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FEATURED Q&A

What Does Another VP's Departure Mean for Ecuador?



María Alejandra Vicuña stepped down after serving as Ecuador's vice president for less than a year. Last January, she replaced Jorge Glas, who was jailed in connection with the Odebrecht corruption scandal. // File Photo: Ecuadorean Government.

Q **Ecuadorean Vice President María Alejandra Vicuña resigned Dec. 4 amid an investigation over payments she received from a former aide, which the aide claimed Vicuña had demanded in order for him to keep his job. Vicuña has characterized the payments as voluntary contributions to a political organization. What is the significance of the case against Vicuña and her resignation? How does the departure of Vicuña, who herself replaced corruption-tainted Vice President Jorge Glas less than a year ago, affect the government of President Lenín Moreno? What does the case mean for the ruling Alianza Pais party and the country's fractious political dynamics?**

A **Ramiro Crespo, president of Analytica Securities in Quito:** "Vicuña's swift fall from power demonstrates the important sensitivity at least part of Ecuador's public by now has for the corruption issue. This forced Alianza Pais (AP), which has defended its own questionable legislators, to vote in favor of her resignation. Whether AP can survive the Moreno era is doubtful. It's linked far too closely with the immense corruption of the Correa era, including the extortion racket that led to Vicuña's resignation, for it to escape a generalized suspicion of wrongdoing. Its weakening is also reflected in the fact that Moreno picked three politically unknown independents rather than from his own party as candidates for his third vice president. While this makes it unlikely for the next vice president to conspire against him, it also reflects the sluggishness of the executive branch's efforts at reform. Whoever the next vice president may be, he or she will lack the

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TODAY'S NEWS

POLITICAL

Fourteen Killed in Shootout Between Police, Bank Robbers in Brazil

The shootout began after a group of gunmen attempted to rob two banks in the northeastern state of Ceará. The assailants also took several hostages.

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ECONOMIC

Mexico to Award Refinery Contracts by March: AMLO

President Andrés Manuel López Obrador said his government will invest \$8 billion in the new facility, to be located in Tabasco State.

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POLITICAL

Peruvians Approve Anti-Corruption Measures in Vote

The referendum, pushed by President Martín Vizcarra, included questions on a council to select judges, on banning political parties from accepting money from unknown donors and on barring legislators' immediate re-election.

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Vizcarra // File Photo: Peruvian Government.

POLITICAL NEWS

Shootout Between Police, Bank Robbers Kills 14 in Brazil

Fourteen people were killed on Friday during a shootout between bank robbers and police in the city of Milagres, in the northeastern state of Ceará, according to Brazilian authorities, Globo 1 reported. Armed criminals attempted to rob two banks at around 2:30 a.m., blocking off a road with a truck and taking several hostages, the Associated Press reported. A shootout broke out when police opened fire against attackers on the city's main street, leaving six of the hostages and six of the criminals dead. Two of the victims were children between 10 and 13 years old. Lielson Macedo Landim, the mayor of Milagres, told Globo 1 that the hostages were killed by the criminal group and not by police fire. The mayor's statement could not be immediately verified. Police did not respond to the AP's request for comment. Authorities arrested three of the suspects and seized three vehicles, several firearms and explosives. The city on Friday suspended public services and called on citizens to stay home as they searched for several other suspects who had fled the scene, the AP reported. Brazil's rampant insecurity was a leading factor in the country's presidential election last October. President-elect Jair Bolsonaro has vowed to restore law and order in the South American country. [Editor's note: See related [Q&A](#) in the Nov. 13 issue of the Advisor.]

Maduro's Party Wins Local Elections Amid Low Turnout

President Nicolás Maduro's United Socialist Party won the majority of seats up in Sunday's elections for local councils, but the vote was marked by low turnout amid an opposition boycott of the vote and widespread mistrust in the process, Reuters reported. Many polling

stations were empty on Sunday, and Venezuelans told the wire service that they preferred to use the day to attempt to find scarce food and medicines. "People have no motivation," said opposition legislator Francisco Betancourt in the city of Barinas. Venezuela's severe recession has cut the size of the country's economy in half over the past five years and led some three million people to flee to other countries amid Venezuela's hyperinflation and high crime



Maduro // File Photo: Venezuelan Government.

rate. Election officials announced that the majority of about 2,500 council seats went to Maduro's party and that about 27 percent of the country's 20 million eligible voters cast ballots, the Voice of America reported. Maduro's government has banned the country's most popular opposition parties from participating, and some of the most prominent opposition politicians have either been jailed or have fled the country. After casting his ballot, Maduro appeared on state television, giving a speech in which he accused U.S. President Donald Trump of scheming to overthrow him. The local elections happened a month before Maduro is to begin his second six-year term, following his re-election last May in a vote that his political opponents, the United States, the European Union and most Latin American countries have deemed illegitimate.

Peruvians Approve Anti-Graft Measures in Referendum

Peruvian voters appeared to approve three out of four anti-corruption measures in a national referendum on Sunday, according to exit polls, La República reported. President

NEWS BRIEFS

Ex-Colombian President Betancur Dies at 95

Former Colombian President Belisario Betancur died on Friday in Bogotá, The New York Times reported. Betancur, 95, led the country in the 1980s, when Colombia was plagued by drug trafficking and a guerrilla war. As president, he promoted peace initiatives in the region and introduced low-cost housing and education programs. Betancur was president when M-19 guerrillas stormed the Palace of Justice in November 1985, taking 300 hostages, including Supreme Court justices. He refused to negotiate, and more than 100 people were killed in a faceoff with military forces.

Julius Baer, Santander Reportedly in Talks Over Venezuela Businesses

Swiss private bank Julius Baer is in talks with Banco Santander about transferring to the Spanish bank its Venezuelan units, Reuters reported, citing unnamed sources with knowledge of the matter. In October, Julius Baer announced that it was closing its units in Peru and Panama amid its efforts to focus on Latin America's larger markets.

Venezuela to Begin Using Digital Currency for Oil Sales in 2019: Maduro

Venezuelan President Nicolás Maduro on Thursday said his government would begin using its digital currency, the petro, for oil sales starting next year, Coin Desk reported. Maduro said the move would help Venezuela combat the dollar's dominance. Last month, Oil Minister Manuel Quevedo, who also heads state-run oil company PDVSA, said the country would present the petro to members of the Organization of the Petroleum Exporting Countries, or OPEC, as the "main digital currency backed by oil" for 2019.

Martín Vizcarra pushed for the vote amid a rash of accusations that has led four former presidents to be investigated for ties to scandal-plagued Brazilian construction conglomerate Odebrecht, which has admitted to bribing politicians in several countries. According to the exit polls, voters approved measures for the public to choose members of a council that selects judges, to ban political parties from accepting money from unknown contributors or from donors with a criminal background, and to ban legislators' immediate re-election, the Associated Press reported. The fourth question, which Vizcarra himself no longer supported, appeared to have failed and asked voters whether Peru's unicameral Congress should be replaced by a two-chamber legislature.

"This referendum does not change everything," said Vizcarra. "But it is the beginning of a change that we are looking for in Peru." Some observers said Vizcarra faces the challenge of making sure the changes are fully implemented. "Peru's problems won't be solved with just a referendum," said José Ugaz, the attorney who led an investigation of former Peruvian President Alberto Fujimori's spy chief a decade ago. On Sunday, prosecutors in Peru reached a deal with Odebrecht that could lead to the release of new information on bribes that could send former Peruvian presidents investigated in connection with the case to prison, Agence France-Presse reported. Odebrecht has been cooperating with Peruvian authorities for two years, but the new agreement stipulates that authorities will not use company officials' confessions of crimes to prosecute them or the company.

ECONOMIC NEWS

Mexico to Award Refinery Contracts by March: AMLO

Mexico will begin awarding construction contracts for its seventh refinery by March, President Andrés Manuel López Obrador said Sunday, as he announced his plan for the coun-

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clout to lead the political fight against graft. In a country where the dead can vote, it is reasonable to believe that the near-doubling of the number of civil servants to 520,000 under Correa (not counting temporary state staffers) included a number of people who don't actually show up for work. There was an incentive to expand the existing, though illegal, pyramid system of patronage, under which people are expected to pay money to the bosses who hired them, like Vicuña has acknowledged. To fix this should not cause the social upheaval feared by opponents of fiscal cutbacks, nor should it be all that difficult to follow the money."

A Vicente Albornoz, dean of business and economics at the Universidad de Las Américas in Quito: "Under normal circumstances, the departure of a vice president should have a negative impact on any government. But in the case of María Alejandra Vicuña's departure from Lenín Moreno's government, it may even improve his image and give him an opportunity to seek for new allies and distance himself from old ones. Vicuña's resignation under accusations of corruption (which she denies) frees Moreno of the last remaining links with the

try's refining system, El Universal reported. "We are going to start the bidding process for the refinery by March at the latest," López Obrador told a crowd in Dos Bocas, in Tabasco State, where the facility will be built. The president said the government will invest \$8 billion in the new processing facility with the aim of having Mexico become self-sufficient and end all fuel imports halfway through his six-year term, El Universal reported. "In three years, we will be producing the gasoline that we consume in the country, so that now we can lower the prices of the fuel," López Obrador added. The refinery will have crude processing capacity of 340,000 barrels per day, making it the country's largest plant, López Obrador said. Companies such as Ica Fluor and Bechtel have previous-

old regime of Rafael Correa and gives him the needed freedom to choose a new vice president more to his liking. He has already chosen three candidates, and now the par-

“**Vicuña's resignation under accusations of corruption (which she denies) frees Moreno of the last remaining links with the old regime of Rafael Correa...**”

— Vicente Albornoz

liament has to elect Vicuña's successor. All three candidates are nonpolitical and clearly not close to Rafael Correa. The most likely winner is Otto Sonnenholzner, the director of a radio station in Guayaquil and, at the same time, someone without any experience in public office. His nomination seems to be a safe bet for the president, but it is a risky bet for the country, because in any definitive absence of the president, his successor would lack any political or government experience. For Alianza País, Moreno's official political party, this is a blatant defeat, because it did

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ly expressed interest in participating in the public tender for the project, Bloomberg News reported. López Obrador aims to increase Pemex's budget by 75 billion pesos next year

The refinery will have crude processing capacity of 340,000 barrels per day.

to boost the state oil company's crude output, currently on its 14th yearly decline, to 2.4 million barrels per day by 2024. [Editor's note: See related Q&A in the Aug. 17 issue of the Energy Advisor.]

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not have the slightest say in the important decision of naming Moreno's successor."

A **Francisco X. Swett, former Ecuadorean minister of finance, member of Congress and central bank president:** "With the excuse that Alianza Pais' financing should not depend on local donors, Rafael Correa instituted a kickback scheme whereby people who entered public employment should pitch in and give at least a tenth of their earnings (known as 'décimos') to the cause. The self-appointed collection agents were all too willing to act, and María Alejandra Vicuña was one of them. The twisted con-

“**The twisted concepts of ethics and financial propriety made the corrupt practices acceptable behavior.**”

— Francisco X. Swett

cepts of ethics and financial propriety made the corrupt practices acceptable behavior. Vicuña, whose immediate family became the main beneficiaries of high-profile public jobs, is a vain individual whose rhetoric espouses Maduro and egalitarianism, but who loves to ski in Aspen, play in Las Vegas and frequent South Beach: all the while traveling in the presidential jet. Once described by Moreno as 'one of the best Ecuadoreans,' she is a political lightweight who landed a significant job. Her ambition, pushed by her dad's own drive for bureaucratic power, went too far when they conspired against Moreno. The story is now concluded, she is ignominiously out, and there are a couple of lessons: Moreno is a confounded individual who believes he is a political grandmaster, but whose decisions are entirely pushed by outside events; he talks socialism but enjoys being at the top of the establishment. As for Vicuña, she is a footnote in the sorry un-

folding of Ecuador's contemporary political history."

A **Walter Spurrier, president of Grupo Spurrier and director of Weekly Analysis in Guayaquil, Ecuador:** "What Vicuña did as a legislator is not unusual; another legislator has just been disbarred for the same reason. At the Social Security Institute, it has been determined that 500 employees were surrendering part of their salary 'to the party.' Why did a former Vicuña employee accuse her? Apparently, Correa and Moreno AP factions are settling scores. A pro-Correa lawmaker who was about to be ousted from the National Assembly (for allegedly attempting to bribe a protected witness who testified that Correa ordered the kidnapping of an exiled opponent), exhibited the notarized charges against Vicuña and threatened to file them if she was ousted, which she was. Puzzlingly, the attorney who filed the charges against Vicuña was Guillermo Lasso's former running mate. Moreno comes out strengthened. When he submitted to the Assembly Vicuña's name for vice president, he was in the midst of dismantling Correa's grip over all branches of power, and the AP Assembly bloc was solidly pro-Correa. The three names in the short list were all members of pro-Correa factions of Alianza Pais. Vicuña became vice president, and the other two became cabinet members. Since then, Moreno has succeeded in dismantling Correa's power base. The cabinet has been purged of Correa devotees, and Vicuña was no longer necessary. Moreno's new shortlist features respected members of civil society, not politicians. Alianza Pais comes out weakened. Its leadership has lost its positions in the public administration and courts, and its Assembly bloc has splintered with the Correa faction in the minority."

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