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CONTENTS

ANDEAN COUNTRIES

COLOMBIA-VENEZUELA 3

Border normalisation in six months?

TRACKING TRENDS

BRAZIL & SOUTHERN CONE

URUGUAY 5

What lies beneath the silence over López?

BRAZIL 7

Real falls to its lowest-ever level

ARGENTINA 9

As campaigning begins, Macri starts to falter

ARGENTINA 10

Tucumán casts shadow over October elections

TRACKING TRENDS

MEXICO & NAFTA

MEXICO 11

PRD and PAN to seal 'Stop the PRI' alliances

MEXICO 12

Fuel theft compounds Pemex's difficulties

TRACKING TRENDS

CENTRAL AMERICA & CARIBBEAN

HAITI 14

Setback to electoral process

TRACKING TRENDS

POSTSCRIPT 16

Indignados still pushing for a Honduran Cicig

Quotes of the week

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Pope upstaged by historic Havana meeting

The visit of Pope Francis to Cuba and the US this week had been eagerly anticipated ever since it emerged last December that he had played a pivotal role in the diplomatic rapprochement between two countries bitterly opposed for over half a century. But even so, with three papal visits in the last 17 years, the more momentous event in Havana came the day after Pope Francis departed for the US when Colombia's President Juan Manuel Santos met the leader of the Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrillas. A handshake between Santos and 'Timochenko' (Rodrigo Londoño Echeverri) seemed as unlikely as that between Cuban President Raúl Castro and his US peer Barack Obama but, together with the announcement of the most significant breakthrough in the annals of any peace process with the Farc, it paves the way for the resolution of the hemisphere's other great intractable dispute.

While Pope Francis has played a pivotal role in reconciling Cuba and the US, President Castro's role in reconciling implacable foes in Colombia is an achievement on a similar scale. It was Castro who persuaded a reluctant President Santos to clasp Timochenko's hand, and promised that Cuba, a guarantor nation, would continue to provide "absolute impartiality and discretion" as part of its "modest contribution" to help bring about peace.

Castro has clearly played more than a modest role in private, embodying, with his discretion and tact, statesmanlike qualities that eluded his brother Fidel. These are qualities that Pope Francis also exudes. The Pope came under fire from conservative sectors of society and the media in the US for failing to give any succour to political dissidents or to speak out in defence of freedom in Cuba, where political repression has reigned for longer than the country's apostle for independence and liberty, José Martí, lived.

Pope Francis's visit was compared unfavourably to the historic speeches of Pope John Paul II in Cuba in 1998 and also Benedict XVI in 2012. But this is a different time. To speak out now, at such a delicate juncture, could fatally diminish the influence of the Vatican with Cuba's government, and that of Cuba's Catholic Church as it works to secure the release of political prisoners on the island. The Pope's influence in private, as evidenced by the diplomatic thaw with the US, has achieved more than any public pronouncement could. He is also more conscious than previous pontiffs of the impetuosity of governments on the Latin American Left when public statements appear to contravene the doctrine of non-intervention in the domestic affairs of states.

All that being said Pope Francis did still send out some coded messages during his public speeches in Cuba. Upon his arrival in Havana on 19 September he said he would like his greeting "to embrace especially all those

Peace without impunity

President Santos insisted that the accord would provide for “specialised courts, comprising magistrates of the highest quality”, not “an extrajudicial system”, and would result in “peace without impunity”. Former president Uribe was joined by former president Andrés Pastrana (1998-2002) in casting doubt on this assertion and in decrying the fact that soldiers and police who have defended the country would be “treated in the same way and by the same yardsticks as those who murdered, kidnapped and caused so much suffering”. Meanwhile, the attorney general, Eduardo Montealegre, announced the suspension of some 50 charges against members of the Farc secretariat as these cases will be considered by the new special courts if the peace deal is approved.

who, for various reasons, I will not be able to meet”. He also said the normalisation of ties between the US and Cuba was “a sign of the victory of the culture of encounter and dialogue... over [quoting Martí] ‘the forever-dead system of groups and dynasties’”. And his address to students in a Havana cultural centre on 20 September could be read as an indirect call for greater political openness: “it is vital to see different ways of thinking not in terms of risk, but of richness and growth... there has to be concern for that person who may be my friend, my companion, but also someone who may think differently than I do, someone with his own ideas yet just as human and just as Cuban as I am.”

Colombian peace brought closer

Scarcely had Pope Francis boarded his flight from Santiago de Cuba to Washington D.C. than Santos touched down in Havana, on 23 September, ahead of a seminal announcement. Santos held an unprecedented private meeting, lasting 30 minutes, with Timochenko, after which both men, flanking Castro, stood in front of their full negotiating teams to hear a statement read by representatives of the guarantor nations, Cuba and Norway. It contained details of an accord over transitional justice, the thorniest issue in the peace talks, and the establishment of a definitive deadline of 23 March 2016 for a final peace accord to be signed, after which Farc guerrillas would have 60 days in which to disarm.

The accord would see the creation of a peace tribunal to deal with all alleged crimes committed during Colombia’s armed conflict, not only those carried out by guerrillas but also members of the security forces and those indirectly involved in the conflict (or, as Timochenko highlighted, “those who have instigated the war from their luxury offices”, by financing illegal armed groups).

There will be two special courts: one for sentencing (for those who accept responsibility in any given case) and one for trial (when those involved refuse to accept responsibility). Sitting on the courts will be principally Colombian magistrates, but also some expert international jurists, agreed upon by the government and the Farc.

The accord stipulated that while the Colombian State would offer “the broadest possible amnesty” for “political crimes”, this would not include, inter alia, crimes against humanity, genocide, serious war crimes, torture and kidnapping. Human rights NGOs will lead the way in bringing charges to the tribunal.

In order to encourage truth in the overriding interest of compensating victims, those admitting to their guilt will receive reduced sentences of between five and eight years and “restriction of freedom in special conditions”. Those who fail to recognise their responsibility in cases brought before the tribunal, and are proven guilty, face up to 20 years in a common jail. The latter sentencing is clear enough but neither the place nor the conditions of those receiving the preferential former sentencing is defined beyond the fact that they would be engaged in some kind of activity that contributes to compensating victims, such as community work, constructing essential infrastructure; replacing coca with alternative crops; or clearing landmines.

The political battle has already begun in earnest. Senator (and former president [2002-2010]) Álvaro Uribe, of the right-wing Centro Democrático, claimed that the government “has accepted that criminals responsible for atrocities will not go to jail provided that they confess their criminal responsibilities”. Uribe said it was “acceptable” that the rank-and-file should not go to jail but extending “this indulgence” to the Farc leadership was “a bad example” and could lead to further violence. The political debate will intensify in the run-up to regional elections on 25 October, and an eventual referendum on the peace accords. Opinion polls show the public opposes impunity. The deadline of March 2016, however, could restore some public faith in the peace process.

Border normalisation to take six months?

As widely anticipated, President Nicolás Maduro has moved to complete the closure of Venezuela's frontier with Colombia by extending a state of emergency to the southern state of Amazonas. The full length of the roughly 2,200km-long border between Venezuela and Colombia - over five times the length of the Franco-German border - is now effectively closed and heavily-militarised, with the main border crossings intervened and civil liberties suspended in 23 municipalities in the states of Zulia, Táchira, Apure and Amazonas.

President Maduro made the announcement just a day after he had agreed the "progressive normalisation of the border" with his Colombian counterpart, Juan Manuel Santos, following weeks of mounting tensions between Bogotá and Caracas over the Venezuelan measures. Maduro insisted that this latest move in no way contradicted that agreement, stressing that the Venezuelan government remained intent on 're-founding' the border to rid it of criminal gangs, smugglers, drug traffickers and Colombian paramilitary elements.

A deal between Maduro and Santos was hammered out in a five-hour meeting hosted in Quito by Ecuador's President Rafael Correa and his Uruguayan counterpart Tabaré Vázquez. Afterwards, Correa read out a joint statement noting that the two presidents had agreed on the immediate return of their respective ambassadors and a resumption of joint border cooperation efforts. Maduro said that "sanity, dialogue and peace" had prevailed, highlighting that the two had agreed to analyse issues including smuggling and the presence of transnational paramilitary and criminal groups. A more cautious Santos said he was "pleased" at having re-established dialogue with Venezuela. Notably, there is no timetable for re-opening the border, but Maduro says that the normalisation process may take at least six months.

Santos's caution appeared justified after a first meeting in Caracas between ministerial delegations from both countries ended without anything concrete after five and a half hours. Reportedly, a key sticking point is Venezuela's insistence that Colombia must move to shutter the legions of independent currency traders operating just inside the border, which the Maduro government says weakens Venezuela's currency. The Caracas government believes that these traders, who freely exchange Venezuelan Bolívares for Colombian Pesos, launder the proceeds of drug traffickers and the smuggling trade. It argues that this busy border currency trade serves to accentuate the wide disparity between Venezuela's officially free-floating Simadi exchange rate, which trades at about BF199/US\$, and the black market rate, as reported daily by the likes of *DolarToday.com* based on the prevailing exchange rate at the border. On 24 September, for instance, *DolarToday.com* put the black market rate at BF745.57/US\$. It has failed to stabilise this year despite the introduction of the Simadi rate in February.

While the Caracas government argues that this informal border trade represents an "attack" on the Venezuelan currency, and wants Colombia to stamp it out, the reality is that much of the problem can be traced straight to the severe market distortions in Venezuela, where consumer goods and fuel are fixed at artificially low prices, and there is a huge excess of local currency liquidity (as the government prints Bolívares hand over foot), and a severe shortage of US dollars amidst the oil price collapse. The result is soaring inflation. As President Santos has pointed out, Venezuela's problems are made in Venezuela, not in Colombia.

Henkel García, director of Venezuelan economic consultancy firm Econométrica, calculates that exchange rate unification at about BF130/US\$1 would restore some semblance of normalcy to Venezuela's currency market and help eradicate the black market. It would also help bring about an end to what he says are the current 'induced' hyper-inflationary pressures.

Hyperinflation

Econométrica's Henkel García estimates that Venezuelans' purchasing power has fallen by 40% to date this year, coming on top of a 20% fall in 2014. He suggests that inflation could reach 200% by end-2015, or higher if, as expected, the government-controlled national assembly decrees another minimum wage increase in December. He put the 2015 fiscal deficit at 20% of GDP. Moody's Investors Service has also lifted its year-end inflation forecast to 200%, warning that the country is now experiencing hyperinflation, increasing the risk of an economic collapse.

Praying for Banco del Sur

On 23 September Ecuador's foreign minister, Ricardo Patiño, called on people to pray for the Banco del Sur, the multilateral development bank that Union of South American Nations (Unasur) member countries have been trying to establish since 2007, to be up running by 31 October as planned. Patiño said that since its formal launch in 2012, the bank – whose objective is to offer alternative sources of finance for regional infrastructure projects – has yet to begin operations but he insisted that project was still active. Patiño added that “Those that believe in God should pray for the Banco del Sur to be ready by 31 October”.

COLOMBIA | Tapping international capital markets. On 21 September Colombia's finance ministry announced that it had issued US\$1.5bn in bonds in international markets. According to a ministry statement, the funds raised by the issue - which consisted of 10-year bonds maturing in January 2026- would help finance the government's 2016 budget. The statement added that the bonds offered a 4.5% coupon and a 4.65% interest rate.

Highlighting that the issue was oversubscribed by double the amount with orders for US\$3bn from 192 institutional investors from the US, Europe and Latin America, the statement said that this reflected the “confidence that international investors have in the country's macroeconomic management and fiscal discipline”. The ministry also highlighted that the operation was carried out “in anticipation of the potential increase of interest rates in the US”.

It is widely expected that the US Federal Reserve will move to increase its benchmark interest rate, which has been kept at record lows, before year end. Any rise in US interest rates will force other bond issuers to offer better rates for their securities for them to remain attractive. Finance Minister Mauricio Cárdenas, said that Colombia's ‘BBB’ rating and the government's responsible economic policies and strong commitment to fiscal rectitude continue to allow the government to incur debt “in favourable terms despite the volatility in international financial markets”.

ECUADOR-PERU | Clinker production plant. On 22 September Peruvian company Casaraca, part of Grupo Gloria, signed a contract with Ecuador's Unión Cementera Nacional (Ucem) public-private firm under which it is to invest US\$230m in the construction of a new clinker production plant in Ecuador's Chimborazo province. Clinker is the raw material from which Portland cement is made and the new plant will help Ecuador become less dependent on clinker imports to produce cement to supply its domestic construction sector.

Ecuador's Vice-President Jorge Glas, who was present at the signing of the deal, explained: “this investment will allow for the substitution of US\$250m of imports in the next 10 years; that is to say from this little firm we will increase our industrialisation capacity”. Glas added that the plant, which is to be run by Ucem, will also help establish a cement production chain in Chimborazo, where Ucem already has a cement production plant. “This investment will also mean jobs and wealth for the country”, Glas declared, highlighting that Grupo Gloria is seeking to help expand Ecuador's cement production in order to eventually start exporting the material abroad.

BOLIVIA | Thermoelectric power plant. On 21 September Bolivia's President Evo Morales inaugurated a new 200 megawatt (MW) thermoelectric power that is to supply energy to the Parque Industrial Latinoamericano industrial park located in the town of Warnes, Santa Cruz department. Morales said the US\$171m plant built by the Bolivia's state-owned Empresa Nacional de Electricidad (Ende) would supply electricity to the 600 firms- of which Morales said that over half are from Peru, Paraguay, Brazil, Ecuador and Chile- that have expressed an interest in setting up shop in the park.

Bolivia's hydrocarbons & energy minister, Luis Sánchez, said that the construction of the plant was part of the government's plan to invest US\$27bn over the next 10 years in order to turn Bolivia into the “energetic heart” of South America, allowing it to export natural gas and electricity to its neighbours. In order to achieve this, the Morales government has set itself the ambitious target of increasing national electricity production from 1,850MW a year to 6,000MW a year by 2025, with a view to export half of this production.

On 22 September Ecuadorean consortium, Técnica General de Construcciones-Bolivia, announced that it had signed a US\$118m contract with the Bolivian government to build a new 28km six-lane highway linking Warnes to Santa Cruz city, the department's capital- a project that forms part of efforts to develop the area.

What lies beneath the silence over López?**Chile's senate denounces López sentence**

Chilean senators from the Left and the Right of the political spectrum agreed unanimously to issue a statement expressing their “profound rejection” of the imprisonment of Leopoldo López, for having “clearly infringed the guarantees of due process”. The statement also called on the Organization of American States (OAS) to “exercise its good offices” to ensure that López and others wrongly imprisoned in Venezuela are released.

The silence of Uruguay's government to the imprisonment of one of Venezuela's opposition figureheads, Leopoldo López, has led to sharp criticism from the domestic political opposition that the ruling left-wing Frente Amplio (FA) coalition has lost credibility by allowing ideological affinities to trump human rights concerns. But there are many more factors lying behind this silence. Taken together they explain why, days after Chile's senate voted unanimously to condemn the imprisonment of López, the FA used its slender majority in the senate to cast out a motion presented by the opposition echoing Chile's comments.

Vice-President Raúl Sendic said the imprisonment of López was an “internal matter of another country in which we feel we don't have to participate”. This was particularly striking because it was Sendic who incurred the Venezuelan government's wrath shortly after taking office last March when, responding to a media question in relation to Venezuelan President Nicolás Maduro's claims about (US-led) external interference in Venezuela, he said that he lacked any “evidence to accompany” Maduro's claims. This diplomatically balanced comment earned him a sharp rebuke from Maduro, who called it “shameful”.

Accordingly, the FA blocked a motion in the senate presented by Senator Pablo Mieres, the leader of the opposition Partido Independiente (PI), condemning the sentence and calling on the Venezuelan government to release López before legislative elections in the country on 6 December. The FA needed the backing of all 16 of its senators to block the motion, supported by the opposition Partido Colorado (PC) and Partido Nacional (PN; Blancos), by one vote.

Mieres singled out FA Senator Rafael Michelini for betraying his principles. Michelini had described López as a “political prisoner”. Nuevo Espacio, the more moderate leftist faction of the FA to which Michelini belongs, released a statement at the weekend condemning López's imprisonment. Mieres said there was no difference in essence between this statement and the motion he presented to the senate days later.

Michelini's defence was telling. He explained that it was “not the opportune time for the senate to address the issue”, referring obliquely to Uruguay having “pending issues with Venezuela”. On 18 September the agriculture and livestock minister, Tabaré Aguerre, signed in Caracas an accord to cancel part of the debt Uruguay's State energy company Administración Nacional de Combustibles, Alcoholes y Portland (Ancap) held with Petróleos de Venezuela (Pdvs). This was agreed in principle during a meeting between Maduro and President Tabaré Vázquez last July but not enacted. Under the accord, Ancap's debt was reduced from US\$434m to US\$267m.

Venezuela has also been dangling a big carrot for three months now in the form of an order for US\$300m worth of imports from Uruguay. Venezuela confirmed its intention to buy 265,000 tonnes of food products from Uruguay for this value during Aguerre's visit. Aguerre, who said the first shipment of powdered milk would leave for Venezuela this week, described the accord as “excellent news” for Uruguay. It could, in fact, save some companies, especially in the dairy industry, from going to the wall [WR-15-29].

Domestic consumption down
Notwithstanding the impact of the drought on Uruguay's economic growth, local economists pointed out that the fact that domestic consumption also fell (by 1.1% year-on-year) in the second quarter for the first time since 2003 is a cause for concern as it has been the driving force behind the country's growth in recent years. They argue that this sign of weakness in the domestic economy should not be dismissed by the authorities as they continue to debate the draft 2015-2020 national budget.

With Uruguay's economy going through its most challenging period since the financial meltdown of 2002, and its most important trading partner – Brazil – in recession, the importance of these deals cannot be underestimated. Sendic denied that trade ties with Venezuela had any bearing on the government's decision to stay mute over López, but he, more than anyone, will have been well aware of the impact that a seemingly innocuous comment could have on ties with Venezuela, having been on the receiving end of the waspish tongue of the Venezuelan foreign ministry.

But there were also other factors at play. Sendic's remarks last March had antagonised the more radical wing of the FA committed to unconditional solidarity with Venezuela, and the Vázquez administration is trying to placate this wing at a time when its ally, the country's trade union movement, *Plenario Intersindical de Trabajadores–Convención Nacional de Trabajadores (PIT-CNT)*, is ratcheting up the pressure, staging another strike, for four hours, on 17 September.

In the midst of the congressional debate over the government's five-year budget, the PIT-CNT is making salary demands that the austerity-minded economy and finance minister, Danilo Astori, argues are beyond the country's means right now. The central bank (BCU) released a statement last week saying that the economy contracted in the second quarter of the year (*see box below*).

Another factor behind the Uruguayan government's silence was the diplomatic role Vázquez has been playing in recent weeks to reconcile Maduro and Colombia's President Juan Manuel Santos. With Uruguay being pro tempore president of the Union of South American Nations (Unasur), Vázquez worked hard to persuade the two heads of state to meet in Quito on 21 September to discuss the current border crisis. If the Uruguayan government had issued a forthright statement over López it would have scuppered his efforts.

Economic growth slowing fast

While the economy and finance minister, Danilo Astori, has acknowledged Uruguay's economic difficulties, and the need for caution in public spending, he was indignant about the statement released by the central bank (BCU) last week saying that the economy contracted by -0.1% year-on-year in the second quarter and by -1.8% quarter-on-quarter.

Astori said that the BCU, the media and economic analysts were focusing exclusively on these two figures rather than the fact that the economy actually grew by 2.2% year-on-year in the first half. Astori said his ministry retained the view that the economy would grow by between 2% and 2.5% this year. This would be respectable by regional standards, especially given that Brazil is widely predicted to contract by the same amount if not more.

If the media sounded alarmist, however, it is not altogether surprising. This was the first negative yearly result registered by the Uruguayan economy in a second quarter since 2003, while the quarter-on-quarter decline in economic activity is the biggest since the fourth quarter of 2011. This all points to the possibility that after 12 consecutive years of growth, the economy is slowing down rapidly.

Local economic analysts argue that if economic activity does not significantly pick up in the second half of the year, GDP growth for 2015 could be as low as 0.7%, compared to the official forecast of 2.5%. Astori, however, was sanguine, contending that the two negative figures were "circumstantial" and "transitory". Astori insisted that the effects of a drought on hydroelectric generation explained the fall in GDP as it led to a 58.5% decline year-on-year in the electricity, gas and water sector, and that with the onset of the rainy season in the third quarter it would be reversed.

The impact of the drought was not offset by the 9.7% increase in activity in the manufacturing sector or the 3.1% increase in activity in the transport & telecommunications sector.

Real falls to its lowest-ever level

One of the memes doing the rounds of social media in Brazil features a picture of the distinctive pink five-reais note, with the tag-line: “the new one-dollar bill”. Though the Real is yet to sink to that level, the rapidity with which the currency has fallen has prompted many Brazilians to wonder how low it can go, having already fallen by 69.3% against the US dollar in the last 12 months. On 23 September, it fell to R\$4.1517 to the dollar, a day after breaching the R\$4 threshold. It is the weakest the Real has ever been since its creation in 1994, beating the R\$3.99 to the dollar that marked the eve of Lula da Silva’s election in 2002. Most analysts expect it still has further to go.

Speaking to the newspaper *O Estado de São Paulo* on 22 September, the new chief economist for Bloomberg in Brazil, Marco Maciel, said he expects the currency to fall to R\$4.20 next year, before retreating back to the R\$4 mark. Though the slowdown in China and the fall in global commodities prices have all played their part in the currency’s decline, most cite internal problems as the main culprit; principally Brazil’s current state of political paralysis and its consequent failure to pass substantial fiscal reforms.

On the positive side, the weakening currency should boost Brazilian exports, particularly in the agricultural sector. Similarly companies that produce and sell exclusively in Brazil have become much more competitive in comparison to those who rely on imports. Lojas Renner, a local clothes chain, saw profits up 30% quarter-on-quarter in the second quarter of 2015. Similarly, tourism should benefit, both from Brazilians staying at home due to the unaffordability of foreign travel and international tourists attracted by a bargain. Brazil’s current account deficit is also declining thanks to the slide in the Real.

On the downside, however, even the boost to exports is mitigated by the fact that Brazil is a major commodity exporter and the world price of commodities is low. The weakness of the currency is also stoking inflation, currently just under 10%, although it has shown signs of slowing. Importers, companies with debts in dollars and national industries that rely on foreign raw materials are all suffering at present.

Arguably one of the most important impacts may be psychological. A strong Real was a source of pride for the Brazilian middle classes, facilitating foreign travel and a sense of belonging to a global elite. The shattering of that self-image may fuel even more vitriolic protests against the government of President Dilma Rousseff.

Growth forecast revised downwards

The bad news, of course, does not stop at the Real, which is more symptom than cause of Brazil’s economic woes. On 22 September the government revised down its growth forecast for 2015. It now expects GDP to shrink by 2.44% rather than the 1.49% it had predicted until now. This puts the official forecast closer to the consensus opinion held by the private sector economists consulted by the central bank, whose latest view is that Brazil will contract by 2.7%. The Organisation for Economic Co-operation and Development (OECD) is predicting a 2.8% contraction.

Even if the government’s more positive forecast is right, it will still be the worst recession in Brazil for 25 years; the last low-water mark being 1990, when GDP fell by 4.35%. In 2013 and 2014, Brazil heralded the fact that it had the seventh largest GDP in the world. Now, with a deep recession in 2015,

Marina rides again

Two years after her first attempt ended in failure, Marina Silva, last year’s third-placed presidential candidate, succeeded in officially registering her political party, the Rede Sustentabilidade. The party is now Brazil’s 34th, after the supreme electoral court also permitted another party to register on 15 September, the Partido Novo. After the decision, Silva said she wanted to put “sustainability at the centre of discussions of economic and social developments in the country”.

Unemployment forecast

A recent study by Brazil's industry federation (Firjan) produced two estimates of the number of "formal" jobs to be lost in 2015. The first predicted a total of 1,175,400 jobs lost and the second, 1,632,500. In the first scenario Firjan calculated the difference between jobs created and jobs lost in 2014 and January-July 2015 and the average was applied to the August-December 2015 period. In the second scenario Firjan used the average calculated for the past three years and applied it to the August-December 2015 period.

Brazil has fallen to fourteenth place, down seven notches in less than a year. Some analysts have compared this to the humiliating 7-1 home defeat by Germany in last year's football World Cup.

If the alarming slide in the Real and the downgrade in the country's growth prospects were not sufficient to concentrate minds in government, there is currently a team from Fitch, the credit ratings agency, in Brazil, assessing whether to downgrade its status. Although Fitch has Brazil two notches above junk, the government is understandably nervy; should a second credit rating agency follow Moody's in putting Brazil at junk status, many investor funds will be obliged to dump their Brazilian assets.

To avoid such a prospect, the government is working hard to pass more austerity measures in the federal congress, through tax hikes and spending cuts. Once again, however, Finance Minister Joaquim Levy appears to have been outmanoeuvred in his desire to focus on spending cuts. Instead the government is pushing ahead with plans to resuscitate the a financial transactions tax (CPMF), which would levy 0.02% on all financial transactions for the next four years, despite the fact the speaker of the federal lower chamber of congress, Eduardo Cunha, has made it clear that he sees no chance of such a tax winning approval in the legislature this year.

Keeping spending in check

In better news for the government, however, on 22 September it made a few small steps towards achieving some austerity measures. The legislature upheld 26 of 32 presidential vetoes on spending measures, which will help to limit government spending.

The government even appealed to the opposition Partido da Social Democracia Brasileira (PSDB) to support its move in the national interest. But the remaining six vetoes are now in limbo, as deputies left the chamber under instruction from their party leaders, leaving the session inquorate. One of the measures whose fate is now uncertain is a wage increase for the judiciary, which will cost the government R\$36.2bn (US\$8.7bn) if implemented.

The fact that the government managed to acquire approval for any of its cuts was a triumph of sorts. It came about as Rousseff promised to give the Partido do Movimento Democrático Brasileiro (PMDB), the government's powerful, restive ally, at least five significant ministerial posts in her current cabinet reshuffle. A day earlier, Michel Temer, the vice-president of Brazil and a member of the PMDB, had warned Rousseff not to attempt a reshuffle now, given the parlous state of relations between the executive and the legislature.

The government has promised to cut at least 10 ministerial posts. This is certain to antagonise at least some of its allies or the base of the ruling left-wing Partido dos Trabalhadores (PT) itself.

Campaign donations

With eight votes in favour and three against on 17 September, the supreme federal court voted to prohibit corporate entities from financing candidates or political parties in future elections.

Around 76% of the over R\$3bn (US\$760m) donated during last year's election campaigns for the presidency, the federal senate and the federal lower chamber came from corporate entities. Both the PT and the PSDB received over R\$1bn each.

According to 'The Spoils of Victory', a US academic study into campaign donations and government contracts in Brazil, corporate donors to the PT in the 2006 elections received between 14 to 39 times the value of their donations in government contracts.

As campaigning begins, Macri starts to falter

Monday 21 September marked the official start of the presidential election campaign. Daniel Scioli, the leading candidate, from the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists), and Sergio Massa, the third-placed contender from the dissident Peronist Frente Renovador (FR) held simultaneous events to outline their bold and optimistic economic policies. While these two began their campaigns with a bang, Mauricio Macri, the second-placed candidate from the centre-right opposition Cambiemos coalition, started his with more of a whimper, as he attended the inauguration of some new subway trains. As corruption allegations mount against some of the Cambiemos candidates, Macri finds himself having to fend off awkward questions which appear to be sapping some of the energy from his campaign.

At his campaign event in the city of Buenos Aires, Scioli said that full employment would be a priority for his government. While he also vowed to tackle inflation, which is around 25% according to private sector estimates, he promised it would not come at the cost of jobs or growth.

Scioli also expressed confidence that his government would attract US\$30bn in investment every year. Another flagship policy unveiled on 21 September was Scioli's plans to ramp up spending on the state house-building programme, with 250,000 homes to be constructed in every year of his government.

If anything, Massa, a former cabinet chief under President Cristina Fernández turned centrist candidate, was even more bullish. In third place, Massa is running an energetic campaign in an attempt to overtake Macri to make it through to a probable second round after the vote on 25 October. As such, some of his promises err on the wild side.

Massa launched his campaign at the start of the week by promising he would grow the Argentine economy by 5% every year. Currency controls would be lifted within 100 days of his presidency, Massa vowed, and export tariffs would be eliminated.

Macri, meanwhile, finds himself increasingly preoccupied with questions over the way he runs the city government of Buenos Aires. On 16 September, Fernando Niembro, a well-known sports journalist and congressional candidate for Cambiemos, finally withdrew his candidacy after weeks of pressure. Local media had reported that Niembro's company, which had no registered employees, received over Arg\$21m (US\$2.24m) in contracts for "audit services" from the Macri-led administration of Buenos Aires.

Then, on 22 September, another scandal broke involving another Cambiemos candidate. Eduardo Amadeo, the president of the social observatory civil association and the Argentine association of social policies, was awarded an Arg\$4m contract from the Buenos Aires city government. As in the case with Niembro, the contracts were not published in the official gazette.

The corruption cases are problematic for Macri, given his position as mayor of the city, and given how much the opposition has attacked central government corruption over the years. While there remain many egregious cases of alleged corruption by members of the Fernández administration, the charges against Cambiemos candidates make it harder for Macri to use that line of attack. For voters hoping for more transparent, honest politicians, Cambiemos may start to prove a disappointment.

Victory

For a presidential candidate to win in the first round of the elections on 25 October, he or she will need either 45% of the vote or 40% plus a lead of 10 percentage points over his or her closest rival.

Poverty

A federal judge in Argentina has called on the government to provide a report containing current poverty figures. Judge María José Sarmiento gave the finance ministry a five-day deadline to respond to an opposition petition asking for an update of the poverty situation, for which the most recent figures date back to 2013. The national statistics institute (Indec) stopped releasing its semi-annual poverty figures in the first half of 2013 when it reported that 3.7% of households were in a state of poverty and 4.7% of the population. Private bodies put the figure much higher, at around 25% of the population.

It appears that Massa's energy and Macri's problems are both having an effect on the race. An opinion poll by Raúl Aragón & Asociados published on 21 September showed Massa had risen to 23% of intended votes this month, up from 16% in July. Macri, meanwhile, had fallen from 30% to 28% and Scioli had moved up a point from 39% to 40%, on the cusp of a first round victory (*see sidebar*).

ARGENTINA | POLITICS

Tucumán casts shadow over October elections

Allegations of ballot-box burning, shortages of ballot papers and other electoral malpractices resulted in the annulment of Tucumán's gubernatorial elections by a provincial court on 16 September. A few days later, however, the province's supreme court overruled the decision, declaring the results from the election on 23 August to be valid, thus handing the victory to Juan Manzur, the candidate for the federally ruling Frente para la Victoria (FPV). José Cano, the losing candidate, decided against appealing the decision at the national supreme court. But the row over the Tucumán results has led directly to Argentina's electoral court outlining new measures to ensure confidence in the general elections next month.

Last week three of the main opposition presidential candidates, Mauricio Macri, Sergio Massa and Margarita Stolbizer, held an unprecedented joint news conference to call for electoral reform. On 23 September the national electoral council (CNE) announced changes to the system, including the provision of witnesses and GPS tracking to monitor the postal system's trucks that are used to transport ballots.

The CNE also called on electoral parties to deliver more ballot papers to polling stations and to check regularly to see if ballots are missing. The body also permitted the creation of complementary polling booths where ballot papers from all political parties will be available to voters.

FPV wins Chaco

In the northern province of Chaco, Domingo Peppo, the candidate from the FPV, won the gubernatorial elections held on 20 September by 55% to 42% over Aída Ayala, of the opposition Unión Cívica Radical (UCR).

One of Argentina's poorer provinces, Chaco has long been a stronghold of the FPV and the result surprised few. It is the last provincial election scheduled before the general elections on 25 October.

TRACKING TRENDS

CHILE | Government salary freeze. On 21 September the Chilean government announced that after reaching a deal with the national legislature it had decided to freeze the salaries of President Michelle Bachelet, her cabinet ministers and other top government officials for a year as part of its efforts to promote austerity amid the domestic economic slowdown.

Finance Minister Rodrigo Valdés said that the unprecedented agreement means that this is the first time that top-ranking Chilean government officials, including national legislators, would not see their salaries rise along with that of all other public sector workers starting from 1 December.

According to Valdés, windfall savings produced by this measure will be used to pay for the emergency relief efforts in the central areas of the country affected by a major earthquake on 16 September.

PRD and PAN to seal 'Stop the PRI' alliances**Morena**

Describing the PRD as “an empty shell”, Morena’s leader Andrés Manuel López Obrador reacted to news of the revival of the PAN-PRD alliance by making a fresh call for PRD members to defect to his party. Morena made a strong impression in its first elections last June, eroding the PRD edifice in the Distrito Federal (DF) and slashing its presence in the federal lower chamber of congress.

Mexico’s two main opposition parties at a federal level will next year renew the electoral alliance that helped defeat the Partido Revolucionario Institucional (PRI) in three key states in 2010. During an extraordinary national congress at the weekend the left-wing opposition Partido de la Revolución Democrática (PRD) voted to empower the party leadership to use its discretion to forge an alliance with the right-wing Partido Acción Nacional (PAN) in states where it could “stop the PRI”. The difference is that in 2010 this was more or less an alliance of equals; now, with the emergence of Movimiento Regeneración Nacional (Morena), the PRD is definitely the junior partner – and has more to lose.

The PRD party president, Carlos Navarrete, was adamant that any alliances with the PAN would be decided on a case-by-case basis in the state elections and would not extend to the presidential elections in 2018. The PAN has welcomed the decision by the PRD. Both the PRD and the PAN hope it will help provide victories which can provide a springboard to bigger things in 2018.

It could backfire though, especially for the PRD, as it has enabled Morena’s founder, Andrés Manuel López Obrador, the twice former PRD presidential candidate intent on running for his new party in 2018, to accuse the PRD leadership, Nueva Izquierda (commonly dubbed ‘Los Chuchos’), of having sold out, definitively abandoning the party’s “ideals and principles”. He made a fresh call for disaffected members of the PRD to join Morena.

PRI in ascendency

There will be gubernatorial elections in 12 of Mexico’s 32 states in 2016. PAN-PRD-led alliances control three of the state governorships, with the PRI and allies holding the other nine. In theory this would seem to provide more opportunities for the PAN and PRD to strike blows against the PRI. In practice, however, only five of these elections are likely to be competitive – and three of these are the states held by the PAN-PRD. The PRI should retain seven of the state governorships with ease.

In 2010 PAN-PRD coalitions won the governorships of Puebla, through Rafael Moreno Valle; Oaxaca, through Gabino Cué; and Sinaloa, through Mario López Valdés. It defeated the PRI-Partido Verde Ecologista de México (PVEM) alliance by fewer than 10 percentage points in each of these states, and this lead shrank to just a few points in the federal congressional elections last June if the combined total of votes for the parties in the respective coalitions is added together.

The outcome of the elections in Puebla will be crucial for Moreno Valle’s presidential pretensions, but the most interesting of the three gubernatorial contests is likely to be held in Sinaloa. The PRI emerged strongest from the federal congressional elections in Sinaloa last June, although independent candidates took 13% of the vote, and 42% of these were won by Manuel Clouthier, in Culiacán, the state capital.

Clouthier: the next independent governor?

Clouthier became the first independent candidate to win a seat in the federal lower chamber of congress. This result led to some speculation that Clouthier could decide to run as an independent candidate for state governor next year, emulating Jaime ‘El Bronco’ Rodríguez Calderón in Nuevo León last June.

'El Chapo'

The dismissed director of the maximum security prison, Altiplano I, in the Estado de México, has been imprisoned in his own jail on the orders of a Mexican judge on 21 September for his possible role in the escape of the drug kingpin, Joaquín 'El Chapo' Guzmán Loera, last July. A total of 20 arrest warrants have now been issued in connection with Guzmán's escape. In addition to the fired prison director, Valentín Cárdenas Lerma, the then national coordinator of the federal prison system, Celina Oseguera Parra and the legal director at Altiplano I, Leonor García García, have also been placed under arrest, as well as two members of the national intelligence service (Cisen) and two prison officials in charge of the audio and video surveillance system in the prison.

Unlike the unrepentantly straight-talking and vulgar 'El Bronco', Clouthier comes from a wealthy family (he personally declared assets of M\$63.7m [US\$3.76m], 75% of it in the form of shares) with political pedigree – the son of the PAN presidential candidate in 1998, Manuel 'Maquío' Clouthier. Like 'El Bronco', who previously served in office (as a mayor) for the PRI, Clouthier Jr was a PAN federal deputy until 2012 when he left the party after he was refused a senate pre-candidacy because of his criticism of then president Felipe Calderón (2006-2012) for his government's fight against drug-trafficking and organised crime.

The nine states presently governed by the PRI which will be contested next year are Durango, Chihuahua, Tamaulipas, Hidalgo, Veracruz, Zacatecas, Aguascalientes, Tlaxcala and Quintana Roo. Veracruz and Aguascalientes are the only two of these states where the opposition has a realistic chance of unseating the PRI.

Veracruz, the largest state holding elections by population (some 5.6m people are eligible to vote), was narrowly won by the PRI-PVEM in 2010 over a coalition comprising the PAN and the Partido Nueva Alianza (Panal). If the PRD climbed onboard behind a well-chosen candidate, the PRI-PVEM could be defeated here. The PRI-PVEM won Aguascalientes by a similarly narrow margin over the PAN in 2010.

If the PAN-PRD were to hold onto at least two of the three states they presently control next year and win in either Veracruz or Aguascalientes, they could gain important momentum heading towards the 2018 presidential and federal congressional elections. But the PAN is in a much stronger position to exploit the partnership. Morena is on a mission to supplant the PRD as the main political party on the Left by 2018.

Morena's performance in last June's federal congressional elections suggests it could dent PAN-PRD hopes in the gubernatorial elections. It took 9.1% of the vote in Puebla, for instance, and is likely to erode support for the PRD. It was also the third largest political force in Oaxaca, taking 13.2% of the vote in the federal congressional elections.

MEXICO | ENERGY

Fuel theft compounds Pemex's difficulties

The double whammy of lower production and a declining world oil price have impelled Petróleos Mexicanos (Pemex) to make budget cuts this year, but the State oil company's problems have been exacerbated by a surge in fuel theft. In the first eight months of the year, there were 3,547 illegal taps, up 50.6% on the same period in 2014, amounting to losses of M\$13.2bn (US\$783m), or more than M\$50m a day. At the present rate losses will top US\$1bn by the end of 2015.

The number of illegal taps along Pemex's sprawling network of ducts in the first eight months of 2015 has already exceeded the 3,348 taps for the whole of 2014. And the figure for 2014 was more than 25% of the total number of illegal taps registered between 2000 and 2014: 11,872. Last February Pemex announced changes to its nationwide supply methods in an attempt to combat rising fuel theft: using pipelines only for unrefined fuels; and tightening controls to prevent leakage of pumping times (Pemex employees are suspected of tipping off drug trafficking organisations [DTOs]). It does not appear to have acted as much of a deterrent.

The state with the greatest number of illegal taps in the first eight months of 2015 was Tamaulipas, with 561 cases, up 15% on the same period in 2014. This despite the state governor, Egidio Torre Cantú, repeatedly stressing his

Carstens

The comments by the governor of Banxico, Agustín Carstens, came after a meeting of the bank's exchange rate committee. Carstens explained that amid the prevailing international financial uncertainty, the committee had decided that Banxico should continue to provide liquidity to the currency market and moderate the peso's depreciation. A day earlier, on 21 September, Banxico's monetary policy committee voted in favour of maintaining its benchmark interest rate steady at 3% for another month given that the historic low accumulated inflation rate of 2.59% so far this year is still well within its target of 3%.

intention to crack down on the practice. There were admittedly more dramatic increases elsewhere. The second and third placed states on the list, Guanajuato and Puebla, saw increases of 131% to 555 illegal taps and 172% to 511 respectively over this period. Next on the list were Jalisco, up by 82% to 362, and the Estado de México (Edomex), up 78% to 293.

In total there were an increased number of illegal taps in 23 of Mexico's 32 federal entities. Even in the Distrito Federal (DF) there might have been only eight taps but this was up from just one last year. The most noteworthy declines in the nine states which saw falls were Sinaloa, down by 17% to 151 taps; Nuevo León, down by 20% to 85; and Zacatecas, down by 88% to four.

It is not just a matter of the financial cost sustained by Pemex for the loss of fuel but also the cost of closing and repairing its pipelines, which has resulted in fuel shortages in some states at various points over the course of the year. Once detected, an illegal tap takes in the region of 12 hours to repair and to build up sufficient pressure to resume pumping. There is also the issue of public safety. Pemex has been increasingly prone to leaks and explosions, some of which could be explained by the frequent illegal taps rather than purely poor maintenance.

This all goes to explain why the federal congress is keen to draft legislation to punish fuel theft from Pemex pipelines as a serious crime. A bill to this effect was debated during the last congressional session but failed to advance because of constitutional concerns (should this be a matter for individual state congresses?) and because a number of legislators argued that it required greater definition to ensure that it targeted the actual culprits.

TRACKING TRENDS

MEXICO | Banxico extends currency market intervention. On 22 September the governor of Mexico's central bank (Banxico), Agustín Carstens, announced that it will continue to sell US dollars in the local currency market in order to manage the peso-dollar exchange rate after the end of the dollar auction mechanisms that it has been implementing.

Banxico began auctioning dollars in the local currency market on a daily basis back in December when the dollar began rapidly appreciating on the back of signs of a stronger US economic recovery and amid the expectation that the US Federal Reserve (Fed) would move to increase interest rates this year. This intervention has helped to manage but not stem the peso's depreciation (with the Mexican currency depreciating by 14% so far this year and hitting a record low after falling below the M\$16/US\$1 mark). But this has taken its toll on Mexico's international reserves, which have fallen significantly this year, producing some concern that Banxico's strategy is unsustainable.

Banxico has sold over US\$14.2bn in the local currency market since the launch of its two daily dollar auction programmes (one which sets a minimum auction price, one that does not). These are mostly funded by its international reserves, which have fallen for seven consecutive months now to US\$182.9bn, US\$10.2bn less than in the comparable period last year. In addition some local analysts have also warned that Banxico's currency market interventions are starting to stoke inflation and they have called for the bank to concentrate on preventing this by moving to increase interest rates itself ahead of the Fed.

The increased provision of dollars has been identified by Banxico itself as one of the main reasons why Mexico's monetary base increased by 21.4% year-on-year in September – and that this is starting to produce inflationary pressures.

Banxico's dollar auction programmes were set to end on 30 September. But Carstens, who was ratified as Banxico governor for another six-year term by the federal senate on 17 September, was clear that Banxico would continue to intervene in the spot currency market to manage the exchange rate (*see sidebar*).

Setback to electoral process

The announcement by a leading opposition party, Plateforme Vérité, that it is pulling out of the second round of legislative elections on 25 October is the latest blow to the credibility of an electoral process which is considered essential to restoring much-needed stability to Haiti as it continues to struggle to recover from the devastation of the 2010 earthquake.

One of the main rivals to the Parti Haïtien Tèt Kalé (PHTK), the party of President Michel Martelly (who is constitutionally barred from standing in the first round of the presidential contest also taking place on 25 October), Vérité announced on 8 September that it was withdrawing from the second round. It said this was in protest at the 9 August first round (to elect two-thirds of the 30-seat national senate and the newly expanded 118-seat lower chamber of congress). Having already raised objections to decisions by the provisional electoral council (CEP) (*see sidebar*), Vérité – which was set up by former president René Préval (1996-2001; 2006-2011), and former prime minister Jean-Max Bellerive (2009-2011) – cited as grounds for its move the fact that it had been subjected to violent attacks at polling stations in Port-au-Prince and in some 50 of 1,500 voting centres around the country on voting day.

It is worth recalling that, despite incidents, voting day itself was endorsed by CEP president Pierre Louis Oport, police chief Godson Orelus, and Prime Minister Evans Paul as well as Sandra Honoré, the head of the United Nations stabilisation mission in Haiti (Minustah) [WR-15-32]. Since then, however, concerns have continued to mount, not least given the low (18% turnout); an electoral monitoring report by three civil society groups alleging “massive fraud” at 104 polling stations of the 728 voting centres observed [WR-15-35] and the CEP’s hitherto failure to release final results from 9 August despite having set itself the deadline of 9 September to do so. This failure to release results has attracted widespread criticism from civil society groups including the prominent women’s rights organisation, Solidarite Fanm Ayisyèn (Sofa), which also had other complaints regarding the electoral process (*see sidebar*).

Vérité is not the only party which is threatening to boycott the process. This month several opposition legislative candidates from parties including Fanmi Lavalas (FL), the party of the populist former president Jean-Bertrand Aristide (1991; 1994-1996; 2001-2004) set up a new platform called ‘L’Initiative Populaire pour Sauver la Démocratie (IPSO-démocratie)’ calling for the entire nine-member CEP to resign, for fresh elections and for a transitional government.

International support

Despite these concerns, the international community remains clear that it wants the 25 October elections to go ahead. On 14 September the Organization of American States (OAS) issued a statement in support of “the holding of the first round of presidential elections in Haiti on the scheduled date of October 25”. The same statement notes that “for that reason, the Director of the Department for Electoral Cooperation and Observation (Deco), Gerardo de Icaza, today travelled to the Caribbean country”. According to the same press release, De Icaza was there to hold high-level meetings with the CEP and political actors in Port-au-Prince in support of the holding of the upcoming elections.

This view is also shared by the US whose ambassador, Pamela White, responded to the calls for a transitional government on 10 September by

Other complaints

Vérité has had other bones to pick with the provisional electoral council (CEP), not least its decision in June to exclude the party’s presidential candidate, Jacky Lumarque. The CEP had based its decision on the fact that Lumarque, a university president, had failed to present a key document – known as a *décharge* – confirming that he did not misuse public funds whilst in charge of a State education committee. At the time the local media cited Lumarque’s supporters as insisting that he never handled funds and highlighted the fact that other presidential candidates who had served on government commissions were able to run, despite also having failed to present the document. There were subsequent protests across the country calling for Lumarque’s reinstatement although these proved unsuccessful.

Gender concerns

As well as criticising the provisional electoral council (CEP) for failing to release final results, the women's rights organisation, Solidarite Fanm Ayisyèn (Sofa) also criticised the lack of female candidates participating in the electoral process. In a statement issued on 14 September, Sofa pointed out that despite the mandatory 30% female representation quota, only 23 women out of 232 senate candidates (9.9%) and 129 women out of 1,621 deputy candidates (8%) were able to register for the 9 August legislative first round election. Sofa's statement calls on the CEP to take all measures necessary to reach the quota, including addressing the economic discrepancies which face female candidates; implementing an education campaign to encourage women to become candidates, and addressing sexism in the male-dominated legislature.

telling reporters that the US government was against any such a move and considered the 25 October electoral process critical to "pave the way for political predictability". These remarks were echoed on 17 September by US Secretary of State John Kerry who met Haiti's Prime Minister Evans Paul in Washington D.C. In a joint press conference Kerry declared it "imperative for the elections that will take place in October to be successful to be able to restore the ability [to rebuild Haiti], to be able to continue the momentum..."

A dubious candidate removed

In a bid to address a common complaint of the electoral process – the presence of candidates with dubious credentials – on 17 September the CEP removed Ernst Jeudy from the list of legislative candidates due to compete in the second round run-offs.

The CEP's move followed reports in the *Miami Herald* that Jeudy, who was running for the opposition Rendez-vous, party, had been convicted for cocaine trafficking in the US in 1987.

While Jeudy's exclusion was well received, he is just one of various candidates that face criminal allegations. In June a local prominent human rights group, Réseau National de Défense des Droits Humains (RNDDH), reported that four candidates for the senate and 31 candidates for the lower chamber of congress stand accused of various crimes, which range from murder and kidnapping to rape and drug trafficking.

TRACKING TRENDS

PANAMA | **Strong growth.** Panama posted GDP growth of 5.9% in the first half of 2015 compared with the same period in 2014, according to a press release from Panama's economy & finance ministry (MEF) citing figures from the national statistics office (Inec). Panama's most dynamic sectors for the first half of 2015 were electricity (15.6%); financial intermediation (11.7%); private health (8.2%), and central government (7.2%).

The same MEF press release said that it expects GDP growth of 6% for 2015. This is in line with the latest forecast by the United Nations Economic Commission for Latin America and the Caribbean (Eclac) which notes that 6% is the highest in Latin America & the Caribbean (which is expected to grow by just 0.5% in 2015 on average). The same Eclac report put Panama's GDP growth in 2014 at 6.2%, down from 8.4% in 2013 and 10.2% in 2012.

According to the same MEF press release, foreign direct investment (FDI) inflows into Panama reached US\$386.3m in the first half of 2015 or 17.8% up on the same period the previous year. According to the most recent (May 2015) Eclac report on FDI in the region, Panama was the largest recipient of FDI in Central America in 2014, accounting for more than 45% of the Central American total. FDI flows into Panama increased marginally to US\$4.72bn last year, which is the highest-ever recorded and continues a nearly unbroken uptrend since 2009. The same report also notes that Panama has the highest FDI-to-GDP ratio in Latin America and is positioned to continue receiving significant investment inflows as a result of the Canal expansion project.

PANAMA | **CSJ opens fourth legal case against Martinelli.** Panama's supreme justice court (CSJ) has opened a fourth legal case against former president Ricardo Martinelli (2009-2014) – who has been in the US since the end of January this year.

The case, which concerns the purchase of beans, rice and lentils which took place in relation to the social welfare fund known as Programa de Ayuda Nacional (PAN) under his government, is the second into alleged corruption which took place in the PAN. It follows the CSJ's launch of an investigation in July into Martinelli for allegedly issuing over 350 illegal pardons to allies at the end of his term in office. Martinelli is already facing investigation for alleged corruption in relation to the PAN and illegal phone-tapping.

POSTSCRIPT

Quotes of the week

“We are adversaries, we are on different sides, but today we advance in the same direction, in the most noble direction a society can go, which is towards peace... On 23 March 2016 we will be bidding farewell to the longest-running conflict... in the Americas.”

Colombia's President Juan Manuel Santos.

“The armed forces, as guardians of the nation and not actors in a conflict with terrorists...merit dignified treatment, independent of the criminals.”

Colombia's former president, Alvaro Uribe, begins a campaign to oppose the new accord on transitional justice.

“For several months we have been witness to an event that fills us with hope: the process of normalisation of relations between two peoples after years of estrangement.”

Pope Francis upon his arrival in Cuba.

Indignados still pushing for a Honduran Cicig

Honduran ‘indignados’ continue to push for an International Commission against Impunity in Honduras (Cicig), styled on the United Nations-backed commission in Guatemala. The government led by President Juan Orlando Hernández is pushing back against the idea, insisting that an unconditional national dialogue, purportedly being sponsored by the UN and the Organization of American States (OAS), is in place despite the fact that it seems to have got nowhere to date.

The Chilean diplomat, John Biehl del Río, who was designated by the OAS Secretary General Luis Almagro as his special representative in Honduras to serve as a facilitator for the national dialogue, is now firmly in the bad books of the ‘indignados’, after he had some harsh words on his last trip to Tegucigalpa, suggesting that certain sectors were more interested in the politics of protest than the politics of consensus. His remarks appeared directed at the ousted former president Manuel Zelaya (2006-2009), who has led the calls for a Cicig and has dismissed Hernández’s national dialogue initiative. Reportedly, Biehl called Zelaya “pig-headed” and suggested that he and his party were more motivated by scoring political points ahead of the next general election than by any interest in a genuine national dialogue.

The incident took place after Zelaya had a meeting with Biehl in Tegucigalpa on 8 September. Biehl had come to Honduras to put together a working agenda for the national dialogue. A month earlier, the ‘indignados’ and civil society organisations had finally agreed to meet Almagro, who along with Biehl visited Honduras on 7 August. Almagro promised to “knock on all doors and enter those that are opened” and said that the OAS would form an agenda for talks with specific goals and a timeframe. Upon his arrival to that end on 7 September, Biehl said he was “optimistic”. He said he hoped that all parties, including the country’s seven registered political parties, would agree on a working agenda.

However, after the meeting with Biehl, Zelaya issued a statement, calling a Cicig, “a necessity in Honduras”. Zelaya went on to accuse President Hernández of leading “an authoritarian government that concentrates by extortion all the State powers; persecutes and represses the political opposition and systematically violates human rights”. In this fraught political environment, dialogue remains very unlikely.

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