chase & Co.

Paula Cifuentes Director of Economic & Fiscal Affairs, Latin America & Canada, Philip Morris International

Marlene Fernández Corporate Vice President for Government Relations, Arcos Dorados

Peter Hakim President Emeritus, Inter-American Dialogue

Donna Hrinak President, Boeing Latin America

Jon E. Huenemann Former Corporate and Government Senior Executive

James R. Jones Chairman, Monarch Global Strategies

Craig A. Kelly Senior Director, Americas Int'l 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

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

Shelly Shetty Managing Director, Sovereigns Fitch Ratings



FEATURED Q&A

Will Moves Against the Opposition Strengthen Maduro?



Venezuelan President Nicolás Maduro's government has made moves against the country's opposition in recent weeks. // File Photo: Venezuelan Government.

Venezuela's government has increasingly taken action against the opposition in recent weeks. The Supreme Court has removed the leaders of three influential opposition parties and replaced them with politicians reportedly tied to President Nicolás Maduro. The actions come ahead of legislative elections planned for later this year, and the parties targeted include the Popular Will party of opposition leader Juan Guaidó. What are the reasons behind the government's latest actions against the opposition? What will these moves achieve for President Nicolás Maduro? How will the actions influence Venezuela's election, scheduled for later this year?

Michael Shifter, president of the Inter-American Dialogue: "Over the past seven years, Nicolás Maduro has presided over a thoroughly corrupt dictatorial regime intent on consolidating its total control and eliminating any possible challenge to its rule. The pro-government Supreme Court's recent actions to take over the country's opposition forces and political parties have been notably brazen and blatant. It has been clear for some time that the regime's chief objective in 2020 has been to further tighten its grip and finally dominate the opposition-led National Assembly, the only legitimate and democratic institution in Venezuela. There is a chance that, sadly, its political strategy will work and the dictatorship will achieve its goal. There is no question that legislative elections scheduled for December are not serious and won't come close to adhering to minimum standards for a free and fair contest. These farcical circumstances put the opposition in a very difficult position regarding whether or not to participate in the election. Continued on page 3

Monday, July 20, 2020

TODAY'S NEWS

POLITICAL

U.S. Imposes Sanctions on Son of Nicaragua's President

The United States sanctioned another of President Daniel Ortega's sons, accusing him of using a company he manages to distribute propaganda and launder money.

Page 2

FCONOMIC

Bahamas Bars Travelers From U.S. as Covid-19 Cases Rise

The Bahamas will close its borders to travelers from the United States starting Wednesday as U.S. cases of Covid-19 soar.

Page 3

POLITICAL

Mexico's López Obrador Puts Army in Charge of Customs

Mexican President Andres Manuel López Obrador put the country's army in charge of customs at ports and borders.

Page 2



López Obrador // File Photo: Mexican Government.

POLITICAL NEWS

U.S. Sanctions Son, Companies of Nicaragua's Ortega

The United States Treasury on Friday sanctioned one of Nicaraguan President Daniel Ortega's sons, one of the son's associates and two companies they use, over allegations that they use the operations to "distribute regime propaganda and launder money." The Treasury's Office of Foreign Assets Control placed Juan Carlos Ortega on its list of "specially designated nationals," which blocks assets he has in the United States and bars Americans from doing business with him, the Associated Press reported. Two of Juan Carlos Ortega's brothers, as well as the president and First Lady Rosario Murillo, who is also Nicaragua's

President Ortega and his corrupt inner circle prioritize their own power and wealth over the needs of the Nicaraguan people."

vice president, were already on the U.S. blacklist, Agence France-Presse reported. On Friday, the U.S. Treasury also sanctioned José Jorge Mojica, an aide to the president. In announcing the sanctions, the Treasury said Difuso Comunicaciones, which Juan Carlos Ortega manages, spreads "propaganda" for the Nicaraguan government, and it accused the company of engaging in money laundering. "President Ortega and his corrupt inner circle prioritize their own power and wealth over the needs of the Nicaraguan people," U.S. Treasury Secretary Steven Mnuchin said in a statement. "The United States will continue to target those who prop up the Ortega regime and siphon money from the Nicaraguan economy." Difuso Comunicaciones produces radio and television ad

campaigns for Ortega's government, "various government institutions" and the ruling Sandinista National Liberation Front, the Treasury said. The Treasury added that Juan Carlos Ortega was being sanctioned for "being responsible for or complicit in, or for having directly or indirectly engaged or attempted to engage in" transactions involving corruption or deceptive practices by current or former officials of Nicaragua's government, "such as the misappropriation of public assets or expropriation of private assets for personal gain or political purposes, corruption related to government contracts, or bribery." The Nicaraguan government released no immediate statement on the new sanctions, the AP reported.

Mexico's AMLO Puts Army in Charge of Customs Operations

Mexican President Andrés Manuel López Obrador on Friday put the army in charge of customs at the country's border crossings and seaports in what he said was an effort to fight corruption and the massive smuggling of drugs and precursor chemicals, the Associated Press reported. He made the announcement during a visit to the Pacific coast port of Manzanillo, where some of the largest multi-ton shipments of drugs and illicit chemicals have been found in the past 10 years. In 2010, the Tax Administration Service, which was previously in charge of customs, seized a then-record 200 metric tons of meth precursors at the Manzanillo port, the AP reported. "We have made this decision about management of the port, because of the mismanagement, the poor administration of the seaports, the corruption, the smuggling of drugs into the country through these ports," the president said, Agence France-Presse reported. It is the latest duty that López Obrador has handed over to the country's military, which is now involved in everything from the construction of government projects to running tree nurseries, the AP reported. Army members are also guarding hospitals and transporting medical supplies during the pandemic, as well as performing civil policing roles.

NEWS BRIEFS

Argentina Announces Plan to Ease Lockdown as Coronavirus Cases Surge

Argentina's government on Friday announced a plan to gradually ease the lockdown put in place four months ago in and around Buenos Aires to curb the spread of Covid-19 but later confirmed the country's highest daily case count since the pandemic began, Reuters reported. President Alberto Fernández said the reopening would happen in stages, with the first one lasting until Aug. 2. On Friday, the government reported 4,518 new cases of coronavirus.

Instacart Sues Chile's Cornershop Over Alleged Theft, Misuse of IP

San Francisco-based grocery delivery provider Instacart is suing Chile-based delivery service Cornershop on allegations of theft and misuse of intellectual property, Supermarket News reported Friday. Instacart filed the lawsuit in U.S. District Court for the Eastern District of Texas after Cornershop reportedly violated a cease-and-desist order. Instacart claims its online grocery catalog of products was subject to illegal "scraping" by Cornershop.

Costa Rican President Moves Holidays in Effort to Aid Tourism Sector

Costa Rican President Carlos Alvarado last week signed a law that creates more long weekends through 2024 in a bid to help the country's tourism sector during the economic recovery, the Tico Times reported Friday. The law moves holidays' day off to the previous or following Monday, though any official commemorations will still be held on the holiday. Tourism makes up 8.2 percent of Costa Rica's GDP, and it has been hit hard by the coronavirus pandemic as the country's borders remain closed to international travelers.

ECONOMIC NEWS

Bahamas Bars Travelers From U.S. as Covid Cases Rise

The Bahamas will close its borders to travelers from the United States starting on Wednesday, Prime Minister Hubert Minnis announced Sunday, the South Florida Sun Sentinel reported. "Regrettably, the situation here at home has already deteriorated since we began the reopening of our domestic economy," said Minnis, who has also been working as the acting health minister. "It has deteriorated at an exponential rate since we reopened our international borders," he added. The announcement came three weeks after the Caribbean nation largely reopened to international tourism. The Bahamas on Sunday confirmed 15 new cases of the novel coronavirus, bringing the country's total



Minnis // File Photo: @minnis_dr via Twitter.

to 153, according to the Bahamian Ministry of Health. Eleven people have died of the disease. Minnis cited recent hikes in Covid-19 cases in the United States and elsewhere as the reason for the travel ban, with some exemptions for emergency and essential travel. Those coming in flights from Canada, the United Kingdom and the European Union will still be welcome, though they will be required to show a negative Covid-19 rapid rest result from an accredited lab, USA Today reported. The United States, and Florida in particular, is the Bahamas' largest tourism market, and there is a significant Bahamian population in South Florida. The state reported 12,478 additional Covid-19 cases on Sunday, as it becomes the United States' new epicenter of the disease.

FEATURED Q&A / Continued from page 1

Surely not for the first time in its two-decade struggle to restore democracy in Venezuela, the opposition confronts two terrible choices—to boycott the elections, or to take part despite egregiously unfair conditions. The dictatorship knows that the decision about what to do is likely to even further fragment an already fractured opposition, divided along questions of strategy and personality, with some leaders inside Venezuela and others outside. The key question is whether, in pursuing a peaceful, democratic transition in Venezuela, it makes sense to demand elections while at the same time refuse to participate in them."

Gabriel Hetland, assistant professor of Latin American, Caribbean and U.S. Latino Studies at the State University of New York at Albany: "This signals Maduro's attempt to consolidate his control over Venezuela's political institutions. By removing leaders from three leading opposition parties, Maduro seeks to push these parties to participate in upcoming legislative elections. He clearly hopes to gain greater legitimacy as well as control from these elections, which Juan Guaido's Popular Will party was pledging to boycott. The move is also a sign of Maduro's increasing willingness to go after Guaidó directly. The reason for this is that Guaidó has lost popularity within Venezuela, due to his inability to effectively challenge Maduro. Maduro likely also views Trump as highly unlikely to escalate things with Venezuela in response, and hence is more willing to act in a more aggressive manner toward Guaidó. The moves will likely result in an increase in Maduro's control over governing institutions, particularly following upcoming legislative elections. The moves will also further inflame Venezuela's polarization. This is positive for Maduro, who feeds off polarization. It is profoundly negative for Venezuela, as it further limits the possibilities for dialogue between the government and opposition. The leaders removed from

these parties will now have less incentive to dialogue with the government. The result is likely to be a hardening of their stance and further reliance on the disastrous strategy of seeking a U.S. invasion of Venezuela. For the election, the moves will lead to a boycott by hardline sectors of the opposition and likely bring more moderate sectors into the boycott too. The moves may also result in a semblance of greater opposition participation, but its doubtful many in Venezuela will accept this as reality."

> Luis Vicente León, president of Datanalisis in Caracas: "Maduro's government, through

its Supreme Tribunal, decided to name a biased National Electoral Council and intervene in the boards of the three largest opposition parties, replacing them by hand with political actors that suit the government. It's all part of the same strategy to institutionally wear down the opposition and sharpen its internal fractures: there will be an election that the revolution calls for, and some government opponents who do not have the trust of the opposition base will participate. Another segment of the opposition, also weakened, will reject the election and will appeal to the thesis of continuity of authorities elected in 2015, in order to stay and preserve the struggle's institutionality. But time, without electoral legitimization, will put it in serious danger. How many more months, without being elected and validated electorally, and without producing results of political change, can pass before the symbolic institution becomes irrelevant inside and outside the country, as has happened to the exiled governments of Haiti, Cuba, Spain or Iran? The government has put the opposition in a lose-lose situation. If the opposition calls its supporters to vote, abstentionism will be devastating, and it will end up validating the official strategy. If it calls on them to abstain, it will show its own fractures without an alternative strategy that converts that abstentionism into kinetic Continued on page 4

FEATURED Q&A / Continued from page 3

energy to press the change of government, leaving it in the same place where it is now—a void. What is the real danger for Maduro? That a proposal for civil protest arises through irreverent voting—one that does not seek to win a fictitious election, but rather to punish and to move the population on election day only to create a momentum of struggle. But that scenario seems unlikely in light of strong internal conflicts that have arisen in the local political scene."

Margarita López Maya, senior professor at the Center for Development Studies (CENDES) at the Central University of

Venezuela: "The Maduro regime's strategy seeks several objectives. First, it definitely seeks to remove from the election any competition that could threaten to produce for it an adverse result this December. Maduro needs to put the National Assembly under his control, and he cannot take any risks. By putting unknown militants and/or those who have negotiated with him in charge of the main opposition parties, he is encouraging outrage, frustration, confusion and abstentionism from the opposition-all of which benefit him in the elections. Second, these altered and minority parties who have already negotiated with him for money and job positions, will allow him to secure victory and appear with a new makeup of 'competitive authoritarianism,' instead of the unpresentable dictatorship that he has now. Third, through this game, Maduro believes he will be able to build a customized majority party system and stabilize himself politically. If this strategy continues, the best we can hope for is that, if these elections occur, the results will be spurious, similar to the results of the 2018 presidential election. It is probable that Rafael Simón Jiménez, the 'independent' rector suggested by the mesita, will withdraw as long as there is an agreement for free and transparent elections. The international community will not recognize the results, Venezuela will continue to be isolated from the western

world and supported by Russia and China. Internally, the political crisis will continue to worsen, as will the appalling humanitarian emergency we are experiencing."

Alejandro Velasco, associate professor at New York University: "These moves are a show of force by Maduro at a time when the opposition is in disarray. In January 2019, the opposition staked its future on Maduro's quick ouster. Now it is on the ropes, its allies abroad bogged down by Covid-19, its standing at home diminished by dwindling credibility and by major splits over strategy. In this context, Maduro has gone on the offensive, aiming to strike a decisive blow against Guaidó on two fronts. One is electoral. Guaido's key claim to domestic and international legitimacy rests on a democratic mandate that expires in December 2020. By moving against Guaido's party and allies, by designating a 'loyal' opposition and by changing electoral rules to suit him, Maduro has forced the opposition into a lose-lose scenario: participate in elections it cannot win, or abstain from elections it cannot lose. Either way, Guaido's democratic standing will face serious challenges after December. The other front is political. Maduro has long since forfeited any electoral legitimacy, and December will not change that. Instead, what keeps him in power is the projection of power, especially to allies at home and abroad. He needs to show those keeping him afloat-in the military, in the ruling party, in friendly capitals-that his hold on power is uncontested and that he is willing to strike while the opposition is down. His political future depends upon it. All this points to an emboldened Maduro, an opposition adrift and a Venezuelan population whose plight will continue to worsen as the pandemic spikes."

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 © 2020

Erik Brand Publisher ebrand@thedialogue.org

Gene Kuleta Editor gkuleta@thedialogue.org

Anastasia Chacón González Reporter & Associate Editor achacon@thedialogue.org

OTHEDIALOGUE

Michael Shifter, President

Rebecca Bill Chavez, Nonresident Senior Fellow Sergio Bitar, Nonresident Senior Fellow Joan Caivano, Director, Special Projects Michael Camilleri, Director, Rule of Law Program Kevin Casas-Zamora, Nonresident Senior Fellow Héctor Castro Vizcarra, Nonresident Senior Fellow Julia Dias Leite. Nonresident Senior Fellow Ariel Fiszbein, Director, Education Program Peter Hakim, President Emeritus Nora Lustig, Nonresident Senior Fellow Margaret Myers, Director, Asia and Latin America Program Manuel Orozco, Director, Migration, **Remittances & Development** Xiaoyu Pu, Nonresident Senior Fellow Jeffrey Puryear, Senior Fellow

Mateo Samper, Nonresident Senior Fellow

Tamar Solnik, Director, Finance & Administration Lisa Viscidi, Director, Energy Program

isa visciai, Director, Energy riogram

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 ebrand@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.