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## Game on as Piñera stumbles in Chile, but congress the big story

Chile's presidential elections were blown wide open on 19 November after former president Sebastián Piñera (2010-2014) became the first winner of the first round to fall shy of 40% since the transition to democracy in 1990. He will have to contest a second round against Alejandro Guillier, of the ruling leftist coalition Nueva Mayoría, who barely fought off a stiff challenge from newcomer Beatriz Sánchez, who benefitted from widespread voter disenchantment with established political parties reflected in one of the lowest turnouts in Chile's history. Guillier who had looked down and out now has renewed hope. But the real point of interest was the outcome of the elections to the enlarged lower chamber of congress and senate which will acquire a very different complexion when new deputies and senators are sworn in.

That Piñera fell short of the 50% plus one threshold required to win election in the first round was not a major surprise but he was so far adrift there is now serious doubt over whether he will win the second round run-off against Guillier on 17 December. Piñera won just 36.7% of the vote for the right-wing Chile Vamos coalition. Guillier finished a full 14 percentage points behind Piñera on 22.6% but, crucially, Sánchez, the candidate of the new Frente Amplio (FA), a left-wing coalition spearheaded by several of the leaders of the massive 2011 student protests, was right on his tail on 20.3%.

The FA was insistent during the campaign that it would not automatically support Guillier in a run-off against Piñera. But Sánchez's strong showing means that she can make significant demands of Guillier in return for her coalition's endorsement. In the wake of the result, the FA said it would make an announcement about its intentions on 30 November, giving Guillier just over a week to make overtures to the coalition. This is most likely to amount to policy concessions in his programme for government as the FA would compromise its credibility if it agreed to participate in a future Guillier administration.

The opinion polls were way off the mark. Not only did they predict that Piñera would amass close to 45% of the vote but they also forecast that Sánchez would not make it to double figures. Sánchez slammed the pollsters for conspiring against her chances of reaching the run-off by massively understating her support. In the event she finished just 160,000 votes behind Guillier. Sánchez also pushed Guillier into third place in two of Chile's three most populous regions: metropolitan Santiago (22.8%-21.9%) and Valparaíso (25.8%-21.1%), which have 2.7m and 726,000 eligible voters respectively. Guillier needs the majority of those votes to transfer to him if he is to stand a chance in the second round.

As much as he insisted that "my job is not to negotiate but direct a message to the country," Guillier will make gestures to Sánchez, who he described as repre-

## Congressional breakdown

Chile Vamos will be the largest party in the lower chamber, with 73 of 155 seats, and in the senate, with 19 of 43 seats, but it will lack a majority in either. The coalition's centre-right Renovación Nacional (RN) outperformed the conservative Unión Demócrata Independiente (UDI) in the lower chamber for the first time (36-31 seats). The Nueva Mayoría won just 43 seats in the lower chamber (56 with the DC) and 15 in the senate (21 with the DC). The Partido Socialista (PS) was the big winner with 19 of the coalition's 43 seats in the lower chamber; the Partido por la Democracia (PPD), Partido Radical Socialdemócrata (PRSD), and Partido Comunista de Chile (PCCh) won eight apiece.

senting “a Chile that is coming but which we couldn't make”. The problem for Guillier is that if he makes a series of more radical gestures to the FA, he could lose the centre ground to Piñera. However, the centrist Democracia Cristiana (DC), the disgruntled member of the Nueva Mayoría which fielded its own presidential candidate in Carolina Goic, who won 5.9% of the vote, has endorsed Guillier, as has Marco Enríquez Ominami, who won 5.7%.

On paper, this would appear to put Guillier in with a very good chance. Even without any of the 1.33m votes cast for Sánchez, the 386,000 for Goic and 376,000 for Enríquez Ominami would bump Guillier up from 1.49m to surpass Piñera's 2.1m votes, although Piñera should pick up the 522,000 votes cast for the ultra-conservative José Antonio Kast, who won 7.9% of the vote. But history suggests in Chile that such arithmetic is simplistic and that votes do not transfer en masse in this manner. Another imponderable is voter turnout. This was just 46.7%. Either an increase or decrease in abstention in the run-off could have a big impact.

Piñera was outwardly unperturbed by the underwhelming result. “We won in every region in Chile. In almost all of the middle class communes and the poorest and most vulnerable,” albeit with the exception of the region of Atacama, in the far north, and La Araucanía, in the far south, he did not exceed 40% of the vote anywhere. Piñera is likely to row back more towards the centre ground from which he became unanchored, drifting rightwards during his first round campaign. In his post-electoral message, he managed to reach out to both Kast and Goic in the same sentence: “We are going to defend family values [the core of Kast's message] and Christian humanism [the DC ideological standpoint]”.

Whoever emerges victorious next month will not be able to rely on a congressional majority and will have to seek consensus with opposing parties to advance his legislative agenda. This was the first election since the reform of the binomial system (a remnant of the dictatorship of Augusto Pinochet [1973-1990] which favoured the formation of two coalitions) and it led to the biggest congressional shake-up since the return to democracy. There will be 92 new deputies in the lower chamber, enlarged from 120 to 155 seats, and 17 new senators in the upper chamber, which grows from 38 to 43 and will rise again to 50 in 2022. Female representation jumps from 16% of all congressional representatives in 2014 to 23%. The FA, meanwhile, won 20 seats in the lower chamber, up from three. The DC, with 13, will have fewer seats in the lower chamber than the FA, a huge blow to its self-esteem, which explains in part why Goic resigned as party president.

<b>Chile's newlook congress</b>		
<i>(parenthesis denotes change from previous representation)</i>		
	<b>Lower chamber</b>	<b>Senate</b>
<b>Chile Vamos</b>	<b>73</b>	<b>19 (+5)</b>
Renovación Nacional	36 (+17)	7 (+1)
Unión Demócrata Independiente	31 (+2)	10 (+3)
Evolución Política	6 (+6)	2 (+2)
<b>Nueva Mayoría</b>	<b>43 (-3)</b>	<b>15 (+1)</b>
Partido Socialista	19 (+4)	7 (+1)
Partido por la Democracia	8 (-7)	7 (+1)
Partido Radical Socialdemócrata	8 (+2)	1
Partido Comunista de Chile	8 (+2)	-
<b>Frente Amplio</b>	<b>20 (+17)</b>	<b>1 (+1)</b>
<b>Democracia Cristiana</b>	<b>13 (-9)</b>	<b>6</b>
<b>Others</b>	<b>6</b>	<b>2</b>
<b>Total</b>	<b>155 (+35)</b>	<b>43 (+5)</b>

**Fujimorismo accused of institutional coup**

Peru could be approaching a tipping point. Since Keiko Fujimori narrowly lost the presidential elections in June 2016, her Fuerza Popular (FP, Fujimoristas) party has been accused on numerous occasions of abusing its power as the dominant force in congress to the detriment of Peru's democracy; now it is being openly accused of orchestrating an institutional coup.

Given recent historical precedent, shrill cries against Fujimorismo for plotting to undermine democracy are not surprising. The FP has used its congressional majority to cause no end of difficulties for President Pedro Pablo Kuczynski, for instance dismissing several of his ministers and eventually bringing down his cabinet in September this year. Now, in what looks like an attempt to close ranks around Fujimori, the FP has taken the first step in an attempt to impeach the country's attorney general, Pablo Sánchez, for dereliction of duty.

On 20 November the permanent commission of congress voted to grant the sub-commission on constitutional accusations 15 days in which to investigate Sánchez. The FP congressional spokesman, Daniel Salaverry, accused Sánchez of "functional omissions" in investigating Peruvian partners of the Brazilian construction firm Odebrecht in the ever-widening corruption and bribery scandal. The president of the permanent commission, the FP's Luis Galarreta, prevented a debate of the matter, putting it straight to the vote. The permanent commission approved the move against Sánchez by 13 votes (all FP deputies) to six against and two abstentions.

The FP-backed vote comes just after the attorney general's office announced its decision to investigate Fujimori over irregular financial contributions to her presidential campaigns in 2011 and 2016, including a comment by Marcelo Odebrecht, the former chief executive of Odebrecht upon whose mobile phone a compromising text reading 'Raise Keiko to 500' was found. Marcelo Odebrecht recently confirmed that contributions had been paid to Fujimori's presidential campaign [[WR-17-45](#)].

The FP denies there is any causal link between the vote by the FP-controlled permanent commission of congress to investigate Sánchez over Odebrecht and the move by the attorney general's office to investigate Fujimori over Odebrecht and other campaign-related irregularities. Sánchez's lawyer, Samuel Abad, had a different interpretation: "At the root of this is an attempt to tell the attorney general how he should act". Sánchez insisted he would be undeterred.

Congressional deputies representing the ruling Peruanos por el Cambio (PPK) were critical of the FP. Deputy Guido Lombardi accused the party of failing to appreciate "the limits" of a congressional majority: "They are doing enormous damage to the country and to themselves. This is an attempt to intimidate Attorney General Pablo Sánchez for the investigations he is carrying out." The left-wing opposition Frente Amplio (FA) denounced a flagrant attempt to undermine the independence of the judiciary. "We will fight in congress," FA Deputy Marco Arana said, "the public must do the same, if necessary, on the streets [in order to defend democracy]".

The president of Peru's judiciary, Duberlí Rodríguez, meanwhile expressed his hope that "this is not going to happen because it would mean a return to the past [in reference to the government led by Alberto Fujimori (1990-2000)]". Rodríguez urged the FP "to reflect on the situation and avoid making the same mistakes".

**Protest action**

Prosecutors and other employees at Peru's attorney general's office protested in defence of Pablo Sánchez on 21 November outside its headquarters in Lima. A crowd of several hundred people gathered to demonstrate in favour of the institution's autonomy and independence.

## De la Calle

Humberto de la Calle will reach out to the young and those who voted in favour of the peace accord. But he will also be keen to distance himself incontrovertibly from the Farc and to “bury the myth that security is only a matter for the Right”. He argued that “security is a necessity for all Colombians no matter what party they come from”.

The latest move by the FP prompted a plethora of civil society groups, including the human rights body Coordinadora Nacional de Derechos Humanos (CNDDHH), and the trade union movement Confederación General de Trabajadores del Perú (CGTP), to unite to denounce the party. The executive secretary of the CNDDHH, Jorge Bracamonte, claimed that Peru faced “the most serious institutional crisis since the return to democracy”. The secretary general of the CGTP, Gerónimo López, accused the FP of trampling on the separation of powers, and setting up “a congressional dictatorship” in Peru.

The civil society groups released a statement announcing forthcoming demonstrations “in defence of the democratic institutions questioned by the [FP] congressional majority”. They also filed constitutional charges against the permanent commission of congress and the sub-commission on constitutional accusations for allowing the accusations against Sánchez to proceed.

If in its report into the matter the sub-commission accepts that Sánchez has a case to answer, the permanent commission will then formally accuse the attorney general who will face impeachment proceedings in the full congress. Even for the FP, with its absolute majority, this will not be straightforward. This is because it will need to muster 69 votes. This equates to two-thirds of the members of congress excluding the 23 deputies on the permanent commission. Without its deputies on the commission, the FP can only stretch to 56 votes, which would be 13 short.

## Legal boost for Fujimori

In an opening triumph against the attorney general’s office, a judge on a Peruvian appeals court accepted an appeal by Fujimori and her husband Mark Vito Villanella this week. The judge instructed the attorney general’s office that it has 10 days in which to formalise charges against the pair or to archive an investigation into campaign finance irregularities, including the Odebrecht case. The judge also argued that it was wrong for the attorney general’s office to apply the ‘law against organised crime’ in the context of the investigation. This would have allowed the investigation to go on for 36 months, which would have damaged Fujimori’s likely bid for the presidency in 2021. The attorney general’s office is appealing against the ruling.

## COLOMBIA | POLITICS

### De la Calle to run for president

Humberto de la Calle was elected as the presidential candidate for the Partido Liberal (PL) on 19 November to contest next May’s elections. De la Calle shot back to prominence, after years in the political wilderness, with his role as chief negotiator of the peace process with the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Cuba. In the eyes of the Colombian public he symbolises the peace accord struck between the government led by President Juan Manuel Santos and the Farc. This brings him important recognition and it will win him votes, but it will also put off Colombians either unimpressed with the accord or who want politicians to address other pressing priorities.

De la Calle faced Juan Fernando Cristo, who served as interior minister (2014-2017) under President Santos, in the PL primary election. De la Calle also held the position of interior minister under the government of César Gaviria (1990-1994), now the PL party president. De la Calle, who also led the constituent assembly process in 1991 and served as vice president between 1994 and 1996, narrowly won the PL primary against Cristo by 365,658 votes to 324,277.

## Timochenko

Timochenko is also seeking a meeting with the chief prosecutor of the International Criminal Court (ICC), Fatou Bensouda, to raise his concerns about “the last-minute changes” made by the constitutional court and congress. “The court ruling excluded non-military state agents and third parties responsible for serious crimes from the obligation to submit to the JEP, leaving their judgement to ordinary justice,” which, Timochenko claimed, would do nothing.

Turnout, at only 2.1%, was low. The primaries were criticised for being expensive, costing the country as much as Col\$40bn (US\$13m) to organise.

Both De la Calle and Cristo are staunch advocates of the peace process with the Farc. De la Calle, however, embodies it, meaning that the electorate will associate him with the peace process and its implementation, while any other campaign proposals that he has will be pushed into the shade. Dismissed by the right-wing Centro Democrático (CD) led by former president Alvaro Uribe (2002-2010) as the Farc’s candidate, De la Calle was keen to stress, in an interview with the national daily *El Tiempo* after his victory, that he had “no ideological affinity whatsoever with the Farc; we must defeat them with votes not bullets, but through arguments”.

De la Calle said that nothing would induce him to seal an electoral alliance with the Farc in its new incarnation as the Fuerza Alternativa Revolucionaria del Común. He did speak of the need, however, to forge “a much bigger coalition, which is necessary in the current circumstances...to contain populism on the Right and Left which are equally dangerous”. He said that the alliance he favoured was with Sergio Fajardo, Claudia López, and Jorge Enrique Robledo, members of Compromiso Ciudadano, Alianza Verde, and Polo Democrático Alternativo respectively, who agreed in September to launch Coalición Colombia, an anti-corruption and pro-peace platform, for which they will vie against each other to become presidential candidate. In this regard, it was noteworthy that De la Calle expressed his commitment to clean up the pervasive *mermelada* (literally jam; a word denoting kickbacks and official corruption) and clientelism in the political system.

De la Calle argued that a good time to forge a grand coalition would be after the congressional elections next March, but Fajardo, López, and Robledo have mooted holding a primary election then and the victor is unlikely to agree to play second fiddle to De la Calle straight afterwards for the first round of presidential elections in May. An alliance is more likely ahead of a second round.

### Implementing the peace causing conflict

For De la Calle, much will depend on the progress in implementing the peace accord. A serious dispute over the transitional justice tribunal (JEP), the bedrock of the accord, is at present raging. The constitutional court approved the JEP in essence last week but argued that two of its attributions were unconstitutional and would need to be amended. Meanwhile, congress is busy debating the JEP, and opposition parties are determined to preclude those convicted under it from being eligible to hold public office in the future in spite of this being a core principle of the peace accord.

The constitutional court ruled that this aspect of the JEP would indeed need to be revised, along with the requirement for civilians, such as officials and businessmen, accused by the Farc of fomenting the armed conflict, to appear before the JEP. The revisions have caused disquiet in the Farc. So much so that the maximum leader of the Farc, ‘Timochenko’ (Rodrigo Londoño Echeverri), penned an open letter to Santos calling for face-to-face talks about the problems associated with the JEP. Santos agreed to meet Timochenko on 24 November to seek to set his mind at rest.

In his letter, Timochenko denounced the decision by the constitutional court to water down the JEP by stipulating that officials and businessmen would only need to appear before the body on a voluntary basis. Timochenko said this “opens the door to impunity” and makes “a clear mockery of victims’ rights”. He also condemned “the audacity with which different institutions have been acting in open contradiction with the final peace accord, to the extent of modifying it in essential aspects”.

**Dialogue process**

The MUD will be represented by representatives of its four largest parties in the dialogue process: Primero Justicia (PJ), of former presidential candidate Henrique Capriles Radonski; Acción Democrática (AD), of national assembly former president Henry Ramos Allup; Voluntad Popular (VP), of imprisoned leader Leopoldo López; and Un Nuevo Tiempo, of former governor Manuel Rosales. Overcoming profound differences and mutual mistrust will be a huge challenge. Vicente Díaz, one of the MUD representatives in preliminary talks, for instance, said the government was resisting discussing a humanitarian aid corridor, an opposition demand to allow the entry of food and medicine to alleviate shortages, “because it thinks it will be the prelude to a foreign invasion”.

**Daring escape raises questions about dialogue**

He had to pass 29 control points on a 15-hour flight along Venezuelan back roads to the Colombian border city of Cúcuta, but Antonio Ledezma seemed full of energy when he arrived in Spain on 18 November after escaping house arrest in Caracas. The former metropolitan mayor of Caracas was one of the most prominent opposition politicians to have been imprisoned by the government led by President Nicolás Maduro. His escape coincided with the Mesa de la Unidad Democrática (MUD) opposition coalition’s acceptance of new talks with the Maduro administration. In a Madrid press conference, Ledezma dismissed the “parody” of a dialogue process which he said had only led to “more deaths, more prisoners, and more persecution”.

Ledezma refrained from divulging too many details about his escape, saying merely that some national guard officers had “collaborated” along with members of the military “ashamed” about what was happening in Venezuela. The intelligence agency Sebin has since made 19 arrests in a series of property raids, including members of the police and four former employees at the Caracas mayoralty. Ledezma, who was placed under house arrest in 2015 after spending four months in Ramo Verde jail outside the capital on suspicion of plotting a coup, insisted he had no intention of going into “a golden exile” but would work tirelessly to denounce “the terrible tyranny” of Maduro which had caused an “unimaginable” political, social, and economic crisis in Venezuela.

Ledezma expressed his disagreement with the MUD’s decision last week to take part in a dialogue process with the Maduro administration in the Dominican Republic on 1 and 2 December. Vicente Díaz, a former rector of the national electoral council (CNE) and one of three MUD representatives to take part in preliminary talks in the Dominican capital Santo Domingo on 16 November, said there was willingness on the part of the government and the opposition to hold a genuine dialogue. But there is sharp disagreement within the MUD over the terms.

One of the government’s top demands is for the MUD to recognise the legitimacy of the constituent assembly. This would be tantamount, however, to signing the death warrant of the opposition-controlled national assembly. Soy Venezuela, the party to which Ledezma and former MUD deputy María Corina Machado belong, is insisting on the dissolution of the constituent assembly as a pre-condition for the opposition participating in talks, and for all of the body’s resolutions since it was installed in August to be declared null and void. In a statement it said that the “supraconstitutional nature of this illegitimately elected body makes the stability of any accord unviable”.

Soy Venezuela’s tough stance is being backed by 13 deputies who broke away from the MUD last week and set up a faction called Fracción 16 de Julio. All of the disparate MUD factions have agreed, however, to the formation of a commission headed by Deputy Stalin González tasked with organising a public consultation to agree on an agenda for the talks to “rescue democracy”, and to draw up a report on proposals and suggestions by 28 November for approval by the national assembly.

The MUD’s overriding concern is for full guarantees for a free and fair presidential election in December 2018. It is not clear how it can achieve this objective, however, when the government has adeptly tilted the playing field through gerrymandering and every electoral trick in the book. On the plus side, unlike previous attempts at talks, the MUD heads into the dialogue process with three mediators it trusts: the foreign ministers of Mexico, Chile, and Paraguay.

**Judiciary orders rogue deputies back to jail**

Prosecutors from a federal regional court voted unanimously this week to send three Rio de Janeiro state legislators from the ruling Partido do Movimento Democrático Brasileiro (PMDB) back to jail.

This is the second time the deputies have been sent to prison. The first time, the deputies escaped through a legislative manoeuvre, undermining confidence in Brazil's judiciary. "It seemed like an escape out of a Western film," federal prosecutor Paulo Espírito Santo said. "How are people going to believe in the judiciary when they see this?"

The trio from the Rio de Janeiro state legislature (Alerj), president Jorge Picciani and two state deputies Paulo Melo and Edson Albertassi, are accused of participating in a kickback scheme to extort R\$100m (US\$30.6m) from local transport networks. The deputies belong to the so-called cacique of PMDB legislators in the Alerj, where they have worked for over 20 years. They once moved in the same political circles as former PMDB governor Sérgio Cabral (2007-2014), who previously served as Alerj president and has since been implicated in a slew of corruption scandals and is now serving a prison sentence.

**The great escape**

Last time the three PMDB deputies went to jail, on 16 November, they handed themselves over to police. But less than 24 hours after they had been imprisoned, they were bailed out by fellow Alerj legislators who voted overwhelmingly to have them reinstated. This stoked public outrage. As the vote went through, anti-corruption and anti-PMDB campaigners gathered outside to protest against legislative impunity.

A minority of protesters turned to violence, with vandals smashing in windows of the nearby church Igreja de São José, banks, and other local businesses. While some argued that this violence was opportunistic, others contended that it symbolises mounting public frustration with what the lawyer Antônio Brito de Souza described as "the discovery of successive corruption schemes, one after the other...[which] contributed to a climate of confrontation".

**Family business**

Besides clearing his own name, Jorge Picciani is under pressure to defend his family business run by his son Felipe, who was arrested last week. Prosecutors said there were "clear indications" that Picciani's livestock businesses, Agrobilara and Agrocopa, were being used as a front to launder money from political kickbacks. Another of Jorge's sons, Leonardo, who is minister for sport under President Temer, may also be in trouble. He was accused in a plea bargaining testimony by marketer Renato Pereira of granting public health contracts in exchange for a kickback, according to local daily *Veja*, which he denies. The allegations have not been substantiated, but could still affect Leonardo's job security in Temer's mini cabinet reshuffle.

**Room for further manoeuvres**

The manoeuvre by the Alerj to protect deputies from judicial investigations (and by extension prison) is not unprecedented. Local legislators from other states, such as Mato Grosso and Rio Grande do Norte, have pulled off similar stunts to rescue their colleagues from jail. Whether or not this is legal remains ambiguous according to Brazil's constitution.

In light of recent events, members of the legal community have called for greater clarity from Brazil's supreme court (STF) about where the limits of power for state legislatures lie. Brazil's attorney general Raquel Dodge

**Alerj vote**

Deputies in Alerj voted 39-1 with one abstention to free the PMDB legislators from jail. Facing a backlash, members of three disparate parties – Podemos, Partido Socialismo e Liberdade (PSOL), and Partido da Republica (PR) – have said they would expel "infidels" who supported the motion.

## Nepotism

Over a decade after leaving the Alerj, Sérgio Cabral still has influence there. In an email addressed to Jorge Picciani, Cabral asked whether his cousin's husband could keep his job at the state legislature, reported local daily *Estadão*. "They've just had a baby," he said. The email, which dates back to 2015, is now being used as evidence of nepotism in an anti-corruption probe.

described the decision by the Alerj to free the deputies from Rio as an "institutional disaster" which contributed to a sense of "lawlessness" in the state. The fact that Alerj members voted to "ignore criminal evidence" by setting the deputies free demands a "clear and immediate response" from the STF, Dodge said.

The most obvious precedent for legislative immunity, however, comes from the STF itself. Last month, the STF allowed the federal senate to reinstate Aécio Neves from the centre-right party Partido da Social Democracia Brasileira (PSDB) following his brief stint in prison. This has been widely interpreted as a victory for sitting members of congress seeking protection from judicial investigations.

### Bad timing

Aside from affecting the future relations between the legislature and judiciary, the legislative manoeuvres could influence the outcome of the 2018 elections. Besides choosing a new president, next year Brazilians will elect two-thirds of the senate, the whole of the chamber of deputies, and deputies for state legislatures next year.

Any self-interested manoeuvres by Brazil's main political parties may be harshly judged by the electorate. This provides an opportunity for outsider candidates to appeal to disillusioned voters and displace establishment legislators.

## BRAZIL | POLITICS & JUSTICE

### Wrapping up 'Car Wash' investigations

**Brazil's new chief of police Fernando Segóvia said he would aim to finish work on 150 investigations related to anti-corruption investigation 'Operation Car Wash' before mid 2018. Concluding these investigations would provide greater certainty about which candidates can run in next year's elections. Under Brazil's 2010 'clean slate law', politicians with criminal convictions cannot run for at least eight years after they are sentenced.**

Segóvia stressed that he would not rush proceedings. "We will try to use the necessary means...to finish the [anti-corruption] investigations before the middle of next year. But if they are not concluded, they will continue," he said. "This is just a target to be reached."

Previously, Segóvia has criticised the way 'Operation Car Wash' has been handled by Brazil's office of the attorney general (PGR), by implying former PGR head Rodrigo Janot (2013-2017) had pressed corruption charges against President Michel Temer prematurely. "If the investigations had been run by the federal police, they would have taken longer," Segóvia said.

Segóvia's comments generated friction between the PGR and the federal police, which had been working closely together on anti-corruption matters until now. Janot argued that his comments showed a lack of awareness about the role played by the police force in 'Operation Car Wash'.

Janot has gone on to question Segóvia's political affiliations. While Segóvia has publicly pledged to continue the investigations against Temer, several media outlets have voiced concerns about his alleged ties to the PMDB caucus. "The question that presents itself is: did he find this out himself or is he speaking on someone else's orders?" Janot asked rhetorically.

Segóvia, who has two decades of experience working in the police force, was sworn in as chief of police on 20 November. He replaces Leandro Daiello, who was chosen by former president Dilma Rousseff (2011-2016) and had overseen Brazil's anti-corruption investigation 'Operation Car Wash' since its inception in 2014.



## Politicians trade alliances for ministerial positions

President Michel Temer's mini cabinet reshuffle is already underway. In exchange for ministerial positions, Temer hopes to win support from allied parties for his pensions reform. By doing so, he is looking to defend his own legacy and position his party, the Partido do Movimento Democrático Brasileiro (PMDB), as a strong coalition partner ahead of the 2018 general election.

The first new cabinet appointment goes to a former deputy from the centre-west state of Goiás, Alexandre Baldy, who becomes the new cities minister. Baldy's candidacy was strongly backed by the head of the federal chamber of deputies Rodrigo Maia from centre-right party Democratas (DEM), which is allied to the government, and is seen as a sign that President Temer is looking to reconcile with congress after legislators voted on a series of corruption charges against him, from which he was acquitted. This gesture of reconciliation has been reciprocated. During Baldy's swearing in ceremony, Maia thanked Temer for confiding in him. "You can be sure that the government's reform agenda is a top priority in the chamber [of deputies]," he said.

Meanwhile, in the scramble for ministerial positions, party loyalties appear to have been forgotten. After accepting the new job, Baldy was kicked out of his former party Podemos (PODE) – previously known as the Partido Trabalhista Nacional (PTN) – due to ideological incompatibilities with the government. This leaves Baldy without a party. He is soon expected to join the centre-right Partido Progresista (PP) *centrão* parties, which are allied to the government, according to local daily *Folha de São Paulo*. If confirmed, this could help President Temer win favour in the federal congress, where the *centrão* is a powerful force.

Baldy replaces former cities minister Bruno Araújo (May 2016–November 2017), from centre-right Partido da Social Democracia Brasileira (PSDB) who resigned last week. Araújo quit as the PSDB mulls whether to break with the Temer administration. Party opinion about whether to stay or go is currently divided. But the PSDB is expected to make a final call on its position in December.

Given this predicament, Temer's other PSDB ministers may be in the firing line. These include the current human rights minister, Luislinda Valois, the secretary of government, Antônio Imbassahy da Silva, and the foreign relations minister, Aloysio Nunes. At the time of writing, Valois looks most likely to go while Nunes seems more likely to stay.

The *centrão* is also eyeing up Imbassahy's position (*see sidebar*). But his closeness to Temer means the PSDB minister is likely to stay, even if that means moving to another ministry. Another possibility is that Imbassahy may be forced to abandon the PSDB altogether and join the ranks of the PMDB or centrist party Democratas (DEM).

### Baldy

Alexandre Baldy was President Temer's first choice to become the new minister of cities. During his previous position as a deputy for the centre-west state of Goiás (February 2015–November 2017) he consistently showed loyalty towards Temer. He voted for key government reforms (including the spending cap and labour reform) and against pursuing corruption charges against Temer in August 2017.

Before joining congress, Baldy was secretary for industry and commerce for Goiás state (2011–2013). During his time there, according to a 2012 legal inquiry seen by news site *G1*, he allegedly established close relations with Carlos Augusto Ramos (known as 'Carlinhos Cachoeira' or Charlie Waterfall), who is accused of running illegal gambling operations. In a statement, Baldy denied knowing Cachoeira and said the allegations were part of a smear campaign against Goiás governor Marconi Perillo from the PSDB.

### Marun

Under pressure from the *centrão* bench, President Michel Temer is considering Carlos Marun (PMDB) as a potential candidate to succeed Antônio Imbassahy (PSDB) according to political reporter Andréia Sadi from *GloboNews*. However, Temer has been persuaded to postpone the decision until the PSDB decides whether it will continue to be allied with the government.

**Economic boost**

Two other bills designed to attract investment and boost national production are presently making their way through congress. The lower chamber approved a 'Buy Argentine' bill to favour national producers in the award of state procurement contracts this week. Not only does it provide a margin of preference of 7%-15% for national small and medium-sized enterprises (SMEs) and 5%-8% for larger companies but it also requires a foreign company contracted by the government to subcontract at least 20% of the work to local firms in the hope of advancing the transfer of knowledge and technology, and creating more jobs. A reform of the capital markets law aims to remove excessive regulatory burden, establishing a set of rules to encourage more issuers and greater choice of instruments for investors. Both bills must now pass through the senate.

**Macri strikes fiscal pact with provinces**

In less than one month since his electoral success, President Mauricio Macri has achieved the impressive feat of negotiating a new accord for distributing state resources, breaking the resistance of provincial governors through a mix of compromise and coercion. Representatives of 23 of Argentina's 24 electoral districts (with San Luis the sole exception) signed a fiscal pact in the Casa Rosada presidential palace, including 13 of the 14 governors of the main opposition Partido Justicialista (PJ, Peronists) chastened by defeat in the federal congressional mid term elections on 22 October.

"This is a great step forwards," President Macri said. "A fiscal pact for the systematic reduction of the deficit," he added. In exchange for greater equity in the distribution of national resources, the provincial governments accepted the 22-page accord committing them over the space of five years to reduce local taxes and keep spending below the inflation rate under the terms of the fiscal responsibility law currently wending its way through the federal congress. This means lowering stamp tax and the rates on gross receipt tax, which is charged on transactions throughout the supply chain, driving up inflation.

Crucially, the provincial governments also agreed to drop 56 legal cases against the federal government, amounting to a total of Ar\$340bn (US\$41bn), for underpayment of resources to the provinces as part of the co-participation scheme. The government will compensate the provinces with a Ar\$80bn (US\$4.57bn) 11-year bond at a 6% rate of interest.

The province of Buenos Aires agreed to drop a big legal claim against the federal government before the supreme court for US\$22bn at today's rate of exchange owed under the Fondo del Conurbano Bonaerense (FCB), a compensation fund established in 1993 for the country's most populous province. The FCB, a vexed issue which has hung over successive governments, will now cease to exist. The province of Buenos Aires will henceforth receive 10% of the *impuesto a las ganancias*, payroll tax, the rest of which will go to the other 23 electoral districts.

The federal government will transfer Ar\$40bn in 2018 and Ar\$65bn in 2019 to the province of Buenos Aires, which is presently being run by Governor María Eugenia Vidal who belongs to Macri's ruling centre-right Cambiemos coalition. Used wisely this will buttress her popularity of 70% and underpin Macri's probable re-election bid given that the province makes up 40% of the national population.

"This is an object lesson for the world to see how different political spaces can resolve a problem that is more than 50 years old," the governor of Tierra del Fuego, Rosana Bertone, said. "We hope that the success is reflected in the lower chamber of congress and senate," she added. This is the next, pivotal, step for the Macri administration. Although Cambiemos lacks a majority in either chamber, it is the dominant party in the lower chamber, and senators, in particular, traditionally carry out the wishes of the provinces they represent.

The Macri administration has already sent the fiscal pact to congress for approval along with the detailed labour reform which it signed with the leadership of the country's largest trade union movement, Confederación General del Trabajo (CGT), last week [WR-17-45]. The government is hopeful that the respective bills will make it through both chambers of congress before the recess on 22 December when extraordinary sessions would end (ordinary sessions finish on 30 November).

### A colossal waste of time

On 19 November the president of Canada's general trade union (Unifor), Jerry Dias, who is advising Canada's NAFTA negotiating team, told Mexican and Canadian journalists covering the fifth NAFTA negotiating round that in his view the tripartite negotiations are "really going nowhere". Alluding to the US's tough demands, Dias added that "as long as the US is taking the position they are, this is a colossal waste of time". Meanwhile following the closure of the fifth negotiating round Minister Freeland said in a press conference in Ottawa that the US has presented "extreme proposals" on the negotiating table and that Canada's position is to "hope for the best and prepare for the worst".

### Nafta renegotiations stagnate

The fifth round of the renegotiation of the terms of the North American Free Trade Agreement (Nafta) between Mexico, the US, and Canada took place in Mexico City (CDMX) this week. Up until the third round of Nafta talks, the negotiators agreed that they had been making steady progress in the complex negotiations. That changed in the fourth round when the US presented some tough demands that were largely rejected by Mexico and Canada. It was hoped that the fifth negotiating round would put the talks back on track and lead to some significant progress being made on some of these sticking points. However, the latest negotiating round proved to be disappointing as no meaningful progress was made.

The fifth round got off to a bad start after the three government ministers in charge of the Nafta renegotiations – Mexico's Economy Minister, Ildefonso Guajardo; Canada's Foreign Minister Chrystia Freeland; and US Trade Representative Robert Lighthizer – announced that they would not be attending the fifth round. The ministers said that they had decided not to attend in order to allow their respective negotiating teams to try to advance some of the points in which no agreement could be made in the fourth round. The absence of the top officials taking part in the renegotiations was taken as a sign that they did not believe that much progress could be made on some of the US demands. The office of the US Trade Representative (USTR) further fuelled these concerns at the start of the fifth round on 17 November by releasing an updated set of Nafta renegotiating objectives.

A USTR statement pointed out that the updated renegotiation objectives reflect some of the proposals presented by the US to Mexico and Canada during the previous renegotiation rounds and are aimed at reducing the US's trade deficit with its Nafta partners and trade-distortion prevention measures. The statement added that the updated objectives include things like demands for increased market access for US agriculture products and the introduction of seasonal restrictions on agricultural imports from Mexico; new transparency and administrative measures; expanded investment and intellectual property objectives; and the completion of the negotiations on the chapters on competition and small and medium-sized enterprises (SMEs). The release of the updated renegotiation objectives was in effect the issuing of new demands, particularly in the agricultural trade sector.

The concerns that the US's tough demands and the firm rejection of these by Mexico and Canada would result in the Nafta renegotiations foundering only increased as the negotiating round advanced, as sources involved in talks voiced frustration at the lack of effective progress being made. Unlike previous negotiating rounds, this time none of the negotiating teams provided regular progress updates. But sources close to the Canadian negotiating team told the Mexican and Canadian press that they believed that the negotiations were "going nowhere" (*see sidebar*). It appeared that the counterproposals presented by Mexico and the US over some of its more controversial demands, such as increasing regional content requirements for automobiles and the so-called 'sunset clause' on the periodic reaffirmation of Nafta, had not been well received.

At the end of the five-day negotiating round, the negotiating teams from the three countries admitted that they were only able to make limited progress. In the customary joint statement issued at the end of all negotiating rounds, the negotiating teams said that they had succeeded in making progress in the discussion of seven of the 30 negotiating chapters, including those relating to

## Guajardo denies stagnation

Following the conclusion of the fifth negotiating round of the renegotiation of the terms of Nafta, Mexico's economy minister, Ildefonso Guajardo, denied that the negotiations had stagnated and insisted that while slow, progress was being made. "There is no stagnation because...there are a series of chapters that are close to being closed," Guajardo said, adding that these represented 25% of the negotiating agenda. Stating that Mexico is committed to conducting a constructive negotiation that benefits all three Nafta members, Guajardo added that "the closing of a chapter depends on the political will [to] reach an agreement, and this can happen any time, even before the January 2018 round".

digital trade, telecommunications, anti-corruption measures, health and safety standards for food, and customs procedures. The negotiating teams also reaffirmed their commitment to moving forward in all areas of the negotiations in subsequent rounds. However, the negotiating teams failed to reach any concrete agreements on any of the negotiating chapters during this round of talks. And there was no mention of any progress being made on some of the key demands put forth by the US since the fourth round.

## US complaints

In a separate statement at the conclusion of the fifth negotiating round, Lighthizer said that "while we have made progress on some of our efforts to modernise Nafta, I remain concerned about the lack of headway. Thus far, we have seen no evidence that Canada or Mexico are willing to seriously engage on provisions that will lead to a rebalanced agreement. Absent rebalancing, we will not reach a satisfactory result." US President Donald Trump has repeatedly threatened to withdraw the US from Nafta unilaterally, if the agreement's renegotiations prove to be unsatisfactory for his government. Lighthizer's comments have been taken as yet another warning that the talks are not progressing as well as the Trump administration would like, and the risk that the US may walk away from Nafta remains latent.

The joint statement by the negotiating teams said that they had agreed to continue working in intersessional meetings in Washington DC in mid-December to try to advance the negotiations ahead of the sixth round. The statement said that the ministers had agreed that this next round will be held between 23 and 28 January in Montreal, Canada. Mexico, Canada, and many in the US will be hoping that the negotiators will be able to resolve the current impasse then, as it looks like this will be one of the last chances to do so before next July's general election in Mexico and November's US mid-term elections. The general view is that once the electoral season starts, domestic political considerations will make it even more difficult for the Mexican government to make any concessions in the Nafta renegotiations and for the US government to soften its stance.

## MEXICO | POLITICS

### FCM tentatively starts to take shape

Mexico's broad new opposition coalition, the Frente Ciudadano por México (FCM), has taken a new step towards its political consolidation. The three parties that have agreed to form the FCM – the right-wing Partido Acción Nacional and the leftist Partido de la Revolución Democrática (PRD) and Movimiento Ciudadano (MC) – have formally registered the electoral alliance with the national electoral institute (INE). Yet the FCM's prospects are highly uncertain. Support for the coalition among its member parties is by no means unanimous and these have yet to agree on the mechanism by which they are to select a presidential candidate to run in next year's general election. This is a key issue that could lead to the FCM's unravelling if no arrangement that satisfies all members can be reached.

The FCM's registration with the INE came after the respective PAN, PRD, and MC national party councils, during separate meetings held over the weekend (18-19 November), formally approved the establishment of the proposed electoral alliance. But this was by no means a straightforward process. While the PAN and MC party councils swiftly approved the establishment of the alliance, its approval at the PRD party council proved difficult. The PRD party council meeting began on 18 November and the pro-FCM party leadership hoped to approve the alliance that day. However, two PRD party factions initially refused to support the approval of the FCM over the lack of clarity over how the coalition is to select its presidential candidate and lingering concerns that such a broad alliance with the PAN could alienate voters on the Left.

## Homicides reach record high

On 21 November the executive secretariat of Mexico's national public security system (SESNSP) reported that 2,371 homicides had been recorded in the country in October, a 27.4% increase compared with October 2016. The October homicide figure is the highest monthly figure recorded in the last two decades and it brings the accumulated number of homicides registered so far this year to 20,878, higher than the 20,547 homicides registered in the whole of 2016. This year is set to become the deadliest of President Enrique Peña Nieto's single six-year term ending in 2018. It also looks likely that the 2017 total homicide figure may exceed the 21,459 murders recorded in 2012, the final year of the previous administration led by Felipe Calderón Hinojosa (2006-2012).

The resistance by the Alternativa Democrática Nacional and Vanguardia Progresista dissident PRD factions meant that the FCM could not be approved on 18 November and that the vote had to be pushed back to the following day. When the vote on the issue was eventually held, the majority of the over 200 PRD council party members voted in favour of forging the new coalition. But the vote was marred by noisy protests from those who still harboured reservations about joining the alliance until the mechanism for selecting a presidential candidate had been agreed, and who called for the PRD to obtain assurances from the PAN that it would not try to impose the candidacy of its party president, Ricardo Anaya.

The controversy that surrounded the PRD's approval of the FCM sparked speculation that the party remains uneasy about the alliance; and that its success will very much depend on how its presidential candidate is selected. Many PRD figures have called for the coalition to resort to some form of popular consultation to select a candidate. But this has yet to be accepted by the PAN, where Anaya's presidential ambitions are well-known. Pointedly, PRD party president Alejandra Barrales, who has been given the power to negotiate the full terms of the FCM alliance with the PAN and the PRD, said that following the PRD party council's approval of the plans to form part of the FCM, "we will now discuss methods and candidates". However, Barrales stopped short of saying that she would demand that the candidate selection process involve some form of popular consultation.

Following the approval of the FCM alliance by the PRD, PAN, and MC party councils, the presidents from the three parties registered the electoral alliance before the INE on 20 November. The three leaders announced that the FCM alliance would be based on a three-point electoral platform: the transformation of the government and the promotion and strengthening of democracy; the frontal and total combat of corruption and impunity; and tireless work to pacify the country, with security and respect for human rights. This is a deliberately broad platform designed not to exacerbate any ideological differences between the three FCM member parties. But it is expected that once an FCM presidential candidate is selected, he or she will have some leeway in better defining the electoral platform.

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## TRACKING TRENDS

**MEXICO | Minimum salary increase.** The national minimum salary commission (Conasami) announced this week that it has agreed to increase the minimum salary by 10.4% to M\$88.36 (US\$4.30) per day starting from 1 December. The minimum salary increase approved by the Conasami is lower than the M\$95.40 rate proposed by Mexico's confederation of employers (Coparmex), a business sector lobby. Coparmex argued that the low national minimum salary was contributing to keeping wages in Mexico unduly low, and that this has been flagged up as an issue in the renegotiations of the terms of Nafta. Pointedly, the Mexican institute of financial executives (Imef) said that the minimum salary increase should help to advance the Nafta renegotiations by sending the "right political signals". The Imef also noted that the salary increase will not be inflationary, as it would only benefit 1.2m workers. However, Coparmex, which before the latest increase noted that the minimum salary only covers 84% of the cost of a basic basket of goods as set by the national social development evaluation council (Coneval) and remains one of the lowest in Latin America, said that while positive the increase only represents "limited progress". Coparmex said that the new minimum salary covers 92.76% of the cost of the basic basket of goods and that the goal should be for it to fully cover this cost.

Coparmex added that achieving this would help to ensure that Mexico creates sufficient quality jobs to reduce poverty and underpin future economic growth.

However, President Enrique Peña Nieto defended the minimum salary increase agreed by Conasami, saying that it has now increased by 20% in real terms in the last five years, "something that had not happened in 30 years".

**Private sector takes issue with Morales government****Arzú**

As well as calls for President Morales and the national legislators to be investigated for corruption, Codeca also called for the mayor of Guatemala City, Álvaro Arzú, a former president (1996-2000), to be investigated for the 1998 murder of Bishop Juan Gerardi – one of the most notorious crimes committed during the 1960-1996 civil war. Last month Cicig and the attorney general's office called for Arzú to be investigated over a case known as 'Pandora' – a corruption network headed up by the country's most famous prisoner, General Byron Lima Oliva (later killed in a prison riot in 2016).

Last week Movistar, the local branch of Spanish telecommunications firm Telefónica SA, was compelled to take the unprecedented step of suspending its customer service operations for a couple of days after a string of deadly coordinated attacks on its employees, linked to extortion carried out by local gangs. The attacks have reignited private sector complaints regarding the failure by the Frente de Convergencia Nacional (FCN-Nación) government led by President Jimmy Morales to guarantee security for business. They come amid other concerns regarding the current business climate in the country, caused in part by the political crisis stemming from the calls made at the end of August for Morales to be investigated for corruption.

The local press published transcripts of two supposed conversations between a Movistar employee and an individual seeking to extort US\$13,600. In a report published by the national daily *Prensa Libre* on 11 November, Juan Carlos Tefel, the president of Guatemala's chamber of industry (CIG), was cited as saying that extortion affecting the private sector was up 25% in the last three years, with losses amounting to some Q220m (US\$30m) a year. In a statement issued two days later, the influential private sector lobby Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras (Cacif) complained that extortion is a problem which affects companies and their employees on a daily basis and called on the authorities to guarantee security for businesses in order that "investment opportunities are not lost".

That the Morales government is floundering in its efforts to address extortion (*see sidebar*) was suggested in a report published two months earlier by a leading local human rights organisation, Grupo de Apoyo Mutuo (GAM). The GAM report cites interior ministry figures which revealed that complaints regarding extortions reached a record 7,127 in 2016 (the year that Morales took office), up 141% on 2015, and equivalent to 43 per 100,000 inhabitants. The GAM report also noted that, in the first five months of 2017, 3,119 complaints had been reported. While recognising that this rise could stem from public awareness regarding the need to report complaints in the first place, the GAM also points out that this suggests more incidents of extortion are taking place.

**Protests**

Also serving as cause for private sector concern is unrest stemming from public frustration with official corruption. This has been ongoing since August following calls by the International Commission against Impunity in Guatemala (Cicig) and the attorney general's office (AG) for Morales to be investigated over irregular campaign financing. This anger then intensified after the legislature voted not to strip Morales of his immunity from prosecution, instead approving two reforms of the criminal code weakening existing anti-corruption legislation (since repealed following public outrage) [[WR-17-34](#)].

With this crisis already having had an impact on the country's business climate, as evidenced in the recent downgrade by international credit ratings agency Standard & Poor's [[WR-17-42](#)], one of the biggest shows of popular unrest in recent weeks took place on 7 and 8 November. In protests organised by the indigenous organisation Comité de Desarrollo Campesino de Guatemala (Codeca), thousands reportedly staged blockades on at least 14 different key points across the country. Unlike previous protests, these turned deadly, with Codeca reporting that a local protester had been stabbed to death in San Antonio Ilotenango municipality, El Quiché department,

## Response to extortion

In response to the renewed focus on extortion, Interior Minister Francisco Rivas said on 16 November that the fight against extortion remains a priority for the government. He said that the acquisition of 1,500 patrol cars had been finalised for the most “conflictive” areas in the country such as Villa Nueva and Mixco (both municipalities in Guatemala department) along with the department of Escuintla.

when leaving his house for the march. The chamber of industry (CIG) condemned the blockades and called on the authorities to take appropriate action, while Cacif filed a complaint before the AG against Codeca accusing it of various crimes, including attacks against transport, sedition, inciting protests, and instigating crime.

### Escobal uncertainty persists

The private sector has also expressed discontent over the business climate, citing the lack of legal guarantees: on 8 November Cacif called on the constitutional court (CC) to issue a definitive ruling on the Escobal silver mine (owned by Minera San Rafael [MSR], a subsidiary of Canada’s Tahoe Resources). Located in Santa Rosa department, the mine is one of the largest in the world. In July 2017, in a victory for local anti-mining groups such as Centro de Acción Legal Ambiental y Social (Calas), the supreme court (CSJ) provisionally suspended MSR’s mining license [WR-17-27] amid complaints that the mining & energy ministry (MEM) had violated the Xinca indigenous people’s right of consultation ahead of granting the license for Escobal in 2013. In September, the CSJ ruled that MSR could resume operations, albeit while ordering the MEM to carry out a consultation with the local population within 12 months. However, Cacif complained in its statement that a lack of legal certainty persists, which is having an impact on the business climate and causing daily losses of Q1.1m (US\$150,019) in taxes and royalties.

### HRW report

As well as concerns regarding the failure to address security concerns such as extortion, the Morales government’s record on impunity also made headlines last week with the release of a new report published by the US-based NGO Human Rights Watch (HRW). Published on 12 November, the 56-page report, which is entitled *Running Out the Clock: How Guatemala’s Judiciary Could Doom the Fight against Impunity*, warns that “the fight against impunity in Guatemala has reached a critical moment”.

Documenting “a pattern of repeated and unjustifiable delays in criminal cases” brought by Cicig and the AG, the report highlights that since Cicig began operations in 2007, Guatemala “has made enormous progress in promoting accountability for abuses of power” – with the “most dramatic breakthrough” coming in 2015 with the exposure of the La Línea corruption scheme, prompting the resignation and arrest of President Otto Pérez Molina (2012-2015). However, the HRW report warns that “more than two years on, these prosecutions have joined a growing list of cases against powerful defendants in which criminal cases have been bogged down in pretrial proceedings, some for more than five years”. The HRW report, which extensively reviewed criminal proceedings in eight high-profile cases, found a consistent pattern “in which defence lawyers are able to trigger prolonged delays with repeated, often unjustified, appeals to court decisions and petitions seeking the recusal of judges”.

## TRACKING TRENDS

REGION | **FTA with EU.** The European Commission (EC) last week released a report on the implementation of free trade agreements (FTAs) which showed that trade has been on the increase with Central America. The FTA has been provisionally applied since 1 August 2013 with Honduras, Nicaragua and Panama, since 1 October 2013 with Costa Rica and El Salvador, and since 1 December 2013 with Guatemala – covering all six partners on the Central America side.

The report notes that, since 2013, EU exports have grown by 22% while imports from five Central American countries have increased by 18.3%. The only exception is Costa Rica, which is suffering from relocation to Asia of its previously major exporter of IT components.

According to the same report the main destination of EU exports in Central America is Costa Rica (25%), followed by Panama (24%) and Guatemala (22%).

## POSTSCRIPT

### Quotes of the week

“If the polls had told the truth we would perhaps be in the second round.”

*Chile's presidential candidate Beatriz Sánchez on narrowly finishing third.*

“The truth is that in Colombia there are those who want to make optimism a sin.... We cannot allow fear to dictate the direction of our destiny.”

*Humberto de la Calle upon election as the presidential candidate for Colombia's Partido Liberal (PL).*

“Everyone is free to move at will around the country so it should come as no surprise that a citizen living in another country, leading a group of fanatics, should return to the country.... Let him come...and the public will respectfully but emphatically tell him what they think about his last years in power.”

*Ecuador's President Lenín Moreno on his predecessor Rafael Correa.*

### Correa poised for showdown with Moreno in Ecuador

Former president Rafael Correa (2007-2017) is scheduled to arrive in Ecuador on 24 November for his first visit to the country since he left office and moved to Belgium in July. President Lenín Moreno has extended Correa a far less cordial welcome back than he did sending off.

Correa's return to Ecuador comes at a time of heightened tension within the ruling left-wing Alianza País (AP) between factions loyal to him and factions aligned with President Moreno. The AP's executive secretary Gabriela Rivadeneira is keen for Correa to address rank-and-file members ahead of a vote at a national convention on 3 December on whether to depose Moreno as party president. It is not clear, however, whether this convention will go ahead. Moreno's supporters say it is up to him to call a convention not Rivadeneira.

In a bitter fight for control within the AP, the party's ethics commission last week suspended nine members of the party, including Rivadeneira, for six months for participating in the first attempted replacement of Moreno as party president [WR-17-43]. Rivadeneira made little secret of the fact at the time that Moreno had been replaced because he had convened a national referendum containing a series of questions which the Correísta wing of the party fears will lead to the dismantlement of Correa's Citizens' Revolution.

Mary Verduga, the governor of Santo Domingo de los Tsáchilas and president of the AP ethics commission, announced the suspensions. On the same day the national electoral council (CNE) issued a legal resolution prohibiting the registration of another AP party president who had not been elected in a national convention. Rivadeneira accepted the CNE's verdict and called a convention, but she denounced the action by the ethics commission as illegal and illegitimate. Rivadeneira argued that Verduga had been fired as head of the ethics commission on 31 October because it had done nothing for five months.

Moreno, meanwhile, appeared on the balcony of the presidential palace Carondelet on 21 November where he launched a very thinly veiled criticism of Correa while discussing what he called the perversion of the democratic process when one politician clings onto power for too long: “They leave hidden cameras to spy on others [a reference to the camera Moreno claims was left in the presidential office by Correa] and then blackmail them.”

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