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With pressure mounting on Santos Farc backs off

Colombia's armed conflict is not just being fought on the ground but in the head. And in the intense psychological war conducted over the course of the last week the guerrillas blinked first. The Fuerzas Armadas Revolucionarias de Colombia (Farc) announced that the unilateral ceasefire it suspended on 22 May would be revived for one month on 20 July. This in the wake of a plea from the 'guarantor nations' of the peace process for both sides to take urgent measures to de-escalate the conflict after President Juan Manuel Santos and the head of the government negotiating team in Cuba, Humberto de la Calle, stressed that Farc aggression over the last month had brought the prospect of the abandonment of the process closer than at any stage since it began in October 2012. Santos complemented his rhetoric with action, replacing the military high command with some of the most successful operational figures in the armed forces.

The 'guarantor nations' Cuba and Norway made their appeal to both sides on 7 July. The very next day the head of the Farc negotiating team in Havana, 'Iván Márquez' (Luciano Marín Arango), read a direct response from the Farc high command, or secretariat, promising to impose a month-long unilateral ceasefire to "generate favourable conditions to advance towards ... the concretion of a bilateral and definitive ceasefire". President Santos recognised the "gesture" but said it was "insufficient", calling for the Farc to expedite the talks "especially in the area of justice" as a bilateral ceasefire could only be possible when a general accord is struck.

The intervention by the guarantor nations came immediately after the publication of a survey by the Colombian pollster Datexco showing that 75% of Colombians do not think the talks in Havana will lead to a peace accord. This pessimism followed a month of intensified attacks on energy infrastructure and military targets by the Farc, which prompted some sobering comments from De la Calle, in an interview at the weekend, and Santos.

"The patience of Colombians is running out," De la Calle said. "The risk is real. I want to say to the Farc in all seriousness: this could end. One day it is probable that we will not meet around the table in Havana. What is happening is genuinely intolerable for Colombians." He said the peace process had reached "its worst moment". Santos ratcheted up the rhetorical pressure further. "You continue with this (recent attacks) and you are playing with fire as this process can end... we cannot continue with this situation indefinitely as the Colombian people are confused and do not understand," he said in a comment which appeared to be borne out by the Datexco poll.

Such is the mounting concern about the dwindling prospect of peace that the presidents of all of the parties within the ruling coalition (Partido de La U, Partido Liberal and Cambio Radical), in addition to the Partido Conservador,

Peace “with or without Farc”

President Santos promised during an address in Bogotá to mark the 45th anniversary of the Asociación Nacional de Usuarios Campesinos (Anuc) this week that he would deliver peace “with or without the Farc”, adding that “obviously it would be preferable with them”. Santos said that ending the armed conflict would “remove an enormous obstacle” to agricultural development. He added: “Many times when I see these terrorist attacks it disheartens me, but I come to these meetings with people who have suffered the most and it fills me with passion to keep going.” He said that many people in urban areas live in “a bubble” which prevents them from understanding that “continuing with the war is not the solution”. He called on *campesino* leaders to become “ambassadors for peace”.

the Partido Verde and the left-wing Polo Democrático Alternativo called on the Farc to end their attacks on civilians and the Santos administration to “save” the peace process. In a statement that preceded that of the guarantor nations the parties made a plea for “an urgent de-escalation of the conflict to allow the restoration of a minimum of public confidence in the process”.

The Farc has been operating under the premise that Santos has staked his legacy on a successful conclusion to the peace process and will not back away. It is a moot point whether the Farc fully comprehends the size of this gamble; that Santos is ultimately beholden to the public (the same increasingly disillusioned public that would have to approve an eventual peace accord) and can only be pushed so far. But it might have perceived the sincerity of his warnings after Santos announced key changes to the military high command on 6 July.

Changes to top brass

Santos replaced the commanders of the army, navy and air force he appointed two years ago, with post-conflict scenarios in mind, with battle-hardened men at the sharp end of the conflict. Major General Alberto Mejía replaces Jaime Alfonso Lasprilla at the head of the army; prior to this appointment Mejía was head of the joint special operations command, dedicated to pursuing ‘objectives of high strategic value’ (guerrilla commanders) nationwide. Rear Admiral Leonardo Santamaría assumes the navy command from Hernando Wills; Santamaría was head of navy operations. General Carlos Eduardo Bueno takes over from Guillermo León as commander of the air force; Bueno was head of air operations, and therefore in charge of the aerial bombing campaigns that have inflicted heavy losses on the Farc.

A lot has been read into these changes: that the new military hierarchy is much more hawkish; that the appointments are a harbinger of an intensification of the conflict. But it is worth noting that Santos retained General Juan Pablo Rodríguez and Admiral Henry Blain as commander of the armed forces and chief of the joint staff respectively and that he only recently replaced his defence minister, the bellicose Juan Carlos Pinzón, with the more peace-minded Luis Carlos Villegas [WR-15-23]. In this light the changes look more like a warning shot to the Farc, consistent with Santos’ avowal not to “drop our guard”. Santos himself said they were “normal” and “necessary” in “a pyramidal institution” like the armed forces that “requires permanent renovation”.

The Farc either read the runes or calculated that after 30 days of attacks on the security forces and energy infrastructure it has done enough to convince the government that it remains a potent force in the hope of forcing concessions at the negotiating table. Santos, however, remains obdurate over a bilateral ceasefire. In response to the clear signs of waning public support for the peace process, Santos took the unprecedented decision, since the start of the talks in Cuba, to take to Twitter to answer some of the questions posed by the public about the talks, one of the abiding criticisms of which is that they are shrouded in too much secrecy. In one ‘tweet’ Santos said that he was keen to accelerate talks towards “a definitive ceasefire” but that this must be “serious and verifiable”.

Coca cultivation up

If the Farc’s military action over the last month has been increasing pressure on the Santos administration, the publication of two recent annual reports suggesting that coca cultivation increased significantly in 2014 has also enabled opponents of the peace talks to sharpen their knives. Detractors, led by former president Alvaro Uribe (2002-2010), argue that Santos has taken his eye off the ball not just by allegedly providing respite for the guerrillas but also by scaling back the fight against illicit crops, the cultivation and production of which provide one of the main sources of income for the guerrillas to sustain the fight.

Coca cultivation

The UNODC report provided numerous statistics for former president Alvaro Uribe (2002-2010) to use in order to contend that the government is losing ground in the drug war – but two in particular. The report claimed that annual coca eradication fell from 22,000 hectares to 12,000 hectares in 2014. Meanwhile, the biggest percentage increase in coca cultivation came in Antioquia, Uribe's native department, where it jumped 131% albeit to 'just' 2,293 hectares.

The area under coca cultivation in Colombia soared by 44% in 2014 to 69,132 hectares (ha), according to a report released on 2 July by the UN Office on Drugs and Crime (UNODC), and with it, potential cocaine production by 52% to 442 tonnes. The justice minister, Yesid Reyes, responded to the report by arguing that it confirmed that crop spraying with glyphosate, which the national drug council recently ended on health grounds [WR-15-19], was “an insufficient tool” against illicit crops. The UNODC appeared to suggest the contrary, however, pointing out that the biggest increases in coca cultivation took place in areas where crop spraying has not taken place – along the long shared border with Ecuador and in nature reserves and indigenous reservations.

The border departments of Nariño and Putumayo saw the highest concentration of coca cultivation, which increased by 31% to 17,285 ha in the former and by 78% to 13,609 ha in the latter. The other big increases were in the contiguous departments of Caquetá, which leapt 51% to 6,542 ha, and Cauca, up 92% to 6,389ha. Together these four departments, where the Farc also has a strong presence, accounted for 63% of total cultivation (*see table below*).

But the report said that satellite images confirmed that coca cultivation remains highly concentrated. Much more so than just a few years ago. Beyond the nine departments in the table there were only 3,629 ha of coca cultivations in 2014, just 6% of the total figure, as opposed to more than 18,000 ha in 2008. Some 35% of Colombia's national territory does not have any coca cultivations at all.

The UNODC differed from a comparable study published last May by the White House Office on National Drug Control Policy (ONDCP), which argued that the amount of land under coca cultivation in Colombia jumped 39% in 2014 to 112,000 ha and potential cocaine production soared by 32% to 245 tonnes. These differences have led to criticism of the international monitoring of illicit crops as, at best, inaccurate and, at worst, pointless. But despite their discrepancies, both reports captured the upward trend of coca cultivation in Colombia after six straight years of declining or steady production.

Speaking at the launch of the latest annual report in Bogotá, Bo Mathiasen, UNODC Representative in Colombia, noted, “Illicit crops have not brought positive development to communities anywhere in the world. For this reason UNODC encourages the government of Colombia to maintain and increase the alternative development programme in the country.” This strategy has associated risks, however, one of which the UNODC highlighted in its report: “some communities feel that by having coca they will have a better bargaining chip with the government” in terms of increased State assistance for alternative development programmes, and this has spurred greater cultivation.

Colombia's coca cultivation by department

Department	2008	2009	2010	2011	2012	2013	2014	% change	% total
Nariño	19,612	17,639	15,951	17,231	10,733	13,177	17,285	31	25
Putumayo	9,658	5,633	4,785	9,951	6,148	7,667	13,609	78	20
N. de Santander	2,886	2,713	1,889	3,490	4,516	6,345	6,944	9	10
Caquetá	4,303	3,985	2,578	3,327	3,695	4,322	6,542	51	9
Cauca	5,422	6,597	5,908	6,066	4,325	3,326	6,389	92	9
Guaviare	6,629	8,660	5,701	6,839	3,851	4,725	5,658	20	8
Meta	5,525	4,469	3,008	3,040	2,699	2,898	5,042	74	7
Antioquia	6,096	5,096	5,350	3,104	2,725	991	2,293	131	3
Chocó	2,794	1,789	3,158	2,511	3,429	1,661	1,741	5	3
Others	18,028	16,558	13,484	8,203	5,669	3,027	3,629	20	6
Total	80,953	73,139	61,812	63,762	47,790	48,139	69,132	44	100

Source: Adaptation of table compiled by UNODC.

Maduro raises the stakes with Guyana

Venezuela's President Nicolás Maduro recalled the country's ambassador to Guyana on 6 July for consultations and ordered a review of bilateral relations, including the downsizing of Venezuela's diplomatic presence in Georgetown. Maduro's announcement came after he repeated the long-held Venezuelan position that an 1899 Arbitral Award setting the boundaries between Venezuela and Guyana (then respectively administered by the US and the UK) is "null and void".

President Maduro ruled out military action in support of Venezuela's claim and said that the latest moves were an effort to promote a peaceful solution to the hostile positioning of the new Guyanese government, which Maduro said corresponded to a campaign of aggression against Venezuela emanating from an imperialist US. A more mundane explanation is that the historical Guyana question raises nationalist support at home and thus Maduro's sabre-rattling serves as a useful distraction from Venezuela's economic crisis ahead of legislative elections on 6 December. Maduro can be expected to keep up his fiery rhetoric for as long as deemed politically useful.

In a speech to Venezuela's national assembly, Maduro accused Guyana's new president, David Granger, of being "a hostage" of the US oil major, ExxonMobil, which recently announced a significant oil find off the Guyanese coast. Venezuela almost immediately moved to claim those waters via a controversial 26 May presidential decree asserting sovereignty over a swathe of offshore maritime territory covering areas also still pending final demarcation with Colombia, prompting a separate complaint from Colombia. Maduro has now scrapped that decree, replacing it with another (no. 1859) which no longer covers joint Colombian-Venezuelan waters, prompting an expression of gratitude from Colombia's President Juan Manuel Santos.

Outside of Venezuela, there is not a whole lot of support for Maduro's claims. Attending a 4 July heads of state summit of the Caribbean Community (Caricom) in Barbados, the United Nations (UN) Secretary General Ban Ki-Moon again offered to mediate. Guyana can take the issue to the UN under the provisions of a 1966 international treaty that sought to convene a dialogue to resolve the dispute. International legal experts suggest that the UN or other instances like the International Court of Justice (ICJ) would likely find in favour of Guyana, making Venezuela reluctant to return to international mediation.

Maduro failed to turn up for the Caricom summit as scheduled, sending in his stead Vice-President Jorge Arreaza. Despite being a Venezuelan oil client, Caricom has historically supported Guyana in its longstanding dispute with Venezuela. In an official statement, the "Heads of Government reaffirmed the inviolability of international treaties, agreements, awards and legal instruments and made particular reference to those international legally binding instruments that establish international boundaries" (see sidebar).

Caricom's chair, the Prime Minister of Barbados, Freundel Stuart, said that while Caricom did not want to damage its relationship with Venezuela it would nonetheless "do everything in its power to ensure that Venezuela plays by the rules... We do not think that there can be any compromise so far as Guyana's territorial border is concerned," Stuart stated.

Caricom statement

The Caricom statement noted "the negative implications of the decree for several other CARICOM countries" and called for "adherence to accepted principles of international law in relation to the delineation and delimitation of the Exclusive Economic Zone and Continental Shelf in the region. CARICOM states do not accept any unilateral proclamation which is inconsistent with international law," it stated.

LNG

Bolivia first began selling LNG in August 2013 after the Río Grande separation plant, located in the eastern department of Santa Cruz, came on stream. However, Bolivia's efforts to boost LNG exports have been made possible by a new liquid separation plant in the Gran Chaco, called the 'Carlos Villegas' plant in memory of the former head of YPFB and close Morales ally, who died of cancer in January. When it comes on stream this month, the Carlos Villegas plant – the third largest of its kind in South America – will be capable of processing 32.2m cubic metres per day (mmcm/d) to produce 2,247 tonnes (t) a day of liquid petroleum gas; 1,658 barrels of gasoline per day; 1,044 barrels of pentane per day; and 3,144t of ethane a day.

Gassing on with the neighbours

Over the past two weeks Bolivia's President Evo Morales has travelled to Paraguay and Peru where he met his respective peers, Presidents Horacio Cartes and Ollanta Humala. While both visits produced a string of different accords, the thrust of the latest drive to boost cooperation is energy.

President Morales met his Peruvian peer on 23 June in the border city of Puno where the two held the first ever Peru-Bolivia bilateral cabinet meeting. In a presidential press statement President Humala notes four key areas were discussed: environment & water resources; security & defence; economic development, social affairs & institutional strengthening; and infrastructure for integration & development. However, the most significant agreements centred on energy. According to a press release by Bolivia's energy & mining ministry, whose head, Luis Sánchez, accompanied Morales, the two governments inked an inter-institutional accord for the electricity sector whereby Bolivia's national electricity company (Ende) would carry out studies on the construction of infrastructure which would allow for the exchange of energy between both countries.

As well as the agreement that Bolivia's state-owned oil company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) would become the main supplier of liquefied natural gas (LNG) to seven areas in the Peruvian highlands through a strategic alliance with Peru's state-owned oil company Petroperú, the two leaders also agreed to explore "the possibility of Bolivian natural gas being exported via Peru's southern coast to markets in Asia Pacific". Humala told reporters of plans to build a new gas pipeline which would link the gas fields in Bolivia's southern department of Tarija to the Camisea gas fields in central Peru.

The Humala government is currently constructing a new gas pipeline connecting the Camisea fields to the southern port city of Ilo in the region of Moquegua. Slated for completion by 2017, the pipeline is one of Humala's flagship infrastructure projects aimed at improving the gas supply to Peru's southern regions. Humala said that the Tarija-Camisea pipeline would allow Bolivia to send its gas to Ilo for export – a move that would bring Bolivia one step closer to its long-time goal of finding a Pacific outlet for its abundant natural gas reserves. Humala also said that his government was considering the possibility of buying Bolivian gas in the future while he added that Bolivia in turn had expressed an interest in purchasing electricity from Peru's San Gabán hydroelectric plant located in the region of Puno.

Paraguay

A week later, Morales travelled to Paraguay where he signed a string of agreements with Cartes, covering areas like mining technical cooperation and promotion of their respective shipping industries as well as energy. The latter point included plans to study the possibility of electricity interconnection through boosting cooperation between their respective State-owned energy companies – Bolivia's Ende and Paraguay's Administración Nacional de Electricidad (Ande) – and increase supplies of LNG sold by Bolivia to Paraguay via improved cooperation between YPFB and its Paraguayan counterpart Petróleos Paraguayos (Petropar). According to Morales these agreements are aimed at cutting the price of LNG cylinders sold on the Paraguayan market from US\$17 to US\$12. On 29 June Energy Minister Sánchez said that over the next 60 days, there were plans to firm up bilateral accords which ultimately include plans for Bolivia to supply and distribute LNG for 100% of Paraguay's market.

Pacific Alliance and Japan

On 1 July representatives of the Pacific Alliance member countries (Chile, Colombia, Mexico and Peru) met Japanese government officials and analysed possible areas of joint cooperation. The meeting of the Pacific Alliance high-level committee (GAN), which comprises deputy ministers from the four member countries, and a delegation led by the director for Latin American and Caribbean affairs at Japan's foreign ministry, Yasuhi Takase, took place on the eve of the X Pacific Alliance heads of state summit between 1 and 3 July in Paracas, Peru. After the meeting, Takase said that Japan, a Pacific Alliance observer, was "pleased with the [Alliance's] integration process".

TRACKING TRENDS

PERU | Exports fall. Peru's exports in the first five months of this year fell by 19% year-on-year to US\$12.6bn, the Lima chamber of commerce (CCL)'s foreign trade centre (CCEX) reported on 1 July. According to the CCEX's report, the overall decrease in exports was primarily explained by the fall in the value of Peru's traditional exports (agricultural, hydrocarbons & mining and fisheries), which fell 24% to US\$8.31bn year-on-year in the first five months of 2015. This was said to be the result of the "continued fall in the price of metals and oil derivative products in international markets".

As for non-traditional exports, the CCEX report pointed out that these amounted to US\$4.28bn (34% of the total), a 7.6% year-on-year decrease. The most affected sub-sector was textiles (which saw export values fall by 27%), non-traditional fishing (-12%) and steelworks & metallurgy (-10%).

All of this is problematic for the government led by President Ollanta Humala given that it suggests that despite increased levels of activity in some of the country's key economic sectors such as mining, this may not lead to a solid economic recovery. Indeed just days after the release of the CCEX's report, the energy & mining ministry (MEM) reported that the production of gold, one of Peru's main mineral exports, totalled 1.9m troy ounces between January and May, a 9.28% year-on-year increase.

In addition the MEM report said that zinc production reached 567,856 tonnes (t) over the period, a 13.19% year-on-year increase; molybdenum production was 8.41m t, a 24.6% increase; iron production reached 3.47m t, a 2.27% increase; and lead production reached 126,690 t, an 18.85% increase.

COLOMBIA | External debt reaches 32.9% of GDP. On 1 July Colombia's central bank (Banrep) revealed that the country's external debt reached US\$106.30bn in the first quarter of 2015, a 12.2% increase compared with the first quarter of 2014. Colombia's foreign debt now represents 32.9% of its GDP.

Banrep representatives explained that the debt increase was largely caused by the rise in long-term borrowing, which increased by US\$10.17bn over the past 12 months; and to a smaller extent by short-term borrowing, which increased by US\$1.42bn over the same period. According to Banrep, Colombia's external debt is mainly concentrated in bank loans (US\$53bn), which account for 50% of the external debt and in sovereign bonds (US\$43.03bn), which account for 40% of the external debt.

The marked increase in Colombia's external debt is the product of the efforts by the government led by President Juan Manuel Santos to take advantage of the favourable conditions currently offered by international debt markets to restructure the country's debt and raise additional funds to finance its ambitious infrastructure development projects and the social development programmes it plans to implement in a post-conflict scenario should it reach a definitive peace deal with the Fuerzas Armadas Revolucionarias de Colombia (Farc).

However, the less favourable international and domestic economic conditions resulting from the fall in international oil prices and lower global demand for Colombian products, have led to lower domestic economic activity and lower levels of tax revenue for the government, sparking concerns that paying off this debt could become problematic.

Should the US dollar continue to appreciate in international markets it would exacerbate the problem. According to Banrep 91.2% of Colombia's current external debt commitments are valued in US dollars.

BOLIVIA | Energy integration with Argentina. Bolivia's President Evo Morales and his Argentine peer Cristina Fernández will shortly present a project for the development of bilateral energy interconnection, Bolivia's hydrocarbons & energy minister, Luis Alberto Sánchez, said in a press conference on 1 July. Sánchez said that the formal announcement will be made by Morales during his upcoming visit to Argentina on 15 and 16 July, when he will inaugurate an office of the state-owned electricity firm, Ende, in Argentina.

According to Sánchez, the interconnection project will involve the building of an electricity transmission line connecting a thermoelectric power plant in southern Bolivia to the city of Tartagal in Argentina's northern province of Salta. Bolivia and Argentina began discussing linking their electricity grids back in 2014 and last month the two governments announced plans to establish an electricity exchange system.

Opposition wins mask scale of challenge**Death with dignity**

On 7 July the supreme court upheld the “right of every patient to choose a dignified death”. The ruling related to a lower court’s decision to allow the end of the extraordinary measures taken to preserve the life of a person who had been in a permanent vegetative state since 1995. Though the supreme court’s decision drew a sharp distinction between halting treatment and euthanasia, it broke new ground in that previously the judiciary had only allowed the withdrawal of treatment for patients who had specifically requested such a move in writing.

Though the opposition chalked up significant victories in the elections in the city of Buenos Aires and the province of Córdoba over the weekend, there are still significant obstacles to an opposition win in the presidential race this October. Around 40% of the Argentine electorate has now voted at least once in 2015. By tallying all the votes together, around 3m ballots have so far been cast in favour of the government, while 2m have been cast against. The opposition is also divided and recent opinion polls, taken after the presidential candidates picked their running mates, showed Daniel Scioli, the candidate for the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists), starting to consolidate a lead.

Buenos Aires

For the Propuesta Republicana (PRO), the centre-right party of Mauricio Macri, the presidential candidate polling second behind Scioli, the election for the mayoralty of the city of Buenos Aires was a must-win. While the party has little national presence, and thus will rely on its alliance with the centre-left Unión Cívica Radical (UCR) to bring its message to the country, the capital is its electoral stronghold.

On 5 July the PRO mayoral candidate, Horacio Rodríguez Larreta, won over 45% of the vote, over 20 percentage points clear of the next-placed candidate, Martín Lousteau, of the Energía Ciudadana Organizada (ECO). The FPV candidate, Mariano Recalde, came in third.

Still, Rodríguez’s victory was in some senses a defeat: he failed to win outright in the first round and must now face a second-round with Lousteau, who served as economy minister for just over four months between December 2007 and April 2008 under President Cristina Fernández when he became the youngest holder of the office for 50 years.

Rodríguez is still expected to win, as Lousteau needs to win over at least eight out of ten of Recalde’s voters, but the second round ties up the PRO in Buenos Aires, when it needs to win over the rest of the country. Supporters of the FPV, meanwhile, are divided over whether to back Lousteau, who has positioned himself as an anti-government candidate, in an effort to damage Macri. If the PRO fails to win the run-off on 19 July, it will raise serious questions about its ability to appeal to the rest of the country.

The competition within the PRO to decide who the party would field as its mayoral candidate was divisive. Gabriela Michetti, a PRO senator, had wanted to run, but Macri favoured Rodríguez, his cabinet chief. Macri subsequently picked Michetti as his vice-presidential running mate, partly as a means of ensuring internal party discipline, but it comes at the cost of broadening his party’s appeal by choosing someone from outside the PRO.

Córdoba

In Córdoba, Argentina’s second-most significant electoral district after the province of Buenos Aires, victory in the gubernatorial race went to Juan Schiaretti, a dissident Peronist from the Unión por Córdoba (UPC). Following 16 years of rule by the UCR, Córdoba has been run by the UPC since 1999, with José Manuel de la Sota and Schiaretti alternating power. In this election, Schiaretti beat off six other candidates, with Oscar Aguad of the UCR, PRO and Coalición Cívica (CC) coming in second and the FPV candidate in third.

Judges protest

A group of Argentine judges held a protest on 7 July against alleged government intervention in the judiciary. In particular, the judges have been angered by congress' approval of the ley de subrogancias which grants extra powers to the Consejo de la Magistratura, the body that has the power to hire and fire judges. Following the law's approval, the council replaced Luis María Cabral, an experienced judge, with an inexperienced pro-government lawyer.

Schiaretti's victory is a boost for De la Sota who plans to run for the presidency in October, though at present he remains largely unknown outside of the province. The impact of the UPC's success on the wider electoral picture is somewhat unclear. Although the party has positioned itself against the more radical fringes of the FPV, it has occasionally found common ground with more moderate members of the party, such as Scioli. Carlos Zannini, Scioli's running mate, is originally from Córdoba and although he has a difficult relationship with De la Sota, he is on good terms with Schiaretti.

After his victory, Schiaretti gave little away about what the UPC victory might mean for the presidential race. "We [the party] have agreed that there needs to be more federalism," he said. "No matter who is the next president we are going to have a good relationship."

Other provinces

An opposition candidate also won in the north-eastern province of Corrientes. The Encuentro por Corrientes (ECO) alliance, led by Ricardo Colombi, the province's governor from the UCR, beat the FPV candidate. There was also a defeat for the FPV in internal elections within the PJ in La Pampa, where an independent faction was victorious. It was only in the small north-western province of La Rioja that the FPV could claim a clear victory – there, gubernatorial candidate Sergio Casas won with 57% of the vote.

One clear message from these results is that there are strong pockets of opposition to the FPV in Argentina's big cities – but this has long been the case. "If there is a loser here it is the FPV, which didn't even make it to the second round run-off in Buenos Aires," said analyst Ignacio Labaqui of Medley Global Advisors. Yet the opposition faces difficult questions too. The most important problem is that it remains fragmented.

Ahead of the candidates' picks for running mate, the pollsters Management & Fit found that Scioli and Macri were in a virtual tie (33.3% to 32.2%) with Massa in a distant third on 14.3%. After Scioli picked Zannini and Macri declared Michetti to be his running mate, the FPV ticket moved ahead to 36.9% of voting intentions, while the PRO team dropped a percentage point to 31.6%, an overall difference between the two of over five points. Massa fell yet further, to 12.1%.

Other candidates are polling in the low single figures. Margarita Stolbizer, for the Progresistas, is on 5.8%; De la Sota, of the UPC is on 5.7%; Ernesto Sanz (UCR) is on 3.2% and Elisa Carrió (CC) is on 2.9%. In the event of a second round run-off between Scioli and Macri, as seems most likely, the big question is who the supporters of these minor candidates will back.

Following Sunday's elections, the newspaper *El Cronista* tallied all the votes from the elections held so far this year in the city of Buenos Aires, and the provinces of Córdoba, Santa Fe, Mendoza, Salta, Chaco, Corrientes, Río Negro, Neuquén, La Rioja, Tierra del Fuego and La Pampa and found that Kirchnerista candidates have won more than 3m votes.

Adding together all the votes cast for the PRO, the UCR and the CC, the number is just over 2m. Support for Unidos por una Nueva Argentina (UNA), an alliance dominated by the Frente Renovador (FR), Massa's dissident faction of the PJ, has won around 800,000 votes. Carlos Fara, the head of a political consultancy of the same name, said the figures "call into question how much change the electorate is really seeking".

PLRA snub

The state-of-the-nation address delivered by President Horacio Cartes on 1 July was also marked by the absence of all but one of the legislators from the main opposition Partido Liberal Radical Auténtico (PLRA). PLRA party leader Senator Miguel Abdón Saguier said that the party had taken the unprecedented decision to protest against Cartes's "sectarian" attitude. This after in a recent Asociación Nacional Republicana- Partido Colorado (ANR-PC) political rally Cartes boasted that he has refrained from cooperating or even meeting with PLRA mayors in this municipal election year. Saguier said that Cartes's attitude "goes against the fundamental principles of the constitution, which in its first article states that Paraguayan democracy is pluralistic".

Cartes's calls for unity fall on deaf ANR-PC ears

Paraguay's President Horacio Cartes ended his second state-of-the-nation address before the national congress on 1 July by calling on legislators from all political parties but in particular from the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) to work with his government and help establish a "stable [political] environment". Cartes said that this was needed to continue attracting foreign investment and move towards the country's development. But Cartes's call was immediately dismissed by the newly elected president of congress, ANR-PC Senator Mario Abdo Benítez, who said that it was Cartes's own failure to listen to the country's political class which was producing "instability".

During his hour-long address, President Cartes made the customary recount of his administration's achievements in the past year including efforts to restore macroeconomic stability through the new fiscal responsibility law, the progress of his government's poverty reduction programmes, and the promotion of public and private infrastructure development investment. But Cartes also criticised the lack of support for some of his initiatives in congress and efforts by the senate in particular to move against some of his flagship initiatives such as the public-private-partnership (APP) law.

The Cartes government pushed the APP law through congress in 2013. But the growing differences between the independent-minded Cartes and the ANR-PC leadership has led to the formation of the so-called 'G15' group of 15 ANR-PC senators, who hold sway in the senate and are openly defiant of the Cartes government. Last month the G15 joined forces with the opposition to amend the APP law, making final approval of any APP contracts the remit of congress rather than the national executive – a move that has irritated Cartes. In his speech Cartes said that the APP law was "necessary" Cartes said that this was "necessary" to breach the country's physical infrastructure gap, which he said requires investments to the tune of US\$21bn, or 50% of the national budget, which the government simply cannot afford to spend while at the same time continue with its social development programmes.

Pointedly, Cartes concluded his address by calling on all legislators to cooperate with his government to establish a "stable and comfortable [political environment]" and "set aside personal interests" – an allusion to the fierce internal battle that the pro- and anti- Cartes factions within the ANR-PC are currently waging for control of the party leadership ahead of the upcoming 26 July party elections. This internal struggle is believed to be another major source of tension between Cartes and his ANR-PC detractors. In the weeks leading up to the address, Cartes and Benítez exchanged diatribes, each accusing the other of seeking to secure control of the ANR-PC to advance their own personal interests.

But the ANR-PC dissident's response was negative. Benítez, a G15 member who was elected by his peers as senate president (who also acts as president of the bicameral congress) last month and who is running for the ANR-PC party leadership against the pro-Cartes candidate (national deputy, Pedro Alliana), described Cartes's address as "regrettable". Benítez criticised Cartes for lacking self-criticism and limiting himself to rehashing his original government agenda while failing to even acknowledge other issues raised by his political opponents. He went on to say that this unwillingness to engage with opponents is what had "generated instability and started to destroy our institutions".

Benítez's remarks shows just how deep the rift between the Cartes government and ANR-PC dissidents has become. Problematically for Cartes, it is expected that this will only deepen in the run-up to the ANR-PC party elections. In addition a victory for Benítez in that contest would only further entrench animosity for Cartes among the ANR-PC ranks. This would result in Cartes facing increased opposition in the national congress, which could threaten governability in the remaining three years of his presidential term ending in 2018, unless he can bridge the differences with his own party.

Triumph grants respite but no reward for Bachelet

Chile's national football team won the Copa América tournament for the first time in the country's history on 4 July. Chile was hosting the South American football event and President Michelle Bachelet desperately sought to capitalise on the 'feel good factor' that the team's progress, and eventual triumph, generated. But an opinion survey published by the local pollster Adimark the day after the final in Santiago showed Bachelet sinking to an approval rating of just 27% in June and a disapproval rating of 68%, two percentage points more than May and the same figure that her predecessor, Sebastián Piñera (2010-2014), reached at his lowest ebb in August 2011 when the student demonstrations of that year reached their climax.

President Bachelet posed for selfies with players, attended matches wearing the Chilean football scarf and received the champions in the La Moneda presidential palace, clutching the trophy. The victory was all the more sweet as it came against Argentina, a rival with a far more impressive pedigree than Chile, after a nerve-wracking penalty shootout.

But while the tournament provided a welcome distraction for Bachelet from her all-consuming political travails, it is unlikely to provide a surge in public support. The Adimark poll was conducted before the national team's victory but after its successful start to the tournament, and the only sign that Bachelet might gain from a more benevolent public, according to the pollster's president, Roberto Méndez, was that without the Copa América her fall would have been sharper.

Sport and politics

Much has been written about the relationship between sport and politics but precedent suggests that while sporting triumphs do tend to make popular governments more popular, they do not make unpopular governments more popular, the prime example of this being the military junta in Argentina which had hoped in vain to benefit from the national team's triumph on home soil in the 1978 Fifa World Cup. And if Bachelet is to make a recovery in the polls it will be by dint of a concerted effort to refine her governance through greater political aptitude.

A protracted closed-door cabinet reshuffle in May was followed less than a month later by the resignation on 7 June of Jorge Insunza, the secretary general of the presidency, over conflict of interest allegations. The Adimark poll, meanwhile, showed that evaluation of Bachelet's 'credibility' and 'ability to generate confidence' both deteriorated.

Campaign finance scandal

The campaign finance scandal which precipitated the long downwards trajectory of Bachelet's approval rating, even though it primarily involves politicians from the ultra-conservative opposition Unión Demócrata Independiente (UDI), will just run and run as much as Bachelet would love to be able to put it to bed. Just this week Jovino Novoa, one of the party's founders and ideological leaders (see sidebar), was placed under house arrest in connection with the illegal channelling of campaign funds from the financial holding firm Penta and the mining giant SQM to numerous candidates over the last decade.

The ruling Nueva Mayoría coalition is in no position to revel in the UDI's travails, however, because the prevailing public perception is that the entire political class was involved in such irregularities. As such its popularity has suffered equally.

UDI politicians

Jovino Novoa had to be taken out of the courtroom two weeks earlier when the judge in the irregular campaign finance case ordered the (UDI) former mayor of Santiago, Pablo Zalaquett, to be placed under partial house arrest. Two other prominent UDI politicians, Iván Moreira and Felipe de Mussy, accused of similar wrongdoing, are sitting deputies, and enjoy congressional immunity, but they could be stripped of this in due course by the supreme court.

Rousseff and opposition trade coup-mongering claims

"I am not going to fall. This is a political battle. People fall when they are ready to quit. I'm not." In an interview with *O Folha de São Paulo*, which took place straight after the party conference of the opposition Partido da Social Democracia Brasileira (PSDB), President Dilma Rousseff came out fighting. With Rousseff's approval ratings still bumping along the bottom, further claims linking her to the scandal surrounding the state oil company Petrobras, and possible censure from both Brazil's financial ombudsman, the Tribunal de Contas da União (TCU), and its supreme electoral court (TSE), the opposition is doing its utmost to increase her discomfort.

PSDB Conference

Over the weekend, the PSDB gathered in Brasília to re-elect its leader. As there was only one candidate, the result surprised few. Aécio Neves, the senator who lost to Rousseff in October, will lead the party until 2017, the year before the next presidential election. In his speech to the party, Neves refrained from using the word 'impeachment', but he did say that he believed Rousseff's term would end "sooner than expected". Following Neves' re-election, Fernando Henrique Cardoso (1995-2003), the party's last president, said the PSDB was "ready to take over" in the event of Rousseff falling short of her constitutionally mandated term.

In response to the PSDB leadership's comments, on 6 July the website of the ruling left-wing Partido dos Trabalhadores (PT) published a letter from dozens of social movements denouncing the PSDB's alleged attempt to "break the constitutional order" by attempting to hasten Rousseff's exit. The same day, Rousseff gave her defiant interview to the newspaper. Even some of her supporters questioned the wisdom of rising to the PSDB's bait. "She doesn't need to spend so much time talking about the PSDB. Leave it to us [parliamentarians] to deal with these coup mongers," Jorge Viana, a PT senator, said.

Under pressure

While Rousseff has had several months to accustom herself to rock bottom popularity ratings, several new developments have increased the pressure. In the next few weeks, she will have to defend herself against an investigation by the TCU which suspects her government inflated tax revenues in order to justify government spending and conform with the law of budgetary responsibility. Rousseff could also face censure from the TSE following claims by Ricardo Pessoa, the president of UTC Engenharia, that her election campaign team knowingly solicited money from the Petrobras bribery scheme.

Added to this, Rousseff is increasingly estranged from her former mentor, ex-president Lula da Silva (2003-2011), who has been highly critical of her government's failure to offer the electorate something more than austerity. Lula and his supporters have also been applying pressure to José Eduardo Cardozo, the justice minister, to do more to curtail the investigation of the federal police into the Petrobras scheme. Cardozo is reportedly on the verge of quitting.

Rousseff's poor relations with the federal lower chamber of congress may also deteriorate further, with vice-president Michel Temer, from the nominally PT-allied Partido do Movimento Democrático Brasileiro (PMDB) considering renouncing his role as the liaison officer between the executive and the legislature. Some in the PT believe that the role on institutional relations should belong to the party, and are agitating for Temer's removal, despite the fact he seems to be doing a good job.

Dilma in Russia

With a new found interest in foreign policy, President Rousseff landed in Ufa, Russia on 8 July to take part in the 7th Summit of the BRICS. According to the foreign ministry the goal of the summit is to "deepen dialogue" between the member countries. One of the key topics is likely to be the development of the BRICS bank, which was formally created at the last BRICS summit in Fortaleza, in northern Brazil, in July last year.

Odebrecht's rating slashed

The international ratings agency Standard & Poor's (S&P) has revised down its global corporate credit rating of Brazilian construction company Odebrecht from 'BBB' to 'BBB-' with a negative perspective. The decision comes as a consequence of the arrest of Odebrecht's CEO, Marcelo Odebrecht, over his suspected involvement in the corruption scheme uncovered at Brazil's state-owned oil firm, Petrobras. S&P said that it decided to revise down the firm's rating due to the "reputational risks" related to the arrest of its CEO and four other executives. Nevertheless, S&P maintained Odebrecht's 'brAAA' in its national rating scale, although the perspective has been changed from 'stable' to 'negative'.

URUGUAY | Sharp fall in exports in first half. Exports for the first six months of 2015 fell 15.7% year-on-year to US\$4.18bn, the Uruguayan exporters union (UEU) revealed on 1 July. The UEU report notes that exports have now fallen for seven consecutive months.

The overall fall in exports was driven by a sharp 36.6% year-on-year fall in shipments in June. All of this was attributed to a 54% fall in shipments to China (5.5% for the year) – which nonetheless remains as the main market for Uruguayan exports – this on the back of falling soya, beef and dairy exports. But there was also a sharp 58.7% fall in shipments (20.7% for the year) to Brazil, the second most important market for Uruguayan goods abroad – due to lower sales of wheat and plastic products. In contrast exports to the US increased by 24.9% in June due to higher citrus sales, while exports to Finland increased by 18% thanks to the coming on stream of the UPM pulp mill.

The Uruguayan government attempted to put a positive spin on the export results by declaring in an official statement published on 2 July, that the country's "decrease in exports is the lowest in the region". The statement is based on a report by Uruguay's export and investment promotion institute, Uruguay XXI, which was focused on the May 2014-May 2015 period, slightly different to the UEU report. During this period, Uruguay's overall exports fell by no more than 3.4%, compared to 14% in Argentina, 12% in Brazil, 11% in Paraguay, 16.4% in Colombia, 12.8% in Peru, and 6.3% in Chile.

PARAGUAY | Falling exports prompt growth forecast cut. On 29 June Paraguay's central bank (BCP) announced in an official statement that it was revising down its GDP growth forecast from 4.5% to 4% for 2015. The BCP statement said that the downward revision was primarily explained by lower-than-expected electricity production at the country's two main hydroelectric plants and lower overall exports.

BCP chief economist, Miguel Mora, explained that at the start of the year the BCP predicted that the hydroelectric plants Paraguay shares with Brazil and Argentina (which sell their surplus output to the partner countries) would increase by 5% this year but that production had only increased by 0.5% to date due to low water levels. Mora said that the revision also answered to the weakness observed in foreign trade resulting from the fall in international prices of some of Paraguay's main export commodities (soya, beef and maize).

Indeed, a report by the centre for the analysis of the Paraguayan economy (Cadep), a local think-tank, published on 2 July, found that the country's exports totalled US\$2.93bn in January-May, 17% lower than the US\$3.72bn recorded in the comparable period last year. According to the Cadep report, this fall in exports is explained by the relative economic difficulties affecting Paraguay's main trade partners, which has led to lower demand for Paraguayan exports. The Cadep report found that exports to the European Union (EU), the main export destination for the period, fell by 27% year-on-year to US\$653m; exports to the Southern Common Market (Mercosur), the second export destination for the period, fell by 22% to US\$613m.

CHILE | Unemployment increases on manufacturing decline. The national statistics institute (INE) published its latest set of economic figures on 30 June, showing a marked fall in activity in the manufacturing sector and a marginal increase in the national unemployment rate. According to INE, manufacturing activity fell by 3.3% month-on-month in May, the biggest decline since August 2014 and much higher than the 1.2% contraction predicted by local economists. This led to an accumulated fall so far this year of 0.8%, which has been taken as a clear sign that the domestic economy has failed to recover fully from the slowdown it has been suffering since last year despite the adoption of expansive fiscal and monetary policies by the Chilean authorities.

More worryingly for the government led by President Michelle Bachelet, the INE figures suggest that the slowdown is now resulting in the loss of jobs. According to INE the May unemployment rate was 6.6%, 0.5 percentage points higher than in the previous month and higher than the 6.3% predicted by local analysts. Meanwhile, on 6 July the central bank released the May instalment of its monthly economic activity index (Imacec), a GDP proxy, which also fell by 0.8% on the month, its poorest result since August 2014. This prompted the finance ministry to cut the growth forecast for the year to 2.5%, much lower than the 3.6% it originally forecast. Finance Minister Rodrigo Valdés said the Imacec figure "highlights the need to put [promoting] economic growth at the top of the [political] agenda".

Human rights report

The US Secretary of State John Kerry has presented the US annual report on human rights 2014, which refers to Tlatlaya. The section on Mexico describes “significant human rights-related problems” including “police and military involvement in serious abuses, such as unlawful killings, torture, disappearances, and physical abuse”. On 25 June Mexico’s foreign ministry (SRE) issued a statement saying that while the US had recognised efforts made by Mexico with regard to human rights “the government of Mexico considers that the process of unilateral review must be modified”.

Government on defensive over Tlatlaya killings

Mexico’s defence ministry (Sedena) issued a statement on 3 July insisting that soldiers involved in the killing of 22 people in Tlatlaya in the Estado de México in June last year, followed appropriate rules of engagement and were instructed to have “unrestricted” respect for human rights. The comments by Sedena came in response to documents released by the Miguel Agustín Pro Juárez human rights centre (Centro Prodh) a day earlier showing that senior officers had given the soldiers standing orders to “take out [‘abatir’] criminals”.

The Centro Prodh report, entitled ‘Tlatlaya, one year on; the order to kill’, included military documents dated 11 June 2014 signed by Lieutenant Colonel Sandro Díaz Rodríguez on behalf of the command of the 102nd infantry battalion responsible for the killings. This document contains a series of standing orders for the new commander of the local army base from “the high command”, among which that “soldiers should operate en masse at night and reduce daytime activities, in order to take down criminals at night” which would appear to be in blatant disregard of human rights and due process. The army’s initial account of events was that soldiers had been patrolling Tlatlaya when they came under attack from suspected kidnapers; a shootout in a warehouse ensued during which 22 people were killed. But forensics later showed that many of the fatalities were the victims of extrajudicial executions.

The Centro Prodh said that the document was “irrefutable evidence of the need to investigate the institutional responsibility of Sedena in the carrying out of serious human rights violations against the Tlatlaya victims”. It said the document constituted “the first time that express orders have been documented that would encourage the commission of serious human rights violations”, and that it was now necessary to broaden the investigation to identify those “directly and indirectly responsible for the events for having executed, ordered, or tolerated the actions and omissions that resulted in this massacre”.

The undersecretary for human rights of the interior ministry (Segob), Roberto Campa, quibbled that “the word ‘abatir’ has many definitions and none of them means to deprive of life”, but this is disingenuous: in military parlance the verb is widely taken to be a euphemism for “to kill”.

In the declarations made after the event, eight of the soldiers involved said “*abatieron* [they took down] 21 people”. The formal arrest order for these men issued by the military judge on 1 October 2014 used the same word. Sedena itself has on numerous occasions used the word to describe the 22 people who died in Tlatlaya. It is also worth noting that on 21 April this year President Enrique Peña Nieto, the commander-in-chief of the armed forces, while attending a swearing-in ceremony for cadets at the officer training academy of the Mexican navy, emphasised that “to date 93 of the 122 most dangerous criminals [in the country] have been arrested or, in some cases, *abatido*”. This makes very clear that ‘abatir’ does not mean ‘to arrest’.

Amnesty International said there was “no doubt that ... *abatir* means to kill” and that “there are reasonable grounds to believe that the military instruction encouraged the extrajudicial killings”. Mexico’s national commission for human rights (CNDH), meanwhile, called on Sedena this week to explain what ‘abatir’ really means.

Detentions prompt pointed questions for US**US embassy**

As per a new US State Department fact sheet on the re-establishment of diplomatic relations with Cuba, released on 6 July, the current Chief of Mission, Jeffrey DeLaurentis, “will be the senior-most official in the new embassy and will serve as Charge d’Affaires ad interim.” This appears to confirm that President Obama will not appoint an ambassador immediately. Obama potentially could, however, make the appointment during the senate recess in August, which then would have to be approved by the senate by the end of the following session, i.e. by year-end.

The US State Department expressed concern about the reported violent detention of some 100 Cuban activists en route to Sunday mass in Havana, but stressed that these incidents, which are regular occurrences in Cuba, reinforce the need for the renewal of full diplomatic relations.

“Certainly it’s concerning to us”, said Jon Kirby, a US State Department spokesperson in the daily press briefing on 7 July. “I mean, there’s no question. Again, we’re always going to be very vocal and very candid about human rights concerns where we see them, wherever that is. But it’s not going to change the policy about the restoration of diplomatic relations with Cuba. In fact, it reinforces the need to move forward with re-establishing diplomatic relations with Cuba, because opening that embassy, we believe, will advance our human rights agenda by opening up channels of official engagement through the re-establishment of those relations”.

The timing of the incident could scarcely be worse for the US government, coming just days after President Barack Obama announced that full diplomatic relations would be restored effective as of 20 July, with the US Secretary of State John Kerry due to go to Havana for an official flag-raising ceremony to celebrate the promotion of the US interests section to full embassy status.

The detained activists included some 80 members of the Damas de Blanco, an internationally recognised group of wives, relatives and supporters of imprisoned political dissidents, who for years have staged peaceful weekly marches to Sunday mass dressed all in white in demand of the release of the prisoners. “We have seen reports of the beating and detention of a political activist by the name of Antonio Rodiles and detention of almost a hundred peaceful activists by Cuban authorities Sunday afternoon, and members of our interests section down there have confirmed these troubling reports,” Kirby said. Rodiles, who marches regularly with the Damas and has been detained before, is the leader of the independent SATS Project, which seeks political reform in Cuba.

Berta Soler, the leader of the Damas, was also later arrested, according to dissident reports. The Damas claim that there have been detentions for the past 12 weeks running. The Cuban government maintains a policy of low-level repression against dissidents. According to the unofficial but tolerated Cuban commission for human rights and national reconciliation (CNDDH), there were 563 short-term detentions in June, with a monthly average of 470 temporary detentions this year. It puts the remaining number of imprisoned dissidents at 60, with 11 more on parole. As part of the historic 17 December 2014 US-Cuba deal to restore ties, Cuba released 53 prisoners considered political detainees by the US.

“We will continue to criticize violations of human rights and advocate for the rights to peaceful assembly, association, and freedom of expression and religion, and we’ll continue to voice our support for improved human rights conditions and democratic reforms in Cuba,” Kirby emphasised. Pope Francis is due in Cuba in mid-September, when he will stop over in Havana en route to the US. The Pope facilitated the US-Cuba détente and the Vatican has secured the release of Cuban political prisoners. Pope Francis could feasibly request further releases in support of his September visit.

Homicides

President Juan Carlos Varela attributes the fall in homicides to a scheme he launched upon taking office, ‘Barrios Seguros’ (‘safe neighbourhoods’), which offers job training and an amnesty to gang members who surrender their weapons and sever their ties with organised crime. In April Attorney General (AG) Kenia Purcell announced the establishment of a special anti-gang office of the public prosecution service, to “ease the congestion” burdening the broader organised crime office. According to the 23 June interior ministry press release, in 2015 29 homicide cases were linked to gang activity, down from 68 in 2014. The same report claims that 4,187 youths at risk had joined ‘Barrios Seguros’.

Another legislative alliance crumbles

Panama’s 71-member unicameral legislature picked Rubén de León, a deputy for the main opposition Partido Revolucionario Democrático (PRD), as its new president for 2015-2016. The handover of power from Adolfo Valderrama, a member of President Juan Carlos Varela’s Partido Panameñista (PPA) – which has just 16 national deputies – and the PRD, the country’s biggest party, which has 26, was in line with a deal struck between PPA and PRD after Varela took office a year ago. Like the legislative alliance initially struck between the PPA and Cambio Democrático (CD) of former president Ricardo Martinelli (2009-2014) which similarly came unstuck, the PRD-PPA agreement has since been pronounced dead. While the implications of this remain as yet uncertain, the negotiations over the assembly presidency ultimately appear to have been more damaging for the PRD and CD than the ruling party.

In the 1 July election, León received 39 votes – including from all PPA deputies and six PRD members – defeating his only other competitor, Crispiano Adames (PRD) who received 31. The first vice presidency went to Katleen Levy (PPA) and the second to Raúl Herrera (CD).

The result was a victory for the PRD dissident faction which includes figures like Pedro Miguel González, a member of the old guard, given that the PRD leader Benicio Robinson – who has declared the PRD-PPA pact over – had backed Adames, who reportedly was also friendly with Martinelli. The PRD – which is due to hold a national convention on 12 July when it will pick a date to overhaul the party’s directorate – is badly divided and its leadership has announced plans to take disciplinary action against its rebellious members. León’s victory also proved damaging for the CD leadership; despite the fact that Martinelli (who has been out of the country since January and is believed to be in the US) had reportedly ordered the party to back Adames, 13 dissident CD deputies voted for León.

The local media cited Robinson and Martinelli as the biggest losers of the negotiations regarding the presidency of the legislature. The latest figures from the electoral authorities (TE) show the PPA as the only party continuing to pick up supporters, with membership of the PRD and CD on the slide. According to the TE, membership of the CD dropped from 393,653 in January 2015 to 382,922 in May 2015 while the PRD lost 3,364 members between January and May (444,974 in January and 441,610 in May). Only the PPA saw its members increase – to 235,974 in May 2015 up from 232,984 in January.

One-year balance sheet

As expected, in his state-of-the-nation address delivered to congress on 1 July, President Varela trumpeted his government’s efforts at strengthening transparency (which have made headlines due to the anti-corruption drive targeting Martinelli and his former officials in relation to alleged irregularities which took place in the social welfare fund known as Programa de Ayuda Nacional [PAN]).

Varela also devoted much of his speech to another public concern – crime and insecurity, claiming a 25% reduction in the homicide rate. While he failed to provide absolute figures, a 23 June interior ministry press release claims that 74 fewer homicides were committed between January and mid June 2015 compared with the same period the previous year – with 235 homicides registered in the first half of 2015 (*see sidebar*).

Quotes of the week

“We must have the honesty to tell the Colombian people that the peace process has reached its worst moment since talks began... The process is coming to an end, for better or for worse.”

Humberto de la Calle, the head of the Colombian government's negotiating team in peace talks with the Farc.

“Naval superiority cannot be allowed to supplant the supremacy of the law. Gunboat diplomacy has no place in the 21st Century Caribbean, and must be condemned wherever it occurs.”

Guyana's President David Granger, addressing the Caricom summit.

“You cannot demand that someone sign their own death sentence.”

Argentina's President Cristina Fernández on the Greek bailout offer.

Greek resistance rallies regional support

Greece's Prime Minister Alexis Tsipras has been lionised by Latin America's Left. The decision by Tsipras to stand up to powerbrokers in the European Union (EU) and call a referendum on a bailout deal on 5 July after withdrawing from talks with creditors struck a chord with 'progressive' leftist governments in the region who were swift to express empathy with the 'victimisation' of Greece.

Cuban revolutionary leader Fidel Castro took the time to compose a letter of congratulations to Tsipras, published on 6 June in Granma. Bolivia's President Evo Morales, who accused the European Central Bank (ECB) of "blackmailing" Greece, offering "more debt to pay more debt [which is] no solution", said that the "just and dignified" referendum constituted "a defeat inflicted on European imperialism, it is the start of the liberation of the European people".

Nicaragua's President Daniel Ortega praised the "great victory" in the referendum that ratifies "the historic sense of democracy, dignity and justice" of the Greek people, while Venezuela's President Nicolás Maduro lauded a victory over "the financial terrorism of the International Monetary Fund".

Argentina's President Cristina Fernández expressed solidarity with "the brave Greek people and its government" for saying 'No' to the "impossible and humiliating conditions imposed upon them". During the Greek election campaign, when comparisons were drawn between Greece and Argentina, Tsipras praised Argentina's handling of its 2001 default (still not resolved), making him an instant hit in the Casa Rosada.

But despite having minimal trade with Latin America, Greece's travails are having an impact. Most notably on Mexico. The Mexican peso reached a record low against the US dollar of M\$15.85/US\$1 amid the speculation of a Greek exit from the euro triggering a global currency selloff, with investment portfolios adjusted to reduce exposure to risky assets. The governor of the Banco de México, Agustín Carstens, described the peso's fall as "exaggerated" but commented that the possibility of 'Grexit' could lead to more "distortion" albeit "transitory". Still, the peso's depreciation will make Mexican exports and the manufacturing industry more competitive.

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