

latin american weekly report

02 November 2017, WR-17-43

ISSN 0143-5280

CONTENTS

LEADER	1
Civil war breaks out in Ecuador's ruling AP as Moreno ousted	
ANDEAN COUNTRIES	
VENEZUELA	2
Mutiny in the opposition ranks	
TRACKING TRENDS	
BRAZIL & SOUTHERN CONE	
ARGENTINA	5
Gils Carbó throws in the towel	
ARGENTINA	6
The shape of things to come	
BRAZIL	8
Uber claims temporary political victory	
CHILE	10
Piñera presents spending plans	
MEXICO & NAFTA	
MEXICO	11
The revolt that wasn't	
TRACKING TRENDS	
CENTRAL AMERICA & CARIBBEAN REGION	13
Meeting of the Odebrecht prosecutors	
HONDURAS	14
Election Fever	
POSTSCRIPT	16
A parting of the Farc ways	
Quotes of the week	

This edition of *Latin American Weekly Report* has been produced for Canning House Corporate Members by LatinNews (www.latinnews.com).

Latin American Newsletters since 1967

Civil war breaks out in Ecuador's ruling AP as Moreno ousted

Ecuador's ruling Alianza País (AP), teetering on the edge of internecine internal conflict for several months, has succumbed. The AP national leadership committee voted on 31 October to strip President Lenín Moreno of his functions as president of the party and appoint a replacement. A division emerged within the AP shortly after Moreno took office in May and sought to distance himself from his predecessor Rafael Correa (2007-2017). It became a yawning rift when Moreno opted to replace Vice President Jorge Glas, a *Correísta*, after he was placed in preventive detention in early October on corruption charges. To all intents and purposes the AP is now providing government and opposition and its formal fracture looks imminent.

Gabriela Rivadeneira, the AP's executive secretary, read the resolution deposing Moreno as party president. The decision was taken on technical grounds: Moreno's failure to appear at a national leadership session for three months. But Rivadeneira made no secret of the real reason behind the decision: Moreno's dramatic divergence from the style and substance of Correa's mandate, most recently the decision to convene a referendum containing a series of questions which the *Correísta* wing of the AP fears will be a prelude to the systematic dismantlement of core tenets of the Citizens' Revolution but above all would annul a constitutional amendment permitting indefinite presidential re-election, barring a return by Correa in 2021. Rivadeneira said Moreno was guilty of serious failings, disrespecting other members of the party, provoking disunity, and committing "political actions that objectively benefit people or opposition groups to the politics of the Citizens' Revolution".

Rivadeneira announced the appointment of Ricardo Patiño to replace Moreno. Patiño served in every senior cabinet position under Correa and resigned as presidential adviser to Moreno last August. Patiño, who was the AP's second vice-president (after Glas), said the decision had been taken "unanimously" by all of those in attendance: 22 of the 35 members of the national leadership committee turned up for the session.

Speaking in a press conference, Patiño went as far as to describe Moreno as "an enemy of the Citizens' Revolution". He said Correa would return to Ecuador from Belgium within a few weeks to "accompany the process of the organic strengthening and restructuring of the movement". Patiño went on: "We have taken to carrying out timorous actions. Many people have been forced to sign documents. We would welcome the return of our president from the 'won decade'."

The choice of wording in the five-point resolution read by Rivadeneira was deliberately designed to reflect Moreno's abrupt replacement of Glas. Acting vice president María Alejandra Vicuña, appointed by Moreno to replace Glas, rejected "the spurious decision by part of the AP leadership", which she said had made her "laugh". In a press conference rapidly convened in the presidential palace Carondelet, flanked by cabinet ministers and secretaries, Vicuña criticised certain colleagues for having "lost the plot", treating the party like "a private estate".

Reaction

The umbrella civil society group Confederación de Organizaciones Sociales del Ecuador, which supports the AP, announced this week that it is planning “a symbolic invasion” of party headquarters to persuade the AP to resolve its “internal contradictions”. Meanwhile, 14 political and social organisations, including the Federación Nacional de Organizaciones Campesinas, Indígenas y Negras (Fenocín) and the Coordinadora de Organizaciones Indígenas y Negras de la Costa Ecuatoriana (Conaice), have expressed support for President Moreno.

Vicuña also claimed that the “absurd, arbitrary and anti-democratic” resolution was “inconsistent with the democratic expression of the party’s grassroots”. She argued that the national party leadership had clearly been “pressured” because the provincial party leadership “overwhelmingly supports the president”. But while Moreno does indeed enjoy support, this is overstating the case.

Open confrontation has spread to the provinces and the internal split is much more even. The third-largest province of Azuay encapsulates in microcosm the struggle across the country which is tearing the ruling party apart. Cristóbal Lloret, the provincial director of AP in Azuay, signed the resolution ousting Moreno as party president. Gabriela Brito, a senior member of the provincial AP and councillor in Azuay’s capital Cuenca, insisted that at cantonal level there was resounding support for Moreno and his referendum, and called for internal dialogue to resolve the current differences.

Marcela Aguiñaga, director of AP in the country’s largest province of Guayas, hailed the resolution ousting Moreno, but the governor of Santo Domingo de los Tsáchilas, Mary Verduga, expressed support for Moreno. Verduga, significantly, is president of the AP ethics commission which will now evaluate the resolution. The secretary to the presidency, Eduardo Mangas, argued that those who participated in the meeting deposing Moreno should have to appear before the ethics commission and face expulsion from the AP.

José Serrano, the president of the national assembly, sided with Moreno. Serrano claimed that “a minority violated party procedure [issuing] an unconstitutional and illegal resolution”. He said the AP’s national convention, the highest party organ, elected Moreno and it alone could replace him. The court of guarantees in Quito appeared to share this view. In a ruling on 1 November it upheld an appeal by Moreno, struck down the resolution, and ordered the national electoral council (CNE) not to register a new AP president. But battle has now been joined, with former allies lining up against each other.

“At last the AP’s national leadership has reacted,” Correa tweeted from Belgium, “responding to the clamour from the grassroots and in strict compliance with [party] statutes. All of my support to the new AP president, Ricardo Patiño.” Correa also said he was more than happy for a national convention to be convened to expose “so much infamy, persecutions, obscure pacts with the worst of the *partidocracia* (his pejorative term for traditional political parties in Ecuador) in the name of ‘governability’...”

Acting Vice President Vicuña candidly recognised that a split in the AP now seemed inevitable. The repercussions for Moreno would be serious. In a sign of what could be about to come, Correístas voted with the political opposition in the national assembly hours before the resolution was issued to demand that the higher education secretary appear before legislators to explain why various universities are performing poorly.

At present Moreno ostensibly enjoys a majority in the 130-seat national assembly with 74 deputies. A total of 44 of these 74 deputies have apparently signed a document expressing support for Moreno and the referendum. At least 20 back Correa. But shifting loyalties mean these are far from firm figures.

ANDEAN COUNTRIES

VENEZUELA | POLITICS

Mutiny in the opposition ranks

The national directorates of seven Venezuelan opposition parties have declared a boycott of the 10 December municipal elections. In many instances, however, that decision is being ignored at municipal level, with local party leaders disobeying the order and registering their candidacies by the 30 October deadline set with next to no notice by the government-controlled national electoral council (CNE). These latest developments

Dismissed opposition mayors

Thirteen opposition mayors have been removed since their election in 2013, a string of them arrested for their role in disruptive anti-government protests in 2014, and again in 2017.

point to the complete disintegration of the Mesa de la Unidad Democrática (MUD) main opposition coalition as a national unity opposition force. The chief beneficiary of this fragmentation will be the ruling Partido Socialista Unido de Venezuela (PSUV).

In the 2008 municipal elections, the opposition took 56 municipalities. In December 2013, it won 75. By contrast, the ruling PSUV and its allies won 242 of the 335 municipalities up for grabs in 2013, getting 5.28m votes overall. The MUD took 4.42m votes in those polls, amid a strong urban bias in favour of opposition candidates. Independents won 18 of the mayoral contests. In percentage terms, the national vote split was 49%-42%, with 8% for independents. In the regional elections held on 15 October last, the MUD – which won the governorships in just five of the country's 23 states – took a majority of the vote in 87 of the 335 municipalities. In other words, it is still competitive in some areas – albeit this notably no longer includes the national capital, Caracas, where exhausted and disillusioned voters opted to stay at home rather than turn out.

Among the rebel parties defying the MUD leadership's decision to boycott the municipals is Un Nuevo Tiempo (UNT), based in Zulia state. Juan Pablo Guanipa of the opposition Primero Justicia (PJ) party won election as governor in Zulia in the 15 October regional elections but was ruled ineligible to take up his seat because he refused to swear allegiance to the national constituent assembly (ANC) convened by the government led by President Nicolás Maduro, which the MUD does not recognise. A new Zulia gubernatorial election will thus be held, potentially concurrently with the municipal elections.

The UNT's longstanding leader, Manuel Rosales, was Zulia state governor for eight years (2000-2008), a role book-ended with stints as mayor of the state capital, Maracaibo. He also ran unsuccessfully against the late former president Hugo Chávez (1999-2013) in the presidential contest in 2006. In March 2009, just months after his re-election as Maracaibo mayor, Rosales was accused of corruption and fled to Peru. In 2015 he returned to Venezuela and was arrested. The corruption case against him appears to be have now been dropped and he is eligible to take part in politics again. He has yet to officially declare his hand but a fresh bid for the Maracaibo mayoralty seems likely.

In line with that, the UNT has registered candidates for the municipal contest. The secretary general of UNT-Miranda, Rosiris Toro, announced a bid for the municipality of Sucre to substitute Carlos Ocariz of the PJ (one of the seven MUD parties boycotting the municipals). "In the worst moments of history, one must be brave, and I am showing my face for Sucre and its residents," Toro declared. In the state of Carabobo, opposition candidates are running for mayor of the state capital, Valencia, and the contiguous municipality of Naguanagua, as well as in San Diego and Montalbán, among others. Candidates hail from the UNT and the Comité de Organización Política Electoral Independiente (Copei), as well as several local parties including Cuentas Claras, led by Enzo Scarano, the former mayor of San Diego (2013-2014), whose son is running for the municipality.

Notably, candidates of the MUD's Acción Democrática (AD) party have also signed up in the municipalities of Baralt and Cabimas (in Zulia) and in Barinas, the capital of the eponymous state. The AD won four state governorships in the regional elections and, to much controversy, the four winners took up their seats after agreeing to be sworn-in by the ANC. The AD leader, national deputy Henry Ramos Allup, insisted that their decision was taken without the support of the party leadership. Ramos was among those to declare in the past week that the AD would not take part in the municipals. Yet Ramos's behaviour is being strongly questioned by others in the MUD, who accuse him of being two-faced and of playing a double-sided game. With the AD rebuilding local power bases, the strong suspicion is that Ramos is now plotting his candidacy for the 2018 presidential election, and is possibly already in back-door talks with government sectors, even as he publicly plays lip service to the MUD leadership's line.

BOLIVIA | No Christmas bonus.

On 30 October Bolivia's economy & finance minister, Mario Guillén, said that the government and local firms will not have to pay the 'Christmas bonus' this year as domestic economic growth in the first half of the year was only 3.94%. Under legislation introduced in 2013, the Bolivian government and local firms must pay out a Christmas bonus whenever GDP grows by 4.5% or more in the first two quarters of the year. Guillén said that GDP growth this year had been held down by lower activity in the national hydrocarbon sector, where natural gas exports to Argentina and Brazil fell by 5.8% in the first half of the year. This is the second year in a row that the Christmas bonus will not be paid in Bolivia, having previously been paid consistently from 2013-2015.

Meanwhile, local affiliates of Copei, another old traditional party (albeit much diminished these days) are also running in Lagunillas (Zulia). Other local candidates from the likes of Movimiento Progresista and the Partido Independiente del Zulia (PIZ) have also registered. But the opposition rebels also include members of Voluntad Popular (VP) in Barinas.

Avanzada Progresista, led by Henri Falcón, has also defended its decision to run in the municipals. Falcón, who served for a decade as governor of Lara state (2008-2017), has broken with the MUD over its reaction to its October electoral defeat, calling for a new 'national unity movement' to challenge the PSUV [WR-17-42]. Like Ramos, Falcón is a potential presidential candidate next year and has motive to expand his political support base. The secretary general of Avanzada Progresista, Luis Augusto Romero, said the party defended "the need to preserve the vote as an instrument of change". AD is backing the candidacy of journalist Kiko Bautista in Baruta (Caracas). In El Hatillo, another long opposition-controlled Caracas municipality, councillor Elías Sayegh is running, without the support of PJ.

Mayors play a strong role in Venezuela. Mayoral offices have strong administrative roles, including the collection of their own tax revenue. The larger urban municipalities run the local police, as well as health care and education, and issue an array of permits for commerce and businesses. As such, mayors are both locally powerful but also quite relevant – and visible – faces for their political parties. In that context, it makes sense that the AD, Avanzada Progresista and UNT might want to ring-fence their local positions – regardless of the MUD leadership's position. As a Caracas-based political consultant, Dimitris Pantoulas, told *Bloomberg News*, "If you don't have elected offices and you don't have the streets, what are you left with? Nothing. The MUD came to an end on October 15th; it only exists on paper."

TRACKING TRENDS

PERU | ARCC comes under scrutiny. On 28 October the government led by President Pedro Pablo Kuczynski announced that it had accepted the resignation of Pablo de la Flor, the director of newly created government authority tasked with coordinating the reconstruction efforts of infrastructure damaged by the heavy rains and flooding that affected northern and central areas of the country registered at the start of the year, the Autoridad para la Reconstrucción con Cambios (ARCC).

Back in May, the Kuczynski government had said that it would invest US\$6.4bn to repair and rebuild the infrastructure damaged by the rains in the different regions of the country, as well as to build new flood defences in the flooded areas. However, the progress of these efforts has been slow despite the fact that the ARCC was specifically created to ensure that the reconstruction work was efficiently managed and not bogged down by bureaucracy or a lack of coordination between the central and regional governments. However, on 21 October, De la Flor publicly complained that progress in some of the reconstruction projects had been stifled by the poor management on the part of some of the regional governments, particularly in the north of the country. This earned De la Flor a strong rebuke from some of these regional governors, who complained that it was the ARCC that has been slow to release some of the funds needed for the reconstruction projects.

The regional governors and members of the political opposition in the national congress subsequently called on De la Flor to resign over the spat, arguing that this was doing little to help advance the reconstruction efforts. De la Flor quickly succumbed to this pressure and tendered his resignation. An official statement said that De la Flor's resignation has been accepted by Pedro Kuczynski and that ARCC deputy director Luis Felipe Gil has been appointed as interim director until a new full-time director is appointed. Besides affecting the image of the Kuczynski administration, the failure to advance with the reconstruction efforts may also affect the domestic economy. Economy & finance minister Claudia Cooper said previously she expected that public sector investment will increase by 7% and the execution rate of public works projects will reach 80%; and that this would help to stimulate still-sluggish domestic economic activity. However, based on the concerns over the execution of the reconstruction efforts, Cooper's projection may prove to be optimistic.

Gils Carbó throws in the towel

In a letter to President Mauricio Macri released on 30 October Attorney General Alejandra Gils Carbó presented her resignation, effective from the end of this year. The departure of a figure closely identified with the former Kirchnerista government seems to have been a consequence of Macri's victory in the mid-term federal congressional elections on 22 October, together with a looming corruption case. It gives the government an opportunity to forge ahead with plans to reform the judiciary.

Gils Carbó was appointed attorney general in 2012 during the presidency of Cristina Fernández (2007-2015). In Argentina's slow-moving and highly politicised judiciary, she has been denounced by the Macri administration as an intensely partisan figure, loyal to the Kirchnerista movement. For that reason, the government was eager to get her replaced.

Gils Carbó seemed equally determined not to go. When he won the elections two years ago in October 2015, Macri said that "the dignified thing" for the attorney general to do at that point would be to resign before his new government took office. Gils Carbó did not take the hint. In April last year Macri said Gils Carbó should resign "because she is a militant in a political party". In June this year he accused her of emitting a "smokescreen" to avoid bringing charges against officials from the previous government implicated in taking bribes from the Brazilian construction company Odebrecht. In July Macri unsuccessfully asked congress to remove her from the post due to her "lack of moral authority".

Attempts to unseat Gils Carbó over the last two years failed for various reasons. Under existing legislation there are no term limits for the job. There is, however, provision for the post-holder to be impeached by congress. This route was given serious consideration but hit two obstacles. First, the ruling centre-right Cambiemos coalition lacked an overall majority in congress. Second, pro-government deputies were particularly sensitive to criticism that they might be accused of their own type of tit-for-tat partisanship, of simply seeking to replace her with a more biddable successor (*see sidebar*).

The October mid-term elections have clearly changed the political equation. Cambiemos has gained strength. Although still short of an outright majority in either chamber of congress, it is better placed to build alliances with the moderate wing of the Partido Justicialista (PJ, Peronists) and other forces to give impeachment a fighting chance. The prospect of the Kirchneristas regaining the presidency in 2019 has receded.

Another key change: on 12 October a federal judge filed corruption charges against the attorney general. She stands accused of financial impropriety in the purchase of a new office block for her government department. The price paid for the new building was Ar\$43m (US\$2.4m) but the contract, which was awarded without competitive tender, also involved extraordinarily high commission payments of Ar\$10.7m (US\$600,000). Gils Carbó presented her resignation only 18 days after the charges were filed. In her resignation letter she claims staying in the job would have led to further government pressure on the judiciary, and portrays her departure as the best thing to preserve "equilibrium" in the administration of justice.

The government has reacted with relief. Cabinet chief Marcos Peña said he welcomed congressional debate on new legislation on the role of the attorney general. In appointing a replacement, he said, the administration would look

Gils Carbó

Attorney General Gils Carbó tried to portray herself as a champion of judicial independence, comparable to the Venezuelan attorney general Luisa Ortega, who was persecuted, and then sacked by the government of President Nicolás Maduro earlier this year.

De Vido

Julio De Vido is considered part of the original political group that formed around the late president Néstor Kirchner (2003-2007) known as *Pingüinos*. His arrest and transfer to Ezeiza prison in the province of Buenos Aires was given full live coverage on the television networks, in what some compared with the saturation media coverage of OJ Simpson's arrest in the US in 1994.

for someone outside politics with strong professional credentials. Laura Alonso, head of the anti-corruption office, said Gils Carbó had “harmed the Republic” and acted as “a guarantor of impunity”. Justice Minister Germán Garavano said it was necessary to take the opportunity to build a public prosecutorial system capable of fighting corruption and drug trafficking.

De Vido imprisoned, Moreno Charged

In the immediate aftermath of the mid-term elections, corruption cases against two former Kirchnerista powerbrokers have moved forward. Former planning and public works minister Julio de Vido (in office for all 12 years of Kirchnerista governments to 2015) had his congressional immunity lifted as a federal deputy and was promptly arrested on corruption charges. Among other charges, he is accused of an Ar\$264m (US\$15m) fraud in the funding of a hydroelectric complex in Río Turbio, Santa Cruz province (*see sidebar*).

At the same time former trade secretary Guillermo Moreno (2005-2013), considered one of the architects and enforcers of Kirchnerista economic policy, especially the intervention in the national statistics institute (Indec) and subsequent massaging of inflation and poverty data, was sentenced to two-and-a-half years' imprisonment for illegal use of around US\$10,000 of public funds to print posters, stickers and T-shirts to attack *Clarín* newspaper, at the time involved in a dispute with the government (the message was '*Clarín* mente' – '*Clarín* lies').

As it is under three years, the sentence is suspended: but Moreno faces a number of other charges, where a conviction could trigger real jail time. Moreno is notorious for his bullying telephone calls to Argentine business leaders – and for ostentatiously placing a loaded pistol on his government desk.

ARGENTINA | POLITICS & ECONOMY

The shape of things to come

With the mid-term federal congressional elections successfully put behind him, and the possibility of running for a second consecutive four-year term in office in 2019 tantalisingly ahead of him, President Mauricio Macri is beginning to map out his agenda for the next two years. Very ambitious social and economic reforms are being discussed, although Macri will approach them piecemeal, with a degree of the “gradualism” that has characterised his first two years in office.

President Macri delivered a much-heralded speech on his reform agenda on 30 October. The background is that the convincing win of the ruling centre-right Cambiemos coalition in the mid-term elections has created a one-to-two-year window of opportunity for reform. While still short of an outright congressional majority, Macri has his eye on making the necessary alliances to push through a set of reforms in areas such as tax, education, industrial relations, justice, economic competitiveness, and federal-provincial relations. A successful reform programme – coupled with strong and sustained economic recovery – would set up Macri, or indeed someone else from the ruling Cambiemos coalition – to contest the 2019 presidential elections from a position of relative strength.

The scale of Macri's ambition was evident from his speech. He said there would be a major package of reforms to transform Argentina into an “ordered country”. They would have wide scope, covering taxes, pensions, labour, competition policy, trade barriers, fiscal deficit reduction, inflation and competitiveness. Macri effectively invited moderate Peronists, provincial governors, trade unions, and other groups outside the ruling coalition to join a pro-reform alliance.

Reform

In the judiciary, the council of magistrates pays some members of staff around Ar\$100,000 (around US\$5,670) a month; their only apparent job, President Macri claimed, is to serve coffee. They also have the right to take up to two years' leave of absence on full pay. University employment levels rose 30% in the last decade, but the number of university students was up by only 13% in the same period, Macri said.

In the eyes of some analysts, Macri is taking care to steer a path towards market-friendly reforms that differs from the one currently being pursued rather bumpily in Brazil. In Argentina's northern neighbour, they say, a deeply unpopular president, supported by an unpopular congress, is trying to push through reforms at high speed, in a race against the clock. In Argentina, by contrast, there is a president with significantly more political support and more time to get things right (but in fairness, he has less congressional support than his Brazilian counterpart Michel Temer).

One hint of what this might mean in practice was given by cabinet chief Marcos Peña. He suggested a full three years would be taken to reform the loss-making state pension system (which itself implies the job would continue past the end of the current presidential term). Macri had described the existing system as "inequitable and unsustainable". But there would be no Brazilian-style attempt to push change through in one fell swoop. There would be a process of consultation with interested parties, incorporating expert advice. The reform might be implemented in stages, as and when agreements are reached on its different component parts.

In the speech Macri was highly critical of Argentina's current economic and social position. He said it was an essentially closed and uncompetitive society. Only the agricultural sector was open, used modern technology, and was able to compete internationally. The rest of the economy had a high-cost base: the prices of many goods in Buenos Aires are higher even than in Europe. The way out, he said, is to build some basic points of cross-party and social consensus so that the country can emerge from poverty and inequality.

Macri dismissed often-voiced conspiracy theories, attributing Argentina's underdevelopment to foreign conspiracies. He said the real problem lay at home, in Argentines' tendency to get bogged down, defend narrow sectional interests and not take responsibility for change. The government's aim would be to start with tax reform (the essential idea is to reduce tax rates but widen scope and raise revenue collection) and follow with labour reform.

Labour reform remains politically sensitive because of the traditional power of the trade unions. But Macri did not hesitate to describe a number of labour practices as "mafia-like". There is, he said, a mafia that controls industrial tribunals and compensation awards, and makes it more difficult to create new jobs. The country has 2,800 trade unions, but only 600 of them actually take part in annual wage bargaining.

In a particularly strong passage, Macri pointed out that the library of the Argentine federal congress employs a staff of 1,700, which he described as a "fraud". Chile's equivalent body employs only 250. Some provincial members of congress each have no fewer than 80 assistants on their payroll.

While Macri may attract support for his vision of reform to achieve a more modern, open, and competitive Argentina, building the necessary political coalitions to make headway is not going to be easy, even taking into account October's electoral success. The moderate Peronists – a descriptor that includes a wide range of different and sometimes antagonistic forces – did not have a particularly successful election and may not want to rush into any deals. Salta governor Juan Manuel Urtubey, a Peronist and key deal-making partner, has lost some of his authority after a poor electoral showing in the province.

Some gradualist progress has been made during the government's first two years to reduce the fiscal deficit. But keeping up the pressure and narrowing the deficit further will require coordinated action by the Macri administration and the country's 23 provincial administrations (15 of which are under Peronist control). That will take some difficult political negotiation to achieve.

Uber claims temporary political victory

Brazil's federal senate has approved a watered-down version of a bill to regulate app-based transport services like Uber. After being lobbied by Uber, senators approved a heavily amended bill by 46 votes to 10 in the 81-seat chamber, which worked out significantly better for the company than the original version would have done. It now goes back to the federal chamber of deputies for analysis.

The senate stripped the original bill of measures which Uber representatives argued were unnecessarily bureaucratic. These included making it compulsory for Uber drivers to purchase a red registration plate that distinguishes vehicles that provide paid transportation services and which taxis have to obtain; register for a licence with the authorities; and be restricted to operating in only one municipality. In a statement, Uber celebrated the result. This will help "the construction of the future mobility of Brazilian cities", read the statement. The firm argued this would benefit its 500,000 drivers and the 17m passengers who use the service.

The vote, held on 31 October, was pushed forward on the request of taxi driver unions. "We wanted the matter to be closed now because next year is an electoral year so it is difficult to advance this matter," said the head of taxi drivers' union in São Paulo Wagner Caetano. However, taxi drivers' unions were disappointed with the outcome and accused Uber of running an unfair lobbying campaign. Sued Sílvio from a taxi union in Brasília (Sinpetaxi-DF) said he was "sad" and lamented that "taxi drivers are not being heard".

The original version of the bill, seen as more favourable to taxi drivers, was sent to the senate by the chamber of deputies in April. Some key elements of the legislation remain unchanged, including provisions to tighten security for both Uber drivers and passengers following concerns about the safety of Uber's services (*see sidebar*). This means that Uber drivers will have to register with the local authorities, take out insurance against accidents involving passengers, service their cars regularly, give information such as user name, photo and number plates to passengers, and cooperate with the police if any crimes are reported.

The new bill now goes back to the chamber of deputies for approval, where it may meet further resistance, particularly from the leftist opposition Partido dos Trabalhadores (PT) party. "There are ways for this house to put the omissions back in. We are going to debate here...and take into account the interests of Brazilian people and transport workers, from taxi or app-based services. The interests of multinationals will not prevail," argued the author of the original bill, PT Deputy Carlos Zarattini.

The PT unsuccessfully tried to debate the new bill in the chamber of deputies while the president of the chamber, Rodrigo Maia, of the government-aligned centre-right Democratas (DEM) party, who was seen as being more sympathetic to Uber, was away.

Popular demand

Meanwhile, Uber and similar services such as 99 and Cabify hailed what they called a "victory for society". Uber arrived in Brazil three years ago (just in time for the 2014 Fifa World Cup) but has established itself as an extremely popular service, operating in over 100 cities in the country. Similar companies have grown along with it.

Alternatives to Uber

Apps-based transport services that seek to improve safety for women have been gaining momentum in Brazil following reports of assault. FemiTaxi is already operating in six major cities and plans to expand further both in Brazil and the rest of Latin America in 2018, said a representative from the company in an interview with Brazilian business daily *Exame*, published on 13 October. Another similar app, LadyDriver, was launched in the city of São Paulo in March and plans to expand to the city of Rio de Janeiro by October.

Unemployment

The national statistics agency (Ibge) has reported that unemployment in Brazil fell to 12.4% in the third quarter, down 0.6 percentage points on the previous quarter. This shows that Brazil's labour market is improving as the economy begins to recover. However, there are still 13m economically active Brazilians out of work.

In the run-up to the senate vote, app-based transport services gathered a petition with 825,000 signatures calling for the scrapping of the original bill, which they claimed could make it impossible for them to operate in Brazil. They also convinced users of the service to send a barrage of messages to senators via social media channels or email.

In another lobbying exercise, Uber aired adverts on Brazil's largest broadcaster, *TV Globo*. In them, individuals appear with a tape over their mouth as a voiceover announces that a new law, which is described as regressive, could get rid of Uber. At the end, the actors rip off the tape over their mouths and call on their fellow citizens to speak out in defence of the service.

Uber's detractors argue that the service undercuts taxis and is a form of unfair competition. However, before the vote in the senate, Brazil's competition agency, Conselho Administrativo de Defesa Econômica (Cade), rose to Uber's defence. The Cade concluded that app-based services like Uber are mostly beneficial to consumers, giving them a greater choice of services and correcting distortions in the public transport market. So, Cade argued that very restrictive regulations could have a negative impact on the transport sector.

Another argument made by Uber is that it provides work in a country where 13m people are unemployed (see sidebar). Consequently, Uber has become an important economic force in a country where the government led by President Michel Temer of the Partido do Movimento Democrático Brasileiro (PMDB) has pledged to bring back jobs.

Following a meeting with Finance Minister Henrique Meirelles on 31 October, Uber's CEO, Dara Khosrowshahi, made it clear to journalists that the company's future in Brazil "depends on the decisions of the government". With Temer's popularity already at an all-time low (around 3%), toying with the future of Uber and its drivers could be a risky strategy. This means the president is unlikely to veto the watered-down bill should it be approved by the chamber of deputies.

On its website, Uber states that the company is a "platform" not an "employer." The distinction is relevant, as it means that its drivers are not entitled to employee social security benefits. Uber argues that the distinction allows its drivers to be more flexible and take on other jobs to supplement their income. But it also makes Uber drivers dispensable and gives them little control over their salaries. In the past, this grey area has led to labour lawsuits being filed against Uber in Brazil, as well as elsewhere, but the bill currently in congress does not address this.

Rival drivers

Tensions ran high on the day the vote in the senate. In the morning, thousands of taxi drivers and 'uberistas', plus representatives from Cabify and 99 flocked outside the senate in Brasília to watch the vote. They were flanked by security forces led by the military police. Later on, at one point, police detained rogue protestors, who tried to break into the building. At another, they used pepper spray to break up the crowds.

Inside the congress building, Uber's head of communications in Brazil, Fábio Sabba, was caught off guard. While he was giving an interview to a journalist from Spanish daily *El País*, a man came up to him and punched him in the face. "That is because Uber is destroying the life of taxi drivers," the assailant said. The authorities have not yet identified Sabba's attacker. In a statement, an Uber representative said that "everyone has the freedom and autonomy to protest. But violence is unacceptable."

Piñera presents spending plans

Sebastián Piñera, the centre-right frontrunner in Chile's imminent presidential elections (polling day is due on 19 November) has presented a costed US\$14bn programme of government.

As a businessman and former president (2010-2014), Piñera is keen to assure voters that he has a detailed and carefully costed plan, ready to implement if he is elected. The implicit message is that the other candidates do not. Piñera accused them of "selling smoke" to the electorate.

Piñera's plan, totalling US\$14bn worth of extra spending (equivalent to about 1.8% of GDP in each of the four years 2018-2022), was revealed on 30 October. A major aim is to protect Chile's middle classes. The single biggest spending item is a programme known as "positive ageing and pensions with dignity" which will take US\$3bn.

This is followed by growth and quality of employment measures (US\$2.8bn), infrastructure and connectivity (US\$2bn), and health and education (each receiving around an additional US\$1.5bn). Lower sums are earmarked for agriculture, sport, science, innovation and entrepreneurship.

The plan gives some detail of where the extra money will come from. Half the total cost, or US\$7bn, is to be found from the re-assignment of existing budgets away from poorly performing programmes; strict austerity measures; and public sector spending reductions. The plan proposes limiting public sector recruitment, travel expenses, overtime, and consultancy fees.

The other US\$7bn is to be raised as a result of the expected success of government efforts to accelerate the country's economic growth. Chile Vamos – Piñera's centre-right coalition – claims the country's underlying economic growth rate will rise from the 2.6% assumed in the 2018 budget calculations to 3.5%. This, together with measures to reduce tax evasion and improve the efficiency of public sector companies, is deemed sufficient to boost revenue by the necessary amount.

Piñera's main rivals have not as yet produced similar plans. The latest poll by Centro de Estudios Públicos (CEP) places Piñera in front with 34.5% of voter intentions, followed by Alejandro Guillier, the independent centre-left candidate supported by the bulk of the ruling Nueva Mayoría coalition, with 16.4%, and by Beatriz Sánchez of the left-wing Frente Amplio, on 8.5%. That means that there is a 16-percentage-point difference between Piñera and Guillier.

Guillier clearly faces an uphill struggle: his main hope is that Piñera will fall short of 50% support on 19 November, triggering a second-round run-off ballot on 17 December, in which Guillier could hope to attract cross-over votes from the supporters of other defeated first round contenders. Guillier has claimed that current opinion polls are "contradictory" but has also said that being behind Piñera by 10 percentage points is "reversible", trailing him by 15 points is "complicated" and being behind by 20 points is "very difficult but still worth fighting".

Guillier represents a degree of continuity with the incumbent government's policies – something which is unlikely to be much of an electoral asset – but has stressed his priorities are to address inequalities of income, diversify the country's productive capacity, and step up Chile's integration with neighbouring economies.

Piñera's plan

Sebastián Piñera's US\$14bn plan consists of 745 proposals. Piñera argued that these are needed to "correct" the policies of the outgoing centre-left Nueva Mayoría administration led by President Michelle Bachelet.

The revolt that wasn't

An opposition revolt – designed to force the government to reinstate dismissed special prosecutor Santiago Nieto – appears to have faded away, taking the pressure off the administration led by President Enrique Peña Nieto, at least for the moment.

It had looked like an all-out confrontation over allegations of corruption and influence peddling. On 20 October the government had sacked Santiago Nieto, a special prosecutor for electoral crimes: he was head of the Fiscalía Especializada para la Atención Delitos Electorales (Fepade). Days earlier Nieto had given a newspaper interview saying he was being subjected to inappropriate pressure from Enrique Lozoya, a former head of state oil company Pemex (and close associate of President Peña Nieto) who has been implicated in (but denies) taking bribes from Brazilian construction company Odebrecht and using them to help fund the successful Partido Revolucionario Institucional (PRI) presidential election campaign in 2012.

Officially, Nieto was sacked for speaking to the press about a case in violation of the prosecution office code of conduct. But leading members of opposition parties said the decision was political and part of a cover-up, and demanded that the government reinstate him. If it did not, they threatened they would withhold support for the 2018 budget bill and use their votes in the federal senate to get Nieto reinstated directly, in defiance of the executive power.

But the Mexican standoff seems to have evaporated in the hot air above the city's capital. Nieto himself gave a press conference on 27 October to signal he was withdrawing from the fray. Without the support of the ruling PRI and its close ally, the Partido Verde Ecológico de México (PVEM), Nieto said it would be impossible for him to do his main job, upholding the rule of law in the run-up to the 2018 elections.

While still challenging the motivation behind the decision, and the lack of due process followed for his dismissal, Nieto said that insisting on reinstatement would only "polarise society and weaken institutions". Meanwhile, the opposition parties had also begun to cave. The 2018 budget bill had to be approved by a 31 October deadline. Battle was joined over whether a reinstatement vote would be public or secret.

Although protests led by senators from the right-wing Partido Acción Nacional (PAN) and the leftist Partido de la Revolución Democrática (PRD) succeeded in blocking all senate business on 24 and 25 October, by the evening of 26 October they had fallen into line. With the PAN split and the PRD abstaining, the upper chamber voted through the budget bill just ahead of the deadline.

They also buckled ahead of a second deadline. Under Mexican law, the senate has the power to reinstate a sacked prosecutor, so long as it approves a resolution to that effect no fewer than 10 working days after the dismissal. This second deadline was due to fall on 3 November. Without agreement on how to hold the vote the PRI, PAN, PRD, and PVEM senators nevertheless agreed to go ahead with their annual 'Día de los Muertos' vacation, reconvening on 7 November, after the deadline.

A group of nine dissident senators from the radical left-wing Movimiento de Regeneración Nacional (Morena) and its ally Partido del Trabajo (PT) continued arguing for a public reinstatement vote, but were unable to hold

Government spared

"This is another thing we've let the government get away with," a left-wing member of congress told the Spanish newspaper *El País* in reference to the impotent protests over the special prosecutor Santiago Nieto.

Losing places in Doing Business report

The latest instalment of the World Bank's Doing Business report, released on 31 October, has lowered Mexico's ranking two places from the 47th place (out of 190 countries surveyed) it was awarded in 2016 to 49th in the latest report. Mexico's fall in the rankings came despite the fact that the country's score increased to 72.27 points this year, 0.18 higher than in 2016. The report notes that Mexico improved its scores in areas like ease of opening firms and obtaining permits but suffered considerable setbacks in areas such as taxation and resolving insolvency. However, despite its fall in the rankings, Mexico remains the highest-ranked Latin American country in the Doing Business report once again this year.

up budget approval. Other parties, including the PAN and the PRD, effectively admitted that the option of reinstatement was now no longer viable, by agreeing that in the first senate session after the break they would begin to prepare confirmation hearings for the next head of Fepade.

There seem to be two immediate political conclusions: one, that the corruption issue will remain high on the political agenda, and two, that as the election campaign draws nearer, Mexico's opposition parties are themselves finding it difficult to act in a coordinated manner.

TRACKING TRENDS

MEXICO | Experiencing an economic wobble. On 31 October Mexico's national statistics institute (Inegi) released new preliminary GDP figures, which show that Mexico's GDP fell by 0.2% quarter-on-quarter in the third quarter, on the back of a fall in activity in the industrial and services sectors.

With the official GDP results due to be released on 24 November, this would be the first quarterly contraction posted by the Mexican economy since the second quarter of 2013. Although the Inegi preliminary figures mean that year-on-year growth in the third quarter is expected to be a positive 1.7%, the quarterly fall in economic activity has sparked concerns about a loss dynamism in domestic economic activity and potentially an impending economic slowdown.

This prompted President Enrique Peña Nieto to come out and try to dispel these concerns. Peña Nieto attributed the weak preliminary GDP results on the negative impact from the major earthquakes that shook central Mexico in early September on the national economy. "There has been a small regression in economic growth due to the economic effects of the earthquakes registered in September", Peña Nieto said during an event in the city of Cancún, Quintana Roo state. But the president noted that despite the natural disasters, the domestic economy "continues to grow". In fact, Peña Nieto pointed out that there has been sustained positive economic growth in every single quarter since he assumed office in December 2012. The problem for Peña Nieto is that Mexico's economy has been averaging a quarterly growth of 2.1% since 2014, which is far below the 4.5% average quarterly growth rate that Mexico was posting when he assumed office in 2012.

MEXICO | Pemex losses. On 29 October Mexico's state-owned oil company, Pemex, reported a net loss of M\$101.8bn (US\$5.6bn) in the third quarter of the year, following the recent earthquakes and hurricanes that have buffeted Mexico, and which negatively impacted on national oil and gas production. Notably, on 19 October Mexico's national hydrocarbons commission (CNH) reported that oil production in September fell to 1.73m barrels per day (bpd), 10% less than the 1.93m bpd produced in August. This represents the biggest monthly fall in oil production in Mexico in 20 years, according to a CNH statement.

The statement noted that the fall in oil production stemmed from the maintenance work that had to be carried out by Pemex in early September on the rigs operating in the the Ku-Malooop-Zaap offshore oil fields located in the Gulf of Mexico off the coast of the state of Campeche – Mexico's most productive oil region – following the passage of hurricane 'Harvey'. According to the CNH, this led to a 16% fall in production at the Ku-Malooop-Zaap fields, which have so far accounted for four of every 10 oil barrels produced in Mexico this year.

Indeed, Pemex reported that its production levels fell by 23.85 year-on-year in the third quarter to 647m bpd as result of the maintenance work it had to conduct on oil extracting and refining facilities during the month. Nevertheless, the losses posted by Pemex in the third quarter were still 13.9% lower than the M\$118.3bn (US\$6.18bn) loss reported by the firm in the same quarter last year.

Nevertheless, Pemex's income increased by 20.5% to M\$331.35bn year-on-year in the third quarter as a result of increased prices for Mexican crude in international markets. This suggests that despite the recent losses, things look set to improve for Pemex once production stabilises, with the firm managing to keep costs constant and international oil prices once again on the rise.

Meeting of the Odebrecht prosecutors

An unusual but politically important meeting took place in Panama City on 30 October: prosecutors and other legal officials from 10 countries came together in the Panamanian capital to discuss cooperation over the corruption scandal surrounding the Brazilian construction company Odebrecht.

The basics of the Odebrecht corruption story are widely known. It could even be described as last year's story. But the reality is that it is far from over, and its political ramifications and repercussions are still playing out in various different countries in the hemisphere.

An important milestone in the case came in December last year, when, after negotiation with Brazilian, Swiss, and US prosecutors, Odebrecht admitted paying a total of US\$788m in bribes to secure major public works contracts in a total of 12 countries. In a detailed submission filed in a New York court, the Brazilian construction company outlined the bribes it had paid and agreed to pay a world-record US\$3.5bn fine.

However, the politically charged task of identifying the officials who took the bribes, and determining how they should be held to account, is ongoing. So too is the question of what fines or compensation Odebrecht should pay in other countries. Some investigators believe Odebrecht's confession was less than comprehensive, and that more wrongdoing may yet come to light.

The mopping up job is complex. This week's meeting was hosted by Panama's attorney general Kenia Porcell and attended by prosecutors from Switzerland, Colombia, Ecuador, and Peru; lower level officials from Portugal, Guatemala, Mexico and Argentina were also present.

Porcell, who earlier this year said she was coming under pressure from Panama's economic and political elites because of her investigations, stressed that the transnational nature of the company's activity mean the pace of investigations was slower than desired. Various officials said they too had been subject to pressure and even threats. They called for public opinion to be "patient" and to allow the process to run its course.

"The Odebrecht corruption story in Latin America is just beginning," Ecuador's attorney general Carlos Baca said. Indeed, Ecuador's Vice President Jorge Glas was arrested on Odebrecht-related charges in early October. Baca's Peruvian colleague Pablo Sánchez said in his country the case had generated intense political cross-currents (the administrations of three former Peruvian presidents are implicated in Odebrecht bribe-taking in Peru).

Colombia's attorney general Néstor Humberto Martínez said a key problem was that information sharing between legal authorities in the different countries was "asymmetrical" (*see sidebar*). The Brazilian authorities had shared information with some countries but not with others; the US had also done the same. Martínez said there was now hard evidence that Odebrecht had admitted some, but not all of its illicit activities.

As an example Martínez noted that in its December 2016 confession Odebrecht had admitted two cases of bribery in Colombia totalling US\$11m.

Delays

Switzerland's attorney general Michael Lauber explained that some of the delays and asymmetries in the Odebrecht case were due to the fact that before passing on any information, the authorities in each country had to determine whether they were legally entitled to do so.

Democracy failing

“There is no indicator telling us that democracy is improving. It is doing badly in many countries in the region,” Marta Lagos, Latinobarómetro founder and director, said. She added that while in Venezuela democracy might be described as in a “terminal” state, elsewhere countries were suffering from “democratic diabetes” – an illness “that everyone is suffering from, nobody can see, and which, if not treated, is still a killer”.

But Colombian prosecutors had identified more contracts where bribes had been paid – the current total being over US\$40m.

The gathered prosecutors issued a seven-point joint statement, which among other things stressed the importance of judicial independence and autonomy in investigating the Odebrecht case on a country-by-country basis. At a political level, the Odebrecht scandal looks like continuing to cause turbulence for some time yet – for example claims that the company made illicit donations to Mexico’s Partido Revolucionario Institucional (PRI) in the 2012 general elections are threatening to loom large six years later, as the country prepares for the 2018 elections.

A sick democracy?

The latest Latinobarómetro – a regular survey of political opinion in 18 Latin American countries – reveals that 53% of respondents believe democracy is the best form of government, but that there are some serious concerns about its state of health. Marta Lagos, Latinobarómetro founder and director, said bluntly “our democracy is sick”.

The percentage describing democracy as the best form of government is now eight percentage points down on the peak approval level achieved in 2010, after a period marked by popular presidents and strong growth associated with the commodities boom. Now, only 5% think their country enjoys “full democracy”. Only one-third of respondents is happy with how democracy is working. A massive 75% think their country is run for the benefit of powerful groups. Another high proportion – 62% – think there has been no progress against corruption in the last two years.

Government approval ratings were highest in Nicaragua (67%), Ecuador (66%), and Bolivia (57%). The lowest approval rates were in Mexico (20%), El Salvador (17%), and Brazil (6%).

HONDURAS | POLITICS

Election Fever

The deputy chief of the Organization of American States (OAS) electoral observer mission, Gerardo Sánchez, has arrived in Honduras’s capital, Tegucigalpa, with a large team of 81 experts to oversee the 26 November general election, in which over 6m registered voters will elect a president, three vice presidents, 128 national deputies, 20 members of the Central American parliament, and 298 local mayors.

President Juan Orlando Hernández of the Partido Nacional (PN) is seeking re-election after a controversial 2015 supreme court decision ruling ‘inapplicable’ the constitutional ban on presidential re-election. Yet re-election remains contentious in Honduras, where former president José Manuel ‘Mel’ Zelaya Rosales (2006-2009) was removed from office, on supreme court orders, for his alleged efforts to perpetuate himself in power.

Hernández faces two other main candidates: veteran television presenter (and 2013 presidential candidate) Salvador Nasralla of the small Partido Anti Corrupción (PAC), and newcomer Luis Zelaya, an academic running for the traditional Partido Liberal (PL). According to a September poll by Cid Gallup, Hernández remains the steady frontrunner with 37% of voting intentions, while Nasralla and Zelaya had 22% and 17% respectively.

This year’s election will be subject to a great deal of international scrutiny. The OAS delegation includes several Latin American former presidents, due

Hernández's promise

Hernández promises that if re-elected, Honduras will be “a respected country, with opportunities for everyone”.

to arrive on 21 November, including Bolivia’s Jorge Quiroga (2001-2002), Chile’s Ricardo Lagos (2000-2006) and Guatemala’s Alvaro Colóm (2008-2012). On 23 October, Honduras’s supreme electoral tribunal (TSE) said it had held a “very productive” meeting with a European Union electoral delegation headed by European Parliament Member Marisa Matías.

According to TSE head David Matamoros all of those invited to observe the election are “people who know Honduras well, [and] who are putting democracy in place in our country”. Alongside the OAS observer mission, Matamoros also announced that the Consejo Hondureño de la Empresa Privada (Cohep), the main business sector lobby, had invited former presidents Laura Chinchilla of Costa Rica (2010-2014), Vicente Fox Quesada of Mexico (2000-2006), and Spain’s former prime minister José Luis Zapatero (2004-2011), to accompany the process.

While much recent OAS attention has been dedicated to handling the aftermath of the recent regional elections in Venezuela, an OAS press release said that its delegation in Honduras would pay particular attention to the preparation and dissemination of electoral materials, and the registration and credentials of vote counters and volunteers.

Victory for Hernández and the PN, which runs nearly all of the country’s 18 departments, seems almost certain. In contrast to his bickering rivals, neither of them professional politicians, Hernández has presented a very rosy vision for a modern and outward-looking Honduras, based on seven strategic pillars.

Strategic pillars

- Innovation for growth. This aims for faster domestic economic growth and employment creation, based on applied technologies.
- Access to credit. More credit for entrepreneurs and small and medium-sized enterprises (SMEs), as well as for households, including mortgage credit for massive new house building plans.
- Honduras as a regional logistical hub. President Hernández envisages Honduras as a regional logistical hub for road and sea transport, but also as a regional information technology (IT) and information superhighway hub. In support of this, current efforts to change the country’s energy matrix to renewables like solar, hydro, and wind will be accelerated.
- Education and health. Investment in support of a fully bilingual public education system.
- Security and defence. The military would continue to support policing duties. The most dangerous criminals will be housed in new high security facilities, or ‘super pozos’. This hard-line militarised security policy stance has earned President Hernández external criticism, but is likely an electoral advantage given the overwhelming demands for public security. Hernández pledges that Honduras will never again be “an open sewer for criminals”.
- Stability and investor confidence. Reduced red tape, improved government transparency.
- Honesty and transparency. President Hernández expressed his support for anti-corruption measures, judicial and police reform, political reform, and also, notably, the continuation of the OAS-backed Support Mission for the Fight Against Impunity in Honduras (Maccih).

POSTSCRIPT

Quotes of the week

“To use an analogy, if the Vice President [Jorge Glas] is not in his post for three months then he can be removed from this without impeachment; the same has happened with Lenín Moreno, president of Alianza País.”

Ecuadorean Deputy Augusto Espinosa of the ruling Alianza País (AP) party.

“Our mission is to get Chile back on its feet and moving. To recover the leadership and dynamism that we have lost.... Transform Chile in a timeframe of eight years, before 2025, into a developed country, a country without poverty.”

The presidential candidate of Chile’s centre-right Chile Vamos opposition coalition, former president Sebastián Piñera (2010-2014), presents his proposed government programme.

“Many attorney generals and prosecutors from different countries are being pressured and some of us even threatened over these investigations, let’s be clear about that.”

El Salvador’s attorney general, Douglas Meléndez, comments on the challenges faced by the investigators of the regional corruption case revolving around Brazilian engineering firm Odebrecht during a meeting of these in Panama City.

A parting of the Farc ways

Two developments this week highlighted the separate routes being followed by former members of Colombia’s oldest guerrilla group, the Fuerzas Armadas Revolucionarias de Colombia (Farc). The electoral authorities registered the newly named Fuerza Alternativa Revolucionaria del Común (which retains the same acronym) as a peaceful political party entitled to compete in next year’s presidential and congressional elections. At the same time the ministry of defence has authorised the armed forces to conduct aerial bombing of Farc dissidents who failed to join last November’s peace settlement.

The national electoral council (CNE) said on 31 October that it had formally accepted the new Farc as a registered political party. Under the terms of the peace settlement, the Farc will be guaranteed a minimum of five seats in each of the two chambers of congress, to be implemented starting from the March 2018 elections. There are currently 166 seats in the chamber of deputies and 102 in the senate. Depending on the Farc’s actual electoral performance – how many elected seats the party wins – additional, unelected seats will be created to ensure the minimum five-seat guarantee is met in each chamber of congress. The guarantee mechanism will be temporary, in place for the next two congresses – those elected for four-year terms in 2018 and 2022.

On 1 November the new party announced its maximum leader ‘Timochenko’ (Rodrigo Londoño Echeverri) as its presidential candidate, and confirmed that fellow members of the Farc secretariat, Iván Márquez (Luciano Marín Arango) and Pablo Catatumbo (Jorge Torres Victoria), would fill promised congressional seats.

While many former guerrillas are therefore preparing to join a full-time electoral campaign the outlook for some of their former comrades is very different. This week the government authorised the armed forces to launch aerial bombardment of some 750 dissident Farc members who have refused to join the peace process. The defence ministry says the dissident Farc members along with various criminal groups are to be designated as Grupos Armados Organizados (GAOs - organised armed groups) and will be fought “robustly” in accordance with international humanitarian law.

LatinNews Daily

LatinNews Daily is an essential briefing tool for anyone with a serious interest in Latin or Central America and the Caribbean and is relied upon by thousands of LatAm professionals world-wide.

It is the definitive English language resource delivered via email at 0800 EST outlining all key developments throughout the region with expert analysis on the likely impact of each development.

LatinNews Daily costs just \$1,785 USD or £1,100 GBP for the year. For a 10-day free trial register at www.LatinNews.com, or for further information please contact Maria Isotalo via our online form at: www.latinnews.com/contact-us.

LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, Hamilton House, Fourth Floor, Mabledon Place, London, WC1H 9BB, England. Telephone +44 (0)203 695 2790, Email: subs@latinnews.com or visit our website at: <http://www.latinnews.com>

EDITOR: JON FARMER. Subscription rates will be sent on request. Overseas subscription sent by airmail. Printed by Quorum Print Services Limited, Unit 3, Lansdown Industrial Estate, Gloucester Road, Cheltenham, Glos. GL51 8PL **COPYRIGHT © 2017** in all countries. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, electrical, chemical, mechanical, optical, photocopying, recording or otherwise, without the prior written permission of the publishers. Registered as a newspaper by Royal Mail. **REFERENCES:** Back references and cross-references in the current series will be made thus: WR-17-01 will indicate Weekly Report, 2017, issue 1.