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Permanent protest in Venezuela

“Same time, same place. If we were millions today, tomorrow we’ll be more,” Venezuela’s opposition leader Henrique Capriles Radonski declared after hundreds of thousands of people poured onto streets all over the country on 19 April, the anniversary of the launch of Venezuela’s campaign for independence from Spain in 1810.

Three people were killed, up to 100 injured and 521 arrested in ‘the mother of all marches’, according to the Venezuelan Penal Forum, a local NGO. Opposition estimates suggested a turnout of 1m, with clashes reported across the country. Capriles, the country’s twice-former presidential candidate, who last week was barred from seeking further election for 15 years, is now urging a campaign of permanent protest against the radical left-wing administration led by President Nicolás Maduro, which the Venezuelan opposition accuses of dictatorship.

At the helm of counter marches by bussed in pro-government supporters, President Maduro remained defiant, declaring the defeat of the “anti-Christ” and “terrorists” under the so-called Plan Zamora, a military security plan hastily announced ahead of the march, ostensibly in the name of preserving internal security in the face of an external conspiracy led by the US. Security forces continued with their tactics of using tear-gas and water cannon – and, it appears, live ammunition – to disperse opposition marches. The direct death toll from the latest protests, the most sustained since the first quarter of 2014 (when over 40 people were killed), is now estimated at seven or eight, with several other indirect victims.

In the same breath, Maduro said he was looking forward to regional elections later this year, so as to trounce the opposition; but stressed that the national electoral council (CNE) would not be subject to “bribery”. Having postponed the regional elections from December last year, the government-controlled CNE is currently in the process of re-registering political parties, which appears a barely disguised manoeuvre to reduce political participation and tilt the electoral playing field in favour of the ruling Partido Unido Socialista de Venezuela (PSUV). The comptroller general’s decision to bar Capriles from seeking office for 15 years is another well-used tactic to eliminate the government’s most competitive opponents. The president of the national assembly, Julio Borges, is now also under pressure – with both Maduro and the PSUV vice president, Diosdado Cabello, this week again publicly calling for him to face judicial scrutiny for his ‘illegal’ actions as head of the assembly (currently sitting in contempt of the supreme court).

In response to Maduro, the main opposition coalition, Mesa de la Unidad Democrática (MUD), said it would not sit down with the same interlocutors (in reference to the last failed round of dialogue), and repeated its call for nothing

Luisa Ortega Díaz

For the second time, Venezuela's attorney general, Luisa Ortega Díaz, has come out to tacitly criticise the Maduro executive. In an official statement on 19 April, Ortega underlined both Venezuelans' constitutional right to peaceful protest, and the obligation of the security forces to protect that right. She also urged politicians to address the "complex economic, political and social situation" in the country using "institutional means". The attorney general's rejection of the supreme court's effort to usurp the powers of congress in mid-April as a breach of the constitution will likely go down as one of the defining political moments under President Maduro.

less than an early general election this year. This was backed up again by the secretary general of the Organization of American States (OAS), Luis Almagro, who considers an early general election "the only solution". "You have a coup d'état, you have a dictatorship, you have an absence of fundamental freedoms, you have a judicial system kidnapped by the executive power, you have the complete disarticulation of the legislative power, you have a humanitarian crisis, and for all of this the solution is not regional elections," Almagro told the Miami-based Spanish-language daily *El Nuevo Herald*.

Almagro added that Maduro had a "direct responsibility" for the deaths to date in the latest protests. Condemning again the government's open tolerance of the so-called *colectivos* (gangs of armed government supporters, who have long acted violently with impunity), as well as Maduro's decision to expand the armed Bolivarian militia to half a million, he accused the president of a "discourse of hate, confrontation and conflict".

Almagro, who on 18 April held talks with one of the three international mediators seeking to foster dialogue in Venezuela, the Dominican Republic's former president Leonel Fernández (1996-2000, 2004-2012), said that their talks were "cordial", but that the two "maintained their differences" about how to deal with the Venezuelan crisis. Almagro said that the process led by the three mediators, appointed by the Union of South American Nations (Unasur), and which late last year also had the technical and diplomatic support of senior Vatican emissaries sent by Pope Francis, had simply failed. "The thing is that that phase reached its end. There is nothing more to be done about it. It failed in all its terms. A new phase is necessary," Almagro stated. Almagro also noted that the lead Unasur mediator, Spain's former prime minister José Luis Rodríguez Zapatero (2004-2011), "does not inspire confidence" in the MUD.

Maduro continues to insist that the Unasur-backed dialogue is still on the table, accusing the MUD of walking away from the process. (The MUD quit in protest at the government's failure to follow up on any of its pledges, the Vatican also withdrew on the same grounds). This has allowed Maduro to continue to accuse the opposition of refusing to engage in talks, and of instead seeking to promote instability.

The Spanish government, which had firmly backed Rodríguez Zapatero's efforts, has latterly shifted in tone, hardening its stance following the Venezuelan supreme court's effort to shutter the national assembly and the continuing repressive actions against MUD officials and supporters. In Madrid on 19 April, Foreign Minister Alfonso Dastis and his Mexican counterpart, Luis Videgaray, expressed concern and called for "sanity". Dastis had earlier said that Plan Zamora was "not a good sign". Echoing Almagro, Videgaray called for the "re-establishment of democratic institutions in Venezuela, starting with the celebration of the postponed elections". Mexico, which bases its foreign policy on the principle of non-interference, has taken an unusually strong position on Venezuela at the OAS, prompting Maduro to accuse it of trying to curry favour with the US.

Almagro's aim is to unite a majority of the region behind his call for an early general election. As news came through of further violence at the latest protests, the US Secretary of State, Rex Tillerson, expressed concern that "the government of Maduro is violating its own constitution and is not allowing the opposition to have their voices heard", adding that the US was watching closely and "working with others, particularly through the OAS", to communicate those concerns. Almagro still lacks sufficient support at the OAS to invoke the Inter American Democratic Charter against Venezuela (the first step towards its potential political suspension). In any case, he insists, he does not want to kick Venezuela out of the group. This would be "a last resort", he insists. Maduro, however, appears willing to test the region – and Venezuela itself – to the bitter end.

Farc demobilisation process slow but steady

The United Nations (UN) peace verification mission in Colombia has reported that it has “practically concluded” the process of registering the firearms held by members of the Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrilla group that have adhered to the group’s formal demobilisation process. This suggests that despite persistent doubts, the demobilisation process that began last year with the signing of a peace deal between the Farc leadership and the government led by President Juan Manuel Santos continues to advance. But this progress has not come without some setbacks that are fuelling concerns that the exercise will not deliver a truly lasting peace.

The announcement that the Farc firearm registration process was virtually completed came during the latest progress report on the mission’s work presented by its head, General Javier Pérez Aquino, during a 10 April press conference. “We can say that we have practically finished registering and identifying all the weaponry held in the Farc camps,” General Pérez said. He was referring to the 26 so-called ‘concentration zones’ (ZVTN) established around the country where Farc guerrillas have been ordered to converge as part of the formal demobilisation process under which they agreed to surrender all of their weapons to the UN within 180 days of the signing of the peace deal.

General Pérez said that the mission had identified and registered some 8,000 weapons held by the Farc guerrillas (numbering close to 7,000) who have entered the ZVTNs. He said that “minor details” were holding back the conclusion of the firearm registration process but the UN mission is “ready to receive the Farc’s weapons”, which it will then destroy.

General Pérez went on to say that the UN mission was already “planning” the next stage in the process which also includes the destruction of the weapon caches hidden by the Farc around the country, the locations of which have been given to the mission.

Noting that the UN observers have already received 140 weapons from Farc guerrillas who have joined the tri-partite peace process monitoring and verification mechanism (MMV), which comprises UN, government and Farc representatives, General Pérez said that more than 100 days on since the signing of the peace deal, the peace process was advancing “solidly” thanks to the commitment from both the Farc and the Colombian government to “respect its rules”. He went to add “We can say that the process has had and will have delays but the parties’ commitment...[to it] is strong and irreversible.” This was echoed by Rear Admiral Orlando Romero Reyes, the government’s representative in the MMV. He said that despite the delays experienced in the setting up of the ZVTNs, the government was committed to delivering all of the promised infrastructure necessary (such as living quarters, toilets, and firearms depots) for the process to continue advancing. Rear Admiral Romero also reiterated the government’s commitment to provide supplies, medical attention, and support to all guerrillas in ZVTNs, especially minors (*see sidebar*).

Farc minors

Since the start of the Farc’s demobilisation process, both the Colombian government and the UN have called on the guerrilla group to deliver all of its underage fighters to the authorities so that they can receive immediate attention and support. But the issue became a point of contention as the Farc and the government disagree over the number of underage fighters in the guerrilla group’s ranks. The government claims that these number some 170 but the Farc maintains the figure is much lower. Nonetheless on 10 April three underage Farc fighters were delivered to the authorities in ZVTNs, bringing the total figure of underage Farc members identified so far since September 2016 to 60.

Congress ‘shields’ peace deal

In another positive step for the peace process, on 4 April Colombia’s national congress gave final approval to a transitional bill ‘shielding’ the peace deal signed with the Fuerzas Armadas Revolucionarias de Colombia (Farc). The bill effectively commits the Colombian state to uphold the peace deal for the next three presidential terms. The bill was drawn up by the Juan Manuel Santos government in order to protect the peace deal from attempts by future administrations to withdraw from it. This came after the government abandoned an initiative to give the deal constitutional standing following the defeat of the original peace deal, which included this controversial initiative, in the October 2016 national referendum.

Setbacks

Despite the assertions by the UN mission that the Farc demobilisation process continues to advance, doubts persist as to whether this will actually end the Farc’s insurrection.

Just days before the UN mission delivered its progress report, on 8 April the Colombian military reported that one soldier had been killed and three wounded during an armed attack in the southern department of Guaviare. The attack was attributed to dissident Farc guerrillas who have refused to accept the peace deal and adhere to the formal demobilisation process. According to military reports, the attack took place in a rural area of the Guaviare municipality of El Retorno, when unidentified assailants threw a grenade and fired upon an army patrol. The army attributed the attack to a dissident Farc group led by ‘Gentil Duarte’ (Miguel Botache Santanilla), known to operate in the area.

The Guaviare attack was condemned by President Santos, who once again called on all dissident Farc groups to adhere to the demobilisation process or prepare to suffer persecution by the armed forces.

Meanwhile on 12 April the office of the vice-presidency reported that according to UN figures, 17 human rights activists and community leaders have been killed in the country since the start of the year. The killing of these individuals is a matter of concern given that the Farc has warned that as its units demobilise, associated community leaders and activists around the country could become targets for right-wing paramilitary groups. Pointedly, Vice-president Oscar Naranjo – who has been tasked with ensuring the safety of demobilised Farc guerrillas as they begin to reincorporate into society, as well as that of community leaders and activists associated with the Farc – remarked that “It is worrisome what is happening today in former Farc territories.... What we want is for the Farc to start organising...so that they can start intervening in the social and political life of the country.”

Problematically, for the Santos government the issue of protecting community leaders in a post-conflict scenario has also been brought up by the Ejército de Liberación Nacional (ELN), the country’s second-largest guerrilla group, in its ongoing peace negotiations with the government. Following the end of the first round of these negotiations held in Quito, Ecuador, on 6 April, the ELN put the number of social leaders and activists killed in Colombia since January 2016 at 160. Accusing the government of avoiding its responsibilities in protecting these individuals, the ELN said that providing such protection should be a “minimal guarantee” for advancing the peace process.

PERU | POLITICS

More trouble for ex-presidents

A second arrest order has been issued for US-based former president Alejandro Toledo (2001-2006) while former president Ollanta Humala (2011-2016) and his wife, Nadine Heredia, continue under investigation. Both former leaders are caught up in corruption and campaign-financing allegations involving Odebrecht, the Brazilian civil engineering group.

A first arrest order – calling for 18 months of preventive detention – was issued two months ago by a local judge investigating plea-bargaining testimony by Odebrecht executives, who allege that Toledo took a US\$20m bribe to favour the company with the contract to build the Interoceanic South Highway linking Peru and Brazil.

Toledo

The justice and human rights minister, María Soledad Pérez Tello, has said that “sooner or later” former president Toledo will have to face charges in Peru. She added that the arrest orders had been submitted to the US authorities for extradition proceedings and that “I am ashamed as a Peruvian to see that the former president is using the necessary and lengthy legal proceedings in the US in an attempt to evade justice”.

The second arrest order issued this week – also for 18 months’ detention – relates to the separate, but potentially connected, Ecoteva case. This dates back to 2013 when it was discovered that Toledo’s mother in law had purchased a house and an office in Lima for around US\$5m, using funds from Ecoteva, a company registered in Costa Rica.

Toledo has given contradictory accounts of where the Ecoteva funds originally came from, and investigators suspect that they too may have been Odebrecht money. The second arrest order also names Toledo’s wife, Eliane Karp (a US citizen), and two Israeli citizens (one of whom was head of Toledo’s security team during his time in office). Toledo, who lives in California, has denied the charges. His lawyer has rejected the validity of the two separate arrest orders as they amount to “double incrimination for the same events”. His defence also claims that Toledo is suffering political persecution.

Meanwhile, the position of former president Humala, who is also implicated in the Odebrecht allegations, remains complicated. Humala, who is still in Peru, faces a specific charge by former Odebrecht Peru executive Jorge Barata that he accepted an illegal US\$3m campaign contribution from the company during the 2011 presidential campaign.

Humala says he never received that money but that he is cooperating with the investigation. Referring to allegations that his campaign received illicit donations at the request of former Brazilian president Lula da Silva (2003-2011), Humala has said he had “an ideological, but not an economic proximity” with the Brazilian leader.

Nadine Heredia who is also implicated in the allegations, faces the continuing attention of local courts. On 18 April an appeals court lifted a previous ruling preventing her from leaving the country. However, on the same day a judge turned down an appeal to exclude her now notorious diaries as evidence. The former first lady’s diaries – which she says were stolen from her – contain what prosecutors say are details of illicit campaign contributions made not only at the request of Lula in 2011, but also by the late Venezuelan leader Hugo Chávez in the earlier 2006 presidential campaign. Heredia’s lawyer has accused the judge of being biased against his client.

Boost for Kuczynski

President Pedro Pablo Kuczynski has benefited from a major month-on-month surge in his popularity ratings, according to a survey conducted by the national pollster Ipsos for the national daily *El Comercio*. The poll showed Kuczynski’s approval rating soaring by 11 percentage points from 32% in March to 43% in April. Its finding appears broadly consistent with an earlier Datum poll that put Kuczynski’s latest approval rate at 45%.

Approval ratings in the Ipsos poll were highest among the top socio-economic sectors (65% for the upper income ‘A’ group, falling to 55% for the upper-middle ‘B’ group, 49% for the middle ‘C’ group, 35% for the lower ‘D’ group, and 31% of the bottom ‘E’ group). Ipsos also reported that the leader of the right-wing opposition Fuerza Popular (FP, Fujimorista), Keiko Fujimori, had a 41% approval rating.

Kuczynski’s remarkable ‘bounce’ has been attributed to his response to the wave of El Niño floods and mudslides which since the beginning of the year have left 113 people dead, damaged over 1m houses, and swept away some 2,500km of roads. Kuczynski has estimated that total losses are as high as US\$9bn.

On 18 April Kuczynski submitted a bill to congress to aid reconstruction efforts. He said the government and private sector would collaborate to rebuild and improve key infrastructure. Citizens would contribute their efforts while the government would ensure “good planning, zero corruption, transparency and responsibility”.

Lenín Moreno, president-elect

Ecuador's national electoral council (CNE) has formally declared Lenín Moreno of the ruling Alianza País (AP) party the country's new president-elect, after concluding a partial recount of the votes cast in the 2 April presidential run-off election.

The outgoing President Rafael Correa tweeted the news exactly eight minutes before the CNE officially made its statement on national television. Correa delighted in the news that Moreno had managed to increase his winning margin by a minute fraction in the recount, at cost to his rival Guillermo Lasso, of the centre-right Movimiento Creando Oportunidades (Creo) party, who had demanded a full recount, alleging fraud. "The only frauds here are CREO", Correa sneered.

According to the CNE, the final result was 51.16% for Moreno and 48.84% for Lasso, virtually unchanged from its initial tally of 51.15%-48.84%. Of a total electorate of just over 12.8m, just over 10.6m voters turned out, the CNE reported. Of the valid votes, the AP took 5.06m and the Creo-Suma alliance 4.83m. In the recount, Moreno increased his vote tally in five provinces and in one district abroad. Lasso lost ground in 13 provinces, remained stable in nine and gained ground in five.

The CNE president, Juan Pablo Pozo, said that the electoral authority would never be an accomplice to fraud. He lamented the fact that "certain political actors, with strategies of lies and infamy", had tried to delegitimise the electoral process. Pozo noted that the recount was observed by 3,000 delegates in all, including 24 international observers from the Organization of American States (OAS); 600 delegates from the AP; 985 representatives of civil-society, industry chambers, trade unions, local governments and the diplomatic corps; 649 police and military offices; 25 officials from the Instituto Geográfico Militar (IGM); 629 CNE workers; and 100 journalists. No delegates from Creo-Suma attended, he said. Pozo said it was "unprecedented" that the same organisation that had demanded a recount had declined to attend, and had also asked the Tribunal Contencioso Electoral (TCE) electoral court not to allow the process.

Creo had rejected the proposal of a partial recount (of just over 3,800 ballots) as "a manoeuvre" by the government to "legitimise the process". Lasso's vice-presidential runner, Andrés Páez, has submitted a request for an investigation before the attorney general's office, declaring the recount "a farce", citing the "well ironed" ballots as evidence of irregularities.

In a defiant press conference in Guayaquil on 19 April, Lasso declared that Creo would "never recognise the candidate declared the victor by the electoral authority...this will be a leader without a mandate, the successor to a dictator". The electoral process was "full of illegalities from the start", Lasso said, and Ecuador had suffered an "institutional and democratic blackout". But Lasso's complaints are going nowhere. The TCE rejected Creo's complaint against the recount, prompting Lasso to accuse it of "closing the door on democracy", but the attorney general's office almost certainly will follow suit. Neither has Lasso any support internationally. The OAS and most regional governments accepted the result even before the partial recount.

Ahead of the new government's investiture in May, Ecuador's political scene is now very polarised. This will complicate life for Moreno, who won't enjoy the strong congressional majority enjoyed by Correa, and who inherits a weak domestic economy. With international oil prices still relatively low, the Moreno administration will struggle to deliver on his social spending pledges. As the second-largest force in congress, the temptation for Creo and its allies will be to block the 'illegitimate' new administration from the start.

Villavicencio in Peru

The Ecuadorean opposition political activist Fernando Villavicencio has requested political asylum in Peru, according to the Instituto Prensa y Sociedad Peruano (IPYS). In January 2014, Villavicencio was sentenced by the Ecuadorean courts to 12 months in prison and ordered to pay a fine of US\$140,000 (along with three others) for slandering President Rafael Correa. Three months later, the Inter-American Court of Human Rights issued precautionary measures in favour of the four and asked Ecuador to suspend the sentence. Ecuador refused. Villavicencio attempted to run for the national assembly in the February general elections for Creo-Suma, but his candidacy was disallowed. Villavicencio's new book, *'El Feriado Petrolero'*, published in March, alleges major corruption linked to the state-controlled oil firms under Correa.

TRACKING TRENDS

Integrational abyss

Regional integration as it stands is “a path to the abyss”, Ecuador’s coordinating minister for knowledge and human talent, Andrés Arauz, said during a conference in the Bolivian capital of La Paz this week entitled ‘Towards diversification of the productive matrix for Bolivia and Ecuador’. Arauz said that current integration models encouraged competition between countries to attract foreign capital rather than cooperation. He said the word ‘integration’ needed to be “reappropriated” and a new pact struck across the region on minimum social, fiscal and labour conditions in trade.

BOLIVIA | Booming growth. On 12 April Bolivia’s central bank (BCB) predicted that the country’s economy would grow by 4.7% this year. If fulfilled, the BCB’s 2017 growth forecast would make Bolivia the fastest growing economy in South America for the second year running, having posted GDP growth of 4.3% in 2016 on official figures. Meanwhile the BCB’s 2017 inflation forecast is that this will fall to around 5%, one of the lowest and more stable inflation rates in the region.

COLOMBIA | Sugar price deal. Colombia’s finance minister, Mauricio Cárdenas, announced last week that the fiscal policy council (Confis) had approved a proposal made by the local sugar-cane growers’ association (Asocaña) to reduce the national tax on imported sugar by five percentage points to 10%.

The deal was arrived at after negotiations between Asocaña, the national executive, and Confis aimed at reducing the price of the staple food, which has been driving up the consumer price index (IPC). Since last year the government had been trying to convince Asocaña to agree to a reduction in the import tax as a way of easing the inflationary pressures on the IPC. But Asocaña was reluctant to agree to this, pointing out that the import tax is key to protecting domestic sugar-cane producers.

However, in the end the growers accepted a reduction in the import tax after recognising that it would have an immediate impact on the domestic price of sugar. In a statement, Cárdenas said that “Reducing protectionism is good for consumers”, adding that the deal would force the down the price of sugar in the domestic market.

COLOMBIA | Green vehicles import quota. Colombia’s finance minister, Mauricio Cárdenas, announced last week that the fiscal policy council (Confis) has approved plans to increase the import of electric and hybrid motor vehicles this year.

In a statement Cárdenas said that Confis had approved the plans to allow the import of up to 46,000 such vehicles this year and to set a reduced 5% value-added tax (VAT) rate for their purchase (down from the normal 35% VAT levied on the sale of personal vehicles).

Cárdenas said that the initiative was part of the government’s efforts to improve air quality in Colombia. “We have taken a giant step towards improving the quality of air in the country and the fulfilment of international commitments to reduce CO2 emissions,” Cárdenas said.

Cárdenas added that Confis also approved the possibility of importing equipment for charging the batteries of electric and hybrid cars more rapidly, tariff free.

Cárdenas’s announcement comes after Colombia’s second city of Medellín was forced to declare an environmental emergency on 25 March and impose restrictions on the circulation of motor vehicles after air pollution reached alarming levels.

PERU | Works for taxes. On 18 April Peru’s prime minister, Fernando Zavala, said that the government hopes to attract PEN1bn (US\$303m) of investment to public works reconstruction projects in areas affected by the recent heavy flooding via its ‘works for taxes’ scheme.

The scheme offers significant tax breaks to any private firms that carry out public infrastructure works in the northern and central areas of the country affected by the floods and landslides resulting from the heavy rains produced by the ‘El Niño Costero’ climatic phenomenon since December 2016 [[WR-17-13](#)]. Noting that the scheme is now fully operational, Zavala said that the idea is for “the private sector to work in some big projects for the benefit of the country”. Adding that he expected that the reconstruction works may take up to three years, Zavala said that while this will start this year, it will be in 2018 that “a lot of projects will be executed”.

Disillusionment grows as graft probe deepens

Brazil's supreme court (STF) has lifted the lid on the Pandora's box of Brazilian politics. On 4 April, the STF published the names of over 100 leading legislators and politicians suspected of receiving bribes or favours from local engineering company Odebrecht. This has brought Brazil's political establishment into disrepute and further destabilised the current administration led by President Michel Temer.

Just before Easter, STF Justice Edson Fachin released over 500 gigabytes of footage implicating dozens of leading politicians and legislators from the last 30 years in the Odebrecht corruption scheme. This represents an important milestone for Brazil's biggest ever anti-corruption probe, 'Operation Car Wash', since the highest court has finally approved federal prosecutors' findings and lifted the seal of secrecy on these. While some of the evidence from the Odebrecht scheme had already been leaked to local media over the past few months, the STF's decision to make videos from the plea bargaining testimonies widely available has reinforced the public perception that government corruption is endemic.

Details about how legislators and politicians have filled their pockets with public money has stoked a growing sense of public outrage. In an interview with local media outlet *TV Band* on 15 April, President Temer said that he shared the public's sense of "indignation" and called the results of the investigation "shocking",

However, few are convinced by Temer's attempts to distance himself from the scandal. The president has been personally implicated in the Odebrecht scandal for allegedly receiving US\$40m in illicit electoral campaign donations for a 2010 Partido do Movimento Democrático Brasileiro (PMDB) campaign according to former Odebrecht executive, Márcio Faria. Temer, who enjoys immunity from prosecution until the end of his presidential term in 2018, has dismissed Faria's testimony as "an absolute lie".

While the STF investigations will not topple Temer directly, it could erode his support base. A third of his ministerial cabinet including one of his most trusted advisors, chief-of-staff Eliseu Padilha (PMDB), have all been caught up in the probe. Asked whether he would dismiss those tarred with the brush of corruption on 13 February, Temer told local media that no one would be forced to stand down until the STF presses formal charges. However, Temer conceded that the allegations could prove "very uncomfortable" for some ministers and "force them to hand in their notice", Temer told *Rádio Jovem Pan*.

Besides implicating members of Temer's cabinet, the STF's investigation has unsettled the federal congress. Almost a third of Brazil's 594-seat bicameral national congress is currently under investigation as part of the Odebrecht graft scheme including the presidents of the upper and lower chamber, Eunício de Oliveira (PMDB) and Rodrigo Maia from the government allied right-wing Democratas (DEM) party, respectively, both of whom have been instrumental in advancing the government's legislative agenda. The prospect of losing the government's support base in congress could not come at a worse time for the Temer administration as it attempts to push through key labour and social security reforms.

What happens next depends on how quickly the STF moves to press charges. Historically, STF investigations tend to move at a glacial pace since its handful of justices have to deal with a huge backlog of enquiries. But the Odebrecht case, being in the public interest, could be treated differently. In an unprecedented move, on 17 April, STF president Cármen Lúcia Antunes created a special task force to aid Fachin, the justice charged with overseeing the 'Car Wash' enquiries, speed up proceedings.

US judge orders Odebrecht to pay US\$2.6bn
US Federal Judge Raymond Dearie ordered Odebrecht to pay a US\$2.6bn fine as part of a plea bargaining deal with Brazilian, Swiss, and US authorities. The verdict comes after Odebrecht admitted to distributing bribes in 12 different countries in December 2016, but the company still has to settle with authorities from the remaining nine countries.

Lula calls for reinforcements

Brazil's former president, Lula da Silva (2003-2011), has summoned 87 witnesses to aid his defense case for corruption allegations concerning a plot of land he bought in São Bernardo, São Paulo state. Federal Judge Sergio Moro called the number of witnesses summoned by Lula "exaggerated" but granted the accused's request on the condition that Lula sits through all the testimonies from start to finish. Lula was less than enthusiastic about the prospect of spending even more time in Moro's court located in the city of Curitiba, Paraná state, at a time when he is trying to run a re-election pre-campaign on the other side of the country.

Odebrecht: oiling Brazil's political machine

Besides discrediting Brazil's political elite, the STF investigations has also brought shame on local businesses by shedding new light on hidden dealings between Brazil's public and private sectors. For example, in one video released by the STF, Marcelo Odebrecht, the former CEO of the eponymous firm, admits to bribing politicians to approve a series of provisory measures which would benefit the firm. In one such deal, Marcelo Odebrecht claims he paid R\$50m (US\$15.9m) to the 2010 electoral campaign for former president, Dilma Rousseff (2011-2016), so that the Partido dos Trabalhadores (PT) government of the time could approve a tax breaks scheme for local firms known as, 'Refis da crise'.

Instead of dishing out bribes ad hoc, Odebrecht developed a special bribery department, using black market dealers, offshore accounts and shell companies to make their political donations more difficult to trace. As Odebrecht's bribery operations became more institutionalised, demand for these grew. Eventually, bribes were seen as less of a political favour and more of a standard business procedure. Hardly "anyone in Brazil has got elected without using illicit campaign funds", Marcelo Odebrecht tells prosecutors in one video, painting a very dark portrait of the inner workings of Brazilian politics.

Over the past 30 years, Odebrecht has admitted to distributing out tens of millions of US dollars to various political campaigns from Brazil's three main parties: the ruling PMDB, the leftist and now-opposition PT, and the centre-right opposition Partido da Social Democracia Brasileira (PSDB).

Odebrecht executives allegedly helped out two former presidents during 13-years of PT rule. In one video, Odebrecht said he donated between R\$35m-40m (US\$11.1m-12.7m) to the political campaign of former president Lula da Silva (2003-2011) via his former finance minister Antonio Palocci (2003-2011). Similarly, Odebrecht said he donated R\$100m (US\$31.9m) in undeclared funds to Lula's chosen successor, Rousseff, via her finance minister, Guido Mantega (2006-2011).

Far from being satisfied with Odebrecht's political donations, politicians reportedly became greedier every year. "I remember sometimes telling him [Lula], your people want the maximum amount and my people want to pay as little as they can. I already told my people to come to the best agreement and I ask you to speak with your people to relieve the pressure", said former Odebrecht CEO, Emílio Odebrecht (1991-2002), Marcelo's father, in his plea-bargaining testimony.

Both Lula and Rousseff refute the allegations and will fight to clear their names in court later this year. In an interview with local *Rádio Metrôpole*, on 13 April, Lula said the accusations were both "unlikely" and "surreal" and he did not know whether to "laugh or cry". He accused Marcelo Odebrecht, jailed in 2015, of "eating the bread of the devil" and making up stories to "leave prison early". Meanwhile, Rousseff, speaking at a conference jointly hosted by Harvard University and the Massachusetts Institute of Technology (MIT) University on 8-9 April argued that herself and Lula are victims of political persecution and implied that prosecutors may lock up Lula on corruption charges to stop him running for re-election in the 2018 general elections.

The Odebrecht testimonies have been equally damaging for the PSDB. Former president Fernando Henrique Cardoso (1995-2003) allegedly received "unfair, unregistered advantages" from the firm in his 1993 and 1997 electoral campaigns, Emílio Odebrecht said in his testimony. Cardoso has denied any wrongdoing and said on his *Facebook* page he would clarify "everything" and that he had "nothing to hide and nothing to fear".

Besides muddying the waters of past administrations, the Odebrecht testimonies could lower the chance that a PSDB candidate will win the 2018 presidential election. Three of the party's main presidential contenders, PSDB party president, Senator Aécio Neves (who is the subject of five separate enquiries), former foreign minister José Serra (2016-2017), and the former governor for São Paulo state, Geraldo Alckmin (2001-2006), have all been accused of receiving millions of US dollars for their respective political campaigns.

Tax authority closes the files

A decision by Chile's tax authority – Servicio de Impuestos Internos (SII) – to close some investigations into corporate tax fraud connected to illicit party political contributions has been criticised as being part of a cover-up, a charge which the SII denies.

The decision relates to two high-profile cases of alleged illicit contributions to political party campaign funds channelled through the Chilean companies Penta and Sociedad Química y Minera de Chile (SQM). The schemes involved the creation of a trail of fictitious invoices that allowed companies both to channel funds to political parties and at the same time to evade taxes fraudulently. The scheme that operated through Penta, a diversified company with interests in insurance, finance, health and real estate, largely but not exclusively benefited the right-wing opposition Unión Demócrata Independiente (UDI). It first came to light in 2013.

The other major case running almost in parallel involved SQM (also known as Soquimich), a Chilean chemicals and mining group with interests primarily in potassium and lithium. Here, beneficiaries were more widely dispersed and included parties within the ruling centre-left Nueva Mayoría coalition. A number of senior executives and politicians have been investigated as part of the two cases, which overlap.

SII has taken the decision to close its tax investigations into a number of companies that were involved (*see sidebar*). They have reportedly been offered the opportunity to admit the charges and pay a fine, or face continued investigation and legal action.

According to SII sources, fines are being levied at 50% to 300% of the amount of tax evaded, and if all companies agree to pay the fines SII will receive around Ch\$1bn (US\$1.5m). While the option of imposing fines is widely used by tax authorities around the world, Chile's prosecutors have protested vigorously at this move.

Jorge Abbot, Chile's national prosecutor, says that by closing the cases SII is in effect legally blocking further related investigations, for example, into the illicit campaign contributions. Investigations into illicit campaign contributions that have already been opened can continue, but most are effectively being cut short. In Chilean law the prosecutor's office (Ministerio Público) cannot pursue cases that have been closed by SII. Abbott's objection is that this amounts to unequal treatment, as crimes where there has been an element of tax fraud are likely to be dealt with more leniently than others.

Deputy Hugo Gutiérrez of the Partido Comunista de Chile (PCCh), part of Nueva Mayoría, took up the theme, saying that SII director Fernando Barraza was granting impunity to "the criminals who wear suits and ties". From the other end of the political spectrum Manuel José Ossandón, a senator and former member of the right-of-centre Renovación Nacional (RN), part of the opposition Chile Vamos coalition with the UDI, said that 17 April, the day the SII decision was taken, would be remembered as "Chilean corruption day".

Ossandón, who is running as an independent presidential candidate in this year's elections, said the SII had sent a "perverse" signal which showed that all major parties were complicit in their desire to close down investigations. SII director Barraza has responded denying that he took the decision under any form of political pressure.

Tax investigations

According to the Chilean press, the list of companies into which SII has taken the decision to close its tax investigations includes BCI, Eccsa (Ripley) Copec, Inversiones Siemel, Abastible, Watt's, Forestal Arauco, Celulosa Arauco, Corpbanca, and Inversiones Caburga.

Uruguay: 2017 growth

Several economic analysts reacted to the positive annual growth figures in Uruguay released by the national statistics institute (INE) in late March, and hailed by the country's economy and finance minister, Danilo Astori, to increase their GDP growth predictions for 2017, forecasting growth of between 2% and 3%.

CHILE | Impact of Escondida strike. The latest figures for the monthly economic activity index (Imacec) released by Chile's central bank (BCCh) showed a 1.3% decrease in economic activity in February 2017 compared with the same month a year ago, its worst performance since the 2009 financial crisis, largely due to the strike at Chile's Escondida copper mine (which is majority controlled by Australia-based BHP Billiton), the world's biggest mine. The same figures showed that the mining Imacec was down by 17% while the non mining Imacec was up by 0.2%.

The Escondida strike was settled after 43 days on 23 March. The Sindicato Escondida 1 (SE1) union went on strike on 8 February [WR-17-07] demanding a 7% salary increase; a Cl\$25m (US\$39,000) bonus per worker; the provision of equal benefits to new employees as those enjoyed by long-time workers; and for work contracts to last three years. The company's counter-offer was a Cl\$8m (US\$12,300) bonus, with no wage increase.

The strike ended after SE1 invoked a legal provision (Art.369) of the labour code which allows for the conditions of the workers' old contract (which began on 1 February 2017) to be extended for 18 months (meaning a new agreement must be reached in June 2018). An SE1 statement estimates that, with operations at the mine still in the process of being normalised, losses for BHP will end up being in excess of US\$1bn.

URUGUAY | Firm grip on slippery eel. Uruguay's economy and finance minister, Danilo Astori, celebrated figures released by the national statistics institute (INE) last week showing that 12-month inflation in the country in March fell to 6.71%. The government has stubbornly published a target range significantly lower than official inflation levels for years, prompting constant criticism from the political opposition that this is illusory. But, one year after inflation burst threw the psychological barrier of 10% for the first time since the ruling left-wing Frente Amplio (FA) coalition came to power in 2005, it has finally fallen within the government's target range of between 3% and 7%.

"For the first time in seven years, inflation is within the target range," Astori said, attributing the achievement to various reforms to monetary policy in the second half of 2016, and fiscal prudence. The lower rate of inflation means that the FA's rebellious ally, the Plenario Intersindical de Trabajadores-Convención Nacional de Trabajadores (PIT-CNT) trade union movement, will not be able to exert as much pressure on the government led by President Tabaré Vázquez when it comes to salary negotiations.

Astori also maintained that the economy was in fine fettle, expanding by 3.4% in the final quarter of 2016, bringing annual GDP growth to 1.5%, tripling expectations. "Uruguay has managed to differentiate itself notably from the situation of its neighbours," Astori said. "It has diversified its markets...sources of foreign investment and created an undeniable financial solvency".

Uruguay's central bank (BCU) announced on 23 March that the economy had expanded by 1.5% in 2016, compared to 0.4% in 2015. The figures surpass what many economic analysts had estimated, and the expansion is attributed to a strong second half of 2016 when there was a generalised recovery over different sectors of the economy, excepting construction.

The main factors behind the economic expansion were consumption and investment combined with reduced imports due to substitution of imported goods for local production. Household consumption increased by 0.7% compared to a 0.5% reduction in 2015, and investments expanded by 0.9%, compared to a significant 9.2% reduction in 2015. This was mainly attributed to large public investments in infrastructure.

Uruguay's positive GDP growth figure stands out in marked contrast to many other countries in the region and, notably, its neighbours, as Astori pointed out. Argentina and Brazil registered economic contractions of 2.3% and 3.6% respectively in 2016.

Duarte captured in Guatemala

For around five minutes the portly man detained in a corridor near the lobby of the La Riviera hotel in the tourist resort of Lake Atitlán in Guatemala denied his identity, but eventually admitted “Yes, gentlemen, I am Javier Duarte”. Thus on 15 April ended five months on the run for the former governor of Mexico’s Veracruz state, who faces multiple charges of corruption and association with organised crime. As Mexico begins extradition proceedings, the political repercussions will continue to reverberate for some time yet.

The Javier Duarte story has at least three major dimensions. One is the impact on his home state of Veracruz, which he governed from 2010 to 2016 and which is still trying to recover from the large-scale pillage of public funds and the almost free rein that was given to organised crime. The second dimension is the impact on Mexico’s ruling party – the Partido Revolucionario Institucional (PRI) – of which Duarte was once a prominent member and supposed moderniser. In June the PRI faces state and gubernatorial elections: the scandal over Duarte could prove to be electorally costly for the party of President Enrique Peña Nieto. The third dimension concerns the future role of state governors in Mexico – a level of government which to date appears to offer a unique level of impunity and to attract a disproportionate number of wrongdoers.

Duarte’s six years as governor of Veracruz are widely considered to be a terrible period in the state’s recent history. The first reports of corruption began in 2012 when two opposition parties, the right-wing Partido Acción Nacional (PAN) and the left-wing Partido de la Revolución Democrática (PRD), accused governor Duarte of illegally diverting state funds to aid the PRI’s national election campaign.

There were reports that drug trafficking organisations (DTOs) had moved in greater force into the state and were operating freely. Violent crime and homicides increased sharply. A number of clandestine burial grounds have since been found in the state, including one reputed to be the largest in Latin America: Colinas de Santa Fé near the port of Veracruz, where over 250 skulls and other body parts, mainly of young men and women, have been discovered. Miguel Ángel Yunes, the new governor who was elected last year to succeed Duarte at the head of a PAN-PRD coalition, says that 70% of homicides in the state are now caused by gang-on-gang violence; he has also recognised that the cartels have infiltrated the state police force.

There is growing evidence that from an early stage Duarte began systematically plundering Veracruz state funds, using a variety of techniques including awarding multi-million dollar contracts to shell companies he controlled, for work that was never done. There is still no definitive information on the scale of the theft. The federal attorney general’s office (PGR) says at least M\$233m (US\$12.5m) was siphoned off. But the federal audit office (Auditoría Superior de la Federación – ASF) says it has evidence that the real total could exceed M\$60bn (US\$3.2bn). Duarte is widely reported to have bought a network of luxurious properties in the US and Europe.

Given the Veracruz background it is understandable that Duarte’s capture after five months on the run was widely welcomed across the state. Governor Yunes said there should be no pardon for Duarte and his associates: they would have to face the charges and “pay back everything they stole from the state”. Yunes said that he personally had recovered over M\$1.2bn (US\$64m) “which today belongs to the people of Veracruz and will be invested in improving local hospitals”.

Violence against journalists

Local journalists who criticised Governor Javier Duarte became the victims of violent attacks. Lobby groups such as Amnesty International and Reporters Without Frontiers said Veracruz had become one of the most dangerous places in the world for reporters. During Duarte’s time in office 19 journalists were murdered and another eight “disappeared”.

Impact on elections

The most important of the gubernatorial elections this June is being held in the Estado de México (Edomex), a state of 16m inhabitants that is traditionally seen as a loyal PRI stronghold. Defeat, or a significant fall in the margin of victory for the PRI's candidate, Alfredo del Mazo Maza, would be taken as an ill omen for the party in the subsequent June 2018 presidential race, in which it is already trailing.

President Peña Nieto has welcomed the arrest of both Duarte in Guatemala and of Tomás Yarrington, a former governor of Tamaulipas (1994-2005), wanted on money laundering charges, who was captured last week in Italy [[WR-15-14](#)]; the Mexican and US governments agreed on 19 April that Yarrington would be extradited to the US first to face charges levelled against him there. Peña Nieto said their arrest was “a firm message from the Mexican state against impunity”.

Duarte was in fact expelled from the PRI in October last year, just as the first arrest orders against him were being issued. It will nevertheless be hard for Peña Nieto and the PRI to escape political embarrassment and pointed questions over their earlier support for the rogue governor. When Peña Nieto was campaigning for the presidency in 2012, he praised Javier Duarte, along with governors Roberto Borge (Quintana Roo) and César Duarte (Chihuahua) as “young representatives of a new political generation within the PRI”. Almost five years on all three have been disgraced. Rather than modernisers, they now are seen as dinosaurs, representing the worst of old-style authoritarian and corrupt PRI rule.

Apart from the notorious former Veracruz governor, Borge (2011-2016) is under investigation for illegal land sales and fraud, and César Duarte (2010-2016) is on the run, wanted on charges of illegal enrichment and association with organised crime. Late last year Peña Nieto was asked whether he remembered endorsing the three disgraced governors from his party. He replied, “I can't remember alluding to them, but perhaps at some moment I did.”

The immediate danger for the PRI is that it will suffer a punishment vote. On 4 June there will be gubernatorial elections in Estado de México (Edomex), in Coahuila and in Nayarit, as well as municipal elections in Veracruz itself. These will be the last elections before the 2018 presidential race in June next year (see sidebar). Peña Nieto is trying to argue that having corrupt governors is not a problem unique to his party. “The political cost applies to all parties. Sadly, there is not one party that can say that it hasn't had members facing charges from the judiciary,” Peña Nieto said late last year.

It is clear that there is a systemic problem concerning the behaviour of Mexico's governors. Lobby group Instituto Mexicano para la Competitividad (IMCO) has pointed out that between 2000 and 2013 Mexico had a total of 63 governors in power serving various different terms in office (there are 32 states in the country including Mexico City). In that period the press reported 71 allegations of corruption against 41 – well over half – of these governors. Of the 41, only 16 were actually investigated, and of those, only five were found guilty.

This week another lobby group, Mexicanos Contra la Corrupción y la Impunidad (MCCI), said there are now 11 former governors under investigation, and seven of them are in jail. PRI governors are proportionately over-represented in that group, but there are also some members of other parties, such as Guillermo Padrés, the former PAN governor of Sonora (2009-2015) who is charged with illicit enrichment. MCCI president María Amparo Casar makes a key point: she says that an analysis of all the outstanding cases suggests that “there are large corruption networks that exist to divert public funds, and it is clear that a portion of political power in this country is linked to organised crime in general, and to drug trafficking in particular”.

Alberto Olvera, an academic at Universidad Veracruzana, puts the problem of gubernatorial impunity in an historical perspective. He notes that after the PRI lost its seven decades-long ruling hegemony in Mexico in the presidential elections of 2000 when the PAN took control of the federal government, the former ruling party “took refuge in the state governments, most of which it continued to control”.

The need to diversify export markets

The negotiations on updating the ACE6 deal come about amid the persistent uncertainty in Mexico that the prospect for Mexican exports are negative due to US president Donald Trump's determination to renegotiate the terms of the North American Free Trade Agreement (Nafta) in order to make them more favourable for the US, and the negative effects that the United Kingdom's decision to leave the European Union (EU) could have on global economic demand in general. Taking these points into consideration, Baker emphasised that the Mexican government considers it important to improve and deepen regional trade integration and trade relations.

The newly elected PAN had favoured greater decentralisation of public spending. As an unintended consequence of devolved budgets, Olvera argues that the PRI was able "to preserve authoritarian niches of political power at state level, and use them to fund national electoral campaigns". Governors found they had wide discretion over the management of funds. Many struck agreements with local DTOs to fund their administrations, enrich themselves, and consolidate their power bases.

Olvera suggests that Duarte's main failure in Veracruz, in the eyes of the PRI, was really to have lost last year's elections. Ironically, he says, it is now the federal government "which tolerated Duarte's brutal corruption for almost six years" which is now moving to bring him to trial, and doing so only a month and a half before another set of key state elections. Olvera warns that bringing Duarte to justice will not of itself remove entrenched state-level corruption.

TRACKING TRENDS

MEXICO | Repatriation of assets. On 18 April, Mexico's tax authorities (SAT) reported that thanks to its concessionary tax scheme designed to promote the repatriation of assets held by Mexican nationals abroad, M\$3bn (US\$161m) have already been successfully repatriated and deposited in the local financial system. The government launched the undeclared asset repatriation scheme in January, saying that its aim was to boost the tax take and attract investment following the example of other countries such as Argentina, which launched a similar scheme last year and succeeded in repatriating billions of US dollars in undeclared assets.

Under the scheme, which ends in June, individuals will only pay an 8% tax on any undeclared assets held abroad instead of the 35% tax rate normally levied on financial profits, as long as the repatriated assets are directed to investments in things like fixed assets and real estate for at least two years. Lisandro Núñez, the SAT's director of tax collection, said that the scheme has already generated some M\$215m in additional tax revenue for the government. While Núñez admitted that it is still early to assess the success of the scheme, he said that he was optimistic about the results so far as he expected that a lot more assets would be repatriated before the end of the scheme. Some local analysts have criticised the scheme, arguing that it is currently considered risky to invest in Mexico given the uncertainty over its economic prospects as the country prepares to renegotiate the terms of the North American Free Trade Agreement (Nafta) and amid fears that its economic relations with the US will be negatively affected by the election of Donald Trump as the new US president. They argue that under these circumstances, holders of undeclared assets would be more reluctant to repatriate them at this time. However, Núñez has emphasised that under the scheme assets can be invested in fixed financial instruments denominated in foreign currencies, which could help mitigate the risk of investing in pesos. While Núñez noted that the government has not set any target figure for the repatriation of assets under the current scheme, a similar scheme offered last year resulted in the repatriation of M\$6.6bn. The success or failure of this year's scheme will be measured against this yardstick.

MEXICO | Updating trade deal with Argentina. On 17 April, Mexico and Argentina launched the second round of negotiations aimed at updating their existing bilateral trade agreement (ACE6) in Argentina's capital, Buenos Aires. Signed in 1986, the ACE6 currently covers 35% of all bilateral trade exchanges but last year both countries expressed a willingness to increase and deepen the scope of the agreement to help boost bilateral trade, which reached US\$2.6bn in 2016. The Buenos Aires negotiating round, which concluded on 20 April, comes after the first negotiating round was held in Mexico in November 2016. Mexico's deputy trade minister, Juan Carlos Baker, said that the aim of the negotiations is to modernise the deal and improve the tariff preferences of goods which are already covered and incorporate new products. Argentina is interested in incorporating agricultural and agro-industrial products, whereas Mexico's focus is principally on incorporating manufactured goods, pharmaceutical and chemical products, and textiles as part of its ongoing efforts to diversify its export markets (*see sidebar*). Baker expressed optimism about the negotiations, suggesting that these could be concluded by the end of the year or early next year.

Odebrecht committee

On 14 March, national assembly president Rubén De León swore-in 11 members of a special investigating legislative committee to look at the circumstances surrounding the awarding of public works infrastructure contracts under the current government led by President Juan Carlos Varela and his immediate predecessors – Ricardo Martinelli (2009-2014) and Martín Torrijos (2004-2009). This was in response to the public outrage caused by the Odebrecht corruption scandal. The committee – whose members are deputies from a range of parties – is due to present a report before the national assembly within 90 days, although the time frame can be extended for a further 90 days.

CENTRAL AMERICA & CARIBBEAN

PANAMA | POLITICS

Institutions suffer further credibility blow

The recent decisions by Panama's supreme court (CSJ) to shelve three criminal complaints filed against the president of the 71-member unicameral national legislature, Rubén De León of the opposition Partido Revolucionario Democrático (PRD) party, and other national legislators, is serving as the latest source of outrage among local civil-society groups. It has cast further doubt on claims by President Juan Carlos Varela that tackling government corruption remains a priority for his administration. The CSJ's decisions come as the country's institutions are already under scrutiny following revelations that emerged at the end of last year that Brazilian engineering firm Odebrecht paid over US\$59m in bribes to local officials between 2010-2014 during the Ricardo Martinelli administration (2009-2014) [[WR-17-04](#)].

The criminal complaints relate to alleged irregularities involving the management of donations (which the local press reports amounts to some US\$14m) along with contracts for public services (worth some US\$68m) authorised by the national assembly between 1 July 2014 – when President Varela took office – and December 2016. The allegations led Comptroller General Federico Humbert to order an audit of the donations and contracts in question on 8 March, which a seven-member team from Humbert's office began analysing five days later. A three-member legislative commission has also been set up to look into the claims.

On 4 April, the CSJ announced its first decision in relation to two complaints, filed by local lawyer Ernesto Cedeño on 15 March and another lawyer Alexis Sinclair on 22 March. Cedeño accused De León of alleged crimes against public administration, embezzlement, and illicit association, while Sinclair made similar accusations against De León as well as Humbert. On 29 March a local anti-corruption advocacy group, Juntos Decidimos, presented its own complaint before the CSJ against 13 national deputies, including De León, for crimes against public administration in relation to the same case. The CSJ threw out this complaint on 17 April.

These rulings by the CSJ have prompted outrage from civil-society groups such as Juntos Decidimos, the Fundación para el Desarrollo de la Libertad Ciudadana, (the local branch of international anti-corruption NGO, Transparency International), and another anti-corruption group, Movimiento Independiente. The director of Fundación para el Desarrollo de la Libertad Ciudadana, Ramón Ricardo Arias, described the court's rulings as a clear sign that the CSJ magistrates are not carrying out their duties; while Movimiento Independiente slammed them as a "monumental mistake".

Public concerns

While the scandal involving the donations is serving as the latest blow to the credibility of the national assembly, it is worth pointing that corruption is currently not the chief public concern. The most recent monthly opinion poll by local pollster, Dichter & Neira, released on 21 March 2017, showed that insecurity topped the list of public concerns – cited as such by 33% of respondents, up from 30% in January. Second was unemployment (cited by 12% of respondents, up from 11% in January) and then corruption (10% up from 5% in January).

Yet just 14% of respondents thought the government was operating in a transparent manner (although this was still up from 12% the previous month).

The poll, which interviewed 1,200 people across the country bar the comarcas (indigenous administrative regions) and Darién jungle region, showed President Varela's approval rating stands at 41% – up from 37% in February.

POSTSCRIPT

Quotes of the week

“If I am re-elected [in the November general elections]...I will not seek a further presidential term.”

Honduras's President Juan Orlando

Hernández whose existing bid for a second term was made possible only after a controversial supreme court decision ruling inapplicable the constitutional ban on presidential re-election.

“I don't know any Brazilian politician who does not use caixa dois [illicit campaign donations].”

Former CEO Marcelo Odebrecht in a plea bargaining testimony concerning bribes made from his eponymous engineering company to politicians and government in the last three presidencies.

“Venezuela is a democracy that has deteriorated into a complete dictatorship, there are no rules, no control... citizens lack basic rights, the economy is in freefall... Venezuela, which should be one of the most prosperous countries in the region, shows us the cost of a failed democracy, the cost of [political] exclusion, of polarisation, of a failed government.”

The secretary general of the Organization of American States, Luis Almagro.

Carrió signs up for Buenos Aires

After meeting Argentina's President Mauricio Macri the combative Elisa Carrió, a federal deputy and member of the ruling centre-right Cambiemos coalition, has confirmed that she will stand in the city of Buenos Aires in next October's mid-term congressional elections.

Carrió, a member of Coalición Cívica para la Afirmación de una República Igualitaria (CC-ARI), is an ally of President Macri's Propuesta Republicana (PRO) party in the ruling coalition. Known for her outspoken attacks on corruption, she is one of the most media-friendly and highly recognised names in Argentine politics, and therefore likely to be an asset to the government in the mid-terms. She also has a reputation for firing from the hip, and her candidature is therefore not without risk.

Carrió had been planning to run for senator in the province of Buenos Aires, but says that (PRO) governor María Eugenia Vidal, another big name in current Argentine politics, asked her not to stand there, as the coalition preferred to go with a less high-profile name. Carrió suggests other Cambiemos figures in the province have been conspiring against her, but insists she remains on good terms with Vidal, and says that with the top Cambiemos leaders “we have decided that I will play in the federal capital”.

Meanwhile, Carrió has continued to attack a wide range of targets. Most of her recent fire has been directed against the supreme court president, Ricardo Lorenzetti, who she accuses of poor performance in the job and of political bias. She recently claimed the courts are deliberately delaying corruption cases against members of the former government to see how October's elections play out. Carrió is trying to build a case for congress to impeach Lorenzetti, but other Cambiemos figures have taken distance. Vice-President Gabriela Michetti has said she does not share Carrió's views on Lorenzetti who she described as “a decent man”.

Carrió has also been attacking Martín Lousteau (who recently resigned as Argentine ambassador in Washington), accusing him of opportunism, and President Macri's Ecuadorean campaign strategist Jaime Durán Barba, who she says is “vulgar”, adding “with him you can win elections, but you can't change Argentina”. A recent survey by Analogías suggests Carrió is leading the field with 33.8% support in the city of Buenos Aires, with Lousteau (who has yet to formalise a candidature) in second place on 16.9%.

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