

## 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 (McDonald's)

### Peter Hakim

President Emeritus,  
Inter-American Dialogue

### Donna Hrinak

Senior VP, Corporate Affairs,  
Royal Caribbean Group

### Jon E. Huenemann

Council Member,  
GLG Inc.

### James R. Jones

Chairman,  
Monarch Global Strategies

### Craig A. Kelly

Senior Director,  
Int'l Gov't Relations, Exxon Mobil

### Barbara Kotschwar

Executive Director, Visa Economic  
Empowerment Institute

### John Maisto

Director, U.S. Education  
Finance Group

### Nicolás Mariscal

Chairman,  
Grupo Marhnos

### Thomas F. McLarty III

Chairman,  
McLarty Associates

### Beatrice Rangel

Director,  
AMLA Consulting LLC

### Jaana Remes

Partner,  
McKinsey Global Institute

### Ernesto Revilla

Head of Latin American  
Economics, Citi

### Gustavo Roosen

President,  
IESA

### Andrés Rozental

President, Rozental &  
Asociados

### Shelly Shetty

Managing Director, Sovereigns  
Fitch Ratings

## FEATURED Q&A

# Will New Security Legislation Make Colombia Safer?



Controversial security legislation recently passed Colombia's Congress. It may face a challenge in the Constitutional Court. Officers of the country's National Police are pictured. // File Photo: Colombian National Police.

**Q** A security bill that recently won approval in Colombia's Congress aims to crack down on crime, but opposition politicians and human rights groups say the legislation violates human rights. The controversial "Citizen Security" measure includes tougher penalties for crimes such as robbery and property damage. It would loosen gun control laws and would bar people from wearing masks during protests, even during the current pandemic. Will the bill, which President Iván Duque supports and could sign before leaving office later this year, be effective in lowering the levels of street crime in Colombia? Is the legislation a sincere effort to fight crime, or is it more motivated by pre-election posturing? How much does the bill open the door to human rights abuses—as the opposition claims—and would it be able to survive a legal challenge in the Constitutional Court?

**A** Sergio Guzmán, co-founder and director of Colombia Risk Analysis: "Colombian authorities tend to believe that an act of Congress will address the country's longstanding woes, prevent citizens from attending anti-government marches or dissuade protesters from turning violent when met with overwhelming force (often conducted illegally and without a judicial warrant) by authorities. One of the key reasons authorities fail to successfully advance with investigations and prosecute violent protesters, looters and vandals is closely related to poor policing procedures, mishandling or lack of evidence and excessive use of force that makes it hard for judicial authorities to prosecute, try and convict offenders. The outbreak of social unrest we saw last year, in part due to pre-existing social issues, remains unre-

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## Dozens of Cuban Protesters Face Trial This Week

At least 57 protesters arrested last year in Cuba following massive protests that erupted in July are facing trial this week, according to relatives. Many face long prison sentences.

Page 2

### ECONOMIC

## Brazil's Annual Rate of Inflation Hits Six-Year High

Brazil's annual inflation rate hit 10.06 percent last year, its highest level since 2015, according to the government's official statistics agency. Higher fuel and energy prices led the increase, which was higher than analysts had expected.

Page 2

### BUSINESS

## Citigroup to Exit Mexico Consumer Banking Business

Citigroup announced that it will exit its consumer banking business in Mexico. CEO Jane Fraser called the move part of the bank's "strategy refresh."

Page 2



Fraser // File Photo: Citigroup.

## POLITICAL NEWS

## Dozens of Cuban Protesters Face Trial This Week: Relatives

At least 57 protesters who were arrested last year in Cuba are expected to go on trial this week, with some of them facing up to 30 years in prison, the Associated Press reported, citing relatives of those detained. Twenty people are charged in Havana, 21 in the eastern city of Holguín and 16 are charged in Santa Clara, the wire service reported. The arrests stem from massive protests that erupted last July in Cuba, when demonstrators took to the streets to protest power blackouts, shortages of basic goods and other economic problems. While Cuba's government has acknowledged that some of the protesters' complaints were justified, it has also blamed the United States, saying it was the actual force behind the demonstrations. Dissatisfaction is widespread, however, on the island, and protesters have been using social media to plan demonstrations, Jonathan Benjamin-Alvarado, a professor of political science at the University of Nebraska Omaha, told the Advisor in a [Q&A](#) published Dec. 6. "The recent spate of protests by 'subversive organizations' signals deep discontent with life on the island, and the utilization of social media platforms serves to work around the far-too-often ham-fisted overtures of Cuban state security to quell these movements," said Benjamin-Alvarado. "In essence, the genie is out of the bottle, and there seems little the regime can do to wrest control of dissent and messaging on the island," he added. At least one person was killed during the protests last July, and several stores were vandalized, the AP reported. Cuba's government has not given the official number of people detained, but the group Justice 11J, has said it has confirmed 1,334 detentions, 223 convictions on various charges and 231 others who still face charges, the AP reported. Several relatives told the AP that they were informed that only one family member of each defendant will be allowed to be present in court.

## ECONOMIC NEWS

## Brazil's Annual Rate of Inflation Hits Six-Year High

Brazil's 2021 annual inflation reached a six-year high of more than 10 percent, Reuters reported, citing data the Brazilian Institute of Geography and Statistics (IBGE) released on Tuesday. The 10.06 percent inflation rate was higher than the 9.97 percent median predicted in a Reuters poll of economists. IBGE data showed that the high inflation rate was primarily driven by the energy crisis and the rise in fuel prices, MercoPress reported. The rise in prices of transportation and housing, up 21.03 percent and 13.05 percent, respectively, were directly related to the rise in fuel and electricity prices. The rapid inflation in Brazil last year led the Brazilian central bank to aggressively hike its benchmark interest rate from 2 percent in March to 9.25 percent in December, Reuters reported. In a Dec. 16 [Q&A](#) in the Advisor, Eduardo Monte Jorge Hey Martins, a consultant at BMJ Consultores Associados, said high inflation is still expected for Brazil this year, along with a lower growth rate. "Higher inflation will pressure the government to take stricter measures to control it. This will directly affect the stimuli for economic activity and reduce growth," he added.

## BUSINESS NEWS

## Citigroup to Exit Mexico Consumer Banking Business

Citigroup announced Tuesday that it will exit its consumer banking business in Mexico, known as Citibanamex as part of what the New York-based bank called a "strategic refresh." The move was the latest effort by Chief Executive Officer Jane Fraser to simplify the bank's operations. "The decision to exit the consumer, small business and middle-market

## NEWS BRIEFS

## Bolivia's Vice President, Six Cabinet Ministers Test Positive for Covid-19

Bolivian Vice President David Choquehuanca and six cabinet ministers have tested positive for Covid-19 and are in isolation, the Associated Press reported, citing a government statement on Tuesday. The cabinet members who have tested positive are the heads of the interior, defense, foreign relations, education, justice and planning ministries. Choquehuanca's case marks the third time that the vice president has tested positive for the novel coronavirus. He received his first dose of a vaccine against Covid-19 just a week ago, Agence France-Presse reported.

## Argentina Protests Iranian Official's Presence at Ortega's Swearing-in

Argentina's Foreign Ministry on Tuesday criticized the presence of a senior Iranian official, Mohsen Rezaei, at Nicaraguan President Daniel Ortega's swearing-in for a fourth consecutive term earlier this week, the Associated Press reported. Rezaei is wanted by Argentina in connection with the deadly bombing of a Jewish center in Buenos Aires in 1994. Rezaei denies involvement in the attack.

## New Brewery in Mexico Could Lead to \$2.6 Bn in Investment: State Official

A Constellation Brands brewery to be built in the Mexican state of Veracruz could lead to \$2.6 billion in investment, the state's economic and port development minister, Enrique Nachón, told Reuters Monday. The U.S.-based company is planning to invest an initial \$1.3 billion in the new brewery. Nachón said the state hopes the company will double the investment, either by increasing production or by investing locally in bottling and infrastructure for the exportation of goods, Reuters reported.

banking businesses in Mexico is fully aligned with the principles of our strategy refresh—we'll be able to direct our resources to opportunities aligned with our core strengths and competitive advantages, focus on businesses that benefit from connectivity to our global network, and we will further simplify our bank," Fraser said in a statement. The businesses that Citi is exiting in Mexico are its consumer and small-business banking operations, as well as its middle-market banking business in the country, Citi said in a statement. It added that in the first nine months of 2021, the business units generated approximately \$3.5 billion in revenue, \$1.2 billion in earnings before tax, \$44 billion in assets and \$4 billion average

“The decision ... is fully aligned with the principles of our strategy refresh.”

— Jane Fraser

allocated tangible common equity. Citi said it is keeping its investment banking and institutional banking operations in Mexico. “Citi has operated in Mexico for more than a century and the country will remain among Citi's top institutional markets outside of the U.S. Citi will continue to invest in and grow those institutional banking operations, along with its Private Banking franchise,” the bank said in its statement. “Mexico is a priority market for Citi—that will not change. We expect Mexico to be a major recipient of global investment and trade flows in the years ahead, and we are confident about the country's trajectory,” said Fraser, who became the bank's chief executive officer last March. Since then, she has also moved to exit most of Citi's consumer banking operations in Asia, *The Wall Street Journal* reported. Its consumer business will now focus on U.S. cities and a few hubs outside the United States. [Editor's note: See [Q&A](#) on bank lending in Mexico in the May 6-19, 2021 issue of the Dialogue's biweekly Financial Services Advisor.]

## FEATURED Q&A / Continued from page 1

solved, making it likely that a new episode of protests will occur in 2022. Colombia's profound class inequalities get larger by the day, and the government's eagerness to address security through the criminalization of protests is unlikely to address core social issues, such as youth unemployment, lagging education and a lack of social mobility. Security is one of the government's principal challenges, and this legislation intends to show progress to support the ruling party's efforts during the upcoming elections. The increase in homicide rates, drug trafficking and common crime has instilled fear in the public. According to the latest polls, 93 percent of Colombians believe the security situation is worsening. Moreover, trust in law enforcement institutions and public authorities across the board is decreasing. While police internally process a reform project, independent reports suggest that fundamental changes are necessary to improve the relationship between citizens and authorities.”

**A Silvana Amaya, senior analyst at Control Risks:** “The new Citizen Security bill seeks to improve the security environment and introduces measures to crack down on various violent crimes. It also includes an amendment to the country's penal code that will impose harsher penalties for juvenile offenders and those convicted of committing a crime with a weapon. However, the bill is unlikely to significantly improve the security environment. Judges already face criminal backlogs, and this will require comprehensive reform to fix. The bill will likely lead to a higher incarceration rate at a time when prisons are already critically overcrowded. It encourages the use of force for self-defense, which in Colombia has a very problematic history due to the creation of self-defense groups. Opposition parties voted against the bill. Senator Iván Cepeda of the Alternative Democratic Pole party said the bill would ‘legalize official, paramilitary and private

criminal practices,’ and called it ‘a license to kill.’ This is, perhaps, a possible unintended consequence of the bill, as it opens the door to an irresponsible use of the self-defense principle, and it will be very difficult to pass a challenge from the Constitutional Court,

“The bill is unlikely to significantly improve the security environment.”

— Silvana Amaya

given that many of the bill's measures run counter to the constitution. Furthermore, 15 legislators have sent a letter to the Inter-American Commission of Human Rights, requesting that it investigate the Duque government for violating its responsibility to protect the right to social protest. The bill also allows security forces to bypass the principle of presumption of innocence and more easily commit violence on the pretext of self-defense. If this bill is signed into law, it could bring very complicated consequences.”

**A Adam Isacson, director for defense oversight at the Washington Office on Latin America (WOLA):** “The new law is a populist measure that preys on people's fears in the run-up to national elections. It will have no effect on crime or citizen security. It is unfortunate that such controversial legislation passed so quickly—about a month from introduction to passage. That may reflect many citizens' sense that disorder is rising, just as congressional and presidential elections approach in March and May. Covid-19 battered people's economic standing, nationwide protests lasted for months, armed groups are growing and homicides reached levels not seen since 2013. But the law pins the disorder on people who take to the streets to voice discontent, further

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

criminalizing social protest. Five years after a peace accord promised reconciliation and rehabilitation, this law promises revenge and punishment. It responds to short-term political considerations, not to the causes of crime. Increasing sentences has never proved to disincentivize would-be criminals. In fact, time in poorly managed, violent prisons instead pushes inmates further into criminality. Badly missing is civilianizing police, improving their relations with communities, strengthening accountability for abusive or corrupt officers and adjusting the use of force to de-escalate tense situations such as protests. Instead, the law promises harsher crackdowns. The law will come up for review before Colombia's Constitutional Court, which doesn't respond to these political calculations. The court is likely to strip away elements that weaken due process and freedoms of assembly and expression. By the time it rules, though, the election will probably be over, and candidates will have used this bill to posture as 'tough on crime.' "

**A** **Maria Velez de Berliner, managing director of the RTG-Red Team Group:** "The Citizen Security bill makes for good electoral campaigning, but it does not correct the drivers of criminality, which came into full force during the two-month criminal siege of Cali, Bogotá and other regions of Colombia in 2021. Colombia does not need stronger criminal laws. It has plenty in its criminal code. Fair, timely enforcement, based on evidentiary integrity, is a must if Colombia is to blunt the scourge of crimes committed—from the white-collar political classes to the status-lacking poor. Colombians cannot

afford the costs of criminality added to the worst economic recession in the country's history, induced by the Covid-19 pandemic, and a recovery threatened by the Omicron variant. Violations of human rights have gradations: from torture, disappearances and extrajudicial executions allegedly committed

“**The Citizen Security bill makes for good electoral campaigning, but it does not correct the drivers of criminality...**”

— **Maria Velez de Berliner**

by the armed forces and police, to criminal violence caused by insurgent gangs, drug trafficking, garden-variety robberies, sexual assaults, prostitution, human trafficking, corruption and collusion. Colombia has it all and, shamelessly, has learned to live with human rights abuses with indifference. Given the rampant criminality throughout Colombia, it is unlikely the Constitutional Court would overrule the bill if the opposition challenges it in court. Rather than a new Citizen Security bill, Colombia needs top-to-bottom reform of its judiciary to ensure enforcement of the letter of the law, regardless of who is accused, the type of counsel they have, their financial conditions, social status, political influence or who the presiding judge is.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

**Erik Brand**

Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**

Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Leticia Chacón**

Reporter  
[lchacon@thedialogue.org](mailto:lchacon@thedialogue.org)

**Mark Kennedy**

Reporter  
[mkenedy@thedialogue.org](mailto:mkenedy@thedialogue.org)



**Michael Shifter**, President

**Rebecca Bill Chavez**, Nonresident Senior Fellow

**Bruno Binetti**, Nonresident Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Joan Caivano**, Senior Advisor

**Santiago Cantón**, Director, Rule of Law Program

**Kevin Casas-Zamora**, Nonresident Senior Fellow

**Julia Dias Leite**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Sandra García Jaramillo**, Nonresident Senior Fellow

**Selina Ho**, Nonresident Senior Fellow

**Edison Lanza**, Nonresident Senior Fellow

**Nora Lustig**, Nonresident Senior Fellow

**Margaret Myers**, Director, Asia Program

**Manuel Orozco**, Senior Fellow

**Xiaoyu Pu**, Nonresident Senior Fellow

**Jeffrey Puryear**, Senior Fellow

**Tamar Solnik**, Director, Finance & Administration

**Lisa Viscidi**, Director, Energy Program

**Denisse Yanovich**, Director of Development

**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](http://www.thedialogue.org)

Subscription inquiries are welcomed at [ebrand@thedialogue.org](mailto: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.