

latin american weekly report

19 March 2015, WR-15-11

ISSN 0143-5280

CONTENTS

BRAZIL & SOUTHERN CONE

CHILE 3

UDI head and mining CEO fall over Pentagate

ARGENTINA 5

Big boost for Macri as UCR joins primary coalition

TRACKING TRENDS

ANDEAN COUNTRIES

COLOMBIA 7

Corruption scandal has far-reaching repercussions

VENEZUELA 9

Nicolás Maduro – nothing if not a survivor

ECUADOR 11

Outspoken Correa's domestic political agenda

MEXICO & NAFTA

MEXICO 12

Violence heightens concerns over Guerrero vote

TRACKING TRENDS

CENTRAL AMERICA & CARIBBEAN

HAITI 14

Martelly sets the date (again)

CENTRAL AMERICA 15

Boosting ties with Mexico

POSTSCRIPT 16

Will spectre of drug-trafficking haunt Suriname's Bouterse?

Quotes of the week

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

Latin American Newsletters since 1967

Rousseff responds to Brazil protests with anti-corruption measures

Surveys both before and after Sunday's major anti-government protests in Brazil showed that the principal motivation for those who took to the streets in São Paulo and elsewhere was corruption. According to Datafolha, 47% of those present cited corruption as the reason for their presence; only 27% demanded President Dilma Rousseff's impeachment. As such, the government has responded with a package of anti-corruption measures, but only one element can be fulfilled without congressional approval. Securing legislative support for more thorough reform is likely to prove a challenge, given the poisonous atmosphere generated by the investigation into wrongdoing at Petrobras, the state-owned oil company. In the meantime, the activists who organised the 15 March demonstrations have already planned another for 12 April.

Hundreds of thousands took to the streets across Brazil. The most impressive demonstration took place in São Paulo, where around 200,000 marched down Avenida Paulista. Worryingly, from the perspective of the ruling Partido dos Trabalhadores (PT), the participants there were somewhat more heterogeneous in terms of income, race and age than elsewhere in Brazil, where protesters were fewer, whiter and wealthier. São Paulo is an opposition stronghold, however, and a Datafolha survey showed afterwards that 82% of those present had supported Aécio Neves, the opposition presidential candidate in October's election.

Interestingly, Neves chose to sit out the protests. It is unclear whether for fear of being associated with the more extreme elements, such as those demanding not just impeachment, but immediate military intervention, or for fear the event would be a damp squib. An estimated 1-2m people marched in total across Brazil, with the south-east and centre-west seeing the highest turnouts; a far from insignificant number. Those demonstrating had wildly diverging views about what is to be done, but all were united by their anger at the government.

Neves has been meeting with dissident government allies and Eduardo Cunha, the leader of the lower chamber of congress, from the restive PT ally, the Partido do Movimento Democrático Brasileiro (PMDB), is due to meet the activists who organised Sunday's march. But it is not clear, at present, who stands to gain from this anger, and whether it can be harnessed for constructive political purposes. Rousseff's opinion poll ratings continue to slide. Approval for her government is now at a lowly 18%: 62% consider her administration "bad or terrible", not far from the 68% who made that assessment of Fernando Collor de Mello's government, shortly before he resigned in an attempt to avoid impeachment proceedings in 1992; 90% of those surveyed at the São Paulo march believe that Rousseff must have known about the corruption at Petrobras.

Reshuffle?

In an attempt to reinvigorate the government, just three months into its second term, there are already rumours of a cabinet reshuffle. Former president Lula da Silva has reportedly encouraged President Rousseff to bring in more PMDB members to keep the party on-side. Cid Gomes, the pugnacious education minister, is a favourite for the chop, following an offensive comment about “300 or 400 extortionists” in congress. Pepe Vargas, the institutional affairs minister, is also thought to be under threat, due to his failure to manage relations smoothly between the executive and the legislature.

It is important to note that as yet there is no evidence that this is the case. Although Rousseff chaired the board of Petrobras for seven years while the corruption was going on, the position was largely ceremonial and she had little to do with the day to day running of the business. As such, calls for impeachment have so far fallen on deaf ears at the supreme court. There has been a renewed clamour for an investigation into Rousseff, however, following the public ministry’s decision to launch charges against João Vaccari Neto, the PT treasurer, on 16 March. So far, the PT has resisted calls for Vaccari to stand down from his post as the investigation continues. A number of congressmen have requested the supreme court open an investigation into Rousseff but so far the presiding judge, Teori Zavascki, has turned them down.

On Sunday night, two ministers were sent out to face the press. José Eduardo Cardozo, the justice minister, and Miguel Rossetto, the chief secretary for the presidency, responded respectfully to the sight of hundreds of thousands of Brazilians demonstrating against the government. Calling the event “democratic” and “far from coup-mongering”, the ministers attempted to strike an emollient tone, in sharp contrast to governments in neighbouring Argentina or Venezuela. Still, their speeches were drowned out by the sound of *panelaços* [banging of pots and pans] in the up-market neighbourhoods of Brazil’s largest cities. There is a large element among the opposition that has given up listening.

Rousseff sought to strike the same tone. Having previously pointed, politely, to the absence of justification for an impeachment proceeding, she picked up where her ministers left off in fleshing out a package of anti-corruption measures. On 18 March, she took a bill to congress to expedite long-planned political reform as a result of Sunday’s protests. But just one of the seven proposals she put forward will have an immediate effect. The rest require congressional approval.

Rousseff lamented Brazil’s continued failure to separate the public from the private. “It is still an element of our national characteristic, and Brazil requires that it be overcome,” she said. “We have to build up new systems, sign agreements that bring together all aspects of society. This proposal must result in political reform.” Rousseff went on to say that all Brazilians, regardless of whether they voted for her or not, know that corruption is not a recent invention. “They know that the difference between some countries and governments and others is that some countries create the conditions to allow corruption to be investigated and punished. Some silence criticism; we are acting,” she said.

Among the measures, Rousseff wants to criminalise ‘Caixa 2’ (off-the-books) campaign donations from private companies; a requirement that all candidates for public office have no criminal record; criminalising illicit enrichment by public servants; the creation of a new mechanism to recover stolen goods and to speed up the legal process for those accused of embezzlement. Debate over public financing of election campaigns is being studied in the supreme court, though talks on the issue have been suspended since April 2014. Still, a majority of its judges are believed to support public financing.

Only one element in her package, the ratification of 2013’s anti-corruption law, will have immediate effect. In essence, it incentivises private companies to adopt more rigorous internal controls and sets limits for the “leniency deals” that companies caught doing wrong may negotiate with public prosecutors.

The trouble for the PT is that its principal coalition ally, the PMDB, has its own, crucially different anti-corruption proposal: private companies would still be allowed to bankroll election campaigns, but only finance one party. At present, most of Brazil’s biggest firms play it safe by spreading the cash around. The PMDB, as perennial kingmaker, would stand to gain the most from this arrangement. The party also wants an end to re-election; for presidential office to last for five years; and for all elections to be held in the same year.

UDI head and mining CEO fall over Pentagate

The Penta scandal is claiming prominent victims in both the political and the business world. Ernesto Silva, the president of the ultra-conservative Unión Demócrata Independiente (UDI), resigned over the illegal campaign-finance scandal on 11 March. The non-metallic mining giant, Sociedad Química y Minera de Chile (SQM), announced the dismissal of its CEO, Patricio Contesse González, in relation to the Penta corruption case five days later. In between President Michelle Bachelet has tabled a number of reforms designed to enhance transparency and accountability and created a 'presidential advisory council' tasked with regulating the relation between politics and business and putting forward suggestions to combat conflict of interest, influence trafficking and corruption.

UDI turmoil

Deputy Silva stood down as president of the UDI, along with his vice-president, Senator Iván Moreira, who was personally embroiled in the scandal. Moreira had admitted to requesting funds for his electoral campaign in 2013 from Hugo Bravo, then an executive at the Penta investment bank, who in fighting a legal case for wrongful dismissal, first revealed that Penta had financed the electoral campaigns of (mainly) UDI politicians [WR-15-03].

Silva conceded that there was a serious division at the heart of the UDI. He also took aim at internal critics who he accused of undermining party unity: "The UDI has endured very tough times in its history. Our founder [Jaime Guzmán] was assassinated [in 1991], but we have overcome these to become the largest political party in Chile. Today's crisis is distinct but no less tough for this." He added: "The UDI requires a profound renewal of its organisation, its message and its proposals." The UDI will hold a convention to elect a new leadership committee on 10 April.

Silva also praised the creation of the 'presidential advisory council' by President Bachelet. "She has finally understood that these problems don't affect just one party but the whole political system," Silva said. The UDI has desperately tried from the outset of Pentagate to tar the ruling centre-left coalition Nueva Mayoría with the same brush, but without any real success. Bachelet was hauled into the matter of corruption at both a personal and a political level, however, when her son, the 'First Man' Sebastián Dávalos, and his wife Natalia Compagnon were accused of influence trafficking and benefiting from privileged information in obtaining a multi-million dollar loan from the Banco de Chile to purchase real estate in O'Higgins region.

Bachelet's reform-driven agenda

Bachelet invited a cross-section of prominent politicians from the ruling coalition and the opposition (including former presidents Ricardo Lagos [2000-2006] and Sebastián Piñera [2010-2014]) and representatives of the private sector and the Church to the presidential palace La Moneda on 10 March for the launch of the advisory council. The 15-strong council will be granted full autonomy, given 45 days to present its proposals and then a further period of unspecified length to design legal reforms, which will then be sent to congress for debate, including stiffening penalties for cases of corruption and trafficking of influence.

The council will be presided over by Eduardo Engel, a professor at the Universidad de Chile, and will be composed of academics, economists and

Silva's fall

"The agony seemed interminable, [Ernesto] Silva stretched out his resignation as much as possible [...] and now the UDI will have to evaluate how it is going to confront this because it seems the corporate defence did not work," the president of Chile's left-wing Movimiento Amplio Social (MAS), Alejandro Navarro, said in response to Silva's departure as president of the UDI. Meanwhile, Senator Isabel Allende, of the Partido Socialista (PS), said "sooner or later it was predictable".

Penta prisoners

The Santiago court of appeals ratified the preventive imprisonment of four of the 10 accused in the Penta corruption scandal this week, including Carlos Alberto Délano and Carlos Eugenio Lavín, the founders of Penta; the former deputy mining minister, Pablo Wagner; and a former official in the tax agency (SII), Iván Álvarez.

lawyers, including the director of América Solidaria foundation, Benito Baranda, and a former governor of the central bank, Vittorio Corbo.

Ignacio Walker, the president of Democracia Cristiana (DC) applauded the creation of the advisory council, arguing that it should be given time to draw up its proposals as “content is much more important than deadlines”. But not everyone in the ruling coalition was impressed. “The government has to act quickly,” a deputy from Bachelet’s own Partido Socialista (PS), Marcelo Schilling, said. “Not be waiting for the recommendations of an advisory council however excellent they may be.”

Bachelet, however, maintains that the government will pursue its transparency agenda in tandem with the advisory council’s work. She sent a reform bill to congress last January establishing some campaign-finance changes, which she said she hoped would be approved before her state-of-the-nation address on 21 May.

Engel, meanwhile, said that he could “understand and value the current sense of urgency,” adding that “in the country we have an important loss of confidence in both politicians and the business sector”.

Bachelet also says she will send a constitutional reform to congress establishing penalties for those who reach elected positions by means of illegal practices, including the loss of the position. “Those that have received the public’s confidence must respond with transparency,” Bachelet said, arguing that it was not time to “push things under the rug but to try and ensure through solid institutions that this does not happen again”.

Damaging confidence

The finance minister, Alberto Arenas, claimed this week that the tax fraud, bribery and collusion associated with Pentagate had damaged confidence in the country’s markets. “The recent events have stained the transparency and confidence of our markets,” Arenas conceded during a business forum in Santiago. “Now we have the pressing need to recover credibility and confidence and to strengthen our institutions; for this we need better regulation that will benefit us all,” he said.

For his part, Guillermo Tagle, the president of the Instituto Chileno de Administración Racional de Empresas (Icare), which organised the forum, criticised the televised legal audiences in the Penta process, which he described as “a reality show”, although he too admitted that the scandal had led “everyone to question things” and created “a wounded society that has started to lose its values”.

The erosion of market confidence as a result of Pentagate will have been compounded by events at Chile’s non-metallic mining giant Sociedad Química y Minera de Chile (SQM). The board of directors decided to dismiss the company’s CEO, Patricio Contesse González, this week in an extraordinary session. Contesse, who had been CEO of SQM since 1990, was fired after he lost an appeal last week to avoid handing over SQM’s books from July 2009 as part of the Pentagate investigation. He has been replaced by the firm’s deputy CEO, Patricio de Solminihac Tampier.

Contesse had argued that the specific request by the Fiscalía de Alta Complejidad (the prosecutor’s office for high complexity) went beyond the remit of the Pentagate probe. The board of directors said that SQM would comply with the request, and send all of the relevant documentation directly to the tax authorities rather than the prosecutor’s office. The constitutional tribunal then waded into the issue, however, by ordering prosecutors to suspend the investigation into SQM temporarily until a hearing on 25 March.

Big boost for Macri as UCR joins primary coalition

Argentina's oldest political party, the Unión Cívica Radical (UCR), a member of the Socialist International since 1996, has ditched its more left-wing supporters and entered into a pre-electoral accord with parties from Argentina's right and centre-left. During a marathon session at its convention in Gualeguaychú on 15 March, the UCR voted to participate in presidential primary elections this August along with the centre-right Propuesta Republicana (PRO), of Buenos Aires city mayor, Mauricio Macri, and the broad-left grouping, Coalición Cívica (CC).

The UCR has an advantage that no other opposition party can match: a national organisation, with 335 mayors spread across Argentina, meaning thousands of foot soldiers in every part of the country. What the party has lacked until now, however, is a charismatic leader. Ernesto Sanz, the UCR president; Macri, from PRO; and Elisa Carrió, from the CC, will compete for the coalition's backing. Whichever candidate wins the primary, and Macri is the strong favourite, will have the support of the other coalition partners. The vote, taken at 5am, was upheld by 186 delegates to 130, and marks the emergence of a powerful non-Peronist electoral front.

Julio Cobos, a former vice-president of Argentina (2007-2011), had hoped to take the UCR's nomination (see sidebar). But he disagreed with the delegates' decision to participate in these primaries, arguing instead in favour of entering into an electoral alliance with Sergio Massa, the former Kirchnerista turned opposition candidate from the dissident Peronist Frente Renovador (FR). It now appears Massa is the big loser from the UCR's convention.

The top three runners for October's presidential election are: Macri, Massa and the government's likely candidate, Daniel Scioli. Massa, however, lacks much of a base outside of Buenos Aires. Until this weekend, Macri had the same problem, but with the UCR's support he should be able to marry his appeal with Buenos Aires' urban workforce with the more traditional rural concerns of the UCR's support base.

Scioli should benefit from the finances and organisation of the ruling Frente para la Victoria (FPV), but he has a rather difficult relationship with the party, and President Cristina Fernández. Neither the party nor the president has yet to commit wholeheartedly to his candidacy. Florencio Randazzo, the interior and transport minister, still remains an outside bet to become the official government candidate.

Even before the latest boost to Macri's prospects, some opinion polls had shown the Buenos Aires mayor starting to move ahead of Massa and Scioli. A recent poll of 1,500 voters by Jacobbe & Asociados, conducted between the end of February and the beginning of March (before the UCR convention) found that 54% of Argentines want the government to lose this October's elections, while 20.3% are hoping for Kirchnerismo to triumph. Forty-two percent expect the country to improve after the elections, and 61% think the Kirchnerista economic cycle is "exhausted".

Since September, according to the poll, Macri is the only opposition candidate to see his approval rating rise. It has gone up from 28% to 31.2%, while Scioli's rating has stayed fixed on 19% and Massa has fallen by four percentage points, to 15.4%. In the case of a possible second round election, Macri would, on current trends, handsomely beat other opponents.

Cobos

Julio Cobos had been reintegrated into the UCR after having been marginalised from the party after becoming the leader of a bloc of so-called K-Radicals (including a majority of UCR provincial governors and 20% of its mayors) who in 2006 went into alliance with Kirchnerismo – an alliance which eventually turned sour.

Railways

On 18 March the interior and transport minister, Florencio Randazzo, announced that the executive has sent a bill to congress to nationalise Argentina's railways. "The goal is to recover the entire national railway system," Randazzo said. Argentine Railways, a new State company, will have total authority over both passenger and freight trains. The government argues the nationalisation of the railway system will save the country Arg\$1bn (US\$115m) annually.

ARGENTINA | Transport unions threaten to strike on 31 March. Aníbal Fernández, the cabinet chief, and Carlos Tomada, the labour minister, on 11 March met leaders from Argentina's main transport unions, who are demanding income tax exemptions and an increase in the funds used to finance union-administered social programmes. The talks ended without agreement, paving the way for strike action on 31 March. "Patience has a limit and our limit is the 30 March," Omar Maturano, the leader of La Fraternidad, said.

According to Maturano, the meeting had been amicable, but the ministers had been very clear that any decision to accept the unions' demands would depend entirely on President Cristina Fernández. The transport unions have arranged a meeting with the larger opposition unions of Hugo Moyano, Luis Barrionuevo and Pablo Micheli on 25 March, in order to widen the impact of any industrial action.

Good relations between the government and the unions were not helped by the fact that Axel Kicillof, the economy minister, failed to attend a separate meeting with Antonio Caló, the head of the Confederación General del Trabajo (CGT), also scheduled for 11 March. One CGT delegate expressed his irritation at the government's attitude to *El Cronista*. "They want us to keep our salary demands below 30%, but they offer nothing in return; not income tax exemptions or money for social projects," he said.

ARGENTINA | Citigroup: between a rock and a hard place. On 17 March, Axel Kicillof, Argentina's economy minister, warned Citibank that breaking Argentine law "would have consequences". The bank is trying to abandon its custody of Argentine bonds as soon as possible, following US judge Thomas Griesa's refusal to budge on his prohibition that the bank process interest payments on Argentine bonds issued under Argentine law. The government has previously threatened to suspend the bank's licence to operate in Argentina.

URUGUAY | Astori proposes means of reviving Mercosur. "We are not enjoying a good time, we are going through a very bad time; as far as [the Southern Common Market] Mercosur is concerned the worst since it was created [in 1991]," Uruguay's economy and finance minister, Danilo Astori, said during a conference in Montevideo on 18 March.

During the conference, entitled 'What more should Uruguay do to attract investment?' Astori said it was imperative for Mercosur to show "internal sincerity" for which he recommended a new extra-regional accord to allow the bloc to confront its problems with "positive results". Astori proposed "open regionalism", saying Mercosur's "horizon should not just be the region but the world". He advocated advancing with trade negotiations with the European Union (EU).

It is not the first time that a politician from within Mercosur, especially a Uruguayan, has claimed that Mercosur has reached a nadir, and proposing a trade deal with the EU to pull the bloc out of the slump seems tantamount to flogging a dead horse: talks with the EU have been ongoing virtually since Mercosur's creation. Brazil is hardly a champion of "open regionalism" and Argentina has embraced trade protectionism for a decade, although it might pursue a slightly different economic tack after a new head of state takes office this December.

Uruguay, however, will continue to push for as much as it can get from Mercosur, including a relaxation of the restrictions on negotiating bilateral trade deals rather than as a bloc. "Mercosur should not be the terminus for the country's integration," Astori said, "but a platform for launching more ambitious projects".

The new government led by President Tabaré Vázquez has an opportunity in which to make a foreign policy mark after picking up key positions in hemispheric bodies. Uruguay's former foreign minister Luis Almagro (2010-2015) was elected as the new secretary general of the Organization of American States (OAS) on 18 March. The present incumbent, José Miguel Insulza, will make way for Almagro on 25 May after nearly a decade in the post.

Uruguay got off to an inauspicious start to its pro tempore presidency of the Union of South American Nations (Unasur), however, after a diplomatic spat with Venezuela over its claims of "external interference" by the US. Uruguay's new foreign minister, Rodolfo Nin Novoa, said that the country's new foreign policy would be governed by "discretion and reserve", although indiscretion and unconstraint appeal rather more to the countries that are proving to be the driving force behind Unasur.

Pretelt must go

The inter-institutional commission of the judicial branch this week called on Jorge Pretelt to resign as president of the constitutional court. "When the actions of a magistrate are seriously questioned, to the point that they cast doubt on the transparency and honesty of the court, the judicial branch as a whole is negatively impacted...because it affects its legitimacy and calls into question the capacity of the justice system to resolve impartially the conflicts and interests of its citizens," the commission said in a letter signed by the attorney general, Eduardo Montealegre; the president of the supreme court, Leonidas Bustos; the president of the council of state, Luis Rafael Vergara; and the president of the judicial council, Wilson Ruiz.

Corruption scandal has far-reaching repercussions

The constitutional court is embroiled in the biggest corruption scandal in its 24-year history. The president of Colombia's top court, Jorge Ignacio Pretelt, took a 30-day leave of absence on 5 March at the behest of the other judges on the nine-member body. Only congress can hold senior officials from the executive and judicial branches of government to account but the record of the congressional accusations' committee is so dismal it is tantamount to ensuring impunity. The timing of the latest incident is very awkward for the government of President Juan Manuel Santos. It is precisely this sort of scandal that provides ammunition for the Fuerzas Armadas Revolucionarias de Colombia (Farc), which has long argued there is something rotten at the heart of Colombia's state institutions. It also sheds a new light on guerrilla demands for impunity as part and parcel of any eventual peace accord.

Pretelt apparently sought to extort Col\$500m (US\$200,000) from an oil company, Fiduciaria Petrolera (Fidupetrol), in exchange for his assurance that the CC would revoke a Col\$22bn (US\$9m) fine imposed by a chamber of the supreme court in a case versus the government of the department of Casanare. The lawyer for Fidupetrol, Víctor Pacheco, allegedly told a CC magistrate and former president, Luis Ernesto Vargas, that he had been invited to the home of Pretelt ahead of the ruling.

In this private meeting, Pretelt allegedly said that if Fidupetrol paid him the bribe, he would persuade Mauricio González, the presiding judge in the October 2014 case, to overrule the fine approved by the lower court. Duly advised of this by Vargas, González subsequently sought Pretelt's removal from the CC. Pretelt denies the accusation but concedes that Pacheco had visited him at his home. The CC went on to rule against Fidupetrol.

The case is acquiring a new level of complexity everyday. The national press has reported extensively on it but is now also suggesting that it is merely the tip of the iceberg and that there are other compromising cases, one of which involves a friend of Pretelt's and a former CC president, Rodrigo Escobar Gil, who acted on behalf of clients to use his influence to secure favourable rulings from the CC.

President Santos responded to the accusations by ordering congress, which appointed Pretelt in 2009 for eight years from a shortlist drawn up by former president Alvaro Uribe (2002-2010), to open an investigation into Pretelt immediately so that "in the short term it can clarify what happened and whether the integrity of the constitutional court is intact".

The trouble is that the congressional accusations' committee responsible for carrying out the investigation has a very poor record at taking action in cases referred to it. The weekly magazine *Semana* reported that between 1992 and 2014, the congressional accusations' committee received 3,496 accusations, 42% of which were against magistrates from top courts. Of the 3,496 cases, a total of 1,957 have been archived and 1,538 unresolved. Only one case made it to the full lower chamber of congress, and that was 'Proceso 8,000', the accusation that former president Ernesto Samper (1994-1998)'s 1994 electoral campaign was partially funded with drug money.

Luis Carlos Restrepo

The whereabouts of the former peace commissioner, Luis Carlos Restrepo, chosen by former president Alvaro Uribe to participate on his party's advisory commission on the peace process, are unknown, having been accused of staging the demobilisation of 62 Farc guerrillas in 2006 by persuading criminals and unemployed people to pose as Farc rebels and hand themselves in to the authorities. Restrepo surfaced a few months ago on the phone to reveal that he was not a fugitive from justice but had political asylum from an unspecified country.

Some of the members of the congressional accusations' committee have also been accused of corruption themselves. Deputy Julián Bedoya, who presides over the commission, made a fierce defence of his past last week after allegations emerged that he was not a qualified lawyer (he studied law at Medellín university for five years but failed to graduate) and had attempted to steal a weapon from the police cadet school in Santander in 2000 three days before graduating, leading to his expulsion. Given the seriousness of the case he is investigating, Bedoya's unimpeachable probity would seem to be a prerequisite. He claims that "dark forces" are trying to "obstruct" the Pretelt case.

The Santos administration is clearly concerned about the repercussions of the scandal. The justice minister, Yesid Reyes, called on Pretelt to resign because the case was affecting the image of the CC, while recognising that there was no legal obligation for him to do so. The other CC judges have promised to provide a list of assets to the authorities for the purpose of transparency. This might allay some concerns but the timing of the scandal is damaging. The Farc has long claimed that the judicial system is corrupt and that top officials enjoy complete impunity, and its commanders could well cite this case to buttress their demands that they too should be granted impunity from prosecution.

Uribe holds out

Senator Alvaro Uribe (president, 2002-2010) came under intense pressure this week to sanction the participation of his right-wing party, Centro Democrático (CD), in an advisory commission created by President Santos to accompany the peace process with the Farc in Cuba. The pressure was brought to bear by none other than the attorney general, Alejandro Ordóñez, who shares many of Uribe's concerns about the peace process and is one of its chief critics.

Uribe wrote a letter to Ordóñez (who despite his criticism of the current peace process shares with Santos the desire for a multi-party peace accord) in which he did not directly decline Santos's invitation for the CD to form part of the advisory commission but neither did he accept. Instead, he announced that the CD would form its own commission to evaluate the peace process and keep in contact with some of the more critical figures on Santos's commission, principally the presidential candidate for the Partido Conservador (PC) last year, Marta Lucía Ramírez. Ramírez applauded Santos for creating the commission but stressed that her inclusion on the body would not hold her back from expressing her concerns about the peace process.

Former president Andrés Pastrana (1998-2002), who has at times sung from the same hymn sheet as Uribe over the peace process, is also on the deliberately diverse advisory committee created by Santos, designed to reflect a broad swathe of the body politic.

Santos's advisory commission also includes the former mayor of Bogotá, Antanas Mockus; the president of the left-wing Polo Democrático Alternativo (PDA) and former presidential candidate, Clara López; Cardinal Rubén Salazar, the archbishop of Bogotá; the president of Bancolombia, Carlos Raúl Yepes; the leader of the umbrella trade union Confederación General del Trabajo (CGT), Julio Roberto Gómez; retired General and former defence minister, Rafael Samudio Molina; a former M-19 guerrilla and former senator Vera Grabe; the former culture minister and president of Corporación Manos Visibles, Paula Moreno; and the Arhuaca indigenous leader, Ati Quigua.

The CD's own advisory commission will comprise the party's defeated presidential candidate last year, Óscar Iván Zuluaga; the party coordinator for international affairs, Carlos Holmes Trujillo; Senator Alfredo Rangel; and the former peace commissioner under Uribe, Luis Carlos Restrepo (*see sidebar*).

Santos's advisory commission met for the first time on 16 March. Santos informed the participants in detail about the points that have been agreed by the negotiating teams in Cuba so far. He said the advisory commission would meet either him or the negotiating teams in Cuba "as many times as necessary", adding that they would be kept "permanently informed".

Nicolás Maduro – nothing if not a survivor**Venezuelan threat**

In his testimony to the Senate Foreign Relations Sub Committee, the Colombia University law professor Christopher Sabatini said he thought it “impossible” that things would end well in Venezuela. He cited the economic crisis, the “vitiating” of Venezuela’s institutions; the unwillingness of the Maduro government to become more moderate; and the “mute” reaction of the regional community. In reference to the latest US action, Sabatini lamented that the language of the Obama executive order had become “a red herring”, and noted the “hypocrisy” in the fact that the region had “applauded” similar US actions against officials in Honduras in 2009. The real threat of Venezuela, he ended, is not to the US, but in fact to its neighbours, in that it could become a failed, narco-captured state.

Contrary to the expectations of many critics, and never-ending rumours as to the depth of the chaos behind the monolithic façade of the Bolivarian Revolution, President Nicolás Maduro is clinging on in office two turbulent years after his narrow election victory in April 2013. In no small measure, this is thanks to the firm support of neighbouring Latin American governments, which seem to take the view that, when it comes to Venezuela, better the [“democratically-elected”] devil you know.

Maduro gets his way internally...

As expected, Venezuela’s national assembly duly awarded President Maduro his requested decree powers under the ‘anti-imperialist enabling law for peace’, which formally took effect on 16 March upon publication in the official gazette. Maduro had asked for decree powers for six months; the assembly went one better and gave him a free rein for nine months (until 31 December), which will cover the period running up to and after the upcoming legislative elections, expected in September. Deputies elected in the upcoming contest are scheduled to take their seats in the assembly in January 2016. That gives the outgoing assembly, controlled by the ruling Partido Socialista Unido de Venezuela (PSUV), plenty of scope to amend the enabling law in the event that the party underperforms in the polls.

The law’s broad remit, gives Maduro free rein to legislate on security matters and the economy, while also giving him the power to make changes to national authorities including the judiciary, all ostensibly in the name of anti-imperialism. The opposition fears that Maduro will use these ‘superpowers’ to crack down further on internal dissidence ahead of the elections, using the alleged external threat (from the US) as a convenient excuse.

Maduro’s first actions under the new enabling law had a clear electoral hue. In the name of battling the ‘economic war’, he announced a string of new measures - and approved sizeable new funds - to improve food distribution and supplies and promote more domestic food production in the country. The late former president Hugo Chávez (1999-2013) first pledged domestic food sovereignty 14 years ago, back in 1999. Whether these latest plans work or not remains to be seen – the *Chavista* government is great at announcing (and re-announcing) plans, less so at delivering on them. And if they do not work Maduro can always blame the ‘war mongering’ private sector, political opposition and the US.

...And externally

Meanwhile, following a strong show of regional support for Venezuela from the Brazil-steered Union of South American Nations (Unasur) and the radical left-wing Alianza Bolivariana para los Pueblos de Nuestra América (Alba), Ecuador’s foreign minister, Ricardo Patiño, said that he had accepted “with great pleasure” an invitation by Maduro to work in support of dialogue between Caracas and the US in the wake of the huge furore over the language of US President Barack Obama’s 9 March executive order, which declared Venezuela a threat to US national security in order to levy sanctions on Venezuelan government officials suspected of human rights abuses.

It is unclear how the US will respond to this new initiative; the State Department has been clear that as official diplomatic channels between Caracas and Washington still remain open (albeit now only at lower levels), it would prefer direct bilateral dialogue. In early February, Maduro said that he had asked Unasur’s secretary general, Ernesto Samper, to help “find an avenue” for dialogue. The US State Department later said that it had never been contacted by any third parties with respect to this.

Bond payment
Venezuela has paid its first foreign debt obligation of the year, a EUR1.0bn global 2015 bond. Finance Minister Rodolfo Marco Torres repeated that Venezuela would meet all its debt commitments this year (totalling some US\$10bn) and accused international credit rating agencies of lowering the country's (junk) profile for political reasons.

It suits Maduro, however, to continue to engage in loud megaphone diplomacy, as it provides a great deal of distraction from - and an excuse for - the continuing internal economic and political problems inside Venezuela. For Ecuador's President Rafael Correa, it also serves a purpose, boosting the country's foreign policy profile at a time when other regional players - most notably Brazil, Chile and Mexico - seem either unable or unwilling to deal with all the noise emanating from Venezuela. It also has domestic political uses (see page 10). As such, Correa and Patiño have personally taken up the baton over the Venezuela crisis.

According to Maduro, Patiño will lead a special commission of regional foreign ministers to act as "facilitators" for dialogue, with the support of regional organisations including Alba, Unasur, the Caribbean Community (Caricom) and the Community of Latin American and Caribbean States (Celac), which groups all countries in the region bar Canada and the US and of which Ecuador currently holds the *pro tempore* presidency. Glaringly, there was no mention of the Organization of American States (OAS), which does include the US, and of which Ecuador, in particular, is highly critical for no longer representing the 'pluralistic' regional reality.

This new commission has yet to be named, but it may include the troika of Unasur foreign ministers set up to address the Venezuela crisis. This included Patiño and his Brazilian and Colombian counterparts, Mauro Vieira and María Angela Holguín, who would carry weight with the US. The Venezuelan opposition, however, considers Unasur, as an inter-governmental organisation, to be institutionally biased in favour of the Maduro administration.

US on the back foot

The US government, for its part, has spent the past week defending its actions against Venezuela in the face of widespread regional criticism. The day after the Maduro government took out a full page ad in *The New York Times* setting out the reasons why Venezuela is *not* a threat to the US, Alex Lee, the Deputy Assistant Secretary For South America And Cuba at the State Department's Bureau of Western Hemisphere Affairs, told the Senate Foreign Relations Sub Committee on the Western Hemisphere that "it is not our policy or intent to promote instability in Venezuela or to endorse solutions to Venezuela's political problems that are inconsistent with its own legal system. The United States is not seeking the downfall of the Venezuelan government nor trying to sabotage the Venezuelan economy". He added: "President Maduro publicly expresses a desire to improve our bilateral relationship, and we are open to direct communication".

The Pope is still working for dialogue

The former *Chavista* governor of the state of Lara, Henri Falcón, along with the opposition deputy Julio César Reyes, met Pope Francis in Rome on 18 March, following a prior meeting with the Vatican's secretary of state, Monsignor Pietro Parolin, who formerly served in Venezuela and helped mediate the (failed) government-opposition talks a year ago. Ahead of his trip, Falcón's office released a statement stressing that "We are in favour of governability, dialogue, we respect and demand respect for the constitution. We firmly believe that the road to overcome difficulties is electoral, democratic and constitutional".

Falcón, until 2009 close to Chávez, has been touted as a potential transition leader. Latterly, he has aligned himself with the moderate opposition led by Henrique Capriles Radonski and could play a leading role in any future moderate opposition government. Like the leadership of the opposition Mesa de la Unidad Democrática (MUD), Falcón deliberately disassociated himself from the latest US actions, calling President Obama's executive order "threatening", "disrespectful" and "a disservice" to Venezuela's opposition. Falcón said the Pope had urged Venezuelans to "dialogue, dialogue and meet as brothers". The Pope, he added, had told him that he had spoken to President Maduro about the issues affecting the country.

Outspoken Correa's domestic political agenda

Conaie protests

Hundreds of indigenous protesters and activists marched through the streets of Quito on 5 March to hand the national assembly a proposal on the controversial 'land law', which legislators are debating. The march was organised by Conaie, which staged a 'Summit of the People' to analyse the current situation and plan action if the government fails to heed its demands. Conaie argues that the government is preparing to strip the indigenous of their ancestral rights.

Ecuador's President Rafael Correa has been the most vocal supporter of his Venezuelan peer Nicolás Maduro since the outbreak of heightened diplomatic tension with the US in recent weeks. This rhetorical solidarity comes as no surprise given many of the professed ideological similarities between Correa's Citizens' Revolution and Maduro's Bolivarian Revolution. But there is a domestic subtext too. Correa has expressed his concern in recent months about a "conservative restoration" in Ecuador and the traditionally diffuse political opposition has reacted to the repression of prominent opposition politicians in Venezuela by attempting to set aside its differences to "defend democracy" and "unite" to confront Correa in the 2017 presidential elections.

"It ought to be a joke in bad taste that reminds us of the darkest hours of our America, when we received invasions and dictatorships imposed by the imperialists: Can't they understand that Latin America has changed?" President Correa's criticism of the categorisation of Venezuela as an "extraordinary threat to the national security" of the US was expressed more vociferously than by any other head of state, and Quito was quick to step in to hold an extraordinary meeting of foreign ministers of the Union of South American Nations (Unasur) at the weekend condemning the US after Uruguay, the pro tempore president of the organisation, fell short of the unequivocal solidarity demanded by the Latin American Left (see our latest edition of the [Brazil & Southern Cone Report](#) for a detailed evaluation of Uruguay's diplomatic spat with Venezuela).

Correa's response carried added resonance because of domestic political developments. A triple alliance of the political opposition is taking shape in Ecuador. Given the fragmented nature of the opposition in Ecuador it is far too early to say whether it will even be capable of forging a coalition as ineffective and disunited as Venezuela's opposition Mesa de la Unidad Democrática (MUD), but it is worth monitoring because Correa has faced limited opposition during his eight years in power and because it is a direct result of the repression of prominent MUD politicians in Venezuela, including the arrest of Antonio Ledezma, the mayor of Caracas, in recent weeks.

The mayors of Ecuador's principal cities, Quito and Guayaquil, Mauricio Rodas and Jaime Nebot respectively, recently met the prefect of the province of Azuay, Paúl Carrasco, to launch "a democratic space of unity", calling on all Ecuadoreans to join them to defend democracy in the country. The significance of the meeting lies in the fact that Nebot is an opposition figurehead on the Right; Rodas, a centrist; and Carrasco a leftist. Yet all three were prepared to set aside their ideological differences, concurring that "only unity in diversity will bring us to better days".

Whether the three men will be prepared to subordinate their respective political ambitions to back a unity candidate when presidential elections come around in 2017 is a moot point. But the government took note of the threat. Óscar Bonilla, the secretary of political action for the ruling Alianza País (AP), for instance, tweeted that the meeting bore witness to "an unnatural alliance between the pseudo Left and the recalcitrant Right".

The polarisation of politics is also causing divisions within the indigenous movement. The Correa administration has been adept at exploiting these over the years but it has stepped up its intent in recent months. Over Christmas a new group, the Alianza Indígena por la Revolución Ciudadana, was forged to unite the indigenous sector behind the government. It includes members of several indigenous groups including the country's main indigenous organisation Conaie, which has been most critical of Correa (*see sidebar*).

Violence heightens concerns over Guerrero vote

Two violent incidents in the space of four days have heightened the widespread concerns about the viability of staging the 7 June midterm federal legislative, state and local elections in the state of Guerrero as scheduled. Guerrero civil society groups led by the relatives of the 43 trainee teachers abducted from the town of Iguala last September have long claimed that the elections (Guerrero is one of nine states due to hold full state elections) are unviable due to the reigning political and security crisis. The violence puts the federal government led by President Enrique Peña Nieto under mounting pressure to ensure that it can provide all the necessary guarantees for the elections to be held in Guerrero.

Despite the deployment of a large contingent of federal security forces to reinforce public security in the wake of the Iguala disappearances, high levels of violence and criminal activity persist in Guerrero. This has been regularly denounced by local civil society groups. These point out that although the Iguala crisis led to the impeachment of a number of municipal authorities for their suspected links to local criminal organisations and the resignation of the state government, the federal and interim state authorities still have to dismantle the entrenched criminal structures that infiltrated Guerrero's institutions.

This forms part of the argument put forth by the relatives of the Iguala disappeared that holding elections in Guerrero before the case is fully resolved and all those responsible are brought to justice (and prevented from standing for public office) is pointless. They have repeatedly called for the elections in Guerrero to be postponed until these conditions have been met. But the federal government has rejected this, countering that holding the elections is essential to restore democratic order to the state.

The potential threat that violence poses for the electoral process, however, was painfully highlighted this week. On 11 March Guerrero state authorities identified a decapitated body found in a rural area of the municipality of Ahuacuotzingo as that of Aidé Nava, the mayoral candidate there for the left-wing Partido de la Revolución Democrática (PRD). Nava had been kidnapped by armed men on 9 March. Two days later the state authorities identified three bodies found in a mass grave near the municipality of Eduardo Neri as those of the employees of the Canadian mining firm, Goldcorp Inc., who had been abducted by armed men on 5 March.

Telling incidents

The two kidnapping and murder incidents exposed the extent to which criminality and violence continues to be a major concern in Guerrero as the elections loom. The crime against the mining workers shows that criminal groups continue to operate freely in the state despite the federal security intervention. The murdered victims plus another colleague were reported missing by their families after they failed to return home after their work shift. One of them was later released (possibly following the payment of a ransom) and he said that they had been kidnapped for ransom by a group of armed men. The relatives of the other victims immediately called on the federal authorities to intervene. But soon afterwards one of the victims' relatives received an anonymous phone call saying that the men had been killed and buried in a shallow grave near a gully.

It is unclear exactly why the Goldcorp workers were targeted. In a statement, the firm said that the "the disappearance of the employees was unrelated to their role with Goldcorp". But the wife of one of the victims says that her

Iguala relatives press their point

On 15 March the relatives of the Iguala disappeared held an assembly to discuss how to proceed with their protest campaign.

Afterwards they announced that to mark six months since the Iguala abductions, on 26 March they will present a document to the national electoral institute (INE) explaining why they oppose the holding elections in Guerrero at this point.

Mexico ratifies FTA with Panama

On 12 March

Mexico's senate ratified the free trade agreement (FTA) that the government signed with Panama in April 2014. With the ratification of the Mexico-Panama FTA, Mexico now has in place FTA agreements with all the countries that make up the Central American Isthmus. According to Mexican government figures, bilateral trade with Panama increased by 210% over the past 10 years making Panama Mexico's third largest trade partner in Central America and its 11th largest in Latin America.

husband had told his superiors that he and his colleagues were constantly being harassed by criminal groups.

Nava's murder has clear political undertones that make it even more worrisome. Her murder was attributed to a local criminal organisation, Los Rojos, after a local news agency, *Quadratin*, reported that a message signed by the gang had been left by Nava's body. According to *Quadratin* the message read: "this will happen to all fucking politicians (*putos politicos*) who do not align themselves". Los Rojos are the main rivals of the Guerreros Unidos gang, implicated in the abduction and presumed murder of the Iguala students (it is believed that the imprisoned former PRD mayor of Iguala, José Luis Abarca, plotted the students' abduction with Guerreros Unidos members).

It is highly likely that Los Rojos would try to extend their influence by ensuring the election of local officials that they can control. The Iguala case highlighted that Guerreros Unidos succeeded in establishing close links with local government officials and the same likely applies to Los Rojos.

Federal authorities remain defiant

The two incidents, and Nava's murder in particular, raise concerns about whether holding free and fair elections in Guerrero is possible under the present circumstances. But federal authorities remain defiant that the elections are going ahead regardless and that they can provide all the guarantees that these will not be comprised. Interior Minister Miguel Angel Osorio Chong lamented Nava's death in particular but he insisted that despite this, "whether or not to hold elections in Guerrero is not under discussion". Osorio Chong said that the federal government would offer additional security to all candidates. He added that the federal government "guaranteed" that the elections would be held as planned all over the country.

However, the national electoral institute (INE) has admitted that the lack of security has delayed its electoral preparation in Guerrero and that it has been forced to implement special measures (including cancelling onsite visits by INE training staff) in three of the nine Guerrero electoral districts. INE also revealed that it has already requested federal security forces to provide escorts for all Guerrero gubernatorial candidates. An INE statement explained that "it is important that security is reinforced in Guerrero both for the people, who have a right to vote in peace, and for campaigning candidates. Extraordinary measures have to be taken because criminal groups continue to operate in the state".

TRACKING TRENDS

MEXICO | Auto sector trade pact with Argentina extended. On 16 March Mexico's embassy in Argentina announced that the two countries had signed a new agreement that will govern bilateral trade in the automobile and automobile parts sector for the next four years.

The new agreement will replace the existing agreement establishing trade quotas introduced under the wider Acuerdo de Complementación Económica 55 (ACE55) trade deal that Mexico signed with Brazil and Argentina in 2012 and which was set to expire on 18 March. The ACE55 allows for restricted free bilateral trade in the sector up to US\$600m, after which each country can impose their respective import duties (a 20% duty in Mexico's case and a 35% duty in Argentina's case).

According to a Mexican embassy statement, the two countries agreed to maintain a free trade quota system but to move gradually towards unrestricted free trade by 2019. Thus under the new agreement, a duty-free quota of US\$575m has been set for this year, but this will increase to US\$592.25m in 2016; US\$612.9m in 2017; and US\$637.4m in 2018.

The new deal is positive for Mexico given that Argentina is the second largest market for its automobile sector exports in Latin America. The agreement was signed by Mexico's economy minister, Ildefonso Guajardo, and Argentina's industry minister, Débora Giorgi, during the former's 16-17 March visit to Buenos Aires.

Martelly sets the date (again)

President Michel Martelly has issued a decree calling long-delayed legislative and local elections as well as the presidential elections due this year, from which he is constitutionally barred from running. The decree followed another executive order establishing a new legal framework for the electoral process; Martelly's first decree since the bicameral legislature became inoperative on 12 January [WR-15-02], after the terms of all 99 national deputies and 10 senators in the 30-seat upper chamber - a third of which was already vacant - formally expired.

The timeframe established by the 13 March decree was in line with the preliminary electoral calendar sketched out by Haiti's provisional electoral council (CEP), which stipulates that legislative elections for two-thirds of the senate and the 118-seat lower chamber (which has been increased from 99 seats) should take place on 9 August, with any run-offs to be held on 25 October, the same day as the first round of presidential elections. Any presidential run-off would take place on 27 December, followed by local and municipal elections on 31 December.

Martelly's decree came 11 days after he issued an executive order which included two decrees. One addresses the organisation of the electoral contest, while the other amends a June 2005 decree regarding the national identification card (CIN), extending the validity of expired CINs until December 2017. This, in response to concerns that the authorities would be unable to renew expired ID cards in time for the elections.

While the main opposition parties like Inite appear to have accepted the schedule which the CEP presented to some 300 representatives from political parties on 11 March, Fanmi Lavalas, the party of the populist former president Jean-Bertrand Aristide (1991, 1994-1996, 2001-2004), complained about the length of the campaigning period, arguing that political parties lacked the resources to compete over such a sustained timeframe. Meanwhile the radical opposition Mouvement Patriotique de l'Opposition Démocratique (Mopod), along with the Plateforme Piti Desalin of former senator Moïse Jean-Charles, did not attend the event in which the CEP presented the calendar and have since rejected the timeframe.

Another source of concern on the part of the opposition as well as civil society groups is the composition of local electoral councils – Bureaux Electoraux Départementaux (BED) and Bureaux Electoraux Communaux (BEC) – which are tasked with resolving disputes at the communal and departmental level. Francisco Delacruz, a senator for the Organisation du Peuple en Lutte (OPL), for example, publicly complained about a lack of independence in the BED and BEC, and urged the CEP to recruit new members. These concerns have also been expressed by a prominent women's rights organisation, Solidarite Fanm Ayisyen (Sofa).

The first test as to the credibility of the electoral authorities and process itself will come on 23 March when the CEP publishes its list of parties registered to compete. (The registration process began on 16 March for a five-day period). In previous contests, opposition parties like Fanmi Lavalas have been barred from registering to participate. Interestingly Fanmi Lavalas was one of six parties that previously refused to register with the CEP in protest at concerns regarding the electoral process ahead of the elections which had been scheduled for October 2014. The other five were: Ayisyen pou Ayiti, Fusion, Inite, Kontra Pèp la, Mopod and OPL.

Jean assassination

The local Haitian press freedom association, SOS Journalistes, and the Independent Commission to Support Investigations into Murders of Journalists (Commission Indépendante d'Appui aux Enquêtes Relatives aux Assassinats des Journalistes Haïtiens, CIAPEAJ) have condemned the murder of Oriel Jean, the former security chief of former president Jean-Bertrand Aristide (1991, 1994-1996, 2001-2004) which took place on 2 March. Jean, who was shot dead in Port-au-Prince, was a key witness in the 3 April 2000 high-profile political assassination of Haiti's most well-known journalist, Jean Léopold Dominique. According to a statement circulated in the local press, Jean had faced constant death threats from individuals close to Aristide whom he had accused of ordering Dominique's murder.

Guatemala-Honduras customs union

At the end of last month Honduras and Guatemala signed an agreement to set up a common customs union. The move follows the announcement earlier that month by El Salvador's President Salvador Sánchez Cerén and his Guatemalan peer Otto Pérez Molina of plans to forge a customs union in a bid to dynamise trade [WR-15-06]. The latest agreement, which was signed by Presidents Pérez Molina and Hernández on 26 February, is expected to take effect in December 2015. According to a press release by the Guatemalan presidency, Guatemala and Honduras represent 46% of the sub-region's GDP, account for 40% of Central America's territory and 42% of the population. The same presidential press release expects that the change will translate into additional 1% growth for the two respective economies.

Meanwhile the international community has hailed the efforts to get the electoral process going. On 13 March the United Nations (UN) Stabilisation Mission in Haiti (Minustah) issued a press release welcoming the "formal proposal of a calendar for elections" and commending "the Electoral Council for its extensive and all-inclusive consultations with political actors and its transparent approach". On 5 March Sandra Honoré, the Special Representative of the UN Secretary General in Haiti, and the so-called 'Core Group' (comprising the ambassadors of Brazil, Canada, France, Spain, the US and the European Union; and the Special Representative of the Organization of American States) issued a statement hailing the 2 March executive order as "an important step in the launch of the electoral process".

CENTRAL AMERICA | DIPLOMACY

Boosting ties with Mexico

Guatemala's President Otto Pérez Molina met President Enrique Peña Nieto in Mexico City last week. As well as the latest indication of burgeoning bilateral ties which have gathered pace since Peña Nieto took office in December 2012, such cooperation is also important for the sub-region. It is crucial to the Plan Alianza para la Prosperidad (PAP) unveiled last year by the three leaders of Central America's 'Northern Triangle' (Guatemala, El Salvador and Honduras), aimed at tackling the causes of the recent child migrant crisis. The PAP, which is being developed in cooperation with the US and the Inter-American Development Bank (IDB), was advanced during a recent visit to Guatemala City by US Vice-President Joe Biden [WR-15-10].

The meeting which took place on 13 March - the 12th high-level bilateral event of its kind since President Peña Nieto took office - was attended by a high level delegation from Guatemala which included the ministers of foreign affairs (Carlos Raúl Morales); energy & mining (Erick Archila); interior (Mauricio López Bonilla); social development (Leonel Rodríguez); and public finance (Dorval Carías). The meeting produced a string of accords spanning energy, security and trade, amongst other areas, all of which are crucial to improving the competitiveness and development of the sub-region, a core objective of the PAP. These included plans to establish a technical bilateral working group tasked with developing studies for sustainable electricity generation projects, as well as agreements to avoid double taxation, strengthen border infrastructure and combat illicit trafficking of drugs and related crime.

Also energy related, the latest discussions yielded plans to outline a framework agreement on a Mexico-Central American natural gas pipeline by April (the completion of which is an objective of the PAP). The president of Honduras, Juan Orlando Hernández, also joined Pérez Molina and Peña Nieto in Mexico City to sign the gas pipeline agreement. Presidents Peña Nieto and Pérez Molina similarly discussed plans to promote a 600km natural gas pipeline project linking Mexico and Guatemala in the first half of this year to encourage private sector participation. The US\$800m initiative, which will connect Mexico's Pacific port city of Salina Cruz to Guatemala's southern coastal department of Escuintla, was set out in a framework agreement inked in April 2014.

Trade

According to figures from the Guatemalan presidency, bilateral trade with Mexico amounts to some US\$2.28bn. Mexico is Guatemala's biggest trade partner in Latin America. Figures from the Central American economic integration system (Sieca), put trade between Mexico and Central America (bar Panama) at US\$5.5bn in 2014 up from US\$5.3bn in 2013. Mexico and Sieca have a free trade agreement (FTA) in place which was inked in November 2011.

Quotes of the week

“Yesterday, when I saw hundreds of thousands of civilians demonstrating I could not help but think how it had been worth fighting for this freedom [from dictatorship].”

Brazil's President Dilma Rousseff.

“We have never been nor will we ever be a star on the spangled banner.”

Venezuela's President Nicolás Maduro.

“I don't need reports or evidence that the Americans are interfering. It would be novel if they were not interfering... When relations with Cuba are becoming less tense, when the Colombian government has suspended bombing the Farc, don't go and mess it all up United States!”

Uruguay's former president José Mujica on the US ratcheting up the rhetoric on Venezuela.

Will spectre of drug-trafficking haunt Suriname's Bouterse?


Dino Bouterse, the 41-year-old son of Suriname's President Desi Bouterse, has been sentenced to 16 years and three months in prison, after pleading guilty in a US federal court in New York on 29 August last year to the joint charge of drug trafficking and possession of a light anti-tank weapon as well as to a separate international terrorism offence. President Bouterse, who has said his son was responsible for his own actions despite having named him director of Suriname's counter-terrorism unit (CTU) in 2010, failed last January in an appeal to the Dutch supreme court to review his own conviction, in absentia, in 1999 for drug-trafficking.

The timing of the drug-related setbacks for the Bouterse family is poor, with elections due in May, but while his opponents will no doubt attack him on this weak flank, President Bouterse is a wily campaigner and his Nationale Democratische Partij (NDP), the principal force in the ruling Mega Combinatie (MC) coalition, which won 23 of the 51 seats in parliament in the last general election in May 2010, has the biggest national presence in Suriname.

Dino Bouterse was arrested in Panama for conspiring to import five kilos of cocaine into the US and for using a weapon during a drug-trafficking crime, and extradited to the US in 2013. He was also charged with providing a false Surinamese passport to someone he believed to be an operative for Hezbollah in an elaborate sting operation in Greece and Panama in 2013 when he held meetings with undercover US agents posing as representatives of the Lebanese militant group. Bouterse is said to have agreed to accept US\$2m in exchange for providing Hezbollah operatives with fake identities, weapons (including surface-to-air missiles) and a base in Suriname to attack US and Dutch targets.

“I really regret my actions, and I am deeply, deeply, deeply ashamed of myself”, Dino Bouterse said. “I take full responsibility”. He conceded that his actions were “wrong, bad and reprehensible” but insisted he was no terrorist. The presiding judge rejected the 30-year sentence sought by the prosecution on the grounds that Bouterse had appeared motivated by a desire to make “a lot of money” rather than to assist terrorists, and that the sting meant Hezbollah was not actually involved. “His greed got the better of him,” she concluded.

CWC School for Energy
100% FOCUSED ON ENERGY
High-level training solutions aimed at achieving your commercial objectives




UNDERSTANDING MEXICO'S NEW PETROLEUM REGIME

DATE & LOCATION: 04 - 06 MAY 2015 • MEXICO CITY, MEXICO

OVERVIEW:
This course will analyse in-depth the key legal and contractual features of Mexico's Hydrocarbon Reform. Participants will discuss the critical features in order to create durable petroleum regimes, and the potential contract options that will become available.





COURSE LEADER



J Jay Park QC
Managing Partner
Park Energy Law
& Petroleum Regimes'
Advisory

BY ATTENDING THIS COURSE YOU WILL:

- Understand the key legal and contractual features of Mexico's Hydrocarbon Reform
- Identify the potential investment opportunities available for companies looking at Mexico
- Review the new Mexican contracts on offer

  **FULL SCHEDULE AVAILABLE ONLINE**  

For further information, please email: cwctraining@thecwcgroup.com
or call us on tel: +44 20 7978 0085 www.cwcschool.com

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

EDITOR: JON FARMER. Subscription rates will be sent on request. Overseas subscription sent by airmail. Printed by Quorum Print Services Limited, Unit 3, Lansdown Industrial Estate, Gloucester Road, Cheltenham, Glos. GL51 8PL **COPYRIGHT © 2015** in all countries. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, electrical, chemical, mechanical, optical, photocopying, recording or otherwise, without the prior written permission of the publishers. Registered as a newspaper by Royal Mail. **REFERENCES:** Back references and cross-references in the current series will be made thus: WR-15-01 will indicate Weekly Report, 2015, issue 1.