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FEATURED Q&A

How Will Honduras Emerge From its Disputed Election?



Leftist candidate Salvador Nasralla has called for a new presidential election in Honduras and has said the country risks erupting into a civil war. He is pictured leading a protest on Sunday. // File Photo: Nasralla Campaign.

Q Three weeks after Honduras' presidential election, the country's electoral commission on Sunday declared incumbent President Juan Orlando Hernández the winner, following a tally that was marked by delays and allegations of fraud.

Supporters of challenger Salvador Nasralla have taken to the streets in protests that, according to human rights groups, have left 20 people dead, and the secretary general of the Organization of American States has said Honduras should rehold the election. What does the disputed vote mean for the country's democracy and future elections? How should Honduras resolve the dispute, and what role should international actors play? Does Hernández have the mandate to lead the country, or will the public view his presidency as illegitimate?

A Adam Blackwell, vice president for international at Development Services Group and former Canadian ambassador to the Dominican Republic: "There are no winners in this latest Honduran political crisis; not the political parties, not the OAS, not the institutions and certainly not the Honduran people, who deserve better. This was in many ways an accident waiting to happen; Honduras is one of the few Latin American countries with no runoff or second round of voting, that has recently changed the Constitution to allow re-election and that has weak and politicized institutions. While I was not on the ground in Honduras for this election, I was there all through the 2009 coup and beyond. I know that the call by the OAS Secretary General Almagro to have a do-over was not taken lightly. This makes it all but impossible for Hernández to declare himself the legitimate winner and to

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Brazilian Prosecutors Charge Bankers in 'Car Wash' Case

Spanish-Swiss banker David Muino Suarez was charged in connection with the massive corruption scandal involving state-run oil company Petrobras.

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BUSINESS

Former Odebrecht CEO Released to House Arrest

Former construction conglomerate CEO Marcelo Odebrecht was released to house arrest after serving two and a half years in prison.

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POLITICAL

Hernández Calls on Honduras to Accept Re-election

Honduran President Juan Orlando Hernández called on the country to accept his re-election following the disputed Nov. 26 vote. Meantime, challenger Salvador Nasralla was in Washington to seek international support.

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Hernández // File Photo: Honduran Government.

POLITICAL NEWS

Honduran President Calls on Country to Accept Re-election

President Juan Orlando Hernández on Tuesday called on Hondurans to accept his re-election, while challenger Salvador Nasralla reiterated his vow to challenge the official result in the disputed vote. "As a citizen and as president, I humbly accept the will of the Honduran people. I wish to take this time not to bask in victory but instead to sincerely thank all the Hondu-

“The people of Honduras have spoken.”

— Juan Orlando Hernández

rans who have put their trust in me," Hernández said in a statement. "The people of Honduras have spoken. They have exercised their right to elect their representatives fairly. All that is left to do in this electoral process is to abide by the freely expressed will of the people." Hernández also called on Hondurans to "exercise their right to demonstrate peacefully" rather than engage in violent protests. Human rights groups have said 20 people have been killed in protests since the Nov. 26 election, Reuters reported. Protests continued Tuesday, with demonstrators blocking roads and burning tires two days after the country's electoral court declared Hernández the winner. The court said the conservative incumbent won 42.95 percent of the vote, to leftist Nasralla's 41.42 percent. Nasralla was in Washington Tuesday to seek international support and said he would file a new appeal of the official results, the Associated Press reported. Nasralla also reiterated his call for a new vote, claiming that Hernández is illegally clinging to power, and added that the international community should suspend aid to Honduras until the controversy is resolved, BBC News reported. Nasralla added that he

was accepting an offer for talks with Hernández. "How good that I am being called to a national dialogue and I will of course accept," Nasralla told a U.S.-based Honduran television channel. Organization of American States Secretary General Luis Almagro has called for the election to be re-held, citing "irregularities and deficiencies" in the voting process, which he has said was marred by "deliberate human intrusions in the computer system" during the count, which was beset by delays. The election began in controversy, as Honduras' Constitution explicitly bans presidential re-election. Former President Manuel Zelaya was ousted in 2009 after making efforts toward seeking re-election. Honduras' Supreme Court, however, ruled in 2015 that the ban on re-election violated Hernández's rights, clearing him to seek another term.

Brazilian Prosecutors Charge Banker in Graft Scandal

Brazilian prosecutors on Tuesday charged a Spanish-Swiss banker with laundering \$21.7 million in connection with Brazil's "Operation Car Wash" corruption investigation involving state oil company Petrobras, Reuters reported. Authorities arrested the banker, David Muino Suarez, a relationship manager of Zurich-based BSI bank, on Nov. 27 at Guarulhos airport in São Paulo after he arrived from Switzerland. Suarez, who is being held in Curitiba, allegedly knew the money came from bribes that were paid to now-jailed former Chamber of Deputies Speaker Eduardo Cunha and Pedro Bastos, a former Petrobras executive, prosecutors said. The money was reportedly related to an oil field acquisition in Benin in 2011. Suarez concealed the money laundering by giving false information to the bank's compliance office, prosecutors alleged. Reuters was unable to reach Suarez's representatives for comment. The probe into the scandal at Petrobras has brought to light several cases of international bank managers helping Brazilian politicians and others hide money in offshore accounts, according to prosecutor Diogo Castor de Mattos.

NEWS BRIEFS

At Least 12 Killed After Tourist Bus Overturms in Mexico's Yucatán

At least 12 people were killed on Tuesday when a tourist bus driving to Mayan ruins in eastern Mexico flipped over on a highway, officials said, Reuters reported. Seven Americans and two Swedes were among those injured, according to a spokesman for Quintana Roo State's civil defense office. He said his office has not determined the nationalities of those who died and that investigators were working on determining the cause of the crash. Miami-based cruise company Royal Caribbean said in a statement that passengers from two of its ships had been involved in the crash.

PDVSA May Lose License to Operate Bonaire Terminal

Venezuelan state oil company PDVSA may lose its license to operate one of its oil storage terminals on the Dutch Caribbean island of Bonaire if it is unable to fulfill regulators' maintenance demands, a government spokeswoman said Tuesday, Reuters reported. The terminal is a key component of the oil company's logistics in the Caribbean, and its closing could lead to complications in sending oil to Asia at a time when Venezuela is in desperate need for as much cash as possible as it grapples with an economic crisis.

Panama's Bladex Bank Announces Departures of CEO, CFO

Panama's Banco Latinoamericano de Comercio Exterior, or Bladex, on Monday announced that its CEO, Rubens Amaral, and CFO Christopher Schech, had resigned. Amaral, who is stepping down effective April 30, will be replaced by current Chief Operating Officer N. Gabriel Tolchinsky. Schech will be replaced by Bladex Senior Vice President Ana Graciela de Méndez.

BUSINESS NEWS

Marcelo Odebrecht Released to House Arrest

Marcelo Odebrecht, the former head of Brazilian construction conglomerate Odebrecht, which has been at the center of a massive corruption scandal spanning several countries, was released from jail on Tuesday after serving two and a half years of a sentence that was originally 19 years, *The Wall Street Journal*



Odebrecht // File Photo: World Steel Association.

reported. He is to spend the next seven and a half years under house arrest after agreeing to testify in exchange for a lighter sentence. His release and lighter sentence has provoked concerns that he may attempt to reassert control over the conglomerate. Last year, the company admitted to paying nearly \$800 million in bribes to government officials in several countries in exchange for government contracts. Peruvian President Pedro Pablo Kuczynski is facing calls for his resignation after details emerged that Odebrecht made payments to company owned by Kuczynski while he served as economy minister and prime minister from 2004 to 2007. He has denied wrongdoing.

Oi's Creditors Accept \$20 Billion Restructuring Plan

Creditors of Brazilian telecommunications company Oi on Wednesday approved a plan to restructure \$20 billion in debt owed by the firm,

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government for all Hondurans. The short-term fix could be to rerun the election promptly, with significant international observation and monitoring. There could also be a split-term solution, similar to the 1994 crisis in the Dominican Republic. The mid- to long-term solution will require major structural and systemic strengthening of the political infrastructure from political parties, state institutions and the judiciary. In the here and now, all political parties should tone down the rhetoric, issue appeals for nonviolence and generate space for dialogue. It would also be helpful if there were no daylight between members of the international community."

A Christine Wade, professor of political science and international studies at Washington College in Chestertown, Md.:

"Honduras' 'democracy' has been in trouble since the June 2009 coup. In many ways, the recent presidential election is an extension of that coup, as were the deeply flawed elections in 2009 and 2013. The consolidation of power in the presidency, corruption and the growing authoritarianism that we have witnessed during the Hernández administration appear to have eroded what little semblance of democracy remained. The OAS found that the elections were deeply flawed and

advancing the proceedings of the largest-ever bankruptcy process in Latin America, Reuters reported. After a 15-hour meeting in Rio de Janeiro, three of the four creditor classes voted nearly unanimously on the restructuring. Telecoms regulator Anatel was the most significant "no" vote. It holds billions of dollars in Oi debt through unpaid regulatory fines. Under the restructuring plan, creditors such as Aurelius Capital Management and Goldentree Asset Management can swap their debt for up to 75 percent of Oi's stock. Other creditors may lose out through the plan, including Portugal's Pharol, whose 27.5 percent of voting shares in Oi could be diluted over the course of the restructuring. Other important aspects

the results unverifiable. Luis Almagro has called for new elections, which the electoral tribunal (TSE) has rebuffed as 'illegal.' If the TSE and the National Party believe that anointing Hernández the winner will resolve

“No recount will suffice at this point.”

— Christine Wade

the crisis, they are deeply mistaken. The TSE has been thoroughly discredited, underscoring why Hondurans hold a deep skepticism of their electoral system. Moreover, it's clear that the opposition and mass movements across the country will not tolerate another fraudulent election. Calls for dialogue should be met with great skepticism. No recount will suffice at this point. Hernández should step aside, the electoral system must be reformed and new elections should be held. The international community, including the United States, must be resolute on this matter. Moreover, aid to security forces should be suspended in light of ongoing repression

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of the restructuring plan include the creation of a transitional board for the carrier that will include existing board members and members chosen by investors. The board will eventually decide on the composition of Oi's management. Now that a restructuring plan has been put in place, it's possible China Telecom Corp. and China Mobile may look to take over the company. In the past, the two companies have expressed interest in taking over Oi after it emerged from bankruptcy protection. The companies are the latest of foreign investors interested in providing an infusion of cash to the company, which management has said could be used to expand fixed-line broadband and fourth-generation cellular networks.

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and human rights abuses. Hernández has no mandate to lead the country. The majority of Hondurans opposed re-election before the campaign even began, and many view Hernández's candidacy as illegal. The fraud, incompetence and violence we've witnessed the past three weeks further detract from his already weakened legitimacy."

A **Maribel Espinoza, lawyer and member of the Patriotic Front for the Defense of the Constitution and politics:** "The lack of independence and widespread corruption in Honduras' institutions as well as excesses and abuse of power have allowed President Juan Orlando Hernández to remain in power illegally. He was allowed to participate in an unconstitutional electoral process, and the Supreme Electoral Tribunal led an election that caters exclusively to the interests of the current president. Hernández did not

“The declaration of Hernández's election is illegitimate.”

— Maribel Espinoza

offer Hondurans the minimum guarantees of legality and transparency, which the opposition political parties denounced, a view also held by international missions that observed the election. Consequently, the declaration of Hernández's election is illegitimate. There is no guarantee of due process for the court to resolve the challenges that seek the election's nullification. Faced with such alarming events that have put democracy at serious risk, the Honduran people have demonstrated in the streets. The police and the army, led by the president, have begun to repress the population, resulting in civilian deaths."

A **Carlos Imendia, economic consultant based in San Francisco:** "With this wicked process and its conclusion, not only can we expect a larger divide in society, but also deadly marches and never-ending skirmishes between the armed forces and the opposition. The polls' outcome was a striking rejection for the jigs that allowed re-election, given the thin difference in votes. Hondurans deeply abhor continuism, which is regarded as a hoax to strengthen an authoritarian government. The decision of the electoral tribunal (TSE) forebodes a worsening of basic checks and balances in the government within a political environment where democracy was already undermined well before Nov. 26, due to feeble institutions inclined to shield the status quo. The terribly sad violence that has erupted on the streets augurs a fierce determination to oppose the National Party, even at the cost of bloodshed. For the future, we'll see a deepening of authoritarianism, resembling the politics of neighboring Nicaragua, with its sequel of sustained violence and repression; as a result, the breeding ground for skepticism in the population about elections, basic freedoms and the rule of law has now been set. With the likely recognition of the elected president by the governments of industrialized countries, the role of international entities like the OAS will be marginal in calling for new elections or gathering both sides of the spectrum to reach a basic national consensus. Hence, violence will prevail, since political actors are unwilling to offer concessions, and the incumbent will lack the governing power to lead and heal the wounds."

Editor's note: The Advisor requested a commentary on this topic from the Honduran Embassy in Washington but did not receive one by our deadline.

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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