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FEATURED Q&A

What Is Behind Venezuela's Pursuit of Former Officials?



Venezuelan authorities are targeting Rafael Ramírez, who formerly headed state oil company PDVSA and was the country's ambassador to the United Nations until last week, in a corruption probe. // File Photo: Venezuelan Government.

Q Venezuela's ambassador to the United Nations, Rafael Ramírez, resigned Dec. 5 on what he said were orders from President Nicolás Maduro. The two men have reportedly been rivals for years, and Ramírez's resignation came amid a wide-reaching purge at PDVSA, which has resulted in the jailing of dozens of the state oil company's officials. What is behind the crackdown at PDVSA, which Ramírez formerly led? How will Ramírez's departure and the arrests affect next year's planned presidential race in Venezuela? What chance does the opposition have of defeating Maduro at the ballot box, and who will emerge as the most likely candidate to square off against him?

A Gustavo Coronel, a founding board member of PDVSA: "The reasons for President Maduro's dismissal of Ramírez at the United Nations are based on corruption charges that are both well justified and politically motivated. Ramírez is now a fugitive of the Venezuelan regime, and his former PDVSA associates and contractors Diego Salazar, José E. Luongo, Nervis Villalobos and Rafael Reiter, are already in jail in Caracas and Madrid. Ramírez ran PDVSA and Venezuela's oil ministry for 10 years without transparency or accountability. During his tenure, numerous corrupt transactions were made, while production collapsed and the company went deeply into debt. A report by The Wall Street Journal, essentially unchallenged by Ramírez, accused him and Salazar of asking foreign contractors for kickbacks. Ramírez, in the habit of drinking \$3,000 bottles of whiskey or champagne, was plan-

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TODAY'S NEWS

POLITICAL

U.S. Authorities Investigating Graft Claims in Brazil's Bid for Olympics

U.S. authorities are reportedly investigating corruption allegations surrounding the International Olympic Committee's awarding of the 2016 Olympic Games to Brazil.

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ECONOMIC

Mexico's Industrial Output Falls in October

The country's industrial production declined due to weak performance in the manufacturing and construction sectors. Production was 1.1 percent lower in October, year-over-year.

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POLITICAL

Brazilian Court to Decide on Lula's Appeal in January

A Brazilian appeals court said it would decide on Jan. 24 on an appeal by former President Luiz Inácio Lula da Silva, who was convicted and sentenced this year on corruption charges.

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Lula // File Photo: Lula Institute.

POLITICAL NEWS

U.S. Authorities Probing Graft Claims in Brazil Olympic Bid

U.S. authorities are investigating corruption allegations surrounding the International Olympic Committee's awarding of the 2016 Olympic Games to Brazil, The Wall Street Journal reported today, citing unnamed sources familiar with the matter. The Federal Bureau of Investigation's New York field office is leading the probe, along with the U.S. Attorney's Office in Brooklyn, the newspaper reported. A federal grand jury in Brooklyn was seeking testimony related to the case as recently as this summer, according to a subpoena that The Wall Street Journal reported. The subpoena and interviews with people familiar with the case indicate that the investigation is examining allegations of vote-buying and corruption in the contracting for last year's summer games, including for media and marketing rights. Brazilian and French authorities have also been investigating alleged criminal activity connected to last year's Olympics, held in Rio de Janeiro. The Brazilian investigation has already led to charges, including the arrest of former Brazilian Olympic Committee head Carlos Nuzman,

in connection with what Brazilian prosecutors have called a scheme to bribe members of the International Olympic Committee in order to award the games to Rio. Nuzman's lawyers have repeatedly denied the allegations, and Nuzman was released from jail about two weeks after he was arrested. Mark Adams, a spokesman for the International Olympic Committee, said the organization has been in touch with Brazilian and French authorities concerning their investigations, but added that U.S. authorities have not contacted the organization. "It is hypothetical, but should justice decide that some individuals have misbehaved for the 2016 vote, then the IOC would of course take its responsibility," said Adams.

Venezuela Launches Criminal Probe of Ramírez

Venezuela will launch a criminal investigation of former PDVSA head and Venezuelan Ambassador to the United Nations Rafael Ramírez, Attorney General Tarek Saab said Tuesday, Reuters reported. The announcement, based on allegations that Ramírez was involved in the "brokering" of oil deals with his cousin, is seen as an escalation in the government's purge of former and current PDVSA employees that the

NEWS BRIEFS

U.N. Chief Urges Honduran Authorities to Respect Rights

U.N. Secretary General António Guterres on Tuesday called on Honduran authorities to respect human rights and uphold the rule of law amid violent protests following the country's disputed Nov. 26 presidential election. A partial recount showed incumbent President Juan Orlando Hernández with a narrow lead over challenger Salvador Nasralla, but election officials have still not declared a winner. Election officials on Sunday finished a partial recount, but Nasralla has demanded a full recount, the Voice of America reported.

Brazilian Court to Decide on Lula's Appeal in Corruption Case by Jan. 24

A Brazilian appeals court said Tuesday it would rule on Jan. 24 on an appeal by former President Luiz Inácio Lula da Silva against a corruption conviction that may bar him from running for president in next year's election, Reuters reported. Lula is leading in early polls ahead of the vote. In July, Lula was sentenced to nearly 10 years in prison for accepting 3.7 million reais, or \$1.1 million, in bribes from engineering firm Odebrecht in exchange for helping it secure public contracts.

Workers Planning Strike at Chile's Quebrada Copper Mine

A workers' union at Teck Resources' Quebrada Blanca copper mine in Chile is prepared to strike today, after contract negotiations between the two parties failed to reach a deal, the union told Reuters Tuesday. The president of the union said if workers could not reach an agreement with the company on a bonus scheme that was comparable to those of the mine's other unions, the union would be prepared to strike.

FEATURED Q&A / Continued from page 1

ning to use some of his money to finance his presidential candidacy, in which he would portray himself as Chávez's legitimate heir, but Maduro has no intention to let him do it. As for the opposition, whether its candidate turns out to be Antonio Ledezma or Leopoldo López, it will have little chance of winning an election under the existing, thoroughly rotten electoral system. If external pressure does not alter electoral conditions radically to allow for a clean process, Maduro will 'win' the election. Sadly, internal opposition is weak and already partly co-opted by the regime; only external opposition can promote radical change."



Marc Becker, professor of history at Truman State University:

"The PSUV won big in Sunday's municipal elections, which places it in a solid position to win next year's presidential election. The conservative opposition is fragmented and does not have a program beyond disrupting the smooth operation of society. We see the negative consequences of its actions in the violence that it has left in the wake of its protests and the associated decline in socio-economic indicators. While the conservative opposition is eager to present Ramírez's resignation as a political purge or a fracturing of

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government has accused of links to corruption. Venezuelan President Nicolás Maduro and Ramírez have long been rivals within the ruling PSUV party, and Maduro's demand that Ramírez step down from his post as U.N. ambassador was seen by critics as an attempt to consolidate power within the party ahead of his bid for re-election in next year's vote. After stepping

After stepping down as Venezuela's ambassador to the United Nations, Ramírez left for an undisclosed location.

down last week, Ramírez left the United States for an undisclosed location. Saab on Tuesday accused Ramírez of coordinating oil sales with his cousin Diego Salazar, who was arrested this month in Caracas. Saab did not provide any evidence to support the claim. Ramírez has denied involvement in corruption, and recently said targeting him would be one of the government's "worst political moves." Last year, the opposition-led Congress said some \$11 billion had gone missing at PDVSA between 2004 and 2014, during which time Ramírez headed the company.

ECONOMIC NEWS

Mexico's Industrial Production Level Falls in October

Mexican industrial production fell in October despite a recovery in oil and gas output, due to weak performance in the manufacturing and construction sectors, The Wall Street Journal reported Tuesday. Industrial production fell by a seasonally adjusted 0.1 percent from the previous month, and was 1.1 percent lower year-over-year, according to the National Statistics Institute. Production had been expected to increase by 0.7 percent year-over-year,

according to economists polled by The Wall Street Journal. Oil and gas production partially bolstered October output, rising 8.5 percent from the previous month, during which state oil company Pemex had shut down production due to refinery disruptions caused by major earthquakes that had struck the country, as well as by the disruptions in the United States caused by Hurricane Harvey. The manufacturing sector saw the most year-over-year growth, despite the drop from September, rising 2.7

percent in October from the same month last year. Mining, construction and utilities all saw a decline in production. Growth is expected to rebalance next year, Goldman Sachs said in its recent outlook for Mexico's economy. "Absent major disruptions to trade, solid growth in the United States should support manufacturing export growth in 2018," it said. [Editor's note: See [Q&A](#) about how Pemex will fare under its new chief executive officer in the Dec. 8 issue of the Dialogue's weekly Energy Advisor.]

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December 15, 2017

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First Amendment Lounge (13th Floor)
529 14th Street, NW
Washington, D.C.

8:30 - 10:30 a.m.

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the ruling PSUV, it is by no means unclear that it is exactly what the government says it is: a crackdown on corruption in PDVSA. The government is caught in an unenviable position. If it turns a blind eye to pervasive

“It is by no means unclear that it is exactly what the government says it is: a crackdown on corruption in PDVSA.”

– Marc Becker

corruption, the conservative opposition accuses it of being complicit and benefiting from it. If it prosecutes corrupt officials, the conservative opposition charges politically motivated expulsions. The accusations are typical of a conservative opposition that is purely a negative and destructive force without a concrete, positive plan of action. Given the divisions in the conservative opposition, it appears that it will be unable to unite around a presidential candidate, or that such a candidate would gain much popular support. If by magic the opposition would be able to win next year’s presidential election, we know what program it would attempt to implement: a return to the previous discredited neoliberal system that favors an upward redistribution of wealth and an associated increase in socio-economic inequality.”

A Ben Raderstorf, program assistant in Inter-American Dialogue’s rule of law program: “As time goes on, it becomes ever clearer that the government of Nicolás Maduro is unwilling to tolerate any scenario that risks losing power—whether to internal or external threats. The expulsion of Ramírez, a formerly powerful figure in Chavista circles, shows how hostile the government has become to any internal criti-

cism or rival centers of power. Ramírez, who has left the United States—presumably into exile in a third country—had grown somewhat vocal in criticizing Maduro, claiming to defend Chávez’s legacy. His firing severs one of the isolated regime’s few remaining links to the United States and the international community. Meanwhile, Venezuela lurches toward planned presidential elections that are almost certain to be undemocratic and uncompetitive. The government plans to win at any cost. On Sunday, President Maduro banned the major opposition parties from competing, ostensibly as punishment for boycotting the recent municipal elections. He has also recently threatened to cancel the presidential elections outright unless the United States lifts sanctions against the country—a slim pretense that would

“The government plans to win at any cost.”

– Ben Raderstorf

mark the final step in Venezuela’s transition to a full-blown dictatorship. All the while, the specter of Hugo Chávez still hovers over Venezuela’s politics. In spite of the catastrophic economic crisis and brutal authoritarian crackdown, more than 50 percent of Venezuelans still have a positive opinion of the late president. So long as Chávez and his project remain mostly popular, it will be difficult for the opposition to gain control—and internal fights like this over his legacy will continue.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at skuleta@thedialogue.org.

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Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
skuleta@thedialogue.org

Nicole Wasson

Reporter, Assistant Editor
nwasson@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

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