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Peru's new prime minister: a red rag to the opposition

When Peru's congress voted to censure the prime minister, Ana Jara, last week, it left President Ollanta Humala with two options: brinkmanship or conciliation. He opted for the former. Humala replaced Jara with Pedro Cateriano, his defence minister for the last three years and a figure of hate for the main opposition parties. Cateriano will have to run the gauntlet of congress by 2 May to seek a vote of confidence. If congress refuses to give this, however, Humala could dissolve the body. The Humala administration, meanwhile, is arguing that the political uncertainty created by congress is conspiring against economic growth by putting off investors.

After being sworn in by President Humala on 2 April, Cateriano said he was assuming the post at the "most complex constitutional juncture in the country's history". There was a degree of hyperbole to Cateriano's claim - President Alberto Fujimori's *autogolpe* (self-coup) of 1992, for instance, was surely more "complex". But Cateriano is Humala's seventh prime minister - a record for a single term in government and a testament to the fractured political relations between the Humala administration and congress, and the strain on Peru's institutional stability.

Cateriano had very tense relations, and frequent altercations, with the main opposition Fuerza Popular (FP) led by Keiko Fujimori and the Partido Aprista Peruano (PAP) led by former president Alan García (1985-1990; 2006-2011) during his time as defence minister. He has been a cabinet stalwart and while his excessive candour makes him a bit of a maverick, he is a trusted associate of both Humala and First Lady Nadine Heredia, the president of the Partido Nacionalista Peruano (PNP), the mainstay of the ruling coalition, Gana Perú (GP), who described Jara's censure as "a lamentable demonstration of political blackmail and electioneering without considering the consequences for the country". As such his appointment raised the stakes in the power struggle between Humala and congress.

A total of 72 deputies to 43 voted to censure Jara, but while the combative Cateriano is an even more unpopular choice for opposition parties, many of these deputies would not want Humala to dissolve congress, which would be the likely consequence of their failure to grant him a vote of confidence. There are ways around this. The opposition could provide a vote of confidence now, ostensibly to extend Cateriano the benefit of the doubt, and then censure the cabinet after 28 July, at which point Humala would be unable to dissolve congress because it will mark one year before he leaves office.

"In the context of no congressional majority, both the government and the opposition must apply the best of ourselves for the good of the country," Cateriano said on 6 April. "In a democracy, the opposition is necessary because accountability is important," he added. This conciliatory message

Cabinet changes

President Humala swore in Ana María Liliána Sánchez Vargas de Ríos as Peru's new foreign affairs minister, just days after she had been designated as the new ambassador to France. Pedro Cateriano was replaced at the defence ministry by Jakke Valakivi, who had been serving as deputy minister of resources for national defence. Gustavo Adrianzén was promoted from deputy justice minister to the top job, replacing Fredy Otárola, who had only been in the post for six weeks. Humala ratified the rest of his cabinet ministers in their posts.

appeared to fall on deaf ears. The FP spokesman, Deputy Héctor Becerril, said the "very regrettable" appointment could only lead to "greater political confrontation, greater political instability and greater economic instability." Deputy Víctor Andrés García Belaúnde, of Acción Popular (AP), said that by designating Cateriano as prime minister, Humala "does not want to build bridges but knock them down".

Cateriano, however, launched straight into a series of meetings with the leaders of Peru's political parties to try and win support for his appointment. He met Pedro Pablo Kuczynski, a former economy and finance minister and the leader of Perú Más, in the presidential palace on 7 April. Kuczynski pledged his support and urged deputies to approve Cateriano's appointment; to set aside "small-minded differences"; and "to sacrifice something for the greater good" rather than voting against Cateriano because of "his suit, his tie or his face".

Cateriano then met former president Alejandro Toledo (2001-2006), the leader of the government's nominal ally, Perú Posible. Toledo left the meeting calling on the political class "not to try and hold hostage a democratically elected government". On 9 April Cateriano will meet Martín Pérez, the president of the powerful business federation Confiep, which has appealed to congress to act with "serenity and prudence"; later in the day, crucially, he will meet Keiko Fujimori in her house; and then, on 10 April, he will meet García. Cateriano will spell out his plans to improve the economy and public security, and to address Peru's myriad social conflicts, issues which are likely to dominate next year's electoral campaign.

Economic stability and the 'national interest'

By refusing to be browbeaten by congress into appointing a more palatable independent technocrat as prime minister, Humala asserted what authority he has left. It was also an expression of his frustration that congress will not allow him to get on with the job of governing. Even assuming deputies take evasive action to avoid the dissolution of congress (which would precipitate elections later this year) by granting Cateriano the vote of confidence, if only for a few months, Humala can only hope to hobble to the end of his term in July next year as congress will pick off his ministers as it chooses and the political opposition will block any initiative which could run counter to its electoral plans.

Humala has accused congress of allowing petty politicking to prevail over the national interest, destabilising the government at a time when political stability is more important than ever to attract investment and ensure Peru's economic stability. The economy and finance minister, Alonso Segura, said the ball was in congress' court now: it could approve a prime minister who is "a proven democrat" and allow the government to implement its plans unmolested for the next 15 months; or it could "fail to understand [how this] will bring reassurance in terms of expectations and perceptions to investors". Segura underlined his confidence that the economy was going from strength to strength and could grow by 4.2% this year.

Humala was also critical of congress for censuring Jara at a time when Peru needed unity after his government levelled spying allegations at Chile [WR-15-08] and sent a formal note of protest. Humala stressed on 30 March that "the failure [by Chile] to respond [to a 7 March protest note] is also a form of response". He said it was essential that Chile respond before Easter but this ultimatum appears to have been relaxed in the wake of the serious flooding afflicting northern Chile (*see page 7*). Chile's President Michelle Bachelet has made an oblique reference to Humala's accusations that Chile had spied on Peru. While inaugurating the academic year of the armed forces at the military academy on 18 March, Bachelet said she favoured "transforming and improving relations with Peru" and not "remaining trapped in a past that has divided us".

Colombian response

Colombia's President Juan Manuel Santos was critical of the US sanctions on Venezuela in an interview with the national daily *El Tiempo* on 6 April. "We've always said that unilateral sanctions are counterproductive in the long run, which is why we oppose them," Santos said. He added that he felt it was essential to promote a dialogue between all the different political actors in Venezuela while "respecting its autonomy... a constructive dialogue that leads to decisions capable of halting the growing deterioration of the country's political, social and economic situation".

Washington and Caracas prepare for the Summit

With the Summit of the Americas in Panama looming, the US government has been trying to deflect the barrage of criticism it has received from Latin America on account of its most recent round of sanctions against Venezuelan government officials — or, more precisely, at the preamble to the announcement of those sanctions which spoke of 'the unusual and extraordinary threat to the national security and foreign policy of the United States posed by the situation in Venezuela'. Meanwhile, President Nicolás Maduro has been labouring to collect 10m signatures for a document condemning the sanctions which he intends to present to the Summit, and a parallel Summit of the Peoples gets underway.

On 3 April the US Assistant Secretary of State for Western Hemisphere Affairs, Roberta Jacobson, told an audience at the Brookings Institution that she was "disappointed" that more Latin American countries did not "defend the fact that clearly this [the sanctions] was not intended to hurt the Venezuelan people or the Venezuelan government even as a whole".

"Words matter," she said, "and the tone that leaders set is important [...] The tone that certain [Latin American] leaders are setting is one of demonising the United States as the source of Venezuela's problems, when we are not, and so that does make it harder for us to move forward pragmatically." She went on to say that the US did not want Venezuela to be the central issue at the Summit.

It will be recalled that on 11 March, two days after Washington issued the sanctions order, the Venezuelan-led Alianza Bolivariana para los Pueblos de Nuestra América (Alba) bloc condemned it and demanded that it be lifted. This was followed by similar pronouncements from the Union of South American Nations (Unasur), the Latin American Integration Association (Aladi), the Southern Common Market (Mercosur), the Latin American Parliament (Parlatino), the Community of Latin American and Caribbean States (Celac), the Caribbean Community (Caricom) and the UN Economic Commission for Latin America and the Caribbean (Eclac).

Virtually all of the countries in the region spoke through the regional organisations of which they are members. Two that also chose to do so individually are of special significance to Washington: Colombia and Chile (see sidebar). The consensus view is that the US sanctions constitute unwarranted interference in the internal affairs of another nation.

On 8 April, in a conference call devoted to President Barack Obama's forthcoming trips to Jamaica and Panama, two senior US officials made an effort to refocus the sanctions issue. Ben Rhodes, the national security advisor for strategic communications, said that the wording of the announcement was completely pro-forma: "This is a language that we use in executive orders around the world. So the United States *does not believe that Venezuela poses some threat to our national security* [our emphasis]."

Taking distance from Jacobson's 'disappointment', Ricardo Zúñiga, the National Security Council's senior director for Western Hemisphere Affairs, said, "I think it's also important to note that the situation inside Venezuela clearly is a matter of concern for its neighbours and for other countries in the region. The South American governments have been involved in an effort for more than a year to try to promote an internal dialogue so that basically

Summit of the Peoples

Ricardo Molina,
Venezuela's minister
for eco-socialism,
habitat & habitation,
says that the
concurrent Summit of
the Peoples will be "a
voice raised against
the most powerful
empire of the world".

all the political forces in Venezuela are given an opportunity to participate in the democratic process, as should be the case."

"There's great concern also about the economic crisis currently afflicting Venezuela and the potential impact that can have not only for the countries that have benefited from Venezuela's Petrocaribe oil assistance, but also for Venezuela's neighbours."

From Caracas, President Maduro was insisting on his own view of events. The sanctions, Maduro said, had "raised a wave of worldwide indignation" and his own campaign, under the slogan '*Obama, Rescind your Decree Now*', had already collected 8m of his target of 10m to present to the Summit.

More interference

The Venezuelan opposition was celebrating the opposite. Jesús Torrealba, executive secretary of the Mesa de la Unidad Democrática (MUD), said that there had been a "belated awakening" in Latin America to the "anti-democratic situation" in Venezuela. He expressed gratitude towards the support offered by "at least seven" former Latin American rulers to the "political prisoners" of the Maduro régime.

The number of former heads of government who have offered to collaborate in the defence of jailed opposition leaders Leopoldo López and Antonio Ledezma has been growing: Spain's former prime minister Felipe González (1982-1996), Brazil's former president Fernando Henrique Cardoso (1995-2003), and Uruguay's former president Luis Alberto Lacalle (1990-1995). These gestures have been attacked by Maduro as another mode of interference in Venezuela's internal affairs.

There is more to come. The Fundación para el Análisis y los Estudios Sociales (Faes) of Spain, headed by another Spanish prime minister, José María Aznar (1996-2004), has already achieved the endorsement by 22 former Latin American heads of government of the draft *Panama Declaration*, which 'denounces the grave democratic and constitutional alteration that Venezuela is suffering [and] demands the immediate release of the political prisoners', urging the participants in the Summit of the Americas to help formulate 'an alternative solution for Venezuela that respects the constitutional and democratic principles and international norms'.

The formal public presentation of the document was scheduled for 9 April in Panama City. It is meant to be delivered to the Summit, the Organization of American States (OAS) and the United Nations (UN).

All the signatories are members of the Iniciativa Democrática de España y las Américas (IDEA), a non-governmental forum 'created ad-hoc for the promotion, defence and maintenance of democracy as a right of peoples which must be guaranteed by governments'.

The other side

Also scheduled for 9 April in Panama is the opening of the Summit of the Peoples of the Americas, which expects to attract more than 2,000 representatives of mostly left-leaning trade unions and social organisations across the region. One of the main items on the agenda is a discussion of US influence in Latin America.

The Confederación Sindical Única de Trabajadores Campesinos de Bolivia (CSUTB) plans to submit for approval by the Summit a proposal for the creation of a Latin American Council for the Defence of the States. Its mission is described as 'the defence of sovereignty, resources and the democratic system from US interference in regional politics'.

Gearing up for run-off elections

Chuquisaca

The vote in Chuquisaca was controversial due to the fact that Adrián Valeriano, the candidate for the fourth-placed Frente Revolucionario de Izquierda (FRI), who took 3.81% of the vote, pulled out six days before the elections in order to support the MAS but was not replaced by the FRI. The MAS consequently called for the FRI's vote to be discounted which, if enforced by the TSE, would have given the MAS its 50+1% necessary to avoid a second round. On 5 April, however, the TSE president, Wilma Velasco, said that the vote would not be discounted.

The battles have already begun ahead of the 3 May run-offs taking place for the governorships of not two but three of Bolivia's nine departments (Beni, Chuquisaca and now Tarija) following the latest results from the electoral authorities (TSE) for the 29 March departmental and local elections. This after candidates failed to win 50+1% of the vote or 40% with a 10-percentage point victory margin. The TSE results did confirm however that President Evo Morales's Movimiento al Socialismo (MAS), which having won four departments outright (Cochabamba, Oruro, Pando and Potosí) is contesting all three, remains the only party in Bolivia with a true national presence.

According to the latest TSE results released on 5 April for the gubernatorial vote, in Beni, the MAS managed 41.01% to 31.35% for local outfit Nacionalidades Autónomas por el Cambio y el Empoderamiento Revolucionario (Nacer); in Chuquisaca – where the vote was controversial for other reasons (see sidebar), the MAS took 48.88% of the vote to 42.51% for another regional grouping, Chuquisaca Somos Todos (CST). In Tarija the MAS lost by 36.16% to 45.45% for the Unidad Departamental Autonomista (UDA).

The results confirmed the MAS's victories in Cochabamba (61.61% to 23.03% for the Movimiento Demócrata Social [MDS] comprising former opposition governors); Oruro (57.65%-13.58% for the local Participación Popular (PP); Pando (66.73% to 27.64% for the Pando Unido y Digno (PUD) and Potosí (62.21% to 8.15% for the Unidad Nacional of cement magnate Samuel Doria Medina). They also confirmed the MAS's upset in La Paz – where it lost to the new left-wing Soberanía y Libertad (Sol.bo) of the mayor of La Paz, Luis Revilla, by 30.68% to 50.09% and its less unexpected defeat in Santa Cruz (where it lost by 31.79% to 59.44% for the MDS).

Opposition alliances

The political opposition is now scrambling to forge anti-MAS alliances, particularly in Beni. On 7 April Ernesto Suárez succeeded in brokering a deal between the UD, Nacer and the right-wing Movimiento Nacionalista Revolucionario (MNR) of former president Gonzalo Sánchez de Lozada (1993-1997, 2002-2003) "to prevent the ruling party winning after what it has done to our department". Suárez was alluding to the TSE's decision to block his candidacy for governor of Beni for the UD just nine days before the elections [WR-15-12]. He had been the favourite to win.

The MNR took 27.7% of the vote in the Beni gubernatorial elections, only just shy of Nacer's haul, adding up to more than 58% together. It is also worth noting that Mario Suárez, the MNR candidate for mayor of Trinidad, the departmental capital, defeated his MAS rival, Rolf Kohler, by 43.1% to 38.1%. With a population of 130,000, Trinidad accounts for nearly one-third of Beni's total population. Meanwhile, the MAS has confidently asserted that it will win the Beni gubernatorial run-off without the need for alliances.

Municipal results

There still seems to be some confusion as to the number of municipalities won by the MAS. The government website *Cambio* is reporting that it won 228 (out of the 339 up for grabs) with the remaining 111 divvied up between 35 different political outfits. However the rest of the media is reporting that it won 225 while the MDS took 23, the Movimiento por la Soberanía (MPS) (launched by MAS dissidents ahead of the 2010 elections) took 14 and the MNR – one of the few traditional parties still with a presence – took 11.

Colombia's growth forecast cut

On 7 April Colombia's President Juan Manuel Santos cut the government's GDP growth forecast for 2015 from a range between 4% and 4.5% set at the start of the year to a range between 3.5% and 4%. "We are going to keep growing more than any other country in Latin America," Santos said, adding that "in the present context this is strong growth".

BOLIVIA | Moving on lithium. President Evo Morales announced on 1 April that Bolivia's central bank (BCB) had approved a total of B\$4.26bn (US\$617m) in loans for the next phase of the lithium industrialisation process after the conclusion of pilot tests in the Salar de Uyuni in Potosí.

Morales said that this investment, which will be spent over the next three years, will include B\$1.25bn (US\$181m) in an industrial potassium plant and B\$601m (US\$87m) in the construction of a bicarbonate lithium plant, among other things.

The Morales government launched its lithium industrialisation strategy in April 2008, with a decree declaring a national priority the development of the Uyuni salt flats, which contain most of Bolivia's lithium, a vital component in mobile phones and electric car batteries. According to the US Geological Service (USGS)'s 2015 Mineral Commodity report, Bolivia accounts for 9m of the total 13.5m tonnes (t) of global lithium reserves.

In June 2014 Mining Minister César Navarro admitted to international media that there was a "significant delay" in plans for the industrialisation of Bolivia's lithium resources which he attributed to the lack of "a universal method to exploit the metal".

On 5 April the head of the department of evaporative resources for the State mining company Corporación Minera de Bolivia (Comibol), Luis Alberto Echazú, told reporters that the contract to construct the lithium plant would be awarded on 5 May.

COLOMBIA | Unemployment down to historic low. Colombia's unemployment rate broke into single digits in February, the lowest level for 15 years, according to the national statistics institute (Dane). Unemployment closed February on 9.9%, down 0.8 of a percentage point on the same month in 2014. Unemployment fell in 15 of the 23 cities included in Dane's calculation, and in six of these it was one digit.

"It is good news which shows that our economy is still growing in the middle of international uncertainty," President Juan Manuel Santos said. While celebrating the fact that 699,000 new jobs had been created compared to February 2014, Santos stressed that "there is still a lot to do", adding that his government had set the target of creating a further 700,000 jobs by the end of the year.

ECUADOR | Underwhelming growth. Ecuador's economy grew by 3.8% in 2014, President Rafael Correa announced last week. "Despite petrol prices starting to plummet in September, we are among the four countries that grew most in Latin America," Correa said.

This is the positive gloss. Real GDP growth slowed from 4.6% in 2013, however, and fell short of the 4.5%-5.1% growth for 2014 projected by the government. Growth in the fourth quarter of the year was 3.5% year-on-year and just 0.5% quarter-on-quarter. The oil sector expanded by 2.2% compared to 3.2% in 2013, while the non-oil sector grew by 4.3%.

The government is forecasting year-end growth of 4.1% in 2015, although local analysts are predicting that this is wildly optimistic and some that Ecuador's economy could even contract on the back of the lower oil price. They argue that the 2015 budget is based on a projected oil price of US\$79.7 per barrel (/b), and that there is little to suggest that the current oil price will converge with that predicted in the budget soon.

According to the latest central bank data, Ecuador's oil exports in January totalled US\$619m, a 43% fall by value compared to the same month last year. Oil prices have reached a nine-year low, with West Texas Intermediate - the reference for Ecuadorean oil - trading at an average of US\$40/b. Correa insisted that his government was prepared for "extreme cases", including an average oil price of just US\$20/b.

Still, under the national budget the Correa administration plans to invest US\$8.1bn in social development and infrastructure projects this year. In a sign of how it intends to cover any budgetary shortfall, on 23 March, Finance Minister Fausto Herrera announced that the government had secured a new US\$2bn credit line from China; and a US\$800m loan from the Inter-American Development Bank (IDB). According to Herrera, these funds will be used to finance several public infrastructure projects.

Bachelet in damage limitation mode

President Michelle Bachelet has suspended an official visit to Ecuador on 7 and 8 April and the Summit of the Americas in Panama on 10 and 11 April in the wake of the devastating floods in northern Chile, which have claimed at least 25 lives, with a further 125 people missing and over 30,000 affected. The government's handling of the natural disaster has come under fire, and Bachelet, whose approval rating hit a personal nadir this week amid a debilitating corruption scandal, cannot risk leaving the country.

President Bachelet announced the cancellation of the foreign trips on 1 April after visiting a baby that had been transferred to Santiago from the city hospital in Copiapó, the capital of the hardest hit region of Atacama. Bachelet said that she needed to be present for the continuing rescue operation, disaster relief and initial reconstruction work. The regions of Tarapacá, Antofagasta and Coquimbo have also been seriously affected by the floods.

Bachelet visited Atacama at the weekend with half of her cabinet in tow. She is aware of the need to have her finger on the pulse after the criticism she faced over her government's response to the most destructive earthquake to hit Chile back in February 2010 near the end of her first term in power. But opinion polls are not favourable. Just one year ago upon taking office in March 2014 for a second term, Bachelet had an approval rating of 54% and a disapproval rating of 20%. In March her approval rating fell by eight percentage points to 31% compared with the previous month, according to a poll by Adimark, while her disapproval rating increased by nine points to 61%. At no point during her five years as president across two terms has it sunk this low. Even at the peak of the Transantiago metropolitan transport system debacle in September 2007 she had an approval rating of 35%.

Bachelet's ambitious reform agenda has not struck a chord with the public – not even the long-awaited reform of that relic of the dictatorship, the binominal political system. In part this is because it has been totally eclipsed by a campaign financing scandal that has affected the entire political class, and an influence trafficking scandal surrounding her son, Sebastián Dávalos [WR-15-11], who appeared before the attorney general's office along with his wife, Natalia Compagnon, on 8 April. The former is a devastating political earthquake in Chile whose aftershocks will be felt for years, but while this principally affected the opposition, Bachelet's credibility was savaged by the Dávalos scandal. Since the scandal implicating Dávalos broke in February her approval rating has fallen 13 points. Adimark also showed that her 'credibility' declined from 56% to 46% between the February and March polls, and her ability to 'generate confidence' was down 12 points to 41%.

Bolivian defence minister sacked

On 31 March Bolivia's President Evo Morales fired his defence minister, Jorge Ledezma for wearing a jacket bearing the words, 'The sea is Bolivia's', whilst delivering water to flood victims in northern Chile – a reference to Bolivia's claim to sovereign access to the Pacific Ocean, lost to Chile in the War of the Pacific (1879-1883). The incident caused significant embarrassment to the Morales government, who was swift to apologise both to the Chilean government led by President Bachelet and to the people of the Atacama region. Morales has named as his new defence minister Reymi Ferreira, an academic and the defeated Movimiento al Socialismo (MAS) candidate for the mayoralty of Santa Cruz, capital of the eponymous department, in the 29 March local elections.

Repercussions

Because her popularity is flagging, it is much more difficult for President Bachelet's government to convince a disenchanted public that it is on top of the natural disaster in northern Chile. Keeping her disparate ruling coalition united will also be much more difficult for Bachelet if her popularity dwindles and her credibility languishes with it.

PT-PMDB: Peace in our time?

After a bungled ministerial shake-up, the new minister for institutional relations, who happens also to be the Vice-President, Michel Temer, claims that the problems between the government and his own party, the Partido do Movimento Democrático Brasileiro (PMDB) should come to an end. While, so far, the smoke signals from others within the restive ranks of the PMDB have been positive, the party is a broad church, with at least four different factions of varying degrees of hostility to the ruling Partido dos Trabalhadores (PT).

Given the poor relations between the executive and the legislature, Pepe Vargas (PT), the previous minister for institutional relations, was clearly failing in his job. Nevertheless, he declared himself “hurt” at the manner in which he lost his job, and President Dilma Rousseff apologised for allowing the information to be leaked to the press before she had spoken to him. Originally, Rousseff had offered the position to Eliseu Padilha, the current civil aviation minister from the PMDB.

Padilha turned the job down “on personal grounds”, although it is reported in the Brazilian media that he was under pressure from both Eduardo Cunha, the speaker of the federal lower chamber of congress, and Renan Calheiros, the senate president, to refuse the role. Unlike Padilha, Temer has his own faction within the PMDB, and therefore will have more authority to deal with the unhappy deputies in his own party. Both Cunha and Calheiros have already shown a willingness to frustrate Rousseff and the PT’s will, both in terms of economic and social policy. Temer’s job now is to tame them. By a happy coincidence the appointment of Temer to the role also reduces by one the number of ministerial portfolios – one of the demands of the PMDB.

Calheiros, to be fair, was fulsome in his praise of the decision to appoint Temer. According to Aloizio Mercadante, the PT cabinet chief, Temer’s appointment was “strongly supported by all the parties” in the ruling coalition. He added that Temer would bring a “political solution, in this moment of great challenges, and would help to improve relations with congress, between the powers of the State and the government’s allied base.”

In other ministerial moves this past week, Renato Janine Ribeiro, a respected philosopher (and expert on Thomas Hobbes) was appointed to the education portfolio to replace Cid Gomes. Ribeiro, interestingly, does not have a strong political following and appears to have been chosen on merit alone. The appointment was widely welcomed by Brazil’s academic community, but irritated the PMDB, which was hoping to enjoy the patronage that comes with the job. Edinho Silva, a former PT deputy, has also taken over from Thomas Traumann as Rousseff’s communications’ secretary.

The Partido Progressista reacts

No party has featured more prominently in the list of politicians named by the attorney general, Rodrigo Janot, for further questioning than the Partido Progressista (PP): 26 members of the party’s national executive committee were cited by Janot and now their colleagues wish to see them barred from the group so as not to taint the party’s image. A further eight PP politicians have also been accused.

At the state level, a number of PP executive committees are already attempting to take matters into their own hands by outing the accused members themselves. But the national committee has so far ignored their moves and decided to prolong the mandates of those accused for an additional six months beyond 15 April, in violation of the party’s own statutes.

PT internal issues

A similar situation to that facing the PP is festering in the PT, where many members and state party committees are calling for the resignation or ouster of João Vaccari Neto, the national PT treasurer accused of receiving bribes in the case involving the State-run oil company Petrobras. Vaccari is currently in prison in the southern city of Curitiba.

A lot of inflation, a little growth

By historical standards, perhaps, Brazil's current rate of inflation, an annualised rate of 8.13%, is not outlandishly high. But in terms of recent memory, it is worrying; not since December 2003 has it been higher. For March alone, inflation rose 1.32% compared with 0.92% for the same period of last year. The central bank's target is, in theory, 4.5% with a band of "tolerance" of plus or minus 2%. The rising cost of living might be more politically palatable if it were accompanied by a commensurate rise in economic growth. But it is not: in 2014, the Brazilian economy grew by just 0.1% and according to the latest central bank survey of 100 economists, it is likely to shrink by 1.01% in 2015.

Until the beginning of the year, inflation had been relatively steady, at around the top of the central bank's target range of 6.5%. Since January, however, it has started to shoot up, fuelled principally by cuts to energy subsidies driving up the cost of electricity. According to the official statistics institute (Ibge), the average Brazilian electricity bill has gone up 36% in the first quarter of 2015. Food prices were also up in March, as was the tax on gasoline and the cost of bus fares.

According to the economist, Mauro Roclin, from the Fundação Getulio Vargas think-tank, Brazil is paying for past mistakes. "The policy of attempting to control inflation by managing prices was not effective," he said. "The hikes were avoided in 2014 because it was an election year."

Levy in charge

This week's *Carta Capital*, arguably the only major weekly news magazine in Brazil broadly sympathetic to the ruling Partido dos Trabalhadores (PT), ran with the headline "Joaquim [Levy] in charge". The magazine detailed the extent to which President Dilma Rousseff appears to defer to her new finance minister. "Levy is extremely important for Brazil today, he has a lot of strength," Rousseff said in an interview last week with Bloomberg. She also expressed full backing for Levy's plan to hit a primary fiscal surplus of 1.2% of GDP this year.

While he may not lack strength or the support of Rousseff, and appears to enjoy the confidence of investors, Levy has had some issues with communications. In a slightly muddled interview with journalists on 8 April, Levy was asked whether he thought Brazil would end the year with inflation above the central bank's target range. "Certainly," he said, before clarifying subsequently that he meant that the central bank would bring inflation in line with its target. In a recent, English-language interview with University of Chicago students, Levy made comments critical of Rousseff's first mandate; he has also been forced to apologise for calling his predecessor's policies of tax breaks for certain industries "a joke". Coincidentally or not, his main press officer, Fernando Thompson, quit his job on 1 April.

Opening up the Caixa

At the press conference in which he made his gaffe over inflation, Levy raised the possibility of an IPO in shares in the insurance company controlled by the State-owned Caixa Econômica Federal. At present, the government is merely conducting a viability study, but if approved, the offering could happen by the end of the year.

According to Levy, raising new capital through the share sale would strengthen Caixa and benefit insurance buyers in Brazil. Still, the minister, and the CEO of Caixa, Miriam Belchior, was adamant that Caixa would remain "100%" controlled by the public (*see sidebar*).

Caixa

The model for the Caixa move was the spin-off of the pension and insurance company BB Seguridade from the State-controlled Banco do Brasil which, according to Levy, "proved a big success". Banco do Brasil raised R\$11.5bn from the sale of BB Seguridade in 2013. Finance Minister Levy would not, however, be drawn on how opening up shares for sale in Caixa might boost the government's books. Any benefits would be slightly tangential, derived from greater profits resulting in greater dividends for its largest shareholder, the federal government.

Putin and Pope to host Fernández on final trips

Though this week's Summit of the Americas in Panama may give President Cristina Fernández the opportunity to build some bridges with her partners in both South and North America, her final trips as head of state demonstrate to a degree the isolated situation in which Argentina now finds itself after 12 years of Kirchnerismo. In late April, Fernández is to visit Russia for a bilateral meeting with President Vladimir Putin. At present, her final trip abroad as president will be to the Vatican to meet Pope Francis, in June. It will be her fifth visit to see the Argentine pontiff.

President Putin visited Argentina last July; partly it seems to thank President Fernández for her supportive comments over Russia's actions in the Crimea. In March, Fernández accused the United Kingdom and others of hypocrisy for endorsing the results of the referendum in the Falkland Islands/Malvinas (which showed that 99.8% voted to support their status as a British Overseas Territory); while rejecting out of hand a vote which showed a similarly overwhelming majority, some 96.7% of voters in the Crimea, supporting union with Russia.

According to the Argentine foreign ministry, the purpose of Fernández's visit is to take part in a Russo-Argentine business forum and promote bilateral trade. According to *Clarín*, the presidential visit hopes to sign infrastructure agreements worth over US\$10bn which will go towards the construction of a nuclear power plant and a dam. Over recent years, Fernández's government has preferred to deal with the non-Western governments of China and Russia as relations with Argentina's more traditional allies have deteriorated.

The last visit by a senior US official was in 2010, when Hillary Clinton travelled to Buenos Aires as Secretary of State. Since then, President Barack Obama has not been inclined to offer Fernández a return invitation. Relations with the US are at a low ebb at the moment due to the Argentine government's handling of its dispute with holdout bondholders, many of whom are based in the US. US District Judge Thomas Griesa, who is presiding over the case, is also something of a *bête noire* for the administration.

Despite Argentina's strong European ancestry, no Italian president or head of government has visited in the last 12 years; similarly, the last senior Spanish representative was then-Prince, now-King Felipe VI's attendance at Fernández's second inauguration in 2011.

Now it is China that will invest in two nuclear power plants in the country, and Russia a third. China is making massive investments in Argentina at present, helping to stabilise the peso with a currency swap to help the South American country shore up its dwindling foreign reserves. It is also helping to build up Argentina's railway infrastructure. When Fernández visited Beijing in February, she signed 15 agreements with Chinese President Xi Jinping covering travel visas, information technology, media, energy and space technology.

A recent essay by the columnist Joaquín Morales Solá argues that Argentina's foreign policy appears to be motivated by a "nostalgia for the seventies when China and Russia were the strongholds of the international left". Solá also argues that Argentina's "exceptionalism" often leaves it isolated and untrusted even among its immediate Latin American neighbours. "Only domestic policy needs and her personal destiny can help explain Cristina Fernández's foreign policy. With [Venezuela's Hugo] Chávez dead and Fidel Castro at the end of his life, perhaps the Argentine president can imagine she will become the next reference point for Latin America's left. The size of her ambitions have always been proportional to her failures," he concluded.

Re-election?

Speaking seemingly in jest on 8 April, President Fernández said that she hoped she would not feel obliged to seek the presidency again in 2019. "After me [I hope] someone will come who will continue doing more and better things and therefore you won't need me in 2019. That's the country I want," she said.

Circling helicopters

The alleged misuse of helicopters by government officials is currently centred on the case involving the head of the national water commission (Conagua), David Korenfeld. On 5 April Korenfeld and his family were spotted boarding a Conagua helicopter near their home while carrying suitcases as if going on holiday. The aircraft took the Korenfelds to Mexico City's airport from where they boarded a commercial flight. Korenfeld justified the use of the helicopter on the grounds that he was travelling to receive specialist medical treatment (he has a bad knee) and he needed special transport assistance. This failed to wash with the opposition and the PAN submitted a formal complaint demanding that the federal oversight body (SFP) launch a full investigation.

MEXICO & NAFTA

MEXICO | POLITICS

Fiery campaigning for midterms kicks off

The official campaign period ahead of Mexico's 7 June federal legislative, state and local midterm elections formally began on 5 April. The electorate was immediately bombarded with thousands of TV and radio spots in which the country's three main political parties – the nationally ruling Partido Revolucionario Institucional (PRI), the right-wing opposition Partido Acción Nacional (PAN) and the main left-wing opposition Partido de la Revolución Democrática (PRD) – attacked each other and their records despite their repeated promises to conduct 'clean' campaigns. The start of the campaign has also not been short of scandal, with the PRD in particular criticised for the excesses of some of its candidates.

According to local consultancy Integralia, the Mexican media will air 12.5m adverts from political parties and candidates taking part in the midterm elections between now and 4 June, when the campaigning period formally closes. This figure is 70% higher than the number of political adverts aired in the 2009 midterm election campaign and means that over the next 60 days there will be 20,833 political adverts per day, or 8,680 every hour. Judging by the majority of the adverts aired on the first day of the campaign, confrontation will be the order of the day.

The first TV and radio adverts to air on 5 April were those in which the PAN attacked the PRI's record in power and sought to exploit some of the recent scandals implicating leading PRI figures. In the so-called '*Relojes y Casas*' series of ads, the PAN accused the PRI of maintaining domestic petrol prices high despite lower international oil prices in order to continue financing the lavish lifestyle of some government officials, including the excessive and inappropriate use of helicopters by government officials to get around (see *sidebars*). The ads also alluded to the recent illicit enrichment allegations affecting Finance Minister Luis Videgaray [WR-15-04]. But they also implicated PRI party president César Camacho in this by pointing to his collection of expensive watches. The accusations against Camacho were so personal that just hours after the release of the ads, the national electoral institute (INE) ordered their removal after deeming them to be libellous.

Following a similar tactic, the PRI's ads recalled the corruption and political misconduct scandals that have affected PAN politicians, including national legislators, in recent years, to question the party's morals. Alluding to last year's '*moches*' corruption scandal involving PAN federal legislators and mayors, the PRI ads accused the PAN of having double standards when it comes to corruption. They also point to the various scandals implicating the organisation of parties by PAN federal legislators allegedly attended by prostitutes and paid for with public funds [WR-14-33].

The PRD's adverts were far more subdued. But they still attacked the record of both the PRI and PAN in power, putting the blame for Mexico's lacklustre economic performance in the past 14 years, the high levels of insecurity and the spread of official corruption squarely on the two PAN administrations since 2000 and on the PRI government led by President Enrique Peña Nieto.

PRD hit by 'Helicoptergate'

While the PRD may have escaped being attacked by the PRI and the PAN in their ads, the party was savaged by opponents, and the press, for the actions of some of its leaders in the first weekend of the campaign. The PRD decided to hold almost simultaneous rallies in a number of states on 5 April to mark the formal start of the campaign. This meant that some of the party's leading

Relojes y Casas

After reviewing the PAN's *Relojes y Casas* ad, the INE found that its insinuations that César Camacho's collection of watches was evidence of alleged illicit enrichment were unfounded and as such could be considered libellous. However, the PAN has rejected this and presented an appeal against the decision before the federal electoral tribunal (TEPJF). The PAN argues that the ad only shows an actor asking another what he thought about Camacho's M\$2m watch collection and that this is hardly slander against Camacho. This view has been backed by the PRD which has said that INE's decision curtails freedom of speech and that it may be an example of "bias" towards the PRI.

figures such as the party president, Carlos Navarrete, and Governors Graco Ramírez of Morelos and Rogelio Ortega of Guerrero had a busy schedule as they were expected to attend these rallies. In order to achieve this feat the PRD grandees resorted to hiring helicopters to fly them from one place to another.

This was highlighted during the rally held in Michoacán (one of nine states holding full state elections) to launch the gubernatorial candidacy of Silvano Aureoles. Navarrete, Ramírez and Ortega arrived at the rally in the city of Zitácuaro each in their own helicopter. In fact the local press noted that all in all five top of the range helicopters were used by the PRD to fly party members to and from Zitácuaro that day. The press speculated about how the PRD had managed to pay for it all given tighter controls on campaign spending introduced in last year's politico-electoral reform. Carlos Torres Piña, the PRD leader in Michoacán, said on 6 April that the party had hired one helicopter at a rate of M\$27,000 (US\$1,800) an hour to take Navarrete from one rally to the other; and that this was included in the party's campaign spending report. However, Torres said to his knowledge no other aircraft had been hired by the PRD that day.

This was contradicted by Jesús Zambrano, the PRD's national delegate in Michoacán, who said the party had hired at least two helicopters. Julieta López, Aureoles's spokesperson, admitted that a number of helicopters had been hired but, without providing concrete figures, she denied there had been five, accusing the PRI of "spreading exaggerated versions". Navarrete admitted that the use of the helicopters gave the wrong impression, especially given the criticism levelled against government officials for their overreliance on this expensive mode of transport.

The PRD's faltering explanations left it open to severe criticism from the PRI, the PAN and, more painfully, from Andrés Manuel López Obrador, the leader of the Movimiento Regeneración Nacional (Morena), the radical party set up to challenge the PRD's status as Mexico's leading leftist party. López Obrador said that helicoptergate showed that "PRD party leaders have truly become just like their PRI counterparts". He then called on PRD voters to turn to Morena instead.

The INE president, Lorenzo Córdova, urged all political parties and candidates taking part in the elections to adhere to electoral law and refrain from trying to bend the rules to gain undue advantages. "Let's remember that this electoral process has been launched amidst an adverse political and social context... I would like to insist that the rules of our democracy synthesise the desire for pluralism, inclusion, equality and legality of our society," Córdova said.

Tears for Lagrimita

The start of the campaign was also marred by allegations of discrimination against independent candidates, who as part of the politico-electoral reform are now allowed to compete for elected posts for the first time. Guillermo 'Lagrimita' Cienfuegos, a popular local clown and comedian who was aspiring to be the mayor of Mexico's second largest city of Guadalajara, Jalisco state, was prevented from doing so by INE.

After reviewing Cienfuegos's candidate registration application, on 6 April the local INE branch found that he had fallen 988 valid signatures short of the 23,887 needed (2% of the electoral register) to register as a candidate. Claiming that he had submitted over 35,000 signatures, Cienfuegos accused INE of rejecting his application under pressure from the pre-candidates of the three main political parties "who fear that they might lose to a clown that has more credibility than them".

Cienfuegos's opponents had said that his candidacy would be rejected by the electoral authorities and, for Cienfuegos, this made INE's last-minute decision highly suspicious. Cienfuegos says he will appeal the decision but he also warned voters not to be surprised if INE releases the results for the Guadalajara elections "on 6 June or even sooner... Do you guys trust the electoral authorities? Me neither!".

First Reserve backs Pemex

On 7 April Mexico's state-owned oil firm, Pemex, announced that it had signed a new memorandum of understanding with US investment firm, First Reserve Corporation, which contemplates the creation of a US\$1bn fund to be used to finance joint "infrastructure development, maritime transport, and production projects among other things". First Reserve is the world's oldest and largest private equity fund dedicated to investments in the energy sector.

MEXICO | More adversity for Pemex. Mexico's state-owned oil firm, Pemex, announced on 5 April that production at the 'Abkatun A-Permanente' oil rig, located 90km off the shore of Campeche state in the Gulf of Mexico, had resumed after a serious fire four days earlier when a (still unexplained) explosion at the oil dehydration and pumping area caused the death of four workers, injured dozens more and led to the evacuation of the 300-strong facility as a safety measure.

Besides rekindling concerns about safety standards at Pemex facilities, in which there have been a number of accidental explosions in the last three years, the blast in Abkatun raised questions about Pemex's ability to reach its oil and gas production targets this year. The oil fields off Campeche's shores are one of Mexico's most productive. Production at Pemex continued its long-running downward trend last year despite the landmark energy sector reform promoted by the government led by President Enrique Peña Nieto, which ended Pemex's monopoly over hydrocarbon production in the country, opening up the sector to greater private sector participation. In fact, the downward trend continued in the first quarter of this year, and this had already forced Pemex to lower its official production target for 2015 [WR-15-12].

With international oil prices remaining low, and little sign of a major influx of private sector investment into Mexico's oil production sector, there were fears that Pemex might not meet its revised production target even before the Abkatun accident. Following the incident these concerns heightened. But in its latest statement, Pemex said that after bringing the fire at Abkatun under control, its engineers had confirmed that the rig's oil processing structure is in "adequate condition to resume operations". The firm expects that production will reach 80% of its capacity before the accident by the end of the week.

However, the return of production at Abkatun does not mean that the incident will not negatively affect Pemex. The circumstances of the blast are still being investigated by Mexico's federal attorney general's office (PGR), which has said that it is trying to determine whether the company will have to answer for "negligence, manslaughter or physical damage to workers".

Pemex has said that it is cooperating fully with the investigation and insists that despite its recent budget cuts and the financial pressure that it now faces as it prepares to compete with potential private competitors, it has "never cut back on safety".

MEXICO | Arcelor halts production. The multinational steel maker ArcelorMittal (Arcelor) has begun a partial shutdown of its steel mills in the state of Michoacán, citing low international oil prices and unfair competition. The decision is worrying news for Michoacán, where Arcelor Mittal's operations, concentrated in the port city of Lázaro Cárdenas, employ an estimated 13,000 workers. Part of the strategy of the federal government led by President Enrique Peña Nieto to rescue the state from the grip of organised crime is to boost economic development, and any scaling down of the company's steel production will be a serious setback.

In a bid to allay some of these concerns, Michoacán Governor Salvador Jara has been in talks with the company and the federal economy and interior ministries. Jara said that Arcelor had confirmed that it had no immediate plans to lay off staff, but that equally the company was looking at all options, meaning that the future of its operations was not guaranteed.

Arcelor says that it is temporarily halting production in Mexico due to global oversupply and lower international prices. The firm also suggested that it is facing unfair competition from Russian and Chinese producers, with cheap steel from these countries flooding into Mexico. Exports from these two countries have been boosted by the relative depreciation of their currencies against the US dollar.

The Asociación de Industriales del Estado de Michoacán says that some 3.8m tonnes (t) of Russian and Chinese steel were imported into Mexico at prices below the local cost of production last year. This is not just a problem for Mexico. A report released by the Latin American steel association (Alacero) in March said the region's deficit in the trade of steel products with China rose 26% in 2014 to reach US\$24bn. This as Chinese steel exports to the region increased by 56% last year on the back of lower prices offered by Chinese producers.

CEP passes first test

Since President Michel Martelly issued the decree last month calling long-overdue legislative and local elections as well as the presidential vote (due this year) [WR-15-11], the electoral process has begun in earnest. The provisional electoral council (CEP) has issued the list of parties allowed to compete – widely considered the first test of the credibility of the CEP and the process itself. As expected the international community is keeping a close eye on developments.

On 1 April the CEP published a list of the 166 political parties registered to take part in the elections (out of 188 which applied), a considerable increase on the 68 registered to participate in the previous (2010/2011) elections. The list includes five of the six parties that last year said that they would not register for the elections (initially scheduled to take place in October 2014) citing concerns regarding the electoral process. These are Fanmi Lavalas (FL), the party of the populist former president Jean-Bertrand Aristide (1991; 1994-1996; 2001-2004), Ayisyen pou Ayiti, Fusion, Inite, Kontra Pèp la and Mouvement de l'opposition politique démocratique (Mopod). Interestingly the 22 parties whose applications to register were refused by the CEP included President Martelly's Repons Peyizan which, in the last elections, won just three seats in the national legislature (which comprises the 30-member senate and the 99-member lower chamber). Considerable speculation currently persists as to who Martelly – constitutionally barred from taking part – will back.

With the 11 May deadline to register for the presidential contest just over a month away, some high-profile contenders have already announced their intention to stand. These include former prime minister, Jean Max Bellerive (2009-2011), who served under the previous government led by René Préal (2006-2011). Bellerive will run for Vérité, the newly launched political platform of Préal, who has kept a low-profile since the end of his mandate. Meanwhile FL – which has been barred from electoral contests since 2004 on technical grounds – named a close Aristide ally, Maryse Narcisse, as its presidential candidate last July [WR-14-33].

Of the current government, so far only foreign minister Pierre Duly Brutus has declared his intention to stand (and announced his resignation accordingly). Brutus, who was brought into the cabinet in April 2014 as part of a major cabinet reshuffle, is running for the Konvansyon Inite Demokratik (KID) party of Prime Minister Evans Paul. A veteran diplomat, as Haiti's former long-time ambassador to the Organization of American States (OAS), Brutus has played a major role in the ongoing talks with the Dominican Republic following the tensions caused by the September 2013 ruling issued by that country's constitutional court (TC) that the children of foreign nationals born in the Dominican Republic before 2010 do not have the automatic right to claim Dominican citizenship.

International officials in Haiti

On 30 March Thomas A. Shannon, the US Counselor to the US Secretary of State, and Thomas C. Adams, Special Coordinator for Haiti, travelled to Port-au-Prince, as part of a visit to Hispaniola, to discuss preparations for the Haitian elections.

A week earlier the OAS Secretary General José Miguel Insulza, met President Martelly, Paul, and Defence Minister Lener Renaud, as well as legislators, members of the opposition and representatives of the private sector, among others.

Encouraging the vote

At the end of last month the local civil society group Observatoire Citoyen de l'Action des Pouvoirs Publics Haïtien (OCAPH) launched a public awareness campaign 'Projet Participation Citoyenne', aimed at encouraging voter participation, which hovered around 22% in the 2010/2011 contest. According to the local press, the OCAPH campaign is hoping to achieve voter turnout of at least 45% in the elections this year.

Complaints continue against 'Gran Canal'

During a recent hearing at the Washington-based Inter-American Commission on Human Rights (IACHR), the international NGO, Center for Justice and International Law (Cejil) – in partnership with 10 Nicaraguan civil society organisations – denounced “multiple human rights violations” caused by the construction of the Interoceanic Canal in Nicaragua. The complaint follows other international concerns regarding the project - the US\$50bn construction contract for which the government led by President Daniel Ortega awarded to Hong Kong Nicaragua Canal Development Company (HKND) in June 2013.

Cejil noted in a press release that the “project is expected to cause an unprecedented quantity of sediment removal, an issue which has sparked concern among environmental organizations who fear the intended canal route will wreak havoc on seven environmentally protected areas, destroy nearly 193,000 hectares of forested land, and threaten to contaminate Lake Cocibolca, Central America’s most important freshwater reservoir”. As well as environmental concerns, Cejil reiterated complaints regarding the lack of transparency surrounding the approval of the project, together with “a lack of analysis and lack of public consultation”. As regards the latter point, “petitioners claimed, the State did not consult indigenous and afro-descendant groups – who make up 52% of the population living along the canal route and will be among the most affected by land expropriation, territory and self-determination rights violations. In total, it is estimated that 119,000 people could be displaced.”

The Cejil press release also noted “details on the repression, police aggression and illegal detentions faced by the project’s detractors, especially those who participated in marches held in El Tule and Rivas in December 2014 where demonstrations were violently broken up by local police” (*see box*).

Cejil’s complaint takes place amid other international concerns. A group of international scientists convened at Florida International University (FIU) recently for a two-day workshop to discuss the data used in the project’s environmental impact assessment (EIA) study, which is being produced by consultant firm Environmental Resources Management (ERM), and is still in the draft stage. The workshop – the complete findings from which will be released as an addendum to the formal EIA which is due “later this spring” – included ecology, conservation and water law experts from FIU and other universities throughout the US and across the world. According to an FIU press release, “the scientists, noting the immense scale of the project, raised concerns about massive ecological change that would likely occur in Nicaragua if construction of the canal proceeds. Much of the discussion centered on the project’s water needs, both availability and quality” (*see sidebar*).

Repression

Cejil’s concerns regarding repression also made headlines last month after a military official, first lieutenant Yader Nicolás Montiel Meza was sentenced to three months and 15 days in prison by a military court for expressing disagreement with police repression against anti-Canal protesters which took place on 24 December. According to the local press, Montiel Meza, who was sentenced on 19 March, was found to have breached the military code after speaking out against the clashes between police and protesters which took place on a highway near El Tule area, in the Río San Juan department after the police tried to clear over 300 protesters. At the time, the national police chief, Aminta Granera, said that 15 police officers and six civilians had been injured but protest organisers claimed that at least 40 protesters had been injured.

FIU concerns

According to the FIU press release, “because of Nicaragua’s strongly seasonal climate, which is subject to extreme events including drought and hurricanes, the scientists questioned the projected availability of water supplies for the project. Discussions focused on the potential impact of climate change on the canal’s water supply and the impact of the project on Nicaragua’s marine, aquatic and terrestrial biodiversity.”

Quotes of the week

“We are going to be like the French Third Republic which changed cabinets like a shirt and was eventually invaded by the Germans and Hitler. Nobody is going to invade us, but poverty and pessimism will invade us.”

Peru's Pedro Pablo Kuczynski makes his case for approving the appointment of Pedro Cateriano as prime minister.

“We cannot shut our eyes to corruption, it has arrived; but it is also true that we have the institutional strength to prevent this scourge from growing and to control it.”

Chile's comptroller general, Ramiro Mendoza.

“A winning team should not be changed.”

Paraguay's Brigadier General Ramón Benítez, on his dismissal as commander of the joint police-military task force (FTC).

Paraguay's guerrilla war takes mysterious turn

Paraguay's President Horacio Cartes has dismissed the commander of the joint police-military task force (FTC), which is taking the fight to the Ejército del Pueblo Paraguayo (EPP) guerrillas in the north-eastern departments of Concepción, San Pedro and Amambay. Cartes was responding to the murder of three workers from a cattle ranch in San Pedro on 24 March, an attack presumed to have been carried out by the EPP.

The FTC commander, Brigadier General Ramón Benítez, did not go quietly. In an extraordinary breach of military discipline, especially for an officer of his rank, Benítez criticised his superiors – the military hierarchy and President Cartes, the commander-in-chief of the armed forces – in a candid interview with the local media. Benítez accused his “institutional adversaries” of conspiring to bring him down; denounced the existence of a parallel military group operating in the FTC's ‘area of influence’; and gave indirect encouragement to the EPP by conceding that the FTC was ill-equipped to combat the guerrilla group.

Pressure had been brought to bear on Cartes by the powerful landowners' group Asociación Rural del Paraguay (ARP) and the media, and differences had emerged between Benítez and the commander of the armed forces, General Luis Gonzaga Garcete Espínola. The ARP accused the military of staying in barracks in Concepción, rather than pursuing the EPP in the bush.

Benítez defended his record since taking charge of the FTC in August 2014. He said that the FTC had killed 10 presumed members of the Agrupación Campesina Armada (ACA), an EPP splinter, and arrested 21 suspected members of the guerrilla groups in that time. He said that these blows had been inflicted on the guerrillas despite his having been given “zero technology”. He also claimed he had been replaced in order to satisfy “unpatriotic interests...the military hierarchy which wants to impose its own candidates”. Upon his dismissal he visited Obdulia Florenciano, the mother of Edelio Morínigo, whose kidnap by the EPP last July is the longest in Paraguay's history. She has repeatedly asserted that Benítez is the only person who has shown any interest in finding her son.

Benítez also claimed that in early March he had become aware of “a parallel [military] team operating in the area”. General Gonzaga was dismissive of this claim and it is suspected that he dispatched Colonel Raúl Salinas to the area at the head of this team to put pressure on Benítez. Cartes appointed Salinas to succeed Benítez as FTC commander on 1 April and a week later, after the latter's media outburst, as commander of the III cavalry division in Curuguaty (Canindeyú).

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