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Contrasting elections on Hispaniola

The island of Hispaniola is undergoing strikingly different electoral processes. In the Dominican Republic, President Danilo Medina will enjoy decisive majorities in both the senate and the chamber of deputies for his second four-year term in power until 2020. The electoral council (JCE) confirmed on 28 May that the ruling Partido de la Liberación Dominicana (PLD) has a stranglehold on power at the presidential, congressional and municipal level. There is no such one-party dominance in neighbouring Haiti where, two days later, a special commission presented a 105-page report to interim president Jocelerme Privert calling for the contested first round of presidential elections to be annulled due to widespread fraud and for fresh elections to be staged.

After two weeks of counting, and 14 bulletins, the JCE finally released the final results for the 15 May presidential, congressional and municipal elections in the Dominican Republic. President Medina finished with 61.74% of the vote to 34.98% for Luis Abinader of the main opposition Partido Revolucionario Moderno (PRM). The PLD finished with 28 of the 32 senate seats, actually down three on the last elections in 2010 but still a thumping majority. Crucially the PLD also secured a two-thirds majority in the lower chamber of congress, taking 127 of the 190 seats in alliance with the Partido Revolucionario Dominicano (PRD). The PLD also won 108 of the 158 mayoralities up for grabs.

The PLD won 50.22% of the vote alone for Medina. Allies supplied a further 11.52%, of which the PRD barely contributed half (5.86%). The PRD won just 20 seats in the chamber of deputies in alliance with the PLD, down from the 77 it won when it was the main opposition in 2010 before 32 deputies broke away to forge the PRM. The president of the PRD, Miguel Vargas, living in a parallel reality, described the result as "an overwhelming victory" saying that Medina had won the presidency thanks to the PRD, which won just one senate seat and one mayoralty.

Despite the emphatic nature of its victory overall, the PLD did suffer a few notable setbacks at a local level, foremost among which was the mayoralty of the Distrito Nacional. David Collado, who ran for the PRM and Partido Reformista Social Cristiano (PRSC), took 56.6% to just 37% for the incumbent three-time PLD mayor, Roberto Salcedo. The PRM and PRSC also won the eponymous provincial capitals of San Francisco de Macorís, La Vega, Hato Mayor and El Seibo, among 50 mayoralities secured between them.

The one similarity between the Dominican and Haitian elections was that defeated candidates were seriously critical of the electoral authorities. Abinader said he would not accept the municipal and legislative election results unless there was a manual count, not just the new electronic count used by the JCE.

Tension spilt over in the country's largest mayoralty of Santo Domingo Este, the capital of the province of Santo Domingo, forcing the government to deploy the army and the police on bridges and motorways to "preserve the peace" and to collect car tyres to prevent them from being used in protests.

Juan Hubieres, the PRM's defeated senate candidate in Santo Domingo, and Manuel Jiménez, the PRM's defeated mayoral candidate in Santo Domingo Este, joined a hunger strike with other opposition candidates denouncing alleged electoral irregularities. They are calling for the congressional and mayoral elections to be annulled here. It is a similar story in various municipalities in eight other provinces in the country. The supreme electoral tribunal (TSE) has received 80 electoral challenges to results.

Haitian elections

Meanwhile, a five-person independent commission of evaluation and verification (Cieve) in Haiti handed interim president Privert a report arguing that "fraud occurred in the whole electoral system, from the top down". The commission said "there were some liberties taken with the law with the electoral process with an array of zombie votes", adding that "the number of untraceable votes exceeded the legitimate votes acquired by politicians". The report said that the names of deceased voters appeared on the voting list and voting cards had been sold to the highest bidder. All in all it concluded that the first round results should be scrapped and fresh elections held. The report also made some recommendations related to the mayoral and legisla-

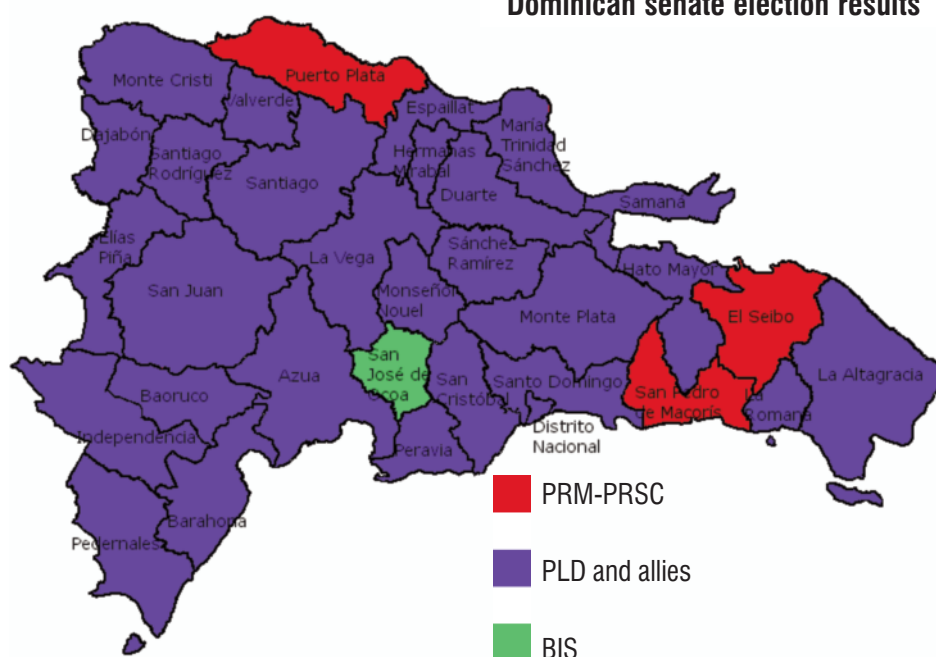
tive elections but with many more defeated candidates in these contests sure to demand a re-run as well this could create chaos.

Privert passed the report on to the reconstituted provisional electoral council (CEP), which will need to decide whether to adopt the commission's recommendation. Jovenel Moïse, the candidate of former president Michel Martelly's Parti Haïtien Tèt Kalé (PHTK), who made the thrice-postponed second-round run-off, dismissed the report saying the CEP would be exceeding its powers if it heeded the advice. But opposition candidates, including the man who finished second in the flawed first round, Jude Célestin of Ligue Alternative Pour le Progrès et l'Emancipation Haïtienne (Lapeh), criticised the report for not going far enough. He said that, as the clear beneficiary of the fraud, Moïse should be sanctioned by the CEP. The US State Department reacted to the report by urging the CEP to publish a revised electoral calendar by 6 June "establishing a date for prompt installation of the president-elect".

Composition of Dominican congress				
	Senate		Lower chamber	
	2010	2016	2010	2016
BLOQUE PROGRESISTA				
Partido de la Liberación Dominicana (PLD)	31	27	96	107
Partido Revolucionario Dominicano (PRD)		1	45	20
Bloque Institucional Social Demócrata (BIS)		1	1	1
CONVERGENCIA POR UN MEJOR PAIS				
Partido Revolucionario Moderno (PRM)		2	32*	46
Partido Reformista Social Cristiano (PRSC)		1	11	14
Others	1		5	2
Total	32	32	190	190

* Deputies elected for the PRD who left in 2014 to forge the PRM.

Dominican senate election results



All eyes on the referendum

Political tensions appear near boiling point in Venezuela with growing opposition consternation about the failure of the authorities to establish a timeline for a possible recall referendum. This has sparked a more activist approach from the international community, although the recommended course of action – fostering dialogue between the government and opposition – is unlikely to succeed.

The political situation is becoming increasingly fraught in Venezuela, centred on the opposition's efforts to convene a recall referendum against the unpopular president, Nicolás Maduro. It has now been a month since the opposition coalition Mesa de la Unidad Democrática (MUD) submitted a document to the national electoral council (CNE) with the signatures of over 1.85m people, requesting permission to begin an official petition calling for a recall referendum. The CNE only needs to verify that a minimum of 200,000 signatures are valid before giving the go-ahead for this next stage in the process, but has failed to begin validating the signatures, in what the MUD naturally views as an attempt to delay a recall referendum.

Following a series of large demonstrations on the streets of Caracas in mid-May, there have been fewer protests in the last week of the month, but the senior opposition leader Henrique Capriles Radonski stated on 30 May that a national mobilisation would get under way in the coming days if the CNE continued to drag its feet. He accused the government of only being focused on delaying the referendum process, with a view to hanging onto power. Capriles was referring to the 10 January 2017 deadline (*see sidebar*).

Time is ticking

Although over seven months would seem like ample time to organise a recall referendum, there are numerous official processes that need to be completed beforehand, and little consensus exists over the total time required, even within the CNE itself. One of the five rectors of the CNE, Luis Emilio Rondón (the only one to be associated with the opposition), met a MUD commission on 1 June and has repeated his belief that a recall referendum is possible as early as late October. However, other rectors have attacked Rondón's stance, with Tania D'Amelio alleging that his comments were irresponsible and represented personal opinion.

On 1 June, the MUD stated that it would be attending a meeting with the CNE on 2 June, which it hoped would give a more precise indication of when the authorities would rule on the validity of the signatures submitted in early May, with a view to establishing a timetable for the remainder of the process. Reflecting the deeply strained political tensions, the opposition stated that if the CNE ruled that a recall referendum would not be possible before the end of the year, "we can say that this would raise social tensions to previously unseen levels", in a veiled threat that significant nationwide unrest would be likely.

International community voices increasing concern

Concerns about the government's delaying tactics, as well as the prospect of more widespread and violent unrest, have increasingly attracted the attention of the international community. On 31 May, the secretary general of the Organization of American States (OAS), Luis Almagro, announced that he was seeking to invoke the body's Democratic Charter against Venezuela, which if upheld by the General Assembly, would result in the suspension of the country's membership. Backed by a 132-page report focusing on the

Recall referendum

If a recall referendum is held after the 10 January 2017 deadline, which marks the mid-point of Nicolás Maduro's presidential term, and the electorate vote to recall Maduro, his vice-president would simply take over. To remove Maduro and prompt early elections, in which the opposition would stand a good chance of victory, a recall referendum needs to be held before then.

Carlos Vecchio
The opposition MUD wanted to be represented by Carlos Vecchio, a co-founder of the Voluntad Popular (VP) party, to be one of its representatives, only for the government to veto his involvement on the basis that the authorities were still seeking his arrest after his involvement in protests in early 2014. Vecchio fled Venezuela after the protests and remains in exile.

erosion of democracy in Venezuela, Almagro urged an immediate meeting of the OAS Permanent Council, backed by the current chair of the Council, Argentina, to discuss the issue.

Meanwhile, the Southern Common Market (Mercosur) also began to take a firmer line towards Venezuela, with Paraguay's President Horacio Cartes requesting on 27 May that foreign ministers of member nations meet to discuss the political situation in Venezuela. Although lacking a specific Democratic Charter similar to the OAS, Mercosur passed the Ushuaia Protocol in 1998, which allows the trade body to apply sanctions to member states in the event of an interruption of democratic order. Until recently, Brazil and Argentina had proved reluctant to comment on the situation in Venezuela, but there has been a shift with new political leaderships in both countries.

However, speculation that both the OAS and Mercosur may be on the verge of suspending Venezuela has quickly been dashed. An emergency meeting of the OAS on 1 June exposed deep divisions among the 35 members, with only a handful showing firm support for Almagro's efforts to invoke the Democratic Charter. Venezuela's left-wing political allies in the region jumped to the country's defence, berating Almagro and accusing him of unwarranted interventionism. Many other member states voiced a preference for fostering dialogue, rather than sanctioning Venezuela. In some cases, this will reflect a desire to exhaust all negotiation options before taking the more extreme option of suspending Venezuela. Other member states, including recipients of Petrocaribe preferential oil terms, would prefer not to antagonise the Maduro government, fearful of jeopardising trade and investment ties.

Reflecting the fact that Almagro had insufficient backing to begin the process of suspending Venezuela, the 1 June OAS meeting concluded with an official recommendation for promoting dialogue between the government and opposition. A shift in Argentina's stance was reported as pivotal: currently chairing the OAS Permanent Council, Argentina had initially indicated that it would support Almagro's position. However, Foreign Minister Susana Malcorra has urged a softer approach in recent days, and the country ended up throwing its weight behind the joint declaration recommending further dialogue.

Successful dialogue looks unlikely

The OAS has recommended a continuation of the international mediation process that got underway in the final days of May, in the Dominican Republic, under the auspices of three former presidents (the Dominican Republic's Leonel Fernández, Panama's Martín Torrijos and Spain's José Luis Rodríguez Zapatero). However, progress will be difficult, reflecting a number of hurdles that will complicate the negotiations. Firstly, there is little agreement on who will represent both sides (*see sidebar*).

Even given such high-profile involvement from international mediators, there is little sign that either side is willing to concede ground. The opposition believes that the only reason the government is participating in negotiations is to buy it time, fearing sanctions from various international organisations if it refuses to partake in the talks. From the government's perspective, it feels little incentive to ceding to the opposition's demands, knowing full well that its primary goal is to drive the current administration from office. The two sides are diametrically opposed in policy terms, meaning there is no hope of cross-party consensus to agree on legislative bills to tackle the critical economic situation. Indeed, such deep antipathy exists that neither party reportedly spoke directly with the other side during the Dominican Republic talks, instead only exchanging messages through mediators. In this climate of distrust, it is difficult to imagine that the OAS's recommended strategy of negotiations will reap any results.

Government wrestles with widespread protests

The government led by President Juan Manuel Santos is trying to defuse protests by indigenous groups and farmers which are affecting more than half of Colombia's 32 departments, with some outbreaks of violence and major transport arteries blocked. The police said it had audio evidence that the country's second largest guerrilla group, Ejército de Liberación Nacional (ELN), was planning to infiltrate the protests. Organisers accused the police of trying to discredit legitimate demonstrations by linking them to the ELN, whose commitment to peace has been seriously questioned by the government after it kidnapped three journalists.

The 'indefinite strike', which began on 30 May, is being organised by indigenous groups and farmers to protest against what they have decried as the government's failure to deliver on promises made following a nationwide month-long protest in 2013 that resulted in 12 fatalities, 800 injuries and 600 arrests, including accords to alleviate the rural economic crisis. It is difficult to put a figure on the total number of protesters given how widespread the demonstrations are: organisers claimed some 100,000 people would take part; the police estimated that some 10,000 protesters had come out on the streets so far.

President Santos appealed to the protesters to stage peaceful marches and to refrain from erecting roadblocks. But there has already been violence and a number of major roads have been blocked. One man died in unclear circumstances after police converged on a group of indigenous protesters in an attempt to break up a roadblock outside the port city of Buenaventura in the south-western department of Valle del Cauca, and over 120 people have been injured. The Pan-American highway has also been blocked in several places. In addition to Valle del Cauca, the protests are affecting the departments of Antioquia, Boyacá, Cauca, Caquetá, Casanare, Cesar, Chocó, Cundinamarca, Huila, Meta, Nariño, Quindío, Risaralda, Santander and Norte de Santander.

The police reported that they had obtained 12 audios between 27 and 30 May confirming that the ELN would infiltrate the marches in Chocó, Nariño, Norte de Santander and the region of Magdalena Medio in Antioquia. They also claimed ELN leaders had threatened businesses and the transport sector. The Cumbre Agraria, Campesina, Étnica y Popular, an umbrella coalition of indigenous, agricultural and Afro-Colombian movements, trade unions and student groups behind the 'indefinite strike', accused the police of trying to malign the protesters.

ELN kidnapping

The ELN, already facing widespread censure for ruling out releasing all of its hostages [WR-16-17], has been pilloried by the press over the last week for the kidnapping of a prominent journalist, Salud Hernández-Mora, on 21 May as well as a reporter and cameraman for RCN Televisión, Diego D'Pablos and Carlos Melo respectively, who disappeared two days later. Although the three journalists were released unscathed on 27 May, the timing of the kidnappings further undermines the credibility of the ELN and its commitment to a peace process which is still yet to be officially launched.

In an interview with the local press shortly after her release, Hernández-Mora said she had been working in Catatumbo, Norte de Santander, when ELN guerrillas took her equipment on 20 May. She said that they had assured her that this would be returned the following day and that she would be granted an interview with an ELN commander. Hernández-Mora said that after accompanying them to carry out this 'interview' she was

ELN peace process

When asked about the prospect of a successful peace process with the ELN, Salud Hernández-Mora said: "It is complex...because it is a group that has a way of thinking that is very difficult to change. They are preconceived ideas with no real substance. It is like speaking to [Venezuela's President Nicolás] Maduro. Just try and negotiate with Maduro."

'Bronx'

According to local newspaper reports a young Bogotá resident, Jesús Ariza, was found during the operation by security operations into the 'Bronx' with a chain around his neck and his hand and feet tied, having been kidnapped two days earlier suspected by drug dealers of being an undercover policeman. Ariza claimed he had become addicted to drugs in Venezuela two years ago and was 'repatriated' to Colombia. He said he had started going to the 'Bronx' a year ago to buy drugs.

subsequently informed that she would be kept for a few days and that, while she was treated well despite being shuffled around between five different sites, she was held against her will.

Busting Bogotá's Bronx

Some 2,300 members of the police, the army and the attorney general's office moved into the so-called 'Bronx' area of central Bogotá at the weekend in an attempt to restore law and order to a notorious crime-ridden slum very close to the seat of government in the capital. Eleven drug dealers, two of them considered major players, accused of selling cocaine, cocaine paste, or 'bazuco' as it is known locally, and marijuana, were arrested.

Julián Quintana, the director of the Cuerpo Técnico de Investigación (CTI), the investigative division of the attorney general's office, said that 200 children who were being sexually exploited, 18 of them not even teenagers, had been rescued during the operation. Quintana, who said that two of his officials had been kidnapped and tortured by drug dealers in the 'Bronx' two years ago, said the CTI was also investigating three houses suspected of being 'casas de pique' (lit. 'chop-up houses') where victims are tortured and dismembered.

"We're not going to keep tolerating an independent republic of crime, where children are exploited," said the mayor of Bogotá, Enrique Peñalosa, who ordered the operation. But it is what happens next which will decide whether Peñalosa's attempt to clean up the capital is successful. Security forces moved into the 'Bronx' three years ago but with no long-term plan to transform the area the impact was short-lived. Peñalosa promised it would be different this time, with treatment, food and shelter being provided for some 1,600 homeless addicts living there, some of whom were part of a group of 500 people displaced during the raid who poured into the nearby Plaza de España, where they clashed violently with the police.

PERU | POLITICS

Mendoza enters fray behind flagging Kuczynski

Pedro Pablo Kuczynski received the unqualified support of Verónica Mendoza in the days approaching the second round of presidential elections on 5 June. Mendoza, the left-wing candidate he narrowly pipped to second place in April's first round, said she would be casting her vote for Kuczynski despite marked policy differences, especially over the economy, because it was essential to avert the threat to Peru's democracy that the election of his rival, Keiko Fujimori, would pose. Kuczynski thanked Mendoza, who participated in a massive 'No a Keiko' march in Lima on 31 May, for her support. Kuczynski's much improved but still slightly underwhelming performance in the final presidential debate two days earlier suggests he will be unable to get there on his own steam.

Mendoza would far rather have stayed out of the contest altogether but seeing Kuczynski faltering badly clearly felt compelled to set her differences aside and try to prop him up. "The dream of a more just country is threatened by Fujimorismo which stole billions from Peruvians," Mendoza said, "killed those who thought differently to them, carried out forced sterilisations of thousands of women and bought congressmen..."

Mendoza added: "Keiko is surrounded by people charged with corruption and links to drug-trafficking and doesn't care. With what moral authority would she be able to combat organised crime and drug-trafficking? I don't want my children to live in a country where corruption, drugs and violence thrive; where to lie, to steal and to kill is normal".

Mendoza's endorsement might be sufficient to overturn the lead which Fujimori has established: the latest Ipsos poll showed Fujimori slightly

Debate

Pedro Pablo Kuczynski said he was the experienced pilot the country needed to fly through severe turbulence. Keiko Fujimori countered that Peru needed someone to travel around the country on a day-to-day basis not to sit behind a desk, a reference to Kuczynski's age (at 77, he is not far off twice her age, 41).

extending her lead to six percentage points (53.1%-46.9%). Mendoza came first in seven regions in southern Peru in the first round with the backing of left-leaning voters and it is here where the largest percentage of undecided voters (some 15% nationally) resides.

Kuczynski also helped his cause by meeting members of the influential left-wing teachers' union, Sindicato Unitario de Trabajadores en la Educación del Perú (Sutep), signing a commitment to improve education and labour conditions for teachers.

Mendoza took part in the three-hour 'No a Keiko' march in central Lima, organised by youth movements and trade unions, which attracted an estimated 100,000 people. Julio Guzmán, who had surged into second place in the first round presidential race before being excluded by the electoral authorities, also took part, and pledged his support for Kuczynski. Kuczynski himself opted against joining in the march.

Presidential debate

Kuczynski was better scripted in the final presidential debate although he still lacked spontaneity in the heat of battle. When Fujimori justified her 500-day absence from congress when she was deputy between 2006 and 2011, for instance, on maternity leave for her two children, he had little comeback. Mendoza, on the other hand, swiftly tweeted, "I also gave birth while serving in congress; two weeks later I went with my daughter to work. It's outrageous that she's using her condition as a wife and a mother".

After his lacklustre performance in the first presidential debate the previous week in the northern region of Piura, however, Kuczynski showed much more fire. He said that he wanted to be president in order "to defend freedom against the lethal threat to democracy" posed by Fujimori. "You have not changed. You are the same. I am convinced that freedom is in serious peril in Peru. It is essential to preserve it," Kuczynski said reminding viewers of the debate that she had served as first lady under her father Alberto Fujimori (1990-2000), and once again pointing to the money-laundering scandal which compelled Keiko to replace Joaquín Ramírez, the secretary general of her party, Fuerza Popular (FP) last month [WR-16-20].

Kuczynski was also more incisive. He said that when he had taken over the economy ministry under Alejandro Toledo (2001-2006), some eight months after Alberto Fujimori fled the country, "state coffers were empty and some of my predecessors were in jail. There was no growth or investment; in 2006 we bequeathed an economy growing at 8%".

While Keiko accused Kuczynski of serving big business and encouraging unequal distribution of wealth, he responded that poverty had stood at 54% under the Fujimori administration, while during his time as a cabinet minister it was reduced to 38% (and now stands at 23%). Kuczynski also argued that if even a fraction of the state funds embezzled during her father's government had been ploughed into social investment it would have lifted many thousands more out of poverty.

But while Kuczynski's attacks were potent in substance, the style in which they were delivered often lacked conviction, and he will ultimately be reliant on Mendoza persuading undecided voters, and those determined to cast spoilt or blank ballots, to back him. "Freedom is imperilled, it is now or never, we have to block the path to dictatorship," Kuczynski asserted. It would have been a compelling argument coming from Mendoza, or indeed Guzmán, but Keiko was able to respond by reminding Kuczynski that he had supported her campaign against Ollanta Humala in 2011. "From love to hate in just one campaign," she said.

Textiles slowdown

The government's decision to close Enatex reflects a continued slowdown in the textiles sector. Figures from the local private-sector lobby IBCE show that over the 2005-2015 period, Bolivian textile exports fell 60% in value terms and 76.5% in volume terms, to US\$20m in 2015 (1,005 tonnes [t] in volume terms). This mainly stems from the loss of traditional markets such as the US, following the latter's decision in July 2009 not to renew trade privileges for Bolivia under the Andean Trade Promotion and Drug Eradication Act (Atpdea). This in turn was an effect of the diplomatic spat between the two countries in 2008 which was triggered by spying allegations against the then-US envoy to La Paz Philip Goldberg, which resulted in the expulsion of the US Drug Enforcement Administration (DEA) and the withdrawal of the respective ambassadors.

Morales moots another referendum

President Evo Morales has enraged critics by hinting at the possibility of holding another referendum on whether to reform the 2009 constitution to allow him to run for a third consecutive term in 2019 (under this constitution). A referendum on the issue took place in February delivering a defeat for Morales and his government (by 51.30%-48.70%). The ruling *Movimiento al Socialismo* (MAS) attributed the result to a corruption scandal implicating Morales [WR-16-08]. The MAS is using a recent report by a congressional committee tasked with investigating the allegations, which cleared Morales of any wrongdoing, to justify restaging the vote.

The scandal broke in early February when a local journalist, Carlos Valverde, revealed on a TV channel, *Activa TV*, that Gabriela Zapata Montaña, a manager at the local branch of Chinese firm CAMC, had had a relationship with President Morales which began in 2005 but ended two years later after the two had a child that subsequently died [WR-16-07]. Valverde's claims led the political opposition to accuse Morales of using his influence to get Zapata the job. It also led to more general allegations of influence-trafficking regarding the award of state contracts to CAMC, prompting Morales to ask a special commission in the MAS-controlled bicameral legislature to investigate.

After 80 days of investigations, the commission presented its report vindicating Morales on 6 May. The 71-page document found that, bar the contract awarded to CAMC for the construction of a stretch of the Montero-Bulo Bulo railroad track, which was subsequently cancelled, all of the bidding processes were in line with legislation pertaining to the award of public contracts. The commission found that there was no evidence linking Zapata, who has since been arrested and charged with illegal enrichment, money laundering and influence-trafficking, with the inking of contracts between the state and CAMC.

Weeks after the commission presented its findings, the local press reported that the MAS had announced plans to begin collecting signatures in order to hold another referendum. In an interview with national daily *El Deber*, published on 24 May, Concepción Ortiz, the MAS vice-president, said the initiative came from the suggestion of social organisations who argue that, ahead of the previous referendum, Morales' image had been "damaged...with a lie". The same day, the local media reported that organisations such as the *Federación de Mujeres Campesinas Bartolina Sisa de Cochabamba* were collecting signatures. Leonardo Loza, the leader of the Cochabamba-based coca producers' organisation, *Seis Federaciones del Trópico de Cochabamba*, also revealed that at the organisation's next congress, scheduled for 18-20 July, one of the topics up for discussion would be a possible course of action to adopt vis-à-vis requesting a new referendum.

Unions have other priority

The possibility of staging a new referendum on whether to allow President Morales to run again has not received wholehearted backing from the main workers' union, *Central Obrera Boliviana* (COB). The COB is upset with the MAS government over its decision, announced on 16 May, to close state-owned textiles company *Empresa Pública Nacional Estratégica de Textiles* (Enatex). The productive development minister, Verónica Ramos, told reporters that a new company, *Servicio Nacional Textil*, would be set up to replace Enatex, which was formed in 2012 but was running at a loss. However, she said that the new company, which would focus on areas such as promoting the adoption of information technology and innovation to boost the sector (rather than manufacturing), would only absorb 20% of Enatex's 1,000 employees.

Another minister gone, more revelations feared

To lose one minister in the first two and a half weeks of government may be regarded as a misfortune, to lose two looks like an administration in crisis. Last week, Romero Jucá, the planning minister, was forced out following the publication of secret tape recordings by Sérgio Machado, the former president of Transpetro, a subsidiary of the state oil company Petrobras. In the tapes, Jucá appeared to suggest impeachment would be a way of limiting 'Operation Car Wash'. On 29 May, the broadcast of further conversations sealed the fate of Fabiano Silveira, the minister of transparency or the equivalent of Brazil's anti-corruption czar. Transparency International, the Berlin-based NGO, and Silveira's own staff refused to work with him after it emerged he had advised Renan Calheiros, the president of the federal senate, on how to avoid the scrutiny of prosecutors.

Advisers to Michel Temer, the interim president, have reportedly raised the idea of suspending the six remaining cabinet ministers who are under investigation in 'Operation Car Wash'. As yet, however, Temer has been unwilling to act, telling allies that the government cannot be held hostage to the Petrobras corruption inquiry.

But in another turn of events likely to prove damaging for Brazil's entire political class, Marcelo Odebrecht, the CEO of the construction company of the same name, has reached a plea bargain deal with prosecutors. Odebrecht's testimony is likely to prove a "full bore machine gun" in the words of former president José Sarney (1985-1990).

Could Rousseff return?

Amid the rocky start to Temer's interim government, a number of the federal senators who voted in favour of opening the impeachment process are considering changing their minds. For Dilma Rousseff to be removed from power permanently, at least two-thirds of the senate would have to vote in favour.

Although 55 senators voted against her on 12 May (54 represents the two-thirds threshold) both senators Romário, from the Partido Socialista Brasileiro (PSB) and Acir Gurgacz, from the Partido Democrático Trabalhista (PDT) have said they now might vote to block Rousseff's impeachment. A handful of other votes are also believed to be up for grabs.

However, even Rousseff's allies believe that the chances of the suspended president returning to power and seeing out her term until the end of 2018 are slim. Instead, the idea currently circulating among supporters is that if she succeeds in blunting the impeachment vote, she could use her presidential authority to call a referendum on whether to hold new elections. While congress is extremely unlikely to approve new elections, a referendum that showed overwhelming support for such a move would be hard to dismiss.

Rousseff's party, the left-wing Partido dos Trabalhadores (PT), is divided over the idea of new elections. Internal polling by the PT suggest that the party is likely to face a bloodbath at the municipal elections in October. According to *Folha de São Paulo*, the data suggests that the party will only hang on to 7% of its mayoralties in the south-east of the country, and only 8% in its traditional stronghold, the north-east.

Neves investigated?

For the third time, Brazil's attorney general has asked the supreme court to investigate the activities of Aécio Neves, from the Partido da Social Democracia Brasileira (PSDB) at the state-run electricity company Furnas. Gilmar Mendes, the judge responsible for the investigation in the supreme court, has shelved two previous requests.

Bradesco

In a note, Bradesco denied any wrongdoing. “Bradesco will present its arguments in court through its body of lawyers. Bradesco reiterates its high standards of ethical conduct and reaffirms its confidence in the justice system,” it stated.

Cunha under pressure

It would foolhardy to predict the end of the road for the cat-like suspended speaker of the federal lower house of congress, Eduardo Cunha, but he is coming under unprecedented pressure. On 1 June the reporter on the congressional ethics committee, Marcos Rogério, said that Cunha had “lied, omitted and dissimulated” to congress over his foreign bank accounts and the source of their assets, and that there was “solid proof” that he had received benefits from the Petrobras corruption scheme.

The committee remains effectively split down the middle over whether to strip Cunha of his mandate, but the reporter’s verdict may tip the balance against the former speaker.

Bradesco president accused

On 31 May Brazil’s federal police accused Luiz Carlos Trabuco Cappi, the president of Bradesco bank, and nine others of involvement in a tax fraud case. ‘Operation Zelotes’ is a long-running police investigation into a scheme to bribe tax officials to rule in favour of businesses disputing their tax bills with Brazil’s board of tax appeals (Carf), a unit of the finance ministry.

A number of high-ranking business leaders have already been charged in connection with the investigation, including Joseph Safra, director at Banco Safra, and André Gerdau, CEO of Brazil’s biggest steelmaker Grupo Gerdau. Bradesco is Brazil’s and Latin America’s second-largest privately-owned bank; at the close of trading on 1 June, its stocks were down 5%.

At the beginning of Operation Zelotes, investigators identified 74 suspicious settlements at Carf, in 12 of which they claimed there were “strong indications” of corruption. According to those involved in the case, the claims against Bradesco are among those 12. The case is now with Brazil’s federal public ministry, an independent body of prosecutors, who must decide whether there is sufficient evidence to file formal charges.

BRAZIL | ECONOMY

Recession continues, but could the worst be over?

It is a measure of the depths to which the Brazilian economy has sunk that the best that could be said of the first quarter’s contraction was that it was not as bad as many had feared. The quarter-on-quarter fall was 0.3%, bringing the annual growth rate to -5.4%. Still, shrinkage for the quarter was relatively mild when compared to market expectation of -0.8%. The question is whether the economy is bottoming out, or whether the stimulus effect produced by the desperate last-minute spending of the Dilma Rousseff government is to thank for the better-than-expected performance.

According to Neil Shearing, the chief emerging markets economist at Capital Economics, government spending was key in explaining the smaller first-quarter contraction. The jump is “reflecting a last-ditch attempt by the Dilma administration to win back public support,” Shearing said. “But with fiscal policy now set to tighten, this prop to the economy will go.”

Production fell in all the three main economic sectors: agriculture, industry and services. Exports were a rare bright spot, however, increasing by 6.5% compared with the fourth quarter after a sharp fall in the value of the real. Michel Temer, the interim president, said on 1 June that his government would not cut spending on health and education (though future spending on them could be limited to last year’s inflation), but warned that sacrifices were needed to balance the books and restore the economy to growth.

Pacific Alliance

President Mauricio Macri will visit Colombia between 15 and 17 June to participate in economic forums in Medellín and Bogotá. But the main purpose of the trip is to hold exploratory talks with President Juan Manuel Santos about greater convergence between the Southern Common Market (Mercosur) and the Pacific Alliance trade blocs. Macri will attend the summit of the Pacific Alliance in Santiago de Chile on 30 June as an “observer”. The foreign minister, Susana Malcorra, said Macri would “work hard on a real alliance with the Pacific countries [Chile, Peru, Mexico and Colombia]” to improve transoceanic transport links to enhance trade opportunities with Asia. Fellow Mercosur members Paraguay and Uruguay are already observers of the Pacific Alliance.

According to the Goldman Sachs economist Alberto Ramos, a depression is a recession that lasts eight or more consecutive quarters in which there is a decline in real GDP of 10% or more. Brazil’s recession has now been running for two years now and has reduced the size of the state to the level of 2010, with per capita GDP declining 9%.

Last week, congress approved a massive budget deficit of R\$171bn (US\$47.5bn), over 10% of GDP, up from the R\$97bn proposed by Rousseff. This marked the first legislative success of the interim government, but it has yet to announce the details of how it intends to reduce spending.

On 1 June, the federal congress also approved, with the government’s blessing, pay rises for vast swathes of the public sector, most notably the judiciary, government administrative staff and the armed forces. Brazil spends 1.3% of its GDP on its judiciary, four times the amount spent by Germany.

ARGENTINA | POLITICS & ECONOMY

Macri tries to outflank opposition with amnesty

President Mauricio Macri is seeking to advance legislation that could simultaneously buttress his approval rating, at a time when there is criticism of fuel and energy price increases, inflation and public sector dismissals; keep his allies on side; and push the political opposition on to the back foot. Macri sent a bumper bill to the federal lower chamber of congress this week, containing a tax amnesty to encourage Argentines to repatriate billions of dollars of undeclared savings held in overseas accounts to fund a major boost to pensions. The bill also includes an incentive that is sure to appeal to governors representing the main opposition Partido Justicialista (PJ, Peronists) and, as such, help secure its passage, especially through the federal senate.

“Argentines have billions of dollars abroad – money they sent away because they did not trust in the state,” President Macri said on 27 May, inviting the public to be “part of this new era that’s beginning in Argentina”. The government led by former president Cristina Fernández (2007-2015) launched an amnesty plan in 2013 but, just two years after the imposition of strict currency controls, it met with minimal success.

Finance Minister Alfonso Prat-Gay insisted that it would be different now due to the Macri administration’s economic reforms and because Argentina had recently signed a host of information-sharing agreements with other countries “so it’s going to be very hard for Argentines...to hide money that they haven’t declared”. Prat-Gay, a fierce critic of the previous amnesty on the grounds that it would lead to an influx of funds from drug-trafficking and illicit activities, said the government’s proposal met the guidelines of the Financial Action Task Force (FATF), the inter-governmental body that develops and promotes policies to combat money-laundering.

Prat-Gay said he anticipated it being “a big deal”, but would not put a figure on how much undeclared cash, and property assets, would be repatriated. They would be taxed at rates between zero and 15% with revenue raised used to fund an increase of 40% in pension benefits. The government also wants to create a universal allowance for senior citizens, as well as fund the payment of hundreds of thousands of lawsuits related to unpaid or undervalued pensions. It claims that 2.5m people will benefit from the proposed pension reform, which it expects to cost around Ar\$130bn (US\$9.3bn).

The Bahamas
President Mauricio Macri said the US\$1.25m he is going to repatriate from The Bahamas had been deposited in Merrill Lynch accounts in Switzerland and the US and only ended up in The Bahamas after the Bank of America sold the Merrill Lynch international wealth management business to the Swiss bank Julius Baer Group. Macri's name appeared in the 'Panama Papers' in connection with a company, Fleg Trading, also registered in The Bahamas.

After allies in the ruling Cambiemos coalition expressed reservations about the bill (Elisa Carrió, the leader of Coalición Cívica, was emphatic that her party would not tolerate "impunity" for public servants), the government struck out a clause from the bill that would have permitted public-sector officials to participate in the "whitewash". This will ensure the support of allies and remove what would have been one of the main bones of contention with the opposition.

The leader of the PJ faction Frente para la Victoria (FPV, Kirchneristas) in the federal senate, Miguel Pichetto, has already come out and said that "it would be inconsistent and incoherent to oppose [the bill]". Pichetto's support, however, owes to the government's adroit inclusion within the bill of an initiative to reimburse the 15% of revenue-sharing funds withheld from the provinces by the social security fund (Anses) since 1992 to help pay federal pensions. A ruling by the supreme court last year had declared this to be unconstitutional. Provincial governors signed an accord with the interior minister, Rogelio Frigerio, on 18 May agreeing to the reimbursement of these so-called 'co-participation funds' over the course of the next five years.

Macri and Fernández

Macri sought to set an example to encourage Argentines to repatriate undeclared assets by announcing that he would bring back Ar\$18m (US\$1.25m) that he has in an offshore account in The Bahamas. Although the government insisted that these funds were all fully declared, and would therefore not have to benefit from the tax amnesty, Macri is clearly keen to nip in the bud anything that smacks of an illegitimate fortune, especially after his name recently appeared in the 'Panama Papers' (*see sidebar*).

Macri said he might use the money to buy Argentine treasury notes. By investing the money in the state he would silence criticism from the opposition and allies such as Carrió. But not Fernández. The former president lashed out at her successor this week. "Can anyone imagine what would have happened in congress if the Panama Papers had occurred on my watch and the protagonists had been my government, my family and my friends?" she asked rhetorically. "What is happening to Dilma Rousseff in Brazil would by comparison have been a "kids' film".

Fernández, the subject of a legal investigation into large-scale international money-laundering, claimed this week that she was facing "the most ferocious campaign of judicial, media and political persecution in recent memory". In a letter published on the Internet she said it was "only comparable with other presidents committed to the wellbeing of the people and the country's interests, who unfortunately were very few in number."

Macri's military makeover

President Macri made a major gesture to Argentina's armed forces while hinting at a reform of the institution during a speech celebrating national army day on 30 May. Speaking alongside the military top brass at the national military college in El Palomar, in the province of Buenos Aires, Macri announced that after 12 years in the wilderness "ignored and abandoned...causing budget, equipment and infrastructure problems", members of the armed forces would get a salary increase in line with the rest of public-sector employees (31%) in three stages, and 55% for retired members of the military. Macri said a new era had begun, "leaving behind confrontations and divisions".

Macri also called on the armed forces "to adapt to the challenges of the 21st century", such as environmental emergencies, United Nations peacekeeping and the fight against international terrorism. They already have considerable experience in the first two of these but the third would break new ground and could conflict with post-dictatorship legislation prohibiting the armed forces from involvement in internal security. This suggests Macri could be planning a reform of the military.

Relatives of disappeared get involved

Following the revelation of the existence of the Tetelcingo mass grave, human-rights organisations and groups of relatives of the disappeared from various states converged in Morelos driven by the hope that they could possibly find their loved ones. Among these was the Movimiento por la Paz con Justicia y Dignidad, the organisation formed by the poet Javier Sicilia in 2011 following the murder of his son by rogue Morelos municipal police officers colluding with local criminal organisations. Arriving at the Panteón Las Cruces site, Sicilia said that the case confirmed that the “state also has clandestine mass graves” and that this was a reflection of the serious problem that relatives faced in finding disappeared individuals.

MEXICO & NAFTA

MEXICO | POLITICS & SECURITY

Mass grave threatens to damage authorities

The discovery of a clandestine mass grave allegedly used by the authorities in Mexico’s Morelos state to hide the bodies of individuals killed in unresolved cases is once again raising some serious questions about the authorities’ commitment to upholding human rights. It is also sparking fresh suspicions about the potential direct involvement of state and/or federal government officials in these crimes, working in cahoots with local criminal organisations. This at a time when the government led by President Enrique Peña Nieto is already struggling to clear its image over its handling of other serious cases of human-rights abuses implicating government officials, such as the Iguala disappearances and the Tlatlaya killings.

The mass grave, discovered on 23 May, is located near the town of Tetelcingo in the municipality of Cuautla. On the insistence of the relatives of a murder victim that the local authorities claimed had been found there in 2014, the Morelos attorney general’s office (FGEM) admitted that since then it had been dumping unidentified and unclaimed bodies in a clandestine mass grave site known as Panteón Las Cruces. The relatives of Oliver Wenceslao Navarrete, who was kidnapped in 2013, have harboured suspicions about his fate ever since the FGEM told them that his body had been found buried in Panteón Las Cruces.

Navarrete’s relatives accused the local authorities of “illegally” burying his body in a bid to close his case. These accusations sparked speculation that Morelos government officials may have been involved in his abduction and murder and sought to dispose of his body to cover this up. Navarrete’s relatives campaigned not only for his body to be re-examined by investigators but also for the FGEM to excavate the Panteón Las Cruces site thoroughly. The campaign, which was backed by various local human rights groups, eventually forced the FGEM to agree. Other unidentified bodies were soon unearthed from the site and as the tally rose the federal attorney general’s office (PGR) and the national security commission (CNS) became involved in the forensic exhumation and body identification process.

Since then the PGR has said that it believes that some 116 bodies are contained in the grave and that so far some 68 of them had been recovered and are in the process of being identified by forensic scientists from the Universidad Autónoma del Estado de Morelos (Uaem). The excavation has thus attracted national and international attention, amid speculation that among some of the bodies found in Tetelcingo could be those of some of the thousands of people that have ‘disappeared’ in Mexico in recent years (*see sidebar*).

Keenly aware of the negative image that the Iguala and Tlatlaya cases – in which the security forces and local government officials have been heavily implicated – have earned Mexico in the international community, the federal authorities are treating the case very seriously. Not only has the PGR taken on the case but the federal government also invited observers from the United Nations (UN) to oversee the excavations. Indeed, on 30 May, the federal interior minister, Miguel Angel Osorio Chong, visited the site and announced the arrival of four observers from the Office of the UN High Commissioner for Human Rights (OHCHR).

But that the Mexican authorities remain under pressure to fully clear up what is feared to be another case of gross human-rights violations implicating government officials was evident by the pointed questions faced by Osorio Chong at the impromptu press conference he gave at Panteón Las Cruces. Osorio Chong was asked if there was any indication that govern-

Veracruz polls

According to a Veracruz gubernatorial election poll published on 1 June by the national daily *El Universal*, there is not a two-way but a three-way tie in the race. Héctor Yunes Landa and Miguel Yunes Linares have been in a technical tie at the top of the polls for weeks. However, the latest survey found that amid the corruption allegations exchanged by the two cousins, there appears to have been a significant surge in support for Cuitláhuac García Jiménez, the candidate of the radical left-wing opposition Movimiento Regeneración Nacional (Morena). The poll gives both Yunes Landa and Yunes Linares 31% of voting intentions, while García, who previously enjoyed 20% support, now has 32%. Yet 51% said they could still change their vote.

ment officials may be directly implicated in the killing of some of the people whose bodies were dumped in the mass grave. He rejected this, stating that the investigations had thrown up no evidence to suggest this so far. Insisting that the investigations would be exhaustive and transparent, Osorio Chong stated that "If any officials are found to be responsible, we will report it, there is nothing to hide but let the investigations continue".

Osorio Chong said that the presence of the OHCHR observers was a reflection of the Mexican authorities' commitment to transparency in the investigations. However, given recent precedents it is likely that the investigations could throw up damning evidence against the local, state and possibly even federal authorities. What is more, Navarrete's relatives have told the local press that when FGEM officials told them about the existence of Pateón Las Cruces, they said that the use of such clandestine mass graves was common practice among the attorney general's office in many states.

Political violence erupts in Veracruz

With just days to go before the 5 June gubernatorial, state legislative and local elections due in 14 of Mexico's 32 states, political violence broke out in Veracruz on 31 May. Veracruz is the most populous of all the states holding elections and has become a key political battleground for the country's three main parties – the nationally ruling Partido Revolucionario Institucional (PRI), the right-wing opposition Partido Acción Nacional (PAN) and the left-wing opposition Partido de la Revolución Democrática (PRD). Indeed, this is one of the states in which the PAN and the PRD have agreed to forge an electoral alliance to try to unseat the PRI and polls suggest that the race for the governorship between the PAN-PRD candidate, Miguel Angel Yunes Linares, and his cousin, Héctor Yunes Landa, who is standing for the PRI, is close, giving the opposition a chance to take the state (*see sidebar*). But this has ensured that the campaigning has been intense and at times vicious, which appears to have sparked the violence. This broke out in the municipality of Mixtla de Altamirano, when a group of some 60 PAN sympathisers tried to stop the local PRI state deputy candidate, Tomás López Landero, from holding a rally there. The PAN sympathisers attacked López and his entourage with rocks and sticks. Two people were seriously injured and a few vehicles were torched before the police broke up the melee, according to official reports.

TRACKING TRENDS

MEXICO | EU trade deal. On 30 May Mexico and the European Union (EU) announced that they had agreed to open negotiations to update the trade chapter of their bilateral Association Agreement (which also includes political and cooperation chapters) starting in June. The Mexico-EU trade accord has been in place since 2000 but for the past few years Mexico has expressed an interest in updating the agreement to expand its access to the European market, particularly in the service sector, and to be able to take part in public tender processes. This interest has been reciprocated by the EU.

Mexico's economy minister, Ildefonso Guajardo, said that during an 18 April meeting with EU Trade Commissioner Cecilia Malmström, the two sides had agreed that an updated agreement must include new chapters to benefit small and medium-sized enterprises (SMEs), the promotion of sustainable economic development, and an increase in environmental responsibility for both parties. In addition, both sides have also agreed to discuss the creation of a bilateral court of arbitration to settle investment disputes (a key EU demand).

Guajardo, who was in Brussels visiting Malmström, said that he will head up a trade mission to Brussels on 13-14 June, when the first round of negotiations are to be held. According to Mexican government figures, Mexico-EU trade has tripled to reach €53bn (US\$59bn) last year since the signing of the original Association Agreement, and the EU is now Mexico's third largest trading partner accounting for 8% of total foreign trade. Meanwhile EU investments in Mexico reached €119bn (US\$132.6bn) in 2014, making it the second largest source of foreign direct investment (FDI) into Mexico.

Varela faces familiar unrest**Barro Blanco project**

The decision taken in February 2015 to suspend the Barro Blanco project was based on the following arguments: the lack of agreements reached with the communities affected; the lack of an archaeological management plan; the dumping of materials in the river and sedimentation without the application of management standards; the extraction of materials without environmental impact studies; and the cutting of vegetation without permission or the corresponding environmental compensation.

President Juan Carlos Varela is facing fresh protests following the announcement by the public services agency (Asep) of plans to start filling the 'Barro Blanco' hydroelectric dam project, which lies within the Ngäbe Buglé comarca (indigenous political administrative region). Protests against the controversial project proved deadly in 2012 under the previous government and Varela's February 2015 decision to suspend it (at which point it was 95% complete), for failing to meet the requirements of its environmental impact assessment (EIA), was well received by indigenous and environmental groups alike [WR-15-08]. With both sides in talks since August 2015, Asep's 22 May announcement regarding the process of filling the dam – which it claims will take place between 24 May and 3 August and is necessary to determine how it will link to the national electricity system – has triggered fresh suspicion regarding the government's intentions.

The Barro Blanco project, which began in 2011 and was being carried out by local firm Generadora del Istmo S.A. (Genisa), was expected to add 28.84MW of installed electricity production capacity to Panama's grid. However, the Ngäbe Buglé complained that they had not given their consent for the project, which will flood part of their lands, including sacred sites, and create problems for their farming and in February 2015, the project was suspended. In late August 2015, the environment ministry imposed US\$775,200 in fines on Genisa for non-compliance with the EIA, one of the grounds being the failure to "negotiate with, relocate and compensate those affected by the hydroelectric project" and the violation of the social and cultural rights of the affected Ngäbe Buglé people.

As regards the latest source of unrest, Asep claims that the intention of filling the dam was "duly communicated to traditional authorities of the Ngäbe Buglé as well as communities in the surrounding areas". A recent Asep press release also cites the Varela government as reiterating that the dam will neither begin operating nor be definitively filled until agreements of the technical negotiating table established in August 2015 are met. These claims were also reportedly echoed by a high-level government delegation sent to the area on 23 May to talk to the groups affected. This included Interior Minister Milton Henríquez; Labour Minister Luis Ernesto Carles; Asep administrator Roberto Meana; and José Donderis, director of the national civil protection system (Sinaproc).

Local indigenous groups such as the Movimiento Indígena 10 de Abril and the Mama Tadtá Church deny that they were informed of Asep's intentions and remain sceptical of the government's promises. On 25 May police evicted protesters from the Mama Tadtá Church, who took to the streets in the Gualaquita area, in Chiriquí Grande city, Bocas del Toro province, while another group of indigenous protesters closed one of Panama City's main roads, Vía España, staging demos outside Asep's offices. The cause has also been taken up by students from Panama's state university, Universidad de Panamá (UP) – a handful of whom were arrested on 25 May while blocking the Transistmica highway, a major Panama City artery, in support of the indigenous protests.

With no sign of an agreement in sight, human-rights groups and the national ombudsman's office are on the alert. In a 24 May press release recalling the need to "respect" the accords already struck, the ombudsman's office announced it had deployed officials the previous day from its regional offices of San Félix and David, Chiriquí province, to monitor the process of filling the dam.

POSTSCRIPT

Quotes of the week

“Never in 200 years of the Republic has a political party asked for intervention in its own country.”

Venezuela's President Nicolás Maduro blames the opposition MUD for the move by the OAS secretary general, Luis Almagro, to have the country suspended from the body.

“I'm going to vote against Mrs Fujimori...to cast a blank or spoilt ballot favours Keiko during the final vote count. For that reason, to block Fujimorismo there is no alternative but to vote for PPK [Pedro Pablo Kuczynski].”

Peru's presidential candidate Verónica Mendoza, who came third in the first round.

“The most difficult thing is escaping from the populism and fantasy [of the previous government], from the enormous lie of telling people that they could live like this forever.”

Argentina's Vice-President Gabriela Michetti on the first six months in power.

El Salvador's congress agrees on security funding

El Salvador's legislative assembly has unanimously approved the emission of US\$152m of bonds to finance the government's extraordinary security measures against the *mara* street gangs. The funds were approved after weeks of wrangling between the ruling left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) and the main right-wing opposition Alianza Republicana Nacionalista (Arena). Arena eventually agreed to approve the bond issuance but only on condition that mechanisms are put in place to make the use of the funds more transparent.

Of the US\$152m total, US\$43.5m will be spent on constructing three temporary detention centres for inmates not considered dangerous in order to reduce prison overcrowding, and to enhance security at jails holding *mara* gang members. A further US\$43.7m will go towards purchasing weaponry, as well as drones, to equip the new 1,000-strong special reaction force (Feres) taking the fight to the gangs, as well as the creation of a fund for “police officers killed in the line of duty”.

The armed forces will receive an additional US\$19.95m to fund operations by some 6,300 members participating in street patrols and 1,000 new reservists, as well as a fund for relatives of deceased servicemen. Finally, the sum of US\$37.3m will be allocated to finance the pensions of retired military officers and US\$7.5m to bolster the attorney general's office. Separately, the Central American Bank for Economic Integration (Cabei) signed off on a US\$100m loan for El Salvador's government for citizen security, specifically bolstering the capabilities of the police.

President Salvador Sánchez Cerén thanked the legislative assembly for approving the bond issuance on his weekend media broadcast ‘Gobernando con la Gente’ in Ciudad Arce in the north-western department of La Libertad. But there was plenty of bad blood. In a minatory statement shortly before the vote, the government spokesman, Eugenio Chicas, had said that Arena would be responsible for any resurgence in violence if it failed to approve the bond issuance. Arena deputies eventually agreed to do so but they ensured that the national security council (CNSCC) would have to undergo external auditing, and extracted a commitment from the government that the funds would not be able to be transferred to any project other than those specified.

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