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## FEATURED Q&A

# Do Venezuela's Crises Spell Trouble for Cuba?



Venezuela and Cuba have had close ties for more than a decade. Cuban President Raúl Castro, his Venezuelan counterpart, Nicolás Maduro, and Venezuelan First Lady Cilia Flores are pictured last December in Havana. // File Photo: Cuban Government.

**Q Since late President Hugo Chávez took power in Venezuela in 1999, the Andean nation and Cuba have had close ties. Those ties have included Venezuela sending oil to Cuba on preferential terms and Cuba sending doctors and other professionals to Venezuela. Venezuela, however, is now beset by political and economic crisis, including skyrocketing inflation, shortages of food and basic goods, and recent deadly protests. In which ways does Cuba still rely on Venezuela, and how important is that support to the island nation? Is Cuba at risk of losing the support that Venezuela has provided? To what extent has the thaw in relations between Cuba and the United States affected Cuba's reliance on Venezuela?**

**A Carlos Saladrigas, chairman of the Cuba Study Group and Regis HR Group:** "Upon Hugo Chávez's rise to power, Venezuela's oil largesse was crucial in pulling Cuba out of the doldrums of economic stagnation during the 'Special Period,' which followed the loss of Soviet subsidies. The relationship that ensued between the two countries, like the old Soviet arrangement, became an economic arrangement that was not based on market fundamentals, but rather on political goals and affinity. Both allowed Cuba's economy to exist on make-believe premises that masked its massive economic inefficiencies and own internal distortions. Although Chávez bought additional time for Cuba to reform and diversify its economy, fear of change, bureaucratic rigidity and lack of political consensus squandered the Venezuelan resources and the opportunity for a more relaxed process of reforms. Since Raúl Castro became president, he has shown that he understood

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## TODAY'S NEWS

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## Colombia's ELN Doesn't Expect Peace Deal Before 2018 Elections

The country's second-largest rebel group, which is engaged in peace talks with Colombia's government, said it does not expect a peace deal before next year's presidential election.

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### ECONOMIC

## Mexico Seeks Closer Trade Ties With Brazil

A Mexican delegation is in Brazil to explore closer trade ties as part of an effort to diversify trade away from the United States.

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### POLITICAL

## Venezuelan Health Minister Fired After Data Release

Venezuela's president fired the country's health minister, Antonieta Caporale, after her department released data showing startling increases in infant mortality, maternal mortality and some diseases.

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Caporale // File Photo: Venezuelan Government.

## POLITICAL NEWS

## Venezuelan Health Minister Fired After Release of Data

Venezuela's president on Thursday fired the country's health minister, Antonieta Caporale, just days after her department released health data showing stark increases in statistics including infant mortality and maternal mortality. In Caporale's place, President Nicolás Maduro appointed 43-year-old pharmacist Luis López Chejade, the country's vice minister of hospitals, *El Universal* reported. Health data released Tuesday showed a 30 percent increase in infant mortality in the Andean nation, as well as a 66 percent increase in maternal mortality and increases in diseases including diphtheria and malaria. The announcement of the health statistics marked the first time since 2015 that the government had released such data. It came as Venezuela is grappling with a political and economic crisis, which includes a shortage of basic goods, including food and medicines. The shortages have led to more than a month of violent protests in Venezuela.

## DR Foreign Minister Seeks to Strengthen Ties in U.S. Visit

During a visit this week to the United States, the Dominican Republic's foreign minister, Miguel Vargas Maldonado, met with officials the State Department, Organization of American States and Inter-American Development Bank and said he hopes to "strengthen and deepen" political and commercial relations between his country and the United States, as well as attract investment to his country. Vargas visited Washington following a stop in New York, where he met with U.N. Secretary General António Guterres and discussed relations between the Dominican Republic and neighboring Haiti. Vargas told Guterres that the process of regularizing foreign residents in the country,

most of whom are from Haiti, comes at a "very high financial cost" for the Dominican Republic, EFE reported. "The Dominican Republic is and always has been the most supportive of Haiti, understanding that the development of our neighbor mitigates the social pressure that their migration exerts in our country," he said. The United Nations plans to replace the U.N. Stabilization Mission in Haiti, or MINUSTAH, with a smaller organization that is focused on strengthening institutions, including commerce and citizen security. In an [interview](#) with the Latin America Advisor, Vargas said the Dominican Republic's relations with Haiti under new President Jovenel Moise "are already going very well." Vargas also told the Advisor that other countries should intervene in an effort to help remedy the political crisis in Venezuela. "Regardless of whether one side has more guilt over another ... we have to look for solutions," said Vargas. "We understand that the participation of other countries that are friends of Venezuela, in a general sense, could contribute to finding a resolution mechanism that will return the country to the democratic agenda, implementing and scheduling the pending elections, and also return legality to the current government of Venezuela." It is necessary to acknowledge that Venezuela's government "is legitimately established and is the result of the popular vote," Vargas said. However, he said the Andean nation "must respect its own laws, and we should channel these laws to a process that can contribute to a positive outcome for Venezuela."

## ECONOMIC NEWS

## Mexico in Talks for Closer Trade Relations With Brazil

A Mexican delegation of government and private sector representatives is on a three-day mission to Brazil, during which it has been in talks with Brazilian counterparts to create new supply deals of corn, soy and rice and reduce dependence on U.S. trade, members of the

## NEWS BRIEFS

## Colombia's ELN Doesn't Expect Peace Deal Before 2018 Presidential Vote

Colombia's second-largest rebel group, the National Liberation Army, or ELN, on Thursday said it did not expect to reach a peace agreement with the government before the 2018 elections, Reuters reported today. The rebel group also said the government has failed to address the issue of right-wing paramilitary groups. The ELN and the FARC held a joint news conference in Havana to discuss their approaches to ending the country's decades-long armed conflict. The ELN and Colombia's government are currently holding peace talks in Quito, which are to restart on May 16.

## Venezuelan Opposition Seeks Int'l Backing for 'Democratic Agenda'

Venezuela's Democratic Unity Roundtable opposition coalition, or MUD, is asking other Latin American countries to pressure President Nicolás Maduro's government to put in place a "democratic agenda," opposition leader Julio Borges said Thursday, Reuters reported. "It's important—fundamental—that we get several governments in the region to unite in the short term to make sure in Venezuela there exists nothing other than a popular and democratic agenda," said Borges. Borges traveled to Peru to meet with legislators and President Pedro Pablo Kuczynski this week.

## Brazil Eyes Reforms for Power Sector

The Brazilian government is planning to launch free-market reforms for the power sector, Energy Ministry Planning Secretary Eduardo Azevedo said Thursday, Reuters reported. The measures will reverse a 2012 power-sector overhaul by expanding unregulated power markets and simplifying industry taxes, Azevedo said.

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the dilemma, no doubt prodding him to accept the re-establishment of relations with the United States. Yet, his brother's longevity and lack of internal consensus paralyzed or significantly slowed the implementation of needed reforms. As Venezuela spirals into collapse, nine years older, and with one year to go before he steps down, Raúl is now facing the prospect of leaving to his successor the very economic quandary that he inherited—an economy on the brink of collapse. Like a recovering addict, Cuba needs to recognize and accept the problem. Given the absence of potential new benefactors, this reality shock might finally convince Cuban leaders that there is only one way out. Reform or death!"

**A** **Roberto Veiga González,** director of *Cuba Possible*: "The current relationship between Cuba and Venezuela was conceived between Fidel Castro and Hugo Chávez. That political alliance and economic link benefited the island. Nevertheless, Venezuela's assistance to Cuba led Cuba to dismiss opportunities for a strategy capable of ensuring the country's economic development. Meanwhile, the design of an efficient economic model was delayed, as was negotiation with international financial institutions and Cuba's potential insertion into global chains of value creation—in short, integration into the world economic system. Despite this, for some time there has been an awareness of this mistake—even by parts of the Cuban government. Never before had Cuba so depended on a single country. Because of this, the government itself has been trying to improve and diversify its economic relations. It has negotiated part of its external debt and is seeking integration into regional (though not international) financial institutions. It has arranged oil imports from Angola, Algeria and Russia, re-established relations with the United States and approved a new investment law in order to attract capital, technology and markets.

However, neither Cuba's beneficial relationship with Venezuela nor all of the above has resulted in an economic boom for the island. That will be impossible if we do not achieve a mixed economic model with monetary vitality and an arbitrary but free market that is sustained by the liberation of Cubans' potential and an equitable development strategy. But this fact does not succeed in becoming government policy because it is suffocated by incapacities, rigidities and a fear of powerful and influential sectors. This depends not on Venezuela, nor on any other individual country, but rather on Cuba and the world, which can guarantee Cuba's economic development."

**A** **Paul Hare, professor at the Pardee School of Global Studies at Boston University and former British ambassador to Cuba:**

"For more than 15 years, Cuba and Venezuela have not been two sovereign nations. They are much more interdependent than that and unique in the world. Cuban advisors have themselves crafted much of Chávez's and now Maduro's policies. They are still active in areas such as intelligence, communications and in creating the role of Maduro's feared 'civilian' militias. So we must assume that the disastrous results of Venezuelan government policy are partly the result of Cuban advice. Fidel Castro saw Chávez as his political protégé, but also an indefinite source of economic support. The Cuban medical and other personnel sent were to cement a Soviet-type relationship. Maduro scraped a win in the 2013 presidential election despite the wave of emotion after Chávez. Cuba got the message that Maduro would likely stumble. The oil price collapse confirmed this prediction, and Cuba began making adjustments. Countries like Algeria and Russia are now supplying oil to Cuba, which is itself in recession. The Cubans will know better than Maduro himself whether he will survive. The key may be dissident officers in the military. Even if he does, Ven-

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Mexican delegation said Thursday, Reuters reported. The general coordinator of international affairs at Mexico's Ministry of Agriculture, Raúl Urteaga, said during the second day of the mission that the main goal of the visit is to expedite business contracts between the two countries as Mexico seeks to diversify its trade ties beyond the United States. The long-term goal is to deepen an economic cooperation agreement between the two countries. "Both sides are seeking better access to each other's markets," Urteaga said. The visit comes as talks to renegotiate the North American Free Trade Agreement draw near. In an interview published Thursday in *The Economist*, U.S. President Donald Trump said he wanted to get the U.S.-Mexico trade deficit down to zero and renegotiate NAFTA to get a better deal for the United States. He has threatened to rip up the agreement entirely if he cannot negotiate what he sees as a satisfactory deal. Mexican Economy Minister Ildefonso Guajardo on Thursday said an upcoming visit by Mexican officials to China will show the United States that Mexico has other alternative trading partners if Trump decides to withdraw the United States from NAFTA, Reuters reported. "We will use [the China visit] geopolitically as strategic leverage," Guajardo said. "It sends the signal that we have many alternatives."

## BUSINESS NEWS

## Banco do Brasil Misses Estimates for First-Quarter Profit

State-controlled Banco do Brasil on Thursday reported a first-quarter profit before one-off items of 2.52 billion reais (\$794 million), missing estimates amid a decline in interest and fee income, Reuters reported. Analysts had expected a quarterly profit of 2.93 billion reais. The bank's actual profit was 44 percent higher than in the fourth quarter and 96 percent higher than in the first quarter of last year. The bank's write-offs of bad loans nearly tripled and defaults over 90 days were higher than estimates.

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ezuelan largesse will not return to Cuba. And Latin American countries see Cuba's hands all over the catastrophe unfolding. So far, the new U.S.-Cuba relationship has not made much difference. Cuba sees political support to Maduro as unconditional. And media coverage has forced a reluctant Trump administration to comment. Meanwhile, no other country can replace Venezuelan subsidies for Cuba. They now must talk the language of international business."

**A** **Ray Walser, retired U.S. Foreign Service officer and former policy analyst at the Heritage Foundation:** "In the midst of the worsening crisis, open coordination between Cuba and the Maduro regime continues in ALBA, in maneuvering within CELAC and in efforts to undermine the readiness in the OAS and its members to question the democratic breakdown in Venezuela. Like Fidel Castro and Hugo Chávez, Raúl Castro and Nicolás Maduro are kindred authoritarian, anti-U.S. hardliners committed respectively to the preservation of Cuban communism and Chavismo. Once a democratic, middle-income country, Venezuela, with eager Cuban assistance, has become, so it appears, 'the Zimbabwe of the Western Hemisphere.' Nonetheless, decision-makers in Havana are skilled survivalists and are surely wary of being sucked into the whirlpool of a bloody collapse of the Maduro regime. The stakes for Cuba are high. At risk is a backlash against Castroite penetration into the marrow of the Bolivarian Revolution. Think the mysterious role of a Cuban overseers like Commandante Ramiro Valdés, support for agents of repression, links to corrupt Venezuelan officials and even the true facts surrounding Chávez's cancer treatment and death. There are numerous rocks in need of lifting in the most opaque and troublesome alliance in the Western Hemisphere. Venezuelans are forced to deal with the mess the Chavistas and Castros created. Unclear is the readiness of the Trump administration to focus attention on the fundamentals of

democracy and on Cuba-Venezuela linkages, once it tackles the legacy of President Obama's normalization of relations with Cuba. The previous administration largely gave the Castros a pass on Venezuela and on democratization. It may not be revalidated in the months ahead."

**A** **Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in**

**Budapest:** "The high point of Cuban-Venezuelan relations was reached during the presidencies of Fidel Castro and Hugo Chávez; a period when Venezuela was flush with oil money. Close bilateral ties with Cuba was part of a broader Venezuelan strategy of building new multipolar relations—including with China and Russia. In this context, Cuba was an economically small but ideologically and diplomatically salient partner for Venezuela, while for Cuba, Venezuela was a lifeline—nearly 400 joint investment projects signed during the Chávez presidency, access to imports of plastics and chemicals, and a market for Cuban exports. But this created a new dependence for Cuba, with Venezuela accounting for half of its total trade, while conversely, Cuba represented just 5 percent of Venezuelan trade. Chávez's death was the precursor of a downturn in relations. Maduro's inept and dysfunctional drift has been a serious concern for Cuban officials. Subsidized oil shipments have more than halved—but it seems Cuba long anticipated this risk. This month, Russia shipped 250,000 barrels of refined crude to Cuba, following a \$105 million deal between Cuba and Rosneft. We will likely see Russia move into the vacuum that has been caused by Venezuela's economic implosion and the inability of the United States to develop a coherent position on Cuba. Pressure from the anti-Castro lobby—particularly noisy senators from Florida combined with a lack of strategy or staff focused on Western Hemisphere affairs in Trump's White House—perfectly positions Russia to resurrect an old friendship."

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