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## FEATURED Q&A

# What Will Result From Venezuela's Drone Explosions?



Armed drones exploded Aug. 4 during an event at which Venezuelan President Nicolás Maduro was speaking. Maduro was unhurt, but seven soldiers were injured. // File Photo: Venezuelan Government.

**Q** Venezuelan President Nicolás Maduro has accused leading opposition lawmakers, Colombia's government and financial backers in the United States of having a role in what Venezuela claims was an attempt to assassinate Maduro and military leaders with armed drones at a public event on Aug. 4. Authorities have made some arrests in the case, but it remains to be proven publicly who orchestrated the attack. Has the attempt on Maduro's life strengthened his support base, or did it embolden the opposition? What are the biggest takeaways from the drone bomb incident?

**A** R. Evan Ellis, Latin America research professor at the U.S. Army War College Strategic Studies Institute: "There are multiple possibilities for what actually happened in the drone incident, but all will likely embolden the opposition and accelerate maneuvering among regime power brokers and Venezuela's extra-hemispheric partners. The only certainty is that government claims do not make sense, including that a sharpshooter blew up the drone in the air ('C-4,' if the material used, is stable and probably wouldn't explode from a bullet, as the drone did). The drone's flight path, apparently hovering vulnerably a safe distance from the president (in view of the crowds), rather than racing in the final critical meters, is also suspicious, as is the rapidity with which Venezuelan authorities produced alleged perpetrators and other details. The regime may have staged the attack to rally supporters, round up opponents and discredit the opposition (having already accused exiled opposition figure Julio Borges of involvement). If so, such effects will be minimal, since regime opponents and supporters

Continued on page 3

## TODAY'S NEWS

### ECONOMIC

## Venezuela to End Gas Subsidies

President Nicolás Maduro announced on Monday that gasoline would start being sold at international prices as of Aug. 20 in order to deter smuggling. However, citizens with certain identity cards will continue to receive subsidies for several years.

Page 2

### ECONOMIC

## Colombian Energy Minister Seeks Fracking Debate

María Fernanda Suárez told reporters that hydraulic fracturing, widely known as fracking, to extract oil and gas is not completely at odds with the environment.

Page 2

### POLITICAL

## López Obrador Plans to Submit Austerity Bill

Mexican President-elect Andrés Manuel López Obrador said Monday he would send an austerity bill to Congress early in his tenure that cuts "luxuries" for government officials, including private health insurance plans.

Page 2



López Obrador // Photo: @lopezobrador via Twitter.

## POLITICAL NEWS

## López Obrador Plans for Austerity Bill

Mexican President-elect Andrés Manuel López Obrador said Monday he would send an austerity bill to Congress early in his tenure that cuts “luxuries” for government officials, *El Universal* reported. “There cannot be a rich government with poor people,” López Obrador said in a speech from his home state of Tabasco. The left-of-center former mayor of Mexico City said all three branches of national government would be subject to the bill, citing specifically plans to end the longstanding practice of offering government workers separate health care plans. “There will not be private health care insurance for senior officials, that’s for sure,” he said, pledging to use the funds saved for economic development. In his speech, López Obrador announced an even more ambitious proposal for a train on the Yucatán peninsula that would link nearly all the region’s main tourist areas but will cost double or more than the previously announced figure, the Associated Press reported. López Obrador had campaigned on building the tourist train from the beach resort city of Cancún down through Tulum and to the Mayan ruins of Palenque, more than 500 miles to the southwest. The new plan adds a western spur to Mérida.

## ECONOMIC NEWS

## Venezuela to Phase Out Fuel Subsidies

Venezuelan President Nicolás Maduro announced on Monday that gasoline would start being sold next week at international prices in order to deter smuggling, *El Universal* reported. Prices at the pump in Venezuela have been heavily subsidized for decades, with gas available for just pennies per gallon. “The only way to end gasoline smuggling is to bring its cost to international prices and defeat mafias that bring our production to Colombia and the

Caribbean,” Maduro said during a meeting with his economic cabinet broadcast by state-run VTV from the Miraflores Palace. However, the socialist leader, who was re-elected earlier this year, said that Venezuelans who hold the “Fatherland ID,” a government-issued identity card introduced by his administration in 2017, will continue to receive “direct subsidies” for “about two years,” *BBC News* reported. Maduro also declared that salaries and consumer prices as of Aug. 20 would start being anchored to the country’s “petro” digital currency, which is theoretically backed by the price of a barrel of oil, a move he said would end currency speculation that has sent the inflation rate soaring past a million percent this year by some estimates. “As of next Monday, Venezuela will have two accounting units, the sovereign bolívar and the petro,” Maduro said in the meeting. He also declared a public holiday on Aug. 20 so citizens could “adapt” to the new policy. Earlier this month, Maduro eased strict exchange controls by allowing individuals to buy and sell foreign currency. On Monday, authorized foreign currency exchange offices in Venezuela changed the new official exchange rate from 2.90 million bolívares per U.S. dollar to 4.01 million bolívares per dollar, a 38 percent rise in the value of the foreign currency, *Latin American Herald Tribune* reported.

## Colombian Energy Minister Seeks Debate on Fracking

Colombia’s incoming minister of mines and energy, María Fernanda Suárez, said Monday that her top priorities will include opening a serious debate around fracking, *Electricaribe* and popular consultations, *El Espectador* reported. In an interview with *W Radio*, Suárez said hydraulic fracturing, widely known as fracking, is not completely at odds with the environment. “With demanding regulatory standards, it’s possible to practice fracking in a responsible manner,” she said. Suárez said fracking in Colombia’s non-conventional basins could increase the country’s petroleum reserves from seven years to 15 years and gas reserves from 11 years up

## NEWS BRIEFS

## Chile Culture Minister Resigns Over Controversy

Just days into the job, Chilean Culture Minister Mauricio Rojas resigned Monday under a cloud of controversy over statements he made several years ago that were critical of the Museum of History and Human Rights, which opened in 2010 and documents abuses during the 1973-1990 military dictatorship of Augusto Pinochet, *Reuters* reported. Rojas said on Twitter Saturday that those comments did not reflect his current view, but conservative President Sebastián Piñera accepted his resignation, replacing him with Consuelo Valdés, an archeologist.

## U.S. Defense Secretary Discusses Venezuela on South America Tour

U.S. Defense Secretary James N. Mattis praised Brazil’s “global leadership in defense cooperation” in a meeting with Defense Minister Joaquim Silva e Luna and Adm. Ademir Sobrinho in Brasília on Monday, the Pentagon said in a statement. Silva e Luna told reporters after the meeting that Mattis discussed the security situation in neighboring Venezuela with his Brazilian counterparts, *EFE* reported. Mattis’ trip this week, which started Sunday, includes stops in Argentina, Chile and Colombia.

## China’s Ganfeng Invests \$187 Million in Argentine Lithium Project

Ganfeng Lithium has bought Chilean producer SQM’s 37.5 percent stake in the Cauchari-Olaroz project in Argentina’s Jujuy province for about \$87 million, the *Financial Times* reported today. The Chinese company also agreed to provide a \$100 million loan to fund the brine project, which is expected to start production in 2020. The remaining shares are held by Canada’s Lithium Americas, according to the report.

to 30 years, which in turn could help Colombia develop a cleaner electric grid in the future. "I will never risk one drop of water for a barrel of oil," she added. In a separate radio interview with La Fm also on Monday morning, Suárez said Electricaribe, which distributes electricity to seven departments along the Atlantic coast, has been underfunded for many years. The company will be an "indispensable priority" for President Iván Duque's plans to improve electricity service, she said. [See related [Q&A](#) on the Aug. 3 issue of the Energy Advisor.]

## BUSINESS NEWS

### Brazil's Congress Should Weigh in on Embraer Deal: Maia

Rodrigo Maia, the speaker of Brazil's lower house of Congress, told Valor Econômico in an interview published Monday that Congress should be consulted on the joint venture deal signed last month between U.S. aircraft manufacturer Boeing and Brazilian company Embraer, in which Boeing would take over Embraer's commercial aircraft and service business. "I always insist that, when you are going to sell any state asset, the people must be heard through the parliament," Maia said. Although Embraer is a publicly listed company and 80 percent of its shares are held by foreign investors, Brazil's government has a "golden share," which gives it veto rights over strategic decisions, Reuters reported. "Should Congress ratify the government position regarding the golden share?" Maia said. "In principle, I defend that." He added, "I think you need a position from Congress." The deal between the two companies, under which Boeing would hold 80 percent of the stake in the \$4.75 billion joint venture, has drawn criticism from several prominent politicians who are concerned about the loss of jobs and competitiveness. Among them are Ciro Gomes, a presidential candidate, and Paul Pimenta, the leader of the Workers' Party in Brazil's lower house of congress, the Financial Times reported in July.

## FEATURED Q&A / Continued from page 1

are already too polarized to be persuaded by such accusations. Yet if the attack was indeed by Maduro's enemies (whether the in political opposition, the military, Havana or in his own government), it suggests that they are now willing to shake up the status quo. Alternatively, figures such as Diosdado Cabello or the Cubans may be pressuring Maduro to be more compliant, reminding him that he only survives by their goodwill. The Russians and the Chinese are also likely to be attentive to such messages, suggesting the delicate equilibrium in the regime is now unstable, and they need to talk further with those behind the throne."

**A** **Eva Golinger, attorney, author and former advisor to late Venezuelan President Hugo Chávez:** "First and foremost, the international community should universally condemn the use of armed drones to attempt an assassination of an elected head of state. No matter the position on Maduro's presidency, a targeted attack on a president using drones armed with explosives sets an abhorrent and terrifying precedent that should be unequivocally denounced and rejected by every government, national and international organization that purports to support democracy, rule of law and peace. Killing the president is not the way to resolve a political and economic crisis. In fact, it may make the situation much worse. Already, many influential figures in Venezuela who were previously supportive of the Chávez government and had distanced themselves from Maduro are unifying around him and the government after this attack. There is nothing better to strengthen a failing government and unite a country in crisis than a war or external threat of violence. The drone attacks appear to have been carried out by a fringe anti-government faction without a clear plan for the fallout. This again shows the desperation and weakness of the opposition and its failure to create an alternative proposal of governance that could

garner widespread support. While the drone attack may have revealed vulnerabilities of the Maduro government, he will justifiably use the incident to prove to the world he was right: the opposition is undemocratic and violent, and does not operate with a framework of democracy. The only way out of Venezuela's crisis will be through a democratic process with a viable leadership comprised of representatives from the differing political factions in the country, including 'chavismo.'"

**A** **Gustavo Roosen, member of the Advisor board and president of IESA in Caracas:** "The civil-military government of Nicolás Maduro has the support of the high command of the Venezuelan Armed Forces. The ruling PSUV party demonstrates, at each step, a growing fracture and mismatch between the fundamental leaders of 'chavismo-madurismo.' The latest survey conducted by Consultores 21, a respected firm, shows 60

**“ This government uses events such as the drone incident to drive support in its favor.”**

— Gustavo Roosen

percent of the population is pessimistic with regard to the country's future, the highest level of pessimism since comparable polls started almost 30 years ago. Seventy-three percent of the population identifies the country's economic problems as the most serious issue, with expectations for them to worsen. More than 50 percent of Venezuelans eat just twice a day or less, and 54 percent say they receive or have received help from the government. This help generates a sort of 'utilitarian' support for Maduro of around 20

Continued on page 4

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

percent of the population. Just like Cuba's Castro brothers, the ideological mentors of the regime, this government uses events such as the drone incident to drive support in its favor. Given the country's circumstances, an increase in government support will be temporary. What will be more definitive is the growing penalization of opposition leaders who find themselves in a sort of disbanding due to repeated accusations, harassment and aggressions against them, including imprisonment. Blaming two strong nations such as Colombia and the United States as architects or perpetrators of the attack adds a dramatic tinge to the subject, with the sole purpose of ensuring solidarity among Venezuelan citizens."

**A** **Steve Ellner, former professor of economic history and political science at the Universidad Oriente in Venezuela:** "The first step in analyzing the Venezuelan drone incident is separating what we know from what we don't. Unfortunately, much of the media and many political actors have not been rigorous in striving to achieve objectivity. As a result of their partiality, the event has ended up emboldening followers on both sides in Venezuela. Abundant evidence indicates that the attack was not staged by Maduro. Various people have taken credit for it (such as former Police Chief Salvatore Lucchese) or recognized that they knew about it beforehand (such as Miami-based TV host Jaime Bayly). That such an action was carried out should not be surprising given the barrage of threats of military intervention, support for a military coup and the like coming from powerful U.S. actors (President Trump and Senator Marco Rubio, for example)—statements that invigorate Venezuelan government adversaries who contemplate extra-legal tactics. Furthermore, anti-Chavistas have engaged in violence to achieve regime change on numerous occasions. We

don't know all the specifics of who organized the attempted drone attack. But statements coming from the United States and the European Union, and the wording used by the commercial media, indicate doubts as to whether government adversaries were behind it. In sharp contrast with reporting on terrorist activity elsewhere, the printed media consistently places quotation marks around the term 'assassination attempt.' The narrative that blames Maduro for the incident encourages radicalization. But Venezuelan independents, who generally reject both Maduro and the opposition, condemn the attempt and support the government's side, as they have in response to the U.S.-imposed financial embargo and other actions by international actors, an observation recently made by Venezuelan analysis reporter Paul Dobson."

*Editor's note: In a statement to the Advisor, Venezuela's foreign ministry said in part, "Regarding the participation of Venezuelan extreme right-wing, we declare that this time these elements of the violent opposition have gone too far. They could have caused numerous deaths that would have led to the most serious of consequences for the country's stability. The government of Venezuela has demanded that the attorney general carry out a deep investigation to clarify the truth. Venezuela will use national and international law to pursue and bring the authors of this abominable attempt to justice. The Venezuelan state is carrying out an extensive and impartial investigation that will guarantee the application of justice and the maximum penalty allowed for those responsible. The attempted assassination of a president cannot be pardoned." The full statement is posted [here](#).*

*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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