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Kuczynski survives to fight duel with Fujimori

The battle for second in Peru's presidential elections on 10 April was as closely contested as opinion polls suggested it would be. Keiko Fujimori, of the right-wing populist Fuerza Popular (FP), secured first place by a comfortable margin. She will face Pedro Pablo Kuczynski, of the conservative Peruanos por el Cambio (PPK), in a run-off on 5 June after he edged out Verónica Mendoza, of the left-wing Frente Amplio (FA), by a narrow margin. The tally of the concurrent congressional elections is incomplete but the signs are that the FP will have a simple majority, which will provide either a boon for Fujimori or a bind for Kuczynski.

As we go to press the electoral authorities, who played an active role in the campaign by excluding two of the top five contenders from the race, have still not released the final results in the presidential elections but with 99.5% of the vote counted the outcome is not in doubt. Fujimori won 39.8% of the vote to 21.0% for Kuczynski, with Mendoza just behind on 18.8%. Alfredo Barnechea, of the centrist Acción Popular (AP), finished fourth on 7.0% of the vote. Alianza Popular, the unnatural coalition alliance between the populist Partido Aprista Peruano (PAP) and the conservative Partido Popular Cristiano (PPC), dissolved after the poor showing of former president Alan García (1985-1990; 2006-2011), who came fifth on just 5.8% of the vote. Gregorio Santos, who is under arrest on corruption charges, came sixth with 4.1% of the vote for his Democracia Directa, and won more votes than any other candidate in his native region of Cajamarca.

Fujimori thanked voters for their support and promised "a united, reconciled and more just Peru" if she is elected. The FP looks set to obtain a majority in the 130-seat congress. Kenji Fujimori, Keiko's brother, won more votes than any other congressional candidate, meaning he stands a very good chance of being elected president of the body. This could see the executive and the legislature in the hands of the Fujimori family just 16 years after their father Alberto fled Peru for Japan amid the ruins of a decade-long kleptocracy (1990-2000).

Peru's Nobel literature laureate Mario Vargas Llosa, whose electoral ambitions were thwarted by Alberto Fujimori in 1990, responded to the first-round result by saying that if Keiko went on to win in June "the dictatorship will be legitimised". Vargas Llosa said that a Keiko victory would be "a major mistake" with "political, economic and social repercussions", not least because "never has so much been stolen from the country than when Fujimori was in power". Vargas Llosa said this ill-gotten wealth had helped to fund the dissemination of propaganda, creating "a whole myth about Fujimori ending terrorism and bringing prosperity to the country [when] he practiced state terrorism against the terrorism of Sendero Luminoso [SL] and the [Movimiento Revolucionario] Túpac Amaru [MRTA]".

Mendoza misses out

Pedro Pablo Kuczynski's sole victory came in the southern region of Arequipa. But it was significant because the south is where Verónica Mendoza needed a clean sweep given her comparative weakness in Lima and northern Peru. It could be that some of the anti-Fujimori vote that helped build Mendoza up to begin with migrated to Kuczynski as polls showed he was the only candidate who would beat her in a run-off. The SL attack the day before the elections could also have damaged her chances, especially given the fierce attacks she faced in the closing weeks of the campaign for being soft on terrorism: one of the FA's congressional candidates, Abel Gilvonio, is the son of a member of the Movimiento Revolucionario Túpac Amaru (MRTA).

Keiko responded by saying it was "regrettable" that Vargas Llosa had "indirectly discredited the vote of 40% of Peruvians", claiming he had completely ignored all of the changes undergone within the FP. She advised him instead to "write a novel on the agendas". But Vargas Llosa's opinions carry some weight and there is no question that Kuczynski will concentrate all of his fire-power on Keiko's democratic credentials, or at least that of her party, in the second-round campaign. Alfredo Thorne, Kuczynski's campaign strategist and likely economy minister if he wins, made this clear as soon as he secured a berth in the run-off. "The next step," Thorne said, "is to build a giant anti-Fujimori alliance to defend [Peru's] institutionality. A campaign of national unity." Thorne also argued that the state could function much better in Peru, and that "corruption [endemic under Fujimori] must end".

This is where the elections will be won or lost for Keiko. It was noteworthy that after FP deputy Cecilia Chacón said that Alberto Fujimori would "walk out through the front door" from jail, Keiko swiftly claimed that Chacón had been "misinterpreted", and insisted that "political power will not be used to benefit my father", who would only be released via the judicial route (not by presidential pardon). Kuczynski will warn Peruvians about the dangers of a return of authoritarianism should Keiko win, especially with no congressional counterweight, with the FP on course to win a simple majority. Kuczynski has also craftily courted some of Keiko's own vote by promising that if he wins he would move to allow Fujimori to spend the remainder of his 25-year prison sentence, handed down in 2009, under house arrest.

The big question is how much of Mendoza's vote will now go to Kuczynski. A significant part was composed not so much of leftists as anti-Fujimoristas who saw her as providing the staunchest opposition to Keiko. While Mendoza said that the FA would provide a "firm opposition" to hold the next government to account whoever wins, she savaged the "human rights abuses, murders, torture, buying the media and forced sterilisations" of the Fujimori dictatorship, meaning that despite some serious differences with Kuczynski during the campaign she could endorse his candidacy as the lesser of two evils now, and provide opposition to his government's economic policies later, if he takes office, without betraying her principles.

Kuczynski needs to pick up the majority of the FA vote. The party won in seven regions, taking much of southern Peru (*see map on page 3*), and could yet emerge as the second largest in congress with around 20 seats. He will not embrace Mendoza's "agenda for change", on the economic or constitutional front, but he is likely to promise major socio-economic benefits to court her supporters. He is already discussing a social platform, reaching out to civil organisations, and promising to deliver economic growth, and issue debt to finance public spending, which will be used to lift up the poor majority. Kuczynski is not going to be able to enthuse this electorate, however, and the concern for him is that the number of blank and void ballots (15%) could increase in the run-off as poorer voters switch off. In a sign of his readiness to make gestures to the Left Kuczynski has already said he will visit Santos in jail, after his impressive electoral performance.

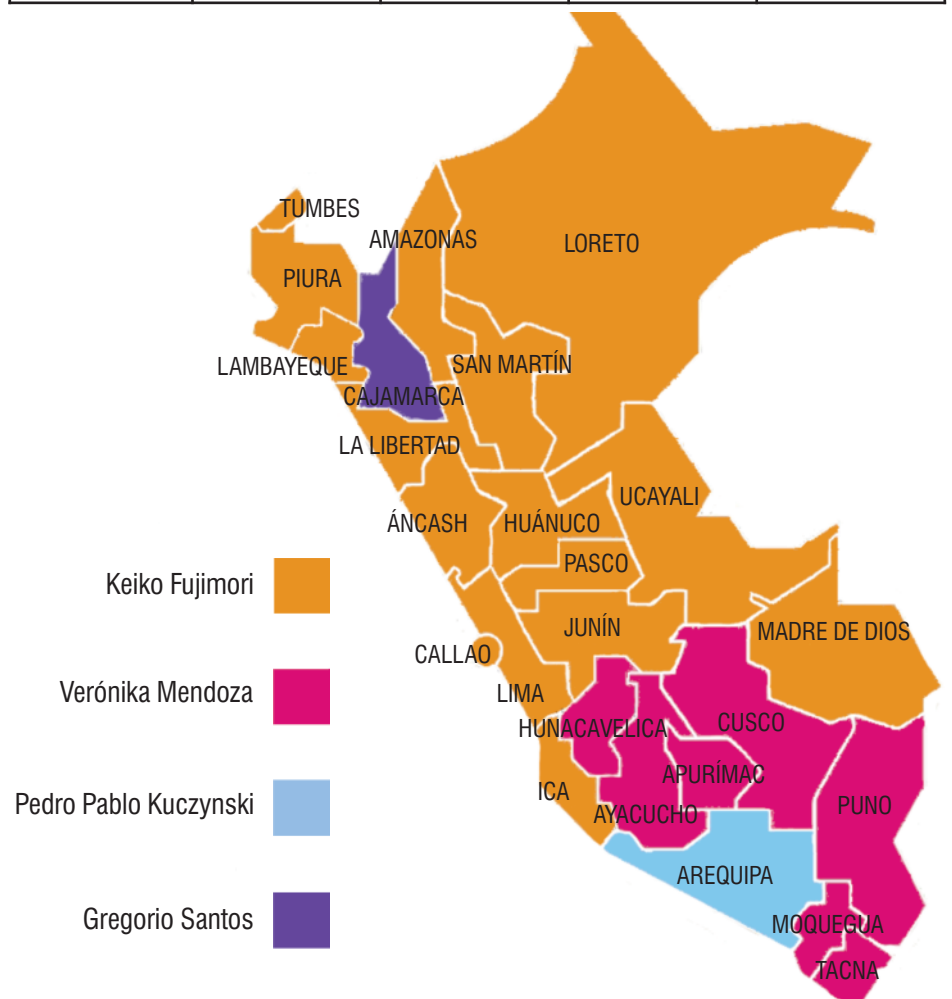
Keiko, meanwhile, mindful of the fact that all the opinion pollsters suggested Kuczynski would narrowly defeat her in a second round scenario, will make populist gestures on the economy while majoring on public security. The fact that eight members of an army patrol (and two civilians) were killed in an ambush by remnants of SL in the Apurímac, Ene and Mantaro rivers valley (Vraem) the day before the elections, played into her hands in this regard. She immediately berated the government for this "setback in the fight against terrorism". Keiko will seek to retain the 14 (out of 25) electoral districts she won in the first round, including four regions with more than 50% of the vote, while competing with Kuczynski for Mendoza's share of the vote in the south.

Economic stance

Both Pedro Pablo Kuczynski and Keiko Fujimori share similar economic policies, defending a market-friendly strategy of development. Kuczynski's main support came from urban centres among the middle and upper class. Poll after poll during the election campaign showed that Kuczynski did not hold much appeal beyond the top socio-economic classes, and this provides his biggest challenge. Keiko swept the north of the country, as well as performing strongly in Lima, and enjoys support in some rural areas among the poor, but Kuczynski will be able to tap the strong anti-Fujimori vote in the run-off campaign.

Presidential result showing top three by region in order of population size (%)

	Fujimori	Kuczynski	Mendoza	Other
Lima	40.5	29.9	12	
Piura	56.4	13.1	14.7	
La Libertad	48.9	14.5		14.3 (García)
Cajamarca	32.3	11.3		40.6 (Santos)
Puno	22.7		38.4	20.1 (Santos)
Junín	41.2	23.2	22.2	
Cusco	20.9	10.3	46	
Arequipa	23.9	27.4	25.7	
Lambayeque	50.2	16.3	10.9	
Ancash	42.9	16	21.5	
Loreto	36.1	27.5	16.7	
Callao	40.4	28.1	21.6	
Huánuco	39.5	14.4	28.8	
San Martín	49	12.8	20.2	
Ica	44.7	15.9	17.6	
Ayacucho	31.6	6.9	52.4	
Huancavelica	26.6	10.4	53.6	
Ucayali	52.8	15.3	15.9	
Apurímac	31.2	5.7	49.9	
Amazonas	43.8	12.2	21.6	
Tacna	21	15.7	41.3	
Pasco	35.3	26.1	22.4	
Tumbes	64.6	12.1	10.9	
Moquegua	24.3	28	31.5	
Madre de Dios	44.4	9.5	24.7	



Running on fumes

According to President Nicolás Maduro, Venezuela received just US\$100m from oil sales in March, which he said was a 97% drop from US\$3.5bn two years ago. Maduro didn't specify the provenance of his figures but on central bank balance of payments data, Venezuela's oil exports peaked in 2013 at US\$93.6bn overall that year, equating to average monthly earnings of US\$7.8bn, an amount that the Maduro government can only dream about these days. Indicative of the severe cash crisis, international reserves hit a new low US\$12.93bn this week and the most important oil services provider in Venezuela, Schlumberger, which has been in the country almost 90 years, announced it would reduce its operations due to payment problems.

"Schlumberger appreciates the efforts of its main customer in the country to find alternative payment solutions and remains fully committed to supporting the Venezuelan exploration and production industry," the company said in the statement dated 12 April. "However, Schlumberger is unable to increase its accounts receivable balances beyond their current level." The state oil company, *Petróleos de Venezuela (Pdvs)*, denounced the news as a media manipulation, even though it came from Schlumberger itself, insisting that that it would continue to make payments in "various forms" to Schlumberger. *Pdvs* "categorically denies information reflected in certain international media regarding a supposed reduction in operations by services firm Schlumberger, Ltd", the company said in a statement, adding, in somewhat self-contradictory manner, that "additional work required...will be distributed to other companies that provide similar services."

Schlumberger said the reduction in operations would begin immediately, but "in close coordination with all customers in Venezuela so as to continue servicing those with available cash flow". The announcement is bad news not only for *Pdvs* (which is heavily reliant on the company to maintain its output at even the existing stagnant level of some 2.3m b/d), but also for Schlumberger itself, which generated about 3% of its US\$35.5bn in total revenues last year from Venezuela. The country represented over 10% of Schlumberger's US\$8.8bn in total accounts receivable last year, according to analysts cited by *Bloomberg* on 13 April.

The company has previously tried to work through payment problems in Venezuela. In March 2013, it made a similar pullback announcement, only to later reach an agreement with *Pdvs* that included a US\$1bn rolling credit for a joint venture with the Venezuelan company. In October 2015, Schlumberger was reported to be moving some workers from Brazil to Venezuela, even as other oil services companies continued to pull back, and in January it announced that it had agreed a deal with *Pdvs* in the fourth quarter to receive certain fixed assets in lieu of payment of about US\$200m of accounts receivable. Additionally, Schlumberger took a US\$49m loss last year on the back of Venezuela's currency devaluation, following an earlier US\$472m devaluation-related loss in 2014. The latter move by the government to allow *Pdvs* partners to use the new floating exchange rate was too little, too late, it appears.

Debts piling up

Oil service companies are not the only ones owed money. Colombia's airline Avianca has said that it will take "all necessary steps" to collect some US\$236m in ticket sales being held back by the Venezuelan authorities. Like other airlines, since 2014 Aviana only sells tickets in US dollars in Venezuela, while it has also reduced its scheduled flights to the country.

In similar vein, Spain's Telefónica announced it was suspending international phone services in Venezuela. The company said a critical lack of

Diesel prices under consideration

Vice President Aristóbulo Istúriz has suggested that the government is considering another "progressive" increase in fuel prices, since the adjustment announced earlier this year does not include diesel. An increase in diesel would hit the public and private transport and distribution sectors in the country, prompting the government to omit it from the original round.

Ecuador also in trouble

The International Monetary Fund (IMF) in its latest World Economic Outlook (WEO) also noted that oil producer Ecuador's outlook is "highly uncertain" and "depends on the availability of external financing". Having posted no growth at all last year, the Fund now expects the economy to contract by a sharp 4.5% this year and by a further 4.3% in 2017 – a general election year – citing lower oil prices, a loss of competitiveness on the back of an appreciating dollar, fiscal consolidation and tight financing conditions.

foreign exchange was preventing it from maintaining investment levels in its local subsidiary Movistar. Movistar last year already restricted international calls to just 10 countries. Irish mobile provider, Digicel, has also said it will suspend roaming and long-distance services, after failing to get extended debt service terms from service providers. Venezuela's National Telecommunications Commission (CONATEL) responded by urging the operators to instead take "a proactive stance". However, CONATEL admitted to "a drastic reduction of foreign exchange", which President Maduro has now taken to blaming on a US conspiracy to prevent an oil output freeze agreement between members and non-members of the Organisation of Petroleum Exporting Countries (OPEC).

IMF downgrades Venezuela again

To little surprise, the International Monetary Fund (IMF) downgraded its Venezuela forecasts again in its latest (April) update to its World Economic Outlook. The Fund now expects an annual GDP contraction of 8% this year and 4.5% next year, after a drop of 5.7% in 2015. It has lifted its 2016 annual average inflation forecast to 481.5%, rising to 1,642.8% in 2017, which is hyperinflation by anyone's standards.

The current account deficit is forecast at 6.6% of GDP this year, down from an estimated 7.6% in 2015. That is not a measure of improvement, rather it reflects the drastic and economically crippling reduction in imports the government is imposing on the country in order to keep cash for external debt servicing obligations, for which the Harvard-based Venezuelan economist Ricardo Hausmann has accused the Maduro government of being morally bereft.

It is also worth noting that the IMF projects unemployment of 17.4% this year, up from 7.4% last year, rising to 20.7% in 2017. Unemployment levels like that are wont to provoke severe social dislocation and inevitably will put paid to the left-wing government's much celebrated inroads against poverty in the country.

Overall, these figures are staggeringly recessive, and even with a miraculous bounce in global oil prices towards late-decade, the Venezuelan economy, once the envy of the region, looks to be so depleted now that it will take several years – and a sustained policy effort by the next government – to rehabilitate the all-but wrecked productive domestic economic sector.

***Washington Post* calls for an intervention**

The conservative *Washington Post* on 12 April published an editorial saying that Venezuela "is desperately in need of political intervention by its neighbors," complaining that the region's leaders, including Brazil, are distracted, and declaring that the US administration "is preoccupied with its outreach to Cuba". Cuba's Castros, the editorial went on "are using their control over Venezuela's intelligence and security forces, and longtime acolyte Mr. Maduro, to foment his kamikaze tactics". "An explosion is probably not far off", it concluded.

The current affairs site *Salon.com* on 14 April took issue with the editorial, noting that the "deeply unpopular" Maduro – with an approval rating of between 25% and 30% in recent polls – is still more popular than the US congress, whose rating was just 11% in November 2015, while support for the former US president George W Bush (2001-2009) had dropped to 25% several times during his presidency. "Is the US's own putative democracy in extra desperate need of a political intervention? The logic of the *Washington Post* appears to suggest that this is the case", it said, before going on to demand, "where are the calls for political intervention in the US-backed dictatorships in Saudi Arabia, Bahrain, Qatar, Egypt or the UAE? Why are there no calls for intervention in the US-backed regimes in Brunei, Thailand, Turkmenistan, Uzbekistan, Tajikistan, Azerbaijan or Rwanda?"

"The editorial boards of US corporate media outlets openly call for intervention in foreign sovereign democracies when they are US enemies, but say little when US-allied authoritarian regimes repress and kill their own citizens. One cannot help but feel the sting of hypocrisy", the post ended. Maduro couldn't have put it better himself.

Increased attacks by ELN, Clan Úsuga threaten to hinder peace process

ELN moots May as possible start of peace negotiations

On 7 April Miguel Atalay, who has identified himself as a spokesperson for Colombia's Ejército de Liberación Nacional (ELN) guerrillas, announced through *Twitter* that the ELN had agreed to hold the first formal peace negotiating rounds with Colombian government representatives in May. "The ELN announces to Colombia and the international community that the first public [negotiating] table will be installed in Ecuador in May", Atalay's tweet reads. The announcement has not been confirmed nor denied by the government or the ELN leadership.

Despite the announcement by the Ejército de Liberación Nacional (ELN), Colombia's second largest leftist guerrilla group, that it will soon engage in formal peace negotiations with the government, it has launched a military offensive in recent weeks, prompting a counter-offensive by the armed forces. The decision by Clan Úsuga, the country's largest emerging criminal organisation (Bacrim), to initiate a new campaign of violence in repudiation of the government's peace negotiations with the guerrillas [WR-16-13] is also a factor in the upsurge of violence in the country. All of this is sparking fears that the peace process being conducted by the Juan Manuel Santos administration could become seriously hindered.

Since announcing on 30 March that it had agreed a six-point formal peace talks' agenda with the government, the ELN has launched a series of attacks in different parts of the country. On 6 April ELN guerrillas kidnapped two bus drivers after stopping them on a highway linking the north-western departments of Chocó and Risaralda. The guerrillas set fire to their victims' buses as well as six other private vehicles before making their escape. General Javier Díaz, the commander of the 'Titán' military task force charged with combating criminal groups in the area, said that the bus drivers were presumably taken after refusing to pay an extortion fee demanded by the ELN.

General Díaz condemned the incident. He noted that while the government and the ELN had been clear that they would conduct the peace negotiations without declaring a bilateral ceasefire (as the Santos government agreed with the main guerrilla Fuerzas Armadas Revolucionarias de Colombia [Farc]), one of the conditions set by Santos for engaging in peace talks with the ELN was for the latter to release all of its kidnap victims and refrain from targeting the civilian population.

In the wake of the Chocó kidnapping, Colombia's national congress's peace commissions called on the ELN to declare a ceasefire in support of the formal peace talks, as the Farc has done, in order to reduce the intensity of the armed conflict. But the ELN ignored this, launching instead a series of attacks targeting the armed forces. This after on 7 April Defence Minister Luis Carlos Villegas confirmed that ELN commander 'Alejandro' had been killed during a 30 March navy operation in Juradó, Chocó department. 'Alejandro' was the third ELN commander killed by the armed forces in March after 'Zorillo', the leader of the 'Alfredo Gómez Quiñones' front, was killed in the north-eastern department of Bolívar and 'Danilo', the leader of the ELN's northern front, was killed in the northern La Guajira department. Villegas said that the operation that resulted in Alejandro's death was part of the offensive ordered by President Santos against the ELN to expedite the peace negotiations. Villegas then demanded the release of the kidnapped bus drivers.

But the ELN opted to strike back. On 10 April ELN guerrillas ambushed an army patrol in the El Tambo municipality of the south-western Cauca department. One soldier was killed and another was wounded in the attack, which General Juan Vicente Trujillo, the commander of the 'Apolo' task force, described as "a violation of international humanitarian law and human rights". General Trujillo explained that at the time of the attack, the patrol was "in a state of indefence" and that their attackers were dressed as civilians.

Clan Úsuga joins the fray

As the clashes between the armed forces and the ELN intensified, the guerrillas also began targeting the Clan Úsuga which was set up by demobilised paramilitary groups and recently began calling itself the Autodefensas Gaitanistas de Colombia (AGC). This led the Farc and the ELN to denounce it as new paramilitary threat and to call on the government to dismantle it so as

Taking the fight to Clan Úsuga

On 11 April President Santos announced that the government would redouble its efforts to combat the country's Bacrim, in particular the Clan Úsuga. "We are going after the leaders of this Clan, including its maximum leader 'Otoniel' [Dairo Antonio Úsuga David]...we are redoubling our efforts", Santos said before announcing that the reward for any information leading to Úsuga David's arrest had increased to Col\$3bn (US\$983,000) from the Col\$1.5bn (US\$492,00) offered last month. "It is imperative to strengthen actions against all kinds of criminality, but especially criminal organisations...successors of paramilitarism", Santos added. A week earlier, on 7 April, Santos had announced the arrests of 39 Clan Úsuga members as part of an operation targeting the Bacrim's leaders.

to ensure the viability of the peace process. On 12 April Colombia's ombudsman's office denounced that Clan Úsuga members had been involved in armed clashes with ELN and Farc guerrillas the previous day in Antioquia department.

According to the ombudsman's report, the clashes took place when "dozens of heavily armed members wearing Farc and ELN badges" entered the municipality of El Bagre, "with the aim of attacking members of Clan Úsuga". Gun battles between the guerrillas and the criminals broke out, in which three civilians were injured. The report goes on to say that soon afterwards the armed forces arrived in the area, killed two "members of the criminal organisations and wounded another two", without providing further details. The ombudsman's office said that the incident was a "clear infringement of international humanitarian law", adding that it would monitor closely the situation in the area as "the local community is concerned that this new conflict dynamic could lead to a recrudescence of violence in the area".

The incident at El Bagre came after six Colombian civil-society organisations formally denounced the emergence of a "new phase of paramilitarism" in Colombia led by the Clan Úsuga before the Inter-American Commission on Human Rights (IACHR). The complaint, which was filed on 5 April, states that 28 people were killed in February-March in suspected paramilitary activity carried out by the Clan Úsuga. According to the complaint, 13 of these people were social and human-rights activists, while the others were victims of a suspected "social cleansing" exercise designed to instil fear. The Santos government responded by condemning the deaths of all social and human-rights activists; promised to clear up the cases and punish all those responsible; and intensify its efforts to combat the Bacrim, especially the Clan Úsuga (*see sidebar*). Amid the growing concerns about the resurgence of paramilitarism and its impact on the peace process, the government is under pressure to achieve these goals.

TRACKING TRENDS

COLOMBIA | External debt. Colombia's central bank (Banrep) has released a report showing that the country's external debt reached US\$111.2bn in December 2015, representing 38.1% of Colombia's GDP. As a ratio of GDP Colombia's external debt increased 11.3 percentage points (26.8%) compared to December 2014 and the figure is also 9.8% higher than the nominal figure recorded that month.

According to the report, this substantial increase is mainly due to "the decreased value of the current GDP caused by the depreciation of the Colombian peso compared to the US dollar", together with "the expansion in dollars of the external debt's balance". Banrep notes that on 1 December 2014, the exchange rate stood at Col\$2,206/US\$1, whereas on the same day in 2015 it stood at Col\$3,142/US\$1, representing a 42% devaluation. Finally, the report shows that public sector debt reached US\$96bn in 2015, while the country's private debt reached US\$15bn.

PERU | US\$2.5bn World Bank loan. Peru's President Ollanta Humala has signed two US\$1.25bn contingent loan agreements with the International Bank for Reconstruction and Development (IBRD), an institution which is part of the World Bank (WB) Group. The loans are designed to provide cover for natural disasters or financial crisis events and help underpin Peru's public finances in such cases. President Humala said that "Peru is turning into a country that shines in the international community", and that the loans will help it accomplish important progress in terms of tax management, educational reform, and productive diversification. According to Peru's economy minister, Alonso Segura, the loans will not only contribute to strengthening the economy's financial position and significantly mitigate its vulnerability to unpredictable events, but they will also help secure the country's budget for 2016 and 2017, which will be executed by the new government elected in the 10 April general elections.

Brazil prepares for impeachment vote

At around 2pm on Sunday afternoon, Brazil's 513 deputies to the federal lower chamber of congress will begin voting on whether to impeach President Dilma Rousseff. As they cast their votes, each will be allowed to speak from the podium; few are expected to shy away from a priceless moment of nationwide attention. The order of voting has been decided by geography: at the arrangement of Eduardo Cunha, the speaker of the lower chamber, deputies from southern Brazil, traditionally an area more hostile to the ruling left-wing Partido dos Trabalhadores (PT), will go first. Outside congress, a steel barrier has been erected along the length of the ministerial esplanade, in the hope of avoiding clashes between rival camps. Around 9pm a vote is expected: 342 need to vote in favour for the impeachment process to continue. At the time of going to press, the opposition appears increasingly confident of having the votes it needs to secure impeachment.

Process

Although impeachment is a drawn out process, this is arguably the key vote. Should the opposition pass the two-thirds threshold necessary to continue, the case for impeachment moves to the federal senate. A senate commission on impeachment will be formed by the end of the month and a vote should be held by mid-May. In that vote, a simple majority must approve the opening of an impeachment case against President Rousseff.

It is worth pointing out that the senate will not be voting on whether to impeach Rousseff, but rather on whether she has a case to answer. It appears extremely likely that the senate will approve such a decision, if the lower chamber votes in favour.

After that, Rousseff would be temporarily suspended from the presidency for a period of up to 180 days. Michel Temer, the vice-president, from the Partido do Movimento Democrático Brasileiro (PMDB), would take over. At the end of the six-month trial, to be presided over in the senate by the supreme court president, Ricardo Lewandowski, the senate must approve the motion to impeach Rousseff with two-thirds of the vote for her to be removed permanently from office. She would then become ineligible for public office for eight years.

Momentum

Over the weekend, the government received a much-needed fillip. A survey by Datafolha, a polling organisation trusted by both sides of Brazil's political divide, showed a decline in the number of Brazilians who endorsed Rousseff's impeachment, from 68% to 61%. The number of those Brazilians who wish to see Temer, Rousseff's would-be replacement, impeached is almost identical: 58%.

There is another twist, which shows how foolhardy it would be to dismiss the political power of former president Lula da Silva (2003-2010). Lula is currently leading the opinion polls for the 2018 elections, along with Marina Silva, the third-placed candidate in 2013. Notably, the likely candidates of the main opposition Partido da Social Democracia Brasileira (PSDB) suffered a slight fall in their support.

However, that was where the good news ended. For the rest of the week, the momentum has been building for the opposition. On 11 April, the congres-

Cunha triumphs again

On 13 April, Fausto Pinato, from the PP, resigned from the ethics committee of the federal lower chamber of congress, meaning that Eduardo Cunha now has a majority of supporters. Unless the supreme court seeks to try him, it appears unlikely that he will lose his mandate, especially given his close relationship with Vice-President Michel Temer.

Eyes on Calheiros

Renan Calheiros, the federal senate president from the PMDB, and a close ally of President Rousseff has refused to be drawn on the timetable for a vote in the senate, in the event of the president losing the vote in the chamber of deputies. He said that would not hurry the process, which could go to a vote by 11 May. If Rousseff is removed from office while the senate tries her, she is not obliged to leave the presidential palace and would continue to draw her presidential salary.

sional commission on impeachment voted to endorse its reporter's conclusion that proceedings against Rousseff should go ahead. Only 33 votes were needed to secure victory in the 65-strong commission, but in the end the pro-impeachment lobby won 38. While the result had been anticipated by the government, there was concern at the scale of the victory.

Temer

On the same day, Brazilian media published an audio recording of Michel Temer giving a speech as if impeachment were already a foregone conclusion. In the course of his 14-minute speech, he spoke of the need for reconciliation and for a "government of national salvation". Temer also said he would maintain popular social welfare programmes put in place by Rousseff's PT, but also reduce the presence of the state in many spheres and "prioritise" the role of the private sector.

Notably, not once in Temer's 14-minute speech about Brazil's political crisis did he mention the word "corruption". In his defence, Lucas de Aragão, an analyst from Arko Advice, points out that governability is currently the most acute problem in Brazilian politics, and that the speech was designed to offer that.

Temer has also been sketching out a more solid vision of his government post-impeachment. Pension reform, Temer's aides maintain, would be a priority, with the possibility of introducing a minimum age for retirement. A Temer administration would focus on attracting private capital in infrastructure, public works and the oil and gas sector. "We will have more concessions with clear rules and no ideology," Moreira Franco, one of Temer's main advisers, told *Reuters*.

Rousseff

Rousseff, by contrast, has failed to shape a narrative for what the country's politics might look like after an unsuccessful impeachment vote. On 13 April, two crucial days after Temer's recording was released, and after another three parties had abandoned her government, Rousseff said she would form a government of national unity, adding that she would offer dialogue with the leaders of the opposition "without winners or losers". Topics for discussion, Rousseff said, would include measures to limit the growth in public spending. Rousseff also said that Brazil's political system was extremely fragile and was in urgent need of reform.

Such a dialogue is hard to imagine after some of the things Rousseff has said, in particular against Temer, who is still her vice-president, and Cunha. On 12 April, Rousseff referred clearly to both men, though without mentioning their names, when she said that "if there is any doubt about the coup, the farce, the betrayal that is under way, there isn't any more." Romero Jucá, the new president of the PMDB, filling in for Temer to avoid the appearance of conflict of interest, subsequently lamented the fact that Rousseff appeared to be "losing her serenity".

Over the course of 12 and 13 April, three parties jumped ship. The leaderships of the Partido Progressista (PP), with 47 deputies, and the Partido Republicano Brasileiro (PRB), with 22, as well as the Partido Trabalhista Nacional (PTN), with four, all announced that they were breaking with the government. Although not all of their members will necessarily follow the leadership, many will.

Scoreboard

According to the daily *O Estado de São Paulo*, which is running a tally on deputies' voting intentions, 332 deputies are now in favour of impeachment; 124 are against; 25 are undecided and 32 have refused to say. In other words,

Demonstrations

The crowds supporting the return of former president Fernández to Buenos Aires chanted aggressive slogans, including ‘si la tocan a Cristina qué quilombo se va a armar’ (roughly translatable as ‘if they touch Cristina there will be trouble’).

the opposition is only 10 votes shy of its target, and over recent days the number of those deputies in favour has been rising steadily. Eurasia, a political risk consultancy, now puts the chances of impeachment at 70%. Atlas Político, a vote-monitoring website designed by two Harvard-trained mathematicians, puts Rousseff’s chances of survival at just 7%.

Allies of Rousseff and Lula admit privately that the situation looks difficult. Brazil’s benchmark Bovespa stock index has soared over the past few days, while the real has also strengthened against the US dollar as the markets begin to expect a change in economic course under a new government.

However, there are victories and there are victories. Impeachment is a lengthy process and if the opposition only just manages to scrape together the minimum number of votes required, and there is a strong rejection of the results on the streets, the senate may prove more inclined to block proceedings.

The other ‘black swan’ that may invalidate all predictions is the possibility of further revelations from ‘Operation Car Wash’, the massive investigation into corruption involving the state-run oil company Petrobras. Even in the event of Temer taking power, he could still have his mandate invalidated by either separate impeachment proceedings against him (based on the same charges filed against Rousseff) or via the supreme electoral court, if it finds evidence of illegal funding in the 2014 campaign.

ARGENTINA | POLITICS

Fernández returns

Central Buenos Aires was gridlocked by tens of thousands of demonstrators on 13 April, as they showed their support for former president Cristina Fernández (2007-2015) who had returned from her four-month self-imposed exile in El Calafate in Patagonia, in order to appear before an investigating judge. This was the largest demonstration by her supporters since centre-right President Mauricio Macri took office last December. What does it mean?

One way of reading the events is to see them as the beginning of a triumphant political comeback by Fernández. The 63-year-old politician had been summoned by an old adversary, federal judge Claudio Bonadio, to answer questions about her involvement in a presumed fraud – the sale of forward dollar contracts by the Argentine central bank – in the last months of her government.

With her supporters on the streets – the demonstrations were organised by her party, the Frente por la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists), and a range of militant groups including La Cábora and Quebracho – Fernández adopted a defiant tone. “I can be summoned twenty times more, they can imprison me, but they cannot shut me up,” Fernández said after she and her lawyer handed in a written statement to the judge.

A few, perhaps short-term factors are helping Fernández. One is that these particular charges against her (she and members of her former government face many others) are thought to be among the weakest. The complaint over fraudulent dollar futures trading was originally made by Alfonso Prat-Gay, then an opposition politician (now finance minister) against the then president of the central bank (BCRA), Alejandro Vanoli; it was the judge who widened the list of the accused to include Fernández and her economy minister Axel Kicillof. A source in the judiciary told *Reuters* news agency that “the case over dollar futures has no future, there isn’t a penal code crime there, Bonadio has overreached”.

“The FPV has in fact already splintered, with many deputies and senators breaking ranks. The battle for control of the Peronist movement is only just underway with internal elections scheduled for 29 May to elect a new president.”

A second factor is timing: President Macri's honeymoon period is coming to an end and he is starting to lose popularity. Around 11,000 public sector employees have been laid off and gas, electricity, and transport tariffs have been increased (necessary, the government says, to correct the wide fiscal deficit it inherited). The rate of inflation has also increased, although the Macri administration predicts that it will come under control in the second half of the year. The 'Panama papers' revelations linking Macri's father to offshore accounts have not helped. According to Grupo de Opinión Pública (GOP), a polling company, Macri's approval rating has slumped by 10 percentage points from 63.9% when he took office in December to 53.5% at the end of March.

There is, however, an alternative script, which may play out less well for Fernández. This is based on two key points. The first is that there are much more serious corruption charges likely to come down the line. One involves the Hotesur money-laundering case currently temporarily on hold as a federal court must decide which judge will handle it. A new money laundering case has been opened involving Los Sauces, another real-estate company owned by the former president's family [WR-16-13].

The second key point involves what many have called "the iron law of Peronism" – the fact that over the last 50 years all Peronist leaders who have lost an election are rapidly and unceremoniously dumped by the movement and replaced by others.

The FPV has in fact already splintered, with many deputies and senators breaking ranks (for example by supporting the government settlement with Argentina's holdout creditors). The battle for control of the Peronist movement is only just underway with internal elections scheduled for 29 May to elect a new president.

TRACKING TRENDS

CHILE-URUGUAY | FTA negotiations. On 12 April delegations from the Uruguayan and Chilean governments met in Chile's capital, Santiago, for the second rounds of negotiations on a bilateral free trade agreement (FTA). The first round was held in Montevideo, Uruguay, in February. According to Andrés Rebolledo, the director general of Chile's international economic relations directorate (Direcon) and leader of the Chilean delegation, the two sides hope to conclude negotiations by July 2016. This, as Uruguay seeks to become the first member of the Southern Common Market (Mercosur) regional trade bloc to have a differentiated trade agreement with Chile, a member of the rival Pacific Alliance trade bloc. Rebolledo revealed that the agreement being negotiated by the two countries would incorporate features of the economic complementation trade agreement that Chile has with Mercosur, which has been in effect for the last 20 years but also "incorporates new topics that will allow for the strengthening of ties". The topics reportedly covered in the Santiago negotiating round included: access to goods; rules of origin; trade in services; sanitary and phytosanitary measures; technical obstacles to trade; cooperation; environmental regulation; intellectual property; facilitation of trade; labour and gender rights. On 1 April the two countries already signed a new joint agreement on the prevention of both tax evasion and double taxation for bilateral trade and investment flows, which was said to help promote bilateral investments in particular. According to Direcon figures, total bilateral trade stood at US\$349m in 2015, of which Chilean exports to Uruguay accounted for US\$149m. While this bilateral trade figure may be small, Direcon's figures also show that Uruguay is the sixth most popular destination for Chilean capital investments, which reached a cumulative total of some US\$3.92bn in December 2014, equivalent to 3.9% of total Chilean capital investments abroad since 1990.

Daphne case arrest orders issued

On 11 April it was revealed that arrest orders had been issued for three of four young men implicated in the rape of a 16-year old girl in the state of Veracruz, more than a year earlier. The case is attracting massive attention in Mexico because the four accused – known as Los Porkys – are the sons of wealthy businessmen and politicians in the state, where Governor Javier Duarte is accused of tolerating human-rights violations, attacks on journalists, and high levels of violence against women.

Unusually for a case of this type, the names of the victim and the alleged perpetrators are known, and have been widely cited on social media. The family of the victim, Daphne Fernández, decided to go public in May 2015. Her father, Javier Fernández Gómez, said that in early January of that year Daphne, who was 16 at the time, was forced into a car by four young men, taken to a location in Boca del Río, and raped. He said the four were Enrique Capitaine Marín, Jorge Cotaita Cabrales, Diego Cruz Alonso, and Gerardo Rodríguez Acosta. Capitaine is the son of the local mayor; the other three are sons of prominent businessmen and Rotary Club members in the state.

In Javier Fernández's account, faced by his daughter's reluctance to report the matter to police and endure the associated publicity, and using the fact that both Daphne and her attackers had attended the same exclusive local school, he was able to arrange a meeting with the four and their fathers. At that meeting he demanded three conditions for not going to the police: first, that they apologise (on video as the victim did not want to be in the same room with her attackers); second, that they should keep away from his daughter and leave any public space where she might be present; and third, that they seek psychological help.

According to Javier Fernández, all present agreed to the terms but failed to keep to them, prompting Daphne and her family to report the matter to the police five months later and to take the decision to go public. Subsequent to that decision videos and recordings of the apologies began to circulate widely on social media. But the state prosecutor moved slowly. It took four months – not until September 2015 – for the alleged perpetrators to be questioned for the first time. They are reported to have denied any involvement and claimed they only apologised because Daphne's father threatened them.

In March 2016 state prosecutor Luis Ángel Bravo was asking for more time to gather evidence, and pointing out that the videos were not in themselves an admission of guilt. It was not until this week that an arrest order was finally issued for three of the four – Capitaine, Cotaita, and Cruz. News of the arrest order followed widespread reports that some or all of the accused had left the country: Capitaine to a family home in Texas and Cruz to Spain.

The case touches on a handful of highly sensitive issues in modern Mexico. One concerns very high levels of violence against women. According to the Comisión Ejecutiva de Atención a Víctimas (CEAV), unreported sexual crimes are estimated at around 1.4m per year in the country and in 80% of cases the victims are women. Another involves the impunity of the establishment and its playboy children, known as *juniors* in the Veracruz of governor Duarte. Duarte himself has denied that his state is a *juniorcracia* and insisted that justice will be done. A third key issue is the inefficiency – some would say complicity – of the justice system.

Another crime

It has also emerged that one of the four accused, Jorge Cotaita, had been allegedly involved in another incident, the hit and run death of a jogger, Jonathan Peña Yáñez, in April 2013. The dead man's brother, Hugo Calderón Yáñez, said he received death threats that had forced him to move out of town and drop the investigation into that case.

Mexico's 'sweet tax' is applauded

On 7 April the director of Pan American health Organisation (PAHO), Carissa F. Etienne, said during the opening ceremony of the continental forum on diabetes that the 10% per litre tax on sugary soft drinks implemented by Mexico in 2014 has made the country a "reference" in the region for the fight against diabetes. Etienne said that with the new tax, Mexico "managed to reduce consumption [of sugary drinks] by 6% in one year", demonstrating its "global leadership" on the matter. Etienne also recalled that diabetes is the main cause of death in Mexico, the fourth in the Americas, and the eighth globally.

MEXICO | Ford investment. On 5 April US multinational car manufacturer, Ford Motor Company, announced it would invest US\$1.6bn in the construction of a new small-car manufacturing plant in Mexico's central San Luis Potosí state. A Ford statement said the new plant, construction on which is due to start this summer, would create "2,800 direct additional jobs by 2020". The new plant is due to begin operating in 2018. The statement added that the investment was part of the company's One Ford global product and manufacturing plan adopted in 2007, which aims to improve the profitability of its small cars. The investment also marks the 91st anniversary of Ford's arrival in Mexico, where it has been producing vehicles since 1925. It follows that of some of the other leading global car manufacturers like Japan's Toyota and the US's General Motors, who have recently increased their production capacity in Mexico, seeking to exploit the advantages that the world's fourth largest car manufacturer now offers in terms of competitive production costs and infrastructure. Ford's decision was not welcomed by all in the US. Dennis Williams, the president of the US United Automobile Workers (UAW), issued a statement in which he complained that building the new plant in Mexico was "disappointing and very troubling", as it meant that the jobs would not be created in the US. "Companies continue to run to low-wage countries and import back into the United States", Williams said. Such sentiments were shared by the US Republican presidential candidate, Donald Trump, who, in his own statement, described the decision as "an absolute disgrace".

MEXICO | Shoring up economic ties with Germany, Denmark. During a 10-13 April official visit to Mexico, President Enrique Peña Nieto inked a series of bilateral cooperation agreements with Germany. Seven of the 16 agreements covered bilateral technical economic and scientific cooperation. These included the promotion of bilateral renewable energy sector investments; the promotion of sustainable housing projects; and cooperation in the development of medicines. Following the signing of the agreements, Germany's President Joachim Gauck hailed Mexico's "progressive policy climate" and "welcome[d] the plans to intensify Mexican-German cooperation in the fields of renewable energy and energy efficiency, as well as protection of natural resources". President Peña Nieto said that his visit "confirms the dynamism, scope and depth of our bilateral relations". He noted that Germany is Mexico's largest trading partner in the European Union, and Mexico's sixth largest investor, with total bilateral trade exceeding €15.75bn (US\$17.98bn) in 2015. President Peña Nieto also recalled that in June 2015 both countries launched a binational commission aiming to develop and consolidate trade, industry, tourism, education, science, innovation, culture, art, and creative industries. Peña Nieto's visit (his first to Germany) marked the start of the 'Mexico-Germany Dual Year 2016-2017' through which the two countries agreed to promote closer cultural and economic ties. After concluding his visit to Germany, Peña Nieto moved on to Denmark, where he was also due to sign economic cooperation agreements with the government led by Prime Minister Lars Løkke Rasmussen. The visit to Denmark, set to conclude on 14 April, is the first ever by a Mexican head of state.

MEXICO | Santander México signs MOU with K-sure. On 7 April Santander México, the Mexican branch of Spain's banking giant, announced that it had signed a US\$500m memorandum of understanding (MOU) with South Korea's Trade Insurance Corporation (K-sure) to "finance Korean export transactions of goods and services to the country, strengthening the growing trade relationship between both nations". The agreement was signed in the wake of the recent official visit by South Korea's President Park Geun-hye to Mexico [WR-16-13]. A Santander México statement said that the MOU would help "improve the trade relationship between both nations". South Korea is Mexico's sixth most important business partner. The two countries exchanged US\$17.448bn worth of goods in 2015. There are currently 1,700 South Korean businesses operating in Mexico in various sectors including science, technology, car industry, and energy.

Election date up in the air

“We should give Haitians the time to organise elections in the best way possible”. This remark by Luis Almagro, the secretary general of the Organization of American States (OAS), is a sign that the international community is changing tack vis-à-vis its previous insistence on Haiti’s delayed presidential and partial legislative run-off elections (scheduled for 24 April) taking place as soon as possible. Léopold Berlangier, the head of Haiti’s new provisional electoral council (CEP), which was installed on 30 March, was clear that the date – agreed under the 5 February accord inked by former president Michel Martelly (2011-2016) and the heads of congress ahead of Martelly’s departure on 7 February – would not be met. The major bone of contention is whether to set up a verification commission given the mass allegations of fraud marring the 25 October first-round elections. The move has hitherto been opposed by the international community and continues to be rejected by Martelly’s Parti Haïtien Tèt Kalé [PHTK], whose presidential candidate, Jovenel Moïse, won the first round.

In his first press conference since the new CEP was installed, Berlangier said on 5 April that it wasn’t possible to discuss an “electoral calendar” at the current “phase which we are in”. This was a reference to the challenges facing the new CEP in re-staging the electoral process which in part are financial (see *box*). The international community has so far pushed for the time frame agreed as per the 5 February deal to be respected. For example, on 29 March the US State Department issued a statement calling for a “new democratically-elected president [to be] seated as quickly as possible”. (The 5 February deal established that the new president would be installed on 14 May).

The main bone of contention – and issue which could further delay the election – concerns the creation of a verification committee to look at the 25 October first-round presidential results. An official commission (CEEI) found 92% of 1,771 tally sheets selected at random contained “serious irregularities” [WR-16-06]. International figures including US Ambassador David Pressman, the alternate representative to the United Nations (UN) for special political affairs, have so far downplayed the impact of the fraud, thereby ruling out the need for a verification commission. In remarks made to the UN Security Council last month Pressman said that “neither we nor international observation missions sent by the European Union and the Organization of American States found proof of massive and widespread fraud” in the presidential vote.

While Almagro stopped short of commenting on the need for a verification commission, Antigua & Barbuda diplomat Ronald Sanders was more forthcoming. A former chair of the OAS Permanent Council who headed up an OAS mission to Haiti in February, Sanders gave an interview with *Miami Herald*, published on 8 April, in which he described it as a “necessary evil”. While stressing that he wasn’t speaking on behalf of the OAS, he said “The verification process must take place. There is an awful lot of suspicions that there was fraud in that election process, and it would not suit any government that is elected without a verification process because there would always be that suspicion.”

Costs

In a report published on 30 March, the *Miami Herald* cited presidential spokesperson Serge Simon as saying that while he doesn’t know exactly how much of the estimated US\$70m-US\$80m elections price tag has been spent, “only 6 percent of the funding – the amount left of Haiti’s contribution – is available to stage a second round”.

New PM

In a further step forward for interim president Jocelerme Privert, who began his 120-day mandate on 14 February, Enex Jean-Charles was installed as prime minister on 28 March. The inauguration of Jean-Charles, a secretary general of the council of ministers under former PM Evans Paul (2015-2016), followed the approval by the bicameral legislature (in which Martelly’s PHTK retains a strong presence) of his government plan three days earlier. A former advisor to Martelly and figures such as former interim president Boniface Alexandre (2004-2006), Jean-Charlese was more of a concession to the political opposition than Privert’s initial choice of PM, former central bank governor Fritz-Alphonse Jean who was rejected by the legislature on 20 March. Like Privert, Jean was reportedly an ally of former president René Préval (1996-2001, 2006-2011) [WR-16-11].

Presidential re-election confirmed

The supreme court's constitutional chamber has rejected appeals against its controversial move last year to remove the ban on presidential re-election in the country. President Juan Orlando Hernández refused to be drawn, saying that now was the time to work, while the ousted former president Manuel Zelaya (2006-2009), who had said he was against the move last year, said that now the provision was in place, he would have to "think about it". Most observers expect both Hernández and Zelaya to run again in the next scheduled general election, due in late November 2017.

Police reform gets underway

The government led by President Juan Orlando Hernández has moved fast to start a new police purge and reform. The reform will take place under the eye of the new Organization of American States (OAS)-supported Mission for Support against Corruption and Impunity in Honduras (Maccih), whose first members arrived in the country this week.

On 13 April the new special commission for police reform – Comisión Especial para el proceso de Depuración y Transformación de la Policía Nacional – issued its first statement, a four point bulletin in which it first denied local media reports that pending promotions for 32 police officials had been cancelled, noting that it had only just begun its work that same day.

Secondly, it pledged to carry out a thorough examination of the national security ministry, to include auxiliary and administrative personnel and members of the national police, so as to provide "prompt and effective results" to Honduran citizens, "within clear parameters of transparency". The statement noted as part of this the commission would request relevant information about the aforementioned personnel from the higher court of accounts (TSC), the public ministry, the attorney general's office, the judiciary and the national investigative and intelligence agency. It stressed that it expected a prompt reply from these, as per the state of emergency decreed in the police force by the president last week in response to the latest grave allegations of criminality in the force.

Finally, the committee members said that they would communicate solely and exclusively via pre-approved official statements, which would be made available to local media and published on the security ministry website, as well as occasional press conferences, when necessary.

The government has yet to unveil full details of the reform process, but in a press release, the president said the process could take a year, and confirmed earlier media reports that some 1,400 PNH officers could be removed, of a total force of 12,500. As well as the purge, Hernández also said that the process of selecting and training officers would be made more rigorous. Officers may also receive more social benefits – such as housing – in an effort to prevent them from being corrupted by criminal elements. The Hernández government is also enlisting external help. According to the minister for the presidency, Reinaldo Sánchez, the national defence and security council and the G-16 group of countries and donors will discuss a roadmap for international support.

Meanwhile the first five members of the Maccih arrived in Tegucigalpa on 13 April. The five are: Juan Jiménez Mayor, special representative of the OAS secretary general Luis Almagro and the designated Maccih spokesperson; Jacobo Domínguez, coordinator of the political-electoral division; Jan Michael Simon, special advisor against corruption and impunity; Katalina Montaña, head of the section on institutional strengthening, dialogue and mediation; and another official from the OAS department of public security (whose identity was not made public, possibly for security reasons). Another official, Juan Pablo Corlazzoli, is also due shortly. He will set up the Maccih's judicial observatory, which is to help Honduran civil society and academia to observe the country's judicial system.

Among its first action lines, the Maccih, whose remit is to act in advisory capacity only, is due to review political campaign financing rules. It will also offer support to both the police reform progress and the investigation into the recent killing of the high profile environmentalist Berta Cáceres. The Cáceres family, however, has expressed doubts about the mission's lack of investigative capacity, and says it intends to seek assistance from the Inter-American human rights system, which sits alongside the OAS.

POSTSCRIPT

Quotes of the week

“If we go ahead and force [Haiti’s interim president, Jocelerme Privert to hold elections without it, an election that is not ultimately acceptable to the majority of Haitians, we are courting trouble...We are going to let a possibly fraud process deliver a government?”

Antigua & Barbuda diplomat Ronald Sanders, the former chair of the Organization of American States (OAS) Permanent Council, who led an OAS-mission to Haiti in February.

“This new political map that has been drawn clearly shows us that Peru wants reconciliation and does not want any more in-fighting.”

Keiko Fujimori, the presidential candidate of Peru’s Fuerza Popular party, who won the presidential first-round election and is due to meet Pedro Pablo Kuczynski (Peruanos por el Cambio) in the run-off.

“They were looking for the ‘K money trail’ and they found the ‘M money trail’.”

Argentina’s former president Cristina Fernández (2007-215) comments on the tax evasion allegations surrounding her successor, President Mauricio Macri, in the wake of the ‘Panama Papers’ leak, as the local courts continue to investigate her potential involvement in the so-called ‘K money trail’ money laundering case.

Colombia’s Santos talks trade and security in Central America

Colombia’s President Juan Manuel Santos conducted a three-day tour of the Northern Triangle countries of Guatemala, El Salvador, and Honduras last week based around developing cooperation in the security arena and expanding bilateral trade and investment. “Central America is very important for us, it is a fundamental strategic part of our foreign policy,” said Santos, who headed a large delegation of businessmen representing financial groups Bancolombia, Davivienda, Grupo Aval and Grupo Bolívar, Nutresa (food), Argos (cement and construction), and Empresas Públicas de Medellín (EPM), all with major investments in the sub-region.

While in both Guatemala and El Salvador, President Santos said he had sought advice on how to wind up peace accords successfully, especially from President Salvador Sánchez Cerén who, as a guerrilla commander, played a key role in the deal sealed in 1992 to end El Salvador’s bloody 12-year civil war. Santos stressed that once peace was achieved in Colombia it would benefit governments in Central America and Mexico in their fight against organised crime.

Colombia plays a major role in public security in the Northern Triangle. Its armed forces have provided training for 3,000 police officers from Guatemala, 1,400 from El Salvador, and 5,000 from Honduras over the last decade. Santos, who said Colombia was keen to enhance security cooperation, highlighted “the great synergy in combating organised crime”. While in El Salvador he also expressed support for the Sánchez Cerén administration’s “very brave and frontal assault” on the mara gangs.

Two-way trade between Colombia and the Northern Triangle countries is fairly small. Guatemala’s Foreign Minister Carlos Raúl Morales said that total trade of US\$438m in 2015 should be significantly increased, especially as only 15% of this total (US\$62m) was Guatemalan exports to Colombia. Santos pleased the government by promising to propose Guatemala as a member of the Pacific Alliance trade bloc, comprising Colombia, Peru, Chile, and Mexico. Colombian exports to El Salvador amounted to just US\$81m in 2015, with imports of just US\$13m. But El Salvador is a major destination of Colombian investment: US\$744m over the last five years, according to Sánchez Cerén, making Colombia the second largest investor in the country.

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