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## Gearing up for the second round in Brazil

Barring another game-changing event, Brazil's President Dilma Rousseff of the ruling Partido dos Trabalhadores (PT) and Marina Silva of the Partido Socialista Brasileiro (PSB) will face each other in a second round of the presidential election on 26 October. In the latest Ibope opinion poll, Rousseff is predicted to win 38% of the vote on 5 October; Silva is forecast to win 29%; and Aécio Neves of the Partido da Social Democracia Brasileira (PSDB) 19%. In a second round between Rousseff and Silva the two candidates are neck-and-neck.

### Almost all over for Aécio

For Neves, the former two-time governor of Minas Gerais, to make it through to the second round, he needed to maintain the momentum he had experienced over the past few weeks. Languishing in the mid-teens in the opinion polls since Silva became the PSB candidate, Neves had recently risen by a few percentage points, but the latest polls indicate that progression has come to an end.

In part, the rise in Neves supporters appears to have been driven by potential Silva voters, who may have been put off supporting the PSB candidate by the barrage of PT campaign attack advertising. Given the party's size, and the extent of its coalition in congress, the PT has the right to around half of the total airtime of election advertisements. Much of its campaign has been dedicated to undermining Silva.

The PSB candidate's plan to grant independence to the central bank, for instance, has been portrayed as the desires of a market fundamentalist, whose campaign is largely funded by banks and the elite. Rousseff has also issued repeated warnings that Silva would do away with the PT's successful social programmes, such as Bolsa Família, the benefits programme that is contingent on school attendance and medical check-ups.

The attacks have not always worked. A Youtube clip of Silva's defence of Bolsa Família, a seemingly impromptu and moving campaign speech recollecting a childhood defined by extreme poverty, rapidly went viral. In that instance, the comparative amateurishness of the Silva campaign when studied alongside the glossy big budget productions of the PT has a certain appealing authenticity. But Brazil's poorest remain resolutely behind Rousseff. Forty-nine percent of those on the minimum wage back the president, versus just 27% for Silva. The wealthiest, those who earn five times the minimum wage, back Silva over Rousseff, 37% to 28%.

More subtly, PT advisers have been pointing out to journalists one of Silva's major disadvantages. Whereas former president Lula da Silva (2003-2010)

## Abortion

Legalising abortion is an issue that has gained media prominence over the last few weeks following two separate high-profile cases of women in Rio de Janeiro dying after visiting illegal abortion clinics. Though Rousseff has made some very minor attempts to re-examine the current law, which states that abortion is illegal except in cases of rape or when the woman's life is in danger, none of the main presidential candidates are advocating a change. All of the four principal gubernatorial candidates in Rio, a state whose politics are deeply influenced by the Roman Catholic and evangelical vote, described themselves as 'pro-life'.

spent decades building the PT into a credible political force (and today it is the largest party in both chambers of congress) and cultivating alliances with opponents, Silva will have a small party base (the PSB currently has 32 federal deputies, compared with the PT's 88), and has shown an inability to negotiate with political enemies.

Silva has come under attack for flip-flopping on a number of issues; changing her manifesto pledges on gay rights and the environment. Arguably, however, the biggest question mark over her candidacy is not her policy positions (in fact, neither the PT nor the PSDB actually have a finalised manifesto), but her capacity to deliver on her plans, given her lack of a political base. Given the deep unpopularity of Rousseff among investors in Brazil, the Bovespa and Real fall every time the president rises in the opinion polls; seemingly ignoring the fact that despite Silva's market-friendly promises, implementation could be a real problem.

The closer it gets to polling day, the higher the number of voters who say they will either not vote or spoil their ballot paper. In the Ibope poll published on 23 September the figure grew from 8% to 12% of the electorate. It appears some of these voters had previously backed Silva, but following the relentless attack ads of the PT have become unsure.

The big question for the PT is whether it has done enough to damage Silva while the odds are still slanted in its favour. In the second round, the two remaining candidates will have equal airtime. The worry for the PT is that Rousseff has very high rejection ratings. Some 31% of voters would not consider voting for her; whereas only 19% reject Silva out of hand. On current trends, Rousseff will go through to the second round in the lead in the opinion polls, but PT insiders had been hoping for a 10-point lead ahead to be sure of victory. The margin looks unlikely to be that favourable for Rousseff.

## Other attitudes

As well as electoral preferences, Ibope has asked voters other questions during their surveys, revealing a snapshot of the country's attitudes on various controversial issues. The survey showed 75% of those questioned supported Bolsa Família, versus just 22% against.

Seventy-nine percent of respondents were opposed to legalising marijuana, and just 17% were in favour. Gay marriage, now legal under federal law, though it is still facing a challenge in the supreme court, was also opposed by a majority: 53% versus 40% in favour.

## More charges for Eike Batista

Just a week after prosecutors in Rio de Janeiro filed charges of insider trading and market manipulation against Eike Batista, once Brazil's richest man, on 24 September Brazil's public ministry launched an investigation into charges of conspiracy, misrepresentation and inducing investor error at OGX, Batista's oil company. According to prosecutor Karen Kahn, Batista and seven other directors at the firm will be investigated over crimes committed from 2009 to 2013, "from the listing of OGX on the São Paulo stock market".

Over that period OGX declared numerous exciting oil and gas finds in its offshore fields. None of them were subsequently confirmed. According to the ministry, internal company documents from 2011 showed that OGX did not have the capacity to extract what little oil it had found in its fields. Only in July 2013 did OGX tell investors it was suspending operations in its prestige project, the Campos basin. Shares in the company soon fell from R\$23.39 (US\$9) to just two centavos (US\$0.08). Kahn estimates that Batista caused investors to lose around R\$14.4bn (US\$6bn). If Batista is found guilty of these crimes he could face between four and 14 years in prison, although white collar criminals rarely spend much time in jail in Brazil.

**Imports dry up as economic gloom deepens**

A recent World Bank report noted that Argentina's medium-term economic prospects are "moderate" given the "vast reserves of natural resources and sound social indicators". In the short-term, however, the World Bank predicts a "prolonged slowdown" and warns that around a third of the country's population risks falling into poverty if faced with continued adverse economic conditions. While the legal dispute between Argentina and its holdout creditors has reached an impasse, the economic situation in the country is deteriorating inexorably.

According to Indec, the official statistics agency, the Argentine economy grew 0.9% in the second quarter of 2014, after two consecutive quarters of contractions. Argentina's soybean and corn harvest, which peak in the second quarter, had been expected to boost economic activity. However, many economists are sceptical of the data, with some predicting the first full-year recession in over a decade. "I believe in real terms the third quarter will be much worse," Fausto Spotorno, an economist at local consultancy Orlando Ferreres and Associates, said. "I have no more confidence in the numbers," he added.

Indec's other data was less encouraging. Imports dropped 20% in August compared with the same month of 2013, while exports fell 12%. "It was one of the largest drops I can recall. Not only because of the government's restrictions and the worldwide drop in trade, but also because of the central bank's new rules," Miguel Ponce, the general manager of the chamber of importers (Cira), said. "We were already anticipating a difficult year but apparently it's going to be harder than expected," Ponce added.

Amid dwindling foreign currency reserves, the government has increased the controls on the purchase of foreign currency on the wholesale market by requiring all purchases in excess of US\$150,000 to be reported in advance, instead of the US\$300,000 previously in force. Car imports from Brazil and Mexico were severely affected, as was the import of fuels; such as diesel from Russia and the US, and liquefied gas from Qatar and Trinidad & Tobago.

The decline in exports affected a wide range of sectors, including agricultural manufactured goods, industrial goods and fuel, although lower sales of soya products account for a large part. So far this year, the trade balance has accumulated a US\$5.3bn surplus. According to a recent amendment to the 2014 budget, a trade surplus of US\$7.5bn is expected this year. Argentina and Venezuela are the only two countries in the region running a trade surplus, as part of a policy of import-substitution in an attempt to stimulate the domestic economy.

**Packing up**

According to a report by the think-tank, Desarrollo de Negocios Internacionales (DNI), 40 international companies have left Argentina since 2010, mostly from the manufacturing sector. DNI's director general, Marcelo Elizondo, said reasons for leaving included "ineffective institutions, economic imbalances, weak regulatory frameworks, and poor economic expectations".

Pescarmona, owner of Argentina's biggest renewable energy company, is seeking a bailout from the government after overdue payments from the group's biggest clients in Venezuela and Brazil created a cash-flow shortage, threatening 1,700 jobs. The government says that Pescarmona's troubles are completely unrelated to its dispute with holdout creditors, but it is desperate to avoid its first corporate default since the debt deadline passed.

**Blue dollar rises**

At close to Arg\$16, the black market rate for dollars is now 89% higher than the official rate and is seriously eating into the capacity of Argentine businesses to import. A shoe importer quoted in the Buenos Aires financial paper *El Cronista*, claimed that no foreign company was willing to take his orders if part of the payment was in pesos; representatives of other sectors, notably tyres, machinery and consumer goods, made the same complaint.

## Uruguay's public sector employment

On 22 September the Inter-American Development Bank (IDB) released a new study on the evolution of the public sector in Latin America over the past decade which found that Uruguay remains the country with the highest proportion of its workforce employed by the State. According to the study, although the percentage of Uruguay's total workforce that is employed by the State fell by two percentage points to 12% in 2012-2013 from the level registered in 2002-2005, this is still the highest percentage in the region. In fact, Uruguay remains in first place by some way as it is the only country in the region to have more than 10% of its workforce employed by the public sector. Immediately behind Uruguay in this ranking are the Dominican Republic (8%) and Panama (7%).

A survey of 165 blue chip Argentine companies by the human resource consultancy, Mercer, found that 33% of them say they are laying off staff because of the current state of the economy. In addition 70% of them said they were not filling vacancies. A separate survey by SERL Consultores suggested that three out of every 10 companies had reduced staffing this year, and two out of 10 intended to do so next year.

## TRACKING TRENDS

**REGION | Moody's warns of effects of Argentina's economic deterioration.** On 23 September the ratings agency, Moody's, released a report labelling Argentina as the "riskiest" country for investors out of six Latin American countries surveyed and said that the sustained deterioration of the [Argentine] economy threatens to damage a great part of the progress achieved during the last decade" in Latin America. The warning from Moody's comes amid signs that the economies of Argentina's closest neighbours (Brazil, Paraguay and Uruguay) are already starting to be affected by Argentina's economic woes.

Moody's said that due to "uncontrollable inflation, high rates of interest and a painful recession" Argentine consumers have been forced to cut back sharply on spending. This fall in demand is compounded by Argentina's partial default on its foreign debt in July, which resulted in a restriction in the availability of credit by up to 30% and has once again led to a run on the peso. As a result of all of this Argentina's trade with its neighbours has plummeted. According to Argentina's national statistics institute (Indec), in the first eight months of the year the country's trade surplus decreased by 9% as exports fell by 10.2% and imports by 10.4%. On Indec figures, imports fell by 19.8% year-on-year in August, following the partial default.

The fall in imports is particularly affecting Brazil, Argentina's main trade partner and this has contributed to the economic slowdown in the region's largest economy. So much so that in the midst of her re-election campaign, Brazil's President Dilma Rousseff has taken the time to touch on Argentina's economic difficulties and how they are affecting Brazil's economy. In a 22 September interview Rousseff linked Brazil's low economic growth this year to Argentina's economic problems. "Argentina, our main economic partner in Latin America, is facing a very problematic situation," Rousseff said in response to a question about falling industrial activity in Brazil.

Meanwhile the widening gap between Argentina's official exchange rate and the black market 'blue' rate is producing other problems. With the 'blue' dollar rate at close to the Ar\$16/US\$1 mark, it is now almost double the official rate of Ar\$8.50/US\$1 leading to increased demand for US dollars in Argentina. This in turn is having a knock on effect as Argentines seek to obtain dollars outside of Argentina in order to sell them in the country for a profit. According to local press reports, this has led to an increase in dollar outflows from Paraguay and Uruguay as a result of the smuggling of dollars into Argentina.

This trend in turn has produced a shortage of dollars in both Paraguay and Uruguay which has pushed up the local exchange rates. In Uruguay the exchange rate has reached Ur\$24.57/US\$1, a nine-year high; in Paraguay the exchange rate has jumped from G\$4,195/US\$1 in mid-July to G\$4,460/US\$1 in mid-September. This has prompted Paraguay's deputy industry & trade minister, Pablo Cuevas, to claim that the smuggling of dollars from Paraguay to Argentina amounts to "an uncontrollable avalanche".

**BRAZIL | Real weakens.** The Brazilian Real has lost 7.04% of its value against the US dollar over the past month: on 23 September the dollar breached the R\$2.40 threshold. Demand for the US currency from local companies as well as the uncertainty surrounding the presidential campaign has taken its toll on the Real. In response, the central bank announced it would increase its intervention in the currency markets to halt the Real's decline. The central bank's total daily intervention will now be worth some US\$950m, compared with its previous amount of US\$500m.



**Correa faces down protests**

Protest marches took place across Ecuador on 17 September against a proposed reform of the labour code by the government of President Rafael Correa. The largest protests took place in Quito with up to 5,000 demonstrators drawn from the Frente Unitario de Trabajadores (FUT), the largest trade union in Ecuador, which organised the march, and augmented by members of the umbrella indigenous organisation Conaie, environmentalists and students. Correa called an art festival in front of the Carondelet presidential palace where he addressed a similar sized group of supporters.

Unlike during the governments of President Correa's predecessors, marches of this size have been rare since the 'Citizens' Revolution' began in 2007. The president of the FUT, Edgar Sarango, said that the trade union had organised the march to express legitimate concerns about the government's proposed reform of the 1938 labour code, fearing that it would, inter alia, outlaw the right to strike. Conaie, meanwhile, protested against the recently approved water law [WR-14-27] and other government measures, while all the protesters found common cause in denouncing Correa's proposed reform of the constitution to permit indefinite re-election, which is currently being considered by the constitutional court.

There were also smaller protests and pro-government marches in other cities, including Guayaquil, Cuenca, Latacunga, Machala, Loja, Santo Domingo, Babahoyo, Riobamba and Esmeraldas. Just under 100 people were arrested and 15 police officers injured.

The protests were largely peaceful but there were a few clashes between protesters and pro-government supporters, and there was a very heavy police presence in Quito, ironically enough almost four years to the day since Correa survived the most serious threat to his presidency when he had to be freed by special forces from a police hospital after being briefly sequestered there during a police mutiny (which he insists was a coup attempt) on 30 September 2010.

Sarango insisted that the FUT had absolutely no intention of "destabilising" the government or of aligning itself with the conservative opposition. He said the FUT wanted "to strengthen democracy" and have a "sincere dialogue" with the government about the proposed reform. 'The real Left is here' and 'The conservative restoration is in Carondelet' were just two of the messages emblazoned on some of the banners in response to Correa's claim that the FUT was part of a right-wing conspiracy across the region to destabilise progressive governments, a claim he first made when the ruling Alianza País (AP) suffered a setback at the hands of several disparate opposition parties (lumped together by the government) in last February's municipal elections.

Correa said the march was "a pilot plan to see if they can start in Ecuador what has occurred in Venezuela [a reference to the protests from February to June this year]". He questioned why the unions were protesting against a labour code which was still on the drawing board but had not protested in the past to win the benefits which his government had conferred on workers, such as increasing the minimum wage by around 10% a year to US\$340 (twice what it was when he took power in 2007).

"No government in history has done more for the working classes of Ecuador," Correa said, stressing that it had ended the practice of sub-

"We are going to listen to everybody but we are going to take decisions with the democratic legitimacy that we have."

- *Ecuador's President Rafael Correa*

## Space programme

Ecuador has been developing a space programme as part of a wider push to switch to an economy based more on knowledge and technological innovation. In April 2013 President Correa and his entire cabinet watched on as Ecuador's first-ever satellite was launched into space from the Gansu province of north-west China. 'Pegasus' was designed and made in Ecuador by Ronnie Nader, the country's first cosmonaut, who runs the Ecuadorean civilian space agency (EXA). Pegasus, which had a video onboard for education purposes, did not last long before being struck by space debris, and irreparably damaged.

contracting; improved salaries, especially for domestic workers; boosted social security and retirement benefits; and transformed the education system to the benefit of all, before slamming the leftist movements behind the trade unions as being "more dangerous than the Right itself".

"We have nothing to apologise for; history will be our judge; we're making a more equitable country," Correa said, accompanied by various cabinet ministers, including the labour relations minister, Carlos Marx Carrasco (until last March the long-serving head of the tax agency [SRI]), as well as the president of the national assembly, Gabriela Rivadeneira.

### Defence minister resigns after China trip

Defence Minister María Fernanda Espinosa has resigned, just shy of two years after taking up the post. Espinosa said she was resigning with "the satisfaction of a job well done". She said she had worked tirelessly for the 'Citizens' Revolution' since 2006 making "personal and family sacrifices" and that it was time for "a pause and a deep breath". Espinosa was replaced by Fernando Cordero, who moves over from his post as coordinating minister for security. Cordero, in turn, will be replaced by César Navas, director of the national emergency service, ECU-911.

Espinosa made the announcement just after returning from China where she visited companies dealing with defence technology and industry and military academies where some Ecuadorean officers are being trained, and discussed aeronautical technology transfer to help Ecuador develop its budding space industry (see sidebar). She said Chinese and Ecuadorean technical teams would carry out reciprocal visits to develop a satellite. "Ecuador is not all that interested in buying a satellite, but with technology transfer," Espinosa said.

Speaking alongside her Chinese counterpart Chang Wanquan, Espinosa said that Ecuador had taken "a political decision to establish a strategic working alliance" with China, which she described as "Ecuador's most important trade and economic partner" for the large loans it is providing to overhaul the country's infrastructure. She also mooted military cooperation between the two countries.

## COLOMBIA | CONFLICT

### Farc demands clarification of paramilitary role

**"Without the end of paramilitarism and without the elucidation of its origin and responsibilities the end of the conflict will be uncertain."** This message from 'Iván Márquez' (Luciano Marín Arango), the head of the negotiating team of the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Cuba, marked the start of the 29th round of peace talks with the Colombian government on 23 September.

Márquez's choice of topic was not accidental. Days earlier the government had accused the Farc of striking an alliance with the neo-paramilitary group Clan Úsuga in Tierradentro in the north-western department of Córdoba, where seven police officers were killed in an ambush; and the alleged links between former president (2002-2010) and incumbent senator Alvaro Uribe and paramilitaries were debated in the senate.

The responsibility of paramilitaries in Colombia's long-running armed conflict has formed part of the talks with the arrival in Havana in recent weeks of two separate delegations of victims not just of guerrillas but also paramilitaries and indeed the State. The role of paramilitaries in the armed conflict will also inevitably be included in the report into the causes of the conflict being drawn up by a 'historic commission', which started work on 21 August. But Márquez called for "all the archives" to be opened and for prosecutors to explain why the serious denunciations of paramilitary chiefs had been "tossed into the bins of indifference and calculated oblivion".

## Reaction to the ambush

Speaking after the deadly ambush in Córdoba, Colombia's President Juan Manuel Santos ordered the security forces to intensify the military offensive against both Clan Úsuga and the Farc. At the time the Farc tweeted that "If guerrillas are murdered by the State, the government gets euphoric, while, when soldiers die we insist" on an immediate bilateral ceasefire.

## Deadly ambush

Márquez's comments follow the government's claim on 16 September that the Farc's 58<sup>th</sup> front and the Bacrim 'Clan Úsuga' (formerly known as 'Los Urabeños') were behind the attack on a Carabineros police patrol which left a death toll of seven police officers and another seven injured. Five days later the Farc's Bloque Iván Ríos, to which the 58th front belongs, assumed responsibility for the ambush but forcefully denied any alliance with Clan Úsuga, operating in the area. "We have no alliance with State terror structures," it said in a statement, and called on the government to "stop using victims of the conflict as a political banner to manipulate opinion".

The Colombian weekly *Semana* cited intelligence sources saying that Clan Úsuga had launched 'Plan Pistola' on 5 September, an operation targeting police officers in the departments of Córdoba and Antioquia, in response to the arrest of dozens of leaders and other members of the Bacrim and the confiscation of its assets.

The national daily *El Tiempo*, meanwhile, cited intelligence sources from a demobilised guerrilla on 23 September claiming that a meeting took place between 'Gavilán', the second-in-command of Clan Úsuga and 'Manteco', head of the Farc's 58th front, one month ago during which the former apparently presented the latter with Col\$500m (US\$250,000) to buy weapons.

The alliance is believed to operate in the 1,500 hectares of coca between the Abibe mountain range and Mount Paramillo on the border between Antioquia and Córdoba. Intelligence sources and reports from local authorities also suggest that non-aggression pacts between guerrillas and Bacrim elsewhere in Colombia (the departments of La Guajira, Norte de Santander, Arauca, Vichada, Nariño, Cauca and Chocó) have also developed into alliances. If this is proven it would put real strain on the peace process because it would raise the possibility of guerrillas who disagreed with an eventual demobilisation of the Farc enlisting in the ranks of the Bacrim.

## Parapolitics

Márquez dismissed the alleged links between the Farc and Clan Úsuga as "lies and fraudulent versions" which damaged the peace process. His call for the role of paramilitaries in the armed conflict to be laid bare also followed a debate in the senate's second committee on 17 September of the alleged links between Senator Alvaro Uribe and paramilitaries and drug trafficking. The debate was called by Iván Cepeda, a senator and human rights activist who was a staunch opponent of Uribe throughout his presidency (2002-2010). Uribe responded the following day by submitting 'evidence' of Cepeda's links to the Farc to the procurator general's office and calling for these to be investigated.

## BOLIVIA | POLITICS & ELECTIONS

### Falling short on another pledge

A recent prison clash which left four people dead and 11 injured has exposed the failure of the government led by President Evo Morales to make good a key promise ahead of the 12 October general elections – overhaul of the prison service. The violence comes just over a year after the deadliest riot took place in Bolivia's history, at the country's largest jail – Palmasola, Santa Cruz – in which 35 people died, leading the government to promise to carry out a complete overhaul of the sector. It also comes as the Movimiento al Socialismo (MAS) government is facing more general criticism over justice, following the suspension of two top judges in July [WR-14-32].

## UN expresses concern about justice

Last week the United Nations High Commissioner for Human Rights (OHCHR) in Bolivia issued a statement raising concerns that the trial against two constitutional court (TCP) justices, Ligia Velásquez and Zoraida Chanez, could jeopardise due process and affect judicial independence. Velásquez and Chanez, who were suspended by the 130-member lower chamber in July to face trial in congress for negligence of duties and malfeasance [WR-14-32], are due to appear in the 38-member senate (where the MAS has 28 seats) on 21 October. Under Articles 159 and 160 of the 2009 constitution, the lower chamber of congress can present accusations against senior justices for failing to carry out their duties and it is up to the senate to evaluate these and hand down sentences if found to be guilty.

The violence broke out on 14 September at Cochabamba's El Abra prison, the director of which, Dennis Mejía, was fired three days later. Mejía has since been arrested, accused of "concealing extortion" after inmates claimed that he was due to receive US\$30,000 from one of those killed in the fire-fight, Edgar Ariel Tancara Sandóval.

Tancara had reportedly been extorting money from other prisoners by levying both a "rite of passage" tax on each new arrival at the prison and a monthly "life insurance" tax which offered inmates security. Mejía was allegedly overlooking the practice in return for payments. Attorney General Ramiro Guerrero Peñaranda has called for a full investigation.

The violence and corruption has again brought to the fore the dire state of the prison service and congested nature of the justice system – concerns which emerged in a March 2014 report by the United Nations High Commissioner for Human Rights (OHCHR) in Bolivia and, more recently, in a report released on 8 September by the Development Bank of Latin America (CAF).

According to official figures cited in the OHCHR report, Bolivia's prison population exceeds 13,000 in facilities built for approximately 4,900 while it notes that "pre-trial detainees represent [...] 83.3 per cent of the prison population". In its *2014 Economy and Development Report* (RED, in its Spanish acronym) the CAF points out that the percentage of pre-trial detainees in Bolivia is the highest for the whole of Latin America.

## BOLIVIA | SECURITY

### Mixed response to drug record

The government of President Evo Morales received a boost vis-à-vis security after Timothy Torlot, the head of the European Union (EU) delegation in Bolivia, pronounced the fight against drugs in Bolivia "a success" on 17 September. While recognising that "there is always more to do, especially when it comes to control of illegal drug trafficking", Torlot appeared to downplay the trafficking situation in Bolivia as a situation common to many other countries.

The EU endorsement was particularly timely for the MAS government, coming just two days after the US government designated Bolivia (along with Burma and Venezuela) as a country that had demonstrably failed in the past 12 months to meet its obligations under international counternarcotic agreements. This, despite the fact that the latest (June 2014) UN Office on Drugs and Crime (Unodc) annual survey on coca estimated that the total area of coca cultivation in Bolivia was 23,000 hectares [ha] in 2013, down 9% on the previous year – the lowest since 2002.

The US designation also came despite the acknowledgement in the US government's report that, along with Peru and Colombia, Bolivia continued to reduce illegal production, which is now "at the lowest level since authorities began to establish estimates in 1990".

According to Bolivia's state media, *Cambio*, the US's argument is that the Morales government "could have done more as regards seizures of cocaine produced in Bolivia and transiting the country".

The Unodc report found that compared with 2012, seizures of coca leaf in 2013 fell by 36% to 476 tonnes (t); seizures of cocaine base paste by 37% to 20t; and seizures of cocaine hydrochloride by 62% to 1.6t.



## The MUD switches direction again

Jesús 'Chuo' Torrealba, a 56-year old journalist, teacher and neighbourhood political activist, is the new executive secretary of Venezuela's main opposition umbrella coalition, Mesa de la Unidad Democrática (MUD).

The MUD is clearly banking on Torrealba's left-wing background and his reputation as a social activist providing maximum appeal to disenchanted *Chavista* voters. In his first statement after his election on 24 September, Torrealba said he would stage an outdoor rally on 4 October to begin mobilising the public. "We're going to build a better world and take on this regime. We're building a new pact between the political leadership and the poor," he declared.

Torrealba's other immediate challenge is to forge unity inside the MUD, which is riven between a moderate wing focused on gradually building up electoral weight and a radical faction pushing for more direct action against the government led by President Nicolás Maduro. Local media suggested that the radical wing, led by the imprisoned Leopoldo López, had provided the sole vote against Torrealba.

The López wing, which earlier this year led the 'La Salida' movement seeking to force Maduro's early resignation via peaceful street protests (with 43 eventual fatalities after a heavy crackdown by the security forces), engineered the removal of the MUD's moderate former executive secretary, Ramón Guillermo Avelo, who resigned in late July citing conspiracies against him. Avelo had taken the MUD into dialogue with the government in an effort to resolve the country's political crisis, but he eventually walked away (under pressure from the radicals), after the government refused to agree to its conditions for dialogue, chief among which was the release of political prisoners, including López.

Subsequent to Avelo's resignation, López and his chief political ally, the former independent deputy María Corina Machado, called for a change of direction in the MUD. López's wife, Lilian Tintori, who travelled to the US to campaign for her husband's release, was openly critical. "We need a more active opposition, including [being] more reactive to the abuses of power in this dictatorship," she declared on 7 August. Yet it now appears that the pendulum has swung back the other way.

The MUD's twice presidential candidate, Henrique Capriles Radonski, has remained on the sidelines all year, taking issue with street protests as counter-productive but not providing explicit support for the Avelo-led dialogue with the government either. Capriles's painstaking work in building up electoral support among disaffected government supporters and independents risks being undone if the MUD is radicalised. Judging by his initial comments, Torrealba seems aware of this.

Capriles and the MUD moderates say the focus should be on doing as well as possible in the congressional elections due late next year. The aim is to weaken the ruling Partido Socialista Unido de Venezuela (PSUV)'s grip on the national assembly, with a view to dislodging it from power in the presidential election in 2018. Quite where this leaves López is unclear. His view is that the main institutions of state, including the judiciary and the electoral authorities, are so in thrall to the PSUV government that it simply cannot be removed through elections.

Capriles tweeted support for Torrealba's "new mission, to add and add, especially our most poor; to achieve the unity of all". Capriles, governor of the

### Torrealba's objectives

"We are going to construct more democracy, we are going to confront this totalitarian regime," Jesús Torrealba said after assuming the position of MUD executive secretary. Promising to launch a national plan of mobilisations, Torrealba continued that "the MUD's objective is to change the government by constitutional means. The strategy is to construct a big majority for political change with governability."

## Maduro at the UN

In his address to the United Nations General Assembly on 24 September President Nicolás Maduro called upon the UN to dedicate its efforts to providing greater assistance in the fight against the spread of the Ebola outbreak in West Africa rather than supporting attacks against the citizens of the Middle East. Maduro, who pledged US\$5m for the fight towards containing the spread of Ebola, praised Syria's President Bashar al-Assad for its efforts in combating Islamic State militants.

populous state of Miranda, remains on a sort of permanent campaign, keeping up fierce criticism of the government for its economic and social failings. López et al, by contrast, are focused on securing a presidential recall referendum in 2016, to be followed thereafter by a constituent assembly. Capriles (and potentially Torrealba) is tacitly critical of this strategy as too politically remote from the severe everyday problems of Venezuelans.

### Torrealba – a complex background

Jesús Torrealba is a Caracas native. The son of a labour leader and a trade unionist, he joined the Partido Comunista de Venezuela aged 13, quitting in 1974. He later joined the Movimiento al Socialismo, to which he has family ties (until 1984). He trained as a teacher at the Instituto Pedagógico de Caracas and later studied journalism at the Universidad Central de Venezuela (UCV). In 1996 he founded the civil association El Radar de los Barrios, which he describes as a “human network integrated by community activists of different ideological tendencies and political inclinations, united by the fight to improve living conditions in local neighbourhoods”. A TV and radio show of the same name sought to highlight problems all over the country.

Despite his left-wing credentials, Torrealba never allied himself with the Bolivarian Revolution and was critical from early on of its interventionism. He denounced the short-lived 2002 coup but went on to be spokesperson for the opposition coalition, Coordinadora Democrática, ahead of the failed 2004 presidential recall referendum. The pro-Chavista US journalist Eva Golinger in 2010 accused Torrealba of receiving money from the conservative US National Endowment for Democracy.

## TRACKING TRENDS

VENEZUELA | **Fresh interventions in the state food sector.** The government led by President Nicolás Maduro has ordered a 90-day (extendable) intervention in the state-run Corporación Venezolana de Alimentos (CVAL), according to the 23 September edition of the daily gazette.

A four-person team led by José Leonardo Patiño Umbria will “revise administrative, productive and industrial procedures” in the various companies comprising the corporation, with the power to remove officials and re-formulate budgets “to guarantee the correct administrative and financial development” of CVAL, the gazette said. CVAL was set up in March 2010 as a ‘social ownership enterprise’, including primary producer and agri-industrial companies.

Also intervened in recent days was the Superintendencia Nacional de Silos Almacenes y Depósitos Agrícolas (SADA), for “irregularities in food distribution”.

Separately, Gustavo José Cabello Canales was appointed president of the Productora y Distribuidora Venezolana de Alimentos (PDVAL), the state-owned food distribution company best known for the ‘rotting food scandal’ in Venezuelan ports a few years ago. Cabello Canales is a cousin of Diosdado Cabello, the president of the national assembly.

VENEZUELA | **Simonovis release perplexes observers.** The association of victims (Asovic) of Venezuela’s 2002 coup d’état has strongly rejected a supreme court decision to grant temporary house arrest to the former Caracas police chief, Iván Simonovis, and demanded a full explanation from the government led by President Nicolás Maduro.

Simonovis, who was chief of police during the failed coup against the late president Hugo Chávez (1999-2013), was identified by the Chávez government as one of the main leaders of the revolt. Interior Minister Miguel Rodríguez said that the decision to grant Simonovis temporary house arrest would be “respected” by the government as it was based on humanitarian grounds.

The government’s decision not to challenge the decision has prompted speculation that it may be part of efforts to remove some of the obstacles holding up a frozen political dialogue with the opposition.

**Hurricane Odile**

For the second year in a row Mexico was struck by a natural disaster shortly before the UN General Assembly.

While the destructive passage of Hurricane Odile through the north-western state of Baja California Sur (BCS) last week did not compare in scale with last year's twin hurricanes which prevented President Peña Nieto from travelling to New York, it did cause significant damage.

The military is helping to rebuild highways, restock stores and repair the damaged electrical grid and telephone lines, and the federal government has presented an economic stimulus package containing financial support and tax breaks for affected businesses.

**Peña Nieto seeks to raise Mexico's global profile**

President Enrique Peña Nieto confirmed that Mexico would participate in future United Nations (UN) peacekeeping missions during his first appearance before the UN General Assembly. Peña Nieto, who missed last year's Assembly gathering because he was wrestling with the aftermath of two tropical storms battering both the Pacific and Atlantic coasts of Mexico within the space of 24 hours, described the decision as "a historic step" after years of Mexico keeping out of global conflicts.

"Mexico has taken the decision to participate in UN peacekeeping missions, taking part in humanitarian tasks that benefit civil society," President Peña Nieto said during his speech at the General Assembly on 24 September. Since coming to power in December 2012, Peña Nieto has waxed lyrical about his desire to undertake a robust overhaul of Mexico's foreign policy, getting the country "to resume the leading role it once had as a global player", and become "a giant that allows itself to be seen, heard and felt in its efforts on behalf of the great causes of mankind". There has not been much in the way of clear evidence of this foreign policy reform but Mexico's participation in UN peacekeeping missions fits into Peña Nieto's vision.

Mexico is already one of the principal contributors of funds to UN peacekeeping missions but it has not participated in one since 1993 when it sent 120 police officers to El Salvador in the wake of the peace accords in the Central American country ending a long and brutal civil war. Prior to that Mexico had only taken part in two peacekeeping missions: as a military observer in the Balkans (1947-1950) and in Kashmir in 1949.

Mexico's future involvement in specific UN missions will require senate approval, in accordance with the constitution, but this should not be difficult to obtain especially given the strong presence of Peña Nieto's Partido Revolucionario Institucional (PRI) in the body. Foreign Minister José Antonio Meade said that Mexico's participation would be conditioned and strictly humanitarian. He explained that the country would send soldiers or civil officials on future missions, including engineers, doctors, human rights experts and election observers.

Peña Nieto went on to urge the UN during its 70<sup>th</sup> anniversary next year to seize the opportunity to embrace the kind of structural reforms which Mexico has carried out over the last 21 months when it had "silenced voices that said it would not be possible to reach an accord to transform the nation". He called for the UN Security Council to be enlarged by raising the number of non-permanent members, establishing "long-term seats with the possibility of immediate re-election based on a more equitable geographic representation". He also suggested that permanent members should not be able to exercise their veto power in the event of serious violations of international humanitarian law.

**Brutal kidnap and murder of PRI deputy**

One of the motivating factors behind President Peña Nieto's determination to change Mexico's international profile by participating in UN peacekeeping missions is to alter the foreign perception of Mexico as a country completely absorbed in a violent conflict with organised crime. Just a day before his speech at the UN, however, the body of a man later identified as PRI federal deputy Gabriel Gómez Michel was found in a burnt-out car by the side of a highway in the state of Jalisco, underscoring just how tough it will be to alter this perception.

Gómez had been held up and kidnapped on 22 September by unidentified assailants. The PRI, backed by the country's opposition parties, is pushing for a swift and efficient investigation into Gómez's murder.

### Peso as a benchmark

Marco Oviedo, chief economist at Barclays Mexico, explained that “the peso is now used as a reference for emerging markets, to cover risks or to conduct other types of financial transactions such as forwards, where Mexico’s risk rating, as represented by the peso is taken as a benchmark”.

**MEXICO | Unemployment remains low.** On 22 September Mexico’s national statistics institute (Inegi) released its latest unemployment figures showing that the national unemployment rate in August was 5.17%, virtually unchanged from the 5.18% registered during the same month last year. The result is positive given that Mexico’s economic growth so far this year has been lower than initially expected on the back of weaker-than-expected domestic demand. In fact, Inegi’s seasonally adjusted figures show that the unemployment rate actually fell to 4.87% in August compared to the 5.16% observed in July. This has led some analysts to suggest that the domestic labour market is now starting to create more jobs, which could be a sign that a much-anticipated economic recovery is now underway.

This view is further supported by the fact that Inegi’s data also shows that underemployment also fell in August compared to the same month last year, with 7.6% of those polled by Inegi in its monthly national job and employment survey (Enoe) stating that they were underemployed (working fewer hours than they would like) compared to 8.9% in August 2013.

More encouragingly for the government led by President Enrique Peña Nieto, Inegi also found that the proportion of people in informal employment also fell slightly year-on-year in August. According to the Enoe, 57.32% of those in employment in August said that they were working informally, lower than the 59.35% recorded in the same month last year. The Peña Nieto government has vowed to reduce informality significantly during its six-year term by promoting the creation of formal jobs.

**MEXICO | The arrival of the ‘Superpeso’.** On 22 September the Bank of International Settlements (BIS) released the results of its triennial central bank survey of foreign exchange and derivatives market activity, which showed that the Mexican peso has now become the eighth most traded currency in the world, and the most traded emerging market currency.

The survey’s results were celebrated by Mexico’s central bank (Banxico), which pointed out that they reflect the international market’s growing confidence in the peso and Banxico’s management of monetary and exchange rate policy. According to the BIS, the value of pesos traded daily in global markets increased from approximately US\$50bn in 2010 to US\$135bn in 2013. This means that between 2010 and 2013 2.6% of global currency transactions were conducted in pesos, outstripping those made in currencies of other leading emerging market economies such as the South Korean Won, the Russian Ruble and even the Chinese Renminbi. In fact, as Banxico has highlighted, Mexican peso transactions are only surpassed by “the currencies of the G-7 countries; and remarkably they have surpassed some of the transactions in currencies that have regularly stood out as being widely traded such as those of Sweden, Norway, New Zealand, Singapore and Hong Kong”.

According to Banxico this is because now peso transactions can be made in a more transparent, reliable and consistent way than before and in accordance with the best international practices. Pointedly the BIS data shows that the level of Mexican peso transactions made abroad increased from 67% of the total in 2010, to 77% of the total in 2013. This suggests the currency is increasingly being adopted by traders for increasingly varied types of transactions (*see sidebar*).

**MEXICO | Fitch rules out upgrade for now.** On 22 September the rating agency, Fitch, ruled out the possibility of immediately upgrading Mexico’s credit rating following the country’s energy reform, arguing that it was unlikely that this would have a short-term impact. According to Fitch, although the energy reform “should yield the richest dividends in terms of investment and economic activity” of all the economic reforms steered through congress by the government led by President Enrique Peña Nieto, “the magnitude of the impact will depend on the reform’s prudent and timely implementation, as well as the extent to which the private sector takes advantage of the new opportunities”.

Fitch also noted that the energy reform, which gives the state-owned oil company Pemex and the state-owned electricity company Comisión Federal de Electricidad (CFE) greater budgetary and financial independence, “could lead to an increase in the government’s debt”. Fitch’s cautious assessment of Mexico’s economic outlook came after Mexico’s investment promotion agency, ProMéxico, predicted on 17 September that the energy reform would attract US\$40bn in foreign direct investment to the country in the next few years and cause economic growth of between 4.4% and 4.9% (compared to forecasts of 2.5%-3.0% this year).



**Flores earns dubious accolade**

Former president Francisco Flores (1999-2004) has become the first head of state in El Salvador's history to be imprisoned on corruption charges. Flores turned himself in to the authorities in San Salvador on 5 September after disappearing without trace for the better part of this year (there was speculation he was hiding in Panama). Interpol issued an international request to arrest Flores on 7 May after he was charged with embezzlement, illicit enrichment and disobedience by a San Salvador judge for irregularities surrounding multi-million-dollar donations from Taiwan.

Flores disappeared at the end of January in the middle of an investigation by a special legislative commission into large Taiwanese donations received during his tenure. Flores did a good job of incriminating himself during his two appearances before the commission. Flores said that he received funds from Taipei on numerous occasions and that there were absolutely no controls on how he used these as they were not part and parcel of any bilateral cooperation accord.

Flores was sketchy on the amount of money he received, although the commission concluded that it could have been up to US\$100m, and the date when it apparently reached its recipients, whose safety, he claimed, would be compromised if he provided details. Flores said the donations constituted payments in exchange for El Salvador's support of Taiwan in the United Nations (UN).

Flores had told the commission that nobody in the government was aware of the donations and that the cheques were made out to him. Flores listed four occasions on which he had received donations. One such occasion was the 2001 earthquake when he said he had channelled funds to mayors to help with humanitarian relief and post-earthquake reconstruction, but inhabitants of Las Colinas, a neighbourhood of Santa Tecla (a municipality in La Libertad department just outside San Salvador) which was devastated by the earthquake, claimed in a press conference that they had "never received any money" from Flores.

During his appearances before the commission it did not seem to strike Flores as odd that he should have personally managed a discretionary fund with absolutely no oversight and no financial records, but when even his own party, the right-wing opposition Alianza Republicana Nacionalista (Arena) began to distance itself from him he decided to flee El Salvador.

The head of the legislative assembly, Sigfrido Reyes, claimed on 1 May that Flores was hiding out in Panama at a house belonging to "a former female Panamanian president", which could only be Mireya Moscoso, whose term coincided with that of Flores. Flores was declared a fugitive from justice on 6 May. The supreme court of justice (CSJ) approved a request for his extradition from Panama on 22 May, although it is still unclear if he was actually in the country.

Months of uncertainty ensued before Flores resurfaced in San Salvador on 5 September. He was initially placed under house arrest but was put in a cell of the anti-narcotics division (DAN) of the national police (PNC) this week on the order of the penal chamber of San Salvador which adjudged that he was a flight risk. It might have been influenced by the protests of hundreds of people outside Flores's luxury house in the San Benito neighbourhood of San Salvador and concluded it would be safer if he was placed in police custody.

**Corruption charges**

Six former presidents in El Salvador were charged with corruption between 1885 and 1948, the Salvadorean historian Carlos Cañas Dinarte revealed this week, but none of them were actually placed under arrest.

## Millennium Challenge funds

The US embassy in El Salvador has announced that the US government will soon sign off on a US\$277m five-year package of economic assistance for El Salvador under its Millennium Challenge Corporation. "The new compact with El Salvador will spur investment through public private partnerships and better regulations, improve the quality of education and strengthen key logistical infrastructure," the embassy said in a statement. The US Treasury Department revealed that it would no longer hold up the aid, which it had been using as a bargaining chip to persuade El Salvador to implement tougher anti-money laundering regulations.

When the corruption allegations first emerged, Arena stood by Flores, a senior figurehead in the party who had been a key adviser to the Arena presidential candidate Norman Quijano in elections earlier this year but when it became clear that this was having a detrimental effect on its campaign it suspended him from the party and is now discussing expelling him. This means that Arena will not accuse President Salvador Sánchez Cerén, of the ruling left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN), of political persecution. Arena is likely to sever ties with Flores in order to minimise the impact of any adverse revelations during his trial in the coming months affecting the party's performance in legislative elections next March.

## GUATEMALA | DIPLOMACY

### At odds with the US

Guatemala's legislature has repealed a law approved in June, 'for the protection of new plant varieties' (Ley para la Protección de Obtenciones de Vegetales). A condition of the Central America-Dominican Republic-US Free Trade Agreement (Cafta-DR), which took effect in Guatemala in 2006, the law had been highly contentious in Guatemala, arousing fears that it would privatise and promote the use of Genetically Modified (GM) seeds in the country. Its repeal is a challenge to the US at a time when bilateral cooperation is already under scrutiny over the issue of migration [WR-14-32].

On 4 September Guatemala's 158-member unicameral legislature repealed the law by 111 votes. The move came five days after the constitutional court (CC) ordered the law's temporary suspension in line with various appeals filed by local indigenous organisations like Movimiento Sindical, Indígena y Campesino Guatemalteco (MSICG), Mesa Indígena de Cambio Climático and the umbrella group, Consejo del Pueblo Maya, which comprises 15 organisations.

These groups had claimed that the law, which had been nicknamed the 'Monsanto law', after the US multinational seed-producing company which opponents claim stood to benefit from it, breached various constitutional provisions as well as legislation like the health code, the consumer protection law and agreements on biological diversity. More generally, these groups argued that the new law could threaten food security by privatising the use of these seeds.

The concerns come as the food security situation in Guatemala is already under scrutiny due to the drought afflicting Central America. On 25 August President Otto Pérez Molina decreed a state of calamity in 16 of Guatemala's 22 departments in response. The measure, which enables the government to release funds to those who have lost their crops, will last 30 days. At the time, agriculture minister, Elmer López, said that Q\$184m (US\$23.6m) had been assigned to tackle the crisis, which has resulted in estimated agricultural losses of some Q\$450m (US\$58m) – mainly to maize and bean crops, the staples of the Guatemalan diet.

Luis Monterroso, the head of the government's secretariat for food security, told reporters that in the so-called 'dry corridor' alone (which includes the departments of Jutiapa, Jalapa, Santa Rosa, Zacapa, El Progreso, Chiquimula and Baja Verapaz), some 500,000 children are at risk of malnutrition.

### Another bone of contention with the US

Two weeks after the repeal of the 'Monsanto law', US Trade Representative Ambassador Michael Froman announced that the administration of President Barack Obama was resuming its 2011 labour enforcement case against Guatemala under the terms of Cafta-DR.

## Enforcement Plan

US Trade

Representative

Ambassador Michael

Froman said that key

commitments of the

Enforcement Plan

which remain

outstanding include

approval of

“legislation that

enhances the

authority of the

Ministry of Labor to

impose sanctions

when it finds a

violation of

Guatemala’s labor

laws and reduces the

time it takes to bring

labor law violators to

justice”. The decision

to resume the

arbitration case has

been hailed as

“historic” by

organisations like the

American Federation

of Labor and

Congress of Industrial

Organizations (AFL-

CIO).

The case, which is the first-ever labour dispute under any free trade agreement, was suspended in April 2013 after the two sides inked an 18-point ‘Enforcement Plan’ outlining concrete actions to strengthen labour law enforcement in Guatemala.

While noting progress as regards implementation of these actions like “hiring over one hundred new inspectors and creating a unit to verify employer compliance with court orders”, Froman pointed out that “unfortunately, key commitments under the Enforcement Plan remain outstanding” (*see sidebar*).

### Sinibaldi launches his pre-candidacy

Guatemala’s communications, infrastructure & housing minister, Alejandro Sinibaldi, this month quit his cabinet post in order to launch his pre-candidacy for President Otto Pérez Molina’s Partido Patriota (PP) ahead of general elections in September 2015. Sinibaldi, who stepped down on 4 September, has since been replaced by his deputy, Víctor Corado.

Other recent cabinet changes include the appointment of deputy foreign minister, Carlos Raúl Morales, to head up the portfolio after his boss, Fernando Carrera, was moved in to replace long-time diplomat Gert Rosenthal as Guatemala’s representative before the United Nations (UN) after the latter announced his retirement.

Another change to take place this month was the appointment of Dwight Pezzarossi, a retired professional footballer, as culture minister, replacing Carlos Batzín. Batzín had been under pressure to quit over allegations of irregularities related to the purchase of sports equipment.

## TRACKING TRENDS

**SURINAME | Mining investment.** On 22 September US mining giant, Newmont Mining Corporation, announced plans to invest US\$1bn in the construction of a new gold mine in Suriname. In a statement the firm said that the new mine is to be located in the Merian area of the country believed to contain some 4.2m troy ounces (131 tonnes) of gold. It adds that mine, which is expected to start production next year pending approval by the Surinamese government, will produce an average of 300,000-400,000 troy ounces of gold per year.

The project is part of the joint-venture agreement signed by Newmont and the Surinamese government in June last year, under which the company’s local subsidiary, Suriname Gold Company (Surgold), secured an 11-year mining concession contract. Meanwhile, the government has the option to claim a 25% ownership stake in the project, including in all capital and operating expenses, as well as an initial-earn contribution.

Newmont spokesman, Omar Jabara, has said that besides the construction of the mining site and a mill, the project also envisions the upgrading of local roads, all of which will generate some 2,500 jobs in the construction phase and 1,300 once the mining complex is completed.

According to Jabara, “the favourable geological conditions and the stable investment environment in Suriname provide a unique opportunity to build and operate a new profitable mine that will benefit both us and the people and the government of this country”.

Meanwhile the CEO of Newmont, Gary Goldberg, stated that “This decision marks an important milestone in our portfolio optimisation process - we have divested nearly US\$800m in non-core assets to help fund the next generation of lower cost projects in our portfolio [...] Equally important, we established community agreements and are working with experts to minimise our impact on the environment - getting it right from the beginning is critical”.

### Quotes of the week

“With the vulture funds it’s not a case of ‘don’t cry for me, Argentina’ but ‘don’t cry for me, the world.’”

*Argentina’s President  
Cristina Fernández.*

“To be young and not to be a revolutionary is an almost biological contradiction.”

*Venezuela’s President  
Nicolás Maduro.*

“The legalisation of marihuana is now irreversible.”

*Mexico’s former  
president Vicente Fox  
(2000-2006).*

### Peru seeks to crack down on illegal logging

Peru’s interior minister, Daniel Urresti, has created the position of high commissioner against illegal logging. Urresti, the only cabinet minister in Peru whose approval rating is not sinking, made the announcement three weeks after four indigenous leaders were murdered by presumed illegal loggers.

Urresti announced that he was appointing General César Fourment of Peru’s national police (PNP) to the new post of high commissioner against illegal logging during a multisectoral working meeting in Pucallpa, the capital of the region of Ucayali, where the four Asháninka indigenous leaders, part of the Alto Tamaya-Saweto community, were found dead on the border with Brazil. One of the four was Edwin Chota, who had received frequent death threats from illegal loggers during a long struggle to expel them from the lands for which his community has been seeking title.

The ombudsman, Eduardo Vega, released a statement saying that he had appealed to the prime minister, Ana Jara, to reactivate the multisectoral commission against illegal logging (CMTI) to apply a new national anti-corruption strategy for the forestry sector as his institution had recommended back in 2010. Pervasive corruption lets the loggers operate with impunity.

Vega went on to argue that the “tragic events” in the Alto Tamaya-Saweto community underlined the urgent need for the government to implement “a historic agenda for the country’s indigenous peoples, such as guaranteeing land titles and forestry resources”. The death of the four men has focused international attention on the plight of the indigenous, but faced with dwindling popularity amid an economic slowdown, indigenous rights are not high on the agenda of President Ollanta Humala. The national human rights coordinator (CNDDHH) suggested as much in another statement when it denounced the government’s disinterest in either protecting indigenous communities or preserving natural resources.

The attorney general, Carlos Ramos Heredia, who visited the area on 21 September, announced the creation of a specialised unit within his office to combat illegal logging. He also promised to reactivate a police base in Saweto which has been defunct for the last 20 years.



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