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Mexico's presidential line-up complete

Barring a major surprise the main contenders in Mexico's presidential elections on 1 July next year have now been decided. After months of ducking the central issue of how it was going to select its presidential candidate, the electoral coalition formed between the right-wing opposition Partido Acción Nacional (PAN), the left-wing Partido de la Revolución Democrática (PRD), and leftist Movimiento Ciudadano (MC) agreed that as the largest party it should be in the gift of the PAN. The PAN party president Ricardo Anaya promptly resigned his position and, to all intents and purposes, anointed himself as the coalition's presidential candidate.

With implacable calculation Anaya has used the PAN presidency to make his name, forge a wider coalition, sideline his principal internal opponents, and leave himself without a credible challenger for the presidential candidacy. Anaya became the PAN's youngest president, at 36, in August 2015 with 81% support. He took most of the glory when the PAN won seven state governorships in June 2016, four under its own steam and three in an alliance he revived with the PRD.

Anaya lost some of the political capital he gained then with the PAN's comparatively indifferent performance in the three gubernatorial elections in June this year. But by persuading the PRD and MC to forge a coalition to contest presidential elections for the first time he succeeded in forcing his principal rival, Margarita Zavala, out of the party to run as an independent. By ruling out open primary elections on the grounds that the Partido Revolucionario Institucional (PRI) would interfere with the process, Anaya also appears to have put paid to the challenge of the former governor of the central state of Puebla, Rafael Moreno Valle. And by convincing the party presidents of the PRD and MC, Alejandra Barrales and Dante Delgado respectively, that the PAN should get to select the coalition's presidential candidate he compelled the head of government of the Ciudad de México (CDMX), Miguel Ángel Mancera, to pull out of the running.

Having avoided a contest he could lose, Anaya will now stand in an internal election in which the PAN's 282,000 members can vote next February. Senators Ernesto Ruffo of Baja California and Juan Carlos Romero Hicks of Guanajuato, both former governors, and a former economy and foreign affairs minister, Luis Ernesto Derbez (2000-2006), are considering opposing him but they are not seen as being capable of mounting a credible challenge.

There is an advantage of there being an internal election of some form, unlike in the PRI and the radical left-wing Movimiento Regeneración Nacional (Morena) for which José Antonio Meade and Andrés Manuel López Obrador respectively are standing unopposed. It means that Anaya will be able to use radio and television publicity spots to launch his presidential campaign early.

Anaya

Mexico City was in the grip of icy winds on the day that Ricardo Anaya registered his presidential candidacy for the Por México al Frente. If this is not to become a metaphor for the public reception to his candidacy, Anaya will need to recover some of the coalition's founding spirit of openness to citizen participation; he will need to open its doors to Mexicans from outside the political class when it comes to determining candidates for congress.

Anaya's adherents see all of this manoeuvring as politically adroit; his detractors, Machiavellian. Former president Felipe Calderón (2006-2012), Zavala's husband, tweeted "The PAN, which was the democratic party [in Mexico] by nature, cancels internal elections. Its leader abuses power and appoints himself the candidate. Two other parties are providing him with cover. And still he has the cynicism to call it 'a historic day for democracy'". Zavala wrote on *Twitter*: "It took us 70 years to remove the PRI and in fewer than five he's converted the PAN into a poor copy. Rebel Panistas: join us". It was noteworthy that on the very same day Meade posted a photo of what he called "a constructive meeting" with Calderón's predecessor Vicente Fox (2000-2006), who broke the PRI's political hegemony for the PAN. Fox pledged his support for Meade.

Anaya took aim at both Fox and Calderón during the event at which he announced his candidacy in the World Trade Centre in Mexico City on 9 December, flanked by 11 of the PAN's 12 state governors, Barrales, and Delgado; an event Calderón pejoratively referred to as "the self-*destape*" (a reference to the PRI tradition of a president 'unveiling' his chosen successor at the conclusion of his mandate).

"The situation facing the country is extremely serious," Anaya said. "Today Mexico, under the PRI government, is not on the right path. This corrupt and inefficient government has been an absolute national disgrace." He promised root-and-branch reform, contrasting this with the PAN's 12 years in government under Fox and Calderón when "there were advances but we didn't change the regime...the profound clientelist and corporative structures of the PRI remained intact".

Anaya went on to condemn "a pact of impunity" struck by Fox during his government with the leader of the trade union of the state-owned oil company Pemex, Carlos Romero Deschamps (who was re-elected on 11 December until 2024, which would extend his tenure to 31 years), and by Calderón with the then-powerful leader of the country's largest teachers' union, Elba Esther Gordillo, by appointing her son-in-law Fernando González as his deputy education minister.

Despite the concentration of friendly fire, Anaya also took aim at his rivals for the presidency. He lashed out at López Obrador's proposed amnesty for drug-traffickers "as if this is going to bring peace; this is an old idea; they tried it in Colombia 25 years ago with [Pablo] Escobar...And the results were a disaster". Anaya argued that these sorts of proposals disqualified López Obrador as a viable contender and insisted that Meade was his real rival: "the fundamental question is continuity or change; follow the same path of corruption and inefficiency of the PRI or make a change?"

Anaya's dilemma

The problem for Anaya is that not everyone within Por México al Frente (the PAN, PRD, and MC opted for a third name change when formally registering their electoral coalition before the national electoral institute [INE] on 8 December) sees Anaya as embodying this change. Factions within the PRD are deeply disgruntled with the manner in which he has muscled his way to the presidential candidacy. The PAN itself is not united behind Anaya with opinion polls suggesting many supporters are backing Zavala instead, with Meade (who served in Calderón's cabinet) holding more appeal for others (see *sidebar*).

Meade's gain

If the Por México al Frente is deeply divided, Meade has succeeded in uniting his own coalition. Directly after meeting Fox, Meade and Aurelio Nuño (who resigned as education minister to be Meade's campaign chief) met senior officials in the Partido Verde Ecologista de México (PVEM), including the new party president Senator Carlos Puente Salas. They agreed to renew an

Mancera

The head of government of the Ciudad de México (CDMX), Miguel Ángel Mancera, expressed his disappointment that Por México al Frente had not agreed to “a procedure to allow an open and democratic competition” for the presidential candidacy. This after the PRD and MC scuppered his presidential ambitions by agreeing that the PAN should choose the coalition’s candidate. The party president of the PRD, Alejandra Barrales, even rubbed salt into the wound by saying Mancera would make “a good campaign chief” for Ricardo Anaya. Barrales herself presented her candidacy to succeed Mancera at the helm in the CDMX. Two members of Mancera’s cabinet, Salomón Chertorivski Woldenberg and Armando Ahued, also announced their intentions to stand. Mikel Arriola, who stepped down as head of Mexico’s social security institute (IMSS) last month, will run for the PRI in the CDMX.

electoral alliance that had come under unprecedented strain in recent months. Back in July, a coquettish Puente, then PVEM coordinator in the federal senate, mooted discussions to join the PAN-PRD Frente. This looked like a ploy by the PVEM to play the PRI off against the Frente. The PVEM, which has been allied to the PRI since 2003, is the fourth largest party in the federal lower chamber of congress and there have been internal calls for it to acquire influence commensurate with its size.

Meade praised the contribution of the PVEM to the ruling coalition, especially its important congressional support, and its (equivocal) environmental activism. Puente in turn extolled Meade’s virtues, saying that the two parties would table “serious and responsible proposals against populist demagogues who want to pardon criminals”. López Obrador repeated his offer of an amnesty to drug-traffickers in an attempt to reduce violence in Mexico while formally registering his candidacy for Morena the following day. López Obrador also said he would create a public security ministry and national guard but place the emphasis on addressing the socio-economic causes of crime in the country.

López Obrador expanding

López Obrador also sought to move in on the action in terms of electoral coalitions. On 13 December Morena registered an electoral alliance – Juntos haremos historia – with the left-wing Partido del Trabajo (PT) and, unexpectedly, the Partido Encuentro Social (PES). The PES, which backed the PAN presidential campaign in 2006 and the PRI gubernatorial campaign in the Estado de México (Edomex) in June this year, is reinventing itself. The PES president, Hugo Eric Flores, said López Obrador was the only politician capable of “changing the political regime”, and the PES wanted to be “on the right side of history”.

Flores said the PES could contribute “four or five percentage points” to López Obrador’s campaign as well as invaluable seats in congress (it currently has 10 seats in the lower chamber). This might be overstating the party’s electoral appeal but the attraction for López Obrador is that the roots of the PES are in Baja California and northern Mexico where his support is weakest.

The PES might otherwise seem like a strange bedfellow but López Obrador, for all his leftist ideological convictions, shares its socially conservative stance, such as opposing same-sex marriage. López Obrador showcased his religious convictions by choosing to register his candidacy on 12 December, a major religious festival in Mexico – the Day of Our Lady Guadalupe – commemorating the belief that the Virgin Mary appeared in the country in 1531.

Church-State ties set to improve

Pope Francis has appointed Cardinal Carlos Aguiar Retes as the new head of the archdiocese of Mexico City to replace Cardinal Norberto Rivera who had announced his retirement at 75 in accordance with canon law. The pope only appointed Aguiar, the archbishop of Tlanepantla in the Estado de México (Edomex), as a cardinal in October last year. Aguiar, 67, is not a liberal but he is conciliatory and pragmatic, and he publicly disagreed with the dogmatic and ultra-conservative Rivera on a range of issues.

Rivera had an openly confrontational relationship with the administration led by President Enrique Peña Nieto over the issues of abortion and same-sex marriage, and publicly excoriated his government for corruption. Aguiar, who has a good rapport with Peña Nieto, previously governor of Edomex, is likely to tone this down significantly which should help to reduce tension in the run-up to general elections on 1 July next year, and will prioritise neglected social programmes.

The biggest loser will be ‘El Yunque’ (‘The Anvil’), a politically influential ultra-conservative catholic secret society, allegedly formed in the state of Puebla, a PAN stronghold, in the mid-20th century, which has spearheaded opposition to the Peña Nieto administration’s socially liberal legislation.

Farc list

The list of candidates fielded by the new Farc political party includes the names of some of the former guerrilla group's most senior (and most reviled) leaders such as 'Iván Márquez' (Luciano Marín Arango), 'Pablo Catatumbo' (Jorge Torres Victoria), 'Jesús Santrich' (Seusis Pausivas Hernández), and 'Carlos Antonio Losada' (Julián Gallo Cubillos). All of them top the list of candidates for the senate or the chamber of deputies, which makes them virtual winners who will enjoy immunity from prosecution once they are sworn-in. This has not been lost on opponents of the peace deal who have long complained that it offers far too many political and judicial concessions to the Farc.

Electoral campaign kicks off

Colombia's electoral season is officially underway with the deadline for candidates to register for congressional elections on 11 March next year passing on 11 December. The main political parties presented lists of candidates for the 102-seat senate and the 166-seat chamber of deputies. Candidates also registered to take part in the election of the 16 new congressional seats reserved for victims of the country's internal armed conflict, one of the provisions of the peace accord that the outgoing government led by President Juan Manuel Santos signed with the Fuerzas Armadas Revolucionarias de Colombia (Farc) last year. The future of the peace deal is the main issue at stake in the election campaign.

The remnants of the centre-right Unidad Nacional coalition, that has supported the Santos government for the past seven years, and the political Left are seeking to secure the future of the peace accord. Those on the Right that staunchly opposed negotiating a peace deal with the Farc from the outset, and former Unidad Nacional members who have become disenchanted with the final agreement reached by the Santos government, want to turn it into a dead letter. These two groups will vie for control of the legislature in order either to ensure the implementation of the peace accord, or to amend it.

Against this backdrop political parties have been striving to find the best possible candidates to field, candidates who are strongly backed by the electorate. This is evidenced by the fact that all the main parties have registered open lists of candidates. This allows voters to choose precisely which candidates on a party list they want to vote for rather than forcing them to vote for a set party list and hope for their preferred candidate to become elected.

The parties that chose to register open lists of candidates included the Unidad Nacional parties, Partido de la U (PU), Partido Liberal (PL), and Opción Ciudadana; the former Unidad Nacional parties, Partido Conservador (PC) and Cambio Radical (CR); and the leftist opposition parties, Polo Democrático Alternativo (PDA) and Alianza Verde (AV).

More significantly, the main right-wing opposition Centro Democrático (CD) party also presented an open list. The CD was founded in 2014 by former president and incumbent senator Alvaro Uribe (2002-2010) as a new political vehicle for his PU supporters (Uribistas) and all those opposed to negotiating a peace deal with the Farc. The party is viewed as a personalist project in which Uribe calls all the shots and it was widely expected that he would handpick the CD's candidates. However, the CD opted to follow the lead of all the other major parties and allow the electorate to vote for its preferred candidates (Uribe, who is seeking re-election as a senator, is nonetheless the first name on the CD list of senate candidates).

Meanwhile the Fuerza Alternativa Revolucionaria del Común, the newly formed Farc political party, registered a closed list of legislative candidates. As per the peace deal, the Farc party will automatically receive five seats in the senate and the chamber of deputies in these elections. However, the new party is aiming higher and submitted a list with 23 names (*see sidebar*).

Presidential race starts to take shape

Independent candidates seeking to register for the presidential election next May also submitted their applications and supporting signatures, which

CD presidential candidate

On 10 December, the right-wing Centro Democrático (CD) announced the selection of Senator Iván Duque as its candidate in next May's presidential election. Duque was selected from a field of five pre-candidates – which included the party's 2014 presidential candidate, Oscar Iván Zuluaga, who forced President Santos to a second round – after a series of public opinion polls commissioned by the CD found that he was the most supported pre-candidate. Following his selection, Duque thanked CD party leader Senator Alvaro Uribe for placing his confidence in him and called on all CD party members, including his rival pre-candidates, to unite behind his candidacy.

must be verified by the electoral authorities, on 11 December. Among these were the former mayor of Bogotá, Gustavo Petro (2012-2015), of the leftist Movimiento Progresistas party; and the former vice president and CR leader, Germán Vargas Lleras (2014-March 2017). Independent candidates are required to submit at least 382,148 signatures in support of their candidacies. Petro submitted 846,000 signatures, while Vargas Lleras submitted a whopping 5.5m. Yet a voting intention poll by local pollster Invamer, released on 7 December, puts Petro ahead of Vargas Lleras.

The Invamer poll gives Petro 14.3% of voting intentions to 12% for Vargas Lleras. They both trail Sergio Fajardo, the former governor of the northern department of Antioquia (2012-2016) and presidential candidate of the Coalición Colombia leftist coalition comprising the PDA, AV, and other smaller parties. The poll gives Fajardo a clear lead with 18.7% of voting intentions.

Other candidates featuring in the poll include Humberto de la Calle, the head of the government's peace negotiating team with the Farc and PL presidential candidate, who is on 9.1%; and 'Timochenko' (Rodrigo Londoño Echeverri), the Farc's maximum leader and official presidential candidate, who is on 2.1%. It is still early to make much of such polls, but they suggest that the centrist pro-peace vote will be split.

'Seats for peace' still up in the air

The creation of new electoral districts in areas of the country most affected by the internal armed conflict, which will return 16 additional representatives to the chamber of deputies, was included in the peace accord with the Farc as a way of increasing the representation of victims of the conflict in congress.

The constitutional reform bill creating these so-called 'seats for peace' (not to be confused with the legislative seats reserved for the Farc), was given final approval by the senate on 30 November before the expiry of the 'fast-track' mechanism employed to approve legislation related to the peace deal. However, the approval of the bill has been questioned by some senators, who argue that it did not receive the requisite majority of votes by the chamber's plenary. The bill received 50 votes from the 99 active senators (three senators are currently suspended pending corruption investigations).

The (PC) senate president, Efraín Cepeda, adjudged that senate rules are clear that the bill should have been approved by a majority of the 102 senators and that consequently the votes in favour of the bill had fallen short. This has been challenged by the Santos executive, which asked the council of state, Colombia's top administrative court, to intervene. On 7 December the council of state issued a resolution agreeing with the Santos executive but Cepeda has so far refused to send the bill to Santos for promulgation.

VENEZUELA | POLITICS

Municipal elections acquire unexpected relevance

Venezuela staged rescheduled municipal elections on 10 December as the government led by President Nicolás Maduro sought to drive home the surprise victory of the ruling Partido Socialista Unido de Venezuela (PSUV) in regional elections two months earlier. The outcome was never in doubt as the three largest opposition parties – Primero Justicia (PJ), Voluntad Popular (VP), and Acción Democrática (AD) – boycotted the elections precisely because of the regional contest which they argued was marred by fraud. Maduro placed far greater value on the municipal elections, after the event, by threatening to bar the opposition parties that refused to compete from taking part in next year's presidential elections, a move which would render the current national dialogue process in the Dominican Republic meaningless.

US response

A spokesperson for the US State Department reacted forcefully to President Maduro's announcement that candidates from the three main opposition parties would be disqualified from competing in next year's presidential contest: "The Venezuelan people deserve the right to express their views and consent to governance through a free and fair democratic process that is open to all candidates [and] a presidential election cannot be legitimate if candidates and parties cannot freely participate."

The PSUV won 308 of the 335 mayoralties up for grabs, President Maduro tweeted. In a pointed dig at the opposition, Maduro said the same national electoral council (CNE) should be kept "for many years" because of its "exemplary work", ensuring that the Venezuelan electoral system is "one of the best in the world". The information and communications minister, Jorge Rodríguez, the government's top negotiator in the dialogue process, hailed the CNE for "perfecting the electoral process". One of the principal demands of the opposition coalition Mesa de la Unidad Democrática (MUD) in the dialogue process is for root-and-branch reform at the CNE, which it accuses of perpetrating electoral fraud.

Maduro also celebrated the "historic participation", saying that 9.1m people (47% of Venezuelans eligible to vote) had cast their ballots in the municipal elections despite the calls for them to abstain by the three principal opposition parties. The MUD disputed the size of the turnout, which it said was one of the lowest since the Bolivarian movement came to power in 1999. Even if accurate, the figure was not exactly "historic": the previous municipal elections in 2013, for instance, saw 10.7m people vote. The government also sought to coerce people into voting by requiring the registration of identity cards after voting, in order to be entitled to keep receiving subsidised food, and by tracking government workers.

In total the PSUV won 22 of the 23 state capitals (including Maracaibo, the country's second largest city and capital of the western state of Zulia) as well as the Caracas capital district. The noteworthy exception was San Cristóbal, the capital of the western (and most anti-Chavista) border state of Táchira. This had been in the hands of the VP but, given its boycott of the elections, it was taken by Gustavo Delgado, supported by Comité de Organización Política Independiente (Copei), the only one of the MUD's larger parties to participate, although abstention in the city exceeded 60%.

In total Copei won 13 municipalities, spread across Táchira, Mérida, and Anzoátegui. Un Nuevo Tiempo won seven municipalities, including two apiece in the country's two largest states, Miranda and Zulia. Independent opposition candidates won in three of the five municipalities that make up Greater Caracas: Baruta, Chacao, and El Hatillo. Two candidates representing left-wing grassroots movements also won election, defeating PSUV rivals.

The PSUV also won the governorship of Zulia. The PJ's Juan Pablo Guanipa had won Zulia in October's regional elections but he refused to be sworn-in by the constituent assembly on the grounds that it was an illegitimate body usurping the functions of the democratically elected MUD-controlled national assembly. The CNE responded by ordering the gubernatorial elections in Zulia to be restaged. The PSUV's Omar Prieto won, leaving the party with 19 of the 23 state governorships.

Maduro was swift to congratulate opposition candidates for their victories in what appeared to be an attempt to confer greater legitimacy on the elections in which the three principal parties in the MUD opted against participating not just because of their conviction that the CNE would carry out electoral fraud but also because the Maduro administration had undercut the authority of mayors (and their budgets) in its systematic centralisation of power.

Maduro lashed out at the three parties by saying that they would be barred from competing in next year's presidential contest. "This is the criterion set out by the constituent assembly," Maduro argued while casting his vote, "they will disappear from the political map."

Odebrecht case likened to Vladivideos

On 12 December Peru's housing minister, Carlos Bruce, commented on the impact that the investigations into the corruption centred around Brazilian engineering firm Odebrecht is having in the country. Bruce likened this to the impact of the so-called 'Vladivideos' case involving a series of video recordings that exposed the rampant corruption that took place during the government led by former president Alberto Fujimori (1990-2000), which helped to convict Fujimori and many of his government officials. Noting that Odebrecht investigations have led to the arrest of two former presidents, with a third a fugitive from justice, Bruce said, "This has implicated various political parties, various governments. It is a shock almost equivalent to that of the Vladivideos in their time".

Odebrecht investigations ruffle more feathers

"I deeply reject this affront that the public ministry is carrying out." This is how Keiko Fujimori, the leader of Peru's main right-wing opposition Fuerza Popular (FP), reacted to the raids carried out by prosecutors investigating the wide-ranging corruption case revolving around Brazilian engineering firm Odebrecht on FP party offices. The unprecedented move by the prosecutors against the party that currently holds sway in the national congress also produced concern among government ranks amid fears that this could lead the FP to lash out at the executive and the judiciary, potentially producing another institutional crisis.

Prosecutors have been investigating allegations that Odebrecht made irregular donations to the FP and Fujimori's unsuccessful 2011 and 2016 presidential campaigns, as part of the firm's wider efforts to gain influence with Peru's political leaders which could help it to secure state contracts. These investigations have been going on for months but, as recently happened with the linked investigations into the involvement of local construction firms in the Odebrecht corruption scheme [WR-17-48], the judiciary now appears prepared to move decisively. And so, on 7 December, prosecutors armed with a warrant issued by Judge Richard Concepción Carhuancho raided two FP party offices in Lima.

José Domingo Pérez Gómez, the lead prosecutor in the case, said that the raids were carried out to seize documents and accounting records that could contain evidence that FP received undeclared campaign donations from Odebrecht. But the timing of the raids and the spectacle of prosecutors barging into buildings where Fujimori and other leading FP figures and members of congress have offices, at a time when the FP has threatened to impeach Attorney General Pablo Sánchez over the public ministry's perceived failure to advance the Odebrecht investigations, has been questioned.

In a press conference offered that same day, Fujimori, who was on her way to give evidence to Odebrecht investigators when the raids took place, insinuated that the public ministry was retaliating against her party. "I don't want to think that this affront is an abusive and revengeful reaction to a constitutional complaint," Fujimori said in reference to the dereliction of duty accusations presented against Sánchez by FP legislators. "I don't want to think they have ordered these raids to put us in the same bag, to create a circus," Fujimori added. She insisted that she and FP have collaborated with the Odebrecht investigations so far and voluntarily provided all the information requested by prosecutors.

But the raids were not only questioned by Fujimori and the FP. Prime Minister Mercedes Aráoz commented that "there are more delicate ways to investigate political parties...political parties need to be respected...there may be different ideologies, but we have to respect them, and I don't think this is the way to do it". President Pedro Pablo Kuczynski also expressed concern at the raid. "I don't say it to try to ingratiate myself with congress, I say it because if there is no respect for due process, we will not be respected internationally," he said.

If Kuczynski was hoping to avoid the wrath of the FP, he was sadly mistaken. On 13 December FP legislators called on him to resign after the congressional commission investigating the Odebrecht case presented fresh evidence obtained from the company showing that it had paid US\$782,000 to Westfield Capital, a local consulting firm owned by Kuczynski, for consultancy work carried out while he was a cabinet minister under former president Alejandro Toledo (2001-2006).

Urea exports

President Morales announced that Bolivia had begun exporting urea to Brazil on 29 November. He said that 335,000 tonnes (t) of urea, which is being produced in a plant in the central town of Bulo Bulo, Cochabamba department, and used as fertilizer in agriculture, will be exported to the Brazilian states of Mato Grosso, Santa Catarina, Paraná, and Mato Grosso do Sul. The plant has the capacity to produce 700,000 t of fertiliser per year of which 50% will supply the Brazilian market with between 10%-15% going to the local market. Morales also said he had received proposals to export fertiliser to Peru, northern Argentina, and Paraguay's Chaco region.

Morales finally meets Temer

President Evo Morales travelled to Brazil last week where he held his first official meeting with President Michel Temer since the latter took over from the impeached Dilma Rousseff (2011-2016). Despite the self-declared "ideological differences" between the leftist Morales and conservative Temer, the two leaders announced a string of agreements spanning energy, integration, and cooperation.

President Morales arrived in Brazil on 5 December, accompanied by a high-level delegation comprising the ministers of the interior (Carlos Romero), public works (Milton Claros), and hydrocarbons (Luis Sánchez). Claros was quick to trumpet as one of the key outcomes of the visit a Memorandum of Understanding (MoU) signed by the two countries for the bio-oceanic railway corridor. The project, which would cost some US\$10bn and take five years to construct, is expected to begin in Brazil's port city of Santos, enter Bolivia via Puerto Suárez, Santa Cruz department, traverse the highlands of La Paz department, cross into Peru and end at the Peruvian port city of Ilo. A second part of the railway could extend to Paraguay and Argentina. Officials from both countries have since announced the establishment of four working tables to cover technical, strategic, financial, and regulatory issues regarding the implementation of the initiative.

Also during his visit to Brazil and indicative of closer bilateral cooperation, Morales met the governors of four Brazilian states bordering Bolivia – Acre, Rondônia, Mato Grosso, and Mato Grosso do Sul. Those present agreed to set up four bilateral working committees to address issues including energy; road and railway construction; urea exports (*see sidebar*); and analysing social issues regarding the situation of Bolivian and Brazilian migrants. A high-level meeting is scheduled for 30 January to discuss progress made in relation to these issues. Gas cooperation is particularly significant. Bolivia and Brazil have in place a Gas Supply Agreement (GSA) which establishes a minimum sale of 24m cubic metres per day (mmcm/d) and a maximum of 30.08 mmcm/d and which runs out in 2019. Back in May, Sánchez met the governors of Mato Grosso and Mato Grosso do Sul respectively, along with business representatives from Santa Catarina, Paraná, and Rio Grande do Sul, to discuss the possibility of Bolivia selling natural gas to these states from 2019.

Gas exports

Last month Bolivia's eastern city of Santa Cruz, the capital of the eponymous department, hosted a Gas Exporting Countries Forum (GECF) meeting which yielded various agreements. These included the announcement that Bolivia's state-owned oil company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), had inked investment agreements worth at least US\$1.58bn for exploration activities with British-Dutch multinational Shell, Spain's Repsol, Argentina's Pan American Energy (PAE), Brazil's Petrobras, and the YPFB subsidiaries YPFB Chaco and YPFB Andina.

One of the deals signed by all companies with the exception of Petrobras was a US\$900m investment in exploration efforts in Iñiguazu field located in Tarija department, while another deal was for a US\$200m investment between Petrobras and YPFB to explore the San Telmo area, also in Tarija.

The meeting also produced the announcement of a deal between YPFB and Russia's Gazprom which includes plans to promote 80 exploration areas which have a potential of 60trn cubic feet of natural gas (TCF); to promote natural gas vehicles (NGV); create a joint company to commercialise liquid natural gas (LNG) and compressed natural gas (CNG); negotiate exploration, production, and exploitation contracts in Bolivia; and launch a joint trading company.

PSDB at the crossroads

The centre-right Partido da Social Democracia Brasileira (PSDB) is facing a major internal crisis. Riven by internal divisions and weakened by a series of successive corruption scandals, the party's *raison d'être* has been shaken to the core. But one man is determined to overcome these divisions and restore confidence in the PSDB before the 2018 general election.

São Paulo governor Geraldo Alckmin has been elected party leader by 407 votes to three. He replaces disgraced former leader Aécio Neves, who is being investigated for corruption (*see sidebar*). With the change in leadership comes an opportunity for the party to reinvent itself.

Alckmin's near-unanimous victory is remarkable for two reasons. Firstly, it shows he can unite a deeply divided party. Secondly, it boosts his bid to represent the PSDB in next year's presidential elections over other strong contenders such as the mayor of São Paulo, João Doria.

Now, it falls on Alckmin to reconcile the two dissident factions of his party. Half of the PSDB wants to break with the ruling scandal-plagued Partido do Movimento Democrático Brasileiro (PMDB) administration. The other half supports the government's agenda and wants to continue the PSDB-PMDB alliance.

Alckmin is looking to find a solution which works for both sides by advocating a 'soft' exit from the government. He is conscious of the benefits of preserving a union with the PMDB in case the PSDB needs a coalition partner in the 2018 general election. But he needs to be seen to break with an unpopular government to appease President Michel Temer's opponents.

The PSDB's gradual breakaway from government has already begun. On 9 December, former government secretary Antônio Imbassahy became the second PSDB minister to quit the cabinet following the resignation of the former cities minister, Bruno Araújo, last month.

Imbassahy's departure was less of a revolt and more of a retreat. He left in his own time and on extremely good terms with Temer, who he describes as a friend. His exit was "better late than never," conceded PSDB senator Tasso Jereissati, from the anti-Temer camp.

This leaves the PSDB half-in and half-out of Temer's government. Whether the remaining two PSDB ministers will also jump ship remains unclear. Reports by local daily G1 that the human rights minister, Luislinda Valois, was leaving this week later turned out to be wrong. As for the PSDB's other cabinet member, Foreign Minister Aloysio Nunes, he refuses to quit. "The PSDB is a consolidated party, it has a history of governance, governing great states, with important leaders. But it cannot do this alone. It needs a political alliance," Nunes told *Bloomberg* during a meeting at Itamaraty, the foreign ministry.

PSDB: Still a reformist party?

Besides the PSDB's exit from the cabinet, another bone of contention is whether the party should continue to back Temer's reforms. These include an unpopular pensions bill to lower the fiscal deficit, which was originally drawn up by former (PSDB) president Fernando Henrique Cardoso (1995-2003).

Alckmin argues that, as a reformist party, the PSDB should back the government's agenda. He drove this message home during a party convention held

Neves

Senator Aécio Neves has lost any hope of running for the PSDB in next year's presidential election. The PSDB's defeated candidate from the last election in 2014 is under investigation for allegedly soliciting R\$2m (US\$607,500) in bribes from meatpacker JBS. PSDB members booed him as he cast his vote in the party convention, which he left early.

Uncomfortable bedfellows

The PT and the PSDB have one thing in common. Although they are loath to admit it, both might need the PMDB as a coalition partner in the 2018 election. The PMDB is Brazil's biggest party, and its political stature cannot be ignored.

on 9 December by reminding PSDB supporters – known as ‘tucanos’ (toucans) after the party colours of yellow and blue – that “the PSDB reiterates its support in congress to approve the necessary reforms for our country.”

To clear up any remaining doubt, on 13 December, Alckmin issued a declaration that the PSDB bench did indeed support the pensions reform. “The matter is closed,” he declared. However, he has made some concessions to the anti-Temer group by saying he would not take any disciplinary action against those who voted against it.

Race to the presidency

Despite these challenges, in every crisis lies an opportunity. Freshly fortified from winning the party elections, Alckmin could be poised to make a political comeback, just in time for the upcoming presidential elections. He would need to make up for a lot of lost ground. Currently, he is trailing in the polls behind frontrunner and former president Lula da Silva (2003-2011) from the leftist Partido dos Trabalhadores (PT) and the ultra-right candidate Jair Bolsonaro from the Partido Social Cristão (PSC).

If Alckmin does run against Lula, the election could be more dominated by establishment figures than previously thought. Indeed, both candidates have been here before. Alckmin famously lost out to Lula in the 2006 election, leaving him thirsting for revenge. In a recent speech, Alckmin blamed the former president for Brazil's recent economic crisis. “After breaking Brazil, Lula says that he wants to return to power. That is to say: he wants to return to the scene of the crime. Be sure that we will defeat him at the polls,” he said.

Lula's political successor, former president Dilma Rousseff (2011-2016), hit back by arguing that the PSDB was responsible for the crisis because it supported her impeachment and allowed Temer to come to power. She argues that the PSDB underestimated how much political and economic turmoil this would cause.

Whatever the past mistakes of both candidates, this time around, Alckmin has a major advantage over Lula. The former president could be banned from running if an appeals court upholds his conviction for corruption. This week, the court confirmed that his trial would take place on 24 January, after which it should become clearer whether or not he can run.

Backdrop of violence

Violence will be a key issue in the upcoming electoral campaign, but so far, no candidate seems to have come up with a satisfactory solution. Law-and-order candidate Bolsonaro advocates a hard-line security policy, which could lead to even greater violence if it backfires. Lula has skirted around the issue, saying “Brazil's solution is not weapons but education” during a recent rally in the violent region of Baixada Fluminense (Rio de Janeiro state).

Between 2001 and 2015 there were 786,870 homicides, the majority of which (70%) were caused by firearms and committed against young black men, according to ‘The War in Brazil’ report published by media outlet *O Globo*. This is equivalent to one murder every 10 minutes, the report said.

Rio de Janeiro is one of many Brazilian states where public security has deteriorated this year. Last week, police in Rio de Janeiro captured one of the most wanted criminals, Rogério Avelino da Silva, or ‘Rogério 157’, who was charged with murder, extortion, and drug-trafficking. He was best known for controlling drug-trafficking operations in the sprawling favela of Rocinha. While local authorities celebrated his capture, security analysts caution that this could be premature as it could spurn more violence between criminals looking to displace him. Police have also warned of an ongoing turf war in Rocinha between the rival drug-trafficking organisations Amigos dos Amigos (ADA) and Comando Vermelho (CV).

Fernández fights arrest for treason**Support for
Fernández**

Miguel Pichetto, president of the PJ in the senate, criticised the decision to order the arrest of Cristina Fernández. “Cristina has always complied with legal requirements and there is no danger of her impeding the investigation of the case,” Pichetto said. Brazil’s former president Lula da Silva (2003-2011), himself beset by legal charges, expressed his solidarity with Fernández, who he said was the victim of “a judicial and media witch hunt”.

An Argentine federal judge dropped a bombshell on 7 December by urging the federal senate to permit the arrest, and preventive detention, of former president Cristina Fernández (2007-2015). Judge Claudio Bonadio charged Fernández with treason for her government’s alleged cover-up of the suspected involvement of senior Iranian government officials in the 1994 bombing of the Asociación Mutual Israelita Argentina (Amia) community centre in Buenos Aires as part of the quid pro quo for obtaining an oil-for-grain trade deal with Iran. Fernández responded defiantly, launching an appeal against the decision and seeking the impeachment of Bonadio who she accused of having “degraded the judiciary”.

Bonadio’s case against Fernández rests in large part upon the evidence assembled by the special prosecutor, Alberto Nisman, who was found dead in his flat in Buenos Aires in January 2015, the day before he was due to present a complaint in congress. A detailed report released in September by Argentina’s national gendarmerie (GNA) concluded that Nisman had been drugged and shot dead with the murder scene doctored to give the appearance of suicide.

Nisman had also included in his complaint Fernández’s former foreign minister Héctor Timerman (2010-2015), the leader of the piquetero movement Luis D’Elía, a Kirchnerista stalwart, and Muslim cleric Jorge Alejandro Khalil. They were all arrested in dawn raids on 7 December on Bonadio’s orders, in addition to Fernández’s powerful former legal and technical secretary to the presidency, Carlos Zannini (2003-2015), who did not feature in Nisman’s original complaint.

Fernández herself enjoys immunity from prosecution by virtue of having been sworn-in as a federal senator barely a week before Bonadio’s decision. Bonadio appealed to the senate to lift her immunity but his request is unlikely to prosper. It is true that Julio de Vido, the most powerful figure in the cabinet under the three Kirchnerista governments (2003-2015), serving for 12 years as planning minister, was stripped of his immunity as a federal deputy in October and placed under preventive detention pending trial for corruption, but there are crucial differences.

Firstly, the ruling centre-right Cambiemos coalition is a much more potent force in the federal lower chamber of congress than the senate. The main opposition Partido Justicialista (PJ, Peronists) controls 32 seats in the senate. Two-thirds of the senate, 48 out of 72 senators, would have to vote in favour of Fernández’s arrest. Secondly, many within the PJ harboured resentment against De Vido. Many privately, and fewer publicly, might feel the same way about Fernández but would not have the nerve to act against her because of the popularity she retains among the poor and Peronist grassroots.

Fernández denounces persecution

Fernández came out firing against Bonadio. She claimed that the accusation against her was completely unfounded, and constituted “unprecedented persecution in democratic times”. She inveighed against President Mauricio Macri as “the conductor” and Bonadio as having created “the judicial score”. She said Bonadio had simply made a legal judgement about government foreign policy over which the judiciary has no jurisdiction. Finally, she accused Macri of seeking to “intimidate and frighten the public” to distract attention from his “failed economic reforms”.

The timing of Bonadio’s move does not seem to fit this grand conspiracy theory. If he and Macri had really plotted together to have Fernández

Defending Macri

The cabinet chief, Marcos Peña, was swift to reject the accusation by Cristina Fernández that President Macri had interfered in the judiciary to see her imprisoned. “We must all accustom ourselves to living in a context where we are all equal before the law and there is no impunity for anyone,” Peña said, insinuating that this was not the case under the Fernández administration.

arrested, it would have made far more sense to act 10 days earlier when she would not have enjoyed legal immunity. Macri was actually indirectly a victim of Bonadio’s decision as it abruptly forced the senate to stop its analysis of his government’s fiscal, labour, and pension reforms which he is striving to see approved in extraordinary sessions of congress before the end of the year after failing to push them through before the congressional recess. There is also a strong argument that it does not benefit Macri at all to see Fernández martyred and recover some of her mystique after her electoral defeat in October’s mid-terms when she came second to Cambiemos in the senate contest in the province of Buenos Aires.

Grounds for appeal

On 13 December, in a 40-page document, Fernández appealed against Bonadio’s “arbitrary” decision, which she said was based upon “non-existent and inadmissible facts”, before the council of magistrates. She also sought Bonadio’s impeachment for manipulating evidence against her. Timerman’s lawyers, meanwhile, appealed against his being placed under house arrest. They argued that he is facing a battle against cancer, which occasionally requires him to travel to New York to receive treatment, and is clearly not a flight risk.

CHILE | POLITICS

Final debates provide few clues ahead of run-off

The two debates to have taken place ahead of the 17 December presidential run-off between former president Sebastián Piñera (2010-2014) of the right-wing coalition Chile Vamos and Alejandro Guillier of the ruling left-wing Nueva Mayoría shed little light ahead of the election, either in terms of influencing voters or providing clarification as to their policies. Piñera may have been the clear favourite ahead of the 19 November first round but the picture ahead of the run-off is far less clear.

Organised by the Chilean association of radio broadcasters (Archi), the first debate took place on 7 December. It served more as an excuse for both candidates to row back on campaign blunders rather than any discussion of their policies. With Guillier apologising for remarks which offended the private sector (see page 13 sidebar), Piñera sought to address the outrage caused by his suggestion earlier this month that Guillier, along with Beatriz Sánchez (of the leftist Frente Amplio, FA) had benefitted from electoral fraud in the first round – a move which undoubtedly backfired after Sánchez (who came third) declared her backing for Guillier [[WR-17-48](#)]. In the Archi debate Piñera admitted that his complaint about the “doctored votes” was “unnecessary”, underlining that he sought to question “neither the result of the election nor the role of Servel [the electoral authorities] nor the institutions within it”.

If the first debate saw little discussion of the candidates’ policies, the second, which took place on 11 December, organised by the national television association (Anatel), focused on key electoral demands. These include the need to address free higher education and an end to the state-guaranteed university student loan scheme (CAE) – a key rallying point for the FA and student protesters.

In the debate Guillier reiterated that he would pardon the debt of the 40% poorest indebted under the scheme, a move which would cost “some US\$350m or 0.14% of GDP”. Meanwhile Piñera reiterated his new-found agreement with the idea of free universal education – a position which he announced last month to raised eyebrows given his earlier opposition to the free higher education initiative promoted by the incumbent administration led by President Michelle Bachelet.

Guillier's mea culpa

Alejandro Guillier admitted to mistakes made during his run-off campaign – in his case controversy caused by remarks made on 4 December at a campaign event. He said that, under his government, those “who concentrate all the wealth” would have to “put their hands in their pockets for the good of the country”. His remarks prompted an outspoken response from Andrónico Luksic, chairman of Quiñenco, a holding of the Luksic Group, one of Chile’s largest conglomerates. In the Archi debate, Guillier admitted that his remarks were an “error”.

The two candidates also failed to elucidate another major electoral concern: the need to address the pension system. Some civil society groups, such as Coordinadora No + AFP, have been calling for an end to the mixed public-private national pension system administered by private pension funds (AFPs) introduced under the dictatorship of General Augusto Pinochet (1973-1990). In the 11 December debate, the two run-off contenders stopped short of agreeing to this demand. Guillier said that it was necessary to end the “monopoly” of the current system and that he was open to the idea of looking at alternatives, although he provided few details, while Piñera pledged to create a state-run AFP.

Final poll

The final survey released by local pollster Cadem on 1 December shows Piñera with 40% of voting intentions to 38.6% for Guillier, while 21.4% did not know/would not respond. However, Guillier has the support of Sánchez and, on 13 December, Deputies Gabriel Boric and Giorgio Jackson, prominent former student leaders and senior figureheads in the FA, said that they would vote “against Piñera”, albeit not out of any conviction that Chileans could “expect much from the Nueva Mayoría”.

The other first round candidates, Carolina Goic (of the Nueva Mayoría’s Democracia Cristiana), who took 5.88%, and Marco Enríquez-Ominami, the leader of the left-leaning Partido Progresista (PRO), who took 5.71%, have also pledged their support for Guillier. In contrast, the ultra-conservative independent José Antonio Kast, who won 7.9% of the vote in the first round, has declared his backing for Piñera.

Past precedent suggests that this support will not transfer en masse to the run-off contenders. Another uncertainty is voter turnout which was just 46.7% in the first round. Either an increase or decrease in abstention in the run-off could have a big impact.

TRACKING TRENDS

REGION | Mercosur-EU deal remains elusive. On 12 December representatives from the Southern Common Market (Mercosur) said that the bloc’s negotiating team had failed to conclude a bilateral trade agreement with the European Union (EU) in the latest round of talks in Argentina. Both of the negotiating teams had previously expressed hopes that they would be able to conclude the negotiations, which have been ongoing since 1999, in the latest round of talks which took place on the sidelines of the XI World Trade Organization (WTO) annual ministerial meeting held in Buenos Aires between 10 and 13 December.

Uruguay’s foreign minister, Rodolfo Nin Novoa, revealed that the two sides had been unable to finalise a deal after the EU failed to present an improved offer on the terms of trade for beef and ethanol, as had been agreed by the two sides. Concerns about the impact that more liberalised trade with Mercosur’s agricultural powerhouses would have on the EU’s agricultural sector have been a persistent sticking point in the negotiations.

URUGUAY | Raising production costs. Uruguay’s deputy economy & finance minister, Pablo Ferreri, announced last week that the government has decided to increase utility tariffs and allow increases in fuel prices from January 2018. Ferreri said that the government has agreed to increase water tariffs and telephone rates by 6.5%; electricity tariffs by 3.2%; and fuel prices by as much as 9.8%. The announcement came despite the fact that earlier in the month the Confederación de Cámaras Empresariales del Uruguay (CCE) business sector lobby called on the government to reduce electricity tariffs by 10% and fuel prices by 30% to improve the country’s competitiveness and in support of job creation.

Ferreri said that after analysing the economic scenario the government had decided to increase the tariffs and fuel prices by around half of the real inflation rate (which is running at around 6.5%) as part of its bid to reduce the fiscal deficit. Opposition senators called for the economy & finance and the industry, energy & mining ministers to appear before congress to explain the rationale behind the “exorbitant” increases.

Opposition ratchets up pressure

Hondurans are no closer to knowing who will be sworn-in as president on 28 January next year. The secretary general of the United Nations (UN), António Guterres, urged the authorities on 12 December to uphold the rule of law and respect for human rights “in this crucial moment for the future of Honduras”. According to a partial recount by the supreme electoral tribunal (TSE), President Juan Orlando Hernández won 42.95% of the vote to 41.42% for Salvador Nasralla, a difference of some 50,000 votes. But Nasralla has refused to accept the result, insisting that the TSE has lost all credibility, and he is calling for an intensification of street protests.

The president of the TSE, David Matamoros, said that the body aimed to release its final report on 22 or 23 December but this would depend upon how the electoral appeals process progressed. The TSE is currently trying to process a total of 125 legal challenges, although Matamoros said the majority of these were related not to the presidential elections but the concurrent congressional and municipal elections.

Former president Manuel Zelaya (2005-2009), Nasralla’s main backer, accused the US on 11 December of “imposing” President Hernández against the will of Honduran voters. “We accept absolutely no interference from anybody,” Zelaya said, arguing that “the solution does not lie in the north [the US] or international organisations, who are validating the fraud”. The trouble is both Nasralla and Zelaya say that the TSE cannot be relied upon either as, they argue, it has been co-opted by the Hernández administration, so it is not clear where they feel “the solution” lies.

Zelaya’s criticism of the US followed the revelation that the US State Department, either by design or indiscretion, had certified that Honduras was complying with the US requirement of fighting corruption and safeguarding human rights. This came just two days after elections containing irregularities and anomalies in the counting process by the TSE and cries of electoral fraud by the political opposition.

Zelaya’s Frente Nacional de Resistencia Popular (FNRP) has called for “a national mobilisation” on 15 December “to defend the victory of Nasralla”. Protests across the country have already led to violent clashes and several deaths. An escalation in the protest action in the coming days could well lead to further loss of life. In a statement the FNRP called for “permanent and immediate mobilisation of villages and towns in every corner of the country until the dictatorship hands over the power which it lost on 26 November”. It also accused the US embassy in Tegucigalpa of “trying to legitimise the criminal electoral fraud perpetrated by the dictatorship”.

Meanwhile, Bolivia’s President Evo Morales renewed a feud with one of his predecessors, Jorge Quiroga (2001-2002), who is head of the electoral observer mission of the Organization of American States (OAS) in Honduras. Morales demanded on *Twitter* that the secretary general of the OAS, Luis Almagro, respond “with the same speed with which he questions Venezuelan or Bolivian democracy after seeing the conclusive proof of electoral fraud in Honduras”. Morales claimed that “the irresponsibility of Almagro and... Quiroga has led to 14 deaths, dozens of people being injured and 800 arrested”.

Vote recount

Salvador Nasralla and his Alianza de Oposición contra la Dictadura are calling for the TSE’s entire vote count to be declared null and void. They are demanding a vote-by-vote recount of all of the ballots cast in the elections on 26 November on all 18,000 tally sheets.

Setback for Varela as EU blacklists Panama

The government led by President Juan Carlos Varela has encountered a major setback in its efforts to restore credibility to Panama's image, which was badly tarnished by the April 2016 'Panama Papers' scandal (when over 11m confidential documents were leaked from the offices of Panama-based offshore law firm Mossack Fonseca). Last week the European Union (EU) announced that it was blacklisting Panama for "having a harmful preferential tax regime" and failing to "clearly commit to amending or abolishing it as requested by 31 December 2018". The EU's move comes amid other transparency related concerns for Varela after Panama's main opposition Partido Revolucionario Democrático (PRD) called for him to be probed over irregular donations received by his Partido Panameñista (PPA) from Brazilian construction firm Odebrecht.

The EU announced its decision to include Panama on its list of 17 non-cooperative tax jurisdictions last week, along with Barbados, Grenada, Saint Lucia, and Trinidad & Tobago. The announcement prompted outrage from the Varela government which has since recalled its ambassador to the EU, Dario Chiru. Private sector lobbies, such as the chamber of commerce, industry and agriculture (CCIAP) and the national council of private enterprise (Conep), also expressed concern, issuing statements which "categorically reject" the EU's decision.

A press release by the economy & finance ministry (MEF) issued in response underlined how, since the Panama Papers' scandal, the Varela government had sought to address these transparency-related concerns. Highlighting that Panama has "adopted international commitments in record time", the MEF press release cited as evidence of this, the 2016 application of the automatic exchange of information mechanism, in line with the objectives of the Organisation for Economic Co-operation and Development (OECD) Global Forum's Common Reporting Standard (CRS); Panama's adherence in 2016 to the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters; and to the OECD's Inclusive Framework of the Base Erosion and Profit Shifting (BEPS).

Opposition calls for Varela to be investigated

The day after the EU blacklisted Panama, the PRD secretary general, Pedro Miguel González, called for President Varela to be investigated over the irregular donations received by the PPA from Odebrecht.

González's call adds to existing pressure on Varela which has intensified since last month when the attorney general (AG), Kenia Porcell, officially named for the first time the individuals implicated in the scandal. This erupted amid reports that, as part of a region-wide scheme, more than US\$59m was paid in bribes to secure public works and infrastructure contracts between 2010 and 2014 under the previous government of Ricardo Martinelli (2009-2014).

One of those who featured on Porcell's list was a close Varela ally, 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 has admitted receiving Odebrecht donations although he denied they were bribes [\[WR-17-47\]](#).

Since Porcell unveiled the list, the local media has leaked parts of a report by the police special investigations unit (DIJ) which suggests that between 2009 and 2014 the PPA could have received as much as US\$10m in donations from Odebrecht via Lasso's companies. Meanwhile, on 29 November, the national daily *La Prensa* published the findings of its own investigation which suggested that, between 2010 and 2013, some US\$6.5m was paid to the PPA from Odebrecht through Lasso's company Poseidon Enterprises LLC.

Getting off the EU's blacklist

In its statement announcing the blacklist, the EU notes that the listing process is a dynamic one, which will continue into 2018. It states that as a first step a letter will be sent to all jurisdictions on the EU list explaining the decision and what they can do to be delisted with a first interim progress report due to be published by mid-2018. According to the same statement, the EU list will be updated at least once a year.

POSTSCRIPT

Quotes of the week

“This event carries the stench of the PRI. A self-destape by the man who has spent two years promoting his own candidacy with public resources and abusing power. It is sad to see the loss of values, identity and soul of the PAN.”

Mexico's former president Felipe Calderón on the decision by PAN party president Ricardo Anaya to declare his presidential candidacy.

“If they don't want elections, what are they doing? What's the alternative? Civil war?”

Venezuela's President Nicolás Maduro on the decision by the country's three largest opposition parties to boycott the municipal elections.

“Everything that is happening is absurd and totally excessive...there is no case, no crime, no motive...[Judge Claudio] Bonadio knows it, the government knows it, and President [Mauricio] Macri knows it.”

Argentina's former president Cristina Fernández on the decision by Judge Bonadio to call for her arrest and preventive detention.

Glas conviction will have political repercussions in Ecuador

Tension within Ecuador's ruling Alianza País (AP) could lead to a definitive rift in the coming days. Jorge Glas was sentenced on 13 December to six years in prison for taking bribes from the Brazilian construction firm Odebrecht. Glas had been stripped of his functions as vice-president by President Lenín Moreno after being placed under preventive detention in October in relation to the Odebrecht case, but he is refusing to relinquish the title. Former president Rafael Correa (2007-2017) jumped to the defence of Glas, who had also served as his vice president and was a staunch loyalist. His conviction will have political ramifications. If, as a result, the Correísta faction of the AP breaks away it would leave Moreno without a majority in the national assembly.

Glas was convicted for receiving some US\$13.5m in bribes out of a total of US\$35.5m which Odebrecht had admitted paying to Ecuadorean officials during the Correa administration in exchange for the award of state public works contracts. His uncle Ricardo Rivera was also sentenced to six years in jail. Glas had denied being on good terms with Rivera, maintaining that they only met occasionally at family gatherings, but the judiciary accepted the version of José Conceição Santos Filho, the Odebrecht executive in Ecuador, that the two men were like “Siamese twins”. One of the key pieces of evidence was a USB stick supplied by the US Department of Justice directly tying Glas to Rivera: the transfer of US\$150,000 by Odebrecht to a front company with the code ‘uncle’.

Correa insisted that Glas was “innocent” in a ruling he described as being “full of irregularities”. Correa alleged that the objective of “the authorities” (read the Moreno administration) was to secure control of the vice presidency. Glas, who has the right to appeal, has refused to step down as vice president, although Moreno appointed a temporary replacement, María Alejandra Vicuña, the urban development and housing minister, after he was arrested in October.

The Correísta faction had already decided this week to adopt a new logo on Twitter, Revolución Ciudadana, the name of the new party proposed by Correa (which carries his initials) at the unofficial AP party convention on 3 December. Glas's conviction could see the Correísta faction go into formal opposition and register the party before the electoral authorities.

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