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FEATURED Q&A

Could a Challenger Unseat Maduro in Venezuela?



Henri Falcón, a former governor of Venezuela's Lara State, last month defied an opposition boycott and entered the country's presidential race. // File Photo: Falcón Campaign.

Q Venezuela's snap presidential election, originally called for April 22, has been pushed back by a month, to May 20. The National Electoral Council said the move will provide more time for candidates to campaign. While the main opposition coalition has said it will boycott the race, calling it neither free nor fair, one national figure from its ranks, Henri Falcón, has defied colleagues by declaring that he will run against President Nicolás Maduro, seeking to deny him a second six-year term. Is the decision to hold the election later a positive or negative step for democracy in Venezuela? What does Falcón's decision to enter the race mean for the opposition, and how much of a chance does he have of unseating Maduro? What would need to transpire before Venezuela's election results could be recognized as free and fair?

A Diego Arria, member of the Advisor board, director of the Columbus Group in New York and former permanent representative of Venezuela to the United Nations: "Let's start by properly defining the issue. It is not an election, but rather a farce promoted by the illegal National Constituent Assembly, which the regime totally controls. Already the European Union, Canada, the United States and the main Latin American countries have declared that they will not recognize any election held under the present circumstances. To delay the election for a couple of months is meaningless. Falcón, originally a Chavista mayor of Barquisimeto, is viewed as a regime collaborator who is participating in order to help the regime claim that there will be a free election. Nevertheless, most popular polls indicate that 75

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Tens of Thousands Protest Killing of Rio City Councilwoman

Demonstrators took to the streets in Rio de Janeiro and São Paulo following the execution-style killing of 38-year-old Marielle Franco, the only black woman on Rio's City Council.

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Petrobras Posts Smallest Loss in Four Years

The heavily indebted Brazilian state oil company posted a loss of \$136 million for last year, but reduced its debt to \$85 billion.

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POLITICAL

Peru's Congress Reopens Push to Impeach PPK

In a vote of 87-15, with 15 abstentions, Peru's Congress reopened impeachment proceedings against President Pedro Pablo Kuczynski. The president is to appear before Congress next week to mount his defense.

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Kuczynski // File Photo: Peruvian Government.

POLITICAL NEWS

Peru's Congress Reopens Proceedings Against Kuczynski

Peru's Congress on Thursday voted overwhelmingly to reopen proceedings against President Pedro Pablo Kuczynski, *Perú 21* reported. In a vote of 87-15, with 15 abstentions, lawmakers voted to bring Kuczynski before the body on March 22 to explain \$782,000 in payments that scandal-plagued Brazilian construction conglomerate Odebrecht made to Kuczynski's consulting firm more than a decade ago, before

Kuczynski narrowly avoided being ousted in December.

he became president, the Associated Press reported. Three of Kuczynski's predecessors as president have also been under investigation for allegedly taking bribes from Odebrecht. Kuczynski has denied having any business or political ties with the Brazilian company, which in a 2016 plea deal with the U.S. Justice Department admitted to paying \$800 million in bribes to officials across Latin America. That amount includes \$29 million in bribes to officials in Peru. The 87 votes Thursday in favor of reopening impeachment proceedings against Kuczynski is the same number that would be required to force him from office. In December, Kuczynski narrowly survived an impeachment attempt after a small group of opposition lawmakers, including Kenji Fujimori, the son of then-jailed former President Alberto Fujimori, abstained in the vote to oust Kuczynski. Days later, Kuczynski pardoned Alberto Fujimori, who had been serving a 25-year sentence for human rights abuses during his presidency, in a move that critics saw as payback to Kenji Fujimori. Analysts say Kuczynski now has less of a chance of surviving the vote. "He's going to have a lot more difficulty," Eduardo Dargent, a political science professor at the

Pontifical Catholic University of Peru, told the AP. If Kuczynski is ousted, he would be replaced by Vice President Martín Vizcarra. The renewed push to impeach Kuczynski comes less than a month before Peru is set to host the Summit of the Americas, which leaders from throughout the Western Hemisphere, including U.S. President Donald Trump, plan to attend. [Editor's note: See [Q&A](#) in the Jan. 9 issue of the Advisor on whether Kuczynski will be able to complete his term.]

Tens of Thousands Protest Killing of Rio City Councilwoman

Tens of thousands of Brazilians took to the streets of Rio de Janeiro and São Paulo Thursday night to protest the execution-style killing of Rio City Councilwoman Marielle Franco, 38, *Folha de S.Paulo* reported. Franco was shot dead in her car Wednesday just 200 meters from a police station. She had been a critic of police brutality in Rio's poor favelas and more recently of the military's intervention in policing the city. Her driver was also killed, while her press secretary escaped with injuries. Brazilian



Franco // File Photo: Rio de Janeiro State.

President Michel Temer said the crime was an act of "extreme cowardice" and an "attack on the rule of law and democracy." Franco, an LGBTQ and human rights activist, grew up in one of Rio's largest favelas. She was the only black female representative and one of seven women on the 51-seat city council, according to *The New York Times*. She recently had been named to a commission tasked with monitoring the military's actions in Rio. In the face of escalating violence, Temer last month put the

NEWS BRIEFS

Mexican Authorities Arrest 18 in Killings of Federal Agents

Mexico's attorney general's office said Thursday that authorities had arrested 18 people in the abduction of two government agents slain by a drug gang, the Associated Press reported. Those arrested included members of the local police force in Puerto Vallarta, who stand accused of providing protection and intelligence to the gang, as well as Colombian citizens. The agents' remains were found in Xalisco, a town of 20,000 inhabitants in the Pacific coast state of Nayarit, two weeks after their disappearance.

Colombian Government Launches Transitional Justice System

Colombia's controversial transitional justice system, the Special Jurisdiction for Peace, opened the doors of its new building to the public on Thursday, the Associated Press reported. Those who fully confess their crimes will not serve any jail time, a feature of the 2016 peace accord that still rankles critics of the deal. Instead, they will make restitution to victims with acts like public apologies and repairing damaged buildings.

Old Mutual Selling Three Businesses in Latin America

Financial services group Old Mutual is selling three businesses in Latin America to Singapore-based holding company Minsheng Investment Group International for around \$300 million, *CNBC* reported today, citing a source familiar with the matter. The Anglo-South African company is shedding assets in Colombia and Mexico, as well as Montevideo-based investment adviser Aiva, which has \$2 billion in assets under management with 30,000 clients in Latin America and the Caribbean.

country's military in charge of public security in Rio de Janeiro State. The action marked the first federal intervention in a Brazilian state since the country's return to democracy three decades ago. [Editor's note: See related [Q&A](#) in the March 2 edition of the Advisor.]

BUSINESS NEWS

Petrobras Posts Smallest Loss in Four Years

Heavily indebted Brazilian state oil company Petrobras on Thursday posted a loss of 446 million reais (\$136 million) for 2017, its smallest in the last four years. The company would have made net earnings \$2.16 billion, but one-off expenses, in particular a more than \$3 billion deal to end a class action filed by investors in the United States, as well as participation in federal tax settlement programs, consumed all profits for the year. Operating income improved due to a 10 percent reduction in manageable operating costs and a 24 percent increase in the price of oil in international markets. "We are on a consistent trajectory of recovery, doing exactly what we set out in our business plan," said Petrobras' CEO, Pedro Parente. "The biggest impacts on our 2017 financial statements were non-recurring expenses that have reduced uncertainties and risks in relation to the company's future." The company reduced its net debt to \$85 billion, the lowest figure since 2012. Parente took over the chief executive job in 2016 from Aldemir Bendine, who on March 7 was sentenced to 11 years in prison on corruption charges. Earlier this month, Brazilian presidential hopeful Geraldo Alckmin of the centrist Brazilian Social Democracy Party, or PSDB, said that he would favor privatizing Petrobras if he is elected, Globo reported. "It is necessary to discuss the model" of the business, he told a local radio program. The current governor of São Paulo State, Alckmin has been polling in the single digits, however, and none of the other potential leading candidates has come out in favor of privatization.

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percent of voters will abstain. Falcón does not have a chance to unseat Maduro. In fact, no one does. Maduro is in full control of the national electoral body, as well as the armed forces—his real support. Any election to be recognized as free and fair would demand a regime change. Anything else would be just an electoral travesty perpetrated by a narco tyranny."

A **Eva Golinger, attorney, author and former advisor to late Venezuelan President Hugo Chávez:** "We could debate whether or not elections are free and fair in Venezuela until we are blue in the face, or we've developed painful carpal tunnel syndrome. The truth is that no electoral system is perfect. Since 2004, Venezuela has had one of the more reliable and fraud-proof voting systems in the world. The elections machines that emit a paper ballot to ensure against fraud, combined with a stringent voter identification process practically bulletproofed the voting process. That is, until last year's controversial vote to elect an all-powerful Constituent Assembly, which Maduro's detractors strongly opposed. The voting system was compromised during the final tallying of the votes, which took place behind closed doors with no external observers. However, the actual voting process itself does not appear to have been manipulated. Future elections should be monitored at all stages by independent observers, as much as possible. Participating in a flawed system could provide it with legitimacy, but abstaining will only allow the perpetuation of the same government, and most likely its further consolidation. Hugo Chávez himself learned the lesson of democracy the hard way. He led a failed coup attempt against a corrupt government in 1992. He went to jail for it and later ran for president in 1998 and won. He believed the system was flawed and odds were stacked against him, but he participated anyway because he learned it was the only way to achieve true change.

Today, if the choice is between elections or a coup, then I choose elections."

A **David Smilde, Charles A. and Leo M. Favrot Professor of Human Relations at Tulane University and senior fellow at the Washington Office on Latin America:** "It is not possible, in the current circumstances, to have a fair presidential election in Venezuela. The most popular opposition politicians have been disqualified, jailed or have fled the country because of judicial pursuit, and several of the most popular political parties have been banned as well. What is more, carrying out fraud twice in the past year has discredited the National Electoral Council with large segments of the population and made them into abstainers. However, saying an election is unfair is not the same as saying it is unwinnable. The basic electoral machinery works and a flood of participation, happening in the context of credible international and domestic observation, could be unstoppable. Henri Falcón broke with the Democratic Unity Roundtable (MUD) which has chosen to boycott the election. He has the popularity to defeat Maduro—indeed he is more popular than the MUD and every other politician except Leopoldo López. But he does not have the organization to mobilize the vote, nor to mobilize witnesses to monitor polling places. The MUD is not only not going to help Falcón, they are going to actively oppose his candidacy. In their view, he is a traitor who is seeking a presidency that should have gone to a MUD candidate. The CNE's inflation of vote totals in the July National Constituent Assembly election was detected by Smartmatic, the creators of the electronic platform, which subsequently abandoned their Venezuelan operations. The fraud in Bolívar state in the October gubernatorial elections was detectable because of opposition witnesses. This time around, if opposition witnesses are not mobilized, the CNE could easily alter the vote and not be detected."

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A **Jennifer McCoy, distinguished university professor of political science at Georgia State University:** “The change of election date does not make it more acceptable.

The government maintains the upper hand, while the opposition failed in the one thing it needed to do—stay united. Now one group is backing Falcón’s bid, while the MUD officially refused and has joined a new Broad Front including dissident chavistas, labor, business, students and NGOs. The government continues its bid for legitimacy by seeking U.N. ‘accompaniment’ and allowing a few important improvements in the process. Nevertheless, three important elements are missing: 1) a credible international observation mission is crucial given the utter lack of trust in the CNE, yet the United Nations requires Security Council or General Assembly approval for such a mission (very politically fraught) and both it and the European Union need a several month lead time to mount a systematic mission; 2) the social control and intimidation represented by the ‘puntos rojos’—political party check-in booths near the voting centers—is unacceptable when the governing party requires desperately hungry voters to register with the party’s card and show that they voted in order to get a bag of subsidized food, while also implying it will know how they voted; and 3) major opposition candidates and parties are still prohibited. What can be done in such a context? The United Nations and other international organizations could offer to observe elections when the necessary conditions are put in place and with sufficient time, leveraging the government’s desire for legitimacy by negotiating the conditions. Falcón could continue to campaign and decide at the last minute whether to stay in the race depending on the conditions near election day, while the Broad Front continues to press for improved conditions and a delay. If the government goes ahead on May 20 without change, and Falcón withdraws, the Broad Front could take a page from the Russian opposition’s

playbook and monitor outside polling places to document how many people actually vote and the level of intimidation, to hold accountable the government’s inevitable claim of a huge mandate of legitimacy.”

A **Gustavo Roosen, president of IESA in Caracas:** “The United States, the European Union and the main countries of Latin America—Mexico, Brazil, Argentina, Peru and Colombia—have concluded that the Venezuelan government is not democratic and therefore will not recognize the results of the election that the National Constituent Assembly, which Nicolás Maduro’s government created, scheduled for May. The failed negotiations between the government and the opposition that recently took place in the Dominican Republic had as a central element the reorganization of the National Electoral Council (CNE). The government rejected this condition. We must remember that Smartmatic, the company in charge of the electronic voting system in Venezuela, resigned its juicy contract with the CNE alleging fraud in the election of the National Constituent Assembly. Henri Falcón is a former chavista who was never a real opponent. His role in this election is unclear. He lost re-election in a resounding manner in Lara State where he was governor. A hypothesis about his candidacy may be that Falcón is betting that international pressure will lead the government to postpone the elections until December, allowing him to improve his recognition and acceptance among voters. Another possibility is that shortly before the election, he will refuse to participate, alleging that guarantees for fair conditions were not obtained. In the face of the Venezuelan famine, as long as there are more than 13 million electronic food rationing cards for the population—which represents more than half of the electorate—that the government has ably linked and is linking to the vote on this occasion, it is impossible that Venezuela can practice transparent elections.”

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