

latin american weekly report

24 July 2014, WR-14-29

ISSN 0143-5280

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This edition of *Latin American Weekly Report* has been produced for Canning House Corporate Members by LatinNews (www.latinnews.com).

Latin American Newsletters since 1967

Is Mexico's Left impotent over energy reform?

The concluding phase of Mexico's landmark energy reform – a combination of 21 new secondary bills and amendments to existing laws, which are intended to open up the country's oil and gas sector to foreign investors – appeared this week to be progressing relentlessly through congress. For some, the apparently irresistible advance of the pro-reform steamroller, led by the ruling Partido Revolucionario Institucional (PRI) and the opposition Partido Acción Nacional (PAN), confirms the divisions and impotence of the Mexican Left. Others say the Left is still in the game, and may yet be able to block or significantly alter the proposed shake-up of the oil and gas sector.

There is now an air of inevitability about the energy reforms in Mexico, designed to end the monopolies enjoyed by state oil company Pemex and electricity company Comisión Federal de Electricidad (CFE), introducing instead a mixed and regulated market where they will be required to associate and compete with private sector players. The changes required a primary or constitutional reform – which was duly voted through by congress last December – and a raft of complex secondary or enabling bills that are being rushed through now. The reason they are speeding through the legislature is mathematical. In the senate, the PRI and PAN together control 74% of the available seats, while in the chamber of deputies they have 65% of the total. In the absence of any disagreements or last minute squabbles between these two parties, which together represent the centre and Right of Mexican politics, they have the votes to carry the day. With some exceptions, hundreds of amendments have been listed and routinely voted down without discussion. "No matter who may disagree, we are the majority," said a triumphalist PAN senator, Javier Lozano.

Mexico's Left may indeed be on the verge of a historic defeat. Somehow, 76 years of a proud culture of oil nationalism, built up since the expropriation of foreign oil companies in 1938, is about to be swept aside. Tellingly perhaps, some of the main opponents of the reform are, to put it bluntly, older men, all of whom were formed inside the PRI in its period of nationalist orthodoxy when it ran a one-party state in Mexico. They include Cuauhtémoc Cárdenas (80) son of the late Lázaro Cárdenas (who as President in 1934-40 famously expropriated US and British oil companies). Cuauhtémoc is now the elder statesman of the left-wing opposition Partido de la Revolución Democrática (PRD). Also among them is the combative Andrés Manuel López Obrador (somewhat younger at 60), a serial presidential candidate who stood for the PRD in 2006 and again in 2012. After the 2012 elections López Obrador, often referred to as AMLO, resigned from the PRD to set up the Movimiento Regeneración Nacional (Morena) which has just been provisionally registered as a national party. Relations between Cárdenas and AMLO, often rivals for leadership of the Left, have been prickly. Another veteran PRI

Supreme court

One difficulty is that opponents of the referendum argue that the energy reform is in fact a tax matter (since Pemex accounts for 40% of government revenue) and must be excluded. It is therefore possible that the supreme court will not validate a *consulta* at all. In that case tensions between the Left's PRD and Morena over how to respond may again come to the fore.

governor and minister is Manuel Bartlett Díaz (78) who is now a senator leading the small Partido del Trabajo (PT). In ideological terms, this generation speaks an entirely different language to that of the now technocratic and reformist PRI under President Enrique Peña Nieto (48). They cannot for example accept Peña Nieto's argument that Pemex will not be privatised but just made to compete. Some, such as Bartlett, insist that there is a conspiracy, and that Peña Nieto intends to sell off the nation's oil to foreigners, and is therefore guilty of *traición a la patria* – treason.

One of the tensions on the Left is that AMLO, with no congressional representation and renewed ambitions to run for the presidency in 2018, favours extra-parliamentary agitation and protests – in other words a militant campaign of street action against the reforms. By contrast the PRD, with a significant presence in congress, control of four of Mexico's 32 federal entities, and its own ambitions for 2018, is keen to show itself to be a responsible player, and one capable of negotiating and delivering agreements. The current party leadership under *los chuchos* (a faction associated with party president Jesús Zambrano) is particularly keen to establish its credentials for responsibility and stresses the way it collaborated with the PRI to bring in education and fiscal reforms last year, and the telecoms reforms this year. The fault line within the Left is potentially fatal to its overall effectiveness.

While the Left is in a minority in congress, on the energy issue it appears to be -for the moment at least - in tune with the country at large, and much of the debate depends on whether it will be able to take advantage of the opportunity, or whether it will end up wasting it. A survey carried out by think tank CIDE in June 2013 had 65% of respondents opposing foreign investment in the oil industry. However, Tony Payan, a specialist at the Mexico Centre of the Baker Institute in Houston believes that in the last six months the pendulum has swung some 10-15 percentage points back in favour of the government, as the administration has remained 'on message' over the reform's ability to boost employment and growth.

In theory there is one course of action on which all the different strands of the Left can rally round despite their internal rivalries. That is that to oppose the energy reform they will invoke a constitutionally mandated referendum process – the *consulta popular* – to overrule congress. The *consulta* will, the Left hopes, be held on 7 June 2015, simultaneously with federal mid-terms and elections for local authorities across 17 states. PRD Senate leader Miguel Barbosa summed up what is being proposed: as he put it "the votes of dozens of senators or hundreds of deputies [supporting the energy reform] are no match for the will of millions of people that want a popular consultation". In Bonapartist style, the Left wants to appeal over the heads of congress to the Mexican people at large.

But the road to a "roll back referendum" is a deeply uncertain one. The relevant legislation was introduced in March this year but is still unregulated and very much open to interpretation. Referendums must be on subjects of "national importance", but tax and revenue issues are excluded. If less than 40% of the registered electorate vote, the results are non-binding. A *consulta* can be called by 33% of the members of either house of congress, but will also need a simple majority vote within either to decide whether it is deemed of national importance – suggesting that this route will not work for the Left. A *consulta* can also be called by the President – another option that won't work. Thirdly it can also be triggered when its proponents are able to gather the signatures of 2% of the registered electorate. This is the route the Left has chosen, but even if the signatures can be gathered and validated, it will still need the supreme court to rule that the subject matter comes within the terms of the law, which is far from certain (*see sidebar*). Although the thought is sacrilege for old guard energy nationalists, it is also possible that public opinion will by then have lost interest and moved on to other issues.

Six and counting**Urresti**

Some in the opposition were moved to question why it is that René Cornejo was able to do the honourable thing and resign for allegedly seeking to defame a legislator, while the interior minister, retired army general Daniel Urresti, is staying put in the face of allegations (which are being investigated) that he ordered the murder of a journalist in 1988 [WR-14-27]. Urresti was confirmed in his position by President Humala after Cornejo's resignation prompted the entire cabinet, as is customary, to tender their resignations. Humala also confirmed all the rest of his ministers in their positions.

Two a year. That is how swiftly President Ollanta Humala is getting through prime ministers. On 22 July Humala swore in Ana Jara as his sixth prime minister six days before he marks his third anniversary in power with a traditional state-of-the-nation address before congress. Jara, who becomes the third female to hold the position in Peru's history, replaces René Cornejo who lasted just five months. The odds are heavily stacked against Jara bucking this trend and being in place when Humala delivers his fourth address to congress, although if the economic stimulus measures recently rolled out (more of which are due to be announced on 28 July) revive Peru's rapid rate of growth before the end of the year, she will have a fighting chance.

Jara was one of only two cabinet changes. Fredy Otárola will replace her as labour minister when he steps aside as president of congress on 26 July. Cornejo was forced to resign by President Humala after revelations by the investigative TV show, *Cuarto Poder*, at the weekend. This showed a video on which Cornejo's closest aide, Luis Zegarra, can be seen handing money to a former official at the housing ministry, Carlos Franco, to dig up dirt to discredit Víctor Andrés García Belaunde, an opposition legislator. García Belaunde had accused Cornejo of conflict of interest before the attorney general's office in his previous role as housing minister, which he held until last February. García Belaunde presented evidence that Cornejo was director of a consultancy firm, Helios, which won seven public contracts amounting to some NS\$1m (US\$358,000) from the government between July 2011 and October 2012.

After Humala swiftly came out and condemned "these sorts of practices", which he said would not be permitted in his government, Cornejo revealed on 20 July that Zegarra had been removed from his post and had acted without his consent. When García Belaunde responded that this was scarcely credible, Humala compelled Cornejo to resign. García Belaunde expressed his satisfaction at Cornejo's departure, saying he had "to assume political responsibility".

New broom

Jara is the first female prime minister to serve under Humala and will provide an intriguing dynamic with the politically active First Lady, Nadine Heredia. This dynamic has been fraught with difficulties for each and every one of Jara's five predecessors under Humala. Jara, who has also served as women's minister, has a good rapport with Heredia and has frequently jumped to her defence when opposition politicians have accused her of unwarranted interference in government business.

Jara is the first member of Humala's Partido Nacionalista Peruano (PNP) to hold the position of prime minister under him, which marks a departure from a succession of technocrats. Otárola is also a director of the PNP. Many of Humala's leftist allies have long since deserted him, however, due to his reliance on technocrats and his perceived failure to deliver on a campaign promise to deliver economic growth with social inclusion.

At the moment, Humala is struggling just to deliver the growth. After a decade of high growth, the economy is slowing down, prompting Humala to push through congress a series of stimulus measures, more of which are in the offing. Jara expressed her confidence that Peru would recover its sustained high economic growth, and generate employment, which she said was "the most efficient tool for social inclusion". She promised that her cabinet would work "tirelessly" to be "close" to the public.

Maduro's three key tests

President Nicolás Maduro faced a political test, an economic test and a diplomatic test this week which will define his future. The political test was provided by the elections on 20 July for the five-day party congress of the ruling Partido Socialista Unido de Venezuela (PSUV) which begins on 26 July when Maduro hopes to be elected party president. The economic test consists of the measures being prepared by his government in the name of "economic revolution" which are expected to be outlined during the congress. The economy, however, will remain highly dependent on external credit sources - and this was the diplomatic test. Maduro entertained China's President Xi Jinping in Caracas this week. If Xi was coming to inspect what there is to show for the vast sums of cash China has pumped into Venezuela, as several commentators speculated, Maduro passed this test, as Xi extended yet another credit line – for US\$4bn.

PSUV members elected a total of 537 delegates for the party's third national congress and first since the death of former president Hugo Chávez (1999-2013) from 5,156 candidates. The president of the national assembly, Diosdado Cabello, professed himself to be "very satisfied" with the elections, arguing that the party grassroots had set "an extraordinary example for the country" and that "no force is capable of dividing the PSUV". The undercurrents of tension, however, have been there for some time and they burst to the surface when President Maduro recently fired his planning minister Jorge Giodarni, who responded by accusing Maduro of economic mismanagement and a drift towards capitalist orthodoxy, and by denouncing official corruption. When a former cabinet minister and PSUV director, Héctor Navarro, publicly backed Giordani he was summarily suspended from the party.

Cabello would not be drawn on the size of the turnout; he previously set the goal of 70% of the 7.5m the PSUV boasts as registered party members, or more than 5m. The deafening silence has not been lost on pro-Chavista media such as *Aporrea.org*, which has turned fiercely critical of Maduro. Nicmer Evans, a columnist for *Aporrea* who recently noted witheringly that "it seems that revealing truths and proposing solutions is counter-revolutionary", urged the "political caste" to "shut up and listen for the good of Chavismo". Evans intimated that the only reason figures for participation had not been released by the (normally impeccably efficient) national electoral council (CNE) was because turnout was desperately low. The foreign minister, Elías Jaua, responded to the criticism by arguing that turnout was "well within the range of our estimates" but he moved the goalposts by saying that it was "three or four times the *active* membership" of the PSUV which he conveniently put at just 400,000.

Gonzalo Gómez Freire, the national coordinator of Marea Socialista, a party on the far left of the PSUV movement, said low turnout showed "discontent and dissatisfaction" with the direction of the Bolivarian Revolution. Gómez and other dissidents complain that many of the candidates who will be 'elected' delegates are close allies of PSUV leaders, cabinet ministers, governors and mayors, including, for instance, Nicolás Ernesto Maduro Guerra, the 24-year-old son of President Maduro.

If failure to represent the grassroots conspired against turnout, it was necessary for the government to avoid too many dissident delegates being elected to the party congress. Cabello announced last week that the congress would be extended by three days, and would now run from 26 to 31 July, because there was so much to discuss. This adds credence to rumours that Maduro, who is keen to be elected head of the party as well as head of state during the

Opposition mayor murdered

The mayor of Arismendi, Enrique Franceschi, was stabbed to death in his own home by unknown assailants on 20 July. Franceschi belonged to the opposition coalition Mesa de Unidad Democrática (MUD), whose leader Henrique Capriles Radonski tweeted his condolences. Arismendi is a municipality of 35,000 inhabitants in the north-eastern state of Sucre.

Xi and Maduro

President Xi said during his visit that Venezuela had become “a priority destination for Chinese investment”. Far more effusive, President Maduro lavished praise on China, the consummate cash cow, as “the most important emerging economic power in the 21st century”. He added: “It is showing that another world is possible and that only with respect and cooperation, can you truly build another humanity and [...] a world where old colonialism is left behind.”

congress, could present his economic adjustment package and state restructuring proposals to be able to claim the full support of party grassroots.

Maduro strenuously denies criticism from dissidents that he is tacking towards orthodox capitalist positions. “There has not been nor will there ever be an economic packet [a reference to the *paquetazo*, a series of painful shock economic policies adopted by the government of Carlos Andrés Pérez (1989-1993)] in Revolution ... here there is economic revolution,” Maduro said, shortly before announcing he was dispatching his economy czar, Rafael Ramírez, to New York to participate in a round of conversations with international banks about financing for his government’s development plans, on 23 July.

Continuing to rely on Chinese financing

“It’s a virtuous formula that allows for financing and development without creating heavy debt like in the old system,” President Maduro said after China’s President Xi agreed to provide an additional US\$4bn to the Venezuela-China mixed fund on 21 July. Venezuela supplies China with 524,000 barrels per day (bpd) of crude in exchange for the finance it receives. Maduro said that Venezuela would almost double its oil exports to China to 1m bpd by 2016.

“If we are the country with the biggest oil reserves in the world, why do we have to indebt ourselves to China?” the opposition leader, Henrique Capriles Radonski, wrote on social networks. “The debt we have with the Chinese government is the equivalent of twice our reserves,” he added, accusing the government of mortgaging the future of the younger generation and denouncing corruption related with the opaque China investment fund. The foreign minister, Elías Jaua, accused Capriles of “lying shamefacedly”, maintaining that 90% of the US\$56bn debt run up with China since 2008 had been cancelled through oil sales.

Maduro signed a battery of new agreements with Xi, including a dozen economic cooperation and finance deals worth some US\$5.69bn and covering the energy, infrastructure, mining, telecommunications and banking sectors. They also inked a new memorandum of understanding for China’s Export-Import Bank to provide a US\$1bn credit line to the state oil firm, Pdvsa, for the purchase of goods and services to help boost oil production levels.

BOLIVIA | POLITICS

Morales’ “social conscience” raises eyebrows

The left-wing Movimiento al Socialismo (MAS) government led by President Evo Morales has made international headlines after passing a new law lowering the legal age at which children can work in some circumstances from 14 to ten. While Morales has previously defended the move as part of Bolivia’s “social conscience”, a reflection of the reality of the situation in the country and part of efforts to help Bolivians living in poverty, the new law has provoked outspoken concern from international activists who warn that it bucks the trend in terms of regional efforts to protect children.

In the absence of President Morales (who was in Brasília for the Brics-Union of South American Nations [Unasur] summit), the acting head of state, Vice-President Álvaro García Linera promulgated Law 548, on the rights of children and adolescents - ‘Código Niño, Niña y Adolescente’ - on 17 July. Sanctioned by the senate on 26 June and the lower chamber on 2 July, the law fixes the minimum age to work as 14 although it stipulates that in “exceptional” circumstances, the ombudsman for children and adolescents can authorise children between 10 and 14 to work on a self-employed basis, and 12-14 year-olds on a contractual basis, as long as it does not affect their right to education and they have parental consent. The law, which also sets out a list of jobs considered too dangerous for child workers in sectors like mining, guarantees the same rights for children aged 14 and above as those benefiting adults.

Other provisions

The new law on children and adolescents (Ley 548) includes other provisions like a 30-year prison sentence for infanticide, as well as introducing sanctions for bullying and violence against children.

The law has been well received by the Unión de Niños, Niñas y Adolescentes de Bolivia (Bolivian Union of Child and Adolescent Workers – Unatsbo), which represents over 10,000 child workers across Bolivia and has long maintained that children have the right to work. At the end of last year Unatsbo made headlines after its members clashed with police outside congress while protesting another legislative proposal which would have banned those under 14 from working. Himself a former child worker, Morales has maintained the legislation is necessary to stamp out exploitation of child workers. According to Bolivia's human rights ombudsman, some 850,000 children under the age of 14 are employed in the country, or 28% of the 5-17 year-old population.

Yet the reform remains controversial. Human rights activists point out that it contravenes the 1973 Minimum Age Convention of the International Labour Organization (ILO) to which Bolivia is a signatory. This convention sets the minimum labour age at 15, although Bolivia's is set at 14 years of age (exceptions are allowed under the convention for some less developed countries). International human rights activists like Jo Becker, the children's rights advocacy director at New York-based Human Rights Watch (HRW), called the law "misguided" and "short-sighted" and warned that child labour "may be seen as a short-term solution to economic hardship, but is actually a cause of poverty". Calling on the Morales government to invest in other ways to lift the poorest families out of poverty, Becker also pointed out that "Bolivia's move is out of step with the rest of the world".

Presidential line-up finalised

Five presidential candidates have registered ahead of the 14 July deadline to take part in Bolivia's general elections on 12 October – a record low since Bolivia's return to democracy in 1982. The candidates are: President Morales (MAS); Samuel Doria Medina of the centre-right Unidad Demócrata (UD) alliance; the former La Paz mayor, Juan del Granado (2000-2010), who is running for his left-wing Movimiento Sin Miedo (MSM), a former MAS ally; former president Jorge Quiroga (2001-2002), who is standing for the Partido Demócrata Cristiano (PDC); and Fernando Vargas, who is running for the environmentalist Partido Verde de Bolivia (PVB).

ECUADOR | POLITICS

Correa shows pragmatic side

Ecuador's President Rafael Correa reached two significant agreements last week with a politician he accused back in February of representing right-wingers intent on destabilising his government. Correa's two-hour meeting with the new opposition mayor of Quito, Mauricio Rodas, who defeated the ruling Alianza País (AP) incumbent mayor Augusto Barrera in last February's elections, resulted in transport accords related to the metro and trolleybus systems.

Correa and Rodas promised to keep channels of communication open, and the constructive dialogue suggests that, beyond the rhetoric, Correa is able to work with political adversaries. This has proved beyond some of the region's radical Left. Venezuela's late president Hugo Chávez (1999-2013), for instance, denuded the elected (opposition) mayor of Greater Caracas, Antonio Ledezma, of power in April 2009 by appointing a head of the Capital District, Jacqueline Farías, assigning her 90% of the resources Ledezma had received.

President Correa confirmed to Rodas that his government would provide US\$750m for the metro. The meeting took place after four consortiums presented bids for phase two of the project to construct 13 of the 15 stations and complete tunnelling works to lay the track, and Correa and Rodas promised to evaluate and discuss them.

Ecuador gets EU trade deal

On 17 July negotiators from Ecuador and the European Union (EU) finalised a deal for Ecuador to adhere to the existing EU Association Agreement with Colombia and Peru. The EU is Ecuador's biggest market for non-oil exports. EU-Ecuador trade was worth €4.9bn (US\$6.6bn) in 2013, on official EU figures, with Ecuador's exports totalling €2.5bn (US\$3.4bn), giving the Andean country a small surplus. Ecuador's export sector estimates that existing exports to the EU could rise by US\$500m under the new agreement. However, the deal still requires ratification by the parliaments of each of the EU member states, so it is expected that it will only come into full effect in the second half of 2016.

Four multilaterals – the World Bank (WB), the European Investment Bank (EIB), the Development Bank of Latin America (CAF) and the Inter-American Development Bank (IDB) – have signed agreements to provide funding to the tune of US\$900m for the project, but this could still leave a shortfall of up to US\$700m based on the bids presented for phase two.

The 23km metro system is scheduled for completion in 2016. It will carry 400,000 people a day, reducing notorious traffic jams in the capital, improving air quality, and saving an estimated 120m hours of productivity a year by allowing commuters to criss-cross Quito in just 34 minutes as opposed to the current average of some two hours.

Correa also told Rodas that US\$15m would be made available from Ecuador's State bank (Bede) to revamp Quito's electric bus system. Rodas had savaged his predecessor for the poor upkeep of the system and for failing to attract bidders in a public tender for 40 new trolleybuses meaning the funds had to be returned to the Bede. Rodas declared the capital's public transport system to be in a state of emergency on 30 June. He claimed that 58% of the 235 electric buses in Quito were in a poor state of repair and 25% out of order.

Rodas said that under his planned improvements, bus stops would be totally overhauled, with the provision of a free Internet service and digital information screens updating the arrival times of buses. He also said that (unspecified) rigorous measures would be taken to stop private companies from using the exclusive rapid transit lines used by the electric buses, and that 100 metropolitan police would be assigned to designated 'high-risk' areas to improve safety to cut down on theft.

TRACKING TRENDS

PERU | Growth forecast cut. The central bank (BCRP) has revised down its economic growth forecast for the year from 5.5% to 4.4%. The new forecast is the lowest growth projection for the Peruvian economy since 2009, seemingly providing confirmation of a marked slowdown this year. In fact, this is the second time that the BCRP has cut its growth forecast for the year, having first done so back in May [WR-14-17].

In its report, the BCRP said that it had decided to revise down its forecast primarily due to a projected reduction in primary sector activity from 3.1% to 0.9%. The report explained that this was the result of an estimated fall in production in the fisheries sector in the second half of the year due to an expected increase in sea temperatures as a consequence of the El Niño climatic phenomenon. The BCRP report also pointed out that less favourable terms of trade and lower public sector investment led to lower-than-expected growth in the first months of the year. The less favourable terms of trade allude to both the sustained appreciation of the Sol since the start of the year (it has appreciated by 8.58% so far this year, trading at PEN2.866/US\$1 in early July) and lower global demand for Peru's key mineral exports (traditional exports fell by 30% in the first quarter of the year).

Given this adverse scenario, the BCRP also revised its trade balance projection for the year. It now believes that Peru's trade deficit in 2014 will be 4.8% of GDP, higher than the 4.3% of GDP it had originally forecast. The BCRP's latest outlook for the domestic economy helps explain why the government of President Ollanta Humala is now scrambling to introduce a series of measures such as eliminating red tape and introducing temporary tax breaks aimed at boosting investment and domestic consumption levels.

The government first sent an economic stimulus package containing some of these measures to the national congress on 11 June. The package is still being analysed by congress; however, just days prior to the release of the BCRP's latest report, on 15 June, (the now former) prime minister, René Cornejo, revealed that Humala will unveil a new economic diversification plan, that is to include additional measures aimed at removing further bureaucratic restrictions on investment, in his third state-of-the-nation address to congress on 28 July.

Ruling FA suffers electoral setback

Campaigning has got underway in earnest ahead of general elections on 26 October after a five-week hiatus for the Fifa World Cup. The main point of interest in the presidential campaign is which of the two opposition parties manages to get the upper hand to secure a berth in a likely second round against former president Tabaré Vázquez (2005-2010) of the ruling left-wing Frente Amplio (FA) coalition. A corruption scandal in the public health sector suggests that after nearly 10 years in power with congressional majorities, the FA is showing signs of wear and tear, giving the opposition renewed confidence that not only can it deny the FA a coveted third straight majority in congress but that it might even be capable of upsetting Vázquez in a run-off.

Health scandal

The director of Uruguay's main health services provider ASSE, Alfredo Silva, was compelled to resign on 21 July after he was formally charged with influence peddling. Silva was a trade union director elected to the five-strong ASSE board of directors by employees. He was accused, along with nine others, of sending emails to the directors of 22 hospitals and public health centres urging them to contract certain companies, including a cleaning cooperative (La Buena Estrella) which he helped to form, at an inflated cost.

The timing could scarcely have been less opportune for the FA. Fed on a diet of scraps for months, the opposition suddenly had something substantial to sink its teeth into and it tucked in with relish.

The opposition has long claimed that the FA administration has a far too cosy relationship with the country's umbrella trade union Plenario Intersindical de Trabajadores-Convención Nacional de Trabajadores (PIT-CNT), allowing it too much influence. The FA shielded Silva by refusing to allow an investigation into his alleged wrongdoing when it first emerged two years ago. The presidential candidate for the opposition Partido Colorado (PC), Pedro Bordaberry, used a special press conference to drive home this point, arguing that the FA had misused its majority in the legislative assembly to block not just this but also other investigations. By doing so Bordaberry indirectly appealed to the public not to return the FA with a third straight legislative majority in the interests of accountability and transparency.

Bordaberry went on to insist that trade unions should have a voice on public organisations but not a vote (*see sidebar*). He also demanded the resignation of the health minister, Susana Muñiz, who FA legislators have reluctantly agreed to summon to congress to face questions. Bordaberry said Muñiz was "politically responsible not just because something about which she should have known was happening but that she was also warned about".

Vázquez jumped into damage limitation mode, arguing that the ASSE case was "not the rule; it is the exception", and insisting that irregularities in public hospitals did not start with his government but (rather conveniently) with that of former president Luis Alberto Lacalle (1990-1995) of the Partido Nacional (PN, Blancos). Lacalle is the father of Vázquez's main rival in October's elections: the PN candidate, Luis Alberto Lacalle Pou.

Muñiz, meanwhile, said that the government would set up a working group to review the influence of trade unions in the running of different public

Union representation

According to legislation approved by the current Frente Amplio government, various public organisations have representatives of employees chosen by the PIT-CNT trade union in consultation with the executive on their board of directors. The health minister, Susana Muñiz, said a working group would weigh up the best way to provide "more guarantees", such as the possibility of precluding union leaders from being the representatives of workers on boards in future.

Senator shot

To compound the Frente Amplio's woes this week, Senator Rafael Michelini, a member of Nuevo Espacio, part of the FA coalition, suffered a bullet wound to the leg after being set upon by two assailants while approaching the door to his home in an upper middle class district in Montevideo. Michelini was carrying supermarket bags back late in the evening after a long senate session in which the health corruption scandal was being discussed. His assailants fled after the report of the gun before the police could arrive. Insecurity has been the main public concern since 2008 and is an area in which the opposition hopes to exploit the FA government's failings in the electoral campaign.

organisations. Another unionist official in the ASSE, Heber Tejeira, was charged with the same offence as Silva, as well as bribery.

The presidential secretary, Homero Guerrero, said that President José Mujica, together with the cabinet, would appoint Silva's replacement, although the PIT-CNT does not seem to share this take on matters. The PIT-CNT leadership proposed the creation of a commission this week to come up with a replacement, who will then be approved by the PIT-CNT. The proposal, which would also see the commission control the PIT-CNT's representative on the ASSE board of directors, was approved.

Opposition rallies

Although Bordaberry landed the heaviest blows in the wake of the scandal, Lacalle Pou is best-placed to reap the dividends. Lacalle Pou has smoothly negotiated what many local political commentators thought (and PN members feared) was impossible: uniting the party.

The PN looked like facing significant internal tension after playing out the only genuine primary election contest in June. But Lacalle Pou immediately reached out to his defeated rival, Jorge Larrañaga, who had threatened to go into political retirement, in an effort to heal the internal rift by offering him the vice-presidential candidacy.

After several meetings behind closed doors Lacalle Pou and Larrañaga have almost thrashed out a common plan of governance: Larrañaga has agreed to accept Lacalle Pou's support for the marijuana law, for instance, while Lacalle Pou has agreed to include Larrañaga's proposals for decentralisation in the party's programme. The two men will be formally proclaimed as running mates at a party convention on 26 July.

Colorado travails

Meanwhile, the Colorados are in turmoil. Bordaberry's dominant faction of the party, Vamos Uruguay, selected Germán Coutinho, the intendant (governor) of the northern department of Salto as his vice-presidential candidate. Coutinho is secretary general of Vamos Uruguay. Propuesta Batllista, the PC faction which backed Bordaberry's defeated rival in the party primaries, José Amorín Batlle, held a congress on 12 July during which it rejected "the unilateral procedure" by which the presidential slate was selected and demanded "fair and impartial treatment". It derisively dismissed the Bordaberry-Coutinho slate as "bread with bread".

Bordaberry sought to downplay the tension, saying that in a party of "free men and distinct visions, unanimity is impossible [...] but I am sure we will have unity". His aim is to reach out to younger Uruguayans unaffiliated to any party and compete with the youthful appeal of Lacalle Pou, 40: Bordaberry described Coutinho, 44, as part of a new political generation who deserved to have his chance.

Bordaberry arguably had little choice but to pursue this risky strategy in a bid to compete with Lacalle Pou for a place in a likely run-off against Vázquez in November. But it could easily backfire. Feeling unrepresented, disgruntled members of Propuesta Batllista might decide to throw in their lot with the Blancos.

On the plus side for Bordaberry, Coutinho has more going for him than just his youth. He is a tested and experienced politician. He also just happens to be the most popular of all of Uruguay's 19 departmental intendants, according to a survey by the local pollster Equipos Mori last February, with an approval rating of 75%. Salto is the fourth largest department by population, with some 125,000 inhabitants.

Up one place in Human Development Index

On 24 July the United Nations Development Programme (UNDP) released its annual Human Development Index (HDI) report. Brazil rose one place to occupy the 79th position in the list of 187 countries surveyed. Only 37 other countries rose in the rankings; 114 countries kept their position; 35 dropped down the list. Brazil continues to lag behind most other Latin American countries in the index, which measures life expectancy, education and income.

The HDI grades countries on a scale of 0 to 1, with 1 representing the highest level of development. Top of the list was Norway, with a score of 0.944. Brazil scored 0.744, a figure that puts it in the category of countries with a high level of human development (for all those countries with a score higher than 0.7). Of the other Latin American countries, Chile came top in 41st place, with 0.822; followed by Cuba in 44th, with 0.815; then Argentina, in 49th, with 0.808.

Among the Brics, Brazil was second only to Russia, in 57th place with 0.778. Brazil's rate of progress, however, is slow. Between 2012 and 2013 the country rose 0.27 points in the index; only Russia's rate was slower. Compared with its Latin American neighbours, Brazil's increase was only superior to that of Argentina (0.25) and Venezuela (0.13). Life expectancy in Brazil is 73.9 years; a child born today can expect 15.2 years of education (compared with the 7.2 years' average education of Brazilians over the age of 25); and average annual income, when adjusted for purchasing power parity, comes in at US\$14,275.

The report accompanying the statistics was broadly enthusiastic about Brazil's progress. Jorge Chediek, the UNDP's Brazil representative, said "the country has undergone a consistent improvement in the living conditions of its people in the last 30 years", and that Brazil had "a very positive trajectory". Its relatively unimpressive position in the rankings, sandwiched between Serbia and Georgia, was largely due to its long history of underdevelopment. "The only reason Brazil is not much better is because, although it has done many things in recent years, its historical liabilities are huge," Chediek said. Inequality, in terms of income, health and education, continues to drag down Brazil's ranking.

Among the government policies praised by the report was the Bolsa Família programme, the adoption of racial quotas in federal universities and the participatory budgeting scheme pioneered in the southern city of Porto Alegre. Bolsa Família was praised for "mitigating the impact of a large increase in food prices following the global financial crisis in 2008". It also said the conditional cash transfer programme was responsible for a 16% reduction in extreme poverty in Brazil. In a note of caution, however, it said the efficacy of the programme was limited by underdeveloped infrastructure: though it provides access to health and education services, the quality of these services are still mixed.

Anti-World Cup protesters freed

Twenty-three anti-World Cup activists, held in preventative detention following allegations they were planning violent acts to disrupt the Fifa World Cup final, were granted habeas corpus on 23 July. Of the 23, two remain in jail due to separate charges involving their alleged role in setting off the homemade firework that killed a TV cameraman during protests in Rio de Janeiro in February.

Judge Siro Darlan reversed the order of another criminal judge issued on 18 July. In his decision, Darlan argued that the defendants did not represent a threat to public order. A few days earlier, one of the defendants, a lawyer, Eloísa Samy, had attempted to seek asylum at the Uruguayan consulate in Rio, following the issuance of the arrest warrant. It was the first time a Brazilian has sought political asylum since the end of the military dictatorship.

Dunga appointed

After Brazil's 7-1 humiliation by Germany during the World Cup, the Brazilian football federation (CBF) has appointed Dunga, one of the 2002 World Cup winning squad, as the new coach. Dunga has previously disappointed in the role: he managed to take Brazil only as far as the quarter-finals in the 2010 event. Brazil's extensive community of football analysts widely condemned the appointment. While Dunga is expected to bring more defensive solidity to the team, a return to the 'jogo bonito' – the beautiful football which Brazil once pioneered – is considered out of the question.

Cracks appear in 'clean slate' law

Passed in 2010 in an attempt to limit the number of convicted criminals elected to office, the Lei da Ficha Limpa ('clean slate' law) is coming under increased scrutiny as October's general elections approach. Close to 2,000 positions, from the presidency to governorships to seats in the lower chamber of congress or senate, will be contested in a few months' time. So far the candidacies of 360 would-be politicians are being challenged by the election ombudsman, a number that is likely to rise significantly in the coming weeks. Increasingly, it appears the law has been drafted in such a way that makes it largely ineffective.

Clean slate 'victims'

One of the highest profile of the candidates affected by the clean slate law is Cesar Maia, the former three-time mayor of Rio de Janeiro, who is running for the state senate seat. In 2012 a judge convicted Maia of maladministration of public funds for building a church in Rio's west zone when he was mayor in 2005. Maia's lawyers are appealing the decision.

What the law says

In theory the clean slate law prohibits candidates who have been impeached, who have resigned to avoid impeachment or who have been convicted of misconduct in office by the decision of a collective body (ie, featuring more than one judge) from running for office for a period of eight years. Much of the immediate impact of this law was undermined by a subsequent, controversial supreme court ruling which determined that the law was only applicable from 2012 onwards.

Other limitations soon became apparent during nationwide elections in 2012 for mayors and state deputies. While some candidates were barred from running, having been censured for their management of public finances, others successfully challenged prohibition on the same grounds. With differing decisions by different courts, the supreme electoral court (TSE) determined that either municipal, state or congressional legislatures had to condemn the accounts for a candidate to be ruled ineligible. Candidates criticised by non-political authorities were free to run.

Other problems abound. A candidate's suspension can be overturned if a judge believes there are reasonable grounds to expect his or her original conviction could be reversed. Despite the law requiring candidates to have a clean administrative record there is little enforcement mechanism: nowhere does the electoral law or the TSE demand candidates produce a clean record of conduct.

While the misdeeds of certain politicians, such as the former mayor of São Paulo, Paulo Maluf, or the former governor of the Distrito Federal, José Roberto Arruda, are well-known, checking the history of the other 24,000 candidates is a demanding task. It is highly questionable as to whether the electoral ombudsman has the capacity. After the the candidate's name is published on the electoral roll, the ombudsman has only five days to challenge it.

"There are so many applications that it's possible the public ministry is not able to process them all. It does not have time. As a result, one or other unsuitable candidate might benefit and be free to take part in the elections," Walter Costa Porta, a former judge on the TSE, said.

Assessing the assessors

There are also questions as to the probity of those investigating the candidates. According to a study by the NGO Transparencia Brasil, a quarter of the 189 assessors from state accounts' tribunals, responsible for checking governors and deputies' spending, face criminal or civil charges themselves, and at least 10 have been relieved of their duties.

According to the text of the 1988 constitution, those on the state accounts' tribunals should be "morally suitable" for the position, but the study found that among those assessors were some accused of money-laundering, conspiracy and corruption, as well as one convicted murderer. Despite the fact it is not an elected position, those who sit on the tribunals are often political appointees.

Rodrigo Janot, Brazil's attorney general, recently defended the law's efficacy. "The law has been a tremendous advance in Brazil's electoral process," he said. "If there is a gap in some areas, we will continue to support the law in its entirety."

Distinct ties with Chinese giant

China's relations with Latin America tend to fall into two categories. First, the essentially clientelist relationship Beijing has with the continent's smaller, more heterodox economies, such as Cuba and Venezuela. Secondly, the China-dominant, but still reciprocal, trade relations it enjoys with the region's powerhouses, Brazil and Mexico. Chinese President Xi Jinping's visit to Latin America this past week confirmed Argentina's position among the former group of nations.

In Brazil

After the Brics summit in Fortaleza, Xi stayed in Brazil to sign 54 bilateral agreements with President Dilma Rousseff. Among the most significant of these deals were a number of memoranda of understanding, committing China to invest in the development of a railway network and other infrastructure projects in Brazil. "I reiterated to President Xi Jinping my expectation that Chinese firms will participate in our infrastructure and logistics projects," Rousseff said after the meeting.

Arguably these latest projects will benefit China just as much as Brazil, by cutting the cost of transporting raw materials to Brazil's ports. A common complaint about the nature of the bilateral trade between the two countries is that Brazil's exports are still dominated by commodities, whereas China's are mainly finished goods. Per tonne, Brazilian exports to China are worth around US\$200; Chinese exports to Brazil are worth US\$3,000 per tonne. Still, the traffic is not all one-way. During Xi's visit Tianjin Airlines agreed to buy 40 planes from the Brazilian aerospace company, Embraer.

In Argentina

Argentina, by contrast, had no such items to offer China. China is now Argentina's third-largest trade partner, but Buenos Aires' offering is limited to investment opportunities and the export of commodities, principally soya. Xi signed 20 agreements during his visit: deals in the marine, hydropower and transport sector were worth around US\$7bn.

The Chinese government will provide US\$4.4bn for the building of two new hydroelectric dams in Santa Cruz province and also part-finance for the construction of Argentina's fourth nuclear plant. Other deals include a US\$2.1bn investment in rail infrastructure and US\$423m for the construction of 11 new ships.

Of even greater significance, Xi also agreed a US\$11bn currency swap that will allow Argentina to pay for Chinese goods and services in renminbi, which should alleviate pressure on Argentina's declining foreign reserves. This funding is extremely timely, as Argentina is approaching a technical debt default on 30 July (see page 13).

Should the default go ahead, Argentina's tentative efforts to repair its international financial standing will be severely undermined, reducing its ability to raise financing through other means. Support from China is likely to become increasingly important, with Chinese firms looking to capitalise on this by bidding for concessions in some of the new infrastructure projects going ahead. China National Offshore Oil Cooperation (CNOOC) is the second-largest oil company now operating in Argentina, after the state-owned Yacimientos Petrolíferos Fiscales (YPF). CNOOC is now in partnership with YPF working at the massive Vaca Muerta shale oil and gas field in Patagonia.

Argentina's trade surplus up

According to Indec, the official statistics agency, Argentina's trade surplus rose 13% in June to US\$1.38bn dollars. Exports, worth US\$7.387bn, were up 3%, while imports, of US\$6.01bn fell 6%.

Default – bad news for Scioli?

Although a last-minute deal was still a remote possibility, the balance of probabilities this week was that as a result of its dispute with largely US-based holdout creditors Argentina would enter its second foreign payments default in 12 years on 30 July. This could alter political calculations around the 2015 presidential elections.

At one level, default will be something of a non-event. As Argentina has been largely excluded from international capital markets for years, there will be no sudden change. Analysts broadly agree that 'contagion' effects will be limited, and the main risk for Argentina will be a deepening of the current recession and – perhaps some months ahead – an increased danger of renewed foreign currency shortages and peso weakness. What will change are the political calculations being made around the October 2015 presidential elections.

Among the current frontrunners (still a preliminary list) pro-government Daniel Scioli (the governor of Buenos Aires) and two opposition leaders, Sergio Massa (from dissident Peronist faction Frente Renovador) and Mauricio Macri (the centre-right mayor of the federal capital) have all had broadly the same game plan. Put crudely, they have all been relying on President Cristina Fernández to tidy up all remaining foreign debt issues, allowing them to plan a future government with a clean slate, one that will be able to attract new foreign investment and funding, and hopefully begin 2016 by ushering in a new cycle of economic growth.

Much now depends on how long the default lasts, and on how it is managed. A short default with a settlement in early 2015 would not fundamentally alter the game plan. But a longer default – and one in which even the debt restructurings with the Paris Club or the 2005 and 2010 bond swaps might begin to unravel – would have three major political consequences. The first is that Argentina could tip from recession into deeper financial troubles, including labour militancy and social protests destabilising the democratic transition process. The second is that candidates close to the government, such as Scioli, would be tainted by association. The third is that in the worst case scenario the would-be Presidents may inherit a live and ongoing foreign debt dispute, rather than one that has been conveniently resolved, for better or for worse, by an outgoing administration. That in itself could be seen as changing the job description for the next Argentine President.

TRACKING TRENDS

CHILE | Growth forecast cut. The government has cut its economic growth forecast for the second time this year, from 3.4% to 3.2%. The Chilean economy has been suffering from a slowdown since last year when it posted a growth rate of 4.1% after averaging growth of 5.8% in the previous two years. Appearing before congress, the government's budget director, Sergio Granados, pointed to a number of factors: a fall in activity in the domestic copper mining industry; the recent earthquake that hit northern Chile; the devastating fire in the city of Valparaíso; and the depreciation of the peso. A fall in copper mining activity means that the production levels for the state copper firm, Codelco, one of the main sources of government revenue, have been significantly reduced.

The revision of the official growth forecast was quickly followed by a downward revision by the central bank to growth of 2.5%-3.5% this year from 3%-4%. The central bank also decided to cut its benchmark interest rate (TPM) by a quarter of a percentage point to 3.75% in a bid to boost economic activity. The TPM had remained stable at 4% for the last four months amid concerns about the higher-than-expected rate of inflation observed at the start of year. However, central bank president, Rodrigo Vergara, said that the bank expects inflation, currently running at a high 3.9%, to ease in the second half of the year.

Default looms

On 22 July New York

District Judge

Thomas Griesa

turned down

Argentina's third

formal request for an

extension to the 30

July deadline to

reach an agreement

with its holdout

bondholders.

Ordered to meet with

the court-appointed

negotiator, Daniel

Pollack, on 23 July,

Argentina's lawyers

failed to make the

appointment. The

holdouts, Argentina's

lawyers and Pollack

are due to try again

on 24 July.

UN chief pays a visit

Another high-profile visit

UN Secretary General Ban Ki-moon was not the only prominent international official to visit Haiti last week.

On 19 July the president of the European Council, Belgium's Herman Van Rompuy, began a two-day visit to Haiti – his first-ever to the country. During the visit he inaugurated the new offices of the European Union (EU) delegation in Port-au-Prince, replacing the premises which had been destroyed in the devastating earthquake of January 2010. He also announced that the EU was providing some five million euros (US\$6.7m) for the staging of the elections.

Last week the Secretary-General of the United Nations, Ban Ki-moon, paid his first visit to Haiti since President Michel Martelly took office in May 2011. While Ban hailed significant gains as regards development, his visit - which he described as a "necessary pilgrimage" - made headlines due to his remarks regarding the cholera outbreak which began in 2010. These comments have again renewed calls for the UN to take responsibility for the outbreak which various reports suggest was introduced by Nepalese staff from the UN stabilisation mission in Haiti (Minustah).

In a 17 July press release, the UN points to "significant gains in development" noting that Haiti has reached – or nearly reached – several of the Millennium Development Goals ahead of the 2015 deadline. Citing a report launched by the UN Development Programme (UNDP) the previous month, the UN press release singles out "a steady boost in enrolment rates in primary education", from 47% in 1993 to nearly 90%, as well as the fact that the number of underweight children under the age of five had been halved some three years ahead of the 2015 deadline.

As well as pointing to other health indicators like a 44% decline in infant mortality since 1990 and the fact that nearly 65% of households have improved access to water, compared with 36.5% in 1995, the UN press release also cites progress vis-à-vis the earthquake which struck in January 2010, killing at least 200,000 people. The UN notes that 97% of the debris has been removed from the streets, 11,000 displaced families have been relocated, and 50 camps housing the displaced have been closed. The report also notes that Haiti's GDP "rose from US\$1,548 per capita in 2009 to US\$1,602 per capita in 2012, with extreme poverty stabilising at 24 per cent in 2012".

However Ban's visit on 14 July made headlines due to an interview he gave with the Miami Herald the previous day in which he said that the UN bears a "moral responsibility" to help Haiti end the cholera outbreak which has affected 703,000 people and caused an estimated 8,500 deaths. In the interview, Ban – who met local families affected by cholera and launched a new UN-backed initiative aimed at boosting sanitation and hygiene interventions in rural areas – said that "regardless of what the legal implication may be, as the Secretary General of the United Nations and as a person, I feel very sad [...] I believe that the international community, including the United Nations, has a moral responsibility to help the Haitian people stem the further spread of this cholera epidemic".

These remarks have served as further ammunition to those calling on the UN to take responsibility and compensate victims – pressure which has mounted since the publication in August 2013 of a Yale University report, which found the origins of the cholera outbreak is "directly traceable to MINUSTAH peacekeepers".

With several lawsuits filed in the US to this end, in February an independent UN expert on human rights, Gustavo Gallón, said in a report that the UN should accept responsibility for causing the cholera outbreak and compensate victims. This followed remarks made in October 2013 by another top UN official - UN High Commissioner for Human Rights, Navi Pillay - that those who suffered should receive compensation (albeit without specifying who should be made to pay).

“Honduras is currently the third largest African palm oil producer in Latin America behind Colombia and Ecuador and the world’s eighth largest exporter of African palm oil.”

Elections scheduled

On 10 June the Martelly government announced that 26 October had been set as the date for elections to fill 10 senate seats (which have been vacant since May 2012) as well as another third of the senate and the entire 99-member lower chamber, whose seats were up for re-election this year.

The government also set 28 December as the date for municipal elections for hundreds of posts, including all of the country’s 140 mayors.

TRACKING TRENDS

CUBA | Chinese accords. President Raúl Castro signed 29 new bilateral agreements with China after welcoming President Xi Jinping to Havana for the final leg of his four-nation tour of the region on 22 July. The accords range from finance and infrastructure to biotechnology, agriculture and renewable energy.

“No matter how the international situation changes, it will be a set policy of China to develop a long-term friendship with Cuba,” Xi said. This would have been very reassuring for Castro. China is Cuba’s second-most-important trade partner, with a bilateral trade volume of US\$1.4bn in 2013, behind Venezuela, from where Xi arrived having extended another massive credit line to buttress the country’s faltering economy.

Xi and Castro agreed to set up protocols to oversee the quality of the tobacco and sugar that Cuba exports to China. China will supply the cash for a new terminal at the port of Santiago de Cuba. The two presidents also discussed the ins and outs of the new foreign investment law which took effect last month as part of the ‘structural and conceptual changes’ introduced by the Cuban government. These were inspired by the reforms of Deng Xiaoping between 1979 and 1983 in China, which departed from socialist economics while preserving the political *status quo*.

Xi also visited Cuba’s veteran leader Fidel Castro. “You are the founder of the causes of the Revolution and the construction of Cuba, and you are the founder of relations between China and Cuba,” Xi said. He presented Castro with a 175-kg bronze bust of his youthful likeness. Castro regaled him with news about studies and investigations he has been conducting into ways to increase food production.

HONDURAS | Ethanol plant. President Juan Orlando Hernández and the secretary general of the Organization of American States (OAS), José Miguel Insulza, inaugurated Honduras’s first ethanol producing plant on 15 July. Construction of the L10m (US\$474,000) plant located in the campus of the Universidad Nacional de Agricultura (UNA) in Catacamas, Olancho department, was made possible thanks to the technical assistance provided by the OAS and by the Brazilian and US governments.

In a speech, President Hernández said that the plant, which is expected to produce 36 litres of ethanol per hour from African palm oils, will help to boost biofuel production in the country. “This will allow us to generate energy with resources that we already have,” Hernández said, pointing out that one of his objectives is to continue promoting the production of African palm oil in a bid to turn Honduras into a “highly productive source of energy resources”.

Honduras is currently the third largest African palm oil producer in Latin America behind Colombia and Ecuador and the world’s eighth largest exporter of African palm oil - which is widely used by the global commercial food industry - with 300,000 tonnes of raw oil exported to the US, European and Mexican markets last year.

Hernandez said that his government plans to invest L1.35bn (US\$71.9m) over the next four years to increase African palm oil plantations in the country from the current 135,000 hectares (ha) to 260,000ha, to expand its production and diversify its uses into other areas including biofuels.

The new plant was also hailed by Insulza, who said that it represented “a step forward for the development of a sustainable energy and for Honduras’s economic development”. According to Insulza, the new plant will provide “energy security, create economic sustainability and promote the sector’s competitiveness in the region”.

Quotes of the week

“I think we’ll have to apply for him to become a football pundit.”

Colombian opposition senator José Obdulio Gaviria on President Juan Manuel Santos, who had compared the unity necessary for achieving peace with the unity shown by the Colombian football team in the Fifa World Cup.

“No political party is vaccinated against corruption, because that vaccine doesn’t exist.”

Uruguay’s former president Tabaré Vázquez (2005-2010), a qualified oncologist.

“Those who criticise co-optation do so because they have not been co-opted.”

Venezuela’s president of the national assembly, Diosdado Cabello, responds to criticism that some candidates for delegates in the ruling PSUV congress were summarily chosen by the party hierarchy rather than the grassroots.

Santos and Uribe face off as Colombia’s congress opens

“I don’t think for one moment that those who didn’t back my candidacy are against peace, of course they want it; there is no Colombian in their right mind who doesn’t want it.” These words were delivered by Colombia’s President Juan Manuel Santos, while staring fixedly at Senator Alvaro Uribe, his presidential predecessor (2002-2010), in a speech to mark the opening of the new congress on 20 July.

Peace was, unsurprisingly, the main focus of President Santos’s congressional address. He said that peace was something which should “unite and not divide us”, arguing that Colombia had “a real opportunity, perhaps a unique and final opportunity” and that “this will be the congress of peace”. Santos was interrupted by the applause of the majority of congress, with the notable exception of Uribe and fellow members of his Centro Democrático (CD) party.

If Uribe’s opening speech as a senator is anything to go by, Santos can expect a very different congress to the anodyne one of the last four years, where his ruling coalition had a massive majority. It remains the dominant force and shouldn’t struggle to muster majorities, not least because the Partido Conservador (PC), with its 18 senators and 27 deputies, has agreed to rejoin. But Uribe served notice that the CD will snipe at every turn. Uribe said it was “a mistake” to keep presenting security as “an action of war” rather than “an essential value of democracy”. “Contrary to what the President of the Republic said this afternoon, security figures are negative,” Uribe said, arguing that homicides had increased by 1.8% from when Santos took power in 2010 to 15,234 last year, and extortion was up by 76% to 4,805 cases over the same period.

Santos won the full support of the man elected as the new president of the senate, José David Name, who said that Colombians had voted for peace and congress would deliver it. Name, who was elected head of the senate by 94 votes to seven, is a controversial choice. A member of the Partido de la U, part of the ruling coalition, Name was accused in 2012 of having ties to the now-defunct paramilitary group, Autodefensas Unidas de Colombia (AUC). Teresita García, of Opción Ciudadana, sister of former senator Alvaro García, who is serving a 40-year sentence for collusion with paramilitaries, was elected as second vice-president.



LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, 61 Old Street, London EC1V 9HW, England. Telephone +44 (0)20 7251 0012, Fax +44 (0)20 7253 8193 Email: subs@latinnews.com or visit our website at: <http://www.latinnews.com>

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