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## CONTENTS

### BRAZIL & SOUTHERN CONE

#### URUGUAY 3

Vázquez cruises to victory in warm-up

#### ARGENTINA 4

Macri and Fernández meet

#### TRACKING TRENDS

### ANDEAN COUNTRIES

#### VENEZUELA 6

Official rhetoric hardens ahead of PSUV congress

#### COLOMBIA 7

Santos given big boost from the Left

#### PERU 8

Drug strategy takes murky turn

#### ECUADOR 9

Approval of indefinite re-election imminent

### MEXICO & NAFTA

#### MEXICO 10

Port promise fails to impress protesters

#### TRACKING TRENDS

### CENTRAL AMERICA & CARIBBEAN

#### EL SALVADOR 12

Sánchez Cerén places emphasis on unity

#### NICARAGUA 13

Rapprochement with the Church?

#### COSTA RICA 14

Solis under pressure to address key priority

#### CUBA 15

Donohue leaves Havana smiling

#### TRACKING TRENDS

#### POSTSCRIPT 16

Region unites to salute Spain's abdicating King

Quotes of the week

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## Brazil's judicial supremo Barbosa steps down

Speculation about Joaquim Barbosa's next move followed immediately after he announced his decision to stand down as president of Brazil's supreme court last week. Few supreme court judges have had their faces cast as carnival masks, but Barbosa achieved an unusual level of fame through his handling of the *mensalão*, the cash-for-votes scandal that resulted, unprecedentedly, in 25 senior political and business leaders going to jail. Opposition presidential candidates are courting him ahead of October's elections.

Barbosa was the first Afro-Brazilian to occupy the post, in a country with remarkably few black personalities in positions of power. Son of a bricklayer and a housewife from the state of Minas Gerais, his impassioned diatribes against the disparities in Brazilian justice earned him a following among compatriots angered by the impunity enjoyed by the powerful. Critics, however, argued that his conduct was unbecoming to the supreme court. He argued frequently with his colleagues on the judicial bench, going so far as to accuse one of racism and tyranny.

The ruling Partido dos Trabalhadores (PT), the party wounded the most by the *mensalão* scandal, has long considered Barbosa irredeemably politically biased. According to nebulous "friends of Lula" often cited in the Brazilian press, former president Lula da Silva (2003-2010) believes that his decision to appoint Barbosa to the supreme court, in the first year of his presidency, was his worst mistake. His role in the *mensalão* convictions has made him a hero for many on the Brazilian right: "the avenging knight in the black cape", as Brazil's most popular magazine, *Veja*, put it.

The motivation for Barbosa's departure was also the subject of feverish speculation. *O Globo*, an implacable critic of the government, led with reports of the death threats he had received from PT sympathisers. But Leonardo Attuch, a columnist for *IstoÉ*, claimed that Barbosa jumped before he was humiliated by other judges over his judicial overreach on the question of how those convicted in the *mensalão* scandal should serve their sentences. Some of those who worked closely with him complained of his arrogance and bad temper. "The judiciary won't miss him," the president of the association of federal judges of Brazil, Nino Toldo, said.

Barbosa himself claimed his decision was entirely his own and that he intended to rest, watch the World Cup and give a few lectures. In a brief statement to the court Barbosa said, "I have had the happiness, satisfaction and joy of participating in this court in arguably its period of greatest creativity and significance in the political and institutional landscape of the country." Theoretically Barbosa could have continued as president until the age of 70, in 2024, but when he was approved by the federal senate 11 years ago, he indicated that he would not serve until then.

## World Cup benefits?

Despite a government PR campaign to highlight the economic benefits of the World Cup, few Brazilians are convinced. Sixty-one percent think hosting the event is a bad thing for Brazil because it takes money away from schools, healthcare and other public services. Just 34% think the World Cup will create more jobs and help the economy. There is also scepticism about the international benefit of hosting the World Cup. Thirty-nine percent say it will hurt Brazil's image around the world while 35% say it will help; 23% say it will have no impact.

Few expect that watching football is all that Barbosa has planned. The government is preparing for a 'Ronaldo Mark 2'; a reference to the famous football player who appeared to be a cheerleader for both the government and the World Cup, but then within the space of a week, resigned from the World Cup organising committee, declared his "shame" at the delays dogging Brazil's infrastructure projects, and announced he was voting for Aécio Neves, one of the leading opposition presidential candidates. It would be surprising if, as a private citizen, Barbosa refuses to endorse one of the presidential candidates. No one expects that candidate to be President Dilma Rousseff.

Both Neves, of the Partido da Social Democracia Brasileira (PSDB), and Eduardo Campos, of the Partido Socialista Brasileiro (PSB), have been courting Barbosa, who resigned after the deadline to register as a candidate for October's elections. A Datafolha poll in February ran an opinion poll putting him in the race for the presidency. In this hypothetical exercise, he won 14%; enough to encourage both major opposition candidates to woo him fiercely. The muted criticism of his conduct as supreme court president is likely to become much louder if he enters the political arena. Already, plenty of columnists argue that it would be a dangerous threat to the separation of state powers to allow the supreme court to become a springboard to a political career.

### "Vai ter Copa"

The first football teams due to participate in this year's Fifa World Cup have started to arrive in Brazil. The Brazilian team has played its first friendly match in preparation for the tournament, a 4-0 defeat of Panama. The 'General Law of the World Cup' is now in effect; the stadiums have been handed over to Fifa; the airports are as ready as they are going to be (in Fortaleza one of the terminals is just a tent). President Dilma Rousseff has promised the event will be the "Cup of Cups". Street decorations are starting to appear across host cities, and large groups of middle-aged men have been convening on street corners to trade stickers for their World Cup sticker books.

Of the many worries the government is experiencing ahead of the tournament, two stand out: security and transport. Over the weekend the government granted the federal police a wage increase, of 15.8%, after they threatened to go on strike during the World Cup. It appears the military police in the most restless states have now been placated.

Still, jitters remain. Over the weekend, *O Estado do São Paulo* published a report claiming 'black bloc' protesters would work with the Primeiro Comando da Capital (PCC), the largest criminal organisation in the country, to disrupt the tournament. There are strong reasons for scepticism. Some academics argue that 'black bloc' refers to a tactic and not an organisation as such; therefore self-appointed 'black bloc' activists are speaking for no-one other than themselves. It also seems unlikely that the PCC would wish to undermine drug sales during the event.

At press time, metro workers in São Paulo were still due to strike on 5 June, exactly one week before the first match. Without a functioning metro, São Paulo's traffic, already horrendous, may make access to the Itaquerao stadium impossible. The Movimento Trabalhadores Sem Teto (MTST), many of whom are camped in wasteland a few kilometres from the stadium, are promising more demonstrations throughout the tournament, as are other anti-World Cup groups.

Though enthusiasm for the World Cup is starting to show in the streets, the national mood remains grim. A survey carried out by the Pew Research Centre published on 3 June found that 72% of Brazilians are dissatisfied with the way things are going in the country, up from 55% just weeks before the demonstrations began in June last year.

The main reason for the gloom is economic. Two-thirds of Brazilians now say the economy is in bad shape, while just 32% say it is good. In 2013, the balance of opinion was reversed: a majority of 59% thought the country was in good shape economically, while 41% said the economy was bad.

**Vázquez cruises to victory in warm-up**

President José Mujica urged voters to go to the polls on 1 June although he recognised that for many it was like “dancing with your sister” as “primary elections don’t get people excited”. The party primary campaign, to select presidential candidates for October’s elections, failed to capture the public imagination not so much because of the unappealing nature of a sororal salsa but because the prospective dance partners were of such different standards. As soon as former president Tabaré Vázquez (2005-2010) announced his intention to seek re-election he was a dead cert for the ruling left-wing Frente Amplio (FA), and his opponent, Senator Constanza Moreira, an also-ran. The opposition Partido Colorado (PC) primaries were also a non-event. Only the Partido Nacional (PN, Blancos) threw up a tight contest - and the result will shake things up for October’s real thing.

In a sign of his confidence, Vázquez did not even mention his opponent in his closing speech. In the event he won 82% of the vote to 18% for Moreira, the turnout notably down on the FA primary in 2009, a genuine (and acrimonious) contest pitting two party heavyweights, Mujica and Danilo Astori, Vázquez’s former economy minister, against each other. Meanwhile, Senator Pedro Bordaberry defeated his PC rival, José Amorín Batlle, by a similarly emphatic margin of 74% to 26%.

By far the most intriguing clash, which (unsurprisingly) attracted the biggest turnout, was between Jorge Larrañaga and Luis Alberto Lacalle Pou to win the PN candidacy. Larrañaga lost the last party primary elections in 2009 to his rival’s father, former president Luis Alberto Lacalle (1990-1995), but had an enormous lead in the polls only a matter of months ago. Lacalle Pou overturned this to win by 54% to 46%. In Montevideo he took as much as 70% of the vote.

Vázquez had hitherto directed his sallies against Larrañaga, who he crushed in the 2004 presidential elections and would have been very confident of doling out the same treatment again. Lacalle Pou is a different prospect altogether. At 40, he is, at least by the standards of Uruguayan presidential candidates, very young, and he could reach out to a younger generation disillusioned with the lack of renovation within the FA.

Lacalle Pou favoured legalising marihuana (he admits to having smoked it and taken cocaine in his youth while his father was in power) but criticised the bureaucracy surrounding the FA’s recent legislation. He favours Bordaberry’s proposal of lowering the age of sentencing to 16 from 18 for crimes such as rape and homicide, which will go to a plebiscite on 26 October, the day of the general elections. Lacalle Pou’s victory was a big setback for Bordaberry who will have to go head to head with him in order to win a berth in a likely run-off against Vázquez in November.

**Sendic as running mate?**

The FA is already debating whether Vázquez (74) needs a young running mate to try and counter Lacalle Pou’s appeal to the younger generation. This strengthens the claim of Raúl Fernando Sendic Rodríguez, not a spring chicken but still ‘young’ at 52. Sendic is the son of Raúl Sendic Antonaccio, one of the founding members of the Movimiento de Liberación Nacional-Tupamaros (MLN-T) guerrilla group of which Mujica was also a prominent founding member, and his claim to the vice-presidential candidacy was strengthened by the fact that his faction of the FA performed better than any other in the primaries.

**Vázquez Mark 2**

One of the legacies of Vázquez’s term in office (2005-2010) was the provision of a laptop to every schoolchild under Plan Ceibal; this time around he is promising to provide a tablet for every pensioner. He also swiftly tabled 10 campaign proposals, including improvements in education; modernising infrastructure; lessening the fiscal burden on the middle class; austerity; transparency; and inculcating a democratic and humanist culture “against violence and discrimination”.

**Boudou headache**

On 15 July Vice-President Amado Boudou is due in court to answer for his role in a corruption case, focused on the State take-over of the failing currency printing firm, Ciccone Calcográfica. Boudou, who has been charged with illicit enrichment, abuse of power and poor performance of his duties, is set to become the first sitting Vice-President to defend himself in court. The opposition is calling on Boudou to step down, or for President Fernández to dismiss him. Boudou himself has repeatedly reiterated his innocence. Following the court summons, on 30 May, he said he had no intention of standing aside during the investigation. On 3 June, he asked for the court date to be brought forward. July 15 is the date Fernández is due to attend the BRICS summit in Brazil; Boudou would be in charge during her absence.

**Macri and Fernández meet**

Relations between the mayor of Buenos Aires, Mauricio Macri, and the head of state, Cristina Fernández, have see-sawed wildly over the past few years. On his re-election victory in 2011, Fernández complemented Macri's "forcefulness" and the left-wing president and right-wing mayor maintained a cordial relationship. Gradually, however, in an attempt to keep the unions on side, Fernández became more critical of the "Macri right"; and the mayor found it electorally expedient to take up the mantle of opposition-in-chief. Now there appears to be a rapprochement between the two; a change which appears to benefit Macri more than Fernández.

The stage for the rekindling of this complicated relationship was the three kilometre extension to the Illia highway, which will connect the upmarket neighbourhood of Palermo with Buenos Aires' main thoroughfare, the Avenida 9 de Julio. Both attended the 20-minute ribbon-cutting ceremony, the first time they have been seen together in public for years. President Fernández thanked Macri for inviting her to the event and said that the work would "improve the lives of Argentines".

"There can be no ideological differences between us when it comes to daily, specific matters such as this," Fernández said during the ceremony. She went on to deny claims that the two had reached some kind of accommodation. "There is no pact or anything like that," she said. "It's a highway extension for the benefit of citizens. This is common sense." Macri echoed the president's line, arguing that voters did not care about the two leaders' political differences.

While Fernández, with the clock now ticking on her presidency, has little incentive to spurn an opportunity to play the magnanimous stateswoman, Macri has a lot to gain, as a potential presidential candidate, by showing that he can work effectively with the opposition. Given the tribalism and partisanship that has characterised Fernández's period in office, Macri's attempt to position himself as a negotiator could prove attractive to the electorate, although his problem has always been reaching out beyond Buenos Aires.

In interviews following the event, Macri said that he had been in contact with the Frente Amplio-UNEN. This is the loose left-wing coalition of opposition parties divided over whether to include Macri's Propuesta Republicana (PRO). Last week he met two of the group's leaders, Elisa Carrió, the maverick perennial contender for the presidency, from the Coalición Cívica, and Ernesto Sanz from the moderate Unión Cívica Radical (UCR). Other, more left-wing members of the alliance are unlikely to be impressed by Macri's claims of closeness.

To differentiate himself from his rivals on the centre-right, Macri said he had had virtually no contact with Sergio Massa, the leader of the Frente Renovador, or Daniel Scioli, the governor of Buenos Aires province. Both are potential presidential candidates. "I have no political relationship with them at all," he said. "They are part of a system that has forgotten about the people."

**Abandoning Capitanich**

Opposition legislators staged a walk-out of the lower chamber of congress on 4 June as the cabinet chief, Jorge Capitanich, began his address. The opposition is annoyed by the fact Capitanich refuses to submit to cross-examination by the chamber. Since his appointment Capitanich has been a tireless government advocate, giving daily briefings to the press. The complaint from the both the media and the opposition, however, is that he rarely has anything of substance to say.

## Uruguay inflation slowing

Uruguay's inflation for May was 0.32%, according to the national statistics institute (INE).

Accumulated inflation over the last 12 months now stands at 9.18%, falling back from the double-digit territory policymakers

have been desperately trying to avoid entering, with the economy ministry carrying out a series of measures

designed to arrest it, including reductions in value-added tax (VAT) for fruit and vegetables; and reduced electricity tariffs and telephone bills [WR-14-15].

## TRACKING TRENDS

**ARGENTINA | Unconventional natural gas deposit found in Mendoza.** On 2 June Argentina's state-controlled oil company, Yacimientos Petrolíferos Fiscales (YPF), announced the discovery of a 'tight gas' deposit in Paso de las Bardas Norte, a 125km<sup>2</sup> concession area located in southern Mendoza province.

'Tight gas' is usually found trapped in sandstone or limestone, and is conventionally considered distinct from shale gas; however, both resources need hydraulic fracturing (also known as 'fracking') to be extracted. YPF put the size of the deposit, found 2.7km deep inside a rock formation, at 70,000m<sup>3</sup>.

If these estimates are confirmed, they would increase Mendoza's hydrocarbon reserves by 10%.

In addition, the firm has highlighted that potentially there are also shale oil reserves in the same area. The concession in Paso de las Bardas Norte is exclusively held by YPF, which also owns a complete gas production infrastructure (separation and compression units, along with a gas duct) on the site.

The recently re-nationalised YPF, Argentina's largest domestic oil and gas producer, is aiming to increase its natural gas output by 14% this year. The company's main gas extraction site is the Vaca Muerta shale hydrocarbon deposit, in the southern province of Neuquén; but another 'tight gas' deposit was recently discovered in the nearby province of Chubut.

Argentina's attempts to overturn the steady drop in its domestic oil and gas production, caused by years of underinvestment and heavily regulated energy policies, have so far yielded mixed results. An industry report for March, published on 23 May, showed a 0.4% decrease in oil production and a meagre 0.5% increase in natural gas production compared to the same period in 2013. The report also showed that YPF's success in boosting its oil production by 11% in March was insufficient to reverse the negative trend.

**BRAZIL | Growth disappoints.** The latest GDP figures, published on 30 May, showed that Brazil's first quarter growth was just 0.2% quarter-on-quarter (and a mere 0.8% year-on-year). Market economists have sharply downgraded their outlook for Brazilian growth this year to just 1.5% from an already-anaemic 1.63%, according to a weekly survey of about 100 economists conducted by the central bank.

Speaking on 3 June, President Dilma Rousseff was at a loss to explain the slow growth. "You can't explain why Brazil isn't growing faster. All conditions point to Brazil not only growing, but growing well. There seems to be an ill mood toward Brazil today. I don't know why."

**URUGUAY | Exports on the rise.** Uruguay exported US\$1.12bn worth of goods and services in May, a 7.8% increase on the same month last year, according to the latest report of the national investment and exports promotion institute, Uruguay XXI, published on 3 June. The May export figure brings the total value of the country's exports (excluding the ones destined to free trade zones) in the first five months of the year to US\$4bn, which represents a 5% increase over the same period of 2013.

Between January and May, Uruguay's main export commodity was soy, which accounted for 23% of all exports, followed by frozen beef (11%); milk and cream (5.7%); rice (5.4%); and unprocessed wood (4.6%). However, the report attributes the strong export figures registered in the first five months of the year to a significant increase in wheat exports (182%), thanks to a comparatively better harvest than last year.

The primary destinations for Uruguayan exports were Brazil (16.2% of the total); China (14.4%); and the free trade zone of Nueva Palmira, a commercial port located next to the mouth of the Uruguay River (14.2%). Smaller quantities of goods (under 6%) were shipped to Venezuela, Argentina, the US and Germany.

As for imports, the report emphasises that these also increased both in May - 9.9%, for a total of US\$845m - and in the January-May period (2.9%, US\$3.98bn). So far, Uruguay's main imports this year are mobile phones (4.4%); electrical generators (4.3%); passenger vehicles (4.3%); car parts (2.7%); and commercial vehicles (2.6%). China, Brazil, Argentina and the US provided the lion's share of Uruguay's imports (respectively 21.8%; 17.1%; 14.8%; and 8.9%).

**Official rhetoric hardens ahead of PSUV congress**

Addressing the rank and file in Barinas, the birthplace of former president Hugo Chávez (1999-2013), President Nicolás Maduro struck a defiant note as the 'high political command' prepare for the ruling Partido Socialista Unido de Venezuela (PSUV) national congress between 26 and 29 July, the first since Chávez's death.

Even as José Miguel Insulza, the secretary general of the Organization of American States (OAS), said he was "worried" about the situation in Venezuela, urging "concessions on both sides" and "dialogue without prejudice", President Maduro and senior officials, including Diosdado Cabello, the hard-line head of the national assembly, cast fresh aspersions on their interlocutors. Maduro accused them of turning up and "asking for posts", while Cabello declared that continued dialogue between the government and the rest of the country was not conditional upon the attendance of the main opposition Mesa de la Unidad Democrática (MUD), which has stepped away from the negotiating table in protest at the government's failure to deliver on its demands.

"That the MUD has stopped doesn't mean to say there can't be dialogue. We are continuing with the peace conferences with other sectors," Cabello stated. His comments were, of course, disingenuous – the MUD represents fully half the Venezuelan electorate and the dialogue being mediated by the Union of South American Nations (Unasur) is formally between the government and the MUD.

Insulza was speaking in Asunción, ahead of the start of the OAS general assembly (3-5 June). His comments appeared to fall on deaf ears in Barinas, where Maduro and the others donned their best radical garb for the meeting of the 'high political command', comprising senior government members and the PSUV leadership.

For his part, Adán Chávez, the governor of Barinas, stressed that the Gran Polo Patriótico (GPP), an electoral alliance of political parties set up in 2011 to support the re-election of his late brother Hugo Chávez in the 2012 presidential election, was "committed" to the talks. In this, Adán, the PSUV's senior political ideologue, appeared to be making a call for unity in the ranks.

The PSUV is due to elect a new leader at the upcoming conference. Sans Chávez, Cabello, as first vice-president, has been de facto leader since March 2013. Cabello, having previously been sidelined by Chávez, was rehabilitated ahead of the 2012 presidential elections precisely for his ability to impose discipline on the party ranks and get out the vote. Cabello has long been cast by observers of the Bolivarian Revolution as a dark Machiavellian character, with crony ties to the hard-line sectors of the military and the shadowy Chavista business sector, waiting in the wings for Maduro to trip up while publicly declaring his loyalty.

As president, Maduro's election as party leader should be a foregone conclusion. However, Maduro, a union man schooled in Cuba and without strong links to the military, despite his electoral mandate, remains ultimately legitimised only by his 'anointment' by Chávez in the months prior to his death in March 2013. Addressing the 'Bolívar-Chávez Battle Units' (Unidades de Batalla Bolívar- Chávez [UBCH]), the party's regional organisations (comprising the grassroots militancy) in Barinas, Maduro warned of divisions in the Bolivarian Revolution, urged "more support" and more or less pleaded for "constructive proposals to govern Venezuela" from the over 11,000 registered UBCH, described by Cabello ahead of the December 2013 regional elections (another slam dunk for the PSUV) as "the future of the Revolution". Cabello, as ever, stood by loyally.

**PSUV elections**

Nominations for 540 PSUV conference delegates will begin on 29 June. These delegates will be elected by party members registered in the Unidades de Batalla Bolívar-Chávez (UBCH). The election process, supervised by the national electoral council, will be held on 20 July. The last PSUV conference was between November 2009 and April 2010. It also held a founding conference in 2008.

## Santos dons pink shirt

Nairo Quintana became only the second Colombian to win one of the three grand tours of cycling, the Giro d'Italia, on 1 June, with his compatriot Rigoberto Urán finishing second. Cycling vies with football for being the national sport in Colombia and President Juan Manuel Santos wasted no time in heralding the "historic day for Colombia", which dominated the front pages of the press despite the election campaign. Wearing a pink shirt to match the maglia rosa of the Giro winner, Santos joined thousands of fans to watch the last stage of the race on a giant television screen outside Quintana's home in Cómbita, a town in Boyacá, the mountainous home of cycling in Colombia.

## No mercy for López

Shortly after 3:00am on 5 June, a Caracas judge ruled that the opposition leader Leopoldo López should face trial on charges of arson, conspiracy, inciting crime and damage to public property during the street protests that erupted in Caracas in mid-February. López, former mayor of the Caracas district of Chacao (2000-2008) and founder-leader in 2009 of the party Voluntad Popular, has been held in solitary confinement for over 100 days in the Ramo Verde military jail outside Caracas. According to his lawyers, López could face a 10-year prison sentence. District 16 Judge Adriana López took three days to reach her decision.

The reaction in the US - especially on Capitol Hill - is likely to be thundering, and Foreign Minister Elías Jaua sounded like he knew what was coming when he issued a strong warning at the OAS General Assembly that US sanctions against Venezuela would be in violation of international law. A sanctions bill approved in the US senate foreign affairs committee, which does not have the backing of the US State Department, may yet prosper on the Senate floor now, which could oblige its signature by President Barack Obama (see sidebar on page 8).

There may also be quiet dismay at the regional level, as the Unasur-sponsored talks now look dead in the water. One of the MUD's chief demands was the release of López and other political prisoners. It cannot now in all reality return to the table without a complete loss of face. That leaves the government able to say that the opposition abandoned the talks.

## COLOMBIA | POLITICS

### Santos given big boost from the Left

**President Juan Manuel Santos has won the backing of the Left heading into his second round showdown with Óscar Iván Zuluaga on 15 June. Clara López, who finished fourth in the first round for the coalition between the moderate leftist Polo Democrático Alternativo (PDA) and the radical leftist Unión Patriótica (UP) with a strong showing of 15.23%, nearly 2m votes, nailed her colours to the mast on 4 June by confirming that she would vote for peace and cast her ballot for Santos. She also urged those who voted for her to follow suit.**

López went beyond rhetorical backing. She said she would actively canvass for Santos around Colombia in the run-up to the second round, including all 20 districts, or 'localities', that make up Bogotá, starting in Bosa, where she is due to campaign alongside Santos as we go to press. López excelled in Bogotá in the first round, winning more votes than Santos.

The PDA opted on 29 May not to endorse either candidate formally but López said that she was swayed by her profound conviction that the country cannot pass up this opportunity for peace with the Fuerzas Armadas Revolucionarias de Colombia (Farc). Her running mate, Aída Avella of the UP; the mayor of Bogotá, Gustavo Petro; and the influential leftist former senator, Piedad Córdoba, a leader of the political movement Marcha Patriótica (MP), had already thrown in their lot with Santos, launching a 'broad front for peace' in Bogotá made up of the UP, MP, Petro's Progresistas and the Alianza Verde (AV). The AV candidate, Enrique Peñalosa, won nearly 1m votes in the first round, and while neither he nor the party has formally backed either candidate, their support for peace equates to support for Santos.

Santos also received the support of former president Belisario Betancur (1982-1986), of the Partido Conservador (PC), after a meeting in Bogotá on 4 June, confirming a strong degree of unity across the political spectrum behind peace and, by extension, Santos. Betancur, the first head of state to pursue peace with the Farc, leading to the creation of the UP, has significant standing within the PC, and joins 40 PC congressmen in backing Santos. The PC's presidential candidate, Marta Lucía Ramírez, is supporting Zuluaga.

## Drug strategy takes murky turn

No sooner had the prime minister, René Cornejo, revealed the new hardware that the armed forces would be using to crack down on drug-trafficking in the Apurímac, Ene and Mantaro river valleys (Vraem) [WR-14-21] than the government's whole anti-drug strategy came under fire with the sudden departure of the drug czar, Carmen Masías Claux.

Masías made way for Alberto Otárola as head of the anti-drug agency Devida on 27 May. Otárola, brother of the president of congress, Fredy Otárola, is part of President Ollanta Humala's inner circle and a presidential adviser. He served as defence minister before he was forced to resign in May 2012 in the face of imminent congressional censure for a mishandled operation to free hostages held by the faction of Sendero Luminoso (SL) operating in the Vraem.

Initial media reports suggested that Masías, who had been head of Devida since January 2012, had decided to resign because she was uncomfortable about the government's decision to move the emphasis of drug policy away from "compulsory eradication", where she had met with considerable success [WR-14-21], and towards "productive reconversion", a concept that appears to embrace the provision of education, advice and perhaps even subsidies for coca growers who agree to plant alternative crops.

The agriculture minister, Juan Manuel Benites, appeared to commit to this change in tack during a meeting with coca growers in the Vraem last week, when he signed an accord making a priority the replanting of 5,000 hectares of coca in the Vraem with alternative crops like coffee, cacao or stevia, a sweetener and sugar substitute. Counter-insurgency advisers within the government have expressed concern that forceful eradication would alienate the local population in the Vraem, solidifying rather than weakening ties to the SL.

Masías insisted that initial media reports about her being uncomfortable in her position were wide of the mark, and that she had been forced out to make way for a new phase at Devida. Cornejo denied that Masías had been edged out, but the opposition has pounced on the conflicting accounts to accuse the government of giving precedence to political appointments over professional ones.

### Pasco president arrested for corruption

The regional president of Pasco, Klever Meléndez Gamarra, and his legal adviser, Juan Boza Pulido, were arrested in Lima on 3 June at the request of the supraprovincial anti-corruption prosecutor, Hamilton Castro, for allegedly receiving a US\$100,000 bribe from representatives of a business consortium in exchange for public works contracts. Meléndez is also being investigated for allowing a construction company with little experience to carry out work to improve a regional hospital for NS\$170m (US\$62m).

A video showing the two men receiving the bribe in cash evoked memories of the infamous 'vladivideos' - compromising videos stored by Vladimiro Montesinos, the intelligence chief of former president Alberto Fujimori (1990-2000), which invariably featured officials accepting bribes.

It is not clear why the video has taken the best part of four years to come to light but it comes at a time when public confidence in Peru's regional governments, already low due to an acute suspicion of the authorities since Fujimori, is being eroded by mounting corruption investigations and formal charges affecting 19 of the country's 25 regional presidents just before regional elections in October.

A detailed report in *La República* on 28 May showed that the regional president of Ancash, César Alvarez Aguilar, is the subject of the most corruption probes (26) including four legal charges, followed by the president of Tumbes, Gerardo Viñas Dioses (25), including five legal charges. Meléndez Gamarra, who is yet to be formally charged with anything, faces 20 separate investigations.

### Regional corruption

In total the 19 regional presidents face 158 investigations while regional officials nationwide face 1,505 investigations into embezzlement, collusion and misappropriation of funds, with many cases involving the award of public works contracts.



**Yasuní referendum**

The verification process carried out by the national electoral council (CNE) of signatures calling for a referendum on drilling for oil in Yasuní presented by the advocacy group YASunidos was flawed, according to a group of professors from the Escuela Politécnica Nacional (EPN) and the Universidad Andina Simón Bolívar (UASB). The professors carried out a statistical analysis of the signatures presented by YASunidos, concluding that 673,862 of the total of 757,623 were valid, which would have been enough to trigger a referendum. They analysed a sample of 2,508 forms containing 20,064 signatures, using a computer programme to compare the names with identity numbers. They concluded that while some of the signatures were imperfect ('failing to fulfil all of the formalities') they were technically valid.

**Approval of indefinite re-election imminent**

The constitutional bar on President Rafael Correa seeking re-election indefinitely will shortly be lifted. During his state-of-the-nation address on 24 May Correa said that after "profound reflection" he had decided to seek approval from the national assembly for legislation to abolish term limits for all elected officials. Five days later the leadership of the ruling Alianza País (AP), unsurprisingly, resolved to back the proposal. As the AP has a comprehensive majority in the national assembly its passage is assured.

Correa told supporters gathered outside the national assembly on 24 May clamouring for his re-election (the next presidential elections are not due until 2017) that the only thing that mattered to him was preventing "the conservative restoration" in Ecuador, the threat of which he said had increased significantly after the AP's setback in February's municipal elections. Correa said that the Ecuadorean people knew he had always been opposed to re-election in principle but he had decided that voters "should be able to choose whether their leaders should be changed". Crucially, he said that he believed in the stability of Ecuador's institutions enough now to support the initiative, although they will arguably be weakened by indefinite re-election which erodes checks and balances.

Subsequently, Doris Soliz, the executive secretary of the AP, called for a great "united national front for the continuity and deepening of the citizens' revolution" with the AP's political allies and social organisations. At present mayors are allowed to run for indefinite re-election as Jaime Nebot, of the opposition Partido Social Cristiano-Madera de Guerrero (PSC-MG), has successfully done in the coastal city of Guayaquil since 2000.

Correa ruled out a referendum on the matter saying that "an election about another election [was] unviable", although this is precisely what happened in Venezuela in February 2009 when then-president Hugo Chávez (1999-2013) pointedly used the referendum on indefinite re-election as a plebiscite on his popularity after a setback in a referendum on constitutional reform in 2007. Correa could have employed the same tactic after the setback for the AP in February's municipal elections but chose not to even though his popularity ought to have assured him of victory, unlike the exploitation of oil in the Yasuní national reserve, where he also avoided a referendum (*see sidebar*).

**Mahuad convicted for embezzlement**

Former president Jamil Mahuad (1998-2000) was sentenced to 12 years in prison for embezzlement on 29 May by Ecuador's top court, the national court of justice (CNJ). There were absolutely no mitigating circumstances, the CNJ concluded, given the "enormous social alarm caused by the crime, whose consequences Ecuadorean society is still suffering from today".

Mahuad was accused of maladministration of state funds by declaring a 'banking holiday' (freezing bank accounts) in March 1999 which precipitated a financial meltdown, pushing 20 financial institutions into bankruptcy. The case against Mahuad has run for 13 years during which time the judicial system has undergone significant changes. He was provisionally absolved by what was then the country's top court, the supreme court (TSJ), in June 2006 on the grounds that there was a lack of evidence against him.

Interpol has issued a red alert for Mahuad, who responded to the ruling in a letter accusing the government of President Rafael Correa of "political persecution". Correa dismissed the claim, maintaining that it was purely a judicial matter. His only concession to Mahuad was that he (Mahuad) might have allowed himself to be "manipulated by bad advisers and financial capital".

Mahuad said he had been "courageous enough to make unpopular decisions during the worst economic crisis in Ecuador in the 20th century". He said he had been "compelled by the circumstances" to freeze banking deposits.

## Port promise fails to impress protesters

President Enrique Peña Nieto elected to celebrate 'Navy Day' on 1 June in the port of Tampico in the troubled north-eastern state of Tamaulipas. Peña Nieto promised government investment to the tune of M\$58.6bn (US\$4.56bn) in expanding and modernising Mexico's port infrastructure, including a significant boost for Altamira, in the north of Tamaulipas. Peña Nieto came under fire, however, for failing to acknowledge a demonstration against violence and insecurity in Tampico, formerly a premier tourist destination which has fallen prey to shoot-outs and violent crime, spawning large-scale protests.

President Peña Nieto unveiled a four-point plan for Mexico's ports and maritime sector in Tampico:

- 1) To publish regulations for the maritime navigation and trade law this week, and advance towards a new marine industry promotion law.
- 2) To expand and modernise the Gulf ports of Altamira in Tamaulipas and Tuxpan in Veracruz, and the Pacific ports of Manzanillo in Colima and Lázaro Cárdenas in Michoacán.
- 3) To invest M\$3.1bn (US\$240m) to improve the competitiveness of the fishing sector.
- 4) To strengthen the fleet, including 12 new ships for the state-oil company Pemex, and to build a shipyard in Altamira for the construction of oil rigs and specialised equipment to help boost oil production.

Gerardo Ruíz Esparza, the transport and communications minister, said the overriding aim of the expansion and modernisation of Mexico's ports was to increase annual tonnage from 280m in 2012 to more than 500m in 2018.

Ricardo Martínez, who represents the ministry's ports and merchant marine division, said the aim to double capacity was logical to take advantage of the fact that it is significantly cheaper to move cargo from Asia to the US via Mexico.

### Tampico protests

While Peña Nieto was attending the 'Navy Day' ceremony, peaceful protests were taking place on land. Eduardo José Cantú, who organised a protest for peace in Tampico on 11 May which was attended by some 12,000 people dressed in white, went on Twitter to express his disappointment that Peña Nieto had not acknowledged the protesters who he said had conquered their fear in order to turn up to plead with the federal government to provide more security in the city, which has been overrun by organised crime, savaging the tourism industry and destroying the local economy.

The federal government launched a major security operation in Tamaulipas on 13 May, the second state to undergo federal intervention after Michoacán [WR-14-19]. The three-point plan divides the state into four zones under military commanders and aims to block the trafficking of drugs, people, weapons and money; introduce 24-hour road patrols; and vet the local police for corruption.

Cantú said that the residents of Tampico were yet to feel any of the benefits of the federal intervention, claiming that there had been no real let up in the shoot-outs and extortion.

### Pemex in Repsol sale

Mexico's state-owned oil company Pemex announced this week that it is selling shares worth about US\$3bn in the Spanish oil company Repsol, representing the majority of its 9.3% stake in the company. Pemex plans to repatriate the money raised from the sale of the shares to channel into domestic exploration and production.

## Informal sector

Juan Pablo Castañón, the president of Coparmex, called on the federal government to make a greater effort to incorporate businesses in the formal sector of the economy. He said that the number of businesses in the informal sector, principally small and micro sized businesses, had risen from 50% in 2000 to 60% now, amounting to 3.1m businesses in total.

### Could Sinaloa be next?

The governor of Sinaloa, Mario López Valdez, announced an impending revision of the north-western state's security strategy this week after admitting that violence had spiralled since the arrest of Joaquín 'El Chapo' Guzmán Loera, the head of the Sinaloa drug trafficking organisation (DTO) on 22 February.

López Valdez told the press that he had anticipated just such a development as turf wars were always likely to break out in the wake of Guzmán's arrest. He expressed confidence that the state would quickly reassert its control over the security situation again, but he did not clarify whether it would do it alone or appeal for federal intervention.

López Valdez is due to meet the national security commissioner, Monte Alejandro Rubido, to discuss the situation in Sinaloa, where the number of murders in May surpassed 100, after eight straight months with homicide figures in double digits, and more attacks on police and soldiers were registered. This still compares favourably with 2010 when there were nearly eight months with homicides at more than 200 a month.

## TRACKING TRENDS

**MEXICO | The cost of insecurity.** The climate of insecurity in Mexico is causing annual losses of M\$75bn (US\$5.83bn) for over one-third of the country's companies, according to Juan Pablo Castañón, the president of the Confederación Patronal de la República Mexicana (Coparmex), an association of business executives representing 36,000 Mexican firms.

Castañón said that a total of 37% of Mexican companies had suffered some kind of attack by organised crime, be it corruption, extortion, theft of merchandise or kidnapping. Companies operating in the states of Tamaulipas, Michoacán (both the subjects of federal intervention to try and reduce the impact of organised crime) and Guerrero were worst-affected, he said.

Castañón applauded the government's creation of a new national anti-kidnapping agency last January under a former federal prosecutor, Renato Sales Heredia, to coordinate and vet all the anti-kidnap units set up in Mexico's 32 federal entities [WR-14-04]. But Castañón appealed to the federal government to coordinate federal and state forces under one command structure to combat organised crime, which he said had worked well in the US border towns of Tijuana and Ciudad Juárez and could be extended to other areas of the country.

Tourism has also suffered as a result of insecurity, although President Enrique Peña Nieto sought to boost the sector by announcing a M\$180bn (US\$13.8bn) investment plan to turn Mexico into "a global tourism power" during the Tianguis Turístico Cancún 2014 tourism fair last month.

Peña Nieto said his government would pursue a three-pronged strategy to develop Mexico's tourism infrastructure: to renovate the country's main tourist destinations; to develop new offerings at the country's Mesoamerican world heritage sites, such as Chichén Itzá and Teotihuacán, and construct convention centres and 20 new public parks at Mexican beaches; and to expand and modernise Mexico's ports (see above) and airports to make them more attractive for visitors.

**MEXICO | Remittances climb.** Mexico received US\$7.44bn of remittances in the first four months of 2014 from expatriates living abroad, up 8.95% year-on-year, according to the central bank. Remittances grew by 2% to US\$1.98bn year-on-year in April. This was the ninth consecutive month of increases but the smallest growth since August 2013. Remittances totalled US\$21.58bn in 2013, which was down 3.8% on 2012.

**MEXICO | Colima is best state for doing business.** The best federal entity for doing business in Mexico is the state of Colima, for the second year in a row, while the worst is the Distrito Federal (DF), according to the World Bank's 'Doing Business in Mexico 2014' report which was released this week.

The subnational report, which compares business regulations in 31 states and the DF, focuses on federal, state and municipal regulations that affect four stages in the life of a small to medium-size domestic firm: starting a business; dealing with construction permits; registering property; and enforcing contracts.

After Colima, the best states to do business in Mexico are Aguascalientes and Guanajuato. The most improved states since the last subnational report was published in 2012 are the Estado de México and Puebla.

**Sánchez Cerén places emphasis on unity**

Salvador Sánchez Cerén was sworn in as president on 1 June in the legislative assembly, becoming El Salvador's first former guerrilla to hold the top office. In a 48-minute speech he managed to use the phrase "united we can grow" on no fewer than nine separate occasions. His call for unity was well-received by the opposition.

Sánchez Cerén, who said he would govern "for all" with "an absolute commitment to social justice", stressed that his "priorities" would be security, employment and education. He said he would be governed by four fundamental principles: honour, austerity, efficiency and transparency. What really attracted attention, however, was not the content of Sánchez Cerén's speech but his conciliatory tone. He called for dialogue and negotiation with the opposition, trade unions and the churches. "The reality which we live demands that we seek consensus, agreements and solutions. We must always look for the points that we have in common, collective needs [...] Only like this will we achieve true national reconciliation," Sánchez Cerén said, adding that his involvement in the 1992 Chapultepec peace accords had taught him the importance of dialogue.

Sánchez Cerén's numerous calls for unity to reverse the sluggish growth that has dogged El Salvador for over a decade, unemployment and insecurity, prompted an enthusiastic response from the opposition. Jorge Velado, the president of the main right-wing opposition Alianza Republicana Nacionalista (Arena), said the speech was "positive", remarking upon the "zero-confrontation", which he said was "totally different to the speeches we are accustomed to hearing [from former president Mauricio Funes]." Roberto Angulo, head of the legislative bloc of the Partido de Concertación Nacional (PCN), hailed the speech as "different, tolerant and inclusive".

While the opposition applauded Sánchez Cerén for being conciliatory rather than confrontational, it is not at all clear if it will be prepared to provide the kind of "unity" he is seeking, especially Arena. The legislative assembly is already discussing a packet of tax reforms, for instance, presented by the outgoing government, which is opposed by the powerful umbrella business association (Anep), closely allied to Arena. Sánchez Cerén needs to raise funds to maintain and enhance the social programmes inherited from the Funes administration but Arena fears that additional tax revenue will enable him to roll out more and more of these and buy the FMLN's popularity.

**Mara gangs**

Salvador Sánchez Cerén made no mention of either the *mara* gangs or the gang truce during his speech. Neither did he set any concrete goals in terms of reducing homicides and extortion, although he did discuss the need to strengthen and purge the national police force (PNC).

**Cabinet list**

<i>Justice and public security</i>	Benito Lara
<i>Interior</i>	Ramón Valencia
<i>Foreign affairs</i>	Hugo Martínez
<i>Defence</i>	David Munguía Payés (r'td General)*
<i>Finance</i>	Carlos Cáceres*
<i>Public works</i>	Gerson Martínez*
<i>Tourism</i>	José Napoleón Duarte*
<i>Health</i>	Violeta Menjivar
<i>Environment</i>	Lina Pohl
<i>Agriculture and livestock</i>	Orestes Ortez
<i>Economy</i>	Tharsis Salomón López
<i>Education</i>	Carlos Canjura
<i>Labour</i>	Sandra Guevara

\*Retained from previous government.

## Power-sharing arrangement intact

As well as the three PLC-aligned members of the CSJ, the 54 new appointees included other members of the PLC, suggesting that 'El Pacto, the power sharing arrangement forged in 2000 to divvy up institutions between the FSLN and PLC, remains in place. This despite the fact that the PLC has been considerably weakened (taking just 6% of the vote in the November 2011 presidential elections to 62% for the FSLN and 31% for the main parliamentary opposition PLI. These latest PLC-aligned appointees include María Dolores Alemán, the daughter of former president Arnoldo Alemán who will hold a senior post in the comptroller general's office; as well as Guillermo Argüello, who retained his post as comptroller general.

## Rapprochement with the Church?

President Daniel Ortega held a meeting with the bishops of the Episcopal Conference of Nicaragua (CEN), now one of the few voices of opposition in the country, at the end of last month. The first such meeting between the two sides since Ortega and his left-wing Frente Sandinista de Liberación Nacional (FSLN) returned to power in 2007, the apparent rapprochement has been linked to the legislature's overdue appointments of top government officials the previous month – long a Church demand.

Reconciliation with the Church had been critical to Ortega's electoral victory in 2006. This saw the FSLN back the blanket ban on abortion (even when continuing the pregnancy threatens the life or health of the mother, or when the pregnancy is the result of rape) and Ortega appoint Cardinal Miguel Obando y Bravo as head of his truth, justice, reconciliation and peace commission soon after taking office. Yet Church-State relations have since been strained with religious figures like Cardinal Leopoldo Brenes, the archbishop of Managua, having expressed opposition to Ortega's re-election bid (which at the time was unconstitutional) ahead of the November 2011 general election. The Church was also vocal in its criticism of Ortega's perceived authoritarianism.

Few details were released following the meeting which took place in the apostolic nunciature beyond the fact that the Church leaders reportedly gave Ortega a 14-page document outlining their position in relation to various issues like "the family and human rights," and called on him to provide the necessary conditions for the next general elections, scheduled for 2016, to take place with the "best transparency possible".

Given that the Church continues to wield influence in the country (58.5% of the population identifies itself as Catholic on official figures cited by the most recent [2012] report on religious freedoms by the US State Department), Ortega cannot completely ignore the concerns of religious leaders and the latest rapprochement has been linked to the appointment the previous month by the FSLN-controlled 92-member unicameral legislature of top officials to fill a total of 54 government posts. These had been staffed by officials whose mandates have technically expired, but who have remained in their posts by virtue of a controversial decree issued by Ortega in 2010.

### Key posts filled

As expected, the appointments made in April see the FSLN, which has 63 seats, retain control of the judiciary. Twelve of the supreme court (CSJ) magistrates were re-elected - including the CSJ president, Rafael Solís (FSLN) - while four were new appointments. Ten of the new magistrates are FSLN-aligned; three are aligned with the opposition Partido Liberal Constitucionalista (PLC) of disgraced former president, Arnoldo Alemán (1997-2002), (and include Alemán's brother, Antonio); two were proposed by the main opposition bench, Partido Liberal Independiente (PLI); and one, Carlos Aguerri Hurtado, is aligned with the influential private sector lobby, Cosep. Aguirre is an advisor to his nephew and Cosep president, Jose Adán Aguerri.

Aside from the composition of the new CSJ, the other appointment attracting scrutiny was that of the presidency of the supreme electoral court (CSE) which, as expected, saw Roberto Rivas re-elected to the post. Rivas, who has presided over the 10-member CSE since 2000 and overseen three elections which gave the FSLN a clear victory (notwithstanding widespread allegations of fraud) – is one of Nicaragua's least publicly trusted officials and his re-election prompted a statement of concern from Cosep as well as the US-based Carter Center. The CSE itself is among Nicaragua's most discredited institutions, second only to political parties according to the most recent (2012) poll by the Latin American Opinion Project (Lapop), compiled by Vanderbilt University.

**Solís under pressure to address key priority**

Private sector lobbies like the Cámara de Industrias de Costa Rica (CICR) and the Unión Costarricense de Cámaras y Asociaciones del Sector Empresarial Privado (UCCAEP) are again calling on President Luis Guillermo Solís and his new centre-left Partido Acción Ciudadana (PAC) government to address the problem of high energy tariffs as the main obstacle to economic growth. With the cost of electricity reportedly one of the factors in the recent decision by US chipmaker Intel to up sticks and leave the country [WR-14-15], this remains a key concern given that, along with redressing social inequalities, attracting investment is a declared priority of the new PAC administration.

On 27 May the CICR presented a study to Solís on private sector perspectives vis-à-vis the state of the industrial sector. Of the sample of 200 companies in the study (of which 53% were small scale, 31% large and 16% medium-sized), 80% cited electricity costs as the main hindrance to growth – which is forecast as average for Central America (*see sidebar*) and competitiveness. As if to illustrate the point, the following day Costa Rica's utilities' regulator, Autoridad Reguladora de Servicios Públicos (Aresep) approved yet another increase in fuel prices – the third so far this year - with a litre of 'super' gasoline now costing C\$786 (US\$1.41), up from C\$778 (US\$1.40), and that of diesel costing C\$689 (US\$1.24), up from C\$677 (US\$1.22). In mid-March the local daily *El Financiero* had cited figures from Aresep showing that electricity tariffs had risen by 33% in the past six years – from C\$61.15 (US\$0.11) per kWh in 2007 to C\$81.31 (US\$0.15) in 2013 [WR-14-11].

**Proposals**

The cost of electricity had previously led private sector lobbies like the UCCAEP to call for the approval of a bill proposed by Solís's predecessor, Laura Chinchilla, of the centrist Partido Liberación Nacional (2010-2014) which, among other things, would raise the permitted limit of energy generated by private companies, from 15% to 25% of the total. However, business representatives cited in the local press at the time of the release of the CICR study appear to have abandoned this idea, aware that any mention of privatisation is unlikely to be well received. Instead they are proposing other measures like removing taxes on fuel or cutting the costs of bureaucratic procedures.

So far Solís has yet to provide a satisfactory response to the private sector. Having pledged in his manifesto to cut tariffs through revising the conditions of loans offered by the Instituto Costarricense de Electricidad (ICE) - the state run electricity and telecommunications services provider – and improve the efficiency of state-run generating facilities, on 13 May he said that he will call on the Aresep and the state oil refinery, Recope to revise the methodology of adjusting fuel tariffs in the country, with the aim of lowering prices.

**FDI up**

Despite the private sector doom and gloom and continued concerns regarding investment, it is worth pointing out that foreign direct investment (FDI) in Costa Rica continues to rise.

According to the latest (May 2014) report by the Economic Commission for Latin America & the Caribbean (Eclac), FDI inflows were up 15% last year, reaching US\$2.68bn - the highest level ever. The report notes that "manufacturing, mostly maquila activities, used to receive the bulk of FDI entering Costa Rica, but a series of reforms in 2011 opened the door to FDI in electricity, insurance and telecoms and shifted the distribution towards services." The report also noted that "for the first time, real estate activities received the largest share, at US\$1.2bn, on the back of several hotel, shopping mall and office complex developments, mostly by companies from other Central American countries".

**Growth**

A May report by the Economic Commission for Latin America & the Caribbean (Eclac) forecasts 4.0% GDP growth for Costa Rica for 2014, up from 3.5% in 2013, which was down from 5.1% the previous year. The 2014 figure for Costa Rica is average for Central America - above El Salvador (2.3%); Honduras (3.0%) and Guatemala (3.5%) but below Panama (7.0%) and Nicaragua (5.0%).

## Donohue leaves Havana smiling

**“Why is Tom Donohue shilling for Cuba?” was among the irate reactions to the news that the president of the US Chamber of Commerce, arguably the world’s most powerful business lobby group, had met Cuba’s President Raúl Castro at the end of his controversial three-day trip to Cuba.**

Donohue, whose obvious enjoyment in Havana at times seemed almost deliberately aimed at the fuming anti-Cuba lobby back home – before leaving he cheekily suggested he might snap up some waterfront property – did not reveal too much but told journalists that “We talked about steps forward that might be taken by both countries to improve US- Cuba relations”.

“It was positive and we expect to talk again [...] I think he’s a hopeful man,” Donohue added, after his unscheduled meeting with Castro and the foreign trade and investment minister, Rodrigo Malmierca, on 29 May, in a last-minute addition to his three-day trip to the country.

Donohue, long an opponent of the US trade embargo on Cuba and who was accompanied on his trip by representatives of the US agri-giant Cargill, among others, also addressed a conference at the University of Havana in which he urged Cuba to accelerate and extend market-friendly economic reforms, saying that international investors would respond and suggesting that it might be the best way to improve relations with the US.

“We deeply believe that countries with strong private sectors, free of excessive government control and ownership, will have the most successful and productive economies [...] The more Cuba can do to demonstrate its commitment to reform, and the more it can do to address and resolve disputes in our relations, the better the prospects will be for changes in US policy,” he said. He cited Vietnam and China as pointers.

Welcoming Cuba’s new foreign investment law, Donohue noted the specific need for legislation on the protection of intellectual property rights and an independent arbitration mechanism.

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### TRACKING TRENDS

**GUATEMALA | Central America’s largest solar park now open.** On 28 May Guatemalan officials inaugurated a new US\$14m solar energy farm with an installed capacity of 50 kilowatts (KW). The so-called ‘Sibo park’ is the largest installation of its kind in Central America, surpassing Costa Rica’s 10KW Miravalles solar park.

Sibo is located near Estanzuela, in the eastern department of Zacapa. It is a joint venture between a local firm, Grupo Green, Spain’s Gran Solar and Swiss investment fund, Grupo Ecos. Sebastián García-Prendes, an engineer for Grupo Green, explained that the local topography and temperature levels (which regularly peak at over 30° C) were instrumental in deciding the plant’s location.

Inaugurating the new plant, President Otto Pérez Molina said that the “historic” project will help Guatemala “move towards renewable energy” and that “with projects like this we are sure that the country’s economy will keep on growing in order to help many families that today live in poverty”. Pérez Molina also remarked on the swiftness with which the plant was constructed, in a “record” four months (January-April 2014).

The plant is contracted to provide energy for the next 16 years to an energy distribution line managed by local firm, Energuate. It is calculated that the Sibó plant will supply energy to approximately 24,000 households. Back in April Dimas Carranza, a member of Energuate’s board, said that he believed that the energy produced by Sibó would provide a viable alternative to that produced using bunker fuel, due to the lower average price per unit.

### Donohue responds to critics

“Those of us who oppose the embargo are often accused of excusing or ignoring the Cuban government’s record on human rights and personal freedom,” Tom Donohue said, addressing his critics back home. “In fact they need to be addressed by our governments in a constructive and ongoing dialogue.”

### Quotes of the week

“When I hold talks, they say it is a pact. When others hold talks, they say ‘how civilised they are.’”  
*Argentina’s President Cristina Fernández on inaugurating a motorway expansion in Buenos Aires alongside opposition mayor, Mauricio Macri.*

“[Uruguayans will have to choose between] an under-20 [football] team or a team that has experience.”  
*Uruguay’s former president Tabaré Vázquez launches his election campaign by using a football metaphor ahead of the World Cup in taking aim at the opposition’s young pretender Luis Alberto Lacalle Pou.*

“Deep down Colombians know perfectly well that the real leader of the extreme Right (former president Alvaro Uribe) will not allow there to be peace [...] because he would lose his raison d’être.”  
*Colombia’s President Juan Manuel Santos on the shift towards acceptance of the peace talks by his rival Óscar Iván Zuluaga.*

### Region unites to salute Spain’s abdicating King

Latin America’s heads of state were united in praise of Spain’s King Juan Carlos I, who announced his abdication on 2 June, for his commitment to democracy and deepening Ibero-American ties. The first King to visit Latin America, he forged strong rapports with many regional heads of state, visiting every country. His son, Felipe, Prince of Asturias, who was in El Salvador for the investiture of Salvador Sánchez Cerén on 1 June, will formally succeed him on 18 June. This was Felipe’s 79th official foreign trip to the region. His first was to Colombia in 1983 and he has attended every presidential inauguration since 1996.

King Juan Carlos, to the casual foreign observer, will be best remembered in connection with the region for his famous rebuke at the 2007 Ibero-American Summit in Chile of Venezuela’s then-president Hugo Chávez (1999-2013), “¿Por qué no te callas?” (“Why don’t you shut up?”), which went viral, adorning T-shirts and even becoming a ringtone (although by 2011 Chávez was calling him “a great guy”). His abdication follows a swift fall from grace in Spain, coinciding with the country’s economic and unemployment crisis: his popularity went into irreversible decline after he was photographed in 2012 in Botswana alongside an elephant he had shot, and lurid tales of his extramarital affairs emerged.

He is remembered more fondly in Latin America – and by presidents of all political persuasions. “In Spain a King is abdicating, and Latin America is losing a friend,” Argentina’s President Cristina Fernández said while praising the King’s defence of Spanish institutions and democracy, which she said had given “courage to those fighting Latin America’s dictatorships”, and predicting he would become “an icon”. Colombia’s President Juan Manuel Santos called him “a great defender of democracy and peace” and “a symbol of the union of the Ibero-American people”; and Ecuador’s President Rafael Correa, who received Princess Elena de Borbón in Quito on 2 June to discuss social and education projects, called him “a very dear friend” for whom he had the utmost respect.

Honduran President Juan Orlando Hernández enlarged upon the King’s role as “the driving factor behind bringing together the Ibero-American community, by forging the heads of state summit [...] to discuss our shared problems”. The first annual Ibero-American summit took place in 1991 in Guadalajara, Mexico, helping to entrench trade and cultural links with Spain and across the region. It has gone into decline somewhat in recent years due to the preponderance of other regional summits.

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