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FEATURED Q&A

What Do Opposition Electoral Gains Mean for Ecuador?

Q Opposition candidates won mayoral races on Feb. 23 in several of Ecuador's major cities, including the capital, Quito. The losses prompted President Rafael Correa's entire cabinet to symbolically submit their resignations. How big of a surprise and how meaningful of a blow were the election results to Correa and his party, Alianza País? What is the state of the opposition in Ecuador? What do Correa's cabinet picks say about the country's political situation and his strategy to deal with it?

A César Coronel Jones, founding partner at Coronel & Pérez in Guayaquil, Ecuador: "The result of the elections was a surprise for the whole country. Not even the opposition imagined that Correa's party would be dealt such a widespread and resounding defeat in so many major cities, including Quito, Guayaquil, Cuenca, Manta, Machala, Riobamba and Santo Domingo. The most significant fact was the ample margin with which Mauricio Rodas was elected mayor of Quito. This defeat demonstrated, for the first time since Correa took office, that he and Alianza País are not invincible at the ballot box. The president personally took part, with great intensity, in the campaign for Quito, and also appeared supporting his party's candidates nationwide. The public perception of the elections, therefore, is that they show an important decrease of Correa's personal political capital, on which his party has

always crucially depended. The current state of the opposition after these elections is one of renewed confidence and vitality. At least three important figures are now central players: Mauricio Rodas, the new mayor of Quito, Jaime Nebot, who saw his mandate as mayor of Guayaquil overwhelmingly confirmed, and Guillermo Lasso, leader of the political party CREO, who won a quarter of the votes in the last presidential election. Although they remain divided, they all generally share a political philosophy different from

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Salvadoran Election Officials to Begin Presidential Vote Recount

Election officials in El Salvador will conduct a partial recount of the votes from Sunday's presidential election, said Eugenio Chicas (pictured), the president of the country's electoral tribunal. Leftist candidate Salvador Sánchez Cerén has a razor-thin lead. See story on page 2.

File Photo: Salvadoran Government.

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NEWS BRIEFS

Bachelet to Return Today to Chile's Presidency

Moderate socialist Michelle Bachelet is to be sworn in today as Chile's president, returning to the office that she first occupied from 2006 to 2010. For her second term as president, Bachelet has vowed to increase corporate taxes in order to finance education reform and also to improve health care and reduce inequality. Chile's economy has thrived under outgoing President Sebastián Piñera, but the economy is softening as the price of copper, Chile's chief export, has fallen and growth has slowed.

Chilean Becomes First Foreign Fatality in Venezuela Protests

A Chilean woman, Gisela Rubilar, 47, who was studying in the western Venezuelan city of Mérida was shot and killed on Monday while helping to clear a barricade erected by anti-government protestors, Reuters reported. Government officials said that Rubilar was shot "by extreme right-wing groups." She was the first foreign casualty in the five-week long unrest in Venezuela, which has left at least 21 dead.

Brazilian Central Bank Satisfied With Foreign Exchange Stability

Policymakers at Brazil's central bank say that are satisfied with the results of their efforts to provide stability in the foreign exchange market, *The Wall Street Journal* reported. After the real fell to a five-year low against the dollar last year, the central bank in August began a program of regular swap contacts, which insured buyers they would not lose money if the real weakens significantly. Since the beginning of the year, the real has traded between 2.30 and 2.45 reais to the dollar.

Political News

Salvadoran Electoral Authorities to Begin Presidential Vote Recount

Electoral authorities in El Salvador are expected today to begin a partial recount of the vote from Sunday's presidential election, in which leftist Salvador Sánchez Cerén held a razor-thin lead over his conservative opponent, Reuters reported. Sánchez Cerén, of the ruling Farabundo Martí National Liberation Front, or FMLN, had a lead of 6,634 votes, just more than 0.2 percent of the approxi-

“The 4,000 challenged votes won't make up the difference.”

— Eugenio Chicas

mately 3 million votes cast, the Associated Press reported. However, the president of the electoral tribunal, Eugenio Chicas, said it was unlikely that the recount would turn the election in the favor of conservative Norman Quijano of the Nationalist Republican Alliance, or Arena. "The numbers aren't big enough to overcome the difference, but we should wait for the final count," Chicas said Monday, the AP reported. "The 4,000 challenged votes won't make up the difference." Election officials would recount votes at only about 21 polling places where there were alleged or detected problems, he added. Both Sánchez Cerén and Quijano claimed victory on Sunday night after the polls closed. Quijano has claimed fraud since the results were announced, alleging that the electoral authorities are biased in favor of the FMLN. On Monday, Quijano insisted he was the president-elect and called for a vote-by-vote recount, Reuters reported. "The behavior of the Supreme Election Tribunal has never been clean; they were tainted before and during the electoral process," said Quijano. Chicas, however, said the law did not allow for a complete recount. After the preliminary results showed him as the winner, Sánchez Cerén vowed to govern for both

his supporters and his opponents. "We are going to govern for everyone, for those who voted for us, and those who did not," he said. The Organization of American States released a statement saying it was satisfied with how the election was run, the AP reported. We "express satisfaction for the tranquility and civic spirit of the elections," the OAS said.

Economic News

Peru May Allow Exploration for Oil Without Impact Assessments

Peru is considering loosening requirements for environmental impact studies on companies exploring for oil and gas in an effort to accelerate investment in the hydrocarbons sector, Energy and Mines Minister Eleodoro Mayorga said March 6, according to *Gestión*. In his first public presentation since assuming the post in late February, Mayorga said his ministry is working on revising the law that requires environmental impact assessments to be completed and approved before companies can begin exploring.



Mayorga

File Photo: Peruvian Government.

Mayorga said that one agreement the ministry reached "is to eliminate environmental impact assessments for seismic operations," instead requiring only a declaration for companies to begin exploration. He added, "The industry has its norms, it has principles, it has well-established practices, and the idea is to move away from procedures and permissions to action." Mayorga said he hopes the new rule will be made clear in the next few days and be signed by the environment minister, *The Guardian* reported. A statement from the Energy Ministry clarified Mayorga's statement about what the change would be, noting that "seismic exploration in oil and gas lots may be carried out through an Environmental Impact Declaration, which is a 'quicker and simpler procedure than an

Environmental Impact Assessment.' " An EIA could still be required in certain areas. The environment ministry later released a statement over the weekend in response to "concern expressed by the citizenry," that noted that "the preparation of this law is in process and still under discussion at a technical level." "No final decisions or agreements yet exist [between the ministries]," the ministry added, according to *The Guardian*. Critics noted that the seismic stage can be the riskiest part of exploration for many indigenous groups. An EIA requires extensive work and can take two to three years to prepare. Peru hopes to hold a bid round for 26 oil and gas blocks in the Amazon this year and has been promoting it to international bidders.

Company News

Perenco, PDVSA Sign \$420 Million Financing Deal

Anglo-French oil company **Perenco** on March 7 signed a \$420 million financing deal with Venezuelan state oil company **PDVSA**, *El Universal* reported. The money will go toward increasing production at the



Ramírez

File Photo: Venezuelan Government.

at the Petrowarao project, a joint venture between the two companies that operates two fields, one in the western Lake Maracaibo area and one in the eastern Orinoco Belt. The project produces 4,500 barrels of crude per day, Oil Minister Rafael Ramírez said. "This financing will be concentrated on increasing output at our joint venture to at least 24,000 barrels per day," he added. The deal includes a three-year grace period and will be paid back at a rate of Libor rate plus 4.5 percent. Including the agreement with Perenco, Venezuela has signed financing agreements worth \$10.38 billion since last year with a goal of increasing production to 331,000 barrels per day, the energy ministry said in a statement on March 5.

Featured Q&A

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Correa's left-wing 'socialism of the 21st century.' If the new mayors were elected mostly for ideological reasons, as is my view, it demonstrates that the Ecuadorean electorate is becoming more interested in political projects being offered and less sensitive to Correa's personal clout."

A Marc Becker, professor of Latin American history at Truman State University:

"Despite initial appearances of a loss for Correa's Citizens' Revolution, a careful analysis reveals a continued weakening of the right and a vibrant and diverse left. The right continues to shift from one personality or party to another in an effort to regain the hegemonic control it enjoyed before Correa's initial electoral victory in 2006. Correa remains overwhelmingly popular, and his Alianza País is still the dominant party and is projected to be so for the foreseeable future. Although the traditional right gained significant victories in mayoral races in Quito and Guayaquil, in other local races leftist parties consolidated their support. These leftist victories include not only the AP, but also their allies in Avanza and the indigenous-

“A careful analysis reveals a continued weakening of the right and a vibrant and diverse left.”

— Marc Becker

allied Pachakutik. Independent leftist candidates won throughout the highlands (particularly in Cotacachi, Cotapaxi, Chimborazo, and Azuay), as well as in the Amazon. Despite Correa and the Alianza País' dominant political position, Ecuador is in no danger of becoming a one-party state. Despite continual challenges, this election underscores that fact that democracy—in all of

its electoral and participatory aspects—is alive and well in Ecuador."

A Daniela Chacón Arias, Suma-Vive Alliance member of Quito's city council: "Correa's party, Alianza País, entered the local elections with the confidence that the 2013 win gave them. Their campaign was based on the 2013 results, where the president obtained almost 60 percent of the vote and his party took more than 100 seats of the 121 seats in Ecuador's National Assembly. They thought that by promoting local candidates as an extension of Correa they would win the elections. They forgot that at a local level,

“At a local level, people just want solutions to their most pressing demands, and ... sometimes ideologies don't matter.”

— Daniela Chacón Arias

people just want solutions to their most pressing demands, and that sometimes ideologies don't matter. In addition, they shamelessly utilized public goods to campaign with the complacent silence of the electoral authority. Therefore, citizens around the country decided to favor candidates with answers to their local demands, and they raised their voices against the abuse of public resources and concentration of power. Even though Alianza País lost in the major cities of the country, this does not mean that the party has lost its force. It means that it needs to revise its strategy to remain relevant. Unfortunately, the cabinet reshuffle does not necessarily mean recognition of the change in the political reality and that the results of the 2014 elections might be a protest of the way Correa has been running the country. There is a possibility that Correa will radicalize his

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positions and style; he has already announced that he will revisit his decision not to seek re-election in 2017. Therefore, the opposition has an enormous challenge; they must consolidate a national presence in the coming years and become a viable alternative to Alianza País."

A **G. Philip Hughes, senior director of the White House Writers Group:** "The municipal defeats of President Correa's Alianza País in Ecuador's 10 largest cities, including Quito, Guayaquil and Cuenca, in last month's elections do not signal the end for Correa's government, but perhaps the beginning of the end. The losses were due to a host of differing local issues and can't necessarily be read as a referendum on Correa, whose term runs through 2017 in any case. The opposition remains divided and lacks a comparably prominent leader—though the election results may give Quito's new mayor, Mauricio Rodas, a chance to audition for that role. But this setback comes atop other recent reverses that reflect badly on Correa: forcing political cartoonist Bonil to 'cor-

rect' a political cartoon in the midst of the municipal campaign and fining of *El Universo* for publishing it under last year's press gag law; last autumn's ICSID finding that Ecuador's environmental claims against Chevron had no legal basis; and last week's federal court ruling that the Ecuadorean court judgment against Chevron was procured by a breathtaking degree of fraud. Like his fellow socialist-populists in Caracas, Buenos Aires and La Paz, Correa doubles down in the face of adversity. After last month's municipal losses and the resultant cabinet reshuffle, Correa suggested that he might amend the Constitution to give himself a third term. An emeritus Latin American scholar at one of D.C.'s think tanks once remarked of this crop of leaders, 'These characters will all come to a bad end. It's only a question of time.' For Rafael Correa, it's taking quite a while."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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