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CONTENTS

BRAZIL & SOUTHERN CONE

ARGENTINA 3

Without first round win, Scioli could struggle

BRAZIL 5

Impeachment: thirty-second time lucky?

BRAZIL 6

Another downgrade, another spike in inflation

ANDEAN COUNTRIES

VENEZUELA 7

Border emergency extended beyond elections

PERU 9

Justice minister takes the fall over Heredia

TRACKING TRENDS

MEXICO & NAFTA

MEXICO 11

US drops a gentle hint

TRACKING TRENDS

CENTRAL AMERICA & CARIBBEAN

NICARAGUA 13

Clashes reignite police concerns

COSTA RICA 14

Solis calls for new strategy

TRACKING TRENDS

POSTSCRIPT 16

Vital accord for victims of Colombia's armed conflict

Quotes of the week

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Chile's Bachelet launches campaign for new constitution

Chile's political parties are beginning to get to grips with President Michelle Bachelet's constitutional reform proposals, spelled out earlier this month. It looks like being a complicated process, going through various stages and lasting more than two years: not surprisingly perhaps, Chile's political leaders are not rushing in with definitive opinions, but are trying to work out where their advantage may lie. The private sector has expressed serious misgivings about embarking on this project at a time of economic uncertainty.

Chile's constitution is 35 years old, a product of General Augusto Pinochet (1973-1990)'s military dictatorship in 1980. The country's centre left has long wanted a document with a more democratic pedigree. By contrast, Chile's Right has tended to argue that with a tweak here and there it is still a workable document and one worth soldiering on with. These positions are not new. Reforming the constitution was one of President Bachelet's campaign promises in her successful presidential election campaign in late 2013. But a lot has changed since then.

Now in the second year of her second four-year presidency, Bachelet has had a bumpier ride than expected. Her popularity has taken a hammering as she has been troubled by claims of corruption in the government, by opposition to her tax and education reforms, and by a weaker economy. Some might suggest that quietly dropping the constitutional reform issue could be a smart move right now. The right-wing opposition parties – who have also been embroiled in the corruption scandals – might also want to reconsider their position on the reforms now.

But earlier this month Bachelet delivered a major speech asserting that constitutional reform remains very firmly on the agenda. Perhaps because her ruling Nueva Mayoría coalition has been criticised for pushing other measures through without proper consultation, the road map to reform that she outlined is long, complex, and consultative to the point of confusion.

Bachelet said there would be a "civic education" phase running to March next year, followed by "a process of dialogue" with all sectors of society running to October 2016, coordinated by a group of prestigious citizens charged with "guaranteeing transparency and an equal voice for all". Based on this, the government would draw up a new constitutional draft to be presented to congress in the second half of 2017. Separately the next congress – due to emerge from the late 2017 general elections – will be asked to choose one of four ways to discuss and approve the new constitution: these include using a bicameral legislative commission; using two different types of constituent assembly; or opting for a national referendum.

Beefing up security presence

General Máximo Lira Oetiker will take up his new post on 1 January next year. The zone under his control will comprise the regions of Biobío, Araucanía and Los Ríos. His unit will be tasked with responding to violent attacks in the zone, the theft of logging, and attacks on trucks and machinery. While his appointment might mollify restive truckers, it will incense the Mapuche who had been calling for the government to “de-militarise Araucanía”. Lira Oetiker’s command centre will be in Temuco.

Interestingly, according to Bachelet’s road map, the final stages of the process will fall to the next government in 2018, one, she pointed out, that will have been chosen using a new electoral system (a limited form of proportional representation pushed through congress by her government to end the Pinochet-era binominal system), a new law on political parties, and a new law on electoral financing. Bachelet is also proposing that the requirement for two-thirds congressional support for any constitutional change (66%) be reduced to a more “reasonable” three-fifths (60%).

Initial opinions have been mixed. Bachelet’s predecessor, Sebastián Piñera (2010-2014), said the right-wing parties would make their own constitutional proposals. He claimed that Bachelet’s road map implied a long period of “mistrust, uncertainty, and instability” that would have a negative impact on the economy and postpone key decisions on security, health, education and employment. The private sector shares his main concerns. In contrast former president Eduardo Frei (1994-2000) described the consultative process proposed by Bachelet as “interesting” but warned against a constituent assembly, which he said can believe itself to be a “super-power” above the other branches of government. This was a thinly veiled reference to the manner in which Latin America’s radical left-wing governments used their initial popularity to win majorities in a constituent assembly which rebuilt the State to better serve the public, although in practice it conferred dominance on the executive branch.

According to a poll by Plaza Pública-Cadem, 71% of respondents agree that the country needs a new constitution, while a lower 51% believe it is a priority issue. A clear majority – 62% – would prefer a referendum to ultimately settle the matter. Not surprisingly perhaps, 75% said they had not had to engage with or think about constitutional matters in the last five years. One of the key implications of Bachelet’s proposals – which has perhaps yet to sink in – is that the issue of the constitution may dominate not just the second half of her presidency – but also the first half of her successor’s, whether of the Left or of the Right of Chile’s political spectrum.

What will constitution hold for Mapuche?

Just as the government is embarking on its constitutional adventure it was served a reminder of one of the big challenges that its drafting will entail: the difficulties surrounding the Mapuche demand for the return of their ancestral land, autonomy and recognition of their rights.

On 16 October the government created a new zone in the Mapuche heartland and conflict-riven region of Araucanía under the control of General Máximo Lira Oetiker of the Carabinero militarised police (see *sidebar*). This followed another spate of arson attacks targeting the forestry sector and, on 15 October, the hurling of a Molotov cocktail at a forestry truck outside a petrol station in the capital of Temuco, the first such attack in an urban area. This prompted truckers to threaten a reprise of their march on the La Moneda presidential palace last August.

Although there were leaflets relating to the Mapuche cause found at the scene of five attacks in the space of three days, which saw trucks and machinery set ablaze, the government claimed that three of these attacks were actually carried out by common criminals using the Mapuche conflict as cover to steal logs. There are fewer doubts surrounding the identity of the perpetrators of an attack on a van carrying a national deputy, Mario Venegas, on 17 October. Venegas was travelling in the municipality of Collipulli, in the province of Malleco, Araucanía, when his van’s passage was blocked by logs. Upon leaving the van, he and his companions were peppered with stones thrown by masked assailants. Venegas, a deputy for the centre-left Democracia Cristiana (DC), the largest party in the ruling coalition, said his “cowardly” attackers then ran off.

Without first round win, Scioli could struggle**Election result**

The result of the election may be slow in coming. Given that Daniel Scioli is likely to be close to the first round victory threshold, none of the candidates will accept a result quickly. Polling stations will count ballots and file their numbers to a central tallying centre to provide a provisional count on Sunday. But an official result may take between five to seven days. Given some of the allegations of fraud that surrounded a number of provincial elections in the run-up to 25 October, the results could easily face a challenge.

In the final week before the general elections on 25 October, opinion polls differ on the question of whether Daniel Scioli, of the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists), has the support to win outright in the first round. In the event of a second round, according to the pollsters Ipsos-Mora y Araujo, Scioli would still beat Mauricio Macri, from the centre-right Cambiemos coalition, but he would struggle against Sergio Massa, from Una Nueva Alternativa (UNA), who is currently in third place.

The polls

According to Ipsos-Mora, Scioli is on course to win 42% of the vote; Macri 28%; and Massa 22%. In such a scenario, Scioli would win outright in the first round: the winning candidate needs either 45% of the vote or 40% plus a 10-percentage-point advantage over the second-placed candidate. Another poll, by the CEOP consultancy, put Scioli on 40.7%; Macri on 28.2% and Massa on 22%. However, a third poll, by Management & Fit, predicts there will be a second round, as Scioli will only win 38.3% of the vote.

Clearly, it is too close to call with any degree of certainty. The result hinges on the actions of undecided voters, estimated at between 5-10% of the electorate. These last-minute switchers may push Scioli above 40%. But there is a parallel phenomenon that could counteract that. Some of the supporters of Massa, the third-placed candidate, might switch their vote to Macri at the last minute, as opinion polls show he is the only one likely to push Scioli to a second round.

Buenos Aires, Argentina's most populous province, home to 38% of the electorate, is likely to be the key. While the province is traditionally strongly Peronist, and likely to back Scioli who has governed it since 2007, the FPV's candidate for governor, current cabinet chief Aníbal Fernández, is an abrasive character with high rejection ratings. On the other hand, María Eugenia Vidal, the Cambiemos candidate for the province, performed well in the August open, simultaneous and mandatory primaries (Paso) and could chip away at the FPV's vote.

In the final days of the campaign, Scioli has sought to attract undecided voters by promising continuity and stability. President Cristina Fernández leaves office with relatively high approval ratings. The Argentine economy has started to pick up this year, and the government has treated the electorate to various kinds of electoral goodies, in the form of generous pay rises to workers in industry, in an attempt to offset the impact of soaring inflation.

As such, Scioli's message may be sufficient to win the extra percentage points he needs. "I am not here to propose a revolution," he said in a radio interview on 20 October. "No starting from scratch. That is what Macri is about and everybody knows about his inconsistencies and apocalyptic visions. I offer calm, confidence and integration. To look after what needs to be looked after and to change what needs to be changed."

In an attempt to present a presidential image, Scioli travelled abroad last week to meet Brazil's President Dilma Rousseff and Uruguay's Tabaré Vázquez. He has also unveiled several members of his would-be cabinet, in an effort to show voters that he will be ready to start immediately on 10 December. Silvana Batakis, currently working for Scioli as the deputy economy minister of Buenos Aires province, would be Scioli's economy

Spying

In a radio interview, María Teresa García, a deputy for the ruling FPV who is president of the federal lower chamber's committee on intelligence activities, said that she would investigate the veracity of the claim that opposition politicians had been systematically targeted by the federal intelligence agency and seek the identity of the source of the story. The committee is due to meet on 28 October, and García insisted that this issue would be "central". A federal judge will now decide whether there is enough evidence to take the case forward.

minister. The choice is designed to show that Scioli would be pragmatic as president; Batakis has been instrumental in balancing the budget in the province, implementing fiscal reforms and securing international financing.

Both Scioli and Macri, as the two frontrunners, have indicated that they will end the country's complex system of currency exchange controls and multiple exchange rates. But Macri says he will float the peso immediately, while Scioli talks of a gradual easing of controls. Perhaps in anticipation of what is coming, the US dollar black market rate (known as the 'blue dollar') rose to a record AR\$16.11/US\$1 on 19 October, some 70% above the official rate (the gap between the two is also a record).

Meanwhile in interviews Macri has been stressing that he is the only candidate with a chance of pushing Scioli to a second round on 25 November. "Today we're in a run-off by a margin of two points but it would be much safer and calmer if we were able to convince many of those bent on voting for another candidate to trust us, so that the changes that we all want for Argentina actually take place," he said on 21 October.

Though Massa has been rising in the polls against Macri, he is still a few percentage points behind and therefore may lose voters determined to stop Scioli at any cost. The campaign will come to an end late on 22 October, with Massa due to hold a rally in the Buenos Aires municipality of Tigre, where he was mayor. Macri will hold a final campaign event in Córdoba, the second-most electorally significant province, while Scioli's final pitch will be at the Luna Park stadium in Buenos Aires.

Whoever wins faces a full in-tray. Despite recent signs of growth in the economy, Argentina requires serious reforms. Government spending has doubled in just five years to 40% of output. Inflation is running at around 20%. Goldman Sachs, the investment bank, has highlighted the fact that none of the candidates appear to have a plan to rein in the fiscal deficit, now estimated at 7% of GDP. With the end of the commodity price boom, Argentina's main exports, corn and soya, no longer provide the same high levels of revenue. And as Brazil's recession deepens by the day, it is only a matter of time until the pain is felt in its southern neighbour.

The new president will also have to decide whether to negotiate with the hold-out bondholders who own about US\$1.3bn of Argentine debt. While the candidates have been coy on the issue, Macri favours talks while Scioli, at least for now, appears reluctant. The court case has resulted in Argentina having exceptionally low levels of debt. But it has also made it a financial pariah. Many expect, or at least hope, a settlement could prompt a surge of capital inflows. Federico Sturzenegger, an economic adviser to Macri, claims that Argentina has been out of the markets for so long that there is a lot of pent-up demand for Argentine assets.

PRO lawmakers denounce spying

On 20 October Laura Alonso, a deputy from Mauricio Macri's centre-right Propuesta Republicana, brought a legal complaint alleging that opposition politicians had been systematically targeted by the federal intelligence agency (FIA). According to Alonso, she received a phone call from a man who identified himself as a member of the secret services. The alleged intelligence agent sent an envelope to Alonso's office with information on the people whose phones had been tapped. In her lawsuit, Alonso said that the only thing connecting these people was the fact "they are critical or independent of the national government" (see sidebar).

The government, and the FIA, vigorously rejected the claims. Aníbal Fernández, the cabinet chief, called the complaint "another invention".

Impeachment: thirty-second time lucky?**Levy rumours**

The Real and the São Paulo stock exchange (Bovespa) were hit by rumours on 16 October that Joaquim Levy, the finance minister, was to leave his post. Over the weekend, Rui Falcão, the president of the ruling PT, indicated Levy was pursuing the wrong policies and should be replaced. This required President Rousseff to state yet again, categorically, that Levy was going nowhere. The finance minister remains key to what is left of the government's economic credibility.

A convicted thief, an international lawyer and a retired professor filed the thirty-second request to impeach President Dilma Rousseff on 21 October. Representatives from the opposition Partido da Social Democracia Brasileira (PSDB), Democratas (DEM), Partido Popular Socialista (PPS) and Solidaridade took part in a ceremony to mark the handover of three ring-binders' worth of evidence to the speaker of the federal lower chamber, Eduardo Cunha. Much of the focus of this impeachment request centres on allegations that the creative accounting employed by the Rousseff government in 2014 went on into 2015. Cunha promised to process the claim "as quickly as possible".

At present, Cunha is waiting for a response from the federal supreme court to his appeal against a decision to suspend an earlier impeachment manoeuvre. Constitutionally, Cunha has the exclusive right to initiate impeachment proceedings against Rousseff which would then require the support of two-thirds of the lower chamber to progress. Cunha announced a strategy to circumvent this restriction, arguing that if he threw out an impeachment request, a simple majority vote would be enough to repeal his decision and initiate proceedings.

Over the past week, Rousseff and Cunha have been trading insults. On a visit to Sweden and Finland, Rousseff lamented the fact Cunha appeared beset by corruption allegations. Cunha retorted by expressing his regret that the Brazilian government was embroiled in the "biggest corruption scandal in the world". When Rousseff subsequently said that it was merely some individuals, rather than her government, who were involved in the scandal, Cunha replied sarcastically: "I didn't realise Petrobras wasn't part of the government". Whether this hostility is for show is hard to tell. Cunha has been weakened by a raft of corruption allegations. Despite his denials, his passport and signature were used to open four Swiss bank accounts through which around US\$24m have passed. Last week, it was revealed that Cunha, a prominent evangelist, also had a fleet of luxury cars, including a Porsche, registered to his company, Jesus.com.

The ethics committee of the lower chamber is due to handle a request by a number of left-wing deputies to strip Cunha of his political mandate. Even Cunha's allies believe he only has minority support among the 21 members of the committee. However, he has already managed to delay the case against him, and though the committee president hopes to reach a conclusion by the end of this year, he has already acknowledged there may be delays. Cunha, meanwhile, insists he is not going anywhere and there is no mechanism to remove him from the post of speaker unless he is stripped of his parliamentary status.

Many of the right-wing opposition, which needs Cunha in order to champion the case for impeachment, has been relatively muted in its criticism of the mounting corruption allegations against him, though these are too serious and compelling to ignore completely. On the other hand, some pragmatists within the Partido dos Trabalhadores (PT) believe the allegations against Cunha offer the opportunity for some kind of truce with the speaker, in exchange for his political survival.

In order to avoid losing its investment grade status with another credit rating agency (*see page 6*), the government needs to pass more austerity measures via congress. Without tolerable relations between Rousseff and Cunha, that task becomes difficult. On 21 October, Rousseff held a meeting with her three closest confidantes: Jaques Wagner, her cabinet chief; Ricardo Berzoini, from

the government secretariat; and José Eduardo Cardozo, her justice minister, to discuss the latest defensive moves against impeachment. Wagner has already met Cunha several times and it is reported that he is urging Rousseff to try to win him over.

BRAZIL | ECONOMY

Another downgrade, another spike in inflation

The international rating agency Fitch downgraded Brazil's sovereign credit rating from BBB to BBB- with a negative outlook on 15 October, one notch above junk. With the decision already priced in by many analysts, the stock market and the Real barely registered the change. Standard & Poor's has already stripped Brazil of its hard-earned investment grade: if either Moody's or Fitch follow suit, the country faces a severe risk of capital flight as many international funds will be under a legal obligation to ditch Brazilian investments. In early October, Moody's indicated that it did not plan an imminent downgrade of Brazil. But the government is worried by the fact all of Brazil's economic indicators are at the same level of other countries rated as junk by Moody's.

In its note accompanying the decision, Fitch cited Brazil's rising levels of public debt, increased challenges to fiscal consolidation and impact of the recession on government finances (*see sidebar*). The day after the Fitch decision, Standard & Poor's published a report stating that Brazil has more companies at risk of a credit downgrade than any other emerging market. Of the 134 potential downgrades for emerging market firms, 28 are Brazilian.

In early October the International Monetary Fund (IMF) predicted that Brazil's economy would shrink by 3% this year. The budget deficit reached 9.2% of GDP in August, up from 8.8% in July. Shelly Shetty, director of Latin American sovereign ratings at Fitch, said in an interview that she expected Brazil's public debt to rise to 70% of GDP, well above the average of other countries with 'BBB' ratings. Inflation, at 9.77% over the past 12 months, is three times the average of other 'BBB' countries.

Brazil's economy shrank even further than anticipated in August: the economic activity seasonally adjusted index (IBC-BR), a proxy for GDP, fell 0.76% in comparison with July, when most economists expected a fall of just 0.6%. According to this index, Brazil's 12-month decline is now at -4.47% which may mean that the -3% fall in GDP forecast this year by the IMF and the World Bank could even prove optimistic. The pace of decline is accelerating: in the January to August 2015 period, the IBC-BR fell by -2.99%.

The glass half-full view

Some argue that the gloom surrounding Brazil's economy is overdone. Jerome Booth, the chairman of New Sparta Asset Management, who made a fortune betting in favour of Brazil in 2002, when many investors were spooked by the left-wing Partido dos Trabalhadores (PT) coming to power, argues that Brazil's problems are exaggerated. In an interview with Bloomberg, Booth argued, "You've got the classic 'everything is as bad as it can possibly be' situation," he said. "But it is all priced in now."

Booth argued that there is no chance that the government is going to default and that its politicians will eventually find the will to push through measures designed to shore up the budget and restore growth. He said that the panic among investors was excessive and reminded him of the collapse in bond prices 13 years ago when many feared the new PT government would repudiate Brazil's debt. In fact investors were rewarded. From Lula da Silva's inauguration at the start of 2003 until he left office at the end of 2010, Brazil's dollar-denominated bonds returned 256%, more than double the emerging-market average. Real-denominated notes advanced 520% in US dollar terms, almost three times the average for peers. The currency more than doubled in value against the dollar, and stocks surged 500%.

Fitch

The negative outlook "reflects Fitch's view that economic and fiscal underperformance is likely to persist while political uncertainty could continue weighing on broader confidence, delay a turnaround in investment and growth and increase risks for the medium term fiscal consolidation needed for debt stabilisation".

Brazil quits Unasur observer mission

Brazil will not take part in a Union of South American Nations (Unasur) election observer mission in Venezuela, the country's supreme electoral tribunal (TSE) announced. The TSE said that Venezuela, after a lengthy delay in responding, had finally rejected the choice of Nelson Jobim, formerly a defence minister and a Brazilian supreme court chief justice, to lead the Unasur mission, despite the fact that the other member states had agreed on his nomination. The TSE said that the Venezuelan delay in responding did not allow the mission "to accompany the auditing of the electronic voting system, nor start assessing the fairness of the electoral contest, which, less than two months from the election, prevents a fair observation".

ANDEAN COUNTRIES

VENEZUELA | POLITICS & ECONOMY

Border emergency extended beyond elections

As expected, President Nicolás Maduro has extended the state of emergency in the western border state of Táchira for another 60 days, citing "the extraordinary circumstances affecting the social-economic order and social peace" in the area. A similar extension of the states of emergency in the rest of the Venezuela-Colombia border states is now more likely.

Whether the security situation has improved or not is open to debate. The government's official reports as to arrests of paramilitaries and other criminal groups are sporadic and unclear. Unquestionably, however, the economic impact has been severe. According to the Venezuelan-Colombian chamber of economic integration (Cavecol), total bilateral trade, long heavily weighted in favour of Colombia, was valued at US\$954m in the first nine months of 2015, down 40% on the US\$1.6bn reported in January-September 2014.

On latest Cavecol data, there has been a 60% fall in the value of Colombia's exports to Venezuela in the calendar year to date (to the first week of October) to just US\$58.5m, from US\$145m in the same period of 2014. The figures are from Colombia's tax office (Dian) and as such are deemed to be fairly reliable. In volume terms, the net weight of exports to Venezuela fell by 37.5% to 33.1m kgs, from 52.1m kgs in the January-early October 2014 period. Colombia's imports from Venezuela in the same period rose by 60.8% to reach US\$21.2m, up from US\$13.2m in the year-earlier period, with the net weight reaching 48.7m kgs, from 22.3m kgs in the equivalent year-earlier period. According to Cavecol, this is specifically related to higher purchases of propylene, urea and fertilisers.

Víctor Montiel, the president of Cavecol, said on 15 October that two-and-a-half months after the state of emergency was imposed, the queues in border areas to access all manner of basic consumer goods continue, prompting him to question the effectiveness of the measure. "In every border town there are still queues to get food and basic products, which makes one think that the root cause of the scarcities has not disappeared, that it is not only contraband," Montiel said. "After two months one would have presumed that everything would be quiet and [goods] abundant, not only on the border but across the country, taking into account that government sources had talked about the diversion towards Colombia of 30% of the goods imported into Venezuela with subsidised dollars".

Describing the 40% decline in bilateral trade as "brutal", economist Víctor Mantilla suggested that the border closures were "more political than economic" and sought to "block the democratic alternative" ahead of legislative elections on 6 December. The closure, he stressed, "suits neither Colombia nor Venezuela and from the economic point of view has meant nothing for border states, which continue to suffer the same complaints; shortages, scarcity and high prices...the fundamental cause, independently of any criminal element, relates specifically to price and exchange rate controls," he concluded.

MUD concurs

Under the state of emergency, the right of public assembly is suspended and security forces have additional powers to search private property. This was flagged up by the main opposition coalition, Mesa de la Unidad Democrática (MUD), as evidence of the government's intention to curtail the electoral process in Táchira, a traditional opposition stronghold where last year's anti-government protests originated.

Debt payment – a priority

While no-one takes seriously the Venezuelan budget, the Maduro government remains quite serious about meeting its external debt obligations. Finance Minister Torres said that the government had ready the US\$3.5bn needed to make payments due in late October, including a US\$1.41bn amortization on a 2015 'Petrobono' bond and a US\$2.05bn payment on a 2017 bond held by the state oil company *Petróleos de Venezuela*. According to estimates by *Bloomberg*, Venezuela has US\$5.6bn in interest and foreign-debt bond principal due in the final quarter of this year, with an additional US\$10.8bn falling due in 2016. Torres said that by year-end the country will have made US\$13bn in debt payments. Meanwhile, central bank reserves hit a new low of US\$15.3bn on 19 October.

The MUD's executive secretary, Jesús 'Chúo' Torrealba, told foreign journalists: "The measures by the Maduro government have nothing to do with the economic problems on the border, or with the problem of criminality... The only real utility for the government ...is of an electoral nature". He suggested the move was designed to "demobilise" opposition voters; any public gathering of more than five people is prohibited, making political campaigning all but impossible. Describing the move as a "desperate" attempt by the government to avoid defeat, Torrealba noted that after recent opinion polls showed the ruling Partido Socialista Unido de Venezuela (PSUV) with support levels of only 20%-30%, Maduro had said that the PSUV would win "by any means". "Someone that says something like that is admitting that they are capable of cheating to win," Torrealba concluded.

A bumper budget

The finance minister, Brigadier General Rodolfo Marco Torres, has submitted to the national assembly a budget proposal for 2016 worth BF1.55trn, which at the official exchange rate of BF6.3/US\$1 amounts to US\$247bn, more than twice the US\$117.7bn proposal sent down this time last year (itself over a third higher than its predecessor). "This budget will allow us to return to the path of economic growth," Torres declared. The finance minister has long since lost credibility – this time last year he forecast real GDP growth of 3% and inflation of 25%-30% in 2015. Moreover the budget's sole nod to realism – an oil price forecast of US\$40/barrel – totally belies his optimism. Venezuela is in deep recession and without an oil price recovery back towards the US\$80-US\$90 mark (at minimum), it is set to remain firmly in the doldrums. Perhaps the best that can be said is that the 2016 plan will be inflationary – albeit the last thing most Venezuelans need right now is more inflation. The national assembly, dominated by the ruling PSUV and under the tight control of its president Diosdado Cabello, is unlikely to object – if anything PSUV deputies seeking re-election on 6 December will inflate it even more.

Inflation was 68.5% in 2014 and the central bank has not released inflation data since February, when it confirmed the 2014 result. The government has barred the publication of most macroeconomic data on the grounds of the 'economic war', and the budget presented by Torres contained no growth, inflation or exchange rate forecasts. However, appearing on state TV, President Maduro forecast that inflation this year would be 85%, falling to 60% in 2016. Again, no-one is buying this; local private economists put inflation in triple digits already; the International Monetary Fund (IMF) now projects average inflation of 159.1% in 2015 and 204% in 2016.

Having condemned inflation as "induced, criminal and speculative", Maduro announced the extension of the 'Ley de Precios Justos' to "all prices and all products" and promised tougher penalties for price-gougers and any retailers using the black market as a price guide. The law sets maximum profit levels of 30%; complaining that it had "not been applied" Maduro said that the government was going to "turn the screws". To this end, he announced a new 'national fair prices command' to be led by Vice-President Jorge Arreaza, the food minister, Carlos Osorio, the industry and trade minister, José David Cabello, the president of the Superintendencia Nacional para la Defensa de los Derechos Socioeconómicos (Sundde), César Ferrer, and the head of the Bolivarian national guard, Néstor Reverol Torres.

Maduro was unclear as to why the 'Ley de Precios Justos' had not been applied properly thus far, but he said that the Sundde needed to "reanimate and reenergise". In its first decision, the new command announced that importers would be subject to a new maximum profit ceiling of 20%, below the 30% ceiling applicable to national producers.

Maduro also extended an earlier 30% increase to the national minimum wage, effective as of 1 November, to public sector workers and the armed forces. The minimum wage has now been increased four times this year (it is usually twice) and, with the legislative elections imminent, the latest comes well in advance of the usual year-end increase, typically given in early December for the holiday period.

Justice minister takes the fall over Heredia

In a rapid one-two move this week the justice minister, Gustavo Adrianzén, sacked prosecutor Julia Príncipe, a specialist in money-laundering cases; then, two days ahead of a no-confidence vote in congress, he presented his own “irrevocable” resignation. There are two diametrically opposed versions of events in Lima. According to the opposition, the double departure of Príncipe and Adrianzén has everything to do with corruption allegations against First Lady Nadine Heredia. According to the government, there is no connection whatsoever.

Príncipe had been a prosecutor employed by the justice ministry for 12 years, six as an effective money-laundering investigator. She was a key figure in the prosecution of Rodolfo Orellana, who led a politically connected criminal gang involved in money laundering and fraudulent real estate operations. That investigation started in 2010; Orellana was arrested in Colombia in November 2014. More recently she was investigating Heredia’s finances.

It is alleged that Heredia, wife of President Ollanta Humala, and also the leader of the ruling Partido Nacionalista Peruano (PNP), paid US\$215,000 into her bank account in 2006. Where the money came from has not been established. Some suspect it may have been part of illegal campaign contributions for her husband, received from Venezuela’s late President Hugo Chávez (1999-2013). Heredia has denied any wrongdoing. She has also been linked to four diaries said to contain details of illicit campaign payments: she insists they are not hers.

There had already been public disagreements between the justice minister and Príncipe. The prosecutor requested the permission of the courts to widen the investigation into Heredia’s bank accounts and to include those of some of the First Lady’s friends and relatives, but Adrianzén disagreed and suggested the prosecutor should instead “step aside”. Príncipe told journalists that a handwriting expert should be hired to examine the diaries so as to establish whether they were written by Heredia or not; the minister responded that she had not been authorised to speak to the press.

So the dismissal of Príncipe at the beginning of the week, in a decree signed by President Humala and Justice Minister Adrianzén, caused uproar. Príncipe herself said she had been dismissed because her investigation had made the government “uncomfortable”. She accused Adrianzén of using the same tactics as the Orellana gang.

Luis Ibérico, the president of congress, described Príncipe’s dismissal as “a blow to the struggle against corruption”. Reflecting the animosity felt by much of the opposition towards the First Lady, former president Alan García (1985-1990; 2006-2011) said the prosecutor’s removal was “scandalous and unjust”; it had, as he put it, “been ordered by the queen”.

Adrianzén’s version of events is very different. He claims the government has to have a relationship of trust with the state prosecutors, and that “trust can be conferred or withdrawn”. Príncipe had herself undermined trust by ignoring guidelines – such as requesting permission to speak to the press and by “open functional misconduct...rebellion and confrontation”, which had become “intolerable”.

Although Príncipe’s dismissal might trigger “suspicions”, Adrianzén insisted it had nothing to do with the Heredia case. In what some considered a

Heredia’s bank accounts

While prosecutor Julia Príncipe was dismissed and the justice minister, Gustavo Adrianzén, resigned this week it was noteworthy that the constitutional court (TC) overturned a lower court’s decision in August to grant a habeas corpus preventing any further investigation of First Lady Nadine Heredia’s bank accounts.

Swedish support offer

On 20 October Sweden's infrastructure minister, Anna Johansson, offered Peru Swedish government assistance to help tackle the 'El Niño' climatic phenomenon that causes extreme flooding in the north of the Andean country and severe drought in the south. Johansson's offer came after she met Peru's defence minister, Jakke Valakivi, and members of the high command of the Peruvian armed forces in Lima as part of a two-day official visit to Peru by Crown Princess Victoria of Sweden, the heir to the Swedish throne. After being briefed by Valakivi on the efforts of the armed forces to prepare for El Niño's arrival, Johansson said that, "Sweden is an ally of Peru in confronting El Niño... and we are prepared to help the Peruvian authorities with whatever is necessary".

spoiling exercise, Adrianzén also found it relevant to mention that Príncipe's former husband faces "serious" corruption charges.

Adrianzén's resignation on 20 October was seen as tacit recognition that congress would have forced his dismissal in any case by passing a no-confidence motion. Such has been the political wear and tear suffered by the government that it has long since lost control of congress.

When Humala took office in 2011 the government could muster 49 out of 130 congressional votes, and rely on alliances with other parties to get laws passed. Now the number of government loyalists has dropped to only 28. And while both Príncipe and Adrianzén's departure may give Humala and Heredia a short breathing space, allegations of corruption are likely to continue to dog both of them in the run up to general elections in April 2016.

TRACKING TRENDS

BOLIVIA | Widening Chinese debt. On 16 October Bolivia's President Evo Morales announced that China had agreed to provide a US\$7bn credit line to fund infrastructure, electric power and transport projects. Speaking at the inauguration of a new headquarters for the umbrella workers' union (COB) in Santa Cruz department, Morales hailed "the good news delivered to us from China by our comrade [Vice-President] Alvaro [García Linera]".

García Linera made a three-day official visit to China between 14 and 17 October, aimed at boosting bilateral economic ties. According to Morales, the loan will be used to finance the construction of a new road linking the Santa Cruz municipality of Santa Rosa de la Roca and the municipality of Remanso in the adjacent department of Beni; and a new railway line linking the municipalities of Motacusico and Puerto Busch, both in Santa Cruz department.

Morales stressed that this would help to boost Bolivia's future economic growth. He also noted that the decision to seek the loan did not answer to Bolivia's inability to fund these projects but rather to the fact that this provided more readily available funds: "It is not a credit problem. If we need money because our economy is growing we have an important financial cushion, US\$15bn of international reserves and deposits," Morales said.

However, the announcement was met with concern in some quarters that Bolivia's debt with China is growing at a high rate and increasing its overall foreign debt levels. According to figures from Bolivia's central bank (BCB), the country's foreign debt currently stands at 17% of GDP. However, local analysts have pointed out that the new Chinese loan will bring this total to some 39% of GDP.

The Andean Community of Nations (CAN) advises all its member countries that their level of external debt should not exceed 50% of GDP. Bolivia's foreign debt to GDP ratio will not go past this threshold with the new Chinese loan, but it is moving closer to it.

Former finance minister Flavio Machicado Saravia (1983-1984) said that if the loan fails to promote the expected economic growth, it could undermine Bolivia's capacity to repay it and the country could find itself in a vicious circle: "further in debt and not growing".

This view is shared by local analyst, Julio Alvarado, who noted that "our economy grew thanks to the high price of raw materials, which have fallen and continue to fall". Alvarado also noted the country has never taken on such a large debt, adding that Bolivia would also have to be mindful of its internal debt, "the external debt plus the internal debt both come to around US\$20bn".

Such concerns prompted García Linera to declare upon his return to Bolivia on 19 October that the country's foreign debt levels will remain "manageable" even with the disbursement of the new loan. Pointing out that Bolivia's current foreign debt level is "one of the lowest in Latin America", García Linera insisted it was no cause for concern.

García Linera added that in any case the loan would not be paid "in bulk" but rather on a "project by project" basis. Yet he also revealed that China has pledged to offer an additional US\$10bn credit once the delivery of the first infrastructure development project is made.

International criticism

The Inter-American Commission on Human Rights (IACHR) and the United Nations Human Rights Council (UNHRC) have both criticised Mexico's record on human rights in recent weeks [WR-15-41]. An international committee of experts appointed by the IACHR to look into the handling of the Iguala case has been devastatingly critical of the poor quality of the official investigation. And during a visit to Mexico this month Zeid Ra'ad Zeid al-Husseini, the UN high commissioner for human rights, described the death toll from violence in the country between 2006 and 2015 as "simply staggering" (on the UN's count a total of 151,233 people were killed in that period).

MEXICO & NAFTA

MEXICO | SECURITY

US drops a gentle hint

Since 2008, under the terms of the Mérida Initiative, the US Congress has channelled around US\$2.3bn into Mexico to fund efforts to crack down on the drug running business – money that goes towards buying helicopter gunships, funding tighter border controls, and training members of the security services. This year US\$148m is being sent – down by a symbolic US\$5m on the amount that would otherwise be due, as a sign of Washington's concern over the poor observation of human rights in the country. Will the Mexican government get the message?

Mérida Initiative

Under current US rules, Congress should release the full amount of Mérida Initiative funds every year, providing it receives a report from the State Department confirming that Mexico has met human rights goals. Up to 15% of total funding is subject to this confirmation. This year the report was not submitted.

The State Department had already expressed concern over the abduction and presumed murder of 43 student teachers in Iguala, Guerrero in September last year; over the apparent extra-judicial execution of 22 people by the army in Tlatlaya, Estado de México, in June 2014, and over various other incidents. The State Department has also spoken of Mexican security force involvement in torture and disappearances.

US\$5m question

Now a decision has been taken to hold back US\$5m. Off the record, US analysts and officials have described it as "an attempt to send a subtle message to the Mexican government without making a big deal about it through public pronouncements". Another source said it was a signal of displeasure but "without any public criticism", and as such, was designed to maintain Mexico and the US as "willing partners in the war on drugs".

Will the US\$5m hint work? It is hard to say. In an attempt to produce a balanced response the Mexican foreign ministry issued a statement saying it "observed with respect" the way the US State Department managed its relationship with the US Congress, but that it could not accept "unilateral practices to judge the human rights situation in any country". However, it too tried to downplay the matter, adding that the two countries have a "mature and deep" bilateral relationship and a "solid dialogue" over how best to take forward the campaign against organised crime.

Weak position

Mexico's position is clearly weak. While the government says it is committed to the observation of human rights in principle, there is a big gap between this and everyday realities. Iguala, Tlatlaya, and many other incidents show that the security forces have been infiltrated by criminal organisations and weakened by corruption. Reforms of the police and criminal justice system – some also partly funded by the US – have been dragging on for years with at best mixed results. Some other reform initiatives – such as the creation of unified state police forces – remain stuck in congress.

While the government's reluctance to be judged unilaterally on human rights matters by its powerful northern neighbour is understandable, the fact is that multilateral organisations have also had serious criticism to make (see sidebar). Ultimately, tackling some of the worst cases will involve the

New mint

On 14 October Mexico's central bank (Banxico) announced plans to build a new US\$180m banknote printing mint. The new mint that is to be located in the municipality of El Salto, Jalisco state, will be Banxico's second and should help to satisfy the country's demand for banknotes for years to come once it comes on stream in 2017. President Enrique Peña Nieto, who attended a groundbreaking ceremony in El Salto, which also marked the 90th anniversary of Banxico's foundation, said that the new mint would ensure "the long-term provision of national currency, mitigating the risks associated with concentrating banknote printing in just one place".

federal government admitting that some of its own institutions are complicit or even directly responsible for major human rights violations. That implies a root-and-branch shake-up that, to date, the authorities seem to lack the political will to set in motion.

TRACKING TRENDS

MEXICO | US cargo accord. Mexico's finance minister, Luis Videgaray, signed an accord with the US secretary of homeland security, Jeh Johnson, last week formalising a cargo pre-inspection programme to help speed up the flow of goods across the shared border.

Under this programme Mexican and US customs officials will carry out joint inspections to help expedite the passage of trucks across the shared border, which is notorious for long delays, with a knock-on effect for economic competitiveness.

The cargo pre-inspection programme has been in place in Laredo international airport in Texas since late last year. It will now begin in the Mesa de Otay customs in Tijuana, Baja California state, for the processing of agricultural goods, and will later be extended to the San Jerónimo border crossing in Chihuahua state. Its introduction in Mexico had been held up because of a domestic political debate over whether US agents should be allowed to carry arms in Mexico, but last April Mexico's federal congress approved a law removing this impediment.

MEXICO | Results from social development programmes. On 15 October Mexico's President Enrique Peña Nieto presented the latest results from his government's 'national crusade against hunger' social development programme that aims to alleviate poverty. Speaking during a public event held in the Estado de México (Edomex) to mark Global Food Day (16 October), Peña Nieto said that since its launch in 2013 the programme has helped feed 4.5m poor Mexicans.

Citing figures from the national social development policy evaluation council (Coneval) on the preliminary results of the national crusade against hunger, Peña Nieto said that the programme had helped to reduce food insecurity in Edomex, which was down by 6% (and extreme poverty by 19%) in 2014 on 2010 levels. "We are working on various fronts to tackle poverty and food insecurity in order to get the necessary results," Peña Nieto said.

Fernando Soto Barquero, Mexico's representative before the United Nations Food and Agriculture Organization (FAO), said that while Mexico has made significant progress in reducing food insecurity in recent decades, much more remained to be done. Soto pointed out that the incidence of malnourishment in Mexico had fallen from 6.9% of the population in 1992 to less than 5% last year, putting Mexico among the seven Latin American countries that currently are below the target threshold set by the FAO. In fact, Soto pointed out that Mexico's 'Prospera' conditional cash transfer programme for the poor has been singled out for praise in the FAO's State of Food and Agriculture (Sofa) 2015 report.

Prospera currently benefits 26m people, making it the world's third largest conditional transfer poverty alleviation programme behind India's 'Janani Suraksha Yojana' (which benefits 78m people) and Brazil's 'Bolsa Família' (49m people).

However, on a less positive note the latest Organisation for Economic Cooperation and Development (OECD) report on social development indicators, released on 14 October, found that Mexico's social development indicators are "mediocre" in areas such as education, poverty reduction, and quality of employment; and that these vary greatly across the country's states. For example the OECD report points out that, according to its multidimensional poverty indicator (which takes into consideration 12 different factors such as income, employment quality, and access to education), 76% of the population in the state of Chiapas was classified as poor last year, compared to 20% of the population of Nuevo León state.

Clashes reignite police concerns

“A state of siege” is how human rights groups and the political opposition are describing a police presence in the area surrounding the ‘El Limón’ mine in León department after officials were sent in on 16 October to recover control of what is one of Nicaragua’s three main mining areas. The police deployment followed clashes which took place the previous week at the mine (owned by Canadian company, B2Gold Corp.), over a labour dispute which left one police officer dead and 31 people injured, forcing the mine’s temporary closure. As well as reigniting concerns regarding police repression, the clashes come as the government led by President Daniel Ortega was forced to cancel a mining project also owned by B2Gold Corp, for failing to meet environmental standards, serving as the latest sign of challenges to the ruling Frente Sandinista de Liberación Nacional (FSLN) government in developing the sector.

The violence took place on 6 October following clashes between workers and the police outside the mine, in which B2Gold Corp. has a 95% stake, and a local miners’ union, the remainder. Hundreds of El Limón miners had begun protests on 25 September after three workers, all members of the ‘Pedro Roque Blandón’ union, were dismissed for violating the company’s labour code and its internal disciplinary rules. This led operations to be suspended at the mine on 5 October although they were resumed nine days later.

With tensions ongoing following the clashes, on 16 October the national police (PN) announced the deployment of officials to the area in response to calls from “local families and communities”. The PN statement did not specify numbers but according to reports in the local press, “hundreds” of PN officials in anti-riot gear turned up at El Limón on 17 October and used tear gas and rubber bullets to disperse locals protesting against the mine.

Concerns expressed by human rights groups like Centro Nicaragüense de Derechos Humanos (Cenidh) and the dissident party Movimiento Renovador Sandinista (MRS) add to existing doubts regarding the integrity of the PN, traditionally one of the country’s most trusted institutions. These doubts have emerged in relation to its heavy-handed response to protests against the US\$50bn ‘Grand Canal’ project, which would connect the country’s Caribbean and Pacific coasts, and its botched handling of a counter-narcotics operation in July during which a young woman and two children died [WR-15-28].

Averting further unrest

While the Cenidh raised concerns over the El Limón incident, the previous week the human rights group, along with other local civil society groups and the Catholic and Evangelical Churches, hailed the FSLN government’s decision to cancel a concession held by Nueva Esperanza, a local subsidiary of B2Gold, to develop another gold mining project due to environmental concerns. On 12 October First Lady and official government spokesperson, Rosario Murillo, announced the decision to cancel the permit for the ‘Tajo Pavón’ project, located in the Rancho Grande municipality of Matagalpa department.

A statement by Environment Minister Juana Argeñal in the government-aligned media *el19digital* notes that the Tajo Pavón project was cancelled after experts found that it could prove damaging to two rivers (Yaoska and Tuma) and local nature reserves, as well as the local community. The decision came nine days after some 10,000 people attended the latest demonstration against the project in Matagalpa, on figures from Rolando Álvarez, the

Gold

In 2014 gold was Nicaragua’s third biggest export, worth some US\$386m, or 15% of the country’s total exports. Total gold production in 2014 reached 437,000 troy ounces, representing an increase of 176% since 2007.

According to Nicaragua’s mining & energy ministry (MEM), there are currently four active concessions for metallic mining and eight active metallic mining exploration concessions.

Links to N'drangheta

In the latest sign of international drug trafficking activity in Costa Rica, on 14 October the local authorities announced the arrests of seven people (a Cuban national and six Costa Ricans) who are suspected of smuggling several tonnes of cocaine to the US and Europe. The seven are thought to be part of a crime ring linked to the N'drangheta Italian criminal organisation and allegedly run out of a New York pizzeria.

bishop of Matagalpa and one of the protest organisers, who has been calling for a referendum on the project.

Gold mining activity in Nicaragua remains concentrated in three areas. In addition to the El Limón mine, the other two mining centres are the 'La Libertad' mine, also in León and owned by B2Gold, and the 'Bonanza' gold and silver mine which is owned by the Colombia-based Mineros S.A, and is located in the eponymous municipality of the north Atlantic autonomous region (Raan). In April 2014 Nicaragua's official export and investment agency, ProNicaragua announced the opening over the next three years, of 'La India', Nicaragua's fourth industrial gold mine. Located close to the town of Santa Rosa del Peñón, León department, the mine is owned by the United Kingdom's Condor Gold.

COSTA RICA | SECURITY

Solís calls for new strategy

President Luis Guillermo Solís is calling for a new inter-institutional strategy in order to tackle the wave of homicides currently afflicting Costa Rica, particularly the capital San José and the Caribbean port city of Limón, which local authorities attribute to a rise in organised crime.

President Solís's announcement, which he made on 15 October, came on the heels of a proposal presented by Security Minister Gustavo Mata and backed by the attorney general, Jorge Chavarría, which would create a specialised unit in the judicial investigations office (OIJ), a branch of the supreme court (CSJ), to be exclusively tasked with investigating organised crime. Mata also told reporters that on 11 August he had met the president of the CSJ, Zarella Villanueva, to whom he formally presented a proposal regarding the creation of the new unit which would be tasked with coming up with comprehensive national policies to address organised crime.

A 13 October official statement by Mata notes that 426 homicides were committed between 1 January and 9 October, most of which are believed to be linked to organised crime as rival gangs compete for the same territory. This figure suggests that the total number of homicides registered in 2014 (477 – a rate of 10 per 100,000 inhabitants) is set to be surpassed.

The same statement by Mata also cites studies which were carried out up to August 2015 (at which point 370 homicides had been registered), which attribute 202 (55%) of these murders to organised crime. According to the same statement, so far this year, authorities have dismantled 110 criminal organisations, of which 27 were international drug trafficking organisations (DTOs) and 83 were local DTOs.

Recent drug hauls also indicate Costa Rica's growing usage as a transit country for narcotics. Most recently seven individuals linked to the N'drangheta Italian criminal group for allegedly smuggling cocaine to the US were arrested on 14 October (*see sidebar*). According to Mata, so far this year the authorities have seized 14 tonnes (t) of cocaine while the most recent (2015) US State Department International Narcotics Control Strategy Report (INCSR) notes that Costa Rican law enforcement seized 26t of cocaine in 2014, up from 19.8t in 2013.

While security is emerging as a priority for the Solís government, it is worth pointing out that it is not the chief public concern. According to a survey by the Universidad de Costa Rica (UCR) carried out in August and September, among the main problems cited, 29.4% of respondents listed unemployment, followed by the high cost of living (18.3%) and the poor performance of the government (16.5%). Just 9.4% of respondents said that security was their main concern.

Panama Canal

On 9 October the Panama Canal Authority (ACP) issued a press release stating that the Panama Canal closed fiscal year 2015 with a record 340.8m PC/UMS tonnes (Panama Canal Universal System Tonnage), up 4.3% on FY2014. This figure represents an increase of 7.1m tonnes compared to the previous record of 333.7m PC/UMS tonnes set in fiscal year 2012.

CUBA | Russian loan. The Russian government has given its Cuban counterpart a €1.2bn (US\$1.36bn) loan to build a new electricity generation plant, Russia's state news agency (RIA) revealed on 19 October. According to the RIA report, the funds are to be used to build electricity generation units with a capacity to produce up to 200MW to feed the 'Máximo Gómez' and Este Habana thermoelectric power stations. The project is part of the Cuban government's US\$10bn development plan to double Cuba's electricity production capacity from 18,746 gigawatts per hour to 30,299 gigawatts per hour by 2030.

The loan was agreed by the two governments following Russian President Vladimir Putin's visit to Cuba last year, when he also agreed to forgive 90% of Cuba's outstanding US\$32.5bn debt with Russia. According to the RIA report, following the release of the funds for the loan, Russia's council of ministers also approved a new US\$100m credit line for the modernisation and expansion of Cuba's 'José Martí' steelworks.

PANAMA | Doubts over Panama Canal expansion completion date. The Panama Canal Authority (ACP) has been forced to address doubts as to whether the April 2016 completion date for the Panama Canal expansion project will be met. In a statement, the ACP said it had received "updated information" from Grupo Unidos por el Canal (GUPC), the consortium comprising Spain's Sacyr Vallehermoso, Italy's Impreglio, Belgium's Jan de Nul and Cusa responsible for the design and construction of the third set of locks (the biggest project under the US\$5.2bn Canal expansion plan) regarding "the localised seepage found in the concrete sill between the lower and middle chamber of the Canal's expanded Pacific Locks."

The same ACP press release notes "in a recent letter, GUPC wrote that the localised seepage was the result of insufficient steel reinforcement in the area which was subjected to stress from extreme condition testing. After careful examination of all the other sills in both lock complexes, GUPC stated that in addition to reinforcing the sill that presented the issue, they would also reinforce the first and second sill in the Cocoli Locks and the first three sills in the Atlantic-facing Agua Clara Locks as a preventative measure, though these sills have not presented any issue".

The same ACP statement notes that "GUPC also verbally indicated that the completion date for the Expansion Project will remain April 2016, as planned; however, the ACP is awaiting formal confirmation from GUPC, in the form of a comprehensive report which should also include the root cause of the detected filtrations".

The completion date of the expansion project, which is 95% complete, was pushed back following a dispute in late 2013 with GUPC over cost overruns [WR-14-01].

REGION | Central American customs union. A Central American customs union could become a reality by 2021, the secretary general of the Central American economic integration secretariat (Sieca), Carmen Gisela Vergara, said last week. The establishment of a sub-regional customs union comprising Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama is one of the commitments assumed by these countries during the signing of an economic association agreement with the European Union (EU) in 2013. In September of that year, the EU assigned €10m (US\$11.3m) to help set up a customs to help to facilitate bilateral trade. Little visible progress has been made on the matter since then. However, speaking at the Euroforo Guatemala 2015 conference held in Guatemala city, Vergara said that during a June summit of the Central American integration system (Sica), Sieca presented the Sica member states with a "road map" to establish a full customs union within six years.

Vergara also noted that the adoption of a common customs regime between Guatemala and Honduras is scheduled for 1 December. The Honduran national congress, however, has recommended postponing this until after a new president takes office in Guatemala in January 2016.

Quotes of the week

“Let’s come down from the cloud where this is going to resolve itself swiftly, that this is short-term. No. This is structural, this is here to stay...We’re not going to see oil at 110 or 120 [US dollars per barrel] for a long time.”

Colombia’s President Juan Manuel Santos.

“The IACHR [Inter-American Commission on Human Rights] is not trustworthy since it is financed by the US and, as they say in Mexico, whoever selects the mariachis chooses the songs.”

Venezuela’s representative before the IACHR, Germán Saltrón.

“I don’t know who would be masochistic enough to ask AMLO for an accord unless they have Stockholm Syndrome and want to be hit.”

Graco Ramírez Garrido, the governor of the Mexican state of Morelos and member of the left-wing Partido de la Revolución Democrática (PRD) on the party’s estranged former presidential candidate Andrés Manuel López Obrador.

Vital accord for victims of Colombia’s armed conflict

Colombia’s President Juan Manuel Santos joined victims of the country’s armed conflict this week in celebrating an accord struck in Cuba to locate, exhume and return dead and disappeared nationals. The Fuerzas Armadas Revolucionarias de Colombia (Farc) promised to provide all relevant information to help end the uncertainty that has hung over many families for years. The accord comes at a time of sharpened political tensions over the peace process away from the negotiating table. Former president Andrés Pastrana (1998-2002) abandoned the peace advisory commission on 15 October and then suggested that he might have been the intended target of a fatal plane crash in Bogotá four days later.

Some 45,646 Colombians are reported missing or forcibly disappeared; although it is not clear if many of them are still alive, the accord should make it possible to recover those who were kidnapped by the Farc and some of the remains of those who died at the hands of the guerrillas (including soldiers) and were buried in unmarked graves. Whether the Farc has retained all of the details over the years is a moot point although it says it will provide coordinates for burial sites to the International Committee of the Red Cross (ICRC) shortly. The government, meanwhile, will release information to the ICRC about Colombians killed in military operations and buried unidentified.

The peace commissioner, Sergio Jaramillo, said the “enormously ambitious” accord would help thousands of families as “there is no deeper grief than disappearance”, although there is, of course, no shortage of disappeared people about whose whereabouts neither side is aware. A ‘specialised unit to search for missing people’ will be created as soon as the peace accords are struck. This will have financial and administrative autonomy and will produce a progress report every six months.

While this marks another significant breakthrough in Cuba, differences are hardening between supporters of a peace accord and its critics. Pastrana censured the recent accord on transitional justice in a letter to President Santos, describing it as “the biggest concession obtained by the Farc since it accepted that drug-trafficking is a crime linked to their ‘ideals’” (and hence could be awarded an amnesty). After a light aircraft that was due to pick up him and other members of the leadership of the Partido Conservador (PC) crashed on the outskirts of Bogotá on 19 October, killing six and injuring 14, Pastrana called for a “national and international” investigation to rule out an attempt on his life.

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