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## Peru's Humala faces complex final year in power

Peru's President Ollanta Humala is entering the final year of his troubled tenure. When Humala took office on 28 July 2011 there was a visceral fear among the private sector and business community that he would abandon his conciliatory rhetoric, revert to his nationalist roots and set Peru on the path taken by Venezuela. Instead, Humala pursued an agenda of free trade and fiscal rectitude, shedding his leftist allies who stood aghast as he used his final state-of-the-nation address to congress four years later to lay claim to the legacy of Peru's first great social reformer. Humala, whose political inexperience has been exposed in his dealings with congress, seldom gets credit for his achievements, especially against Sendero Luminoso (SL) and the illegal drug trade, but this is a big claim. The prospect of enhancing his 'legacy' is also bleak as the political opposition assumes control of the legislature.

Expectations were not especially high for President Humala's last state-of-the-nation address. He naturally kept well away from the story dominating the media – the corruption scandal surrounding First Lady Nadine Heredia. Instead, Humala stuck limpet-tight to a recitation of his government's administrative achievements. He said that big strides had been taken to improve education, with the education budget up by 70% to surpass NS\$22bn (US\$7.3bn), and grants provided for those from disadvantaged backgrounds. He also claimed that 1.3m people had been lifted out of poverty during his mandate, and that "even in times of uncertainty" Peru had kept growing and should post the fastest growth of the region (3.5%) this year.

Humala also maintained that Peru was at the vanguard of social change "in the whole of Latin America". It is this claim that his leftist critics bitterly contest. It was speculated in the press, for instance, that Humala would use his address to announce an increase of NS\$150 (US\$50) in the minimum wage, held at NS\$750 (US\$250) for two years, but this never materialised. This earned him the praise of the president of Peru's main business association Confiep, Martín Pérez, who said Humala had retained investor confidence through the "predictability" of his economic policy.

Peru's prime minister, Pedro Cateriano, subsequently said that it would be irresponsible to push the minimum wage up as demanded by trade unions without private investment. "When there is political instability, when there is populism, when there is excessive public spending, when there are commitments to increase wages, if they don't have economic support it is costly in the end," he said.

The trouble for Humala is that his failure to lift the minimum wage is perceived by the poorer echelons of society as confirmation that he is in the

## Sendero

President Humala claimed during his address that his government's successes against drug-trafficking meant it was "no longer a parallel power" in the Apurímac, Ene and Mantaro (Vraem) rivers valley. "Sooner or later the Vraem will be pacified like the Alto Huallaga [a reference to his government's 2012 capture of 'Artemio' (Florindo Eleuterio Flores Hala), the leader of the Sendero faction in this area]." Over the course of the last week, the security forces have freed a total of 54 hostages in the Vraem, some held captive by Sendero for decades. The minister of women and vulnerable populations, Marcela Huaita, said that many of those freed were children born to female captives who had been subjected to permanent violence and raped by Sendero guerrillas.

pockets of big business and merely pays lip service to the notion of social equality. Former president Alan García (1985-1990; 2006-2011), who used Twitter to dismiss Humala's address as "an hour of words to the wind", has been one of his most forthright critics on this and other issues. It was García, positioning himself for another tilt at the presidency in 2016, who led the criticism in February 2014 of the decision to lift the ministerial salary to NS\$30,000 (US\$10,600) per month, a "scandalous" 40 times the minimum wage. Prime Minister César Villanueva then maintained that the minimum wage would be raised, only for this to be publicly disclaimed by Heredia and the economy ministry, compelling Villanueva to resign.

Former president Alejandro Toledo (2001-2006), another likely runner in 2016, was also critical of Humala's address, saying he had opted for "accounting and many figures" but made no specific proposal to revitalise the economy. Toledo said this silence was unusual as the Humala administration had won powers from congress to legislate in this area.

Humala responded to some of the criticism in an exclusive interview with Peru's *RPP Noticias* on 2 August, saying that "the time for self-criticism" would be at the end of his government. He insisted that the strength of his government had been "the creation of social policy" which he said was "practically non-existent" in Peru before he came to power when he said there were only social programmes. If the public perception was of a dramatic improvement, however, Humala's popularity would not be hovering around single figures, just like Toledo, the country's first indigenous head of state who claimed a similar political legacy and left office with an equally low approval rating.

## Hostile congress

Humala also said he would continue with political activity after he leaves office and that the Partido Nacionalista Peruano (PNP), the main party within the ruling Gana Perú (GP) coalition, would compete in next April's presidential elections. He did not name a candidate but the most likely figure is his outspoken former interior minister Daniel Urresti. Whoever gets the nod faces an uphill task winning public trust and salvaging something from the wreckage of the GP. Yet another deputy, Celia Anicama, crossed the floor (to Dignidad y Democracia) days before Humala's address, leaving the GP with 32 of 130 seats. Anicama defected after helping to elect Luis Iberico as president of congress.

Iberico, who belongs to the conservative Alianza por el Progreso-Partido Popular Cristiano (APP-PPC), defeated the government-backed candidate, Vicente Zeballos, of the leftist Solidaridad Nacional (SN), by 70 votes to 55. Other GP dissidents also backed Iberico, the rump of whose support (35 votes) came from the *Fujimorista* Fuerza Popular (FP), which will be determined to dictate the legislative agenda in the run-up to next April's elections to the benefit of its presidential candidate Keiko Fujimori, the early frontrunner in the polls.

The big question is whether Iberico will feel beholden to *Fujimorismo*. The government had enough trouble with congress even with the presidency in the hands of one of its own, Ana María Solórzano; the censure of its prime minister, Ana Jara, last March [WR-15-13] and the annulment of its youth employment law, 'Ley pulpín' [WR-15-04], the standout setbacks. "If you make a pact with the devil, he can give you power, he will use you for his evil ends and eventually take your soul. Exorcism for Iberico," Urresti tweeted. Iberico, however, has a close relationship with Cateriano. He reached out to Humala administration in his opening address as president of congress, offering "permanent dialogue". He also promised Cateriano in a meeting this week that the legislature would work with the government to ensure Peru's stability, but the *Fujimoristas* will limit Iberico's room for manoeuvre.

**Much at stake as electoral campaign begins****Marcha Patriótica**

The left-wing political and social movement, Marcha Patriótica, founded by former senator Piedad Córdoba in 2012, will compete in elections for the first time this October. One of the main objectives of Marcha Patriótica, which comprises hundreds of social organisations and associations nationwide, is to prevent the right-wing party of former president Álvaro Uribe, Centro Democrático (CD), from succeeding and seeking to disregard or boycott the peace process. “For us it is essential to have mayoralties, governorships, councillors and deputies to help with the implementation and development of the possible peace accords,” the leader of the movement, David Flórez, said.

Campaigning for Colombia’s regional and local elections on 25 October got off with a bang. Voters will elect the governors of the country’s 32 departments, and the mayors of 1,119 municipalities, as well as local deputies, councillors and members of local administrative councils. The campaign for Bogotá will be especially fiercely contested. Within 48 hours of the registration deadline, the first debate was held between the five candidates with a realistic chance of winning the second most important elected post in the country. But for once there is nearly equal focus on the candidates standing in conflict-torn areas of Colombia. This is because they will play a pivotal role in the implementation of a future peace accord emerging from the long-running talks between the government and the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Cuba.

There are some 100,000 candidates competing for 18,600 elected positions in total. Two early polls by the national pollsters Datexco and Ipsos-Napoleón Franco for the Bogotá mayoral elections show there is very little between some heavyweight candidates looking to replace the incumbent mayor, Gustavo Petro, the maverick leftist former M-19 guerrilla whose eventful tenure will end on 1 January.

Datexco put Rafael Pardo, a member of the Partido Liberal (PL), a mainstay of the ruling coalition behind President Juan Manuel Santos, ahead on 22.7%. He was followed (within the poll’s margin of error) by Enrique Peñalosa (21.7%), a former mayor of Bogotá (1998-2001) who came fifth running for the presidency for the Alianza Verde (AV) last year; and Clara López (20.4%), who ran for president for the moderate leftist Polo Democrático Alternativo (PDA) when she finished fourth and excelled in Bogotá, winning more votes than Santos. In fourth place is Francisco Santos (8.1%), an estranged cousin of President Santos, running for the right-wing Centro Democrático (CD) of Senator, and former president (2002-2010), Álvaro Uribe. The CD candidate insisted “this is only just getting going”, and Uribe’s party performed well enough in the senate and lower chamber elections in Bogotá last year to suggest he will rise in the polls.

Francisco Santos fared no better in the Ipsos-Napoleón Franco survey, however, with 9%, behind López (14%), Pardo (19%) and Peñalosa (30%). The strong showing of Peñalosa will be a cause of strain in the ruling coalition because he is running on the ticket of Cambio Radical (CR), the party of Vice-President Germán Vargas Lleras. The CR decided to back Peñalosa rather than Pardo, adding weight to the rumours of a distancing between President Santos and Vargas Lleras as the latter makes his differences known ahead of his presumed presidential bid in 2018.

The first debate ranged over a number of issues including public security, refuse collection (a recurring problem in the capital which was behind Petro’s brief removal from office), as well as the delays to the implementation of the integrated system of public transport (SITP, in the Spanish acronym), and a stagnation in housing construction.

**Post-conflict governance**

For his part President Santos urged Colombians during the start of the new congressional session on 20 July to “choose candidates not because of what they promise, still less if they have a record of dubious conduct, but those that offer trustworthiness and honesty”. These are qualities that are not

## **Contraband**

The police arrested a secretary of a senior official in the attorney general's office last week and four other people with alleged links to a network dedicated to contraband. Carmen Sofía Carreño was arrested in Bogotá international airport when she entered the country from the Dominican Republic with US\$1m in her luggage. President Santos said that two of those arrested belonged to the defunct intelligence agency Departamento Administrativo de Seguridad (DAS). He also said that six containers of contraband worth some Col\$20bn (US\$6.9m) had been seized in northern Colombia and promised "more results" in the wake of the recently approved anti-contraband law, which also stiffens sanctions for officials found guilty of wrongdoing.

always easy to detect, however, and can be feigned. This was put into stark relief by a corruption scandal uncovered on 30 July in the south-eastern department of Caquetá, deep in the Farc's area of influence. María Susana Portel, the mayor of Florencia, a local city with 170,000 inhabitants, her husband, Diego Luis Rojas; the local finance minister, Liliana Barreto; a former development secretary, Yáir Díaz Díaz, and 10 councillors were arrested for alleged embezzlement and malfeasance.

Portela, who was elected for the Partido de la U, part of the ruling coalition, was accused by the attorney general's office of bribing councillors Col\$800m (US\$280,000) to authorise debt for Col\$20bn (US\$6.97m), exceeding the municipal threshold for indebtedness of US\$12bn (US\$4.18m). She is also believed to have bribed members of the local judiciary and to have obtained the money to pay for all of this from loans made by firms in exchange for the award of future public works contracts financed out of the debt issuance.

The president of the Partido de la U, Senator Roy Barreras, swiftly announced Portela's expulsion from the party and the revocation of the party's mayoral candidate, Juan González, not because of any manifest wrongdoing but because he was Portela's chosen successor in Florencia. Vetting candidates is a serious problem for all of the country's parties. According to a recent report by the NGO, Fundación Paz y Reconciliación, there are 140 candidates, spread across all of the mainstream parties, with criminal ties, 78% of whom have a high probability of being elected. This is up from 121 candidates flagged up by the NGO four years ago.

Misconduct by elected officials in areas of the country more prone to lawlessness because of a strong guerrilla presence is precisely what Santos is keen to avoid. He needs industrious and competent authorities to use public resources efficiently to implement post-conflict peace building measures in the regions, a recurring mantra of his government, especially as these resources are likely to increase significantly.

For this reason, there is as much media attention on the regional elections as the mayoral contest in Bogotá, such as Catatumbo, the conflict-torn region in the north-eastern department of Norte de Santander; Quibdó, the capital of the north-westernmost department of Chocó; Tumaco, a port city in the south-western department of Nariño, and Buenaventura, a port city in the nearby department of Valle del Cauca. The challenge is that some innocuous-looking candidates can have the backing of powerbrokers with ties to illegal armed groups, the drug trade or other corrupt links.

## **Aerial bombing suspended**

The government is keen to minimise the impact of the armed conflict on the elections. On 25 July Santos ordered the suspension once again of aerial bombing of Farc camps. The defence minister, Luis Carlos Villegas, said that if the Farc interpreted the suspension of aerial bombing in the right way, it would expedite talks and the government would think about new measures to de-escalate the conflict.

There is some speculation the gradual de-escalation of the conflict could culminate in a bilateral ceasefire before the elections on 25 October. This would help voter turnout. It would also be a few weeks ahead of the red letter day of 20 November when Santos has said he will decide whether to proceed with or end the peace talks depending upon the progress being made in Cuba and whether the Farc adheres to the unilateral ceasefire it declared on 20 July. Santos said everything had been done to give the talks a fresh start and that "this last opportunity must not and cannot be squandered".

**Fatal looting marks start of electoral registration**

Registration for legislative elections on 6 December got underway this week. While the government frontloaded its list of candidates with the First Lady Celia Flores, some cabinet heavyweights, singers and sportsmen, the national electoral council (CNE) rejected the application of María Corina Machado to run for the opposition coalition Mesa de la Unidad Democrática (MUD). Machado won more votes than any other candidate in the 2010 legislative elections and her exclusion is a major blow for the MUD. In a sign of the tension that is likely to build as the electoral campaign unfolds, a youth was shot dead in the midst of the looting of a supermarket in the city of Ciudad Guayana in the south-eastern state of Bolívar on 31 July.

President Nicolás Maduro announced the list of legislative candidates to drive forward the Bolivarian Revolution during a rally to mark the start of the five-day registration period on 3 August. Flores, a former president of the unicameral national assembly, leads the way as “the first combatant”, representing her native central state of Cojedes. Other big hitters on the list include Communes Minister Elías Jaua; Oil Minister Asdrúbal Chávez; Infrastructure Minister Haiman El Troudi; Education Minister Héctor Rodríguez; Indigenous Affairs Minister Aloha Nuñez and Housing Minister Ricardo Molina; singers Cristóbal Jiménez and Roque Valero; Olympic fencing champion Rubén Limardo; and TV presenter Érika Ortega.

Maduro maintained that the forthcoming electoral campaign would be “the toughest battle in the 16 years of the Bolivarian Revolution”. He said that this was due to the “economic war” being waged against his government, which would intensify as the elections approached with a planned wave of violence “sponsored by the Pentagon” to sow discord and chaos in Venezuela. Maduro described the killing of a youth in the looting of a supermarket in Ciudad Guayana, which led to 60 arrests, as a “planned” incident staged by the Right following orders from the US to undermine the Bolivarian Revolution. The governor of Bolívar, Francisco Rangel, maintained that the looters were “armed and induced”.

The MUD said the incident was evidence of the extremes to which many Venezuelans are pushed to acquire basic necessities amid scarcity of food and other essentials, and the rapid erosion of the value of the local currency amid hyperinflation. The MUD’s executive secretary, Jesús Torrealba, called for a day of national protest on 8 August “against hunger and crime and for freedom”, to take place in Caracas and all of the state capitals, to demand the immediate adoption of MUD proposals “to confront corruption and official ineptitude with common sense rather than bullets”.

The MUD released a statement saying that, “We condemn the intolerable and unprecedented situation of collapse which the Venezuelan people endure today due to the government’s destruction of the economy”. It blamed the “destruction of the productive apparatus” and “the massive theft of dollars from oil” as the principal causes of this collapse, aggravated by recent measures, such as restricting foreign exchange for importers, which it said was simply “throwing fuel on the fire of scarcity”. The MUD concluded that this “absurd conduct seems designed to generate a social revolt with the aim of creating the pretext of suspending or postponing the legislative elections which it knows are lost”.

The MUD has tried to capitalise on public discontent with food shortages and rampant inflation in the past without the desired success. The loss of Machado will only make its task tougher. Machado received an administrative sanction from the comptroller general’s office on 14 July barring her from

**Polar warehouse expropriated**

The looting of the supermarket in Bolívar came a day after the government sent in troops to seize (not for the first time) the Caracas warehouse of Venezuela’s largest food distributor, Polar, which President Maduro has accused of seeking “to sabotage the economy”. “This is our principal dispatch centre,” Polar director, Manuel Larrazábal, said, from which the company sends out 12,000 tonnes of food and 6m litres of drink per month. Larrazábal said that expropriating the warehouse at a time of food supply problems was “irrational”, and urged the government to reconsider its action.

### China loan

The Venezuelan government received another lifeline from China in the form of a US\$5bn loan on 31 July. The finance minister, Rodolfo Marco Torres, said the resources would be “invested in the country’s productive apparatus to drive and diversify our economy”. This ‘diversification’ began shortly after the late former president Hugo Chávez (1999–2013) took office in 1999 and yet Venezuela remains as dependent on oil now as it ever has been, the government’s failure to save during the long period of sky-high oil prices helping to plunge the country into its present economic morass.

standing for election for one year so the CNE’s decision to deny her registration was not unexpected. Machado said that neither of the two bodies had the legal standing to deny her registration, and that “the regime” had not forgiven her for speaking out against the presence of Cuban soldiers in the Venezuelan armed forces as well as denouncing official corruption. She had a ready-made replacement by her side to stand in her place for the MUD: Isabel Pereira, a director of the liberal thinktank Centro de Divulgación del Conocimiento Económico para la Libertad (Cedice).

On 4 August the US State Department released a statement expressing “concern” at the decisions to block the candidacy of Machado and other opposition politicians which “clearly have the intention of complicating the ability of the opposition to run candidates for the legislative elections, and limiting the range of candidates that can be presented to the Venezuelan people.” It went on to argue that “democracy must be inclusive”, and urged “all relevant Venezuelan authorities to reconsider the ban imposed on candidates”. The Venezuelan government responded with a statement of its own accusing the US of “interfering in internal constitutional matters”.

Meanwhile, Maduro ruled out monitoring of the electoral process by the Organization of American States (OAS), insisting that “Venezuela will not be monitored by anyone”. He claimed that the political opposition would denounce irregularities and fraud with or without monitoring.

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### TRACKING TRENDS

COLOMBIA | **“Intelligent austerity”**. The finance minister, Mauricio Cárdenas, submitted the 2016 budget to congress on 29 July for Col\$215.9tn (US\$79bn) based on 3.8% GDP growth. The budget is up by 2.5% on 2015 but with inflation at 3% it is smaller in real terms. Cárdenas said that being “a serious and responsible government” the budget took into account “the new economic reality” of low oil prices. Exports fell by 31.2% in the first half of 2015 compared to the same period last year to US\$19.26bn, according to the national statistics department (Dane). The principal reason for the decline was a 42.8% fall in oil sales and products from extractive industries.

Cárdenas said that education spending had been ringfenced, as well as social programmes for poor and disadvantaged Colombians. Education will be assigned most resources, Col\$31tn (US\$10.5bn), followed by defence (Col\$30tn). The budget entails a freeze on government payroll expenditure, and includes a 10.7% cut in public investment (on the 2015 budget) to Col\$40.6tn (US\$13.8bn). The biggest loser in this regard is the agricultural sector, which sees its budget cut by 38.5% to Col\$2.4tn (US\$813m). This is risky given the difficulties the government led by President Juan Manuel Santos has faced from rural strikes. The president of the Sociedad de Agricultores de Colombia, Rafael Mejía, expressed his disillusionment especially given “the importance of agriculture to the peace process”.

The national tax agency (Dian) has been set the goal of increasing the tax take by Col\$4tn (US\$1.36bn) to Col\$126tn (US\$42.7bn), in which endeavour it should be assisted by a new anti-contraband law.

Speaking at London’s Canning House on 4 August, Cárdenas emphasised the pride which Colombia feels at being “a boring economy”, arguing that all policy decisions were anchored in fiscal responsibility to send a message of macroeconomic stability to the markets and preserve high investment levels. He also described the decline in oil prices as “a blessing in disguise”. Accompanied by a near 50% depreciation in the peso’s value over the last year, he said it should help make the agriculture, manufacturing and tourism sectors more competitive. This as the government seeks to double non-oil exports by 2018 to US\$30bn [WR-15-30]. Cárdenas also said that when the current 4G transportation infrastructure programme is completed it will remove the main bottleneck to faster development and, if a peace deal is secured in Cuba as well, GDP growth should jump from around 4% to 6%-7%.

**After Dirceu, the deluge?**

The arrest of José Dirceu, the former right-hand man of Lula da Silva, brings the 'Operation Car Wash' investigation a step closer to Brazil's ex-president (2003-2011). It also undermines this week's efforts to reboot the presidency of the country's beleaguered head of state, Dilma Rousseff. After new allegations of corruption were levelled against Eduardo Cunha, the speaker of the federal lower chamber of congress, and arguably the executive's most effective opponent, the government had hoped for some respite. Instead, the bad news keeps coming.

Dirceu was cabinet chief under Lula, and played a key role in the *mensalão* cash-for-votes scandal that did so much damage to Lula's administration. In fact, he was still serving out his prison sentence, under house arrest, when the federal police came knocking again, on 3 August, to accuse him of masterminding the corruption scheme at the state oil company Petrobras in the 17th phase of 'Operation Car Wash', known as 'Operation Pixuleco' (a term for bribes).

At the same time as Dirceu was placed in preventative detention, federal police arrested a number of others, including his brother and business partner, Luiz Eduardo de Oliveira e Silva; the lobbyist Fernando Hourneaux Moura and the Petrobras engineer, Celso Araipe. According to prosecutors, Dirceu effectively initiated the *petrolão* scheme when he appointed Renato Duque to become director of services at Petrobras. Duque, who is also in preventative detention, is reported to be speaking to prosecutors about a plea bargain deal.

Much of the evidence against Dirceu was obtained from those already jailed turning State's witnesses. According to prosecutors, Dirceu received R\$39m (US\$11.2m at the current exchange rate) between 2006 and 2013 (in contrast to the *mensalão* scheme, in which he did not benefit personally). Plea bargainers told investigators that the money was spent on an apartment for Dirceu's daughter, the renovation of his holiday home, the upkeep of another apartment, as well as private flights and a R\$400,000 fee to his lawyer.

Dirceu had long been aware of the prosecutors' plans. In fact, he actually applied for preventative habeas corpus in the weeks leading up to his arrest. The request was denied; his lawyers are now trying again. In the meantime, Dirceu has been transferred from his house in Brasília to a prison cell in the southern city of Curitiba, which he shares with two others, accused of smuggling. Whereas Dirceu's previous conviction followed a lengthy trial in the supreme court, in this instance his case will be heard by Judge Sérgio Moro at the federal court in Curitiba, where most of the 'Operation Car Wash' suspects (except serving politicians) will be tried. As such, he could be prosecuted relatively quickly.

To mitigate such an outcome, Dirceu may decide to spill the beans. Friends of his have told the local press how he is suffering from depression. Given the prospect of lengthy prison sentences many of those accused over the Petrobras scandal have become witnesses for the prosecution. Certainly, the ruling left-wing Partido dos Trabalhadores (PT) lost little time in washing its hands of the former minister. No one from the party spoke out in his defence, while Rousseff said it was for the party, not for the government, to speak out on his behalf.

**Attorney-general elections**

Rodrigo Janot, the attorney general, is up for re-election and faces competition from three deputy attorney-generals: Carlos Santos, Mario Bonsaglia and Raquel Dodge. President Dilma Rousseff must approve three names, which are then approved in a secret vote by the legislature. Prosecutors in each state and all the 1,240 members of the federal public ministry are allowed a vote. In his pitch to colleagues to keep the job, Janot did not mention 'Operation Car Wash' specifically, but he did state that in his work, "going forward is as important as not taking a step back".

### Collor accused

Investigators working on 'Operation Car Wash', the official investigations into corruption at the state-owned oil firm, Petrobras, have linked former president Fernando Collor de Mello to a group that received around R\$26m (US\$7.5m) from the Petrobras corruption scheme. Three luxury cars, a Ferrari, a Lamborghini and a Porsche, belonging to the former president that were impounded in July were cited as possible benefits from criminal activities.

Talking to friends in the months before his arrest, Dirceu reportedly said, "Lula, Dilma and I are all in the same boat" as regards 'Operation Car Wash'. Ahead of Dirceu's arrest, Lula had jokingly told reporters that he expected to be the next questioned by the police. *Petistas* are now reporting that federal prosecutors are trying to induce those already jailed to implicate Lula in return for lighter sentences.

Lula is already under investigation for "influence-peddling", a crime punishable with up to five years of prison time, for his role promoting the construction giant Odebrecht overseas since leaving office in 2010. Should the 'Operation Car Wash' investigation get any closer, some in the media speculate he might want to take advantage of the Italian citizenship he acquired through marriage. Malicious rumours circulate in the anti-PT press that the former president has already taken an interest in a property there.

## BRAZIL | POLITICS

### In Brazil, August is the cruellest month

*Agosto, mes do desgosto.* By tradition, August augurs ill for Brazilian politics. Last year, Eduardo Campos, the presidential candidate for the Partido Socialista Brasileiro (PSB), was killed in a plane crash in the middle of the month. Sixty-one years ago, Getúlio Vargas shot himself in August; Jânio Quadros resigned in August 1961 and in August 1992, protests led to the impeachment of Fernando Collor de Mello. With major demonstrations planned against the government on 16 August, and a series of challenges expected to President Dilma Rousseff's austerity plans, this year's August promises to be uneasy too.

Despite the recent corruption allegations against him, Eduardo Cunha, the speaker of the federal lower chamber of congress appears determined to maximise whatever time he has left in office to wreak havoc on the government. While his power is patently ebbing, as opposition politicians distance themselves from him, his position still gives him considerable influence. Nowhere is this influence more in evidence than in his tabling of a series of bills, labelled as "fiscal bombs" by the government, to be voted on in congress this month.

Among the measures likely to be passed in the legislature over the coming weeks are: an increase in the salaries of the judiciary and the military police; a bill which would limit the government's autonomy in budgetary management, and a bill which would limit President Rousseff's powers to veto spending projects. All of these measures will add to government spending, at a time when the executive is desperately trying to control its costs, following its acceptance of a much reduced primary fiscal surplus target, from 1.1% to 0.15% of GDP, in mid-July.

Standard & Poor's, the credit ratings agency, has already put Brazil's outlook on a negative footing, and it remains just one notch above junk status. As Cunha makes clear his intention to detonate these bombs over the forthcoming month, the Real is taking a battering. On 5 August it fell to R\$3.5 to the US dollar, its lowest level for 12 years. Joaquim Levy, the finance minister, has been trying to sound the alarm, without sounding alarmist. "The economic situation is serious," he said. "The fiscal question is very serious."

### Impeachment

Meanwhile, the noises about impeachment will not die down. On 4 August, Cunha met some of his allies to discuss a strategy that was rapidly leaked to the press. After the Tribunal de Contas da União (TCU), the country's financial watchdog rejects the government's books for 2014, as is expected in the second-half of the month, the accounts will then be put to congress for approval



### **Bonadio speaks again over Hotesur**

On 5 August the secretary general of the presidency, Eduardo 'Wado' De Pedro, rejected the "malicious and tendentious" claims by Judge Claudio Bonadio that President Fernández had intervened to stop a raid of properties being investigated in the Hotesur scandal. Hotesur administers hotels in El Calafate in the Patagonian province of Santa Cruz belonging to the family of the president. The company is suspected of money-laundering and tax evasion.

or rejection. At that point, Cunha will accede to a popular congressional clamour to begin impeachment proceedings, according to local media reports.

It is worth restating that there are still no legal grounds for impeachment, and that those in favour of such a process still lack the votes needed to initiate it in congress. But the opposition is working hard to fan the flames of discontent ahead of the nationwide protests planned for 16 August. Rousseff's popularity remains at rock bottom and, given the on-going corruption scandal and the dire state of the economy, the demonstrations are likely to be well attended. It is not clear, however, what end such an expression of public outrage will serve, given impeachment remains unlikely. The uncertainty surrounding Rousseff's fate is serving only to undermine its prospects of economic recovery.

### **Olympics – one year to go**

Eduardo Paes, the mayor of the city of Rio de Janeiro, was his usual ebullient self at the ceremony to mark exactly one year to go to the Rio 2016 Olympic Games on 5 August. All of the sporting venues are nearing completion, he claimed. Left unsaid, however, was the failure of the local authorities to deliver on its promise to clean Guanabara Bay, where recent tests found virus levels analogous to those found in raw sewage. The extension to the metro line, key for transporting spectators to the Olympic Park, is also a cause for concern, with one state audit body claiming it was at "high risk" of not being delivered on time.

## **ARGENTINA | POLITICS**

### **What to look for in the primaries**

**Above all else, the open simultaneous and compulsory primary elections (Paso) in Argentina will provide a strong indication of whether Daniel Scioli, the presidential candidate for the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists) can win outright in the first round. An opinion poll by Poliarquía published on 2 August suggested he will attract 37.6% support, with his closest rival, Mauricio Macri from the centre-right opposition Propuesta Republicana (PRO) winning 30.7%. To win in the first round in the presidential elections on 25 October, Scioli needs 45% of the vote or 40% with a 10-point advantage over his nearest rival.**

Steadily, Scioli has been stretching his lead ahead of Macri. His optimistic campaign and non-confrontational tone appears to be working with the electorate, whilst the addition of Carlos Zannini as his running mates means that he has secured the support of the previously sceptical Kirchnerista wing of the FPV. Added to this, Argentina's economy has improved slightly, with a recent rebound in growth and an increase in consumer confidence. In May, economic activity jumped to its highest level in 17 months.

To respond, Macri has tacked to the centre. Jettisoning the aggressive rhetoric that has accompanied much of the politicking of the Kirchner years, he has repeatedly stressed that he is not "anti-government" and promised to keep many of the flagship policies introduced under President Cristina Fernández. But this has left him open to charges of flip-flopping by his primary rivals in the Cambiemos coalition.

Macri is still expected to win the coalition's nomination at a canter, but his lack of nationwide appeal, given his support base remains strongest in the metropolitan region of Buenos Aires, remains a serious problem for him. Scioli, meanwhile, is reaching out to Peronist governors across Argentina to ensure his support is maximised everywhere. In return, he is promising cabinet ministries and a strong federal alliance. Among the likely key allies for

### Tax revenues up 36.3% in July

Speaking on 3 August, Ricardo Echegaray, the head of Argentina's federal tax agency (Afip), announced that tax revenues for July had reached record levels, bringing in Ar\$145bn (US\$15bn at the official exchange rate), an increase of 36.3% on the same month of the previous year. So far in 2015, the agency has collected Ar\$867.05bn, almost Ar\$30bn higher than the target set for this point in 2014.

Scioli are José Manual de la Sota, the governor of the province of Córdoba, and Adolfo Rodríguez Saá, from San Luis. Both are currently vying, in vain, for the presidency, but hoping to use their votes as a bargaining chip.

Other indicators also favour Scioli. A poll by Raúl Aragón & Asociados in July found that 53% of those surveyed wanted the next government to keep all or most of the current government's policies. Sixty-eight percent of those polled want any change carried out gradually. And Fernández's approval ratings are not far shy of 50%, an impressive achievement given her long and controversial period in office.

Investors are also warming to the idea of a Scioli presidency, based on the idea that he could do a better job of negotiating with the country's Peronist governors. In an attempt to reach out to more middle-class sections of the electorate, Scioli has indicated that if he becomes president he will gradually remove foreign currency controls. In an interview with Bloomberg, Sebastian Vargas, a strategist at Barclays in New York, said: "We see an effort to correct the economic policies regardless of who wins the elections; we don't see Scioli as an 'alter ego' of Cristina Kirchner."

The third-placed presidential candidate, Sergio Massa, has been steadily increasing the pressure on Macri in the hope of securing the second-round run-off with Scioli. On 4 August, Massa's chief economist, Roberto Lavagna, accused the PRO candidate of becoming "Cristina-ized" as the campaign wore on. Massa is still trailing Macri by some distance, on 18.1% according to the Poliarquía poll, but the key question is what happens to his votes in a second round scenario. As a former Kirchnerista turned opposition politician, the answer is not obvious.

Carolina Yellati, the director of the public opinion research firm Consultora Wonder, argues that Scioli has to do all he can to avoid a second round run-off: "Our polling data shows Macri could win in that scenario," she said. Given at least 20% of the electorate describe themselves as non-political, the performance of the economy between now and then is likely to have a big impact on whether Scioli does it.

## ARGENTINA | POLITICS

### Drug accusations shake up Buenos Aires contest

It was not the first time that Aníbal Fernández, President Cristina Fernández's abrasive cabinet chief, has been accused of involvement in drug-trafficking and murder. But the allegations, broadcast on 2 August, that he was ultimately responsible for the 'triple crimen', the murder of three people in 2008 over control of the ephedrine trade, came just a week before he contests the primary to run as the Frente para la Victoria (FPV) candidate in the Buenos Aires gubernatorial elections.

Periodismo Para Todos (PPT), an investigative television programme hosted by the journalist Jorge Lanata, has long proven a government irritant. On Sunday, it broadcast testimony from a number of witnesses which claimed that the murder of three men near Route 24 (General Rodríguez) was orchestrated by Aníbal Fernández and members of the Argentine intelligence services in order to secure control over the trafficking route of one of the key chemical precursors for methamphetamine. Following the accusations, the front of Lanata's apartment building was pelted with stones, in what government officials insist was an unrelated act.

Fernández vehemently denied the charges, though they are not the first time that they have been levelled at him. In 2013, Graciela Ocaña, a former

### Pope's visit inspires poverty dialogue

Paraguay's President Horacio Cartes has met leaders of the Catholic Church in the country to discuss the fight against poverty, in the wake of the visit by Pope Francis. Around 1.5m Paraguayans live in poverty, equivalent to 22.6% of the total population, according to the latest official data.

health minister, said that there were suspicions that Fernández had been involved in the 'triple crimen'. The cabinet chief accused his rival for the FPV nomination in Buenos Aires, Julián Domínguez, of being behind the report. "This is outright aggression, financed by the millions of my rivals in the FPV primaries," he said. "They're trying to hurt me electorally."

Domínguez, the president of the federal lower chamber of congress, and his running mate, Fernando Espinoza, have used much of their campaign advertising to promise a tough line on drug trafficking, while Fernández has backed legalisation campaigns in the past. But Domínguez, denied any involvement in the story, calling the accusation "lamentable" and noting its "suspicious" timing. Nevertheless, Fernández criticised his rival's apparent lack of solidarity. A joking performance on a popular TV dance show, Showmatch, by Domínguez, and Espinoza, also irritated many senior FPV politicians.

Daniel Scioli, the current governor of Buenos Aires province who is running for the presidency for the FPV, has downplayed the allegations against Fernández. Though the two men are far from close, Scioli said he did not believe the accusations against a fellow party member which were part of a "series of political and media moves". PPT is broadcast by Channel 13, owned by the Clarín media group, long at loggerheads with the government.

With the caveat that the opinion polls in the primaries have proved unreliable in the past, the latest survey puts Fernández, from the party's more diehard Kirchnerista wing, 15 percentage points clear of Domínguez, a more orthodox, pragmatic Peronist. Analogías, the polling company, put Fernández on 30.8% of voter intentions, versus 14.1% for Domínguez. Whichever candidate wins is likely to beat the main opposition candidate, María Eugenia Vida, from the centre-right opposition Propuesta Republicana (PRO). Though the city of Buenos Aires leans towards the PRO, the province is firmly Peronist.

Even prior to the latest allegations, the battle between Fernández and Domínguez had turned bitter. Fernández had claimed that Domínguez and his allied mayors would try to hide paper ballots the day of the election to hurt his chances of winning in the province. At the same time, Espinoza, an orthodox Peronist and head of the Partido Justicialista (PJ) chapter of BA province, drew attention to the "communist" past of Martín Sabbatella, Fernández's running mate. Espinoza also accused Sabbatella of not being a Peronist. In a sign of the division the contest is causing, Scioli said on 4 August that he will not take part in either of Fernández's or Domínguez's closing campaign rallies.

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## TRACKING TRENDS

**ARGENTINA | Government attacks "speculators".** The economy minister, Axel Kicillof, has attacked "speculators" in the foreign exchange market who he says are sinking the value of the Argentine peso. Officially, the Argentine peso stands at Ar\$9.19/US\$1, while the black market rate, the so-called 'blue dollar' stands at Ar\$14.94, a gap of 60%. The government insists that the black market rate is insignificant and that a similar trade exists in all countries.

**CHILE | Growth forecast to be revised down.** Chile's central bank will lower its forecast for the country's growth this year, according to its president, Rodrigo Vergara. In an interview with the national daily *La Tercera*, Vergara said that persistently weak domestic investment was the main cause for the downward revision.

Monthly activity in April and May was lower than anticipated. In its most recent report, in June, the central bank cut its forecast to 2.25%-3.25%, down from 2.5% to 3.5%. Although Vergara would not be drawn on a figure in the latest interview, he did not rule out the possibility that the top of the new range would be under 3%.

**Journalists exposed to threats of the powerful**

The execution-style murder of four women and one man in a residential apartment in a middle class area of Mexico City on 31 July is having major repercussions. First, because this level of violence – sadly not uncommon in other parts of the country – is unusual in the capital. Second because the man, Rubén Espinosa, was a freelance photographer who had angered powerful interests in his home state of Veracruz, and at least one of the women, Nadia Vera, was a student activist who had done the same. A key issue behind this story is Mexico's high levels of violence and intimidation directed against journalists. Freedom of expression seems to be most curtailed at state level, as the case of Veracruz shows.

It appears that both Espinosa and Vera may have indirectly predicted their own deaths. Espinosa took a picture of Veracruz governor Javier Duarte wearing a policeman's cap, which the national left-wing weekly *Proceso* ran on the cover, alongside a caption that read "Veracruz, a state without law". Espinosa is known to have said that the photograph had caused him lots of problems and that in Xalapa, the state capital, he began receiving threats and was followed in the streets. In June, like many other journalists who fall foul of the powerful at local level, he moved to Mexico City to seek safety. But there too the threats resumed. Before his death, Espinosa sent a message to the New-York based Committee for the Protection of Journalists (CPJ) saying, "I don't trust any state institution. I don't trust the government, I fear for my colleagues and I fear for myself".

While the female victims of the multiple murder were not initially named, it has been confirmed that one of them was Nadia Vera, originally from Chiapas, a social anthropology graduate from the Universidad Veracruzana and a civil rights and environmental activist. Colleagues say that because of her activism in the state she had been beaten by the police in Veracruz and that in 2012 her home was searched. She too had moved to Mexico City (in 2014, earlier than Espinosa), and according to initial reports may have been the owner or tenant of the flat in Colonia Narvarte where they met their death.

Less prominent than Espinosa, since her death colleagues of Vera have highlighted an interview she gave, published last year, in which she spoke of the persecution of social movements in Veracruz and said "Here the problem is posed by people like us who get in the way, both of the government and of the narcos." She added that governor Duarte would be responsible for anything that might happen to her after receiving death threats.

How the murders took place is the subject of intense speculation with many suspecting that the investigation will not get anywhere (a reasonable supposition, given that statistically speaking, the vast majority of homicides in Mexico are never cleared up). Rodolfo Ríos Garza, the Mexico City prosecuting attorney, has said all five victims were shot in the head, and that the flat had been "ransacked". He said investigators were looking at various lines of enquiry, including robbery and femicide (there are reports that some of the victims had been sexually attacked). Pressed by journalists saying that he should look at the obvious, Ríos Garza confirmed that the crime could also be politically motivated and linked to the threats that Espinosa had received.

The authorities said they had obtained CCTV footage of three men - the possible perpetrators - leaving the building; a stolen car they used was also found in Coyoacán, another Mexico City suburb. As this issue went to press, one suspect was reported to have been arrested.

**Food tourism**

President Enrique Peña Nieto has launched a policy to promote Mexican gastronomy. Peña Nieto said that the sector provides more than 5.5m jobs and constitutes "one of the main sources of income for Mexican households and one of our main tourist attractions". He signed an accord designed "to accelerate the transformation of our gastronomy and convert it into a more dynamic sector". This includes a series of measures to promote the sector at home and abroad, including the provision of more technical education and financing of small producers, and promoting new denominations of origin.

## Media threats in Veracruz

A recent comment by Veracruz Governor Javier Duarte was hardly reassuring for the local press.

“Unfortunately some people working in the communications media are linked to delinquents... behave yourselves, we all know you are on the wrong path,” Duarte said.

## Threat to journalists

However the investigations turn out it is clear that it is not safe being a journalist in Mexico. A host of lobby groups including the CPJ, Article 19, and Reporters without Frontiers have amassed detailed evidence and statistics. Although the numbers are not always consistent, they tell a dramatic story.

At least 34 journalists have fled their home cities in the last five years after being threatened or beaten. Article 19 says the real number is almost certainly higher as many want to keep the reason for their departure secret. A total of 88 journalists have been murdered in Mexico since 2000, more than in the entire Vietnam war, or than in all the Middle East conflicts since 2000. Reporters Without Frontiers ranks Mexico 148th out of 180 countries for observance of freedom of expression, and says it is one of the most dangerous countries in the world to work in as a journalist.

Some 15 journalists have been killed in Veracruz alone, also in the last five years. Included in their number is Regina Martínez, a *Proceso* correspondent of three decades standing, who was murdered in 2012. The victims do not always work for big and influential media groups. Moisés Sánchez, murdered last year in Veracruz, was the epitome of an underpaid local reporter, covering neighbourhood stories and doubling up as a taxi driver to make ends meet. None of these murders have ever been solved. None of the perpetrators has been brought before a court.

As is often the case in Mexico, the authorities have reacted by passing new and enlightened legislation to protect journalists – which to date has had almost no effect whatsoever. In 2012 the federal congress passed a law creating a new body to protect human rights activists and journalists (*Ley Para la Protección de Personas Defensoras de Derechos Humanos y Periodistas*); there is also a special prosecutor for ‘crimes against freedom of expression’. But another human rights group, Amnesty International has said it is “alarming” that these steps have not prevented attacks taking place. Article 19 said the new bodies had “not lifted a finger” to protect Espinosa.

Lurking behind all the data is the dark history of Veracruz itself, an oil state on the Gulf Coast marked by violence, drug-trafficking, and authoritarian rule. Unlike many other states – and indeed unlike the national government itself – Veracruz has seen no alternation of power: the Partido Revolucionario Institucional (PRI) has ruled the state for eight decades. As recently as four years ago, amid a battle for control of drug-trafficking routes into the US, no less than 35 corpses were dumped on the Boca del Río highway in a single bloody incident.

Governor Duarte, who took office in 2010, has accused his predecessor, Fidel Herrera, of collusion with the Los Zetas drug trafficking organisation (an accusation backed up by US courts). But many say that Duarte, who was himself a member of the Herrera government, has continued with his predecessor’s authoritarian rule. “Violence is very present. The mafias have intensified their presence in Xalapa. Businesses are suffering extortion and being forced to close,” says José Homero, editor of a local paper.

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## TRACKING TRENDS

**MEXICO | Remittances up.** Mexico received US\$12.09bn of remittances from expatriates in the first half of 2015, an increase of 3.98% on the same period last year, according to the central bank (Banxico). Remittances for June were up by 6.1% year-on-year at US\$2.17bn.

Remittances totalled US\$23.65bn in the whole of 2014. After oil, remittances are the main source of foreign exchange in Mexico.

**Candidacies confirmed ahead of September****Portillo's candidacy rejected**

On 13 July Guatemala's supreme electoral court (TSE) announced that it had rejected the candidacy of former president Alfonso Portillo (2000-2004). One of the most high-profile prospective candidates, Portillo was seeking to run for a seat in the 158-member unicameral national congress for the opposition party, Todos, in the 6 September general elections. The TSE found that Portillo failed to meet the required attributes of "competence and honesty" stipulated by Art. 113 of the 1985 constitution as necessary for anyone seeking to run for public office. Portillo served a 60-month prison sentence in the US for laundering US\$2.5m from the Taiwanese government through US banks.

Guatemala's electoral court (TSE) has confirmed 14 presidential candidacies ahead of general elections on 6 September. With new corruption allegations now affecting the main opposition Libertad Democrática Renovada (Líder), whose candidate Manuel Baldizón remains the current frontrunner, the recent string of corruption scandals, which previously had mainly proven damaging to the Partido Patriota (PP) government led by President Otto Pérez Molina, has given rise to major concerns regarding voter apathy.

Since the June poll by Borge y Asociados which showed Baldizón with 34% of voting intentions, to 12.9% for his closest rival, former First Lady Sandra Torres (2008-2012), of the Unidad Nacional de la Esperanza (UNE) [WR-15-25], no further pre-electoral polls have been released. However, doubts have since emerged over Baldizón's polling position after the supreme court (CSJ) appointed an investigating judge to determine whether to strip Baldizón's running mate, Édgar Barquín Durán, a former head of the central bank (2010-2014) of his immunity in order that he be investigated for corruption.

The move was in line with a call for legal action announced on 15 July by the United Nations-backed International Commission against Impunity in Guatemala (Cicig) and the attorney general's office (AG) in relation to Barquín, along with two other national deputies - his brother, Manuel de Jesús Barquín Durán (Líder) and Jaime Martínez Lohayza (elected for the opposition Todos but now a member of Líder) - after 11 people were arrested on suspicion of forming part of a criminal network. In a press conference, Cicig's chief Iván Velásquez said the investigation was launched in 2014 in line with accusations that the network - which could have laundered as much as Q\$937m (US\$122m) in total - had been operating since 2008 with the collaboration of local and national authorities.

With the CSJ announcing on 30 July that investigating judges had also been appointed to determine whether a further three Líder national deputies - Luis Adolfo Chávez Pérez, Mirza Judith Arreaga Meza de Cardona and Mario Gerardo Yanez Guerra - should be stripped of their immunity in order to be investigated for corruption in relation to different cases, the latest scandals are fuelling concerns regarding voter apathy. In the November 2011 run-off (in which Pérez Molina defeated Baldizón), participation reached 60.8%. While less than the 68% recorded in the September 2011 first round, this was still a record for a run-off.

**Candidacies**

As well as Baldizón and Torres, the supreme electoral court (TSE) has confirmed 12 other candidacies. These include Jimmy Morales, the candidate and secretary general of the small conservative Frente de Convergencia Nacional (FCN-Nación) party, who the Borge y Asociados poll showed in third place with 10.4%; Zury Ríos Sosa, the daughter of former dictator Efraín Ríos Montt (1982-1983) who is running for Visión con Valores (Viva); controversial journalist Mario David García (PP); Juan Guillermo Gutiérrez (Partido de Avanzada Nacional); Lizardo Sosa (Todos); Miguel Ángel Sandoval (Unidad Revolucionaria Nacional Guatemalteca [URNG-MAIZ] and the Movimiento Político Winaq of indigenous leader and Nobel Prize Winner Rigoberta Menchú); Mario Estrada (Unión del Cambio Nacional) and Roberto González Díaz-Durán, of the coalition Compromiso Renovación y Orden and Partido Unionista. Díaz-Durán is also facing the threat of legal action, however, in relation to alleged influence-trafficking.

## Concerns build ahead of legislative vote

Jean Fritz Jean-Louis, Haiti's minister delegate in charge of electoral issues, has expressed concerns about violence ahead of the 9 August first round of legislative elections for two-thirds of the 30-member national senate and the newly expanded 118-member lower chamber of congress. His remarks follow concerns raised by the United Nations stabilisation mission in Haiti (Minustah) after the murder at the start of last month of an employee of the provisional electoral council (CEP).

On 7 July Minustah's head Sandra Honoré issued a statement condemning the murder of Wikenson Bazile, a CEP employee, shot dead two days earlier while walking in the capital Port-au-Prince with his son and nephew. Honoré called for the police to launch a full investigation into Bazile's death. Jean-Louis's comments, made on 28 July, followed complaints by Verité, the new party launched by former president René Préal (2006-2011) and former prime minister Jean-Max Bellerive (2009-2011), after three of its supporters were shot dead while putting up campaign publicity material. Verité has the most legislative candidates (115 in total) while President Michel Martelly's new party, Parti Haïtien Tèt Kale (PHTK), has 110.

Violence is not Verité's only complaint ahead of the elections. The party has slammed the decision by the CEP, announced on 19 June to exclude its presidential candidate Jacqui Lumarque from the first round of presidential elections due to take place on 25 October. The CEP argued that Lumarque, a university president, had failed to present a key document – known as a *décharge* – confirming that he did not misuse public funds while in charge of the State education committee. This was the same argument used to exclude former prime minister Laurent Lamothe – which also caused considerable controversy [WR-15-24]. Lumarque's supporters claim that he never handled funds, pointing out that other presidential candidates who had served on government commissions were able to take part, despite having failed to present the document. Since the CEP's decision, Lumarque's supporters have taken to the streets on various occasions in Port-au-Prince, as well as other parts of the country, like Gonaïves, the capital of the Artibonite department and Jacmel, Sud-Est department, calling for his reinstatement.

As well as Lumarque, since unveiling its 'definitive list' of candidates in June the CEP has also rejected Willy Duchene who was seeking to run for the Parti Républicain Haïti and François Levelt (Parti de la Diaspora Haïtienne pour Haïti, Mudha). Duchene was excluded for being a US citizen while Levelt's candidacy was rejected reportedly in relation to allegations of possession and trafficking of crack and cocaine in the US. This brings the total number of presidential candidates registered to 55.

### Other concerns

Last month a local civil society group, Observatoire Citoyen pour l'Institutionnalisation de la Démocratie (Ocid), released its first report on the electoral process since the official launch of campaigns on 8 July. The Ocid – which is made up of a consortium of civil society groups including l'Initiative de la Société Civile (ISC) and Centre Œcuménique des Droits Humains (Cedh) – undertook an evaluation of the electoral environment between 29 June and 7 July. In its report it raises two major concerns – insecurity and delays with regard to the recruitment of polling staff. In terms of insecurity, the report noted attacks against Bureaux Electoraux Communaux (BEC) – the official body tasked with resolving electoral disputes at the communal and departmental level. In particular the Ocid report noted attacks against BEC offices in the towns of Petit-Goâve in Ouest department, in Terrier-Rouge, Nord-Est Department, Grande-Rivière-du-Nord and Quartier-Morin in Nord department.

### Another concern

The other chief concern raised by Observatoire Citoyen pour l'Institutionnalisation de la Démocratie (Ocid), was the slow pace of recruitment of staff. The Ocid report points out that just three of 10 local electoral councils – Bureaux Electoraux Départementaux (BED) – and 19 of the 34 Bureaux Electoraux Communaux (BEC) offices visited had revealed that the process of recruiting members for polling stations was taking place. The report also notes that “delays were even more marked in the case of the registration of supervisors (only two of 10 BEDs observed and one of 34 BECs visited had begun the process)”.

**Maras still flexing their muscles in El Salvador**

El Salvador's government managed to break the 'strike' on 31 July enforced by a faction of one of the country's principal *mara* street gangs, Barrio 18 Revolucionarios. Private bus companies began to ply their trade again after the government led by President Salvador Sánchez Cerén promised a permanent police or military presence on the buses, and threatened them with sanctions. But after several days of uneasy calm, on 5 August a bus driver, a ticket collector, an army corporal and a passenger were killed by *maras* on the outskirts of San Salvador, and a further 15 passengers were injured.

It will be expensive for the government to provide police and military escorts for the buses for long, and as the attack on 5 August demonstrates it is still not sufficient to prevent the *maras* from striking again. The bus was conducting its first journey of the day from San Pedro Perulapán in the department of Cuscatlán to San Salvador when *mara* members dressed in police uniform opened fire on the vehicle before boarding it. Another bus driver was seriously injured in a separate attack in the north of the capital on the same day, prompting colleagues working on the same route to halt services. A member of an elite police squadron was also killed on a patrol in the rural area of Santa María Ostuma in La Paz department, bringing the number of police killed by *mara* gangs this year to 39 (equalling the number killed in the whole of 2014), as well as 13 members of the military.

On 3 August unspecified *mara* gang members released a statement apologising to the Salvadorean people for the four-day strike and the eight-related murders blaming "the greed of bosses" who refused to comply with the gang order not to send out their buses. They said the 'strike' had been ordained by *mara* leaders to pressure the authorities to end "police persecution" of gang members, and accused the police of "torturing comrades behind bars in different prisons".

The *maras* also expressed a readiness to renew a gang truce to bring down the escalating murder rate in El Salvador, as well as extortion, before concluding by warning the government that "if the attacks on us continue and things don't change, the private sector will keep suffering the consequences until we reach a mutual accord". The Sánchez Cerén administration has emphatically ruled out dialogue with the *maras*.

"There is a maturity about Keiko Fujimori... during the Fujimori government, Keiko was very young and cannot be blamed for what happened. Fujimorismo has learnt the lessons of the past".

*Luis Iberico, who made his political name in the 1990s as a whistleblower against corruption under Alberto Fujimori (1990-2000), upon being elected as Peru's new congressional president with the help of Fujimorismo.*

"There is no more important battle than integration [for Latin America's future]... We have to find formulas to defend our future. Otherwise we'll be leaves in the wind in this world of mastodons".

*Former Uruguayan president José Mujica speaking before the Latin American Integration Association (Aladi).*

"It's time for [Republican] leaders to either get on board or get out of the way. The Cuba embargo needs to go, once and for all...Engagement is not a gift to the Castros, it's a threat to the Castros. An American embassy in Havana isn't a concession, it's a beacon".

*Aspiring US Democrat presidential candidate Hillary Clinton slams Republicans for refusing to abandon a stance she held until recently.*

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