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FEATURED Q&A

Can Venezuela's Political Standoff End Peacefully?



Even if Venezuela's armed forces divide, the polarization could spawn a bloody and prolonged conflict, Abraham Lowenthal writes below. // File Photo: Oscar CC BY-SA 4.0.

Q Nearly a month after opposition leader Juan Guaidó assumed the role of interim president under Venezuela's constitution, global powers are split over whether to recognize him or Nicolás Maduro, who remains in office after a flawed election last year thanks largely to the military's support. Russia, China, Turkey and other nations continue to back Maduro, while most of Latin America, the United States, Canada and much of Europe are supporting Guaidó. Still others, such as Mexico, pledge to remain neutral. The European Union is establishing an "international contact group" to mediate the Venezuelan crisis. In what ways could mediation play out and bring a peaceful end to the standoff? How likely is wide-scale bloodshed, civil war or international military intervention to occur in the weeks ahead? What are the chances that China or Russia, each with billions of dollars invested in Venezuela, will shift allegiance and work with Guaidó? What developments could break the unity of Western nations on the matter?

A Sergio Bitar, nonresident senior fellow at the Inter-American Dialogue and president of Consejo Chileno de Prospectiva y Estrategia: "For the first time, there is a solid convergence between Venezuelan opposition groups and parties and international democratic forces regarding the need for Maduro's quick exit. The suffering to which he subjects his people, the erosion of democracy, the economic destruction and the humanitarian crisis are more than enough reasons for action. Guaidó's open strategy of a peaceful exit, a short transitional government and the call for free elections also unites these democratic forces. Where danger lurks is in the way in which

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TODAY'S NEWS

ECONOMIC

Brazil's President Submits Major Pension Bill

Brazilian President Jair Bolsonaro's plan, which faces an uphill battle, would save the government \$290 billion over the next decade.

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ECONOMIC

Ecuador Secures \$10.2 Billion in Multilateral Loans

In a nationally televised address, President Lenín Moreno said most of the money would be dedicated to "social investment," citing a rising number of police officers and promising retirees they would not lose out on an annual bonus.

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POLITICAL

Anti-Pipeline Activist Killed

The murder of Samir Flores Soberanes came three days before a scheduled public referendum on an energy generation project in Morelos. Mexican President Andrés Manuel López Obrador condemned the killing but said the public referendum on the project will go on as scheduled.

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Flores // File Photo: Human Rights Oaxaca.

ECONOMIC NEWS

Brazil's President Submits Major Pension Bill

Brazilian President Jair Bolsonaro on Wednesday submitted to Congress his government's highly anticipated pension reform proposal, a measure that is seen as key to boosting growth in Latin America's largest economy, O Estado de S.Paulo reported. As submitted, Bolsonaro's plan would save the government 1.07 trillion reais (\$289.5 billion) over the next decade. "If there's no change to the pension system, it would be catastrophic for Brazil," Carlos Heitor Campani, a professor at the COPPEAD Graduate School of Business in Rio de Janeiro, told The Wall Street Journal. "The pension system's deficit would grow every year. The only way to pay would be by printing money, and we'd end



Freixo // File Photo: Brazilian Government.

up like Venezuela." However, leftist opposition politicians blasted the plan as unfair to elderly and poor Brazilians. "It's cowardly, and we will fight it," said lawmaker Marcelo Freixo of the Socialism and Liberty Party. A key part of the reform would be a requirement that Brazilians work longer before being eligible for a pension, the Associated Press reported. Under the current system, men and women can start receiving pension benefits after 30 to 35 years of work, meaning many can begin retirement in their 50s. Under Bolsonaro's proposal, the retirement age would be raised to 65 for men and 62 for women. Last year, Brazil's pension system for workers in the private sector had a nearly \$55 billion deficit. That deficit has grown 170 percent over the past decade. [Editor's

note: See related [Q&A](#) in the Jan. 16 issue of the Advisor.]

Ecuador Secures \$10.2 Billion in Multilateral Loans

Ecuadorean President Lenín Moreno announced Wednesday that his government had reached an agreement with multilateral lenders to provide up to \$10.2 billion in financing, El Comercio reported. The interest rates would not exceed 5 percent over the 30-year term of the loans. Of the amount committed, \$6 billion will come from six multilateral organizations, while the International Monetary Fund would provide \$4.2 billion. In a televised national address, Moreno said most of the money would be dedicated to "social investment," citing a rising number of police officers and promising retirees they would not lose out on an annual bonus, Reuters reported.

U.S. Authorities Seize \$12 Million in Drugs at Mexico Border

U.S. authorities seized \$12.7 million worth of methamphetamine last weekend in a shipment of frozen strawberries coming into the country from Mexico over the Pharr International Bridge, U.S. Customs and Border Protection said late Tuesday in a statement. Last Saturday, agents working at the bridge, which connects Pharr, Tex., to the Mexican city of Reynosa, discovered 350 packages of the drug, weighing 906 pounds, according to the statement. The driver, a 42-year-old Mexican man, was arrested and taken into custody by Homeland Security Investigations agents. The methamphetamine was discovered through the use of nonintrusive imaging and canine teams, Customs and Border Protection said. In related news, Mexico's navy said Wednesday that it had seized more than 1,300 pounds of cocaine that was loaded onto a speedboat along the country's Pacific coast, the Associated Press

NEWS BRIEFS

Anti-Pipeline Activist Killed Ahead of Vote

A community activist fighting against a plan to build a gas pipeline through his central Mexico town was killed Wednesday, the Associated Press reported. The murder of Samir Flores Soberanes came three days before a scheduled public referendum on the energy generation project. President Andrés Manuel López Obrador condemned the killing but said the public referendum on the Morelos Comprehensive Project will go on as scheduled. The project would include two thermoelectric plants, a gas pipeline to supply the plant with natural gas from Tlaxcala state and an aqueduct.

Newcrest Invests in Ecuador Mines

Australia-based Newcrest Mining has signed a deal with Cornerstone Capital Resources in order to expand its reach in Ecuador, Mining.com reported Wednesday. Canada-headquartered Cornerstone has several assets in Ecuador, including a 15 percent stake in SolGold's Cascabel, a copper and gold project. Under the agreement, Newcrest will be able to earn an interest of up to 75 percent in the Caña Brava and Tioloma copper and silver projects in southern Ecuador.

Veolia Sees Latin America Revenue Rise 38 Percent

Paris-based Veolia said today its revenue from Latin America grew more than 38 percent last year. In an earnings release, the provider of water, waste and energy management services credited "a good commercial momentum, price increases and the integration of Grupo Sala in Colombia" for the region's "strong" performance compared to other parts of the world. The company booked 795 million euros (\$902 million) in revenue across the region in 2018, with positive developments in Ecuador, Chile and Brazil.

reported. The cocaine was seized following a high-speed pursuit in which the navy used a Black Hawk helicopter. Sailors aboard the helicopter descended onto the speedboat via ropes and detained 15 crew members, the wire service reported. Eight of the people detained were Ecuadorean, four were Colombian and three were Mexican. The seizure happened Monday off the coast of Sinaloa State.

POLITICAL NEWS

Guaidó Departs With Caravan for Colombian Border

Venezuelan National Assembly leader Juan Guaidó, whom the United States and scores of other countries have recognized as Venezuela's interim president, on Wednesday announced plans to depart today with a caravan of volunteers for the border with Colombia. He plans to personally bring in stockpiles of food and medicine on Saturday in defiance of the military-backed government of President Nicolás Maduro, Agence France-Press reported. The move raises fears of possible violent confrontations. "Even though they point guns at us—and all of us have received threats, rubber bullets and even live ones—we are not afraid," Guaidó told a crowd of supporters while standing on the back of a truck. Guaidó has given the Andean nation's military weeks of advance notice of the plan to bring in the aid, asking troops to step aside. Food, medical supplies and hygiene products, mainly from the United States, are being stockpiled near the Colombian town of Cúcuta. Aid has also accumulated on Brazil's side of its shared border with Venezuela, as well as on Caribbean islands. While Guaidó has called for protests in support of allowing the aid into Venezuela, Maduro's supporters have also rallied behind his government. On Wednesday, hundreds of state bus drivers took to the streets of Caracas in the red shirts of the pro-government "Chavismo" movement, yelling their loyalty to Maduro, according to Agence France-Presse.

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Maduro is deposed. All transitions show that the success of democratic recovery depends on how that change occurs. Violent action would not lead to a subsequent peaceful transition. Therein lies the danger of the threats of a Trump administration military intervention. No Latin American government will send their military to Venezuela. It would provoke the division of democratic forces that support change, may strengthen Maduro, and it would undermine a transitional government's foundations and capacity to act. A democratic government born of external intervention would be doomed to fail. Internal and external convergence would be disrupted. And it would awaken nationalism, arouse unity in the armed forces, prevent the formation of a broad government, and even worse, it could trigger the transformation of 'colectivos' into armed opposition groups. Although Maduro may resist and delay his exit, the best way forward is the one defined by the National Assembly: active social mobilization, a call for all sectors—including dissidents of chavismo—to participate in a transitional government, a guarantee to the armed forces, and conviction that a better future will come soon. Impatience is a bad counselor."

Abraham F. Lowenthal, professor emeritus at the University of Southern California and founding director of the Inter-American Dialogue and the Wilson Center's Latin America Program: "Juan Guaidó has quickly generated impressive enthusiasm in Venezuela and garnered international recognition from the governments of the United States, Canada, most South American and many European countries. Thus far, however, he controls no territory, commands no military or security forces, and has no effective authority—and no clear prospect for gaining these. The Donald Trump administration seeks to resolve this dual 'government'

impasse by managing international humanitarian assistance and targeted financial sanctions to split the armed forces and thus topple the authoritarian regime headed by Nicolás Maduro. But this bold intervention may fail, as Maduro and/or other officers mobilize popular sentiment and military attitudes to resist foreign imposition. Even if the Venezuelan armed forces divide, the polarization could spawn a bloody and prolonged conflict. The United States would own the unintended consequences of a U.S.-instigated coup. The time has come for the international community to encourage and facilitate quiet, serious, urgent and effective negotiations among Venezuelans, involving high representatives of the Maduro regime, the democratic political opposition, the private economic sector and civil society

“The United States would own the unintended consequences of a U.S.-instigated coup.”

— Abraham F. Lowenthal

organizations. The terms of reference of these negotiations should be to establish an interim government acceptable to the negotiating parties in order to undertake needed political reforms and economic measures to set Venezuela on a promising course, and then to organize free, fair, credible and internationally monitored elections. Broad agreements, acceptable to all key participants, would have to be worked out regarding restoring authority to the National Assembly and impartial credibility to the judiciary; establishing processes of transitional justice that make mutual tolerance possible and avoid vengeance; outlining guarantees to respect the core institutional interests of the armed forces; freeing political prisoners;

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and providing supportive conditions for the economic reconstruction of a shattered country. This vision will be rejected as fantasy by some, but the history of transitions from authoritarian and exclusionary rule toward democracy in Chile, Brazil, Spain, Poland, South Africa and other countries is instructive. Successful transitions that seemed unimaginable were achieved when key elements on both sides come to accept that negotiations and mutual concessions were both necessary and possible—as they are today in Venezuela.”

A **Evan Ellis, Latin America research professor at the U.S. Army War College's Strategic Studies Institute:** “Mediation has been used repeatedly in recent years by the Maduro regime, when facing a serious challenge, to buy time, divide the opposition and disperse protesters. The constitutionally legitimate Guaidó government has shown it will not entertain such tactics this time. Europe's posture, by giving hope to Maduro's criminal accomplices, only delays their decision to abandon him, increasing the probability of chaos and bloodshed in that end. China has tepidly supported Maduro but is negotiating with both sides to protect its interests. It probably understands that Guaidó's triumph would favor Chinese interests through competent professional management of PDVSA and the economy and an end to sanctions, but it may be too risk averse to abandon Maduro and seek those benefits until it is completely safe, and thus too late. Most members of the Venezuelan military want Maduro gone, yet are paralyzed by fear of their corrupted leadership and Cuban overseers. While their inaction is disappointing, President Guaidó has apparently delayed pursuing foreign military assistance (which is his sovereign right), due to the consequences in lives and perceptions. In waiting, while not understood by the press, time is on Guaidó's side as the circle of international consensus closes, and Maduro's criminal cabal is cut off from its

money. Sadly, that delayed end will probably not be a story of Venezuelan military units recovering their honor and saving democracy, but a tragic free-for-all as a disintegrating military, 'colectivos,' Cubans and criminals such as the FARC and the ELN fight for the remains of the region's once-wealthy petrostate.”

A **Bartłomiej Znojek, Latin America analyst at the Polish Institute of International Affairs (PISM):** “Launched on Feb. 7 in Montevideo, the European Union's international contact group (ICG) is meant to facilitate a condition-based, peaceful and inclusive democratic process to overcome the Venezuelan crisis. The goal is to avoid military escalation and to help pave the way to free and credible presidential election. The ICG members don't want to call it a mediation effort to avoid comparisons with the hitherto failed dialogue attempts. They also have set a 90-day timeframe to assess the options and build confidence among key Venezuelan stakeholders, so that they opt for negotiations. A main challenge for ICG is a high level of mutual distrust between the government and opposition. It is still unknown what—if anything—could make Maduro accept an internationally verifiable democratic process. A tough stance led by the United States has been fueling his determination to cling to power, possibly because he is confident of having loyalty from the army and enough support from a few international allies—China and Russia in particular. The European Union opposes military escalation and maintains targeted sanctions. Still, ICG is limited to only several E.U. members, and there is no unity in the bloc on how to deal with the Venezuela crisis. Most of its largest members—France, Germany, Spain and the United Kingdom—recognize Guaidó. As does Poland, which is close to the situation as a non-permanent member of the U.N. Security Council. Italy was reportedly the main obstacle for a E.U. consensus on the matter, yet it does participate in the ICG.”

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