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FEATURED Q&A

Why Has Venezuela Launched a Border Military Offensive?



Venezuela has launched a military offensive in Apure state, along its border with Colombia. Venezuelan soldiers preparing for deployment are pictured. // File Photo: @somos_ejercito via Twitter.

Q Some 5,000 Venezuelan refugees, many of them children, have reportedly fled into Colombia in recent weeks following the Venezuelan military's offensive against Colombian illegal armed groups near the two countries' border. Security experts have described the assault, which began with airstrikes in Venezuela's Apure state on March 21, as Venezuela's largest use of military force in decades. Who are the main targets of the offensive? Why has Venezuela launched the operation now, and what does it seek to accomplish? What must Venezuela, Colombia and the international community do to address the resulting refugee crisis?

A Claudia Blum, foreign minister of Colombia: "The current humanitarian situation on the Colombia-Venezuela border, due to internal clashes in the Apure region in Venezuela, is another consequence of Venezuela's multidimensional crisis, provoked by the illegitimate regime of Nicolás Maduro. That dictatorship has destroyed the rule of law, the productive system and basic social services, and it is responsible for grave human rights violations against Venezuelans. Furthermore, the regime has long tolerated and protected different illegal armed groups involved in drug trafficking and other illegal economies. This is the real context of the situation, and although Maduro's regime always tries to divert international attention from its responsibility on the Venezuelan crisis, the world knows that the dictator does not respect any international standard related to human rights and rule of law. The humanitarian consequences of the crisis are reflected in more than five million people already expelled in recent years to Colombia

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Partial Results Show Castillo Leading in Peru's First Round

With 16 percent of ballots counted in the first round of Peru's presidential race, far-left labor unionist Pedro Castillo was in the lead. It is still unclear who he will face in the runoff.

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Argentina-Based Ualá Agrees to Buy Wilobank

Argentine financial technology company Ualá announced that it has agreed to buy digital bank Wilobank.

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Lasso Elected President of Ecuador

On his third attempt at Ecuador's presidency, conservative former banker Guillermo Lasso was elected the country's president, defeating leftist economist Andrés Arauz, a protégé of former President Rafael Correa.

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Lasso // Photo: @LassoGuillermo via Twitter.

POLITICAL NEWS

Lasso Elected President of Ecuador, Arauz Concedes

Conservative former banker Guillermo Lasso was elected Ecuador's president on Sunday, defeating leftist Andrés Arauz, a protégé of former longtime President Rafael Correa, El Universo reported. On his third run for Ecuador's presidency, and with 97 percent of the ballots counted in the country's runoff, Lasso was elected with 52.21 percent of the vote, as compared to Arauz's 47.49 percent. "For years, I've dreamed about the possibility of serving Ecuadoreans, so the country progresses.

“We'll build a more just country with more prosperity for everyone.”

— Guillermo Lasso

Today, you've made that possible," Lasso told supporters, The Wall Street Journal reported. "We'll build a more just country with more prosperity for everyone." Meantime, Arauz conceded. "This is an electoral setback," said Arauz, UPI reported. "This is not an end, but a start." Correa also acknowledged Lasso's victory. "Your success will be Ecuador's. I just ask that he stops the lawfare, which destroys lives and families," said Correa, referring to the use of the judiciary to pursue political opponents, The Wall Street Journal reported. Lasso's election was a major defeat for Correa, who had handpicked Arauz, a 36-year-old economist, for the race. Correa, who is living in exile in Belgium, was among the leaders of the so-called Pink Tide of Latin American leftist presidents who took office starting in the early 2000s. He was sentenced in absentia last year on corruption charges, though he denies wrongdoing and says the case against him was politically motivated. Correa was sentenced to eight years in prison and was banned from participating in Ecuadorean politics for 25 years.

Lasso will face tough economic conditions as Ecuador's president. Current President Lenín Moreno was forced to restructure \$17.4 billion in foreign debt last year and accept a new \$6.5 billion loan from the International Monetary Fund. The IMF expects Ecuador's economy to grow just 2.5 percent this year, The Wall Street Journal reported. Lasso, who is to take office May 24, also faces a dire situation amid the raging Covid-19 pandemic. Variants of the novel coronavirus, including one that was first identified in Brazil, have led to soaring infection and death rates. Hospitals in some South American countries have been pushed to near collapse. Since the pandemic began, Ecuador has recorded more than 346,000 cases of Covid-19 and more than 17,000 deaths from the disease, according to Johns Hopkins University. [Editor's note: See the Advisor's video [interview](#) with former Ecuadorean Ambassador to the United States Nathalie Cely.]

Partial Results Show Castillo Leading in Peru's First Round

Partial results from Peru's Sunday presidential election show a surprise lead for leftist candidate Pedro Castillo, with a June runoff all but assured, Agence France-Presse reported. With 16 percent of ballots counted by early today, far-left labor unionist Castillo was leading among the 18 presidential candidates with 15.7 percent of the vote, substantially higher than what polls had predicted but not close to the 51 percent required to avoid a second-round vote. The runoff is scheduled for June 6. It is unclear who Castillo will face, though electoral officials said right-leaning economist Hernando de Soto was in second place with 14.4 percent of the vote. Close behind are far-right candidate Rafael López Aliaga with 13.3 percent and Keiko Fujimori with 12.19 percent of the vote, electoral officials said in a live broadcast, Reuters reported. The latest polls had shown a sharply fragmented race, with 28 percent of Peruvians saying ahead of the election that they would not choose any of the candidates, The Guardian reported, citing a survey by the

NEWS BRIEFS

Honduras Eyes Using U.S. Aid for Rebuilding After Hurricanes

Honduran government officials said Friday that it wants to use U.S. aid aimed at reducing pressure on people to migrate north on rebuilding efforts following hurricanes last year, Reuters reported. The Honduran officials expressed that intention during meetings in Washington with U.S. officials.

Venezuela Planning to Manufacture Cuban Covid-19 Vaccines

Venezuela is looking to manufacture two million doses per month of a Cuban-developed Covid-19 vaccine, President Nicolás Maduro said Sunday, Agence-France Presse reported. He also said Venezuela would take part in the Phase 3 trials for Cuba's Abdala vaccine. "We've signed an agreement to produce in our laboratories ... two million vaccines a month of the Abdala vaccine .. for August, September, approximately," Maduro said in a televised address. Cuba is reportedly conducting clinical trials for four different vaccines.

Netherlands' GrandVision Reportedly Selling Chilean Units to HAL Trust

Italian-French eyewear company EssilorLuxottica said today that Dutch group GrandVision has agreed to sell its Chile units to the main shareholder, HAL Trust, Reuters reported. EssilorLuxottica, which manufactures eyeglass brands such as Ray-Ban and Oakley, is currently attempting to buy GrandVision, though the acquisition is pending a sign-off from Turkey's competition authority as well as ongoing arbitral proceedings. EssilorLuxottica's 7.2 billion euro (\$8.6 billion) bid to take over GrandVision was one of the largest deals announced in 2019.

Institute of Peruvian Studies. The vote came just as the Andean nation ended its deadliest week of the Covid-19 pandemic since it started, registering the country's highest-ever daily toll on Saturday despite having been one of the region's worst-hit countries last year as well. [Editor's note: See related [Q&A](#) in the March 3 issue of the Advisor.]

BUSINESS NEWS

Argentina-Based Ualá Agrees to Buy Wilobank

Argentine financial technology company Ualá said Friday that it has agreed to buy local billionaire Eduardo Eurnekian's digital bank, Wilobank, Reuters reported. However, the central bank has yet to approve the operation. Under the deal's terms, Eurnekian would get a stake in Ualá, a mobile phone application that offers a payment system for people without a stable income. Ualá is backed by investors including George Soros, Steve Cohen and Softbank Group Corp., the Buenos Aires Times reported. The companies "will provide a solid platform for the expansion of Ualá, giving it the possibility of continuing to strengthen its financial ecosystem with a broader range of services once Wilobank has been incorporated," Ualá said in a statement, Reuters reported. The acquisition would also include Wilobank's bank license and would allow the fintech firm to target clients it would not have fully served before, such as pensioners and recipients of government welfare, the Buenos Aires Times reported. The statement did not mention the transaction's value, and unnamed sources declined to reveal it to the Buenos Aires Times. Ualá's press office and a spokeswoman for Eurnekian also declined to comment. Ualá was valued at between \$850 million and \$950 million after its last funding round in November 2019, according to the report. [Editor's note: See related [Q&A](#) in the Nov. 19-Dec. 2 issue of the Dialogue's biweekly Financial Services Advisor.]

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and other countries. Colombia has decided to grant temporary protected status to about 1.8 million Venezuelans living in our country. In recent weeks, we have been providing humanitarian assistance to 6,500 displaced people in 19 shelters in the municipality of Arauquita. International cooperation is essential to helping these victims with solidarity. The international community must maintain diplomatic pressure and action to prevent impunity on the serious crimes attributed to Maduro's regime by various countries and international organizations, and to ensure the restoration of democracy in Venezuela as the only way to solve this crisis, which affects civilians and the region's stability."

A **Vanessa Neumann, former Juan Guaidó-appointed Venezuelan ambassador to the United Kingdom:** "The armed conflict that began when FARC-EP dissidents attacked a Venezuelan army battalion in the town of La Victoria could be the beginning of a perfect storm that might threaten Maduro's grip on power. In Apure, Maduro's friends are now his enemies, and Venezuelan civilians caught in the crossfire could at least temporarily view Maduro—the enemy of their enemy—as their friend. The FARC-EP mean business: they are using rocket launchers and land mines. In this battle over lucrative cocaine trafficking routes, the Venezuelan armed forces are looting and committing atrocities against Venezuelan residents, including the bombardment of a house and school in Los Cañitos and the murder of five relatives in El Ripial. By contrast, the Colombian terrorists have been smart: they have thus far avoided attacking Venezuelan civilians, opening the possibility that the locals might consider rising up with them against Maduro's security forces. Many desperate Venezuelans have joined the ranks of the Colombian terrorist groups, who at least give them food and a job. Apure is an important drug trafficking route under the control of

Iván Márquez, to whom Maduro has publicly avowed asylum. Hence Maduro only refers to the combatants there as 'irregular armed groups,' rather than the FARC-EP dissidents with whom he has aligned himself. On their way to Brazil, drugs from Apure snake

“ In Apure, Maduro's friends are now his enemies... ”

— Vanessa Neumann

across Venezuela and through the Mining Arc, which is controlled by yet another group of Colombian terrorists, the ELN, which is now also rising up against the Venezuelan armed forces there for control of the mines. In short, the Venezuelan military, which has kept Maduro in power, is getting increasingly bogged down in open battles against its allies for control of cocaine and gold. While Maduro's resilience should never be underestimated, he is definitely under pressure. I fear, though, that should the collapse of the Maduro regime come at the hands of foreign terrorist organizations, it would be as ever, at a high cost to my fellow Venezuelans."

A **Humberto de la Calle, former Colombian vice president, interior minister and chief negotiator in the peace process with the FARC:** "What is happening along the border has enormous destabilizing potential. For the thousands of migrants from Venezuela, a dangerous confrontation involving Venezuelan military forces is now an additional concern. Colombia has also activated military units. The Venezuelan military mobilization coincides with a change in diplomatic strategy. For several years, the panorama was framed by complaints from Colombia over the protection of illegal groups in Venezuela, to which Venezuela responded with a resounding refusal. Now, in different forums, including through letters to the U.N. Security

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Council, Venezuela is seeking to change the paradigm: it maintains that it is a victim of aggressive actions by Colombia. The effect is that the two foreign ministries today are speaking the same language, each from their own side. These mutual and equivalent accusations are a Gordian knot that sets the conditions for an escalation of tensions. That is why I welcome the initiative of a group of people from both sides of the border who have petitioned the United Nations to appoint a special envoy for the border crisis. It's about sending a sensible message and avoiding the temptation to escalate the confrontation. Sectors of the Venezuelan opposition have been promoting a proposal for a peaceful transition in Venezuela. Biden is likely to view this favorably. The Trump/Bolton era is over, and hopefully this can be resolved before it is too late."

A **Gustavo Roosen, member of the Advisor board and president of IESA in Caracas:** "The deployment of the armed forces is aimed at tamping down fighting among Colombian guerrilla groups and regaining territorial control. Venezuelan military presence in the region will continue. Maduro's government will allow some degree of illicit activity by Colombian guerrilla groups in its territory. But at a time when his authority is already being seriously questioned, Maduro cannot allow fighting among the guerrilla groups inside Venezuelan borders. What is unique about this operation is that the Venezuelan authorities are responding. The government has turned a blind eye toward former FARC and ELN guerrillas. The Venezuelan government has preferred to work with guerrillas and criminal groups along the border to advance common interests. Ideologically, the FARC had more in common

with late President Hugo Chávez. Since the Colombian peace accords in 2016, many guerrilla fighters have refused to put down their weapons and continue participating in the drug trade, fuel smuggling and illegal mining, departing from ideological beliefs.

“**Besides the need to keep the money flowing, Maduro's government must use this moment to prove he can control the territory of Venezuela...**”

— **Gustavo Roosen**

The ties between Maduro and these guerrilla groups prompted the U.S. Justice Department in March 2020 to indict Maduro, several other Venezuelan officials and members of the FARC leadership on narco-terrorism charges. Besides the need to keep the money flowing, Maduro's government must use this moment to prove he can control the territory of Venezuela, which is facing a very precarious economic situation. The heavy-handed response is proportionate to the risk the regime seeks to eliminate. As it pertains to the humanitarian crisis this military confrontation has created, the best avenue open to the international community is to support Venezuelan migrants with financial contributions and humanitarian services, based on the Colombian law known as 'Estatuto Temporal de Protección para Migrantes Venezolanos.'

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

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter & Associate Editor
achacon@thedialogue.org

Diana Roy

Editorial Intern
droy@thedialogue.org



Michael Shifter, President

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Subscription inquiries are welcomed at ebrand@thedialogue.org

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