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 (McDonald's)

Peter Hakim President Emeritus, Inter-American Dialogue

Donna Hrinak Senior VP, Corporate Affairs, Royal Caribbean Group

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

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

Should the U.S. Adopt a New Anti-Narcotics Strategy?



A U.S. congressional report called for changes in the country's counternarcotics strategy. Coca eradication efforts in Colombia are pictured above. // File Photo: Colombian Government.

U.S. Representative Eliot L. Engel (D-N.Y.), the chairman of the House Committee on Foreign Affairs, on Dec. 1 released the final report of the congressionally mandated Western Hemisphere Drug Policy Commission, which includes recommendations to improve U.S. drug policy in Latin America and the Caribbean. Does the United States need a renewed blueprint for counternarcotics policies, as the report suggests? What are the most significant changes in drug policy that the commission recommends, and are they the right ones? In what ways would the proposed policies affect anti-drug cooperation between the United States and countries in Latin America and the Caribbean?

Elizabeth Dickinson, senior analyst for Colombia at International Crisis Group: "Recent Colombian history shows that the report just released by the Western Hemisphere Drug Policy Commission on U.S. drug policy reaches the correct conclusion: Costly, short-term interventions to curb coca growth have had no lasting impact on drug supply. Instead, they have exacerbated violence in rural areas and undermined state efforts to provide security. Nearly two decades after Plan Colombia sponsored widespread eradication, the amount of coca grown in Colombia is roughly the same. Eradication hasn't forced coca growers out of business. Rather, it has pushed them to move to more remote areas, where smallhold growers' only interaction with the state is with fumigation planes and military eradication teams. Eradication forces a choice upon these growers—to side with the state Continued on page 2

TODAY'S NEWS

Tuesday, December 15, 2020

POLITICAL

ICC: Possible Crimes Against Humanity in Venezuela

The chief prosecutor's office of the International Criminal Court said there is a "reasonable basis" to believe that crimes against humanity have been committed in Venezuela.

Page 2

FCONOMIC

Chile Eyes New Rules on Foreign Investment

Chilean lawmakers have proposed new restrictions on foreign investment. The debate follows a power-sector acquisition by a Chinese company.

Page 2

FCONOMIC

Hurricanes Caused Honduras \$10 Bn in Damage: Foreign Minister

Deadly Hurricanes Eta and lota caused \$10 billion in damage in Honduras, said the Central American country's foreign minister, Lisandro Rosales.

Page 2



Rosales // File Photo: @lisandrorosales via Twitter.

POLITICAL NEWS

Possible Crimes Against Humanity Eyed in Venezuela

The chief prosecutor's office of the International Criminal Court said in a report Monday that there is a "reasonable basis" to believe that crimes against humanity have been committed in Venezuela since at least April 2017. The office said its investigation has found reason to believe that since then "civilian authorities, members of the armed forces and pro-government individuals have committed crimes against humanity of imprisonment or other severe deprivation of physical liberty in violation of fundamental rules of international law." In the report, the office said it had a "reasonable basis" to believe the alleged involvement of groups including the Bolivarian National Intelligence Service, or SEBIN, the Directorate General of Military Counterintelligence, or DGCIM, and the Special Action Forces, or FAES. "Further, the information available indicates that pro-government individuals also participated in the repression of actual opponents of the government of Venezuela or people perceived as such, principally by acting together with members of the security forces or with their

acquiescence," the report added. The prosecutor's office said it opened a preliminary investigation into the situation in Venezuela in February 2018. The report said the prosecutor met with a high-level Venezuelan delegation, including Attorney General Tareck William Saab, in The Hague on Nov. 4. Venezuelan authorities on Nov. 30 provided the prosecutor's office information related to civilian and military court proceedings, including activities of Venezuela's Supreme Court. The report added that the office expects to decide in the first half of 2021 whether to open a fuller investigation. In 2017, anti-government demonstrators in Venezuela took to the streets for months in protest of efforts by President Nicolás Maduro and his allies to undermine the opposition-controlled National Assembly. The protests resulted in 125 deaths, Reuters reported.

ECONOMIC NEWS

Chilean Lawmakers Seek New Rules on Foreign Investment

A group of Chilean lawmakers is proposing tougher restrictions on foreign investment in the South American nation, a move that fol-

FEATURED Q&A / Continued from page 1

and lose their livelihoods or side with the armed groups that traffic their crops. Trapped under the coercive influence of traffickers, and accused of collaboration by the government, coca growers often suffer violence from both. The report's recommendation to refocus counternarcotics efforts higher up the supply chain is critical. The current approach punishes farmers without deterring the cartels driving the drug trade. The commission is right to urge the elimination of the current drug certification process, which grades countries based on their willingness to take short-term supply interventions rather than to build long-term rural security. There is certainly a place for

the judicious eradication of large-scale coca production managed by armed groups rather than poor farmers. Yet this should not be the focus of U.S. counternarcotic efforts. The bulk of those efforts should focus on targeting the points where drug trade proceeds are largest, namely international trafficking and money laundering in the global North. Simultaneously, the United States should double down on supporting aid to Colombia's licit rural economy. Building tertiary roads and forming cooperatives could help legal agricultural products compete with coca and make headway where years of eradication efforts have not."

Continued on page 4

NEWS BRIEFS

Hurricanes Caused Honduras \$10 Billion in Damage: Foreign Minister

Back-to-back Hurricanes Eta and lota caused \$10 billion in damages in Honduras, the country's foreign minister, Lisandro Rosales, said Monday in a plea for international support, Reuters reported. The two storms hit Honduras and other Central American nations last month, killing hundreds of people and bringing devastating flooding to some of the countries' most impoverished regions. "We reiterate our call for allies and the international community to accompany Honduras in this process of sustainable national construction," Rosales said. Nicaragua reported economic losses of \$743 million.

Mercosur Will Address Environmental Concerns: Argentina's Solá

The Mercosur bloc of Argentina, Brazil, Paraguay and Uruguay will address environmental concerns that the European Union has raised and which have stalled the ratification of a free trade deal between the two groups, Argentine Foreign Minister Felipe Solá said Monday, the Associated Press reported. Some E.U. countries have voiced concerns about the preliminary deal reached last year with the South American nations because of ongoing deforestation of the Amazon rain forest and what they say is a lack of respect for European standards.

JetBlue Launches Flights Between New York and Guyana's Capital

JetBlue announced Saturday that it has launched flights between New York's John F. Kennedy International Airport and Georgetown, Guyana's Cheddi Jagan International Airport. The service is being offered four times weekly, the airline said. lowed an acquisition by State Grid Corporation of China that would allow it to take over half of Chile's power distribution, Bloomberg News reported Monday. In November, State Grid said that it was paying Naturgy Energy Group \$3 billion for control of Chilean utility CGE as part of the deal. The acquisition is pending regulatory approval. State Grid already owns 11 percent of Chile's power distribution market through its acquisition in October 2019 of Chilquinta, which it bought from Sempra Energy. Chilean lawmakers are expected to debate the new restrictions this week. They would include giving Congress the ability to block foreign companies' acquisitions of strategic assets. [Editor's note: See the Advisor's recent interview with Xingjian "Jeff" Zhao of international law firm Diaz Reus on China's influence in Latin America.

BUSINESS NEWS

Liberty Considering Acquisition of Telefónica Units

Liberty Latin America is reportedly eyeing an acquisition of Spanish telecommunications company Telefónica's businesses in Colombia and Ecuador, Bloomberg News reported Monday, citing unnamed sources with knowledge of the matter. The people said Liberty Latin America, the regional operator backed by U.S. billionaire John Malone, and Telefónica have held talks over a potential deal. The sources, who asked not to be identified because the information is confidential, also said negotiations are ongoing and that there is no certainty they will lead to a transaction. Representatives for Telefónica and Liberty Latin America declined Bloomberg News' request for comment. In 2019, Telefónica Colombia posted an operating income before depreciation and amortization of 558 million euros (\$678 million), while the business in Ecuador reported 193 million euros, according to company filings. Liberty Latin America has been looking to expand through acquisitions, buying AT&T's operations in Puerto Rico and the U.S. Virgin Islands for

HEALTH BRIEFS

A Third of Region's People Lack Access to Health Services: ILO Executive Director

More than 140 million people in Latin America and the Caribbean, a third of the region's total population, do not have access to health services, according to Mary Chinery-Hesse, the executive director of the International Labor Organization. During an international conference in Mexico in late November, Chinery-Hesse told delegates that one out of three people in the region has no permanent access to health care services, with nearly one out of two inhabitants, or around 218 million people, excluded from social security systems. The reasons behind some of these exclusions are financial, geographical and cultural, according to the statement. An estimated 121 million people cannot afford any kind of health care, and an additional 107 million have no access to any kind of health service because they live in remote areas. Out of the 200 million people living in poverty in Latin America, an estimated 70 percent has no access to basic health services, the statement added.

New HIV Infections in Latin America Have Increased More Than 20% Since 2010: PAHO

New HIV infections increased by more than 20 percent in Latin America from 2010 to 2019, the Pan American Health Organization announced Nov. 30. However, deaths from AIDS-related illnesses fell, though only by 8 percent, during the last decade. In the Caribbean, AIDS-related deaths declined by 37 percent. The number of annual new infections of HIV has continued to rise through the years, reaching 120,000 in 2019, as compared to 100,000 in 2010, PAHO said, citing recently available data. "These data signal that HIV unequivocally still represents a major public health problem in Latin America, and we must tackle inequities, stigma and discrimination to ensure no one is left behind," PAHO Director Carissa F. Etienne said in a statement.

Brazil, Mexico, Paraguay Struggling to Keep Up With Covid Cases

Health services in Brazil, Mexico and Paraguay are reaching a tipping point as they struggle to keep up with the number of Covid-19 cases, The Guardian reported Dec. 10. In Mexico, the World Health Organization warned this month of a "very worrisome" situation, as the number of weekly deaths doubled between mid-October and late November. Mexico has the world's fourth-highest death toll, at more than 110,000. Meanwhile, Paraguay has toughened mobility restrictions due to a rise in infections. Although it had seen an encouraging decline in cases in late October, daily figures in recent weeks have returned near their highest point since the pandemic began, surpassing 1,000 daily infections for the first time since Oct. 1. In Brazil, 21 of the country's 26 states have reported an upward trend in infections. Several states, including Bahia, Pernambuco and Rio Grande do Sul, are bracing for the holiday season, and have already banned Christmas and New Year's Eve festivities in response to the rise in cases.

nearly \$2 billion. Likewise, earlier this year it announced a deal to purchase Telefónica's unit in Costa Rica for \$500 million, Europa Press reported. Liberty Latin America already operates in Colombia, in addition to Chile, the Caribbean and parts of Central America.

FEATURED Q&A / Continued from page 2

Adam Isacson, senior associate for the regional security policy program at the Washington Office on Latin America: "For

four decades, U.S. administrations have sought to address illicit drugs as a problem somehow separate from Latin America's other challenges, as though a country wracked with impunity, poverty and weak governance could somehow eliminate drug trafficking. Washington encouraged the region to pursue coercive strategies with short-term success measures and punished countries that failed to 'cooperate fully.' It hasn't worked. Today, the United States is at a moment of record overdoses from illicit drugs produced in the region, while seizures and price data indicate burgeoning supplies. Organized crime, which gets much of its revenue from the drug trade, is thriving and spurring alarming levels of violence in many countries. Overall, the Western Hemisphere Drug Policy Commission's most important contribution is its encouragement of a longterm time frame and a more equal, consultative approach. It would replace the unilateral 'certification' process with agreed-upon 'compacts.' It would place badly needed emphasis on illicit financial flows, which too often benefit corrupt officials and economic interests. In Colombia, it would de-emphasize forced eradication in favor of implementing the peace accords' rural governance provisions. In Mexico and Central America, it prefers criminal justice reform and citizen security to endless 'kingpin' operations. The commission's less threat-based, more equal approach might take longer to yield results and will require unaccustomed patience. These results, however, would hold much more promise of being permanent. A more consultative posture, meanwhile, would do far more to improve cooperation regionwide than the asymmetric relationship we've seen for so long."

Amanda Mattingly, senior director at The Arkin Group in New York: "Yes, the United States needs to retool its counternarcotics policies in Latin America and the Caribbean. As Rep. Engel said, Americans have spent billions of dollars fighting the war on drugs, but drugs continue to flood the United States from the region. According to the final report of the commission, since 2000, the United States has spent \$10 billion on Plan Colombia, by far the largest and longest-lasting bilateral aid program in the Western Hemisphere. Yet, in the last decade. about 500,000 Americans have died of overdoses. The same report acknowledges that the amount of cocaine moving through the region via Venezuela has more than guadrupled in recent years-from 39 metric tons in 2011 to 185 metric tons in 2017. The plan as laid out by the commission is a solid one, but not particularly innovative in tackling this problem. Strengthening the State Department's hand in working with our allies in the region is a good start, and a Biden-Harris focus on aid and diplomacy in the region will go a long way to fortifying relationships necessary for counternarcotics and border security cooperation. Empowering the Treasury Department to go after the financial flows and supporting the Financial Crimes Enforcement Network (FinCEN) are also good measures. Such supply-side strategies are important, but they are not going to move the needle without robust domestic, demand-side strategies too. Further, the recent U.S. release and dismissal of charges against former Mexican Defense Minister Salvador Cienfuegos, who was apprehended by U.S. federal agents on drug trafficking charges in the United States, undermines the efforts of counternarcotics units working to implement these very strategies."

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, Senior Advisor 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, Senior Fellow Xiaoyu Pu, Nonresident Senior Fellow Jeffrey Puryear, Senior Fellow Mateo Samper, Nonresident Senior Fellow Tamar Solnik, Director, Finance & Administration Lisa Viscidi, Director, Energy Program Denisse Yanovich, Director of Development, **External Relations & Special Projects**

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.