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Venezuela's Maduro prepares for rough ride

It would be going too far to say that the four meetings on Venezuela that took place in different forums in different countries on 13 November will shape the country's political future, but taken together they testify to the severity of the challenge the government led by President Nicolás Maduro faces to navigate a course through to presidential elections just over one year from now. The Maduro administration, meanwhile, is battening down the hatches. In any other week, the approval of a 'hate law' designed to stamp out all opposition would have seized the headlines. Instead, much like the systematic purge of senior executives in the state-run oil company Pdvsa, it was consigned to the margins by a debt crisis of epic proportions.

The first of the four meetings on 13 November took place in Brussels. Foreign ministers of the European Union (EU) unanimously agreed to approve an arms embargo on Venezuela and a legal framework for future sanctions against government officials, including travel restrictions and asset freezes. Dismissed by President Maduro as "stupid", this is the first concerted action to ramp up pressure on the Maduro administration other than by the US. The EU issued a statement calling upon the government "to urgently restore democratic legitimacy, including free and fair elections".

The second of the meetings was convened by the US in the United Nations Security Council in New York, during which the US ambassador, Nikki Haley, branded Venezuela "an increasingly violent narco-state that threatens the region, the hemisphere, and the world". The informal meeting was boycotted by Russia and China, Venezuela's lenders of last resort, as well as non-permanent members Bolivia and Egypt.

Venezuela's ambassador to the UN, Rafael Darío Ramírez, flanked by his Russian and Bolivian counterparts and China's deputy ambassador, denounced the "hostile and clearly interfering act of the US". But others attended, including the Uruguayan ambassador, and the secretary general of the Organization of American States (OAS), Luis Almagro, who dubbed Venezuela "a threat to the stability and security of the Americas".

The US government will keep coming. Four days earlier, it sanctioned a further 10 Venezuelan officials it accused of undermining the legitimacy of last month's regional elections, media censorship, or corruption, including three rectors of the national electoral council (CNE), Culture Minister Ernesto Villegas, and the second vice president of the constituent assembly, Elvis Hidrobo Amoroso. Foreign Minister Jorge Arreaza condemned the sanctions as "unilateral coercive measures".

The third meeting about Venezuela on 13 November, also in New York, had the potential to be much more damaging for the Maduro administration. It was held in the offices of the International Swaps and Derivatives Association (ISDA) to determine whether Venezuela had slipped into default following late payment of a US$1.1bn bond. ISDA failed to reach a firm conclusion either then or the following day and will reconvene on 16 November.

Two ratings agencies did not wait for the outcome of ISDA's deliberations. Standard & Poor's cut Venezuela's rating to "selective default" after it failed to make US$200m in payments on two global bond issues by the end of a 30-day grace period on 12 November. S&P added that it would "very likely consider any Venezuelan restructuring to be a distressed debt exchange equivalent to default given the highly constrained external liquidity". Fitch followed suit. It downgraded Venezuela to "restricted default".

Urgent reform

The president of the national assembly, Julio Borges, called on the government this week to dismantle exchange rate controls and stop printing money to cover public spending. He said the government must remove the obstacles providing disincentives to national production if only to alleviate child malnutrition and burgeoning medical and social problems in Venezuela.

The fourth meeting on 13 November took place in Caracas. Around 100 Pdvsa bondholders attended the red-carpet event convened by the Maduro administration to discuss the process of restructuring and refinancing the country's external debt. Except that no such discussion took place. The only concrete thing with which creditors left the meeting was a box of chocolates. A sweetener unlikely to mask the bitter taste of default. But while the government made no offer to the bondholders neither did it announce a default. Vice President Tareck El Aissami instead railed against the mistreatment of Venezuela, and promised that debt payments would continue to be made while urging bondholders to "work together [with the government] to get the [US] sanctions lifted".

In short, the Caracas meeting was reminiscent of the government's negotiations with the political opposition: keep talking, avoiding the substantive issues, while trying to buy that most elusive of commodities – time. The government could be waiting for external assistance. It did receive a fillip, when the economy & finance minister, Simón Zerpa, who attended the meeting with the bondholders, signed an agreement in Moscow on 15 November to restructure a US$3bn loan granted by Russia in 2011.

The Russian finance ministry said Venezuela would make "minimal" payments on the debt over the next six years (and to repay it all within 10) to free up funds to help the country meet the rest of its debt repayment schedule. This is not mere altruism. Russia is fully aware of the geostrategic benefits of cultivating an ally deep within the US sphere of influence.

Pdvsa purge

At a time when the government needs oil exports to be as high as possible the Organisation of the Petroleum Exporting Countries (Opec) revealed this week that crude production in Venezuela in October fell below 2,000 barrels per day (bpd) for the first time in 28 years, citing figures provided by Pdvsa. Pdvsa produced 1,995 bpd in October, down from 2,085 bpd in September, a decline of 130,000 barrels in one month and 361,000 over the last year. In the context of the low price fetched for Venezuelan crude, record low production will compound the country's debt problems.

The alarming figures owe to a combination of factors such as lack of investment, exchange rate distortion, and gross mismanagement and corruption at Pdvsa. Tarek Saab, the attorney general appointed by the constituent assembly, has embarked on a mission to root out corruption in Pdvsa, with eight employees, including managers and executives, arrested this week, bringing the total to 42 since late October. They stand accused of wrongdoing, including tampering with production figures, overpricing, and failure to carry out planned projects.

Saab offered no explanation for why such widespread malfeasance and large-scale corruption was only coming to light now, beyond denouncing "the most refined act of organised crime". This has fuelled speculation that the purge owes more to a battle for control of Pdvsa than any concerted effort to clean up the firm to boost production and ease the country's debt problems.

Hate law

While all eyes were on the debt crisis, the government-stacked constituent assembly pushed through a 'law against hate, for peaceful co-existence and tolerance' as vague in its content as it is ambiguous in its application, while containing swingeing sentences for offenders. Sentences range from 10 to 20 years in prison. The text also stipulates prison sentences of between eight and ten years for police or military officers who refuse to prosecute hate crimes. The 25-article law does not stop at muzzling all forms of media, especially digital media, it could also be used to target parties and politicians.

The law compels administrators of social media accounts to remove "propaganda and posts that constitute incitement to discrimination, intolerance, or violence" immediately. It defines *escraches* (the name given for personally directed protests at politicians and public officials) and *guarimbas* (the blocking of roads, burning of tyres and rock-throwing) as "demonstrations of hatred" and "serious violations of human rights".

The law instructs the CNE to disband political parties that fail to harmonise their statutes with the legal text, and to revoke the electoral registration of any candidates who promote "activities [that] promote fascism and intolerance, or incite hatred", providing sufficient latitude to exclude any opposition politician who could be deemed a threat from competing in next year's elections. The law's approval comes after the constituent assembly stripped the young vice-president of the national assembly, Freddy Guevara, of his immunity. Guevara sought refuge in the Chilean embassy in Caracas.

Maduro praised what he called "the law against neofascism", which Delcy Rodríguez, the president of the constituent assembly, said would "inoculate against hatred in society". The president of the national assembly, Julio Borges, decried what he described as "the law *of* hatred not to *stop* hatred". Borges added that the law would "promote hatred, division, and destruction of liberty in Venezuela".

Edison Lanza, the special rapporteur for freedom of expression of the Inter-American Commission on Human Rights (IACHR), denounced the new law in preliminary comments as "much more serious than it might at first seem". Lanza said it would mean that "the last free space in Venezuela, social media, will be shut down". He also criticised "the totally draconian and disproportionate punishments established by the law", adding that "the conditions are being created for pursuing the internal enemy and becoming an absolutely totalitarian state".

MUD withdraws from dialogue process

One meeting which did not take place this week was the latest in a long line of mediated negotiations between the government and the opposition coalition Mesa de la Unidad Democrática (MUD) scheduled for 15 November in the Dominican Republic.

The MUD suspended its participation in the negotiations which hinged on the government allowing the foreign ministers of Mexico, Chile, Paraguay, Bolivia, and Nicaragua to accompany the process as "guarantors of the fulfilment of the accords reached". The MUD is demanding that the government shake-up the national electoral council (CNE) to allow fair presidential elections in 2018; the opening of a humanitarian corridor to allow the entry of food and medicine to alleviate shortages (*see sidebar*); the release of 400 'political prisoners'; and the restitution of the national assembly's full powers.

Humanitarian corridor

Eighteen magistrates appointed by the opposition-controlled national assembly to sit on an independent constitutional chamber of the supreme court (TSJ), in exile in Chile, are expected to declare a humanitarian corridor to allow the entry of food and medicine to alleviate shortages in Venezuela. This will only be symbolic of course but the magistrates hope it will persuade the UN, OAS, and EU to pressure the Maduro administration to create a humanitarian corridor.

COLOMBIA | SECURITY

Drug record broken

President Juan Manuel Santos celebrated Colombia's largest-ever cocaine seizure last week: 13,398 kg packed and ready for export. Total seizures for 2017 have now reached 362 tonnes, already exceeding those for the whole of last year, which in itself was a record haul. Santos, speaking from the police base where the cocaine was on display, will have derived particular satisfaction from the latest confiscation, which he will see as vindication of his government's efforts to combat drug trafficking following a recent escalation of tension in bilateral relations with the US after President Donald Trump threatened Colombia with decertification.

More than 400 members of the anti-narcotics police and military raided four banana plantations in the municipalities of Chigorodó and Carepa, in the Urabá region of the northern department of Antioquia, on 8 November. The cocaine, which was found hidden underground, would have a street value in excess of US$360m in the US. Its seizure was part of the second phase of Operation Agamemnon, targeting the senior leaders of the Clan del Golfo, Colombia's largest neo-paramilitary and drug-trafficking organisation (DTO).

The security forces are taking the fight to the Clan del Golfo in Urabá, its stronghold. On 22 September they seized seven tonnes of cocaine in another banana plantation near the Urabá municipality of Apartadó. The recent finds do not necessarily provide conclusive evidence, however, that the security forces are turning the screw on the Clan del Golfo. They could equally suggest that the Clan del Golfo cannot keep up with the pace of cocaine production in Colombia and has had to resort to storing vast quantities of the illicit drug underground before it can be added to shipments of banana exports.

It is important to note that there were more than 14 different symbols on the sacks of cocaine found in the underground stash: each DTO uses a different emblem. This amply demonstrates the atomisation of the drug trade in Colombia in recent years which began with the fall of the Medellín and Cali drug cartels in the 1990s. The attorney general's office is investigating the diverse ownership of the confiscated cocaine.

While smaller groups proliferate in the production and processing side of the drug trade, the majority lack the infrastructure, or economic or military power, to ship large quantities of cocaine out of Colombia. Instead, they work with the Clan del Golfo, which controls much of the country's key Caribbean and Pacific coastlines, especially the Gulf of Urabá and Pacific ports in neighbouring Chocó, and has the strongest links to the Mexican DTOs.

The defence minister, Luis Carlos Villegas, argued that the latest drug seizure "weakens the Clan even more and should expedite the offer that the maximum leader of this organisation ['Otoniel' (Dairo Antonio Úsuga)] has made to turn himself in to the justice system" [WR-17-38]. The optimism with which Villegas has asserted the imminent demise of the Clan del Golfo for several months now looks somewhat misplaced. Evidence has emerged, for instance, that the Clan del Golfo, feeling the pressure being exerted by the security forces in Urabá, is making a concerted effort to spread out, especially eastwards. The added advantage of this strategy is that it can take advantage of the political and economic chaos reigning in Venezuela, as well as gaining access to the Brazilian market.

Tumaco

The largest increase in cocaine seizures in Colombia so far this year has been in the port municipality of Tumaco in the south-western department of Nariño, up 45% on the same period last year. This could be explained in part by the demobilisation of the Fuerzas Armadas Revolucionarias de Colombia (Farc) and the battle being waged for control of the drug trade in the area.

Odebrecht allegations corner political leaders

The Peruvian press claimed this week that local prosecutors investigating the region-wide government corruption scheme centred around Brazil's construction firm Odebrecht have gathered new incriminating evidence confirming the involvement of the country's main political leaders in the wrongdoing. The new allegations affect a former president, the leader of the main opposition party, and, for the first time directly, the incumbent president, Pedro Pablo Kuczynski. As such, they could create major problems for the government unless Kuczynski, who denies them, is able to dismiss them convincingly.

Peruvian prosecutors have been investigating the allegations that Odebrecht paid millions of US dollars in bribes to government officials to secure state contracts and provided illegal campaign financing to presidential candidates to gain influence with future administrations. The allegations affect former presidents Alejandro Toledo (2001-2006), Alan García (2006-2011), and Ollanta Humala (2011-2016), as well as leading presidential candidates in the 2011 and 2016 general elections. However, the progress of the Odebrecht investigations in Peru has been slow largely due to the fact that many of the former Odebrecht executives implicated in the case are currently being prosecuted in Brazil and under plea-bargaining deals cannot be interrogated by foreign prosecutors.

Eventually Peruvian prosecutors reached an agreement with their Brazilian counterparts under which they were be allowed to question some of the key figures implicated in the case, including Odebrecht's former CEO, Marcelo Odebrecht. To this effect a group of Peruvian prosecutors led by José Domingo Pérez Gómez travelled to Brazil on 7 November. They returned to Peru earlier this week and, ahead of their submission of an official report, speculation is rife about what Marcelo Odebrecht told them.

Against this backdrop, on 14 November, Peruvian investigative journalism group *IDL Reporteros* said that it had gained access to a copy of the transcript of Marcelo Odebrecht's interrogation by the Peruvian prosecutors. In an extensive report *IDL Reporteros* reveals that this shows that Marcelo Odebrecht confirmed that Odebrecht had paid bribes to García and had contributed to the campaigns of Keiko Fujimori, the presidential candidate of the main right-wing opposition Fuerza Popular (FP), in both 2011 and in 2016. Marcelo Odebrecht could not say exactly how much money Odebrecht contributed to Fujimori's campaigns but he said that the former Odebrecht executive in Peru, Jorge Barata, who is also being prosecuted in Brazil, would be able to provide this information as he made the contacts and arranged the payments.

Marcelo Odebrecht reportedly surprised Peruvian prosecutors by revealing that Odebrecht also had dealings with Kuczynski when he served as economy minister (2004-2005) and prime minister (2005-2006) in Toledo's cabinet. Marcelo Odebrecht said that Odebrecht had lobbied Kuczynski to agree to the approval of the construction of Carretera Interocéanica Sur highway. Kuczynski demurred but later agreed, allegedly after reaching a deal with Odebrecht under which he was hired as an economic advisor to the firm after he left public office.

According to Marcelo Odebrecht, Kuczynski was not paid directly for his advisory services to the firm but via the opaque 'caixa dois' method commonly used by Odebrecht to conceal the nature of certain payments. These revelations led the Peruvian prosecutors to ask Marcelo Odebrecht if the firm had ever provided donations to Kuczynski's electoral campaigns. Marcelo Odebrecht reportedly answered that he believed this was the case, noting that Odebrecht's policy was to offer campaign financing to any presidential candidate considered to be a contender in order to maintain good relations with a future government.

Kuczynski denies allegations

President Kuczynski denied the allegations in a series of tweets released on 14 November, and later in a televised national address. During the address, Kuczynski also said that his government remains committed to combating corruption and that as such he would continue to support and collaborate with the Odebrecht investigations. However, Kuczynski did not say whether he would now meet with the so-called 'Lava Jato' congressional commission that is investigating the Odebrecht case to answer questions, as has been requested by the commission controlled by Fuerza Popular.

TRACKING TRENDS

COLOMBIA | **Bogotá metro financing agreement.** The finance ministry and the municipal government of the national capital Bogotá signed an agreement this week over the financing of the construction of the first line of the Bogotá metro line, a project valued at US$5bn. The Bogotá metro project has been in the pipeline for decades, but it has never materialised due to the high costs associated with the building of an underground system in the capital's mountainous terrain.

Delivering a metro system that would help to ease the capital's road traffic gridlock was one of the main electoral promises of Mayor Enrique Peñalosa during the 2015 Bogotá by-election. However, given the large costs associated with the project, the weak financial position of the Bogotá municipal government following the terms of Samuel Moreno Rojas (2008-2011) and Gustavo Petro (2012-2015), which were marked by numerous corruption scandals and the depletion of the municipal treasury, Peñalosa was clear that the project would only come to fruition if it received the backing of the national government led by President Juan Manuel Santos.

After intense negotiations the Santos government eventually agreed to co-finance an elevated metro project proposed by the Peñalosa administration. An official statement by Finance Minister Mauricio Cárdenas hailed the signing of the agreement: "The [national] government has done its task. It has answered the call by Bogotá Mayor Enrique Peñalosa. Today we have signed a Col$15.1trn [US$15.02bn] co-financing agreement between the state and the municipality to build the Bogotá metro".

Noting that the government's national economic and social policy council (Conpes) approved the disbursement of up to Col$9.08trn of central government funds for the financing of the Bogotá metro back in September, Cárdenas said that central government would provide 70% of the funds needed to develop the 23.96km new metro line and the Bogotá municipal government would be responsible for providing the remaining 30%.

Following the signing of the co-financing agreement Mayor Peñalosa said that his administration hopes to raise the remaining funds in the coming months, with a view to launching a public tender process for the construction contract in May 2018.

COLOMBIA-PERU | **EU trade flows.** The European Commission (EC) released a report on 9 November on the implementation of the existing trade agreements of the European Union (EU) with its trading partners up to December 2016, which found that the free trade agreements (FTAs) signed with Peru and Colombia have helped to stabilise two-way trade.

According to the EC report, since the FTAs with Peru and Colombia came into full effect in 2013, bilateral trade between the EU and Peru has fallen by 11% and bilateral trade between the EU and Colombia has fallen by 23.5%. However, the report attributes this to the "economic slowdown in Latin America and the fall in commodity prices on the global market, which has affected exports of both countries", and it notes that the FTAs with Colombia and Peru had a stabilising effect on international trade in these two countries, as their trade with the rest of the world has fallen by 36% and 18% respectively since 2013. In both cases the fall in trade with the rest of the world was higher than the fall in trade with the EU.

The report goes on to suggest that without the FTAs Colombia and Peru's fall in trade with the EU between 2013 and 2016 is likely to have been even greater. The FTAs with the EU were resisted by some quarters in both Peru and Colombia, which argued that they would prove to be detrimental for some local economic sectors and more beneficial to the EU.

Significantly, the EC report provides some evidence in support of that view, noting that EU exports to Colombia increased by 18% during the first two years of the FTA coming into force and declined by 17% in 2016. Meanwhile EU imports from Colombia fell by 37.5% since the implementation of the FTA. Similarly, EU exports to Peru increased by 4% since the FTA came into effect, whereas imports from Peru fell by 4% over this period.

Avianca strike ends

On 10 November, pilots from Colombia's national airline Avianca, affiliated to the Asociación Colombiana de Aviadores Civiles (Acdac) civil aviation pilots' union, announced the end of the indefinite strike they launched on 20 September. Over 700 pilots (half of all Avianca's pilots) took part in the strike in demand of improved salaries and working conditions. This forced Avianca to cancel over 13,000 domestic flights, affecting 400,000 passengers, and resulting in US$2.5m of losses for the firm. The strike was ended after being declared illegal by the courts, which found that only a minority of Acdac members had voted in favour of it; and after government-mediated negotiations between Avianca and the union broke down, and Avianca threatened to layoff all striking pilots.

ARGENTINA | POLITICS & ECONOMY

Macri closes in on key reforms

President Mauricio Macri is using his newly acquired political capital to advance on three fronts with an ambitious reform agenda which could pave the way to his re-election in 2019 and define his legacy. The success of Macri's ruling centre-right Cambiemos coalition in mid-term federal congressional elections on 22 October has served to impel negotiations with Argentina's powerful trade unions, provincial governors, and federal congress.

The Macri administration reached an agreement on 15 November with the country's largest trade union movement, Confederación General del Trabajo (CGT), over a labour reform. A multifaceted tax reform, which also seeks to resolve longstanding financing disputes between the federal and provincial governments, should be agreed with provincial governors imminently. Accords with the CGT and governors are a prerequisite for the reforms to pass through both chambers of the federal congress where Cambiemos still lacks a majority. With such accords in place, however, their passage through congress should be assured as federal deputies and senators tend to do the bidding of governors and most would be reluctant to oppose the CGT and an ascendant Macri.

The labour minister, Jorge Triaca, reached a "consensus" with the CGT leadership following a week of tough negotiations after agreeing to drop three contentious issues which had formed part of the government's 145-point labour reform proposal: modifying the calculation of compensation for dismissal, limiting overtime, and equalising the hierarchy of employer and employee. The main thrust of the reform, however, remains intact. It will curb litigation by workers, reduce the social security burden on employers, and regularise informal workers.

The government hopes that by reducing labour costs and increasing competitiveness, it will attract investment. The labour reform has the full support of the private sector. The CGT's support is crucial, although the country's second largest trade union, Central de Trabajadores de la Argentina (CTA), and other smaller unions, still oppose the reform and are promising to stage a protest march to the presidential palace Casa Rosada on 6 December.

Tax reform progressing

As we go to press the government is close to sealing an accord with provincial governors over a tax reform embracing a complex patchwork of interrelated financial matters. The interior and treasury ministers, Rogelio Frigerio and Nicolás Dujovne respectively, are leading discussions with the governors. Dujovne said there was consensus over the need to reduce the fiscal deficit and inflation, claiming that the tax reform would finally answer "fiscal questions that have not been resolved for many years in Argentina and begin a new stage that leads us to an Argentina with fiscal balance". But all of the governors are wary that in the process of resolving the age-old conundrum in Argentina of how to share out state revenue, and reduce and redistribute spending, their provinces could lose out.

There is agreement on key proposals such as a reduction in corporate income tax from 35% to 25% for businesses that re-invest profits, but governors are seeking reassurance that they will not see their revenues decline as a result of a proposed reduction in the rate of the gross receipt tax and stamp tax.

Wine tax dropped

Alfredo Cornejo, the governor of the western province of Mendoza, Argentina's main wine producer, objected to a proposed 10% tax on wine on the grounds that it would be detrimental to a key export industry. The government accepted the argument and dropped the tax, which had been conceived as a way to offset lost revenue from the proposed corporate income tax cut.

Macri promised that the tax reform would be gradual and would take into account the specific case of each electoral district. Certain proposed taxes would have a far greater impact on some provinces than others, such as a tax on sugary drinks and wine (*see page 7 sidebar*). The tax on sugary drinks, for instance, is opposed by the north-western province of Tucumán because it would affect its principal industry, sugar, and lemon production. Patagonian provinces, big producers of apples and pears, also oppose it as their produce is used in sugary drinks.

BRAZIL | POLITICS

Cabinet reshuffle begins

Bruno Araújo, one of the four government ministers from the Partido da Social Democracia Brasileira (PSDB) presented his resignation on 13 November, triggering what is expected to be a wider cabinet reshuffle by President Michel Temer, just under one year ahead of the next presidential elections.

Complex political manoeuvres are likely over the next few weeks. The PSDB is split on whether to stay in the governing coalition or to leave. Last week Senator Aécio Neves, reinstated to the upper house after a corruption-related suspension, sacked interim party president Tasso Jereissati (who supports leaving the government coalition) and appointed a new caretaker, Senator Alberto Goldman. A substantive new party president will be elected at the convention due on 9 December.

Further infighting in the PSDB can be expected, most importantly between rival candidates for the party's nomination in next year's presidential elections. It is generally acknowledged, however, including by Neves, that the PSDB is likely to leave the ruling coalition to concentrate on the 2018 presidential election campaign.

That creates difficulties – and opportunities – for President Temer. The exodus is beginning earlier than expected: ministers who want to stand for election in October 2018 must stand down from government posts six months earlier, by next April. So the PSDB is set to abandon ship about five months ahead of time, reflecting a political judgement about how quickly it needs to take distance from Temer's unpopular administration.

On the other hand, Araújo's departure from the ministry for cities creates an immediate vacancy in an electorally important spending ministry (responsible for an affordable housing programme). According to local analysts 17 existing ministers out of a total of 28 have said they will be seeking election next year (mainly to the federal congress or state administrations). This suggests Temer will need one or even two reshuffles to replace more than half of his total ministerial team before April.

Temer has said that Araújo's resignation marks the beginning of a reshuffle that will be completed by mid-December. The other three PSDB ministers are Aloysio Nunes (foreign minister), Antônio Imbassahy da Silva (the secretary of government), and Luislinda Valois (human rights minister).

Party discipline is weak in Brazil so whether they stay or go will reflect not just the PSDB's but their own political calculations. Temer's agenda, on the other hand, is to use the cabinet reshuffle – whose scale is not yet fully known – to try and shore up his support in congress so that he can get a watered-down version of the pension reform bill approved by early next year (*see sidebar*).

Pension reform

The pension reform could well be the last major reform of President Temer's government, although it is not yet clear that he can muster the numbers: in the federal lower chamber of congress the ruling coalition is thought to be 60 or more votes short of the necessary three-fifths majority of 308 out of 513 seats.

Piñera announces plan for Araucanía

In one of his final campaign appearances ahead of the general election on 19 November, the frontrunner in the presidential race, former president Sebastián Piñera (2010-2014), launched his plan for Chile's La Araucanía region where indigenous Mapuche lay claim to ancestral lands. Mapuche-related unrest has dominated the campaign period in a manner unprecedented in recent electoral contests, due to a series of arson attacks in August; high-profile arrests of leading Mapuche activists; and hunger strikes [WR-17-40] prompting criticism of the response by the leftist Nueva Mayoría government led by President Michelle Bachelet.

The launch of Piñera's proposed plan took place against a backdrop of renewed Mapuche unrest. On 10 November hooded activists burned a bus and scattered pamphlets to protest against an upcoming visit by Pope Francis, who is due to lead a mass in Temuco, the capital of La Araucanía, during a visit to Chile in January. According to police, the pamphlets read: 'Fire to the churches. Pope Francis: You're not welcome in Araucanía'. Two days later, four containers belonging to a company contracted by the forestry firm Forestal Mininco, used as sleeping quarters for employees, were torched in an incident again linked to the conflict.

At the end of October, a local private-sector lobby group, Multigremial de La Araucanía, released a report on attacks with an "an indigenous connotation" showing the July-September quarter in 2017 to have been one of the most violent in recent years. Five churches and 53 trucks were torched and 33 incidents of violence were registered over the quarter, according to the report. This compares with 28 and 38 incidents of violence in the same quarters in 2016 and 2015. While in 2015, 10 rural religious communities were subject to arson attacks, this increased to 16 in 2016 and 17 in 2017.

The violence again highlights the Bachelet government's failure to deal with the issue, despite initiatives such as a 'comprehensive plan' for the region, announced in June, which broadly speaking comprised three components: constitutional recognition of indigenous peoples; productive regional and territorial development; and plans to extend a reparations scheme to all victims of violence in the area.

Piñera, who is running for election on the ticket of the right-wing opposition Chile Vamos coalition, has been very critical of the Bachelet administration for failing to address the violence in La Araucanía, which he has described on various occasions as "terrorism", calling for anti-terrorism legislation to be applied in full to anyone responsible for the attacks. However, while calling for the recovery of the rule of law in the area – in which he proposes to apply the full force of the law to those who engage in acts of "violence or terrorism" - Piñera's plan for the region broadly echoes proposals already put forward by the incumbent government. Similarities include the need for constitutional recognition of indigenous peoples and for investment in infrastructure works and roads among other things.

In his plan, Piñera also pledges to attract private investment and calls for the creation of a 'Peace Council', which would comprise representatives of the state as well as the Mapuche, agriculture, and civil-society sectors. Piñera is also calling for the creation of a national council of indigenous groups, the establishment of an agency for indigenous development, and the drawing up of a definitive land register.

Chile and EU to update trade accord

The Chilean government and the European Union (EU) will hold an opening round of negotiations to modernise the existing bilateral economic association agreement from 16 November in Brussels, Belgium. An EU press release notes that the aim is to update the 14-year-old agreement to bring its "trade provisions in line with the EU's modern agreements". The EU is currently Chile's second largest trade partner, accounting for 14.9% of the country's total exports in 2016. While bilateral trade has remained stable in recent years, both parties hope it will increase after the updating of their bilateral trade agreement.

Security – the big public concern

The most recent (September-October) opinion poll, by the local think-tank Centro de Estudios Públicos (CEP), found that the main electoral concern in Chile continues to be security and crime, cited as such by 47% of respondents.

That there might be substance to the public security-related concerns was suggested by a balance sheet on the first six months of 2017 presented at the end of July by the interior ministry. The balance sheet showed that while major social crimes were down by 3.8% in 14 of the country's 15 regions homicides were up by 25% to total 272 in the first half of the year (working out as 1.5 per 100,000 inhabitants), up from 221 (or 1.2 per 100,000) in the first half of 2016.

TRACKING TRENDS

BRAZIL | **Petrobras profits.** Brazil's state-owned oil firm Petrobras has released its financial results for the third quarter of the year, which show that the firm posted a profit during the period.

A Petrobras statement said that the firm's net income in the third quarter reached R$266m (US$80.6m), below the R$316m it reported in the previous quarter but a significant improvement on the R$16.4bn in losses it reported in the third quarter of 2016. With the new financial results, the heavily indebted firm has now registered profits in four consecutive quarters, with Petrobras noting that its accumulated net income for the year now stands at R$5bn.

The Petrobras statement described its third quarter financial results as "very positive" and driven by an increase in oil exports, improvements in the international price of oil, revenue raised via the sale of some of its assets, and a reduction in personnel costs, among other factors.

However, the level of third quarter profits reported by Petrobras was substantially lower than the R$3.21bn consensus forecast made by sector analysts, leading to some concern that the financial and administrative restructuring plan that the firm embarked upon in 2015, in the wake of the major internal corruption scandal uncovered in 2014, is not progressing as well as hoped.

The third quarter financial report shows that the firm's liquid debt fell by 11% year-on-year in the third quarter from the US$100.3bn reported in 2016 to US$88.1bn as of September this year.

Public concerns

After security and crime, the principal public concerns in Chile, according to the opinion poll by the local think-tank Centro de Estudios Públicos (CEP), are pensions (mentioned by 38% of respondents – a new concern which did not feature in the previous [July-August] poll), healthcare (named by 36% of respondents), and education (34%).

URUGUAY | **Looking to update FTA with Mexico.** Uruguay's President Tabaré Vázquez arrived in Mexico on 14 November for an official three-day visit. A statement from Vázquez's office said that the main objective of the visit by the official delegation, led by Vázquez but including Economy & Finance Minister Danilo Astori; Agriculture, Livestock, and Fishing Minister Tabaré Aguerre; and Foreign Minister Rodolfo Nin Novoa, is to deepen ties and discuss the possibility of updating the existing bilateral free trade agreement (FTA).

The Uruguay-Mexico FTA came into effect in 2004. Since then Uruguay's exports to Mexico have increased from US$117m to US$170m in 2016, or from 1.6% of Uruguay's total exports to 4.6%. However, the Vázquez administration believes that there are opportunities to increase this significantly given that Mexico is the world's tenth most populated country with a market of 127m people. In particular, the statement from Vázquez's office said that the government delegation led by Vázquez would seek to discuss the further liberalisation of bilateral trade in food.

The Vázquez administration is keen for Uruguay to increase its exports of products such as rice, meat, and dairy products to Mexico (which are currently subject to quotas). Finding alternative markets for Uruguay's dairy products has become a priority following the fall in demand from crisis-stricken Venezuela and the recent suspension of Uruguayan dairy imports imposed by Brazil over dumping allegations levelled by Brazilian dairy producers against their Uruguayan counterparts. Mexico is likely to look favourably on deepening trade ties with Uruguay given the uncertainty surrounding the future of the North American Free Trade Agreement (Nafta).

MEXICO | DIPLOMACY

Tough talking on Nafta

Both Mexican and US officials have been talking tough about the future of their bilateral relations – part of the warm-up for the fifth round of negotiations on the future of the North American Free Trade Agreement (Nafta) starting on 17 November in Mexico City and running for five days.

The background to the fifth round of Nafta talks between Canadian, Mexican, and US officials is one of deadlock on some key issues, raising the real possibility that the 23-year old agreement could be terminated. This led Mexican Foreign Minister Luis Videgaray to suggest that the disagreement on economic issues could have a negative spill-over effect on other aspects of his country's relationship with the US.

Speaking on the margins of the Asia-Pacific Economic Cooperation (Apec) summit in Vietnam on 11 November, Videgaray said, "It is good that we cooperate with the US on security, migration, and other issues. But it is a fact of life and politics that a bad result on Nafta will have an impact on these things." Mexico's ambassador to the US, Gerónimo Gutiérrez Fernández, was also stressing the link between economic and security issues. At a meeting in Phoenix, Arizona, he said "What 9-11 made very clear…is that if you are really concerned about non-state security threats…you really have to be working with your partners throughout the globe to deal with security matters, especially with your neighbours."

Faced by US intransigence on a number of points, Mexico's strategy has been to show that it is actively planning for a future without Nafta. Various officials have gone on the record saying that the country is working on a 'Plan B', although its outlines are still rather sketchy. Videgaray said that the central bank and the finance ministry were drawing up just such a contingency plan, although the central assumption remained that a renegotiated Nafta was achievable, desirable, and the best option.

The outlines of the Plan B would include how Mexico would set about adjusting its macro-economic policies; how it would diversify its trade (reducing its current dependence on the US); what would happen to North American trade tariffs; and how, post-Nafta, foreign investment in Mexico would be protected. Mexico has already increased some of its grains purchases from Brazil and Argentina, in preparation, if necessary, for a reduction of such imports from the US.

The International Monetary Fund (IMF), which concluded its annual Article IV consultation on the Mexican economy in the country this week, also commented on post-Nafta prospects. The IMF warned that "protracted negotiations [on Nafta] could prolong uncertainty regarding Mexico's future economic relations with the US".

The IMF also suggested that in the event of the disintegration of Nafta there would have to be a shift to World Trade Organization (WTO) most-favoured nation (MFN), or even higher, tariffs which would be "disruptive for Mexico's trade with its most important trading partner and could weaken growth, dampen capital inflows and raise risk premia".

US negotiators played their own form of brinkmanship this week. Following Videgaray's comments, the US secretary of commerce, Wilbur Ross, said his

TPP

Foreign Minister Luis Videgaray played an active role, on the sidelines of the Apec summit in Vietnam, in salvaging another trade deal at which US President Donald Trump looked askance: the Trans-Pacific Partnership (TPP). Trump withdrew the US from the embryonic TPP in January. The 11 remaining signatories of the TPP – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam (all members of Apec) – agreed to preserve the cardinal features of the original deal signed two years ago. In its latest incarnation it will be known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

country wanted to reach agreement on Nafta by March 2018. A failure to renegotiate the free trade agreement would harm Mexico much more than it would harm the US, he said. In fact, Ross argued, losing Nafta would be "devastating" for Mexico. For the US, he contended, no Nafta deal would be a better outcome than a "bad" Nafta deal.

In the negotiations themselves key sticking points have included US demands for much higher local content rules in the automobile industry, changes to the way trade disputes are resolved, and a so-called 'sunset clause' under which Nafta would expire every five years unless actively renewed by the three governments concerned (Mexico and Canada object that such a clause builds in unnecessary uncertainty for investors).

Business unfazed by López Obrador

Some analysts have expressed concern about a 'perfect storm' scenario where Nafta collapses and an angry Mexican electorate chooses an unpredictable populist to be the country's next president. It has been suggested that Andrés Manuel López Obrador, currently the frontrunner in the presidential race for his radical left-wing Movimiento Regeneración Nacional (Morena), might fit that bill, providing a Mexican left-wing populist counterweight to President Donald Trump's brand of "made in the USA" right-wing populism. The result could be disastrous for bilateral relations, for the economy, and for the business community, they fear.

Growth projection down

The IMF is projecting that Mexican GDP growth will decelerate from 2.1% in 2017 to 1.9% in 2018. This is particularly important since 2018 is an election year, and the campaign in Mexico could see resurgence in Mexican nationalist and anti-US sentiment.

But Alexis Milo, chief economist for HSBC in Mexico, argued this week that the 'perfect storm' scenario is unlikely. His first point is that the current Mexican government's structural economic reforms – principally the ending of the state oil and gas monopoly and the introduction of a more competitive telecoms market – are almost certainly not going to be reversed. The composition of the next Mexican federal congress in most of the likely electoral scenarios will make it virtually impossible to obtain the two-thirds majorities that would be needed to roll back the reforms.

Secondly, Milos argues that López Obrador is leading the polls at this stage in part because he is the only fully declared candidate. Current polls may be misleading because they measure a mix of personal popularity, on the one hand, and political party ratings on the other.

Milo's advice is not to take any Mexican polls seriously until January 2018 when, apart from López Obrador, the candidates for the other main parties will be known: these are the ruling Partido Revolucionario Institucional (PRI) and the Frente Ciudadano por México, the electoral alliance between the right-wing opposition Partido Acción Nacional (PAN), the left-wing Partido de la Revolución Democrática (PRD), and the small Movimiento Ciudadano (MC).

The PRI president, Enrique Ochoa Reza, revealed this week that the party would select its presidential candidate by 14 December at the latest. Ochoa predicted a straight shoot out between the PRI's pick and López Obrador, who he accused of "populist authoritarianism" akin to that practised by Venezuela's tottering government led by President Nicolás Maduro. Ochoa wrote off the prospects of the Frente Ciudadano por México, which he said was "falling apart" because of the mismanagement of its leaders.

Even if López Obrador were ultimately to be successful, some are predicting that, with one eye on the debacle in Venezuela, he would be less hostile to business than feared. Despite the political noise, business groups are far from panicking about the future, Milo argues, noting that inflows of foreign direct investment (FDI) have remained strong at US$15.6bn in the first half of this year.

Cross-referencing the disappeared

One of the criticisms of Mexican governments over the last 10 years is that they have done very little to clarify the situation of the 'disappeared': over 32,000 people whose fate remains unknown after being caught up in the seemingly never-ending cycle of violence between law enforcement and drug-trafficking organisations (DTOs). A new initiative by Datacívica, a local NGO, seeks to generate a more accurate registry of the country's disappeared.

Since former president Felipe Calderón (2006-2012) ordered the armed forces to enter the war on drugs, Mexico has suffered a decade of increased violence. Estimates suggest total drug-war-related deaths in the last decade are well in excess of the 100,000 mark. The government recognises that on top of that figure there are at least 32,000 people who have 'disappeared'. Many were kidnapped and presumed killed; but details of what happened to them and who they were, are often sketchy or non-existent. This has meant that their families have been caught in an emotional and legal limbo.

Slowly, the government has tried to rectify this situation. A national registry of the missing and disappeared (Registro Nacional de Personas Extraviadas y Desaparecidas – RNPED) has been created. Last month, largely as a result of local and international lobbying by human rights groups over the notorious Ayotzinapa case (the kidnap and presumed murder of 43 trainee teachers in Iguala, Guerrero state, in September 2014) a new law on forced disappearances was approved by the federal congress (*see sidebar*).

The problem with the existing RNPED is that it pulls together raw information provided by state-level judiciaries which is often partial or incomplete. It is supposed to cover key data including name, age, and date and place of disappearance. But many of the missing are identified only by a single surname. Of the 33,482 missing people on the RNPED registry in June this year, there was incomplete or erroneous information for 70% of the entries.

Using data management techniques, the Datacívica team has been able to cross-reference the RNPED database with existing social security records held by the Instituto del Seguro Social (ISS) and the social development ministry (Sedesol). Datacívica director José Merino says they have also incorporated data from human rights associations and relatives of the disappeared around the country. This means that there are now 31,968 cases where the full name of the victim is known. "This allows us to get a better idea of why someone might be added or deleted from the official registry and, in the final analysis, build a better idea of the real dimension of the problem of the disappeared and missing in Mexico," Merino says.

Forced disappearance

The new law seeks to define the crime of forced disappearance; it creates a special prosecutor's office to take charge of these cases, as well as a commission to help the search process. It also proscribes stiffer sentences for forced disappearances (40 to 60 years when the culprits are government officials or members of the security services).

TRACKING TRENDS

MEXICO | **Food security.** The agriculture, livestock, fishing, and rural development ministry (Sagarpa) said this week that Mexico is close to achieving the level of food security recommended by the United Nations Food and Agriculture Organization (FAO). Speaking at a conference in San Luis Potosí, the capital of the eponymous state, Francisco Gurría Treviño, Sagarpa's general coordinator, said that Mexico currently produces 68% of all the food consumed in the country; the FAO recommends a country should produce 75%.

Gurría said Sagarpa expects that the proportion of locally produced foods consumed in Mexico will increase to 71% next year as the government continues to promote the development of the national agricultural and livestock sector. Gurría said the government's objective is to increase Mexico's food production by 40% by 2022 in order to ensure that it maintains high levels of food security.

NICARAGUA | POLITICS

OAS endorses FSLN victory

In its preliminary report on the 5 November municipal elections, the electoral observation mission (EOM) of the Organization of American States (OAS) found that "weaknesses typical of all electoral processes" had "not affected substantially the popular will expressed through the vote". This effectively endorses the victory of President Daniel Ortega's ruling Frente Sandinista de Liberación Nacional (FSLN), which took 135 of the 153 municipalities up for grabs, one more than in the 2012 election. The report by the EOM, whose presence was in line with an agreement signed back in February 2017 with the FSLN government aimed at assuaging democracy-related concerns, has disappointed the opposition which maintains the electoral process was rife with irregularities [WR-17-44].

While endorsing the FSLN victory, the EOM report, which was released on 7 November, was also clear that "Nicaragua's electoral system would benefit from a comprehensive electoral reform that addresses various topics" and, in its recommendations, highlights the need for a "permanent judicial and administrative framework that gives more confidence and security to political forces and citizens". A chief concern cited by the report was the electoral violence. While noting that voting "unfolded calmly, smoothly, peacefully, and without major incident", it points out that once this ended, "a series of isolated incidents of violence occurred that resulted in the deaths of five people and several injured". The report called on the authorities "to conduct the appropriate investigations and punish the perpetrators of these crimes".

The report was criticised by opposition groups such as Frente Amplio por la Democracia (FAD), which had already taken issue with the head of the electoral mission, the vice president of Uruguay's electoral court Wilfredo Penco, complaining that he had endorsed previous elections which delivered convincing victories for the FSLN amid transparency complaints. Opposition groups also complain that the EOM omitted mention of a major concern: participation. In a report published on 7 November by national daily *La Prensa*, Penco was cited as saying that turnout was "between 48% and 52% of the active electoral register" – echoing claims by the FSLN-controlled electoral authorities (CSE) which put it at 51.64%. However, the FAD said it was more like 20%.

US response

In a statement released on 8 November, the US State Department expressed concerns about "persistent flaws in the Nicaraguan democratic process", adding that it was "seriously troubled by credible reports of irregularities throughout this electoral process". The US State Department press release did say, however, that the presence of the EOM provided "much-needed transparency".

Electoral violence

In a report also issued on 7 November, the national police (PNN) (which like all other state institutions is controlled by the FSLN) appeared to have already determined who was responsible for the electoral violence. The PNN lays the blame squarely on the two main opposition groups: Partido Liberal Constitucionalista (PLC) and Ciudadanos por la Libertad (CxL), which won 11 and six municipalities respectively, as well as the FSLN's former ally, the regional indigenous party Yatama. As well as the five deaths, in its report the PNN also noted that 67 people were injured as a result of electoral violence, while nine houses and two government offices were burned, commercial establishments looted, and private and state property damaged.

Ending TPS

On 6 November, the US Department of Homeland Security (DHS) announced its decision to terminate the Temporary Protected Designation (TPS) for Nicaragua which had been granted in 1999 following the devastation caused by Hurricane Mitch. According to the DHS statement, the decision, which has a "delayed effective date of 12 months to allow for an orderly transition before the designation terminates on 5 January, 2019", was made after a review of the conditions upon which the country's original designation, which temporarily allows those fleeing countries afflicted by war or natural disasters to live and work legally in the US, were based. Some 2,500 Nicaraguans currently benefit from TPS in the US.

Varela faces fresh pressure over Odebrecht

The corruption case involving Brazil's construction and engineering firm Odebrecht is throwing up fresh problems for President Juan Carlos Varela. In a hearing last week as part of the collaboration deal between the firm and Panamanian authorities, two former Odebrecht executives – including André Luiz Campos Rabello, the former head of the firm's affiliate in Panama – named as one of those linked to the corruption scheme, Jaime Lasso del Castillo, Panama's former ambassador to South Korea, who reportedly donated US$700,000 to Varela's 2009 vice presidential campaign. Varela, who has already been implicated in the scandal, has acknowledged receiving the funds although he maintains that they were donations and "not bribes".

In a statement published on 9 November ratifying the collaboration agreement with the former Odebrecht executives, who are accused of crimes against the economic order and public administration and of money laundering, Panama's attorney general (AG) officially named for the first time the individuals implicated in the scandal. This first emerged in December 2016 amid reports that, as part of a region-wide scheme, over US$59m was paid in bribes to secure public works and infrastructure contracts between 2010 and 2014, under the Cambio Democrático (CD) administration led by former president Ricardo Martinelli (2009-2014).

Lasso had already added to President Varela's problems last month, telling reporters that the ruling Partido Panameñista (PPA) had received the US$700,000 from Odebrecht, from Rabello. This led Varela to respond, saying that "in my campaign as vice president, I received help from [Odebrecht] and reported it to the electoral authorities". (Varela initially ran for the top job in 2009 but withdrew from the race in order to support Martinelli, receiving the vice presidency in return).

This is not the first time Varela has been on the defensive over his links to Lasso, the director of a foundation, Fundación Don James. Back in July Spanish daily *El País* published an interview with Brazilian-Spanish former lawyer Rodrigo Tacla Durán who alleged that illegal campaign donations had been paid via accounts in tax havens and international transfers to Michelle Lasso – "someone who was close" to Varela. Michelle is Jaime Lasso's daughter. At the time Tacla further raised suspicions regarding Varela's links to Odebrecht, claiming that, at the latter's behest, Panamanian authorities had been slow to respond to Brazilian requests for judicial cooperation to solve the case. He attributed this to Varela's friendship with Rabello. In February, Ramón Fonseca Mora, a partner in local law firm Mossack Fonseca who was arrested over money laundering charges, also claimed that Varela had received illegal campaign donations from Odebrecht.

Others implicated

The statement by the attorney general's office also cites former Odebrecht executive André Luiz Campos Rabello as saying that former president Ricardo Martinelli's sons had received more than US$50m from the Brazilian firm. Also mentioned were Demetrio Papadimitriu, Martinelli's former minister of the presidency, who allegedly received US$12m. Others named included a former director from the public works ministry (MOP), Carlos Ho, who allegedly received US$500,000; former MOP minister Jaime Ford (US$1.8m); former economy & finance minister Frank De Lima (US$7m); and the former 2014 CD presidential candidate José Domingo Arias, who served as Martinelli's housing minister and allegedly received US$10m.

Contentious ruling

With President Varela's links to Odebrecht back under scrutiny, last month a circuit judge, Lania Batista, aroused widespread anger with the decision not to grant a two-month extension for a special anti-corruption prosecutor to continue with investigations linked to bribes paid by Odebrecht. In the decision announced on 25 October, Batista denied a petition put forward by special anti-corruption prosecutor Zuleyka Moore on the grounds that an extension had already been granted but the authorities had failed to provide sufficient information to merit extending it again. The petition was in relation to an initial case filed in September 2015 by Alvin Weeden Gamboa, a lawyer and former comptroller general, in relation to crimes including money laundering, even before the main scandal broke in December 2016. Weeden's complaint claims Odebrecht had used the local banking system to pay the bribes.

Quotes of the week

"The government is failing to act in the face of a social catastrophe. A wave is threatening to sweep away what little is left standing. If inflation in November and December stays at between 40% and 50%...we will to close the year with a figure of 2,000%."

The president of Venezuela's national assembly, Julio Borges.

"The tax reform would eliminate enormous contingent liabilities [hanging] like a sword of Damocles over the public finances of the [country's] various [electoral] districts."

Argentina's treasury minister Nicolás Dujovne.

"To say that they [President Lenín Moreno and supporters in his government] represent the true Revolution, attacking us, reminds me of the 'directors' of Apple dismissing Steve Jobs."

Ecuador's former president Rafael Correa.

POSTSCRIPT

Cuba seeks foreign assistance over sonic attack allegations

As we go to press Cuban experts are concluding a webinar on the alleged sonic attacks on US diplomats in Havana. Its principal objective is to "exchange information and opinions with the international scientific community and other interested parties", the Cuban state online portal Cubadebate reported. The US has withdrawn 21 diplomatic officials in Cuba who had complained of hearing loss, nausea, and balance disorders, prompting speculation they had been the victims of a form of sonic attack directed at their homes.

The Cuban experts, drawn from diverse fields – neurology, otorhinolaryngology (ear, nose and throat), epidemiology, audiology, psychology, and engineering – recently released a preliminary report which found no evidence for these allegations or possible authors of such an attack. They did not have access to the medical tests carried out on the US diplomatic officials, just a medical summary and audio samples provided by the US authorities.

Cuba's Foreign Minister Bruno Rodríguez argued on 1 November that the allegations of a sonic attack were merely a pretext to implement tough new policy measures against the island. Rodríguez was appearing before the United Nations General Assembly ahead of the annual vote on the US trade embargo on Cuba, which was roundly rejected by 191-2 (the US reverting to tradition after its historic abstention of 2016).

The new Cuba Policy rolled out by US President Donald Trump in June took effect on 9 November. It seeks to ratchet up the pressure on the government led by President Raúl Castro by toughening up (more rhetorically than substantially) the deal struck between the previous administration led by Barack Obama and the Castro government. Restrictions on personal travel to Cuba have been tightened, and steps taken to try and target the many-tentacled Cuban military holding company, Grupo de Administración Empresarial (Gaesa), which controls around 65% of the island's economy, including much of the tourism industry, by barring US companies from doing business with some 179 Cuban state entities believed to be linked to it [WR-17-44].

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