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Venezuela slips towards outright default

Venezuela is to all intents and purposes in default, and with investors unwilling to deal with the current administration led by President Nicolás Maduro, there is a growing consensus that the situation can only be resolved with a change of government. Canada and the European Union (EU) are increasing sanctions pressure, with Argentina's President Mauricio Macri directly calling on the US government to impose a full oil embargo on Venezuela. Maduro does not appear to have a plan other than to buy time and deflect blame towards the US.

President Maduro's invitation to investors to begin restructuring talks on some US\$60bn of bonds in Caracas on 13 November has fallen flat, with bondholders unwilling either to travel to the Venezuela or to deal with the designated head of the restructuring committee, Vice President Tareck El Aissami, because of his designation by the US treasury for sanctions under the Foreign Narcotics Kingpin Designation Act.

An unidentified investor on 8 November asked the International Swaps and Derivatives Association (ISDA) whether "a failure to pay credit event had occurred with respect to Petroleos de Venezuela, SA". The ISDA must now decide whether credit default swaps (CDS), a form of insurance when debt payments are not made, have been triggered and should be paid out to holders of the instruments.

The UK's *Financial Times* (FT) makes the point that that an ISDA ruling is only relevant to CDS, with any declaration of default on the Pdvsa bonds themselves a separate procedure. "Bondholders are likely to be more patient on declaring a default than holders of CDS – who typically want to get paid as soon as possible – because legal clauses would mean PDVSA would be in default on all its bonds, not just the 2017 security," it notes.

While the Venezuelan government insists that a US\$1.2bn payment due on the Pdvsa 2017 bond on 3 November was transferred, it has not yet arrived, according to multiple bondholders. There was no grace period, but there was a three-day cooling period (to 8 November), which also appears to have been missed.

Fitch Ratings, on 7 November, downgraded Pdvsa from 'CC' to 'C', indicating that "a default or default-like process has begun". Moody's Investors Service likewise lowered its credit rating for Pdvsa a day earlier. And at the start of the week, Standard & Poor's (S&P) lowered the country's rating to CC, the second-lowest rung, citing a 50% chance of a default within three months.

EI Aissami – a dubious interlocutor

According to US media reports, since Vice President Tareck El Aissami's designation in February 2017, the US Treasury Department has seized over US\$500m in US-based assets, including bank accounts and properties. El Aissami, along with his alleged frontman, Samark José López Bello, was sanctioned as a Specially Designated Narcotics Trafficker pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act) for playing "a significant role in international narcotics trafficking".

A Fitch statement said it now believed it "highly probable" that Pdvsa would default on its bond payments, and considered it unlikely that the firm would receive any more aid from the cash-strapped Maduro government. Significantly, Fitch said that it expected Pdvsa investors to recover only 31%-50% of their holdings in any restructuring, "and likely closer to the lower end of the range".

The *FT* also made the point that Venezuela ('the sovereign') and Pdvsa are legally separate entities, and so a Pdvsa default would not automatically trigger Venezuelan CDS or a Venezuelan sovereign default. "But there is a myriad of other overdue interest payments by both borrowers, and unless the money appears soon then Venezuela will be in formal default on all its international bonds," it observes.

Russ Dallen of Caracas Capital also noted on 7 November that in recent weeks Venezuela has already failed to pay the coupons on 10 bonds in all, for a total of US\$962m, within their 30-day grace period, as the country apparently withheld on smaller payments so as to make the bigger ones. This accumulated amount does not include the maturity (US\$1.12bn) and coupon (US\$47.6m) due on the Pdvsa 2017 bond. So in effect, the country is already in technical default. Fortunately for Latin America, Venezuela does not pose systemic risk for the region in the way that Greece did for the EU, for instance.

So what happens now?

A formal restructuring process needs a plan, including a macroeconomic adjustment strategy for the country. The Venezuelan government appears to have neither, prompting suggestions that Maduro is just paying lip service to the idea of talks – much as he has done with the Venezuelan opposition – so that he can then blame the other party when they refuse to take part, or eventually walk away from the table in frustration. As one pithy headline put it, "It's your default, not mine!"

Amongst Venezuelan commentators, there was even speculation that Maduro's announcement was deliberately designed to send Venezuelan bond prices crashing, so that the bonds could then be picked up on the cheap by unscrupulous persons inside the regime itself, or perhaps by Russia by way of a 'sweetener' ahead of the inking of a deal with Moscow – now confirmed – to restructure US\$3bn in bilateral debt.

Siobhan Morden, head of Latin America Fixed Income Strategy at Nomura Securities, suggested that Maduro's possible intentions could be as follows:

- 1) Domestic political propaganda, to defuse criticism about the prioritisation of external debt over imports.
- 2) A bid for a selective default on the sovereign while remaining current on the Pdvsa bonds, and then buying time until the legal process eventually proves 'alter ego' – ie that Pdvsa and the sovereign be treated as one for legal purposes.
- 3) A plan to launch a voluntary distressed exchange, similar to Uruguay in 2003.

However, Morden noted, there are simply no more details "and it's clear that there is no plan without investment banks or lawyers". She also made the point that "the legal framework would also be challenging without approval from the Venezuelan National Assembly" – the only legislature officially recognised by most countries outside of Venezuela.

This circles back to the line of thought that a resolution can only come about with a change of government, which would allow for the removal of US sanctions preventing issuance of any new bonds – by far the main obstacle to a restructuring – and the reestablishment of working relations with the International Monetary Fund (IMF), which has already drafted a tentative

EU arms embargo

The EU has agreed to levy an arms embargo on Venezuela, although given that Russia and China are the main arms suppliers to the Venezuelan security forces, the decision has more symbolic than practical effect. Travel bans and asset freezes would only be imposed on Venezuelan officials “should the evolution of the situation require it”, an EU official told *Reuters*.

emergency bailout programme estimated at US\$30bn, potentially one of the IMF’s largest-ever bailouts.

Can Maduro survive?

Most observers have long agreed that Maduro could only be removed from office in two ways: a default crisis, or by an internal coup against him by military-backed rivals.

Domestically, Maduro has in fact been consolidated in his post over the course of 2017, seeing off several months of violent anti-government protests; finally usurping the powers of the opposition controlled national assembly with the establishment of an all-powerful (but pliant) ‘national constituent assembly’; and entrenching the control of the ruling Partido Socialista Unido de Venezuela (PSUV) across the country in regional elections in mid-October. Notably, all of this received the official backing of the military leadership.

The Venezuelan opposition, meanwhile, is in tatters, reduced to internecine squabbling over whether to participate in, or boycott, the upcoming municipal elections on 10 December. Maduro’s latest ‘offer’ to the opposition was to suggest that he could delay these elections by a few weeks (so as to give opposition candidates more time), if they agreed to recognise the constituent assembly. Refusal to recognise the constituent assembly is the opposition’s last strong card against Maduro, who is desperate for it to be legitimised.

This latest ‘offer’ came even as the same constituent assembly removed parliamentary immunity from the vice president of the national assembly, Freddy Guevara, and threatened to throw him in jail, prompting him to flee to the Chilean embassy. That prompted fresh external condemnation, with the US State Department noting that “by attempting to strip the democratically elected National Assembly’s Vice President and opposition leader Freddy Guevara of his parliamentary immunity and barring him from leaving the country, the regime is pursuing yet another extreme measure to close the democratic space in Venezuela, criminalize dissent and control information”.

Sanctions

For a long time, external sanctions on Venezuelan officials appeared to have zero effect, save to tie those impugned ever-closer to the regime. However, there are mounting signs that the cumulative effect of years of sanctions is finally beginning to work. Under its Magnitsky Act, Canada imposed fresh sanctions in early November on 19 Venezuelans, including Maduro, for human rights violations and/or significant corruption. These latest measures follow earlier sanctions imposed by Canada in September on 40 senior Venezuelan officials for “anti-democratic behaviour”. Maduro at this stage would be taking a risk in travelling to the US or Canada.

The latest move by Ottawa freezes any Canadian-based assets owned by the named individuals and restricts Canadians from financial involvement with the sanctioned individuals. In this context, it is worth noting that 75% of Venezuelan bondholders are from Canada and the US. As such, it is patently clear that targeted economic sanctions – rather than political – have much more bite, albeit it is equally obvious that the cost of economic sanctions to the Venezuelan people is extremely painful. Diphtheria is the latest confirmed disease in the country.

For self-interested commercial reasons, the US is unlikely to heed the call by Argentina’s President Macri for a full oil embargo on Venezuela, but the US financial sanctions imposed in August clearly have had their intended effect, taking the regime to tipping point. Ultimately, however, Maduro’s fate is most likely to be an internal decision.

AP rift

President Moreno himself has downplayed the rift in the AP. During a long speech on 3 November to mark the 197th anniversary of the independence of Cuenca, Ecuador's third largest city, Moreno made reference to the discord, but only to argue that it was healthy. "The thought that we could all think the same terrifies me...it would be dreadful verbal inbreeding. Dialogue between those who think differently...can transform into another truth...This different form of conceptualising enriches my thinking and my spirit. I will never give up on dialogue even in the worst circumstances," Moreno maintained. But in a pointed swipe at his predecessor, Moreno insisted "as Mark Twain said 'politicians like diapers must be changed often, and for the same reason'".

ANDEAN COUNTRIES

ECUADOR | POLITICS

Uneasy calm prevails

President Lenín Moreno appears to be gaining the upper hand in the dispute for control of the ruling Alianza País (AP). It could be a pyrrhic victory. Moreno's ally, José Serrano, the president of the national assembly, emerged from a meeting with AP deputies on 7 November to pronounce "majority support" for Moreno and his proposed referendum, insisting that the party has not "split". However, although the AP faction loyal to former president Rafael Correa (2007-2017) might have been thwarted in its attempt to remove Moreno it remains resolutely opposed to the referendum which, among other things, would bar indefinite re-election, ruling out Correa's return to power in 2021.

The two competing factions in the AP paused for breath this week, but further clashes are likely to ensue. Despite Serrano's confidence that the AP would hang together, if just nine of its deputies oppose the government President Moreno would lose his majority in the 130-seat national assembly. More than twice as many deputies belong to the Correa camp. They will have been antagonised by the decision by several Morenista deputies on 7 November to back an opposition motion to impeach the Correísta Jorge Glas, who was replaced by Moreno as his vice-president and placed under preventive detention on suspicion of corruption last month [[WR-17-39](#)].

The first test of Moreno's majority is pending. On 1 November, the very day after the attempt by the AP's pro-Correa leadership committee to strip Moreno of the party presidency, his government sent a draft budget for 2018 to the national assembly. Moreno claimed that the US\$34.85bn budget, "down nearly US\$2bn [5.3%] on last year", demonstrated that criticism (from within the AP) that Ecuadoreans were in for a painful economic adjustment, or 'paquetazo', were "mistaken". He said the budget would "create employment and economic growth".

The draft budget is predicated on an oil price of US\$41.92 per barrel and GDP growth of 2.04% in 2018 (up from 0.71% forecast for this year). A finance ministry statement said the budget made "a very important effort to reduce expenditure". It said that US\$1bn had been slashed from public works spending, which stands at US\$881m in the budget, but that social spending would not be compromised, with US\$5.72bn set aside for education, US\$3.57bn for health, and US\$1bn assigned to Moreno's 'cradle to the grave' social welfare programme 'Toda una Vida'.

Addressing a conference in Quito on 7 November organised by the chamber of industry and production, Moreno urged the private sector to invest and help reactivate the domestic economy. He said the fiscal deficit was "very manageable" and that budget cuts would reduce public debt. Critics, however, argued that the 2018 budget inflated oil earnings, and far from falling from US\$4.79bn to US\$4.10bn, or 3.9% of GDP, the fiscal deficit would actually rise next year.

The government is seeking a renegotiation of long-term contracts and presales of crude oil to China's state-owned firm Petrochina, as well as Unipet, the trading unit for China's petrochemical corporation Sinopec, and Thailand's PTT International, in a bid to obtain more favourable terms for its crude exports and reduce its volume commitments. These received a setback this week, however, when the man leading the renegotiation, the head of the state-run oil company Petroecuador, Byron Ojeda, suddenly resigned "for health reasons".

Farc justice incites controversy

UN calls for expedited approval of JEP

On 5 November, the Office of the United Nations High Commissioner for Human Rights (OHCHR) issued a statement calling on Colombia's congress to expedite the approval of the transitional justice system (JEP). The OHCHR statement says that approving a transitional justice system is fundamental for ensuring the effective fulfilment of international human rights obligations. The OHCHR called on Colombia's legislators to "go beyond discussing the [JEP] legislative initiative and without delay take all the necessary actions to... advance the legislative package for peace".

The passage through Colombia's congress of the proposed transitional justice system (JEP) that the government led by President Juan Manuel Santos and the Fuerzas Armadas Revolucionarias de Colombia (Farc) agreed to implement is proving to be tortuous. Opposition parties are incensed by the possibility that those convicted under the JEP could be eligible to hold public office in the future. Yet allowing the Farc to participate in politics is one of the underlying principles of the peace accord.

The 161-article JEP proposal has only been through one of the necessary four debates in congress (two in each chamber) since it was sent down by the government in September. The first debate proved to be very heated as legislators from the main right-wing opposition Centro Democrático (CD) and the centre-right Partido Conservador (PC) voiced numerous objections. But so did deputies from Cambio Radical (CR), which is technically still part of the Unidad Nacional ruling coalition. Even Attorney General Néstor Humberto Martínez voiced his concerns about the proposals, which revolved around the broad extent of the crimes covered by the JEP, creating numerous loopholes for all manner of criminals to try to take advantage of the judicial benefits it offers.

Martínez's concerns were based on the revelations that the names of some 25 wanted drug traffickers with no apparent links to the Farc had cropped up in the list of individuals eligible to be tried under the JEP provided by the former guerrilla group [WR-17-41]. The government insists that the Farc lists will be closely scrutinised and purged of any names that should not be included in them. However, the controversy was revived this week when the Farc leadership submitted an expanded list of individuals who should be included on the JEP list. The Farc had been asked to submit the names of all those it thought it were eligible to be tried under the JEP by 15 August. But the group has told the government that the list was incomplete, and more names must be added including those of individuals with links to the guerrilla group (as opposed to members) who have been prosecuted but want to adhere to the peace process.

The new list provided by the Farc ensured that the first JEP debate in the senate, held on 7 November, was once again heated. There were verbal confrontations between those legislators who object to the JEP proposals and those who steadfastly support it, and Farc representatives who have been invited to take part in these debates. The confrontation reached a high point when Farc representatives urged senators to allow former guerrilla members the same opportunities to participate in politics as M-19 guerrillas enjoyed after they demobilised in 1990. They pointed out that some former M-19 guerrillas have since gone on to become elected government officials and national legislators including for the CD.

But CD Senator Everth Bustamante, a former M-19 guerrilla, retorted that while the M-19 was given the chance to form its own party its members never received special judicial treatment as their crimes were classified as "acts of rebellion and not terrorism". With congress due to continue debating the JEP this week, it is unclear whether this will be approved before 11 November when the period for the registration of candidates for the March 2018 legislative elections opens. This is significant as these are the first elections in which members of the new Farc political party are technically eligible to take part. The Santos government has said that it wants any Farc candidates to be prosecuted under the JEP before they are allowed to stand for election to root out any individuals who may have committed a crime that is not covered by the JEP, such as crimes against humanity.

Court cases getting closer to Cristina?**Boudou**

As in the case of former planning minister Julio de Vido, arrested in late October, court officials appear to have tipped off the media, which provided live rolling coverage. Former vice president Amado Boudou's lawyers say naval prefecture officers, who carried out the arrest, took photographs of the moment he was detained inside his apartment, wearing pyjamas and slippers, and provided them to the press – itself an illegal action (the photographs were taken inside private property without permission), even if a relatively minor one.

The arrest of her former vice president and new revelations about the death of federal prosecutor Alberto Nisman can be interpreted as bringing former president Cristina Fernández (2007-2015) closer to some form of court judgement. But it is by no means a foregone conclusion, and following her election in October as a federal senator representing Buenos Aires province, Fernández may still be able to avoid conviction.

Amidst the multiple cases of corruption and misconduct brought against Fernández and her former cabinet ministers and officials, there were two important developments in early November. On 3 November Amado Boudou, her former vice president (2011-2015) and onetime economy minister, was arrested on charges of illicit association and money laundering. Then, on 6 November, there was a leak of a new police report into the January 2015 gunshot death of federal prosecutor Alberto Nisman: it concluded he had been murdered, and had not committed suicide, as had been widely suggested at the time.

Shortly before his death Nisman had accused then-president Fernández of seeking to cover-up the identity of those responsible for the 1994 bombing attack on the Jewish community centre (Amia) in Buenos Aires in which 85 people died. Nisman maintained that Hezbollah had carried out the attack with the support of the Iranian government, and that the Fernández administration had later sought to cover up Iran's alleged involvement.

The arrest of Boudou raised a number of issues concerning the effectiveness of Argentina's judiciary. One of the main charges against him has been working its way through the country's slow-moving courts for years: this is that he used his position as economy minister to seize control of the Ciccone printing company illegally nearly seven years ago, in 2010.

Yet federal judge Ariel Lijo ordered his preventive detention not on this, but on other lesser charges, invoking what is known as the Irurzun doctrine (after judge Martín Irurzun who first formulated it). The doctrine holds that pre-trial arrest is necessary if there is reason to believe the accused can use a position of power to interfere with ongoing investigations. Many question whether Boudou now really has that power.

When in office Boudou was directly involved in the dismissal of one of the country's top prosecutors, as well as ensuring that another judge and a prosecutor were taken off the Ciccone case. The suggestion therefore is that the otherwise slow-moving judiciary – which took two years to determine the value of his assets – has suddenly accelerated the case, perhaps to settle old scores.

To muddy the waters further, Judge Lijo himself faces separate legal action in the Council of Magistrates where he is accused of failing to bring a number of cases to trial. There are other charges against Boudou, including one of conflict of interest over a contract with the Formosa provincial government, but none of them are new. It is hard to see what of substance has changed in any of these cases against him, to explain why he was previously at liberty but is now in prison.

The Nisman case is equally or more tangled. As much as 23 years after the event the Amia atrocity remains unresolved and unpunished. The death of Nisman is assumed to be a related crime, since it came only days after he said he would reveal new evidence proving the Fernández government took part in a cover-up.

Nisman

The current prosecutor in charge of the case, Eduardo Taiano, has bluntly stated, “Natalio [Alberto] Nisman was the victim of a homicide”. It remains to be seen whether police or government officials in office at the time can be shown to be implicated; however, the likelihood of that happening must be relatively low, given that the trail has gone cold. Cristina Fernández has always denied that her government had any involvement in Nisman’s death.

During the last year of the Fernández administration the federal police and the prosecution strongly suggested Nisman had shot himself. But a leaked copy of a new case review by the national gendarmerie (GNA), called in to provide an independent assessment, states that he was almost certainly murdered in his Buenos Aires apartment by at least two assailants and that the crime scene was manipulated to make it look like a suicide, and then deliberately contaminated (at least 60 people including police and other officials walked through the apartment after the body was discovered, with no attempt to preserve the forensic evidence properly).

These two developments may give a sense that the net is closing in on Fernández, but this is not necessarily so. Legal experts say one of the cases against her – that in her last months in office she bypassed the central bank and authorised loss-making operations on the currency futures markets – is relatively weak. A trial date will not be set until March or April next year.

More serious and imminent is the Hotesur case, where Fernández and members of her family are accused of using a hotel holding company for money laundering purposes. Three other defendants in connected cases – businessman Lázaro Baez, former planning minister Julio de Vido (2003-2015), and former public works secretary José López – are all now under-arrest pending trial, but Fernández remains free. The trial is expected to begin before the end of this month.

Fernández was due to appear before a judge again this week. In theory, she could be arrested on a preventive basis, like Boudou. But the Irurzun doctrine, which was possibly incorrectly applied in Boudou’s case, requires positive evidence that the accused has actually sought to interfere in the case. In addition, Fernández is now a senator-elect for Buenos Aires province, which gives her immunity from prosecution. As happened in De Vido’s case, it is ultimately possible that congress could lift that immunity, but that would require forging an anti-Fernández coalition which still looks a relatively distant prospect.

BRAZIL | ECONOMY

Pension reform in the balance

The government led by President Michel Temer is making a new push to try and get a pension reform bill approved in the federal congress. Short of the necessary votes, Temer may have to bring forward a planned ministerial reshuffle.

It looks as if a third version of the pension reform bill is now on the cards. Version 1 was prepared before May this year, when President Temer had a fairly solid congressional majority and seemed to be on a roll, pushing through pro-market economic reforms, including a cap on government spending. It was relatively radical, imposing minimum retirement ages for both men and women (currently there is no minimum and the average retirement age is only 55 years).

Version 1 of the reform implied achieving fiscal savings of around 2% of GDP for the next 10 years – necessary to reduce the country’s yawning fiscal deficit and growing indebtedness. But corruption charges against Temer filed in May plunged him into a nearly six-month battle for survival, culminating in October when the federal lower chamber of congress voted not to lift his immunity from prosecution. In the midst of that period the government watered down the pension bill: Version 2 cut the annual savings to around 1.2% of GDP.

Centrão eyes up housing ministry

The *centrão* parties are particularly interested in the housing ministry: current PSDB housing minister Bruno Araujo has been accused of tweaking the affordable housing programme to benefit his own state of Pernambuco and the state of São Paulo, where governor Geraldo Alckmin is one of the party's presidential hopefuls.

But Temer is short of the votes he needs in congress and has signalled he is going to support an even more watered-down Version 3. The pension reform requires a constitutional amendment and a qualified majority. In the lower chamber vote on whether or not to lift his immunity at the end of October, Temer was supported by 251 out of 513 deputies. However, to get Version 3 of the pension reform approved he needs a minimum of 308 votes, suggesting he is short by nearly 60 votes.

One way of closing the gap is to soften the reform further. This week Darcísio Perondi, the government's deputy whip in the lower chamber, said negotiations were in progress to make a "more palatable" Version 3. This would retain the minimum retirement age (65 for men and 62 for women), and reduce over-generous pensions for civil servants, but there might be concessions on minimum paying-in periods and other points.

The timing will be problematic. Government officials had originally said the aim was to get the reform approved before the end of this year, as 2018 will be dominated by the presidential election campaign (the polls will be held in October). But that leaves little time to negotiate a deal on Version 3.

When Temer admitted the reform might slip into early 2018 the São Paulo stock exchange (Bovespa) slumped on 7 November to a two-month low. Perondi says the latest thinking is that the bill will need to clear the lower chamber by 15 December at the latest, and be approved in the senate by February next year.

One strong possibility is that Temer will yet again have to resort to pork-barrel politics, offering jobs and other inducements to try and muster the congressional votes he needs. He may, in fact, already be entering a lame-duck period. Temer is believed to have been planning a ministerial reshuffle for April 2018. The date is important because that is when key cabinet ministers who want to stand for election in October of that year need to step down to focus on their campaigns. But at least two events may force a much earlier reshuffle, possibly this month.

One is that the Partido da Social Democracia Brasileira (PSDB), one of the government's key allies whose members hold four ministries, is widely expected to leave the ruling coalition on or before 9 December, when it holds its national convention.

The so-called *centrão* parties (a group within the ruling alliance that includes the Partido Progresista [PP], the Partido da República [PR], the Partido Social Democrático [PSD], and the Partido Trabalhista Brasileiro [PTB]) have indicated that they too do not want to wait until April. If these parties are to muster more pension reform votes in exchange for additional government jobs and patronage, they want their recompense now, rather than in April, so as to have a longer time scale in which to make their mark with the electorate.

URUGUAY | ECONOMY

Vázquez lands 'big fish'

After 17 months of intense negotiations, the Uruguayan government led by President Tabaré Vázquez has signed a framework agreement with UPM, setting out the terms under which the Finnish firm will build a new US\$4bn pulp mill. Described by Uruguayan government officials as the "the biggest fish that we have ever landed", the deal means that the country's largest-ever foreign investment project is close to becoming a reality. The Vázquez administration hopes that this will provide a big fillip for the domestic economy in the run-up to the 2019 general election. However, there are still questions over whether the terms of the deal agreed by the government with UPM are in Uruguay's best interests.

Royalties

OPP head García said that UPM's new prospective mill will be given FTZ status to ensure that its exports "remain competitive in international markets". But García noted that in exchange for this UPM agreed to pay an additional annual royalty of US\$3.5m during the mill's first 20 years of production, and another US\$3.5m in annual royalties during the mill's useful life. Significantly, García said that the government rejected UPM's demand for its new mill to be exempt from the property tax on forest plantations – a benefit offered to the mill owned by rival Finnish firm Stora Enso by the previous government led by José Mujica (2010–2015). García said the Vázquez government rejected this for being unconstitutional.

Since July 2016, the Vázquez government has been trying to convince UPM, which already has one major pulp mill in Uruguay, to build an even bigger mill (with the capacity to produce 2m tonnes of cellulose a year) somewhere on the banks of the Río Negro. Uruguay currently has two major pulp mills, but the Vázquez government believes that the country can further develop a sector that has generated high levels of investment, employment, and tax revenue. Indeed, securing a commitment from UPM for the project became an economic policy priority for the Vázquez government. But while UPM did express interest in the project it set a series of pre-conditions, including being granted tax breaks and a commitment by the government to improve transport links between the site of the proposed mill in central Uruguay and Montevideo, the country's main port.

Following numerous rounds of secret negotiations, on 20 October the government and UPM announced that they had reached an agreement in principle and that a final deal would be made public by the end of the month. On 29 October, Uruguay's transport & public works minister, Víctor Rossi, announced plans to launch an international public tender for the building of a new 273km freight railway line linking Montevideo with Paso de los Toros, in the central Tacuarembó department. Rossi said the government would present the details of the US\$1bn public-private partnership infrastructure development project to interested parties this month, with a view to concluding the tender process by April 2018 and for the works to begin in July that year.

This was taken as the Vázquez government sending a strong signal to UPM that it was committed to advancing with the new pulp mill project. Following Rossi's announcement, UPM asked the government for a 10-day extension on the 31 October deadline for signing off on the framework investment contract agreement. This sparked concerns in Uruguay that the firm was having second thoughts. However, on 7 November the Vázquez government and UPM announced the signing of the agreement during a public event in Montevideo. The new agreement outlines all the commitments and deadlines for developing the project (including a February 2020 deadline for making a final decision on whether to go ahead with the project or not), which is to be located in the central department of Durazno, on the opposite bank of the Río Negro from Paso de los Toros.

The statement adds that as part of the agreement the plant will be given free trade zone (FTZ) status (*see sidebar*). Alvaro García, the head of Uruguay's planning & budget office (OPP), outlined some of the economic benefits that the project could bring to Uruguay, including a two-percentage-point increase in GDP per year; boosting cellulose exports by US\$1bn a year; increasing tax revenues by around US\$120m a year; and creating 4,000 permanent jobs. However, members of the political opposition have criticised the fact that what the government has agreed with UPM has not been made public. "It's deplorable that they are signing agreements and people don't know what the government is committing to," Senator Carol Aviaga of the centre-right opposition Partido Nacional (PN) said, noting that the government has yet to disclose what it has agreed to congress, depriving legislators of the opportunity to debate whether the deal is in the national interest.

PARAGUAY | POLITICS

ANR-PC set for major showdown in primaries

Everything is now set for Paraguay's ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) to hold its primary elections ahead of the April 2018 general election. The ANR-PC's electoral tribunal

Cabinet changes

As usual, the looming general election has prompted the resignation of cabinet members seeking to stand for election ahead of the 31 October deadline for them to do so. The agriculture & livestock minister, Juan Carlos Baruja, who will run for the governorship of Paraguari department, resigned on 20 October, while prosecutor general, Roberto Moreno, who will seek a senate seat, followed suit on 30 October. President Horacio Cartes replaced Baruja with the deputy livestock minister, Marcos Alberto Medina, while Moreno was replaced by Francisco Barriocanal Arias. Cartes appointed Marcelo Andrés González Ferreira as the new deputy livestock minister on 2 November.

(TEP) has approved the candidacies of the party members eligible to take part in the primaries, including that of Santiago Peña, the presidential pre-candidate backed by President Horacio Cartes and his supporters. But Peña will now have to convince the dissident ANR-PC party factions that do not support Cartes and that tried to stop his candidacy, that he represents the party's best chance of retaining the presidency.

The TEP announced last week that it had approved 8,254 candidacies for the 782 nominations up for grabs in the 17 December primaries and disqualified 560. Among the candidacies approved was that of Peña, the former finance minister (2015-June 2017), who has been identified by President Cartes as his preferred successor and is the presidential pre-candidate of the Cartista Honor Colorado faction of the ANR-PC. Peña's candidacy was approved by the TEP despite the fact that a formal challenge against it was filed with the body by the Fuerza Trabajadora Teete anti-Cartista party faction.

The challenge was based on the allegations that Peña does not meet the party criteria for being a candidate. The ANR-PC statutes stipulate that a party member must be affiliated for one year in order to be eligible to seek the party's presidential nomination. Peña, who had previously been a member of the main opposition Partido Liberal Radical Auténtico (PLRA), formally joined the ANR-PC last year but there are questions over the exact timing of this. The Fuerza Trabajadora Teete complaint notes that while Peña's affiliation to the ANR-PC was submitted in October 2016, it was not approved until November, meaning that he had not technically completed a year as a member of the ANR-PC before the mid-October deadline for presenting pre-candidacies ahead of the primaries.

The complaint against Peña's candidacy also argued that his affiliation to the ANR-PC may have been irregular. The ANR-PC statutes prohibit the affiliation of an individual who is an active member of another political party. And Fuerza Trabajadora Teete noted that there is no record of Peña formally quitting the PLRA. However, the complaint filed by the anti-Cartista faction was dismissed by the TEP, which said that it found no impediments to Peña's registration as a candidate. Peña is thus set to face off in the primaries against his main anti-Cartista rival, Senator Mario Abdo Benítez of the Colorado Añetete faction, whose candidacy was also approved.

Campaigning kicks off

Following the approval of the candidacies for the primaries, the unofficial campaigning ahead of the contest has picked up a gear. Peña, who has been touring the country canvassing support since he stepped down from his ministerial post, has been holding almost weekly campaign rallies around the country in which he has been accompanied by prominent Cartistas. In one of these rallies held on 30 October in the city of Luque, Central department, Senator Oscar González Daher told attending employees of the national civil aeronautical directorate (Dinac) that any of them who do not vote for Peña and Honor Colorado candidates would be "left outside" of the institution.

Anti-Cartista and opposition leaders criticised González Daher's remarks as proselytising of public officials. Abdo Benítez, who has also been holding campaign rallies around the country, accused the Cartes government of persecuting anti-Cartista civil servants and of pressuring, intimidating, and even bribing others into supporting Cartista candidates. Noting that he has received 550 complaints about this, Abdo Benítez said that he would present a formal complaint but that "unfortunately Paraguay's institutions are useless, today institutionality is suffocated by the ruling power". Still Abdo Benítez insisted that "money and persecution will not defeat us".

Rise of the independents?

Calderón

A tweet by Margarita Zavala's husband Felipe Calderón on 15 October calling for voters to support her candidacy stirred up a firestorm of negative reactions. Calderón, who unlike his wife remains a paid-up member of the PAN, is still a controversial figure, remembered for his decision to militarise the war on drugs, a policy widely seen as triggering a major wave of violence from which, just over 10 years later, the country has not yet been able to recover. One angry tweeted response was "and where do we sign up to support the relatives of your 120,000 fatalities?"

More than in any other recent presidential elections, the 2018 contest in Mexico will see independent candidates play an important role. Changes to electoral regulations have made it easier to stand as an independent. Widespread disenchantment with the established political parties is also an important factor. The main non-party contenders are Margarita Zavala and Jaime 'El Bronco' Rodríguez Calderón but it is a crowded field.

In October the national electoral institute (INE) gave the green light for an initial batch of 40 (out of 86 hopefuls) to begin gathering signatures. They must gather 866,593 voter endorsements, spread across a minimum of 17 of Mexico's 32 states. In these elections INE is for the first time allowing signatures to be gathered either in hard copy – a signature written on a form by hand – or digitally, through a specially designed mobile app. Voters who wish to endorse a candidate using their mobile phone need to use it to photograph both sides of their ID and enter key personal details. The operation takes around two minutes to complete. However, it has already attracted its share of controversy, as it appears to work best only on the more expensive smart phones, creating a form of digital exclusion for those who have only a basic mobile, or none at all. The race to gather signatures began on 16 October, slightly later than initially planned because of the disruption caused by September's earthquakes. The presidential aspirants were initially supposed to have a total of 120 days – four months – to hit their 1% target. However, on 8 November, in response to criticism over its mobile app, INE added a further seven days, taking the total to 127 days.

By the end of October, INE data showed that former first lady Margarita Zavala, who broke away from the right-wing Partido Acción Nacional (PAN) at the beginning of last month, was leading the field with 35,738 signatures. Second was Rodríguez, a former member of the ruling Partido Revolucionario Institucional (PRI) who is currently governing Nuevo León state as an independent, with 20,471 endorsements. In third place came María de Jesús Patricio, an indigenous woman known as 'Marichuy', who is supported by the Chiapas-based Ejército Zapatista de Liberación Nacional (EZLN), with 12,379 endorsements. Fifth was Senator Armando Ríos Piter, a member of the left-wing Partido de la Revolución Democrática (PRD) who decided last April to break ranks with his party and make his own bid for the presidency. He had 4,928 signatures. Journalist and TV presenter Pedro Ferriz de Con, who launched his presidential bid at the start of this year, took sixth place.

While many independents consider themselves outsiders, they face similar funding, logistics, and organisational issues as the candidates supported by traditional political parties. The online publication *Animal Político* points out that the independents must register their 'auxiliaries' with INE – volunteers who work on their campaign. Zavala has no fewer than 19,000 volunteers while Rodríguez has under 7,000 and Marichuy has around 3,500. On the endorsements achieved so far, Marichuy's campaign appears as the most efficient (each volunteer generated an average of 3.5 endorsements in the second half of October) followed by Rodríguez (3.1 per volunteer). Zavala's volunteers were relatively less efficient, as each of them generated an average of only 1.9 endorsements.

As a former first lady, married to former president Felipe Calderón (2006-2012), Zavala benefits from having a high-profile. However, from her point of view all publicity is not necessarily good publicity (see sidebar). Rodríguez's chances are likely to be heavily influenced by the relative

Banca Privada d'Andorra

Banca Privada d'Andorra was taken over by the Andorra government in 2015 after the US Treasury said it was being used for money laundering purposes. In negotiations with US, Brazilian, and Swiss prosecutors last year, Odebrecht admitted paying US\$788m in bribes in 12 countries, but it did not publicly identify the recipients. *El País* says the BPA files identify some of them. They showed, for example, that the company paid US\$2.1m to relatives of Demetrio Papadimitriou, a minister and campaign manager for former Panamanian president Ricardo Martinelli (2009–2014). Also implicated is Miguel Atala Herrera, a former vice-president of Peru's state oil company during the second presidency of Alan García (2006–2011). A range of other officials in Colombia, Argentina, Ecuador, and Uruguay are also named.

success or failure of his governorship in Nuevo León. Marichuy, on the other hand is appealing to the indigenous communities (who represent around 11m people or roughly 10% of the Mexican population) and has the support of left-wing intellectuals.

These are still early days, but the initial numbers suggest that only a few of the independents will actually last the course and achieve the 1% threshold. To do so they must gather an average of over 7,000 signatures a day – in the first two weeks Zavala, the frontrunner, was averaging only 2,400 a day. The pace of endorsements may of course accelerate in the next few months. By the end of February 2018 there will be a clear idea of who is in, and who is out, among the independent contenders for the presidency.

MEXICO-REGION | POLITICS

Elites in trouble – again

A new mass leak of confidential documents – 13.4m files – relating to the use of tax havens has caused fresh embarrassment to business leaders and politicians in a number of countries in the region.

The so-called 'Paradise Papers' files, obtained by German newspaper *Süddeutsche Zeitung* from the connected law firms and corporate service providers Appleby and Estera, have implicated a number of Latin American business and political leaders in potential tax avoidance or evasion. They include information on companies and accounts registered in tax havens or "secrecy jurisdictions", many of which are located in the Caribbean. The International Consortium of Investigative Journalists (ICIJ) has assessed the files. In Mexico the left-wing weekly *Proceso* – a member of the consortium – said top business leaders including Carlos Slim, Enrique Coppel, and Ricardo Salinas Pliego had used Appleby. Slim, one of the world's richest men, is said to have used Appleby's services in Bermuda to shelter the assets of América Móvil, his mobile telephony company that operates in a number of countries across Latin America. A group of 62 business leaders, associates of politicians, and wealthy footballers were said to have registered companies in Malta, a jurisdiction that does not share tax information with the Mexican authorities.

According to ICIJ, Colombian President Juan Manuel Santos is listed as a director of two offshore companies registered in Barbados. In response, Santos published his tax returns for 2015 and 2016 (the 2016 declaration puts his assets at around US\$2.1m). Santos said one of the Barbados companies, Global Tuition and Education Insurance Corp, was a genuine enterprise dedicated to funding education; he had long since stepped down from it, but assumed there had been a delay in the paperwork to take him off the list of directors.

In Argentina, Energy Minister Juan José Aranguren, named as a director of a Barbados-registered company, Shell Western Supply and Trading, responded by denying that any laws had been broken. Aranguren, who worked for Shell in Argentina before taking up his ministerial post, insisted that, as required by government regulations, he had no subsequent commercial relationship with the oil major. Also named in Argentina was the finance minister, Luis Caputo, who was shown to have been previously involved with a Miami-based investment fund, linked in turn to companies registered in Delaware and the Cayman Islands, described by ICIJ as "opaque jurisdictions". Caputo responded by denying any conflicts of interest, saying he had worked only as a fund manager and that everything he did had been above board and legal.

In a separate development, Spanish newspaper *El País* said it had obtained confidential police reports from the principality of Andorra, showing that Brazilian construction company Odebrecht had used Banca Privada d'Andorra (BPA) as a conduit to channel an estimated US\$200m of illicit payments to 145 politicians and officials in Latin America (*see sidebar*).

FSLN claims another dubious victory

A “deterioration” on the previous four elections which themselves “lacked credibility”. This was the conclusion of Panorama Electoral (PE), a group of Nicaraguan civil-society organisations, regarding the 5 November municipal elections which delivered a further victory for President Daniel Ortega’s Frente Sandinista de Liberación Nacional (FSLN). The FSLN controls the electoral authorities (CSE), along with the country’s other institutions. As in other recent elections, the opposition and civil-society groups are pointing to low turnout, among other major concerns, as grounds for challenging the legitimacy of the vote. Hopes that an electoral observer delegation sent by the Organization of American States (OAS) would provide reassurances regarding the democratic process were frustrated.

The CSE reported that the FSLN-led alliance, Alianza Unida, Nicaragua Triunfa (which includes nine political parties, six political movements, and four social movements), won 1.32m votes or 68.23% of the total. Second, with 16.31% of the vote, was the Partido Liberal Constitucionalista (PLC) of disgraced former president Arnoldo Alemán (1997-2002) which took 16.31%, and third was Ciudadanos por la Libertad (CxL), an opposition outfit launched in 2016, on 9.51%. Other parties, including the Partido Conservador, Yatama (the former regional ally of the FSLN) and Alianza Liberal Nicaragüense (ALN), took the remainder.

This has left the FSLN-led alliance – which won the regional capitals in all 15 departments and the North Atlantic autonomous region (Raan) and South Atlantic autonomous region (Raas) – with 135 out of 153 municipalities, while the PLC took 11, the CxL took six, and the ALN one.

The FSLN is inevitably trumpeting the result as yet another victory. It is worth pointing out, however, that overall it secured just one more municipality than in the previous municipal elections in November 2012 when it took 134 (up from 109 in the 2008 vote). In 2012, the Partido Liberal Independiente (PLI), which has since suffered as a result of various contentious rulings by the CSE and judiciary ahead of the 2016 general election, was left with 13, the PLC two, the ALN one, and Yatama three.

This relatively modest victory compared with the 2012 election also comes amid multiple concerns flagged up by the PE (which includes Grupo Civico Ética y Transparencia [EyT] – the local branch of international anti-corruption NGO Transparency International) and other opposition groups such as Frente Amplio por la Democracia (FAD). Chief among these concerns is participation. While official figures put turnout at 51.64%, the FAD said it was more like 20%. In the previous 2016 general election, the CSE officially put abstention at 31.8%, although CxL suggested it was more like 76.2%.

In a report presented on 5 November, PE – which sent over 450 unaccredited observers to all municipalities – listed a string of other complaints. These include “electoral administration in the hands of one party; usurpation of electoral functions by FSLN political operatives; manipulation of legal entities and ballot boxes; generalised abuse of state funds by the FSLN; irregular issuance of identity cards; refusal to accredit independent national observers; and budgetary sanctions for mayoralities controlled by the opposition”.

Managua contest

In the contest for the Managua mayoralty, the FSLN’s Reyna Rueda Alvarado, the current secretary of Managua’s mayoral council, won 87.64% of the vote, up from the 83% won in 2012 by the FSLN’s Daysi Torres.

Candidacies withdrawn

In a further sign that the deployment of the OAS observer mission had failed to reassure local sectors, on 9 October Iris Madriz, a mayoral candidate for CxL, pulled out of the race for Nirindí municipality, Masaya department. She told reporters that “the conditions are not in place for the vote to be respected; everything is a farce”. She became the second mayoral candidate to quit after the CxL candidate for Managua, Mauricio Mendieta, pulled out the previous month. Among the reasons for his decision, Mendieta cited the OAS’s “complacent silence...with regard to the dictatorship of Ortega”.

OAS presence fails to reassure

President Ortega’s announcement of a deal back in February with the OAS, whereby the latter would observe/monitor the municipal vote (in contrast with the 2016 elections from which credible foreign observers had been banned), had been intended to provide reassurances regarding the electoral process. However, this fell short of its objective, with objections raised in particular over the choice of the vice president of Uruguay’s electoral court, Wilfredo Penco, to head up the OAS observer mission. These concerns stem from Penco’s previous involvement with the Latin American electoral experts’ council (Ceela) – an organisation linked to Venezuela’s late president Hugo Chávez (1999-2013), a close Ortega ally. Penco had observed elections in Nicaragua in 2008, 2011, and 2016 which he endorsed despite the fact they were slammed as fraudulent by local civil-society groups and the international community.

Last month the FAD and the dissident Sandinista group Movimiento Renovador Sandinista (MRS), the umbrella civil-society group Coordinadora Civil, along with well-known figures such as Fabio Gadea Mantilla, the 2011 PLI presidential candidate, issued a statement declaring Penco persona non grata and warning that his appointment jeopardises the “credibility of the OAS for the Nicaraguan people”.

International scepticism

The scepticism regarding the presence of the OAS mission – which at the time of writing had yet to issue its preliminary report on the electoral process – was not confined to local groups. In late September US Representative Ileana Ros-Lehtinen (R-FL) and US Senator Ted Cruz (R-TX) released a statement complaining about the “lack of transparency in the observation’s process and mission”. The statement singles out the “selection of Wilfredo Penco – a well-known rubber stamp for Daniel Ortega’s electoral manipulation” and warns that this, along with “the widespread, systemic corruption within the Nicaraguan Supreme Electoral Council, all point to a predetermined and favourable outcome for the Ortega regime”.

Also indicative of US concern, on 3 October the US House of Representatives approved the Nicaraguan Investment Conditionality Act (NICA Act) of 2017 which would prevent the Nicaraguan government from accessing international financing until reforms are implemented that “promote democracy, strengthen the rule of law, respect human rights...until Nicaragua holds free, fair, and transparent elections overseen by electoral observers”. The latest version of an initiative first introduced in 2016 in response to the transparency concerns surrounding the general election that year, the act was approved unanimously by the House Foreign Affairs Committee on 27 July and passed the Western Hemisphere subcommittee on 24 May.

Violence

A further concern has been post-electoral violence, with five people reported dead on polling day or thereafter (in addition to two other politically related murders which took place during the electoral process, in September – both of PLC officials [WR-17-37]).

According to the local media, those killed included two Yatama supporters who died in clashes which took place in Río Grande municipality in the Raas which also left three injured. The violence reportedly stemmed from the refusal of FSLN officials to allow Yatama members to vote. In response, Yatama members set fire to eight houses of well-known FSLN leaders. As well as reports that a PLC official was killed in Wiwilí municipality, Jinotega department, on voting day, the local media is also reporting that two CxL members were killed in San Sebastián de Yalí municipality, also in Jinotega.

More generally, in its latest update on the electoral process, issued on 6 November, the PE claimed to have received reports of 189 incidents confirmed so far, of which 58% had been directly verified by PE observers. According to the PE’s report, these included 31 cases of threats, intimidation and harassment, and 14 cases of physical violence.

Could Castro challenge Desanti for presidency?

Prisoners crowded around seven of Costa Rica's presidential candidates for an unprecedented debate in a national penitentiary on 2 November. There was one notable absentee from the debate: Juan Diego Castro. The former security minister (1994-1996), who is running for the small Partido Integración Nacional (PIN), moved into second place in the most recent nationwide opinion survey.

The presidential aspirants gathered in the gymnasium of La Reforma, Costa Rica's largest prison, located in the province of Alajuela, just outside the capital San José. The prison houses inmates serving short sentences or with time off for good behaviour. Prison conditions and the justice system figured prominently in the televised debate during which Óscar López, of the Partido Accesibilidad Sin Exclusión (PASE), went some way towards securing the votes of inmates by arguing that most of them should be replaced behind bars by big tax evaders.

While López received a rousing cheer from prisoners, Castro opted against participating in the debate for fear that he would be roundly booed at a time when his star is in the ascendant. One of six candidates to duck the prison debate, Castro was renowned for his tough stance on crime while in government and fiercely criticised calls to reduce prison overcrowding, one of the principal complaints of inmates put to the candidates during the debate.

A poll by OPol Consultores for the national daily *El Mundo* conducted between 27 and 29 October put Castro on 23.8% of voting intentions, closing the gap on the firm favourite, Antonio Álvarez Desanti, the presidential candidate of the country's largest party Partido Liberación Nacional (PLN) on 31.5%. Castro made the biggest gains on a previous survey by the same pollster a month earlier. He also pulled clear of Rodolfo Piza of the traditional Partido Unidad Social Cristiana (PUSC), who was third on 12.9%, Rodolfo Hernández of the Partido Republicano Social Cristiano (PRSC) on 9.4%, and Carlos Alvarado of the ruling Partido Acción Ciudadana (PAC) on 6.7%.

EL SALVADOR | POLITICS & SECURITY

Mayor faces trial for mara collaboration

A former mayor and member of El Salvador's right-wing Alianza Republicana Nacionalista (Arena) will face trial accused of having planned and coordinated the murder of two men, one of them a police officer, with leaders of a mara street gang. The attorney general's office (FGR) has uncovered growing evidence of the active complicity of municipal authorities and mara gangs, raising serious questions about the infiltration of state institutions.

José Elías Hernández, the mayor of the municipality of Apopa in the department of San Salvador, who was arrested in June 2016, is the first municipal official to face trial for criminal complicity with mara gangs, although others are in prison awaiting trial. The mayor of the country's fifth largest city of Usulután, Miguel Ángel Jaime, was arrested on 20 June accused of paying US\$39,000 to Mara Salvatrucha (MS13) in exchange for electoral favours.

Hernández will stand trial along with 14 other municipal officials. He is accused of conspiring with the Barrio 18 Revolucionarios to kill a police officer and a local leader of MS13. He is also charged with siphoning off between US\$5,000 and US\$10,000 from public funds to make monthly payments to the maras.

Possible run-off

There is time for other presidential candidates to move into contention in Costa Rica as the elections will not take place until next February. If the OPol Consultores prediction holds true, then Juan Diego Castro would take the PLN's Antonio Álvarez Desanti to a second round run-off next April.

POSTSCRIPT

Quotes of the week

“I decree a refinancing and restructuring of external debt and all Venezuelan payments. We’re going to a complete reformatting. To find an equilibrium, and to cover the necessities of the country, the investments of the country.”

Venezuela’s President Nicolás Maduro.

“Long-serving leaders believe that they alone are capable of solving a country’s problems, that nobody else is up to it, that they are predestined. I have always been clear that I don’t believe in indefinite re-elections. They are a form of democratic perversion...In this way we end up with the likes of Trujillo, Stroessner, Noriega, Somoza.”

Ecuador’s President Lenín Moreno.

“It is very serious that Chile has not advanced in diversifying production and exports which are very similar to 20 years ago.”

Chilean presidential candidate Alejandro Guillier.

Final roll of the dice for Chile’s Guillier

With just over a week to go before Chile’s presidential and legislative elections, the two standout questions appear to be whether former president Sebastián Piñera (2010-2014) will win outright in the first round or require a run-off in December, and how many seats his right-of-centre opposition coalition Chile Vamos will obtain in congress. Opinion surveys give Piñera a substantial double-digit lead over his principal rival, Alejandro Guillier, of the ruling leftist Nueva Mayoría coalition. Piñera is some way short of the 50% required to win at the first time of asking but a lot of voters remain undecided.

Guillier failed to land any telling blows on Piñera in the final televised debate on 6 November. Guillier was also hampered by the fact that, unlike Piñera, he had not presented a programme for government, prompting criticism that he was ill-prepared to lead the country. Strangely, Guillier opted to present his plan the day after the debate. While this had the advantage of ensuring his opponents could not pick the plan apart, it prevented him from selling his proposals to the electorate.

Guillier’s US\$9.75bn plan focuses on five core planks: democracy and the constitution; sustainable, innovative, and inclusive economic growth; social protection; decentralisation and distribution of power; and the creation of a democratic state with social rights. He took a couple of pot shots at Piñera during the presentation at a theatre in the capital Santiago. Guillier promised to govern for the people and “not, like another candidate, fire 20,000 public sector workers” in reference to Piñera’s massive public sector spending reductions proposed in his US\$14bn government programme [WR-17-43]. He maintained that a Piñera victory would entail “brutal persecution, they will not govern with dialogue”.

Guillier said Piñera had failed to grasp the need for a fundamental overhaul of an economy reliant on “six or seven natural products with no value added”. Finally, Guillier accused Piñera of lacking any social policies. Guillier spoke extensively about women’s rights and gender equality, including creating an observatory to crack down on gender violence. He also promised to establish a decentralised and plurinational state recognising different levels of territorial autonomy for indigenous peoples, and to “transfer power and competences gradually”.

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