

## BOARD OF ADVISORS

**Diego Arria**  
Director, Columbus Group

**Merike Blofield**  
Professor of Political Science,  
University of Hamburg

**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**  
Director,  
Adtalem Global Education

**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

**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

# Would a New Anti-Corruption Mission Work in Honduras?



Honduran President Xiomara Castro, who took office last year, vowed during her campaign to install an anti-corruption mission in the country. A U.N. team visited the country earlier this month to explore the creation of such a mission. // File Photo: Honduran Government.

**Q** Honduran officials announced on July 9 that a team of U.N. experts had arrived to explore the establishment of an international anti-corruption mission—the International Commission Against Corruption and Impunity in Honduras (or CICIH)—in the Central American country. Experts have said systemic corruption in the country has worsened poverty and increased mass migration from Honduras. How effective is a new anti-corruption body in Honduras likely to be, and what are some of the key investigative and prosecutorial powers that it would require? What can President Xiomara Castro, who campaigned on a platform to fight graft but has been ineffective in getting these efforts off the ground, do locally to support and advance the CICIH's goals?

**A** Enrique Rodríguez Burchard, managing partner at Aguilar Castillo Love: "The notion of an international mission for the administration of justice is the recognition of a deep crisis and officials' inability to provide effective justice. The CICIH can generate important changes for the strengthening of the rule of law and provoking a change in public policies that would bolster the culture of transparency and accountability. Key factors for the success of CICIH are a clear mandate and the right to determine the cases to be investigated, as well as international support, funding and oversight. Simultaneously with the installation of the mission, efforts should be made to sanitize and professionalize justice operators, including the depuration of a corrupt police force, and to provide training and job stability to investigative agencies, prosecutors and judges. In addition to endowing the CICIH with

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## Ex-Venezuelan Spy Chief Pleads Not Guilty in U.S. Federal Court

Hugo Carvajal, who was the head of Venezuela's military intelligence agency under late President Hugo Chávez, pleaded not guilty in U.S. federal court to drug trafficking charges.

Page 2

### BUSINESS

## Ecuador, SolGold Reach Agreement on Cascabel Mine

Ecuador's government and Australia-based miner reached an agreement Thursday for the development of the Cascabel mine.

Page 3

### ECONOMIC

## Bolivia's Lithium Reserves Rise to 23 Million Tons

Bolivia's confirmed lithium reserves rose by two million tons to 23 million tons, solidifying its position as the country with the world's largest known lithium reserves, President Luis Arce said Thursday.

Page 2



Arce // File Photo: Bolivian Government.

## POLITICAL NEWS

## Former Venezuelan Spy Chief Pleads Not Guilty in U.S. Court

Hugo Carvajal, who served as the head of Venezuela's military intelligence agency under then-President Hugo Chávez, pleaded not guilty Thursday in U.S. federal court to drug trafficking charges, Agence France-Presse reported. Carvajal appeared in a New York courtroom a day after being extradited from Spain, where he was first arrested in 2019. Carvajal did not speak during the court appearance, other than to acknowledge that he understood his rights and that he was able to hear an interpreter, the Associated Press reported. Carvajal is accused of using his office to coordinate the smuggling of some 5,600 kilograms of cocaine in 2006. The drugs were allegedly sent from Venezuela to Mexico and ultimately destined for the United States, AFP reported. Known by the nickname "El Pollo," or "The Chicken," Carvajal is also accused of supporting drug trafficking by the now-demobilized Revolutionary Armed Forces of Colombia, or FARC, rebels in Colombia. Carvajal has repeatedly denied involvement in drug trafficking or links to the FARC. In a statement, U.S. Attorney Damian Williams said Carvajal abused his authority as Venezuela's military intelligence director "to import poison to the United States" in the form of "tons of potentially deadly drugs," the AP reported. Carvajal's lead attorney, Zachary Margulis, told the federal court in Manhattan that Carvajal was "categorically innocent" of the charges. "General Carvajal looks forward to fighting these outrageous charges in court before an unbiased American jury," Margulis added, the AP reported. Margulis accused prosecutors of building their case "entirely on false, uncorroborated statements by desperate drug traffickers and corrupt former Venezuelan officials with personal and professional grudges against General Carvajal." If convicted, Carvajal, 63, faces a mandatory minimum sentence of 30 years in prison and a maximum life sentence. Carvajal was a close confi-

dant of Chávez, whom he served as military intelligence director from 2004-2011. Carvajal later broke with Chávez's successor, current President Nicolás Maduro, after he came out in support of opposition leader Juan Guaidó as Venezuela's acting president in February 2019, AFP reported. He then left Venezuela and was arrested in Spain in April 2019. Later that year, a Spanish court ordered his release but then reversed the decision, and Carvajal went on the run, AFP reported. He was arrested again in Madrid in September 2021. His efforts to avoid extradition to the United States ended when he was flown to New York on Wednesday. His next scheduled court appearance is July 25.

## Guatemalan Attorney General's Agents Raid Electoral Tribunal

Agents of Guatemala's attorney general's office on Thursday raided the headquarters of the country's Supreme Electoral Tribunal, the second such raid in eight days, EFE reported. The raid came just a month before the second round of the country's presidential election. The raid was related to corruption charges that prosecutor Rafael Curruchiche has leveled against the Semilla party of candidate Bernardo Arévalo. Curruchiche, whom the United States has accused of fabricating cases against former prosecutors who pursued corruption cases, last week persuaded a judge to remove Arévalo from the ballot, but the Constitutional Court reversed that ruling.

## ECONOMIC NEWS

## Bolivia's Confirmed Lithium Reserves Rise to 23 Mn Tons

Bolivia's confirmed lithium reserves have increased by two million tons to 23 million tons, the country's president said on Thursday, the Associated Press reported. The new estimates

## NEWS BRIEFS

## Alleged Drug Baron Wanted by Netherlands Arrested in Colombia

An alleged drug baron wanted in the Netherlands was arrested in Colombia, the European Union's police agency Europol said Thursday, the Associated Press reported. The 43-year-old Colombian national, whose name was not disclosed, was detained over his suspected involvement in cocaine and methamphetamine trafficking into Europe. The Dutch Prosecution Office said he was allegedly a "key player in an ongoing investigation and is suspected of cocaine smuggling, participation in a criminal organization and money laundering." He is now in custody awaiting extradition.

## Venezuela Down to One Functioning Gasoline Refinery After Breakdowns

Venezuela has just one operating gasoline refinery, creating shortages so severe that car and truck drivers have been lining up for hours and sometimes days for fuel, Bloomberg News reported. A unit at the Puerto La Cruz refinery, which accounts for 14 percent of the country's gasoline refining capacity, is the only one left functioning after breakdowns last week at the Cardón and Amuay refineries.

## Mexico's Banorte Planning Launch of Digital Bank Next Year: Chief Executive

Mexico's Grupo Financiero Banorte plans to launch its digital bank early next year, Chief Executive Marcos Ramírez said on Thursday, Reuters reported. Banorte expects the digital bank to bring in an addition three million customers, Chairman Carlos Hank Gonzalez told Reuters. The bank could generate between 5 percent and 7 percent of the company's income in less than five years, he added. The digital bank will be competing against Brazil's Nubank, which recently expanded in Mexico.

solidify Bolivia's position as the country with the world's largest known reserves of lithium, a metal crucial to the development of electric vehicle batteries. "We are the largest lithium reserve in the world, and we have to know how to manage it intelligently to exploit and transform this resource," President Luis Arce said at the Coipasa salt flat, south of the capital, La Paz. Bolivia has stepped up its search for international partners to help promote its lithium industry amid growing demand as the world transitions toward green energy. The push to increase Bolivia's role in the international lithium market comes after 14 years of limited progress in the sector, making it fall behind Chile and Argentina, the AP reported. The three South American countries, known as the "lithium triangle," hold the majority of the world's lithium reserves. Last month, Bolivia's government signed agreements with Russian state nuclear firm Rosatom and China's Citic Guoan Group to develop lithium projects in the South American country, Reuters reported. The deals involve \$1.4 billion in investment. "Bolivia's contracts with Rosatom and Citic Guoan Group reflect its commitment to developing the lithium industry," Juan Pablo Escudero, an attorney at the Emmett Institute on Climate Change and the Environment at the UCLA School of Law told the weekly Energy Advisor in a Q&A published this week. "However, it will be challenging, and time may be limited. Since nationalizing its lithium production chain in 2008, Bolivia has struggled to exploit its reserves independently," he added.

## BUSINESS NEWS

### Ecuador, SolGold Reach Agreement on Cascabel Mine

Ecuador's government and Australia-based miner SolGold have reached an agreement for the development of the underground Cascabel mine, the energy and mines ministry announced Thursday, Reuters reported. The mine is expected to require \$4.9 billion in investment

## FEATURED Q&A / Continued from page 1

independence and impartiality, the government must lead by example, demonstrating its genuine commitment in the fight against corruption. The frequent disrespect for majorities in Congress, and the appointment of officials without meeting legal requirements, suggest that the government does not feel comfortable submitting itself to the rule of law. Congress must repeal once and for all the so-called 'laws of impunity,' a set of decrees created by corrupt rings to co-opt state institutions and ensure that their criminal activities go unpunished."

**A** **Ana María Méndez-Dardón, director for Central America at the Washington Office on Latin America:** "Given Honduras' long history with corruption and recent political tension surrounding the establishment of a U.N.-backed anti-corruption body, critics have called its potential establishment and effectiveness into question. Prior to its departure in 2019, the short-lived OAS Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH) was ultimately not very effective, mainly due to the lack of judicial independence in the country. Now, Honduras has an opportunity to install a mechanism that could further address its serious issues with corruption. However, to be effective, this new body will need support from the Public Prosecutor's Office (MP), the judicial branch and the Castro administration itself. An effective CICIH will need a legal framework that allows the commission to

independently investigate corruption and the prosecutorial power to address the criminal phenomena that hurt Hondurans, like corruption, the embezzlement of public funds and state involvement in narco trafficking. This means giving the CICIH discretion over which cases to investigate, regardless

**“ Honduras has an opportunity to install a mechanism that could further address its serious issues with corruption.”**

— Ana María Méndez-Dardón

of the political affiliations of those involved, and having effective communication and collaboration with the MP to bring cases forward. With significant delays in the process of getting the CICIH off the ground, President Castro needs to play a more active role and push the state to start negotiating the mandate's terms. Specifically, she needs to engage with lawmakers and press them to pass the several reforms that were agreed to in the memorandum of understanding as a first step to actually establish the CICIH. Amid criticism over a 'lack of political will' from the administration and its political allies, President Castro must stick to her campaign promises and more strongly support the CICIH into coming into fruition."

Continued on page 4

over the project's lifetime and is expected to generate \$35 billion in exports, the wire service reported. Officials also expect the mine to generate \$8 billion in taxes and royalties during its operational life, the ministry said. SolGold said the estimates of the mine's reserves are based on an operational life of 26 years and a processing plant that has an annual throughput of 25 million metric tons, Reuters reported. The agreement between the South American country's government and the company will

"position Ecuador as an important producer and copper exporter," said the energy and mines minister, Fernando Santos. He said the project has received all the necessary water and environmental permits. The mine is estimated to contain 3.3 million metric tons of copper, 30 million ounces of silver and 9.4 million ounces of gold. SolGold received a 25-year term renewal for the project, which comprises 4,979 contiguous hectares, Mining Technology reported earlier this week.

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

**A** Christopher Hernandez-Roy, deputy director and senior fellow at the Americas Program at the Center for Strategic & International Studies: "It has been two years since President Castro's anti-corruption campaign and the arrival, on July 7, of technical experts from the United Nations to explore the establishment of an international anti-corruption body. This slow walking does not augur well. The United Nations has two examples it can look to when considering what kind of body to establish: the United Nations' International Commission against Impunity in Guatemala, CICIG, and the Organization of American States' Mission to Support the Fight Against Corruption and Impunity in Honduras, or MACCIH. CICIG helped to prosecute senior government officials, including former presidents, ministers, legislators and judges, despite much resistance. MACCIH was constructed differently, with an approach that President Juan Orlando Hernández thought would quell public pressure while not actually doing much investigating. Instead, MACCIH exposed several high-level corruption cases. The success of CICIG and MACCIH led both countries' governments to close the

missions in 2019 and 2020, respectively. By sending a highly technical mission to Honduras now, the United Nations seems to be trying to strike a balance between responding to a request from a member state and a reluctance to fully engage given concerns over the government's true motives and the recent experiences of CICIG and MACCIH. It

**“ This slow walking does not augur well.”**  
— Christopher Hernandez-Roy

is telling that in June, the director of Honduras' National Anti-Corruption Council fled the country after receiving threats following the publication of a report on nepotism involving relatives of President Castro. There is no doubt that Honduras would greatly benefit from an effective international anticorruption mechanism, but expectations for success should be low."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.*

## LATIN AMERICA ADVISOR

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

**Gene Kuleta**  
Editor

**Lara Kovandova**  
Reporter

**Nili Blanck**  
Reporter



**Rebecca Bill Chavez**, President

**Bruno Binetti**, Nonresident Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Álvaro Botero**, Nonresident Senior Fellow

**Joan Caivano**, Senior Advisor

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

**Cristóbal Cobo**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Sandra García Jaramillo**, Nonresident Senior Fellow

**Rasheed Griffith**, Nonresident Senior Fellow

**Peter Hakim**, President Emeritus & Senior Fellow

**Selina Ho**, Nonresident Senior Fellow

**Edison Lanza**, Nonresident Senior Fellow

**Nora Lustig**, Nonresident Senior Fellow

**Michael Matera**, Nonresident Senior Fellow

**Ángel Melguizo**, Nonresident Senior Fellow

**Margaret Myers**, Director, Asia Program

**Manuel Orozco**, Director, Migration, Remittances and Development Program

**Jeffrey Puryear**, Senior Fellow

**Michael Shifter**, Senior Fellow

**Daniela Stevens**, Director, Energy Transition and Climate Program

**Tamara Taraciuk Broner**, Director, Peter D. Bell Rule of Law Program

**Lisa Viscidi**, Nonresident Senior Fellow

**Carlos Winograd**, Nonresident Senior Fellow

**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)

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.

# What's Keeping You Up at Night?

The **Latin America Advisor** gets answers to the questions that informed executives are asking, every business day, so that you can rest easy.

Prospective subscribers can email [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) for complimentary preview access.

SUBSCRIBE