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Salvadorean gangs “have a strategy to penetrate key state institutions”

Not only have El Salvador's street gangs abandoned their truce; they have also embarked on a strategy of penetrating institutions of the State, including the military and police, as well as targeted civil organisations. That, at least, is what Ricardo Perdomo, the justice & public security minister of the outgoing Frente Farabundo Martí para la Liberación Nacional (FMLN), maintains. His claims, come against the backdrop of another increase in the number of homicides which could wipe out much of the improvement attributed to the truce between the two main gangs, Mara Salvatrucha (MS) and Mara-18 (M-18).

Adding to claims which he first made earlier this month, [WR-14-18] Perdomo has since outlined further developments that have led the authorities to discern this strategy. One of them is a series of violent incidents in which masked men wearing uniforms similar to the police and military have used military-issue rifles. Another is that polygraph tests of aspiring army recruits last year led to the detection of 26 gang members intent on infiltrating the service. Similar precautions are now being taken in the national civil police (PNC) and the Academia Nacional de Seguridad Pública (ANSP), which intelligence reports have identified as penetration targets.

The aim of the gangs' strategy, according to Perdomo, “is not only to learn of [the government's] plans and frustrate them, but also to receive training in the use of weapons and move into positions where they can steal arms, ammunition or uniforms.”

The minister said that intelligence had led to the location of five sites used by gang members for training by former soldiers and police officers in the use of weapons. According to Perdomo these had escaped detection because of the use of silencers. Intelligence had also identified other penetration targets: trade unions, NGOs, evangelical churches and community organisations.

He also attributed to the gangs a series of recent attacks against private security guards which have claimed six lives. The gangs' objective is to intimidate private security firms so that a security firm of their own can take over the 'protection' of the capital's central market and a number of districts.

The number of homicide cases, which had averaged just under 4,000 a year between 2008 and 2011, fell in 2012, as a result of the truce between the main gangs, to 2,594 in 2012 and, according to preliminary police data, 2,490 in 2013. This brought down the rate per 100,000 inhabitants from a peak of 70.9 in 2009 (the highest in Central America that year) to an estimated 39.6 in 2013. This would leave El Salvador with the third-highest rate in Central America, after Honduras and Guatemala — the former experiencing a slight

Cabinet list

The complete cabinet list includes: justice & public security (Benito Lara); interior (Ramón Arístides Valencia); defence (David Munguía Payés); economy (Tharsis Salomón López); finance (Carlos Cáceres); health (Violeta Menjívar); foreign affairs (Hugo Martínez); agriculture (Orestes Ortiz); education (Carlos Mauricio Canjura); environment (Lina Pohl); (tourism) Napoleón Duarte; public works (Gerson Martínez) and labour (Sandra Guevara Pérez).

decline in the number of cases, the latter recording no major change over the past six years (*see table*).

In the first four months of this year, however, the police have reported 1,075 cases — an upswing which if maintained could translate into an increase of about 30% and a total number of cases slightly above that of 2008.

Homicide in Central America 2008-14								
Rates per 100,000 & number of cases*								
Country		2008	2009	2010	2011	2012	2013	2014 ²
Honduras	Rate	60.8	70.7	81.8	91.4	90.4	83.8	..
	Count	4,455	5,280	6,236	7,104	7,172	6,757 ¹	1,852 ⁴
Guatemala	Rate	46.1	46.5	41.6	38.6	39.9
	Count	6,292	6,498	5,960	5,681	6,025	6,072 ²	906 ³
El Salvador	Rate	51.7	70.9	64.1	69.9	41.2	39.6 ²	..
	Count	3,179	4,382	3,987	4,371	2,594	2,490 ²	1,075 ^{2,4}
Panama	Rate	18.4	22.6	20.6	20.3	17.2	17.3 ⁵	..
	Count	654	818	759	759	654	665 ^{5,4}	..
Nicaragua	Rate	13	14	13.5	12.5	11.3	9.0 ⁵	..
	Count	736	802	785	738	675
Costa Rica	Rate	11.3	11.4	11.3	10	8.5	8.6	..
	Count	512	525	527	474	407	407	..

*Ranked by number of cases.

¹Observatorio de la Violencia, Unah. ²Provisional PNC figures. ³January-February. ⁴First four months. ⁵Public security ministry. ⁶Claimed by national police no absolute figure provided.

Sources: United Nations Office on Drugs and Crime, Alertamérica (Organization of American States) except where otherwise indicated.

Sánchez Cerén names key security posts

President-elect, Salvador Sánchez Cerén, also of the FMLN this week named the rest of his cabinet – including the posts of security and defence, having unveiled a first batch of appointments at the end of March [WR-14-13].

He has opted for FMLN national deputy and member of the congressional security commission Benito Lara as his new security minister, while the current defence minister, General David Munguía Payés, one of the main architects of the gang truce, has been ratified in his post.

That security remains the number one public concern was illustrated in the latest survey released on 21 May by the respected Instituto Universitario de la Opinión Pública (Iudop) at the Universidad Centroamericana (UCA), with 35.5% of 1,267 respondents citing it as such. Over half the respondents (51%) named security as the main priority for the new government which takes office for a five year term on 1 June, ahead of job creation (17.6%) and the economy (10.4%).

Lara did not give away much about security policy, beyond saying that his strategy would include both preventative and punitive policies and continue the strategy pursued by the outgoing government. As regards the gang truce, he said that “one should not confuse dialogue [with the gangs] with negotiation”.

As well as Lara and Munguía Payés, Sánchez Cerén picked FMLN deputies Orestes Ortiz and Ramón Arístides Valencia to head up the agriculture and interior portfolios. He has named Carlos Canjura, an academic, as education minister and promoted the current deputy health minister, the former FMLN mayor of San Salvador, Violeta Menjívar (2006-2009), to take overall charge of that portfolio. With four of the 13 ministers retained (as well as Munguía Payés, Carlos Cáceres [finance]; Gerson Martínez [public works] and Napoleón Duarte [tourism] retained their posts), the new cabinet indicates continuity with the outgoing administration led by President Mauricio Funes.

The mother of all adjustments

Roadshow en route

Curiously, on 22 May the daily *El Universal*, citing an analyst from Deutsche Bank, suggested that the Maduro government is preparing a roadshow to London and New York to meet bondholders to reassure them about their efforts on the macroeconomic policy front, with a view to potentially swapping existing debt for new bonds at a lower interest rate (current coupons run between 7% and 12 %) in 2015 – which again, would be just in time for the mid-term elections. Venezuela last directly issued bonds on the international market in 2008 – since then it has placed only on the domestic market.

While progress is slow and painful on the ground, and will mean a recession this year, there are signs that the government led by President Nicolás Maduro is moving towards a more pragmatic policy stance that could, eventually, restore some macro-economic stability to Venezuela ahead of 2015 mid-term legislative elections.

The effective devaluation of the currency in January was but the most obvious sign of adjustment and notably, the talk now is about unifying the three official exchange rates at one (much weaker) rate. As the Bank of America's Andean economist Francisco Rodríguez pointed out in a 7 May research note, this macro-economic adjustment, typical of post-electoral years, and which he describes as "Venezuela's very own political business cycle", "requires a contraction of imports and a substantial devaluation of the exchange rate, which jointly bring about a spike in inflation and a contraction in output. As the bulk of the adjustment in its initial stage was carried out through quantities rather than prices, then it is also natural to see it in the high scarcity of goods at regulated prices on the transition. But rather than continued deterioration, adjustment is likely to be followed by macroeconomic stabilization and a reduction in key imbalances".

The upshot, he suggests, is that Venezuela is not en route to collapse, as doom-mongers in other banks augur, but is instead making its way through an almighty adjustment. Nevertheless, Rodríguez cautions (pointing to Cuba by way of example), that macro-economic stability does not automatically mean growth, and in order to promote growth, he stresses, "Venezuela would have to tackle the reform of some of those microeconomic distortions [like the price controls so detested by the private sector] that have held down its productivity growth". To date, there are only tepid signs of this, with price controls eased temporarily to facilitate supplies, but with no sign of any intent to lift them completely (although some left-wing economists linked to the government have suggested that cash subsidies for the very poorest would be more effective than price controls).

Pdvsas scrambles for cash, partners

On 11 May, Energy Minister Rafael Ramírez said the state oil company *Petróleos de Venezuela* (Pdvsas) had inked financing deals worth US\$2.2bn with its partner oil service companies, Halliburton, Schlumberger and Weatherford International. Pdvsas renewed a US\$1.0bn credit line with Schlumberger (first agreed a year ago in May 2013 and renewable on an annual basis), and signed new deals with Halliburton and Weatherford for US\$600m each. The minister said Pdvsas planned to invest US\$24bn this year to boost capacity and keep production at about 3.0m barrels/day to comply with its Organization of the Petroleum Exporting Countries quota. He added that the Spanish and Italian companies, Repsol and Eni, will ink a deal for the development of the Perla 3X offshore natural gas well in June.

Ramírez also announced that Venezuela is planning its first shale gas exploration in Western Lake Maracaibo. A new venture, *Petrowayuú*, comprising Pdvsas, Brazil's Petrobras and the US-based Williams, will explore a well in the Concepción field (Zulia). While Venezuela has vast conventional gas reserves, most of it lies offshore, and several long-since pending projects have yet to deliver. The development of cheap shale gas for domestic use could allow Pdvsas to export more crude oil. Pdvsas last week issued US\$5.0bn in bonds, most of it destined for central bank-run exchange rate market.

'Elections at risk from deep corruption'

While Peru's interior ministry draws attention to the successes of its anti-drugs efforts and the new chief national prosecutor talks about a big new anti-narcotics drive, the electoral authorities and the anti-drugs procurator warn that the drugs trade and organised crime have penetrated deep into Peru's institutions and threaten to influence the regional and municipal elections scheduled for October.

A communiqué issued by the interior ministry on 8 May says that in the first four months of this year, the police seized 9.3 tonnes (t) of drugs (of which 9.1t was cocaine base and hydrochloride), an increase of 46.9% on the same period of 2013. Also in January-April the authorities located and destroyed 214 cocaine-processing labs (an increase of 32%) and destroyed 31 clandestine airstrips (against only three in the same period of last year).

Four days later the country's new chief public prosecutor, Carlos Ramos Heredia, announced upon taking office that the fight against the drugs trade would be strengthened with the cooperation of the US Drug Enforcement Administration (DEA), and that a specialised team would be set up with the participation of the US agency, the superintendency of banking and insurance, the interior ministry and the national police, and its efforts would be coordinated with the comptroller-general's office and the public ombudsman's office in the parallel effort to root out corruption.

This came after a series of warnings that corruption had become deeply embedded in public institutions, protecting and facilitating the growth of the drugs trade and associated activities. The two agencies in charge of organising and supervising the elections, the Oficina Nacional de Procesos Electorales (ONPE) and the Jurado Nacional de Elecciones (JNE) had issued an alert in late April about the likelihood that organised crime would try to influence the October elections. The well-known analyst Jaime Antezana claimed that a six-month investigation had identified about 40 'narco-candidates' across the country.

Twice in the first half of May anti-drugs procurator, Sonia Medina, alluded to the spreading influence of the drugs trade on "some high-level institutions [...] including the judiciary". She called on the ONPE and JNE not to confine themselves to issuing an alert, "since it is their job to prevent this." She also urged Antezana to make available the names of the 'narco-candidates'.

As an example of the extent to which public institutions have been corrupted she cited the case of the Áncash regional government, where two-term regional president, César Álvarez Aguilar, has been arrested on suspicion of involvement in the 14 March murder of former regional councillor Ezequiel Nolasco. Investigations led to the arrest of a suspect who chose to become a protected witness and offered evidence that the region's chief prosecutor was in the pay of Álvarez.

The inquiry into Nolasco's murder is running in tandem with another by the office of the anti-corruption procurator who is looking into allegations that Álvarez Aguilar was the head of a network that included two congressmen and two businessmen, plus a dozen other people involved in shady public contracts, shielded by a number of corrupt magistrates. Analyst Ricardo Uceda has noted that the murder investigation is proceeding far more rapidly than the anti-corruption one and warned of the risk that the latter could be obstructed, keeping the lid on "the black money that has enabled the huge political, media and judicial cover" for criminal activity.

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Navy says lakes and rivers are cocaine routes

While the government in La Paz and the anti-drugs agency continue to play down the traffic in drugs of Peruvian provenance along routes other than eastern Santa Cruz, the commander of the Bolivian navy has revealed that there is growing evidence of shipments across Lake Titicaca and the rivers that flow into Brazil and Argentina. Miffed officials have been hinting broadly that the navy, usually neglected in favour of the other security services, is seeking a more visible role in what has become a priority for the government of Evo Morales.

Admiral Gonzalo Alcón, general commander of the navy, has been briefing the media on the drug-trafficking routes detected within his service's jurisdiction. He points primarily towards Lake Titicaca across which Peruvian cocaine passes into Bolivia through the municipalities of Guaqui and Laja — routes also favoured by smugglers of northbound fuels — but also to riverine traffic that passes through the regions of Cobija, Guayaramerín, Puerto Quijarro and Arroyo Concepción (also routes used for illegally logged timber).

In May, Alcón reports, the navy located 15 labs processing cocaine base along the Isiboro river, and intercepted in Guayamerín a small vessel with a load of cocaine. In both cases the volumes of cocaine seized were small. Alcón has announced that the navy's élite 'Diablos Azules' unit will be coordinating with the leading anti-drugs unit, the Fuerza Especial de Lucha Contra el Narcotráfico (Felcn), actions to curb the traffic along these routes.

The other routes

In the mean time the Felcn's focus on the east and north-east of the country has been yielding results in the first half of May:

- In the departmental capital city of Santa Cruz de la Sierra, the force intercepted an overland shipment of 764kg of cocaine, half of which was HCl ready to go on to Brazil, the other half presumably destined to be refined locally before heading east.
- In Charagua, some 260km south of Santa Cruz de la Sierra, authorities managed to seize 80kg from a Brazilian-registered aircraft that had been forced to make an emergency landing. The aircraft's destination was thought to have been Paraguay; the cargo was only a fraction of the 300kg loads usually flown in from Peru.
- In the Mamoré province of northeastern Beni police located a clandestine airstrip next to which 1.6 tonnes of cocaine were found buried.

In the first and last of these operations, Colombian nationals were arrested, but interior minister, Carlos Romero, said there were strong suspicions that Mexicans may have been involved.

Apart from the eastern route, the oldest for airborne traffic, evidence from Peru suggests that there has been a growing movement of cocaine, both overland and airborne, through north-western Bolivia, with hubs in the department of La Paz. It is not clear whether the discovery of processing labs along the Isiboro river represents a new development.

The surrounding Isiboro-Sécure national park is a coca-growing area, and the presence of processing labs suggests a measure of local cocaine production, which if confirmed would dent the government's insistence that Bolivia is basically a transit country for Peruvian cocaine.

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Laptop computer assembly plant

On 14 May Bolivia's President Evo Morales inaugurated the country's first state-owned laptop computer assembly plant in the city of El Alto, La Paz department. The US\$60m 'Quipus' plant is expected to produce 800 computers a day that the government will deliver free-of-charge to students and teachers in state schools across the country. Since 2011 the Morales government has been handing out laptops to students and teachers in state schools in a bid to improve education quality in the country. In a short speech Morales explained that the plant will be run by local technicians who have received training in China.

PERU | Disappointing first quarter results. On 15 May Peru's national statistics institute (Inei) revealed that GDP grew by 4.76% in the first quarter of 2014, below what markets had forecast. The result suggests that after posting stellar average economic growth rates of above 5% in the past couple of years, the economy is now experiencing a clear slowdown. The first quarter GDP figure also casts doubts over whether the official economic growth forecast of 5.5% for 2014 is attainable. According to Inei, the result was driven by a significant drop in activity in the mining & hydrocarbons sector in March. Year-on-year GDP growth in March was an unexpectedly low 4.9%, after local economists had forecast 5.65%. This despite the fact that all sub-sectors posted positive growth rates in the month, led by finance (13.56%) and manufacturing (5.67%). But Inei's figures show that activity in the mining & energy sector only increased by 0.8% year-on-year in March, the lowest level since March 2013. More worryingly, production in the key mining sub-sector actually contracted by 1.7% in March. While production of copper (9.9%), lead (6.7%) and molybdenum (4.6%), were all up, production of other minerals including zinc (-18.5%), gold (-14.7%) and silver (-1.9%) were all sharply down. In fact, Inei's seasonally adjusted figures for March show that the economy as a whole contracted by 0.4% in the month compared to February. The economic slowdown is clearly a concern for the government led by President Ollanta Humala, as it is aware that it needs the economy to continue ticking over if it is to deliver on its promises of reducing poverty and inequality in the country. A few days after the release of the Inei's data, on 17 May, Production Minister Piero Ghezzi presented the government's new 'national production diversification plan' to the members of the national industrial society (SIN). Ghezzi said the aim of the plan is to transform the country's production structure so as to create new "engines of growth" for the domestic economy; and reduce the economy's dependence on the high commodity prices to drive growth. Ghezzi then presented 23 proposals designed to recue operational costs and red tape across various economic sectors that will help to boost the country's productivity.

COLOMBIA | US investors bullish on Ecopetrol. On 20 May Colombia's state-owned oil firm, Ecopetrol, announced that it had raised US\$2bn from its issue of 30-year bonds in the US stock markets, the largest such operation by a Colombian company to date. The latest bond issue was the second operation carried out by Ecopetrol in international markets after it raised US\$2.5bn on similar letters issued back in September. These are part of the plans by the Colombian government led by President Juan Manuel Santos for Ecopetrol to launch a major oil exploration programme in the country in the next couple of years. Significantly, the Ecopetrol bonds were placed at a yield of 5.92%, just 255 basis points over the yields offered by comparable US Treasury bonds. Noting that the bond issue was five times oversubscribed, Ecopetrol's CEO, Javier Gutiérrez, said that he was "very satisfied with the issue... [which] evidences the confidence that international investors have in the firm, the country; and their appetite to invest in a firm such as Ecopetrol, which has been able to show consistent growth in the last couple of years". A few days prior to conclusion of the bond issue, on 14 May, President Santos opened Colombia's 10th international mining and oil congress in Cartagena de Indias. Santos then highlighted that in the last four years activity in the sector had increased on average by 8.9% to the point that it now accounts for 7.8% of Colombia's GDP, adding that the hydrocarbons sub-sector's prospects in particular were very "positive". According to Santos, last year alone, Colombia's crude oil reserves increased by 2.8% to over 2.4bn barrels and the expectation is that Ecopetrol's exploration programme will reinforce this. In fact, on that same day Ecopetrol confirmed the discovery of a new crude oil deposit in the eastern Santander department. According to Ecopetrol, a new well drilled in its Bloque Playón concession is now producing 765 barrels of oil a day and the company will now conduct evaluation studies to determine the deposit's reserve potential.

In Tamaulipas, a bid to root out embedded collusion

The new federal mega-operation in Tamaulipas announced on 13 May was actually the third step in a chain of reactions to events that peaked with the 5 May assassination of Colonel Salvador de Haro Muñoz, director of investigations of the state's public security secretariat. Initially attributed to unknown gunmen — a hint that the perpetrators were sicarios (hitmen) in the pay of one of the warring cartels — it soon became evident that this murder had been orchestrated by officers of De Haro's own unit. Within days three officers had been arrested on charges of participation in the killing. Soon afterwards an arrest warrant was issued against 10 of Ciudad Victoria's traffic officers believed to have taken part in the attack.

Haro had been conducting an investigation into the penetration of the traffic directorate at Ciudad Victoria by organised crime. A score of that dependency's officers had been arrested on suspicion of working for one of the cartels, chiefly acting as lookouts. Frustration had already been mounting in the state at the slow pace of efforts to weed out from the security services the personnel colluding with the cartels.

The size of the problem had been underestimated. Lidia Rivero, the coordinator of the Centro Estatal de Evaluación y Control de Confianza (the vetting agency known as CCC or C3), had spent most of the past year in hiding after having received death threats. When she emerged on 13 May, as the new federal operation was being announced, she revealed that close to half of the state and municipal officers had failed the 'confidence tests' to which they were subjected. In March alone, she said 408 municipal officers and 213 state officers failed the test. Of those who failed, she noted, more than 40% were found to have had connections with organised crime or the drugs trade.

Haro's murder was a sign that organised crime was fighting back. The following day the marine contingent, until then present in four cities (Tampico, La Pesca de Soto la Marina, San Fernando and Matamoros) was augmented to cover another six (Victoria, El Mante, Río Bravo, Nuevo Laredo, Valle Hermoso and Reynosa). Next, Tamaulipas Governor Egidio Torre Cantú announced that interior minister, Miguel Ángel Osorio Chong, had agreed to send another 200 federal police officers to Tampico.

At federal level it was agreed that the executive would not appoint a special federal commissioner as in the case of Michoacán, leaving governor Torre ostensibly in full charge, but placing senior officers reporting to the defence or navy ministries in control of all four zones into which the state was divided. When the Tamaulipas operation was formally announced, much was made of the fact that the federal forces would be "patrolling 24 hours a day, seven days a week in the main urban centres."

Much of the core effort, though, will focus on the 'evaluation and purging' of the state's public security secretariat and its dependencies, as well as of the office of the state's procurator-general. Mayors, the government announced, would be summoned to set in motion similar purges in their jurisdictions. In order to ensure trustworthy post-purge security services, a state-level institute for research and police training is to be established immediately, and police pay will be made more attractive. The federal procurator-general's office

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(PGR) will be charged with setting up a public prosecution office in each of the four zones into which the state has been divided.

Plan Tamaulipas

The four operational zones

- Border: Reynosa, Río Bravo, Valle Hermoso and Matamoros.
- Coast: Altamira, Tampico and Madero.
- Centre: Llera and Ciudad Victoria.
- South: Mante, Antiguo Morelos and Nuevo Morelos.

The three main objectives

- Disrupt the composition of the criminal organisations.
- Seal the routes of the illicit traffic in people, weapons and money.
- Guarantee local security institutions that will be sufficient, efficient and trustworthy.

In order to prevent ‘spillovers’ to and from neighbouring states, special operations will be coordinated with the governors of Nuevo León, Veracruz and San Luis Potosí.

Though not among the three main objectives of the operation, Osorio Chong said that the federal government would pay special attention to the problem of kidnapping — which according to Tamaulipas state prosecutor Ismael Quintanilla has been running unchanged at an average “15 to 20 cases a day, everywhere in the state.”

Neutralising priority objectives

Osorio explained the surge of violence of recent weeks as “largely due to the decomposition of these [criminal] groups generated by the bruising actions of the Mexican state”. In only a year and a half, he said, there has been “a before and after in regions like La Laguna and states like Michoacán, Chihuahua, Nayarit and Guerrero”.

He presented the Tamaulipas operation as “a new phase” in a successful campaign based on the coordination of efforts of the federal and state authorities, which in Tamaulipas had already resulted in a lowering of the number of homicides and “the neutralisation of eight of the 12 priority objectives that operated in the region.”

Countrywide, he noted, the authorities had “neutralised” 80 of the 122 “relevant objectives” defined by the federal and state governments. In the current officialdom of the administration led by President Peña Nieto “priority [or relevant] objectives” is equivalent to “most wanted criminals” or “kingpins”.

There were at least two recent coups of this sort in Tamaulipas. The first, which took place on 9 March, was the killing in a gunbattle in Reynosa of Galindo Mellado Cruz (‘el Mellado’ or ‘Z-9’), one of the founders of Los Zetas, previously twice jailed in Michoacán and twice escaped. Some of the lustre faded when a state official told the news agency *Associated Press*, off the record that Mellado was no longer in a leading position in the Zetas cartel, which is currently fighting an attempt of the Gulf cartel to recover some of its lost territory.

On 20 May the government confirmed the arrest of Francisco Ramírez Rivero (alias Juan Fernando Álvarez Cortés) who has been described in the media as one of the regional bosses of Los Zetas in Tamaulipas. Like Mellado he had previously been jailed in the state and had escaped within five months.

Revealed: a state in the grip of organised crime

The extent to which Michoacán had become, if not a ‘narco-state’ at least a state in the grip of organised crime, has been emerging over recent weeks with high-profile arrests and the disruption of a large-scale illegal mining operation run by Los Caballeros Templarios (LCT). That these have not given up has been highlighted by their celebration of alliances with members of other gangs in false ‘self-defence’ (*autodefensa*) organisations.

Perhaps the most telling of recent arrests has been that of José Jesús Reyna García, who served as interim governor of the state from April to October 2013. Since 5 April he has been held under an *arraigo* order while prosecutors work out what charges to bring against him — which they should do soon. On 7 May a district judge ordered him held on charges of organised crime with the purpose of committing ‘crimes against health’ (drug trafficking) and consigned him to a maximum security prison.

Information leaked by the federal procurator general’s office (PGR) purports to indicate that investigations into Reyna García’s contacts with prominent LCT members had been under way since 2011. The state’s criminal investigation agency (AIC) is said to have evidence of meetings between him and two successive top leaders of the LCT, the late Nazario Moreno González, ‘el Chayo’ and Servando Gómez Martínez, ‘La Tuta’ in which forms of cooperation were discussed.

The latter’s name cropped up on 10 May following the arrest of 155 persons who, under the guise of belonging to an *autodefensa* organisation, were setting up roadblocks in the township of La Mira, within the municipality of Lázaro Cárdenas. A contingent of marines and federal police were led in this operation by members of authorised *autodefensas* who were in the process of joining the military-controlled Cuerpos de Defensa Rural (CDR; Rural Defence Corps); seized from the detainees were 165 assault rifles and two RPGs. Follow-up searches led to the arrest of Héctor López Andrade, presented as a lieutenant of ‘La Tuta’ in the municipalities of Tumbiscatío and Arteaga, and to a raid in the Tumbiscatío area on what has been described as a former training camp for LCT gunmen.

These raids and arrests have led the authorities to form a fuller, if not complete, picture of alliances between ‘La Tuta’, former members of his enemies of the *Cártel de Jalisco Nueva Generación* (CJNG), and an assortment of breakaway *autodefensa* groups and ‘armed civil groups’. According to some reports, which cite leaked intelligence reports, this has given rise to a new cartel calling themselves La Tercera Hermandad (H3; The Third Brotherhood). Some of the participating groups are being blamed for a spate of seizures of land the *autodefensas* had ‘liberated’ from the LCT.

On 12 May the federal commissioner in Michoacán, Alfredo Castillo, announced the interception in the port of Manzanillo, Colima, of a Panamanian-flagged ship about to leave for Zhoushan in China with a load of almost 100,000 tonnes of iron ore illegally mined in Michoacán by the LCT. Earlier in the month another China-bound ship was detained in Lázaro Cárdenas with a similar load of 75,800t. All told, since the beginning of the year the authorities have intercepted about 200,000t of iron ore illegally mined in Michoacán.

- Most of the registered *autodefensa* members have opted for joining the all-volunteer CDR rather than the paid *Policía Rural* (PR) forces.

“All told, since the beginning of the year the authorities have intercepted about 200,000t of iron ore illegally mined in Michoacán.”

Strikes multiply in Rio and São Paulo

A week after bus drivers in Rio de Janeiro slowed the city to a crawl with a 48-hour strike, São Paulo was hit by a similar protest. Though the strike was not announced in advance, given the current febrile climate in the country ahead of the World Cup, it was not entirely unexpected. Civil police officers in 14 states, including São Paulo and Rio, also began industrial action on 21 May.

The key bus terminals of Lapa, in the city's Western Zone; Dom Pedro, in the centre; and Capelinha in the north were closed as bus drivers and fare collectors started an indefinite walk-out on 20 May. By 19h on the evening of 20 May, 261km of São Paulo's roads were gridlocked, a new record. On an average day at that time between 105km-139km of the city's roads are blocked with traffic. At least 250,000 commuters were affected by the protest on 20 May, according to the Companhia de Engenharia de Tráfego (CET), the municipal traffic authority. Around 20% of the city's bus fleet did not operate on the first day of the strike; on 21 May that number was down to 8%.

Speaking on national TV on 21 May, the general secretary of the presidency, Gilberto Carvalho, said it was deeply "regrettable" that the bus drivers' unions were trying "to take advantage of the World Cup" to highlight their demands for extra pay. Fernando Haddad, the mayor of São Paulo, accused the strike leaders of using "guerrilla tactics" and threatened to order the civil and federal police to investigate those responsible.

At present, that may prove an empty threat. Starting at midnight on 21 May, civil police in 14 states began industrial action. Civil police are the branch of the security services tasked with criminal investigations. During the strike they will not carry out any investigations, but they will respond to emergencies and attend crime scenes. Federal police joined a demonstration in demand of higher salaries in Brasília on 21 May with their civil police colleagues. At present, federal police in all 27 states are discussing whether to take strike action; they have confirmed that any action would not affect their work in airports or at passport agencies.

Operation Lava Jato hits a wall

Paulo Roberto Costa, former director of downstream operations at Petrobras, walked out of prison in Curitiba on 19 May. The local media noted that he refused to speak to reporters and that he was "grinning broadly". Costa is one of 12 suspects imprisoned as part of 'Operação Lava Jato' (Operation Car Wash), an investigation into an R\$10bn (US\$4.5bn) money-laundering and influence-peddling scheme allegedly masterminded by the financier, Alberto Youssef.

The former Petrobras director, who stands accused of diverting funds destined for the Abreu e Lima oil refinery in Pernambuco, was freed following an intervention by Teori Zavascki, a supreme court judge. Zavascki ruled that the lower court which jailed Costa and the eleven others had "affronted the competency of the supreme court" by failing to refer the case up. However, on 20 May, Zavascki partially reversed his decision, ordering the eleven other suspects to remain in preventative detention.

Sérgio Moro, the federal judge in Paraná, who originally ordered the imprisonment, had appealed against Zavascki's decision on the grounds that some of the suspects were a flight risk and pointed out that the charges against the gang included accusations of drug-trafficking. Costa, who has returned to his home in Rio de Janeiro, has had his passport confiscated.

The latest twist in the case, and its continued prominence in the local media, will ensure allegations of mismanagement at Petrobras will remain in the spotlight, particularly as the company faces two congressional inquiries.

Inflation down

Inflation in Brazil fell this month, and according to the finance minister, Guido Mantega, it will continue to fall over the following few months. Brazil's main inflation indicator, IPCA, show prices rising by 0.58% in May, after rising by 0.78% in April.

Investigation into Boudou to continue

Late last week, Argentina's criminal appeals court ordered an investigation into Vice-President Amado Boudou's role in the sale of the family-run Ciccone Calcográfico printing company. Boudou is accused of helping the company to exit bankruptcy in 2010, when he was economy minister, via a beneficial payment plan so the company could be transferred to his effective ownership. There are also suspicions that the company was then favoured with contracts from the national government without proper consultation. Ciccone had the exclusive contract to print the country's bank notes.

Boudou's apparently lavish spending habits have been documented extensively in the local media and he has become the poster-boy of the corruption allegations that have swirled around the administration of President Cristina Fernández. *La Nación*, a trenchant government critic, ran splashes about Boudou's Harley Davidson and Audi A4, as well as his allegedly monthly expenditure of Arg\$60,000 (US\$7,500 at the official exchange rate).

Boudou may now be called to testify over the State takeover of a struggling family-run printing firm, Ciccone Calcografica, that happened to have the lucrative sole contract to print the country's bank notes. Boudou has repeatedly denied any wrongdoing, saying that special interest groups are trying to smear the administration. Government officials found guilty of influence-peddling face up to six years in jail. The investigation has proved deeply embarrassing for President Fernández. A recent survey by pollster, Management & Fit, found that 57% of Argentines had a negative view of the vice president, the worst rating out of a dozen national political leaders.

On 19 May, a key witness in the Caso Ciccone fled the country. José Guillermo Capdevila, former head of legal affairs at the economy ministry, said he was leaving the country because of threats to his life. While at the ministry, Capdevila had recommended that the company should not be helped to restructure its repayments. Boudou ignored the advice. In an open letter to his fellow Argentines, Capdevila lamented that no-one from the government or the opposition had attempted to help him or protect him from threats. "I don't think the country's witness protection programme is prepared for witnesses like me," he said.

Since then calls for Boudou's resignation by the opposition have only intensified. "Taking into account these facts and the seriousness of the situation, the vice-president should request to be put on temporary leave and comply with the justice system until it determines what really happened in this case," said Senator Ernesto Sáenz. The Unión Cívica Radical (UCR) leader added that Boudou has been excluded from the inner circle of power of President Fernández due to the investigation. Jorge Capitanich, the ubiquitous cabinet chief, was less than effusive in his support of Boudou. "It is not for me to have an opinion. We must see how the court process evolves... we must respect the division of powers and due process", Capitanich said when asked if Boudou should step down while the court investigation into corruption charges against him continues.

Shale find in Chabut

On 21 May the state-controlled energy company, YPF, announced that it had made the first shale oil and gas discovery in the province of Chubut. The discovery, in the San Jorge basin, is located more than 1,000km south-east of the Vaca Muerta mega-shale field in Neuquén. "The preliminary results are hopeful: daily production of 50 cubic metres of oil and water, and 12,000 cubic metres of gas," the company said in a press release. "These figures, which add up to other results previously announced, are a milestone in YPF's history and will allow for the incorporation of Chubut as another province with a lot of potential in unconventional hydrocarbons." To temper some of the breathless enthusiasm, Miguel Galuccio, the YPF CEO, admitted that the potential of the field cannot yet be calculated.

Unemployment down

Argentina's unemployment rate in the first three months of 2014 was 7.1%, a fall of 0.8% on the same period of 2013. The number of Argentines underemployed rose to just over 1.5m, with 956,000 wanting to work more hours, out of an economically active 18m. The employment figures emerged amid a debate over whether the economy has entered recession as a whole, with industrial figures for the first quarter confirming at least partial stagnation.

Thermosolar power plant

On 14 May Spanish energy firm, Abengoa, announced that it had began building Latin America's first thermosolar energy power plant in Chile's Atacama desert. Once completed, the US\$1bn Cerro Dominador plant will have an installed capacity of 110 megawatts (MW) and will be capable of producing electricity 24 hours a day. The project consists of the construction of a 700-hectare 'solar field' of lenses that will direct solar thermal energy towards a 250m tower that concentrates this heat and transfers it to molten salts to produce vapours to drive a single turbine. Noting that the Atacama desert has one of the highest sun radiation levels in the world, Abengoa CEO, Felipe Benjumea, said that "What we are building here is a sun mine...with 112 plants like this one, Chile could become energy self-sufficient".

CHILE | Energy agenda. On 15 May Chile's President Michelle Bachelet unveiled the energy agenda that her new government will pursue during its four-year term (2014-2018). Chile's energy sector has long been an economic problem area due to its high operational costs. This has translated into low energy production levels, which for the past decade have been consistently outstripped by domestic energy demand, resulting in high energy prices, which have become a major factor restricting economic activity. Successive governments have sought to address this and promote greater investment in the sector, but none of these efforts have succeeded in resolving the issue as demand levels have continued to increase at a much faster rate than investment. The Bachelet government's energy agenda is the latest attempt to tackle this issue. Stating that "We urgently need to adopt decisive action in this matter now... We can't remain static, because if things continue as they are, in ten years energy costs will increase by 34%", Bachelet began outlining her government's seven-point agenda, which she said will seek to provide greater incentives for investment in the sector, reduce operational costs, diversify the country's energy production matrix and work towards reducing overall energy consumption. Bachelet said the main objectives of the agenda are to give the State a new planning role in the sector; strengthen the state-controlled oil firm, Enap; and promote the increased use of liquefied natural gas (LNG) as well as non-conventional renewable energy (NCRE) sources through a US\$650m government investment plan. According to Bachelet, US\$400m will be assigned to capitalise Enap with a view to turning it into a major driver of investment in the sector, working in partnership with private energy firms. The remaining funds will be used to pay for a number of infrastructure projects aimed at reducing electricity transmission costs across the country; allow for greater use of LNG and NCRE sources (solar, wind and geothermal); and promote a more efficient use of energy in public institutions. Bachelet also said that the government will encourage more investment in the development of NCRE production not just by providing increased financial backing, but by eliminating red tape. The Bachelet government estimates that in doing so, it can reduce electricity transmission costs by 30%, translating into a 25% drop in electricity prices for consumers; and boost NCRE production by 45% so that it accounts for 20% of total energy production by 2024. The agenda was well received by the private energy firms. René Murga, the president of the association of energy producing firms, said "Clearly there is a strategic vision... this is very important to give certainty to a sector which has seen a lot of uncertainty surrounding its investment projects", in allusion to the various energy sector projects that have been stalled due to environmental and other concerns in recent years.

ARGENTINA | Peso allowed to devalue again. Last week Argentina's official exchange rate crept up past the Ar\$8.00/US\$1 threshold after remaining stable at that level for over 100 days. The official exchange rate is tightly controlled by the Argentine government as part of its strategy to boost the country's competitiveness and keep domestic inflation under control. But maintaining an artificially high exchange rate has depleted the country's foreign reserves to the point that in late January the government decided to allow a sharp (20%) devaluation of the official exchange rate in order to ease some of this pressure after the difference between the official and the black market 'blue' dollar rate (believed to be a better gauge of the market's valuation of the peso) reached a record high of almost 50%. That devaluation helped to arrest the appreciation of the 'blue' rate throughout February-April, leading some commentators to talk about a convergence of the two rates towards a stable rate level. However, after that short lull, the 'blue' dollar rate has once again began appreciating rapidly and it is now once more nudging the Ar\$12/US\$1 mark (it was trading at Ar\$11.93/US\$1 on 21 May), bringing the difference with the official rate to around 45%. This appears to have led the government to again opt for a controlled mini-devaluation to try to stabilise the markets. With the official exchange rate trading at Ar\$8.13/US\$1 on 21 May, the concern is that this could lead to another sharp devaluation.

Now a law for shoot-down in the sea

After the (aerial) shoot-down law comes the (naval) shoot-down law. The Honduran congress has begun to discuss this new piece of legislation, promoted by congressman, David Chávez, of the ruling Partido Nacional (PN) as “a complement to the Aerial Interdiction Law”. Shooting at boats does not elicit the same kind of reaction as shooting down aircraft, though there have been recent cases of civilians killed by mistake in operations accompanied by US personnel. The US has financed the construction of naval posts on the Honduran coast to enhance its anti-drugs capability.

The bill, submitted to the plenum of congress on 17 May, authorises the coastguard corps of the Honduran naval force to conduct maritime interdiction actions that include persuasion, boarding, inspection, right of pursuit, immobilisation or capture of any vessel “reasonably suspected of infringing national or international norms [...] or of engaging in illicit activities in the sea or posing a threat to national security interests”. The law is applicable to all ships, vessels or objects within the jurisdiction of Honduras by virtue of their nationality, positioning within Honduran waters or in execution of norms of international law.

It establishes that the coastguard corps will use non-violent procedures whenever possible before resorting to the use of force or firearms. The latter, it says, will only be allowed when other means are ineffective or fail to guarantee the result envisaged; once the target is declared hostile the use of force at sea will be “proportional, differentiate and authorised on a case-by-case basis under regulations to be enacted”. Once the law is promulgated the executive will have 30 days to issue the pertinent regulations.

Aerial shoot-down

Honduran officials have refused to speculate whether this new piece of legislation will run into the same kind of opposition from the US as its recently introduced aerial shoot-down law.

At present Honduras is pushing to acquire the means of enforcing its aerial shoot-down norms. The government has already begun to take delivery of radars that will fill the gap left by Washington’s withdrawal of information sharing from US radars. It has also secured Brazilian support for the upgrading of its Tucano aircraft acquired back in the 1980s and is working on the means to refurbish its 11 US-made F-5s bought more than 25 years ago.

In early May the chief of the armed forces’ joint general staff, General Fredy Santiago Díaz, announced that negotiations were under way for the acquisition from Taiwan of four helicopters. This had first been broached with Taiwan’s President Ma Ying-jeou last January when he attended the investiture of President Juan Orlando Hernández.

The terms of this acquisition are unclear. General Díaz has said that it is “an offer of the Taiwanese government”; the Taiwanese embassy in Tegucigalpa described it as “cooperation with the government of Honduras” currently being considered.

“At present Honduras is pushing to acquire the means of enforcing its aerial shoot-down norms. The government has already begun to take delivery of radars that will fill the gap left by Washington’s withdrawal of information sharing from US radars.”

Cabinet changes

The cabinet changes unveiled in Haiti last month include: Finance (where Marie Carmelle Jean-Marie replaced Wilson Laleau); Interior (Secretary of State for Public Security Réginald Delva replaced David Basile); Foreign Affairs (Duly Brutus, Haiti's long-time ambassador to the Organization of American States, replaced Pierre-Richard Casimir); Education (economist Nesmy Manigat replaced Vanneur Pierre); Defence (Ret. army major, Lener Renaud, replaced Rodolphe Joazile); Youth & Sports (Ret. army colonel, Himler Rébu, replaced Magalie Adolphe Racine); Culture (Monique Rocourt, director general of the national heritage preservation institute, replaced Josette Darguste); Communications (Rudy Hérivaux replaced Josette Darguste, who was in charge of the portfolio on an interim basis); and the Ministry in charge of Haitians living abroad (Miami consul general, Francois Guillaume, filled a vacancy left by Bernice Fidelia, who quit ten months ago after a senate investigation into her nationality).

Martelly moves on more pledges

Last week Haiti's President Michel Martelly marked his third anniversary in office. While he is claiming further progress since the inking of the historic March 2014 'El Rancho' deal between the legislature, the executive and the country's political parties [WR-14-12], which paves the way for long overdue legislative and municipal elections to be held before year-end, anti-government protests suggest that the deal has failed to quell political tensions.

On 6 May President Martelly announced the creation of a new nine-member provisional electoral council (CEP) as per the 'El Rancho' accord which itself had appeared to signal a breakthrough in the long-standing impasse between the executive and the legislature (stemming from Martelly's lack of a strong presence in the legislature, where his Repons Peyizan has just three seats). Comprising three representatives each from the judiciary, the legislature and the executive, the new CEP is tasked with organising the elections to replace two-thirds of the 30-member senate (a third of which has been vacant since May 2012), as well as the entire 99-member chamber of deputies and hundreds of municipal seats.

Given that the staging of elections is the overriding concern of international actors like the US and United Nations Stabilisation Mission in Haiti (Minustah), the establishment of the CEP received foreign plaudits. Accordingly, in a statement published in the US Federal Register on 12 May, US Secretary of State John Kerry certified that "Haiti is taking steps to hold free and fair parliamentary elections and to seat a new Haitian Parliament; the Government of Haiti is respecting the independence of the judiciary". This certification is required by law before certain US funds can be provided to the Haitian government.

Cabinet changes

As well as the creation of the CEP and a new anti-corruption law, which was also hailed by the foreign community (*see next page*), last month President Martelly made good another pledge included in the 'El Rancho' accord – a cabinet reshuffle to "open up the government" – a further gesture towards the opposition.

On 2 April Prime Minister Laurent Lamothe announced that nearly half of the 23-member cabinet had been changed – the third major cabinet shake-up since Martelly took office in May 2011 (*see sidebar*). The changes that attracted most attention include: the appointment of Marie Carmelle Jean-Marie to replace Wilson Laleau as finance minister. This appointment was welcomed. Jean-Marie previously held the post in 2012-2013 and was well respected at home and abroad, but she resigned in April 2013 citing a lack of support for her commitment to reform and good governance.

Other appointments taken to be evidence of Martelly's efforts to be more inclusive were those of Rudy Hérivaux to replace Josette Darguste as communications minister and (ret.) army colonel, Himler Rébu, who took over from Magalie Adolphe Racine as head of youth & sports.

A former senator for Fanmi Lavalas (FL, the party of former president Jean-Bertrand Aristide [1991; 1994-1996; 2001-2004]), Hérivaux is a leader of the centre-left, Konfyans party, which lacks a legislative presence. Meanwhile Rébu, who founded the Grand Rassemblement pour l'évolution d'Haïti (Greh) political party (which also has no presence in the legislature), had previously been a vocal critic of President Martelly.

Since then, on 19 May, Martelly named Phelito Doran, a former FL deputy as the minister in charge of relations with parliament – a post previously held by Ralph Théano, who, while a Martelly ally, had clashed on occasion with national legislators.

Anti-corruption law

The other development to have attracted international praise was President Martelly's promulgation on 7 May of a new law cracking down on official

Parti Unité Nationale

On 22 April former dictator, Jean-Claude ‘Baby Doc’ Duvalier (1971-1986), inaugurated the first of what will be several new offices of Parti Unité Nationale (Pun), the party founded by his late father and predecessor, François ‘Papa Doc’ Duvalier (1957-1971) – a move which has further fuelled fears of polarisation ahead of the elections due by year-end. Friteau Marco, a PUN coordinator, told reporters that candidates will run “at all levels” in the legislative and municipal elections. But Marco refused to comment on speculation that Jean-Claude Duvalier’s son, François Nicolas ‘Nico’, will stand for election.

corruption. Drafted in 2007, the law, which was passed by the senate in 2013 and the lower chamber in March 2014, covers crimes like illicit enrichment, money laundering, misappropriation of State funds, influence-peddling and the paying of bribes to obtain procurement and public services contracts, among other things. It also toughens sanctions, establishing prison sentences for those convicted of corruption of between three to 15 years, compared with one to three years as was previously the case. The new legislation is considered crucial to tackling what remains a major cause for concern in the country which ranked 163rd out of 177 countries in Transparency International’s latest (December 2013) Corruption Perceptions Index (although this is a slight improvement on the previous two years, where it ranked 165th out of 174 countries in 2012 and 175th out of 182 in 2011).

Polarisation set to continue

Hopes that the ‘El Rancho’ deal would quell political tensions seem premature. Some 2,000 anti-government protesters took to the streets in the capital Port-au-Prince as well as in Haiti’s second city, Cap-Haïtien, on the anniversary of Martelly’s inauguration. Organised by opposition groups like the Mouvement Patriotique de l’Opposition Démocratique (Mopod) and Forces Patriotiques pour le Respect de la Constitution (Foparc), the protests resulted in one person seriously injured in clashes with the police.

The new CEP also remains controversial. Human rights groups like the US-based Institute for Justice and Democracy in Haiti (IJDH) have flagged up the fact that the new CEP president, Frizto Canton, is a high-profile attorney that is currently defending former dictator Jean-Claude ‘Baby Doc’ Duvalier (1971-1986) against human rights abuse and embezzlement charges. More generally opposition parties like FL; Inité, the party of Martelly’s predecessor René Préval (2006-2010); and the smaller Fusion des Sociaux Democrats (which notably did not sign up to the ‘El Rancho’ agreement) have issued a statement rejecting the new CEP and expressing concerns about the electoral process. Notably this is one of the first occasions that FL and Inité have adopted a common political position pointing to possible tensions ahead of the vote.

Naturalisation bill unveiled in the DR

President Martelly’s anniversary was also marked by a renewed focus on relations with the neighbouring Dominican Republic (DR), which have come under strain since the DR’s constitutional court (TC) controversially ruled in September 2013 that children of non-resident foreign nationals born in the country before 2010 do not have the right to Dominican citizenship – a ruling which largely affects the children of Haitian migrants [RC-13-10].

With the DR having come under pressure from organisations like the Office of the United Nations High Commissioner for Refugees (UNCHR) “to solve the human rights crisis created by the constitutional judgement”, on 16 May the DR’s President Danilo Medina unveiled a legislative initiative that he claims will set out a pathway to naturalised citizenship for children born in the DR to foreign parents, providing a “humanitarian, measured and responsible” solution for those impacted by the TC ruling.

The Medina government claims its proposal presents solutions to the problems facing two distinct groups: those born in the DR whose documents were not properly authorised; and those who lack any documents whatsoever.

It remains to be seen whether the proposal – which is likely to be approved by the DR’s congress given that it has the support of the ruling Partido de la Liberación Dominicana (PLD), as well as the main opposition parties, the Partido Revolucionario Dominicano (PRD) and the Partido Reformista Social Cristiano (PRSC) – will improve bilateral relations. These have so far shown little signs of improving. While two high-level bilateral meetings have been held since January as part of efforts to improve relations, the third meeting, originally scheduled for March has yet to take place. On 8 May Haiti’s Prime Minister Lamothe announced that the meeting had been pushed back again – which some have attributed to differences over the DR’s naturalisation bill.

Quotes of the week

“In his previous life, Nicolás Maduro was a municipal bus driver. In his current job, Maduro is driving Venezuela off a cliff.”

Otto Reich, former US assistant secretary of state for Western Hemisphere affairs and former US ambassador to Venezuela, speaking to the think tank Inter-American Dialogue.

“He loves soccer and he plays well.”

Mario Cronenbold, president of Bolivian first division local soccer club Sport Boys, on signing President Evo Morales, 54, who will play for about 20 minutes per match but not in each game, due to his busy schedule.

“Chile cannot continue gambling, we must act now to reach the horizon that we are setting ourselves. We have the conviction and political will to ensure that we don't once again remain in the diagnosis and we can start moving forward towards change.”

Chile's President Michelle Bachelet in presenting her government's energy agenda.

Unasur leaves Caracas empty handed

The foreign ministers of Brazil, Ecuador and Colombia, Luiz Alberto Figueiredo, Ricardo Patiño and María Ángela Holguín, departed Caracas on 20 May having failed to convince the Venezuelan opposition to return to the round table dialogue with the government led by President Nicolás Maduro. The troika, along with the Papal Nuncio in Venezuela, are mediating the dialogue on behalf of the Union of South American Nations (Unasur). “The foreign ministers and the Papal Nuncio hope that a date for the next meeting is fixed as soon as possible”, was the most Unasur could muster up in a terse statement.

Ramón Guillermo Avelledo, executive secretary of the opposition Mesa de la Unidad Democrática (MUD), repeated that the Maduro government was not genuine about the engagement and merely sought to impose its views. “By imposition, none of Venezuela's problems have been resolved, old problems have worsened and new ones have appeared”, he stated at a news conference. The MUD put the talks on ice in protest at the security forces' continued heavy-handed tactics with demonstrating students, and in complaint at the government's failure to address its demands, principally an ‘impartial’ truth commission to examine recent protests, and the release of all those still being detained since the protests erupted in February (some 200-300 people, including the prominent opposition leader Leopoldo López, are still in jail, López in solitary confinement in the Ramo Verde military prison outside the capital).

President Maduro, who appealed to the MUD to return to the talks, is now in a position to accuse the opposition of walking away from the table. The concern is that radical elements on both sides could use this vacuum to escalate destabilising actions, amid signs that the economic crisis will get worse before it gets better. Curiously, there is some talk of a regional Unasur heads of state summit to discuss Venezuela, after press reports suggested that Venezuela's foreign minister Elías Jaua would request such a summit at a council of Unasur foreign ministers in the Galápagos on 22-25 May. Ecuador's Ricardo Patiño told reporters that if Jaua made such a request, it would be passed “immediately” to regional leaders. This looks like another attempt by the Caracas government to win regional support, amid fresh signs of impatience (and tough US rhetoric). Reportedly, Jaua is going to present his counterparts with documentary evidence of Venezuelan opposition plans for a *coup d'état*.



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