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FEATURED Q&A

How Much Progress Is Argentina Making Against Corruption?



Former Argentine President, and current Vice President, Cristina Fernández de Kirchner, who is serving alongside President Alberto Fernández, has denied wrongdoing in connection with the "notebooks" scandal, which erupted in 2018. // File Photo: @alferdez via Twitter.

Q The CEO of Luxembourg-based steel pipe manufacturer Tenaris, Paolo Rocca, was recently acquitted of charges brought against him in connection with Argentina's "notebooks" corruption scandal, in which businesspeople have been accused of paying as much as \$160 million in bribes to top officials during the administrations of former Presidents Cristina Fernández de Kirchner and her late husband Néstor Kirchner. Fernández de Kirchner, who is now vice president, has denied wrongdoing. To what extent is the notebooks scandal still an active case under the current government? How strong of a stance has President Alberto Fernández taken against corruption? To what extent has the graft scandal affected Fernández de Kirchner's popularity with the public and influence within the government?

A Laura Gómez-Mera, associate professor in the Department of Political Science at the University of Miami: "The notebooks scandal, one of the biggest corruption investigations in the country's recent history, is currently stalling in federal courts. Fernández de Kirchner continues to deny any involvement in this or any of the several other corruption cases she faces. Instead, she accuses the judiciary of political persecution or lawfare. That the fight against corruption hasn't been one of President Alberto Fernández's priorities is an understatement. During his presidency, former Kirchnerist officials convicted of corruption, such as Julio De Vido and Amado Boudou, have been released from prison. The president's proposal for a

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TODAY'S NEWS

BUSINESS

Ecopetrol Board Approves Issuance of New Shares

The board of Colombian state oil company Ecopetrol approved the possible issuance of new shares that could reduce the state's ownership of the company to 80 percent over the next five years.

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POLITICAL

Radical Teachers' Group Blocks Vehicle of Mexican President

A radical teacher's group blocked the vehicle of Mexican President Andrés Manuel López Obrador for several hours, delaying his daily news conference.

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POLITICAL

Peru's Congress Endorses Cabinet in Confidence Vote

The controversial cabinet of Peruvian President Pedro Castillo, led by Prime Minister Guido Bellido, won a confidence vote in Congress. The vote was a major victory for the new administration.

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Bellido // File Photo: TV Perú.

POLITICAL NEWS

Peruvian President's Cabinet Wins Confidence Vote

Peru's Congress on Friday endorsed President Pedro Castillo's cabinet in a confidence vote, a major political victory for the new president, who took office a month ago, Bloomberg News reported. The country's Congress, which is dominated by the opposition, voted 73-50 in favor of Castillo's cabinet, which far-left Prime Minister Guido Bellido leads. Before the vote, lawmakers had demanded changes in some ministries, but Castillo replaced only his foreign minister, removing Héctor Bejar and replacing him with Óscar Maúrtua, who served as foreign minister under former President Alejandro Toledo in the 2000s. "I thank [Congress] for granting us the vote of confidence," Castillo said in a tweet immediately following the vote of confidence, Reuters reported. "Consensus-building will allow us to govern together with the people for the development of public policies with a social face." Castillo's cabinet has been controversial and has a public approval rating of just 38 percent, Reuters reported. Additionally, Bellido is under investigation for allegedly sympathizing with the Shining Path rebel group. The confidence vote will allow Castillo's government to continue with its agenda of raising taxes in the mining industry and increasing social spending, Reuters report-

ed. Castillo's cabinet selections still may cause him political difficulty, Mariana Zepeda, a Latin America analyst at FrontierView, told the Advisor in a [Q&A](#) published Aug. 12. "Castillo's other cabinet selections will weigh on his political future," said Zepeda. "These nominations have already lost him the support of key actors, including Partido Morado, even though Castillo will need the center-left to pass any policies in an opposition-dominated Congress." Peru's stock index gained 3.09 percent on Friday, although it changed little after the cabinet vote, indicating that investors had already priced in the confirmation, Reuters reported.

BUSINESS NEWS

Board of Colombia's Ecopetrol Approves Possible Share Sale

The board of Colombian state-owned oil firm Ecopetrol on Friday approved the possible issuance of shares that could lead to a reduction of the government's stake in the company to a minimum of 80 percent over the next five years, according to Ecopetrol, Reuters reported. The state currently controls 88.49 percent of the company, which said that any funds raised from the issuance of shares would go toward projects aimed at boosting organic growth, inorganic growth opportunities and debt reduction. "In a development of a potential issue or

NEWS BRIEFS

Radical Teachers' Group Blocks Vehicle of Mexico's López Obrador

A radical teachers' group on Friday blocked Mexican President Andrés Manuel López Obrador's vehicle in the southern state of Chiapas, forcing the president to delay his usual daily news conference, Reuters reported. The SUV was allowed to proceed several hours later after López Obrador refused to cede to the protesters' demand that he hold a meeting with them right then and there. In the subsequent news conference, López Obrador said he could not allow himself to be "blackmailed" by special interests but also touted his response, which he said was "nonviolent."

Chile's Codelco Calls on Unions to Return to Negotiating Table

Chilean state-run miner Codelco on Friday called on unions at its Andina mine to return to the bargaining table following 16 days of strikes, union leaders told Reuters. The strike has slowed operations and output to the minimum necessary to guarantee safety at the plant, which union leader Manuel Cañas said was costing Codelco \$5 million a day. The unions argue that Codelco's recent contract offer curtailed traditional benefits and ignored the high prices of copper, which have surged this year amid recovering global demand.

First Cryptocurrency ATM Starts Operation in Honduras

Honduras' first cryptocurrency ATM has started operation as supporters of digital currencies have sought to boost demand, Reuters reported Friday. The machine, installed in a Tegucigalpa office tower, will allow users to acquire Bitcoin and Ethereum. Lawmakers in neighboring El Salvador passed legislation in June to make Bitcoin a legal tender.

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reform of the criminal justice system has been criticized as an attempt to strengthen the executive branch's power over the judiciary. Moreover, the president did little to stop the discretionary allocation of Covid-19 vaccines earlier this year. Almost as corrupt and morally questionable was his decision to host and participate in social events at the Quinta de Olivos presidential residence in 2020, during the strictest phase of the lockdown."

A **Horacio Verbitsky, editor of Elcohetelaluna.com:** "A judge ruled without prior investigation that Paolo Rocca and his executives paid in 'a state of need' to save the lives of the employees of his Sidor steel company. But the U.S. embassies in Argentina and Venezuela gave another version to the State Department. Earl Wayne and John Caulfield reported that Tenaris collected a fantastic compensation of \$1.97 billion,

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issues which could take place under the program, the nation would maintain at a minimum 80 percent of the subscribed and circulating capital of Ecopetrol," the statement said. "The program would be valid for five years, during which time Ecopetrol could carry out one or various share emissions with the specific aim of financing the execution of corporate strategy and energy transition plan," it added. Any issuance would depend on favorable market conditions, the company said, adding that the board's approval does not oblige it to actually issue the shares. Ecopetrol posted a net profit in the second quarter of approximately \$970 million driven by strong sales and a weak comparative base. The firm's second-quarter performance was "the best ever recorded in the history of Ecopetrol," the company said in a statement.

Petrobras, 3R in Talks Over Potential Sale of Refinery, Oil Fields

Brazilian state oil company Petrobras and 3R Petroleum Óleo e Gás are in talks over the billion-dollar sale of one of Petrobras' refineries and dozens of oil fields, the state firm said Friday in a securities filing, Reuters reported. Petrobras said 3R had submitted the best bid in a public tender for 26 assets, known collectively as Polo Potiguar and located in

The deal would have a value of between \$1.1 billion and \$1.3 billion.

the northeastern state of Rio Grande do Norte, InfoMoney reported. Polo Potiguar includes 23,000 barrels per day (bpd) of onshore and shallow-water oil production, according to 2020 bidding documents, as well as the 39,600-bpd Potiguar Clara Camarão Refinery, Reuters reported. The deal would have a value of between \$1.1 billion and \$1.3 billion, according to the filing. Negotiations are still ongoing, and

THE DIALOGUE CONTINUES

What Initiatives Will Help Lower Youth Unemployment?

Q **Argentina's government on Aug. 9 launched the second phase of its "Argentina Programs" plan, which aims to provide training in computer programming to 60,000 youths by the end of this year. The program follows another initiative that the government launched in July to add 50,000 people between the ages of 18 and 24 to the work force. In Argentina and elsewhere in Latin America, how much has youth employment suffered during the pandemic? What are the most important components of government and private-sector programs to lower unemployment levels among young people? How much growth will technology-industry jobs see in the coming years in Latin America, and what should governments be doing to provide young people with the skills to fill them?**

A **Vinicius Pinheiro, assistant director general and regional director for Latin America and the Caribbean at the International Labor Organization:** "The disproportionate impact of the pandemic on youth triggered a time bomb that could affect social and political stability in Latin America. The components of this explosive mix include unemployment, informality and unprecedented reductions in labor force participation among the 15-24-year-old population. In Argentina, youth employment decreased by approximately 40 percent during the first half of 2020. Youth continues to lack access

corporate approvals would be necessary once a deal is reached, Petrobras said. Petrobras also sometimes launches a final rebidding round once bilateral talks are finalized, in which competitors can submit offers of any value under the same terms agreed upon during the negotiations. If completed, the transaction could be transformational for 3R by more than

to quality education due to school closures and because of a lack of proper infrastructure, including connectivity. Among the most vulnerable are young women, migrants and informal workers—six out of 10 young people in the labor force work in informal jobs. Argentina's government has been responding to the youth employment crisis with a focus on education, professional training and labor insertion programs. Most recently, the Ministry of Labor launched a nationwide digital platform to facilitate job placement, skills matching and access to information for promoting employment and training. Going forward, a set of larger-scale and targeted employment policies designed to face the complex structural issues will be necessary for Argentina to generate decent work opportunities and to prevent greater youth exclusion. Expansion of support to youth-led micro, small and medium enterprises as well as entrepreneurs is essential while promoting education and training in a way that responds to the current and future needs of the labor market. The lack of youth employment opportunities is worrisome as it affects future career paths. Young people face the risk of becoming a 'lockdown generation.' "

EDITOR'S NOTE: The comment above is a continuation of the [Q&A](#) published in the [Aug. 26 issue of the Advisor](#).

doubling the company's oil production and bolstering it as one of Brazil's top independent producers, competing with firms such as Enauta Participações and PetroRio, Reuters reported. For Petrobras, a successful transaction would be a key step in the company's move to divest noncore assets with the aim of reducing debt and focusing on deepwater oil production.

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much higher than what other expropriated companies in Venezuela received, because Kirchner interceded for Rocca. This is stated in several Wikileaks cables. Tenaris was installed in Argentina, with money leaked from Italy at the fall of fascism by the grandfather of the current CEO, artillery captain Agostino Rocca, who built a war steel plant for Mussolini. The notebooks, attributed to a noncommissioned officer of the army, who was the driver for the official accused of collecting bribes, have been questioned, as has the process. The public prosecutor used photocopies of the notebooks, which did not assess the handwriting. The original notebooks were received by a journalist from the anti-Kirchner newspaper La Nación, which took months before handing them over to a prosecutor, with whom it would meet outside the courts. The prosecutor (who is being processed for illegal intelligence and extortion) selected a judge who accumulated cases against the Kirchners, without a random selection, using forum shopping maneuvers. Under the current government, there are no reports of corruption. Fernández de Kirchner is loved by one portion of the electorate and detested by another. Some believe that this cause was devised to harm her, and others confirm the fairness of their hatred."

A **Carolina Zaccato, Schuman trainee at the European Parliament:** "Argentina's notebooks corruption scandal first emerged in 2018, involving prominent businesspeople accused of paying around \$160 million in bribes to top officials during the presidential administrations of Cristina Fernández de Kirchner and her late husband Néstor Kirchner. Afterward, several of the businesspeople involved in the graft scandal were also found to be involved in another corruption case, this time being listed as bogus contributors to Propuesta Republicana (PRO), the party founded by former President Mauricio Macri and a stronghold of the current opposition force. Furthermore, just a few weeks short of the legislative

election primaries, scheduled for Sept. 12, the political scenario in Argentina is marked by yet another scandal, this time involving President Alberto Fernández's violation of the very strict national lockdown rules that his own administration had put in place to stop the spread of Covid-19. According to audio-visual material leaked earlier this month, a birthday party for First Lady Fabiola Yáñez with around 13 attendees took place

“ **Nowadays, more than 50 percent of the Argentine population has negative opinions about Alberto Fernández, Cristina Fernández and Mauricio Macri...**

— Carolina Zaccato

in the presidential palace in July 2020, amid the harshest phase of lockdown restrictions. During this period, Argentines were not allowed to leave their homes without a government-expedited permit, and recreational visits were strictly forbidden. Taking into account the political transversality of these cases, how much of a role does corruption play in Argentine politics? Nowadays, more than 50 percent of the Argentine population has negative opinions about Alberto Fernández, Cristina Fernández and Mauricio Macri, according to recent opinion polls. However, more than these recent scandals, the upcoming November midterm elections will be focused on Argentina's dire economic situation, which has greatly deteriorated during the pandemic, leaving the country with 42 percent of people living below the poverty line, according to the Argentine National Institute of Statistics and Census, or INDEC."

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

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