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FEATURED Q&A

Will a New Probe Threaten the Gov't of Colombia's Petro?



Colombia's electoral authority announced earlier this month that it was seeking an investigation into alleged campaign finance violations stemming from President Gustavo Petro's 2022 campaign. // File Photo: Colombian Government.

Q Electoral authorities in Colombia on Oct. 8 requested an investigation into alleged campaign finance violations stemming from the 2022 campaign of President Gustavo Petro. The president has denied the allegations, describing the process as a "coup." How likely is the investigation to lead to Petro's removal from office? What does it mean for the president's political future? What effects has the investigation had on political dynamics within Petro's governing coalition?

A Andrés Hernández, executive director of Transparencia por Colombia: "Colombia has a long history of scandals related to presidential campaign financing. However, in recent years, no investigation has advanced as far as the one into President Gustavo Petro's alleged violation of campaign spending caps. The decision of the National Electoral Council to open a formal investigation for expenses not registered or not allowed in the accounts of the presidential campaign has created a wide legal and political controversy, since, according to the constitution, investigations of the president are at the sole discretion of a commission of the Chamber of Representatives. It is very likely that the legal controversy will be resolved in favor of the president, who, in any case, has favorable forces in the lower chamber to stop any investigation. Then, the strongest effect of this situation will be on the political level. President Petro chose to call for protests in the streets and denounce internationally what, according to him, is an attempt at a soft coup d'état. This reaction puts further strain on his relationship with Congress, which has yet to consider several of his ambitious social

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Authorities Arrest Ex-Venezuelan Oil Minister

Venezuelan authorities have arrested recently replaced Oil Minister Pedro Tellechea, the country's attorney general announced Monday.

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Power Restored to Most of Havana: Energy Officials

Electricity has been restored to 89 percent of Havana, Cuban energy officials said Monday. Other parts of the country remain without power after a massive failure of the country's grid last Friday.

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POLITICAL

Peru's Toledo Sentenced to More Than 20 Years

Former Peruvian President Alejandro Toledo was sentenced Monday to 20 years and six months in prison after he was convicted of accepting bribes from construction conglomerate Odebrecht.

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Toledo // Photo: Peruvian Government.

POLITICAL NEWS

Peru's Toledo Sentenced to More Than 20 Years

Former Peruvian President Alejandro Toledo, 78, was sentenced on Monday to 20 years and six months in prison after being convicted of accepting bribes from Brazilian construction conglomerate Odebrecht, Reuters reported. Toledo, who was Peru's president from 2001 to 2006, was found guilty in a Lima courtroom of taking \$35 million in bribes from the company, now known as Novonor, in exchange for allowing it to win a contract to construct a road that connects Peru's southern coast with western Brazil. Odebrecht admitted in 2016 that it had bribed officials in several countries to secure public works contracts. In imposing the prison sentence, Judge Inés Rojas of the National Superior Court of Specialized Criminal Justice said Toledo "defrauded the state" and failed to "act with absolute neutrality, protect and preserve the assets of the state, avoiding their abuse or exploitation," the Associated Press reported. Toledo has denied wrongdoing, and his lawyer, Roberto Siu, told reporters that the former president will appeal the sentence. Last week, Toledo told the court that he is battling cancer and asked to serve out his sentence at home. "Please let me heal or die at home," he said, Reuters reported. The legal case against Toledo has dragged on for years. Toledo was first arrested in 2019 in California, where he had lived since 2016, the AP reported. He had returned as a visiting scholar to Stanford University, from which he had earned a master's degree and a Ph.D. He was originally held at a county jail near San Francisco but then was released to house arrest in 2020. He was extradited to Peru in 2022 and has been in preventive detention since then, the AP reported. Rojas, the judge in his case, said Toledo will receive credit for time served since April 2023. The prison where he is to serve his sentence also houses former President Pedro Castillo, who unsuccessfully tried to dissolve the country's Congress in 2022, Reuters reported.

Authorities in Venezuela Arrest Former Oil Minister

Venezuelan authorities have arrested recently replaced Oil Minister Pedro Tellechea, Attorney General Tarek William Saab announced Monday, the Associated Press reported. In an Instagram post, Saab accused Tellechea of working on behalf of the U.S. government against the interests of Venezuela, the wire service reported. Tellechea was removed from his post at the head of state-owned oil company PDVSA last Friday. He was replaced by Alex Saab, who was freed from U.S. custody as part of a prisoner exchange with Venezuela. Tellechea stands accused of disclosing the details of PDVSA's automated command and control system to a company linked to U.S. intelligence services, Al Jazeera reported Monday. Tellechea was first appointed to lead PDVSA in March 2023 when his predecessor, Tarek El Aissami, resigned abruptly after President Nicolás Maduro accused him of corruption and graft.

ECONOMIC NEWS

Power Restored to Most of Havana: Energy Officials

Crews have restored electricity to 89 percent of Havana, though other parts of the country remain without power following last week's massive failure of the electrical grid and a hurricane that made landfall on the island on Sunday, Reuters reported. Cuba's energy and mines minister, Vicente de la O Levy, said the country's grid faced "complex" circumstances in the wake of the storm and that technicians were working to prevent another collapse. "The last thing we want is that, as a consequence of a fallen power line, we suffer another collapse of the system," he said, the wire service reported. Crews had also re-established power to some outlying provinces after Cuba's Antonio

NEWS BRIEFS

Victims of 2015 Brazil Dam Disaster Seek Compensation in Court

Victims of Brazil's deadly 2015 dam disaster began their court case on Monday in London, seeking compensation from mining giant BHP, the Associated Press reported. The class-action lawsuit seeks \$47 billion from the company, which owns half of Samarco, the Brazilian company that operates the tailings dam that ruptured in November 2015, flooding a river with mine waste and killing 19 people. An attorney from BHP said the mining company did not own or operate the dam and had "no knowledge that its stability was compromised," the AP reported.

Haitian Police Battle Gangs for Control of Neighborhood in Capital

Haitian police forces exchanged gunfire with armed groups on Monday in one of Port-au-Prince's last remaining neighborhoods not yet controlled by gangs, the Associated Press reported. Members of the gang coalition known as "Viv Ansanm" reportedly threatened to "burn to ashes" any civilian who resists their takeover of the Solino neighborhood.

Dominican Republic's Bonds Fall After President Withdraws Tax Bill

The Dominican Republic's sovereign bonds lost 2.6 cents on the dollar on Monday, Bloomberg News reported, after President Luis Abinader withdrew a contentious tax collection bill that he hoped would lead ratings agencies to upgrade the country to investment status. The Dominican Republic has one of the lowest levels of tax collection in the region; Abinader's bill would have increased fiscal revenue by 1.5 percent of GDP through increases in income, corporate and property tax rates.

Guiteras power plant returned to service. However, much of eastern Cuba remained without power on Monday, three days after the blackout began. Cuba's government closed schools and ordered nonessential businesses to close through Wednesday to conserve electricity.

Credit Card Delinquency Rate Rises in Mexico

Credit card delinquency rates in Mexico increased by 13 percent between January and August of this year, according to recently released data from Mexico's National Banking and Securities Commission (CNBV), Ciudad Juárez-based news outlet Puente Libre reported on Monday. Mexico's nationwide rate of credit card delinquency—defined as being at least one month behind on required payments—was 12.88 percent in August, according to the CNBV's data, which is 13 percent higher than the rate was in January, and 25 percent higher than it was in August 2023. Several retail banks have credit card delinquency rates above 15 percent, including Santander, Banco Azteca, Afirme and ABC Capital, according to the CNBV. In September, Mexico's central bank voted to cut its benchmark interest rate to 10.50 percent, a rate that remains well above other major economies in the region, including the United States, Colombia and Chile, Reuters reported. High interest rates and "persistent inflation" are the primary factors driving up credit card delinquency in Mexico, Quasar Elizunda, research strategist at foreign exchange broker Pepperstone, told Puente Libre on Monday. But with inflation easing and liquidity remaining high in the banking sector, analysts are generally hopeful that Mexico's economy can weather the ongoing storm of credit card delinquencies. "[Mexican] banks are in a good financial position with high levels of capital and liquidity to face potential market and economic uncertainties," Alejandro Tapia, senior director for Latin American Financial Institutions at Fitch Ratings, told the biweekly Financial Services Advisor in a Q&A published on Sept. 11.

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and economic reforms, and it may divert attention from a government that has less than two years left to show concrete results. It will be a new test for the institutions and rules of Colombian democracy that, despite the controversy, may end up strengthened."

A **Marcela Prieto Botero, CEO and founder of Vision Americas International:** "There is no chance that the investigation will lead to Petro's removal. In Colombia, the removal of a president requires a complex process with very specific rules. Under the constitution, sitting presidents can only be removed through impeachment proceedings conducted by Congress. While the National Electoral Council can conduct investigations into possible campaign financing irregularities, the scope of its sanctions is limited. But paradoxically, Petro will seek to take advantage of the scandal to make himself a victim and try to gain political oxygen. According to the latest survey (conducted between July and September) by ICP and YanHaas, only 30 percent of respondents approve of the president overall, and 58 percent believe that there was unreported income in the campaign. The investigation could weaken Petro's authority. Allegations of irregularities could erode his legitimacy in the eyes of a portion of the electorate and state institutions. In addition, the label of a 'coup d'état' could further polarize the political environment. However, if his followers interpret the process as a political maneuver to discredit him, Petro could maintain strong support from his base, inviting them to mobilize, which could lead to an environment of greater social tension. Colombia has a fragmented Congress, where political alliances are crucial, especially considering the elections in 2026—and a president in the middle of a scandal faces even greater difficulties in building alliances. If the case progresses and becomes a prolonged judicial matter, it could follow the pattern of what in Latin America is known as the

'judicialization of politics.' This phenomenon has led to several politicians facing judicial processes that, without leading to dismissal, negatively affect their time, popularity and governability."

A **Juan Diego Prieto, political science professor at the State University of New York-Cortland:** "The investigation will not remove Petro from office, but the fallout for the left may be long-lasting. The National Electoral Council's (CNE) process is lengthy, with multiple opportunities for delays. Even if Petro's campaign is found responsible, the CNE—a political and administrative, rather than judicial, body—lacks the power to remove him. The political toll could also be limited because of the council's partisan composition and tainted reputation. The case would then go before a congressional commission made up of Petro's coalition

“The political toll could also be limited because of the council's partisan composition and tainted reputation.”

— Juan Diego Prieto

members. Although this coalition includes traditional parties beyond Petro's inner circle, it would take a far deeper crisis to break the alliance, let alone enable Petro's removal. Despite the president's admonitions that a coup is nigh, there is no serious push within Colombia's establishment for an all-too-costly presidential ousting. Instead, the scandal simply adds to the continued erosion of the administration's shaky popularity, the left's anti-corruption credentials and its 2026 electoral prospects. It does not necessarily imperil Petro's legislative agenda, which still enjoys strong backing on the streets and is led by more competent negoti-

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ators than before. But the investigations may have a lasting impact on the left's fragile organizational base. An unfavorable ruling would mainly hurt the Colombia Humana and Unión Patriótica parties—whose post-Petro future is already murky—with onerous penalties ranging from repaying public campaign funds to losing official recognition.”

A **Martha Maya Calle, Latin America program director and deputy global director at the Institute for Integrated Transitions:** “Investigations into the finances of presidential campaigns are a common occurrence in Colombia. Therefore, the ongoing inquiry into President Petro’s 2022 campaign should not be seen as unusual or contribute to further polarization in the country. Although an investigation into alleged campaign finance violations related to Petro’s 2022 campaign has been formally initiated, Colombian electoral authorities cannot remove a sitting president from office. The National Electoral Council can only impose fines, withhold party funding or suspend a party’s legal status. Constitutionally, only the Senate can revoke presidential immunity, which can only occur after the Chamber of Representatives gathers sufficient evidence to support an accusation. Such a decision has never been reached, even in cases involving severe allegations, like those against Ernesto Samper’s

government in 1994 regarding narco trafficking funds in his campaign. While direct accusations against presidents are rare, investigations into campaign finance violations and corruption are not in Colombia and Latin America. The Odebrecht scandal implicated several leaders, including Nicolás Maduro, Keiko Fujimori and Juan Manuel Santos, among others. Although former candidate Oscar Iván Zuluaga faced formal charges in Colombia, such accusations rarely have led to significant consequences and typically have targeted those responsible for campaign finances. Campaign teams have enough legal instruments to contest these allegations, and Petro’s government can promote reforms to revise the capacities and composition of the electoral authorities. This situation arises at a time when hopes are high for the government’s initiative for a ‘national agreement,’ aimed at emphasizing institutional roles in dialogue and consensus, alongside a rapid response plan to activate the stalled implementation of the peace agreement. Both initiatives are crucial for peace-building transformations and should not be hindered by a political process that is unlikely to reach a decision during the remaining time of this government.”

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

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