

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.
- 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**
Professor of Political Economy,
Georgetown University
- 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

Does a Probe of Allies Threaten Colombia's Petro?



Senators of the Historic Pact coalition, which brought President Gustavo Petro to power, are facing an investigation into alleged campaign finance irregularities. // File Photo: Colombian Government.

Q Colombia's supreme court announced in late April that it had opened an investigation into alleged campaign finance irregularities involving all 20 senators of the "Historic Pact" coalition, which brought President Gustavo Petro to power. The investigation centers on senators' links to the Ibagué Air Society and whether the lawmakers used the organization's planes during their campaigns in 2022. How damaging could the investigation be to the senators and to the Historic Pact? What does the probe mean for Petro's government? How will it affect the president's ability to push through his agenda?

A Laura Lizarazo, senior analyst for the Andean Region at Control Risks: "The supreme court's investigation is mostly a political blow that further erodes the reputation and political capital of the government and its coalition in Congress. President Petro's intent to embody change and introduce a new way of doing politics in favor of social equality, peace and environmental justice is deeply discredited, given the growing accusations and evidence of alleged irregularities shadowing not only his own 2022 campaign and his allies', but also his administration over almost two years into his term. Depending on the evidence the court gathers, the probe could end in disqualification from public office or the destitution or imprisonment of the lawmakers under investigation. However, that process is lengthy, complex and vulnerable to external political influence. The individual outcomes are thus uncertain at this point. In the meantime, members of Congress will continue their functions, though they will have to invest some of their time

Continued on page 3

TODAY'S NEWS

POLITICAL

Venezuela Won't Grant Machado Aides Safe Passage: Official

Venezuela's government won't grant safe passage to six aides to opposition leader María Corina Machado who are holed up in the Argentine embassy in Caracas.

Page 2

BUSINESS

Lula Reportedly Pushing Incoming Petrobras CEO to Speed Investments

Brazil's president is reportedly pushing incoming Petrobras CEO Magda Chambriard to speed investments in refineries, natural gas and alternative energy.

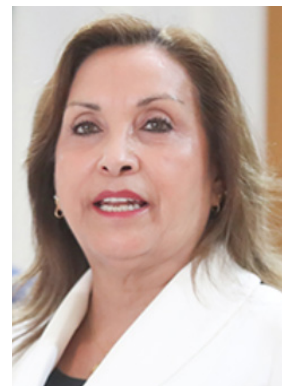
Page 3

POLITICAL

Lawmakers Start New Attempt to Oust Peru's President

Lawmakers in Peru launched a new attempt to oust President Dina Boluarte. She has already survived four such attempts.

Page 2



Boluarte // File Photo: Peruvian Government.

POLITICAL NEWS

Peruvian Lawmakers Launch New Attempt to Oust President

Peruvian opposition lawmakers launched another attempt Thursday to oust President Dina Boluarte, who has already survived four impeachment attempts since taking office a year and a half ago, the Associated Press reported. In their request to Congress to remove Boluarte from office, a group of opposition legislators accused Boluarte of “moral incapacity,” a broad charge that has been used against several former Peruvian presidents in recent years. Legislator Susel Paredes said in a posting on social media site X that opposition lawmakers submitted the request for Boluarte’s removal because of “serious new acts” that she alleged the president committed, the AP reported. Such acts are “incompatible with continuing to lead the country,” Paredes said. The effort came less than a week after prosecutors launched an investigation into Boluarte’s move to dissolve a police unit that was investigating the activities of people close to the president, including one of her brothers, the wire service reported. Authorities are investigating Boluarte over her use of three luxury watches and fine jewelry, believed to be worth more than \$500,000, that she had not declared as assets. As president, she has a salary of \$4,200 per month, the AP reported. In March, police broke down the front door of her home and searched it for evidence in the case. The raid marked the first time that police used force to enter the home of a sitting Peruvian president. The South American country’s political instability “has taken a toll on its economy,” Cynthia McClintock, a professor of political science and international affairs at The George Washington University, told the Advisor in a [Q&A](#) published April 4. “The massive political protests of late 2022-early 2023 and politicians’ increasing complicity with corrupt actors were factors in Peru’s 2023 economic contraction of 0.6 percent,” said McClintock. “Currently, business sees no prospects for helpful reforms in procurement, taxation or ed-

ucation, and there are fears that new elections will bring to power demagogic renegades,” she added.

Venezuela Won’t Grant Machado Aides Safe Passage: Official

Venezuela’s government will not grant safe passage to six opposition aides who have been holed up in Argentina’s embassy in Caracas since March, a top ruling party official said Wednesday, Reuters reported. “Today, I think the response of the government of Venezuela came out: denied. There is no safe passage for those who do not love this country,” Diosdado Cabello, the second-highest official of the

“There is no safe passage for those who do not love this country.”
— Diosdado Cabello

country’s ruling socialist party, said on his weekly television program, the wire service reported. The six aides to opposition leader María Corina Machado, whom authorities banned from competing in the country’s July presidential election, took refuge at the embassy after the public prosecutor’s office ordered them to be arrested on accusations that they participated in a plot to destabilize the government of President Nicolás Maduro, Bloomberg News reported. The six include Machado’s campaign manager, Magali Meda, as well as top advisors Pedro Urruchurtu and Claudia Macero. Top Argentine officials told Reuters that Maduro’s government reneged on promises it made in April to allow the aides to travel to Argentina. “Conversations with the Venezuelan government continue ahead so the asylees can go into exile and have their safe passage ensured,” Manuel Adorni, a spokesman for Argentine President Javier Milei said Thursday, Reuters reported. Machado has denied wrongdoing by the six aides. The arrests came amid a crackdown on the opposition by Maduro’s

NEWS BRIEFS

Abinader Leads Polls as Dominican Republic Prepares for Election

The Dominican Republic’s president, Luis Abinader, has a commanding lead in polls as he seeks re-election on Sunday, Reuters reported today. Abinader had the support of 60 percent of respondents in a poll in early May by Gallup-RCC. In the poll, former President Leonel Fernández had 28 percent support, and former legislator and mayor Abel Martínez had 11 percent. Voters will also elect members of Congress on Sunday.

Chile Giving Albemarle Option to Increase Lithium Production Quota

Chile’s economic development agency said Wednesday that it had reached an agreement with U.S. chemical manufacturer Albemarle to create an option for the firm to boost its production quota of lithium metal equivalent by 240,000 metric tons, Reuters reported. To seize the option, which would increase Albemarle’s production quota by nearly 50 percent, the firm would have to demonstrate its capacity to consult with affected Indigenous communities, obtain environmental permits and employ sustainable technology in lithium extraction.

MDS Brazil Planning to Acquire D’Or Consultoria

Insurance broker MDS Brazil announced it aims to acquire health, dental, life insurance and pensions broker D’Or Consultoria, Insurance Journal reported today. The acquisition, which has a consideration of \$155.8 million, would see MDS Brazil purchase the broker from Rede D’Or Sao Luiz, but the deal must first be approved by Brazil’s national business competition regulator. The transaction is part of MDS Group’s larger aim for expansion in Brazil and Latin America.

government ahead of the election. Last month, the administration of U.S. President Joe Biden announced that it would reimpose sanctions that it had lifted for six months on Venezuela's oil industry, saying Maduro's government had failed to uphold its commitments to allow a free and fair election this year.

BUSINESS NEWS

Lula Pushing Next Petrobras CEO to Speed Investments

Brazilian President Luiz Inácio Lula da Silva—who fired Jean Paul Prates, the CEO of state-owned oil firm Petrobras this week—will push Prates' replacement to accelerate investments into refineries and natural gas, sources familiar with the matter told Bloomberg News in comments published Thursday. Lula has tapped Magda Chambriard, the former head of Brazil's oil and gas regulator, to be Petrobras' next CEO, and sources told Bloomberg News that on Wednesday morning Mines and Energy Minister Alexandre Silveira told Chambriard that Lula's administration wants to invest \$17 billion in refineries and put \$9 billion into expanding natural gas and alternative energy. Lula and Prates had publicly clashed over the firm's extraordinary dividends, which Prates sought to disburse to shareholders while Lula hoped to retain them for investment to bolster the economy. "The president understood that it was time to speed up some aspects, including Petrobras' investments, that we believe can be accelerated," Lula's chief of staff, Rui Costa, said during a television interview Wednesday night, Bloomberg News reported. Investors see Chambriard's selection as a signal that Petrobras will adhere more closely to Lula's policy goals, prioritizing investment that aids Brazil's economy and industrial policy, potentially at the expense of shareholders. Some critics have accused the government of interfering in the firm, alleging that these developments could be the start of an era of mismanagement and corruption, the Financial Times reported.

FEATURED Q&A / Continued from page 1

and political leverage to defend themselves, diverting, at least partially, some of their resources from the government's legislative agenda. This will further complicate the chances for approval of Petro's priority bills, including labor and pension system reforms, before the end of the current legislative term on June 20. Additionally, the court's investigation will feed Petro's claim of alleged lawfare against his administration and political project, fueling his increasingly hostile rhetoric about a purported soft coup. This confrontational attitude will continue to incite political polarization and the opening of new battle fronts for an administration whose actions are increasingly shaped by improvisation and the heat of political developments, instead of a clear governing strategy and agenda."

A Will Freeman, fellow for Latin America Studies at the Council on Foreign Relations: "Having campaigned on an anti-corruption message to win the presidency, Petro is now trailed by a growing list of corruption scandals and investigations involving his political allies, inner circle and family. The supreme court investigation into 20 Historic Pact senators is just the latest addition to the list. Two members of Colombia's national electoral council have also proposed an investigation into the financing of Petro's presidential campaign, which could result in administrative sanctions against some of its members. But the truth is that Petro is already quite unpopular and has struggled to advance his legislative agenda for months. The latest example: the failure of his health care reform proposal, the most important of his administration, in Congress last month. Petro's support has already shrunk to his staunch supporters: roughly, and not insignificantly, one-third of the country. An increasingly frustrated Petro claims he is the victim of a 'soft coup.' Worryingly, he still has enough time in office to attempt something radical, like launching a constit-

uent assembly. But if he tries, he is almost certain to fail. He is too broadly unpopular—in the country and in Congress—to pull it off. Meanwhile, Colombians are now more worried about crime than corruption. Homicides declined slightly last year across the country and in Bogotá, but reports of extortion have increased. Insecurity and persistent inflation, even more than the scandals, are the issues likely to continue eating away at Petro's support."

A Sergio Guzmán, director at Colombia Risk Analysis: "The National Electoral Council's investigations into the Petro campaign's alleged business with the Ibagué Air Society is yet another chapter of a long saga over underreported and misreported campaign expenditures and incomes. The evidence and the testimony will likely affect the fate of Ricardo Roa, Petro's former

“At the heart of the issue is a very strict and unrealistically low campaign financing threshold...”

— Sergio Guzmán

campaign manager and the current president of Ecopetrol, and not of Petro himself, who has keenly portrayed the investigations against him as a political witch hunt and part of a 'soft coup' strategy against him. Roa will likely become the 'fall guy' for Petro, a position previous presidential campaign managers have been uncomfortably put in without affecting the legitimacy of the candidate or his candidacy. At the heart of the issue is a very strict and unrealistically low campaign financing threshold (under \$5 million for the first round and then a similar amount for the second round) which suggests that campaigns going forward will also face similar scrutiny than the president. The

Continued on page 4

FEATURED Q&A / Continued from page 3

Historic Pact may face consequences after a ruling by the National Electoral Council, as it can face financial penalties or even have its legal status revoked. However, any impact on the president and his campaign will likely be handled by Congress, where all impeachment efforts have ended up covered in cobwebs.”

A **Juan Diego Prieto, assistant professor in the Political Science Department at the State University of New York at Cortland:** “This investigation, along with other corruption allegations facing Petro and the Historic Pact, have all but destroyed the left’s image as an alternative to Colombia’s politics as usual, which was its main source of legitimacy among the general public. The anti-establishment, anti-corruption sentiment were powerful electoral tools, but the campaign finance scandals have made it all too easy for opponents—among the political class but also in the media—to discredit the left. As his approval ratings tumble, Petro has moved to rally his bases, lambasting the probes as part of a coup plot to be resisted through ‘the people’s strength.’ The president’s ability to mobilize his supporters remains a powerful defense, and it helps maintain some short- to medium-term cohesion within the Historic Pact coalition. Yet, it is unlikely to help the success of his legislative agenda, where traditional parties, including those most frequently associated with malfeasance, have been emboldened to slow-roll the government’s reform proposals (and presumably to demand additional side payments in exchange for their cooperation). The fate of the government’s proposed pension system overhaul, which must clear two votes in the House of Representatives by June 20, will provide insights about Petro’s reform agenda. The bill has been spearheaded by Labor Minister Gloria Inés Ramírez, who is both a strong Petro loyalist and a pragmatic, and so far effective, negotiator.

If this effort fails, Petro will probably retreat further into his loyalist circles, making further progress on his agenda increasingly challenging thereafter.”

A **Danilo Josaphat, international trade consultant at BMJ Consultores Asociados:** “The Petro government has been grappling with reports of electoral and administrative irregularities within its political coalition, the Historic Pact, since the beginning of 2023. This series of crises has led to a decline in the coalition government’s popularity, fueled by perceptions of inefficiency within Petro’s political group. According to the latest Invamer poll data in April, 60 percent of the population disapproves of the president, while only 34 percent approves of his work. Last month, the investigation that the Supreme Court of Justice launched against 20 senators from the governing Historic Pact coalition further diminished Petro’s popularity. This investigation is another development in the ongoing institutional crisis between the Colombian president and the country’s primary court of justice, which peaked during the appointment of the ombudsman from Petro’s nominations between February and March 2024. As a result of the April investigation opening, the indicted senators and the Historic Pact coalition have been losing legitimacy in the Colombian Congress as the opposition exploits the inquiry to hinder Petro’s proposed reforms. Moreover, political forces backing the government have distanced themselves from Historic Pact members and its proposals, avoiding public association with corruption, thus resulting in decreased political support for the Historic Pact’s progressive agenda. Since then, the government has sought to control tensions with the Supreme Court of Justice while keeping the strategy of mobilizing grassroots support for Petro to mitigate the government’s perceived political and institutional vulnerabilities from opponents.”

LATIN AMERICA ADVISOR

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

Gene Kuleta
Editor

Carl David Goette-Luciak
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

Luis A. Rivas, Nonresident 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

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.