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CONTENTS

LEADER	1
Brazil gets Zika fillip on eve of Olympics	
ANDEAN COUNTRIES	
PERU	3
Fujimori pardon request dominates transition	
VENEZUELA	4
Informants in nephews' case murdered	
TRACKING TRENDS	
BRAZIL & SOUTHERN CONE	
BRAZIL	6
Lula and Dilma will not attend opening ceremony	
BRAZIL	7
Impeachment, elections, Olympics put Brazil on pause	
BRAZIL	8
Tentative signs Brazil is bottoming out	
PARAGUAY	9
Preparing to defend Petropar from international lawsuit	
TRACKING TRENDS	
MEXICO & NAFTA	
MEXICO	11
Obama seeks to buoy Peña Nieto's spirits	
MEXICO	12
Mayoral murders raise security concerns	
CENTRAL AMERICA & CARIBBEAN	
GUATEMALA	13
Morales faces protests and high-level resignations	
TRACKING TRENDS	
CUBA	15
Fariñas stages fresh hunger strike	
POSTSCRIPT	16
Argentine trade unions moot convergence to challenge Macri	
Quotes of the week	

Brazil gets Zika fillip on eve of Olympics

Brazil received a belated boost ahead of the country's staging of the Olympic Games with three separate developments in the space of two days reducing concern about the impact of the Zika virus on visitors and indeed participating athletes. Firstly, health authorities in Colombia announced the end of the Zika epidemic in the country: the number of people infected with the virus and the number of cases of congenital microcephaly, in which the foetal brain fails to develop normally, believed to be linked to Zika, were down significantly on original predictions, suggesting it is not as serious a global health threat as first thought. This announcement coincided with the release of two separate articles in prestigious international science journals, which found that the threat posed by Zika to visitors was very low and that the suspected link between Zika and microcephaly was far from clear-cut.

Colombia's deputy health minister, Fernando Ruiz, announced the end of the epidemic phase of Zika on 25 July, and the start of the endemic phase of the virus. Ruiz said that while the virus would continue circulating, which could lead to fresh outbreaks, the number of new cases would progressively decline. "At the peak of the epidemic in the first week of February this year there were 6,312 cases of the virus, including 1,644 cases of pregnant women suspected of having contracted the virus," Ruiz said. "At the moment, between 600 and 700 cases are being reported per week; a very clear reduction." He added that Zika was only expanding in seven of the 900 municipalities in Colombia beneath 2,200 metres (26m people, 60% of the population, live below this altitude and are at risk of contracting Zika) while it had stabilised elsewhere.

Ruiz said that "the impact was really less [than expected] even if you take into account underreporting." He said that at the end of the "expansive stage" there have been 99,721 reported cases of Zika "a much lower figure than initially estimated, of between 450,000 and 600,000 cases". Colombia's health ministry led the way last January in urging women to delay pregnancies for between six to eight months but it has now lifted this recommendation based on findings made by the national health institute (INS) which closely monitored the 17,730 reported cases of Zika involving pregnant women. Ruiz urged pregnant women to take all necessary precautions but stressed that "we can restore some calm to the country".

Zika link to birth defects

Martha Ospina, director of the INS, said that 12,587 of the pregnant women who had contracted Zika had given birth. A total of 256 of the newborns suffered congenital defects, including microcephaly. Of these, 75 had nothing to do with Zika; 160 are still being evaluated; and 21 are thought to be linked to the virus. Ruiz said that the government had predicted 700 cases of microcephaly linked to Zika but has now revised this figure down to between 100 and 300.

Venezuela

In stark contrast to Colombia, the Venezuelan health ministry has not released any figures related to reported cases of Zika or its possible links to microcephaly. Unofficial figures released by the Sociedad Venezolana de Salud Pública and the NGO Red Defendamos la Epidemiología Nacional earlier this year claimed that between July 2015 and February 2016 there were more than 500,000 cases of Zika in Venezuela. In the absence of any concrete figures it is difficult to draw any conclusions but the food and medicine shortages in the midst of the present economic crisis, for instance, could be contributing to higher rates of Zika in the country.

Colombia's health ministry also reported that there have been 350 cases of Guillain-Barré syndrome (GBS), a rapid-onset muscle weakness as a result of damage to the peripheral nervous system also associated with Zika, in the country in the first seven months of the year. This is higher than normal (350 is the customary annual figure in Colombia) but again lower than predicted.

Figures released earlier this month by El Salvador's health ministry, which last January advised couples to avoid conceiving children for two years, are also revealing. El Salvador has more reported cases of Zika than any country in the region after Brazil and Colombia: 10,700 to July. Of this total 308 are pregnant women, of which 118 have given birth to babies without birth defects. There have been 48 cases of microcephaly detected this year in babies but only two of these have been linked to Zika, one of which was born on 8 July. El Salvador's health minister, Violeta Menjívar, boldly asserted earlier this month that "more than 91% of Zika will not lead to microcephaly".

The findings on microcephaly so far seem to tally with those published in the international journal of science *Nature* on 25 July. *Nature* reported that of the 1,700 cases of microcephaly related to Zika-infected mothers in Brazil reported since last November, nearly 90% were concentrated in a confined area in the north-east of the country. It was thought that there would be a surge of cases elsewhere in Brazil as Zika spread but this has not occurred; there have been only three cases confirmed in the contiguous state of Minas Gerais, for instance. Maria de Fátima Marinho, the director of information and health analysis at Brazil's health ministry, told *Nature* that "we suspect that something more than Zika virus is causing the high intensity and severity of cases [of microcephaly]" in the north-east.

Brazilian government researchers will now work with the London School of Hygiene & Tropical Medicine and the Institute for Health Metrics and Evaluation in Seattle, Washington, to investigate the high number of cases of microcephaly in the north-east. It will look into a possible correlation, for instance, between "low vaccination rates for yellow fever and microcephaly clusters". Marinho suggested that there could be environmental, nutritional or socio-economic factors at play; the majority of women giving birth to microcephalic babies in the north-east of Brazil have been young, single, black and poor, living in relative squalor.

In this context, it is interesting to note that Ecuador's health ministry confirmed on 26 July that there had been a total of 1,339 reported cases of Zika, with the vast majority of these (1,107) in the northern coastal province of Manabí, which was most affected by the devastating earthquake that struck last April, resulting in poor sanitary conditions and some 30,000 people being lodged in temporary shelters. Of the reported cases of Zika, 108 involve pregnant women of whom 10 have so far given birth. There have been no recorded birth defects.

Minimal risk to visitors

The final boost to Brazil ahead of the Olympics, suggesting that their legacy will not be a global surge in Zika, came in the form of a study published in the US science journal *Annals of Internal Medicine* on 26 July. This study, carried out by researchers from the Yale School of Public Health, revealed that between just three and 37 people out of a projected 350,000 to 500,000 visiting Brazil for the Olympics would return home with Zika.

Providing "worst-case estimates of travel-associated [Zika] risk by assuming that visitors encounter the same infectious exposures as local residents" the study found that "an individual traveller's probability of acquiring infection in Rio de Janeiro ranges from 1 in 56,300 to 1 in 6,200".

Fujimori pardon request dominates transition

In the final days of the government led by President Ollanta Humala, imprisoned former president Alberto Fujimori (1990-2000) presented a request for a pardon. The timing of the request prompted speculation that Fujimori was seeking to blackmail Humala, who, nonetheless, rejected it. President-elect Pedro Pablo Kuczynski, conscious of majority public opposition to a pardon, and a split within the Fujimorista Fuerza Popular (FP) over its advisability, followed Humala's lead but stressed that he would look favourably on an alternative proposal that would allow Fujimori to serve out his sentence under house arrest.

Fujimori first requested a pardon in 2013. Humala denied the request, partly out of conviction and partly on the grounds that Fujimori's medical records indicated that his health had not deteriorated sufficiently to justify it. Humala emphatically rejected Fujimori's second request for a pardon, made on 22 July, just six days before Kuczynski takes office. It is not entirely clear what motivated Fujimori to seek a pardon at this point but, coming so late in Humala's term, the local media conjectured that it could be blackmail: grant the pardon and avoid the FP using its new congressional majority to investigate possible corruption within the Humala administration, and pursue his wife, First Lady Nadine Heredia, with vigour. The FP will have 73 of the 130 deputies in congress and the presidency will be held by Luz Salgado, who was elected to the position this week for the next five years.

By rejecting the request for a pardon again, Humala took a principled stance. Time will tell how politically risky it might be. But it is important to note that while the FP is a coherent bloc it is divided over certain matters, and there is not unanimous support for pursuing a pardon for Fujimori. FP deputy Rolando Reátegui distanced the party from the request, insisting that it was a family matter that had come as "a surprise". Fujimori's release would undermine the authority of his daughter Keiko as leader of the movement (already damaged by her second straight defeat in presidential elections), and strengthen the bid of her brother Kenji to supplant her.

Kuczynski responded to Humala's decision by saying he would be "highly unlikely" to approve a pardon for Fujimori. Instead he said that if the FP used its congressional dominance to approve a law allowing sick and elderly prisoners, under certain conditions, to serve out the rest of their sentence under house arrest, he would be perfectly content to promulgate it. But there is no shortage of FP deputies reluctant to pursue this course as such a law would be seen as entirely self-serving and risk antagonising a considerable part of the electorate.

Kuczynski's "social revolution"

President-elect Kuczynski said this week that his big challenge would be to undertake a "social revolution". Kuczynski said it was necessary to "improve agriculture, because poverty is in rural areas and governments have done little for these, except the present one". He promised to unlock investment that would boost economic growth and "generate resources to invest in drinking water, sanitation, schools and health". He also downplayed the threat of social conflicts over big mining investment projects, which have dogged the Humala administration. But more than 70% of the conflicts reported to the ombudsman's office every month have a socio-environmental root; in July 60% were linked to mining and 16% to hydrocarbons projects.

**Kuczynski on
Venezuela**

President-elect Kuczynski made clear this week that his government's foreign policy would be based on two principles: friendly and cordial relations with the world; and defence of democratic principles. "This applies in the case of Venezuela where the opposition has been put in control of the national assembly and has ended up in a conflict with political prisoners," Kuczynski said. He stressed that while his government would not interfere in the affairs of other countries, in Venezuela "there is violation of civil, human and basic liberties".

To the fields

Opposition bloggers raised concerns about a new labour ministry resolution (no. 9855), published in the daily gazette on 22 July, which appears to oblige all companies, public and private, to facilitate all physically able and/or sector-knowledgeable workers for the “productive relaunch of the agri-food sector”. As per the resolution, workers would be “temporarily inserted” into relevant areas. The aim of the resolution is unclear, and the labour ministry has not elaborated, but government critics immediately drew comparisons with Myanmar, Qatar, and, more dramatically, Cambodia under the Khmer Rouge regime. Others noted that the International Labour Organization strictly prohibits forced labour.

Informants in nephews’ case murdered

At least two Honduran informants of the US Drug Enforcement Administration (DEA) linked to the drug trafficking case against Efraín Campo Flores and Franqui Francisco Flores, nephews of the Venezuelan First Lady Cilia Flores, were murdered after the pair were arrested late last year, Honduran media sources report.

Citing newly released documents from the ongoing US court case against the two Venezuelans, along with interview testimony from local relatives of the deceased, the Honduran newspaper *El Tiempo* reported on 27 July that one informant, known as CW-1, had been murdered on or around 4 December, just weeks after the pair were arrested on 10 November 2015 in Haiti, with another DEA informant subsequently also killed inside Venezuela. CW-1, according to the report, was a wheelchair-bound Honduran drug-trafficker-turned-informant, who was hoping to secure a US plea bargain in return for cooperation with the DEA. Apparently, CW-1 first told the DEA in early October 2015 that he had been contacted by the two Venezuelans, and the case against the pair rested heavily on his testimony.

According to the court documents cited by the daily, CW-1 later met the two in San Pedro Sula (Honduras) to arrange the deal, involving the transport of some 800 kilos of pure cocaine provided by the guerrilla group Fuerzas Armadas Revolucionarias de Colombia (Farc) to the Venezuelan ‘Cartel de los Soles’ (allegedly linked to the Venezuelan military). The drugs were to be shipped from the main ‘Simón Bolívar’ international airport in Maiquetía, Caracas, to the ‘Juan Manuel Gálvez’ international airport in Honduras and onto the US. CW-1 was going to receive US\$900,000 for his role in facilitating the deal. “He was ordered killed from Venezuela,” a source involved in the case told the Honduran daily.

According to the released court documents, the two Venezuelans, aged 29 and 30, confessed to the charges. However, according to a motion to suppress filed on 1 July by their defence lawyers, the confessions were coerced by DEA agents and should be thrown out. The motion argues that the two thought they were being kidnapped. It also says that they “didn’t understand English or the US judicial system and didn’t realize the implications of signing Spanish-language Miranda waivers or conversing with DEA agents during a flight from Haiti to New York”. Venezuelan officials have accused the US of kidnapping innocent civilians as part of efforts to destabilise the government led by President Nicolás Maduro.

New twist to recall referendum saga

Venezuela’s national electoral council (CNE) has delayed until 1 August the release of its official report on the validation of signatures submitted by the opposition on 2 May in petition of a presidential recall referendum. The sole independent CNE rector, Luis Emilio Rondón, has confirmed that the CNE’s political participation and financing commission (Copafi) approved unanimously a validation report sent to it by the CNE board of rectors. The board now has to sign off on that Copafi approval, which it will “consider” on 1 August.

Meanwhile, the ruling Partido Socialista Unido de Venezuela (PSUV) has asked the CNE to strip the main opposition Mesa de la Unidad Democrática (MUD) of its political status for fraud in the signature collection. It says some 11,000 petition signatures were fraudulent, including the names of dead voters and children. The PSUV has lodged a complaint with the supreme court (TSJ).

The moderate MUD leader Henrique Capriles Radonski insists that there is still time to organise a referendum before 10 January 2017, the critical date after which a recall vote would no longer oblige fresh elections. However, the CNE’s delaying tactics are narrowing the window of opportunity.

Peru holds world's largest silver and gold reserves

Peru's future economic prospects were bolstered by the release of the 'Mining Yearbook 2015' by the energy & mines ministry (MEM) on 26 July. According to the report, Peru has the largest quantity of gold, silver, lead, and zinc reserves in Latin America, while it holds second place in terms of copper and molybdenum reserves. The report also notes that, based on a 2016 US Geological Survey Report, Peru's silver reserves are the largest in the world, representing 24.5% of the global total. Similarly, Peru also had the world's largest gold reserves, accounting for 4.6% of the global total.

REGION | Tax rates. Companies based in Colombia pay some of the highest corporate income tax compared to other countries in Latin America, according to a recent report released by the international law firm Baker & McKenzie on 18 July.

The report compared corporate tax rates in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela. It highlights that, in 2016, Colombia's final corporate tax rate was 40% (this final rate is composed of an income tax component of 25%, a 9% surcharge known as the 'special contribution for equity' [Cree], and an additional transitory tax of 6%). Moreover this is set to increase to 42% in 2017 and to 43% in 2018 under Colombia's 2014 tax reform.

The report shows that this puts Colombia well ahead of the other countries studied with Argentina having the second highest corporate tax rate of 35%, followed by Venezuela (34%), Mexico (30%), Peru (28%), Chile (24%), and Brazil (15%). Despite the comparatively high tax burden placed on Colombia-based corporations, Colombia's tax base is still low in comparison to that of members of the Organisation for Economic Co-operation and Development (OECD). In fact, the OECD – which Colombia is in the final stages of joining – has estimated that Colombia's current tax system is unable to raise sufficient funds for necessary investment in infrastructure, education, and the social security net, which will be necessary following the signing of a full peace deal between the government and the Fuerzas Armadas Revolucionarias de Colombia (Farc). Indeed the Colombian government led by President Juan Manuel Santos has already mooted carrying out a new tax reform this year to address this issue.

Yet another tax that Colombia could look at increasing in order to boost tax revenues is its value added tax (VAT) rate. Another study by the economy and business development institute (Iledep) at the Lima chamber of commerce, released on 19 July, found that along with Mexico, Colombia has the lowest VAT rate of all the Pacific Alliance member countries. According to the Iledep report, Chile has the highest VAT rate in the Pacific alliance (19%) and third highest in the Latin America and Caribbean region (along with Brazil), followed by Peru (18%, fourth highest in the region along with Barbados and the Dominican Republic). Meanwhile the VAT rate in Colombia and Mexico is a lower 16%, which is close to the regional average of 15.2%. The VAT rate in Colombia and Mexico is still below the OECD average of 19.2%.

ECUADOR | Bond issue. On 25 July Ecuador's finance ministry announced that it had successfully placed US\$1bn worth of sovereign bonds in international markets. A ministerial statement said that the funds would help it to finance planned investments in this year's national budget, as well as help Ecuador "to diversify sources of financing to allow for investment and the promotion of national development".

The statement added that the bonds were placed in the US with a maturity date of March 2022 and at a yield of 10.75%. According to the finance ministry, the bonds were picked up by various international investors who "confirmed their confidence in the country".

The issue comes as Ecuador finds itself in economic recession as a result of persistently low international oil prices, and the dollarised economy continues to struggle with the appreciation of the US dollar, as well as the effects of the devastating earthquake that struck Ecuador's northern coastal regions last April, producing significant material damage in excess of US\$3bn.

PERU | FTA with Honduras ratified. On 25 July Peru's national congress ratified the free trade agreement (FTA) signed with Honduras in May 2015. Peru's foreign trade & tourism minister, Magali Silva, hailed the ratification, saying that Honduras provides an attractive market for small and medium-sized Peruvian producers and will benefit products including asparagus, mandarins, artichokes, quinoa, and pineapples.

Silva noted that it will now be up to the new government of President-elect Pedro Pablo Kuczynski, who assumes the presidency on 28 July, to coordinate the date when the agreement takes full effect, after which 81% of Peruvian exports will immediately gain tariff-free entry to Honduras.

Lula and Dilma will not attend opening ceremony

Neither former president Lula da Silva (2003-2011) nor suspended president Dilma Rousseff will attend the opening ceremony of the Olympic Games on 5 August. Despite earlier referring to herself as the “mother” and Lula as the “father” of Rio de Janeiro’s turn to host the global sporting event, an adviser to Rousseff told the press this week that she would no longer attend. The comment came soon after Rousseff told an international radio station that she would not accept a “secondary” position at the Olympics. Any disappointment that Rousseff or Lula may feel must be tempered by the knowledge that if anything now goes wrong, particularly as regards security, blame will be laid squarely at the feet of the interim president, Michel Temer.

Organisers of the opening ceremony have promised an “astonishing show” despite the fact that the budget will be a tenth of that in London 2012. Apparently, the key difference from previous ceremonies will be the active participation of the audience, which was largely missing from the London and Beijing ceremonies. After the parade of athletes come the speeches, and responsibility for officially declaring the Games open at the end of the night will fall on Temer. According to advisers he is planning just a 10-second speech. But as some media commentators have noted, 10 seconds is long enough for a round of boos.

Rousseff was roundly booed at the opening of the World Cup, although the crowds were largely drawn from Brazil’s upper-middle classes, who played a key role in the protest movements that helped drive the impeachment process against her. Given the high cost of tickets, much the same crowd is likely to be present for the opening ceremony of the Olympics. Although Temer is far from popular, he is unlikely to draw the same level of ire as Rousseff from the same type of crowd.

While mass protests appear unlikely during the Games, there is the distinct possibility of smaller, well-targeted acts by certain groups. Earlier this month, a small group of police officers unfurled a banner stating ‘Welcome to Hell’ at Rio’s Galeão international airport, drawing the question of their unpaid salaries to the attention of the global media. Earlier this week, staff from Rio’s main cancer hospital, Inca, succeeded in shutting down the city’s brand new tram for a few hours, as they positioned themselves across the tracks to voice their complaints about salaries and conditions. Rio’s security forces will need their customary heavy-handed response in order to avoid such protests from spreading.

Athletes Village

It is an established ritual of the international media to focus on unresolved issues ahead of the Olympics. So far this week, the main questions have been over the readiness of the athletes’ village, the collection of 31 condominiums where all the competitors will be housed during the Games.

On 24 July, the head of the Australian team, Kitty Chiller, complained that the apartments were “uninhabitable” with exposed wiring and leaking pipes presenting a threat to the safety of her team. Eduardo Paes, Rio’s exuberant mayor, responded by offering to install a kangaroo in the apartment building, to which he received the rather chilly reply that the team did not need kangaroos, but plumbers.

Pilot missing

A navy fighter pilot remains missing off the coast of Rio de Janeiro following the collision of two AF-1 Skyhawk jets in an Olympics security training exercise on 26 July. While one of the fighters managed to return to base safely, the pilot of the other was forced to eject, some 44km out to sea. Brazil bought a fleet of AF-1 Skyhawks from Kuwait after the first Gulf War.

Deadly elections

In the city of Rio de Janeiro, the election in the Baixada Fluminense, the state capital's neglected northern suburbs, provides a worrying indication of the levels of violence that may return after the Summer Olympics, which are due to start in Rio on 5 August. Nine candidates for the municipal elections in the Baixada have been murdered since late last year, often in broad daylight, as militias – mafia-type organisations dominated by off-duty police officers – attempt to expand their influence from Rio's west zone to the north.

Since then, 600 plumbers and electricians have been working around the clock in an attempt to resolve these issues, which the Rio 2016 Organising Committee claims will all be settled by the end of the week. On 27 July, however, the committee was fined R\$315,000 (US\$105,000) by a local labour ombudsman for contracting manual labourers without proper work permits.

BRAZIL | POLITICS

Impeachment, elections, Olympics put Brazil on pause

Brazilian media enjoyed a field day this week, when it emerged that the press office of the interim president, Michel Temer, had invited photographers to accompany the country's leader taking his seven-year-old son, Michelzinho, to school. The ridicule that followed was revealing. Firstly, that Temer is conscious that he remains unpopular in the country at large. Secondly, that he is working to humanise his somewhat dry, professorial image. And thirdly, that at present, Temer, like much of Brazil's political class, has little to do except to wait. Wait for the Olympics to be over, the impeachment trial to end and for the results of October's municipal elections.

The federal congress is currently in recess until the beginning of August. Rodrigo Maia, from the Democratas (DEM) party, the new speaker of the lower chamber of congress, has promised to hurry things along when his colleagues in the legislature return, even going so far as to threaten to deduct money from the salaries of absent deputies. But while he intends to pursue an active agenda of anti-corruption measures when the chamber sits again, the federal government has made it clear that there will be little activity on its part until after the municipal elections.

Impeachment

Though most commentators in the Brazilian media have written off the chances of a return by the suspended president Dilma Rousseff, it is still true to say she needs only half a dozen senators to block her impeachment in order to return to office. Interestingly, an Ipsos poll of over 1,200 people published on 26 July showed that support for Rousseff's impeachment had dropped from 54% in June to 48% in July; opposition to impeachment rose from 28% to 34%. Whether this will have any bearing on the senators who will decide Rousseff's fate at the end of August remains to be seen. It is also true that Temer remains unpopular with only 14% wanting him to stay until 2018.

João Pedro Stédile, one of the leaders of the landless movement Movimento dos Trabalhadores Sem Terra (MST) and perhaps the *bête noire* par excellence of Brazil's Right, has called for a mass demonstration to bring the country grinding to a halt in the event of Rousseff losing the impeachment vote. Given that Temer may be unpopular, but he has yet to tackle pension reform seriously, labour laws, or any of the other controversial measures that might inflame the wider population, such a call is likely to fall on deaf ears.

Nevertheless, assuming Temer remains as president after the senate vote at the end of August, he has given every indication that he will hold off making any difficult decisions until after the municipal elections. On 25 July, *O Globo* reported that Temer has handed around R\$2bn (US\$613m) of federal cash in his few months in the presidency to the public works' projects of city halls allied to his Partido do Movimento Democrático Brasileiro (PMDB). While these will be the first elections in which corporate cash is theoretically prohibited from entering the political bloodstream, Temer's move shows there will still be ways to influence the outcome financially.

Energy problems

A recent report by the financial ombudsman of the federal congress, Tribunal de Contas da União (TCU), presented a “worrying” picture of the state of the 31 largest electricity distribution firms in Brazil. Twenty-three (74%) are in unsustainable financial situations, and should not have distributed profits and dividends that worsened their financial status. These firms distributed R\$3.4bn (US\$1bn) in dividends from non-existent profits in 2014.

Though the federal government has been clear that it will not attempt to force a constitutional amendment on spending reform until after the elections, the finance minister, Henrique Meirelles, has made it clear that unless congress approves such a bill eventually, taxes will have to rise. But just to emphasise the government’s determined approach to inertia, the leader of the interim-government-supporting coalition in the federal chamber of deputies, André Moura of the Partido Social Cristão (PSC), said this week that the legislature would not attempt to set spending limits ahead of October’s elections.

BRAZIL | ECONOMY

Tentative signs Brazil is bottoming out

In mid-July, the International Monetary Fund (IMF) revised upwards its projections for Brazil’s GDP. The forecast still makes for grim reading, but it is an improvement. The IMF now expects Brazil to contract by 3.3% in 2016, rather than 3.8%. Instead of zero growth in 2017, the IMF is now forecasting an expansion of 0.5%. The Institute of International Finance (IIF) was even more positive, predicting growth of 1.5% in 2017. Although Brazil’s economy appears to be finally bottoming out, after almost two years of recession, its dysfunctional politics may still hamper prospects for growth.

Confidence returning

Indicators suggest that both industrial and consumer confidence is returning. In June, the ICI-Index of Industrial Confidence was up to 83.4, its highest level since February 2015. Over the course of 2016, the production of capital goods has increased by 9%, with strong growth in March and April. Meanwhile, a survey of ordinary Brazilians by the pollster Datafolha suggests that they are starting to feel more optimistic about the future.

In December 2014, immediately after the re-election of Dilma Rousseff, Datafolha’s confidence index was 121. This declined to 76 by March 2015, but it has now recovered to 98 in July 2016. Asked whether the Brazilian economy would improve, 38% of those surveyed in July said they believed it would, up by 10 percentage points from February, and 24 points from April 2015. Those believing the situation will get worse fell from 58% in April last year to 30% this month.

It is not entirely clear what this optimism is based on. Brazil’s economy continues to contract, inflation remains stubbornly high, at just under 9%, and 11% of Brazilians are now unemployed. Given unemployment tends to be a lagging indicator, it is expected that the situation is likely to get worse before it gets better. There is, however, a good deal of confidence both among international investors and the Brazilian commentariat in the economic team that has been installed by the interim president, Michel Temer. Brazil’s benchmark stock index, the Ibovespa, has risen by about 31% this year, after falling 13% in 2015, and the real has risen by 22% against the US dollar.

Still, Brazil’s recovery is fragile and its public accounts are precarious. While Temer’s administration has promised austerity, nothing will happen until after the municipal elections in October. Public debt is forecast to hit 76.6% of GDP by the end of 2017, up from around 69% currently. Since September, all three major credit rating agencies have downgraded Brazil’s sovereign debt to junk. With unemployment high, retail sales, up to the month of May, fell in 14 of the previous 18 months and are 20% below the August 2012 peak.

Legal costs

Asked about the potential legal costs of taking part in the arbitration process at the International Chamber of Commerce (ICC) as requested by Pdvsa, the president of Petropar, Eddie Jara, recognised that these could be high. Jara said that in his opinion the legal costs of the arbitration process, which could last between one and two years, could be up to US\$1.3m.

Business of kidnapping

According to the popular news magazine *Veja*, on 22 July Aparecida Schunk, the mother-in-law of Formula One boss Bernie Ecclestone, was kidnapped from her home in Interlagos, in the south of São Paulo. The kidnappers have since demanded a ransom of R\$120m (US\$36.5m), the highest amount ever requested for a kidnap victim in Brazil. So far the police and Mr Ecclestone's family have declined to comment.

Although kidnapping was once common in Brazil in the 1990s and 2000s, it is now increasingly rare, due to advances in technology and the sheer complexity of orchestrating the successful capture and release of the victim along with enough financial compensation to make the operation worth the risk.

PARAGUAY | POLITICS & ECONOMY

Preparing to defend Petropar from international lawsuit

The Paraguayan government led by President Horacio Cartes is preparing to contest a legal action taken against the state-owned oil firm, Petropar, before the International Chamber of Commerce (ICC). The action was taken by Venezuela's state-run oil firm, Pdvsa, and relates to the outstanding debt that Petropar has with it. The two cash-strapped firms disagree over the size and terms of the debt and each one appears determined to get its way. The case thus looks set to put Southern Common Market (Mercosur) members Paraguay and Venezuela at odds with each other once again, which will only heighten the existing political tensions within the regional trade bloc.

Pdvsa notified the newly appointed Petropar leadership of its outstanding debt for the provision of fuel to the Paraguayan oil firm in early June. Pdvsa said that Petropar owed it US\$287m under a contract signed in 2004 during the administration of Nicanor Duarte Frutos (2003-2008) and extended in 2011 under the administration of Fernando Lugo (2008-2012). According to Pdvsa, under the terms of the agreement, this balance was due on 10 June and that in the event of Petropar failing to pay, the Venezuelan oil firm would take legal action against it.

Petropar questioned this. Firstly it pointed out that the agreement gives it a 15-year grace period to pay off the debt. Secondly it raised doubts about the size of the debt by noting that although the agreement was meant to run until 2014, Pdvsa stopped supplying fuel to Petropar in 2012 following Lugo's impeachment - which led to Paraguay's suspension from Mercosur and to Venezuela's full incorporation into the bloc despite Paraguay's opposition to this.

Pdvsa rejected Petropar's argument, contending that the 15-year grace period was not part of the original deal but rather introduced under a 2013 amendment that Pdvsa wants to revise as a result of non-payment. It also maintained that the US\$287m figure (which includes a principal of US\$265m plus interest) was correct.

After the 10 June deadline came and went Pdvsa made good on its threat and requested the ICC to act as arbiter. The ICC formally notified Petropar of this on 20 July. Petropar reacted by saying that the ICC was not qualified to adjudicate in the dispute. In spite of this the president of Petropar, Eddie Jara, said that the firm would present its case before the ICC - headquartered in Paris - "out of responsibility". On 25 July Petropar representatives travelled to France to try to find a local law firm to represent it.

Brazil-Mexico trade

The next round of negotiations to expand the ACE 53 will take place in September this year. The concrete objective is to double bilateral trade between Mexico and Brazil, which stood at US\$8.42bn in 2015, within the next 10 years. But the other, even more ambitious, goal is to pave the way for a convergence of the traditionally inward-looking and protectionist Mercosur with the outward-looking and pro-free-trade Pacific Alliance, taking advantage of the fact that the incumbent presidents in both Argentina and Brazil favour opening up their countries' economies.

Meanwhile, Jara has told the local press that the Petropar legal representatives believed that the firm could even benefit from taking part in the ICC arbitration process. Jara explained that the bilateral energy cooperation agreement (AEC) under which the fuel provision deal was signed does not contemplate any form of arbitration, which could ultimately work in Petropar's favour. "The action before the ICC was a unilateral decision by Pdvsa...we have no legal obligation to attend but...considering that it is a forum where we can also present our arguments, the tribunal could ultimately agree with us," Jara said.

Jara insisted that Petropar had attempted to reach a negotiated solution with Pdvsa on "countless occasions". He also maintained that Pdvsa's actions were part of a retaliatory move by the Venezuelan government led by President Nicolás Maduro against Paraguay for calling on Mercosur and the Organization of American States (OAS) to apply their respective democratic charters against the Maduro administration; and for seeking to prevent Venezuela from assuming Mercosur's rotating presidency, something which it is scheduled to do this month.

The Mercosur dispute is turning into a particularly sensitive issue as the bloc's current pro-tempore president, Uruguay, is determined to pass on the presidency to Venezuela. But Paraguay argues that a country that does not abide by all of Mercosur's provisions, and is currently mired in a deep economic crisis, cannot effectively lead the bloc. As such Paraguay has announced that it will not attend the Mercosur common market council (CMC) meeting called by Uruguay for 30 July, during which it plans to pass Mercosur's pro-tempore presidency to Venezuela.

TRACKING TRENDS

BRAZIL | Forging closer ties with Mexico. Uneasy relations between the two largest economies in Latin America, Brazil and Mexico, could be set to improve. Brazil's foreign minister José Serra visited Mexico City on 25 July less than three months after assuming his position, and spoke of the need for a new "modern and balanced" bilateral trade accord.

Notwithstanding Serra's clinger to his Mexican peer Claudia Ruiz Massieu about male politicians in Brazil seeing Mexico as "a threat" because "nearly half the senators here are female", the meeting was seen as giving fresh momentum to efforts to deepen a bilateral complementary economic accord known as ACE 53 in the short-term, and the more long-term objective of striving towards a convergence of the two main trade blocs in Latin America - the Southern Common Market (Mercosur) led by Brazil, and the Pacific Alliance led by Mexico.

The source of greatest friction between Brazil and Mexico has been the automobile industry, a source of patriotic pride in both countries. Mexico displaced Brazil as the main exporter of cars in Latin America in recent years due to lower labour costs and less protectionist trade policies, causing some friction. But a visit to Mexico in May 2014 by now-suspended president Dilma Rousseff gave a spur to languishing relations, which have seen bilateral trade increase by a mere US\$1.71bn in the last 10 years to US\$8.42bn in 2015 despite the signing of the ACE 53 in 2002.

During her visit, Rousseff agreed to expand the number of products enjoying tariff free access under the accord from 800 to 6,000, including chemicals, transportation equipment, electronic goods, shoes, textiles and agricultural products. Since then talks have focused on issues such as market access, rules of origin, investment, sanitary and phytosanitary measures, technical barriers to trade, government procurement and intellectual property.

During Serra's visit, Mexico's economy minister, Ildefonso Guajardo, said that "very significant" progress had been made over the last 14 months towards revamping the ACE 53. In a symbol of the entrenchment of what Rousseff dubbed the 'Caipirinha-Tequila axis', Guajardo and Serra signed a declaration granting mutual recognition of the national spirits, tequila and cachaça (the latter used to make the Brazilian cocktail Caipirinha), as two distinct and genuine products.

Obama seeks to buoy Peña Nieto's spirits

US President Barack Obama received his Mexican peer Enrique Peña Nieto in the White House on 22 July to discuss ways to strengthen bilateral ties at a time when there is grave uncertainty about their future course given the confirmation of Donald Trump as the presidential candidate for the Republican party. Obama sought to reassure Peña Nieto about the "enduring partnership" which the US enjoys with Mexico. Peña Nieto underlined Mexico's total respect for the democratic process in the US and commitment to work with whoever succeeds Obama, but a Trump victory would provide an enormous diplomatic challenge with serious implications for foreign trade and the domestic economy.

"From our shared security to climate change, Mexico is a critical partner and is critically important to our own well-being," President Obama said. "We're not just strategic and economic partners, we're also neighbours, and we're friends, and we're family – including millions of Americans that are connected to Mexico by ties of culture and of language," he added, the day after Trump accepted the Republican party presidential nomination by reiterating his determination to build a wall across the shared border "to stop illegal immigration, to stop the gangs and the violence, and to stop the drugs from pouring into our communities".

"The benefit of a cooperative Mexico, and by the way a Mexico that has a healthy economy, a Mexico that can help us build stability and security in Central America; that's going to do a lot more to solve any migration crisis or drug trafficking problem than a wall, and it'll be much more reflective of the kind of relationship we should have with our neighbours," Obama said. For his part, President Peña Nieto rowed back from comments comparing Trump to Hitler and Mussolini, expressing his "profound respect to Hillary Clinton and Donald Trump", and saying that Obama's successor would "find in Mexico and its government a constructive attitude" irrespective of who is elected this November.

Mexico's foreign minister Claudia Ruiz Massieu diplomatically stressed that "political eras may vary but prosperity for both societies must be a permanent interest of both governments". She added that the Mexican government would work to make the border "ever more efficient, more ordered, more secure, allowing us to build greater competitiveness". But a Trump victory would cast serious doubt on the future of the Trans-Pacific Partnership (TPP) and even the North American Free Trade Agreement (Nafta).

Obama is a staunch advocate of the TPP, which Ruiz Massieu described as "important", and Nafta. "Globalisation is a fact...and we're not going to be able to build a wall around that," he said. But it is worth noting that four days after Peña Nieto's visit, the president of the US trade union United Automobile Workers, Dennis Williams, said that he had received assurances from Clinton that she would "try to redo Nafta". Clinton, who accepted the Democratic presidential nomination hours later, is under pressure from Trump's combative stance, and needs to make concrete commitments, in the face of businesses relocating jobs south of the border to reduce labour costs, to support the domestic manufacturing sector. The response from the Trump camp was swift: "[she] will never renegotiate Bill Clinton's Nafta."

Military support

The US senate committee on appropriations has conditioned approval of 25% of the assistance provided to Mexico's armed forces on continued investigations into the alleged summary execution of 22 civilians by the military in Tlatlaya in June 2014, and the disappearance and presumed murder of 43 trainee teachers in Iguala. While this amounts to barely US\$3m it is of symbolic significance, increasing pressure on Mexican authorities to ensure the respect of human rights.

Mayoral murders raise security concerns

Two Mexican mayors were murdered in the space of 12 hours this week. The interior minister, Miguel Angel Osorio Chong, condemned the murders, saying that the federal government was working closely with state authorities to identify and detain the culprits. "We have to protect those working for the country...for the good of all of the population," Osorio Chong said. "Although for different causes, these incidents simply cannot be tolerated in our country," he said. One of the mayors was murdered by indigenous protesters; the other, on the orders of criminal gangs.

Indigenous protesters

The first murder took place early on Saturday 23 July in the municipality of San Juan Chamula in the southernmost state of Chiapas. Hundreds of Tzotziles indigenous protesters from 30 communities travelled to San Juan Chamula, which is close to the state's second largest city San Cristóbal de Las Casas (or Jovel in native Tzotzil), to demand that the local mayor, Domingo López González, hand over M\$50m (US\$2.65m) for various public works and in support of local artisans.

The indigenous protesters demonstrated outside the municipal offices in San Juan Chamula. When López González came down to meet the indigenous demonstrators, the protests swiftly got out of hand. It is not clear precisely what happened but shots came out of the crowd and the mayor, three municipal employees and a civilian were killed. López González belonged to the Partido Verde Ecologista de México (PVEM), the Partido Revolucionario Institucional (PRI) ally which also holds the Chiapas state governorship. Governor Manuel Velasco demanded a thorough investigation to get to the bottom of the "cowardly" murder. Chiapas state police have so far arrested seven Tzotziles on suspicion of involvement in the murder of López González.

Criminal gangs

The mayor of Pungarabato in the state of Guerrero, Ambrosio Soto Duarte, was murdered on the evening of the same day in the violence-riven Tierra Caliente region which straddles the states of Guerrero and Michoacán. Soto Duarte was returning from a repair shop in the municipality of Huetamo in Michoacán when his car was ambushed. He was killed along with his driver when he was passing through the municipality of San Lucas. The two federal police officers assigned to his security detail after he recently denounced death threats against him were injured, while one of his attackers was killed. More than 300 bullet shell casings were found at the scene of the crime.

Soto Duarte had refused to hand over M\$3m (US\$160,000) a month from the municipal budget (the equivalent of 25% of his municipality's annual budget) to criminal gangs as protection money. On 5 July one of his relatives, who was working as his chauffeur, was shot dead and his body left in a rubbish dump riddled with bullets and showing signs of torture.

The national association of mayors (Anac) reacted to the murders by calling on the interior ministry (Segob) to increase protection for mayors and to set in motion a security protocol, especially in violence hot spots. Soto Duarte's party, the left-wing Partido de la Revolución Democrática (PRD), criticised the state authorities for failing to provide adequate protection. The governor of Guerrero, Héctor Astudillo, however, maintained that Soto Duarte had instructed the state police in his security detail to remain behind while he travelled to Huetamo in order to protect his family.

More death threats

The governor of Guerrero, Héctor Astudillo, said that other mayors in his state also faced death threats from organised crime. He singled out the mayors of Chilapa and Zitlala, Jesús Parra García and Roberto Zapoteco Castro respectively, both from the federally ruling Partido Revolucionario Institucional (PRI). These municipalities are in the local opium poppy growing area, control of which is fiercely contested between two rival criminal gangs, Los Rojos and Los Ardillos.

Morales faces protests and high-level resignations

President Jimmy Morales celebrated his first six months in office on 14 July, a date which coincided with protests from teachers and public health care workers. Days later, Health Minister Alfonso Cabrera resigned. The protests, and the departure of Cabrera – Morales' third cabinet minister to step down since his small, conservative Frente de Convergencia Nacional (FCN-Nación) government took office – is the latest sign of the crisis afflicting the public health sector, which stems in large part from chronic underfunding as a result of official corruption.

Led by the powerful teachers' union, Sindicato de Trabajadores de la Educación de Guatemala (Steg), several thousand protesters took to the streets in Guatemala City on 14 July calling for more investment in the sector. Along with other unions representing teachers, like the Asamblea Nacional del Magisterio (ANM) and the umbrella Frente Nacional de Lucha (FNL), the Steg also rejects efforts by the Morales government to contain spending, which applies to all ministries and government departments. The Steg also rejects education ministry claims of teachers being underused at a national level. The previous day, health care workers, led by the Sindicato Nacional de Trabajadores de Salud de Guatemala (SNTSG) and the FNL, also took to the streets – both in the capital as well as others parts of the country like the departments of El Progreso, Retalhuleu, San Marcos, Petén, Zacapa, and Jutiapa – calling for more government spending to address the health care sector crisis.

In his six-month balance sheet presented on 14 July, President Morales trumpeted as one of his government's biggest achievements the fact that efforts to contain spending had produced more than Q\$1.2bn (US\$158m) in savings, which have gone on priority areas like education, health and security. As regards education, the government claims it has invested Q\$677.3m in school meals, school supplies, and scholarships, benefitting a total of 5.8m children. In terms of health, some Q\$11.8m has been spent on paying delayed salaries to resident doctors, medical supplies, and reactivating outpatients' services in 13 hospitals, which has had a direct impact on 6m people. More generally, in his address to the nation, Morales claimed that while when he took office just 55% of medical and surgical equipment nationwide were provided for, this had now increased to 72%.

Back in November 2015 the national human rights ombudsman (PDH) Jorge de León Duque described the health sector as being in the "worst state of crisis documented to date". The problems afflicting the health sector persist. Indicative of this, on 20 July Cabrera announced his resignation, less than a month after Rodolfo Zea, a deputy health minister, announced he was quitting, on 30 June. While Cabrera cited "personal reasons" the local press was quick to note that the 158-member unicameral legislature was planning to summon him for questioning.

Cabrera's resignation has fuelled criticism of instability at the top. It follows the departure in January of the communications & infrastructure minister, Sherry Ordóñez, who quit after just 11 days in the job amid media reports (and even legal action taken against her) over the fact that her engineering firm, Ingeniería y Servicios Viales (Insevi), was a state contractor, which was illegal for someone in her post. More recently, in April, the head of the energy & mining (MEM) ministry, Juan Pelayo Castañón, stepped down – a move linked by the local media to a dispute over 'El Tambor' gold mine, located in Guatemala department [[WR-16-26](#)].

Corruption in the health sector

In November 2015 Guatemala's then-health minister Mariano Rayo (2015-2016) publicly denounced the existence of 23 parallel structures in the health ministry through which funds were siphoned off.

Prisons out of control

Indicative of the notorious lack of control in Guatemala's prisons, on 20 July more than 4,000 national police (PNC) officials carried out an inspection of El Pavón jail. Among other things they found: three pistols, two grenades, 17 cartridges, a bullet-proof jacket, a kilogramme of cocaine, five marijuana plants, two mobile phones and chargers, four SIM cards, four USB sticks, various bottles of liquor, beer, and whisky.

Prison crisis

Cabrera's departure took place amid other high-level departures, including, crucially, the head of the prison system (SP), Carlos de León Zea, who was fired on 21 July along with his deputy, Ninfa Gómez, and Norberto de Jesús Ortega Barco, the director of El Pavón prison, which is just outside Guatemala City.

In the post since 27 January, De León Zea and his colleagues were dismissed after a brawl broke out in El Pavón prison on 18 July, which resulted in 14 deaths – 13 of them prisoners, including (Ret) General Byron Lima Oliva. Widely considered one of the country's most powerful inmates, Lima was convicted in 2001 for the 1998 death of Bishop Juan Gerardi, the head of the local Catholic Church's human rights office (Odhag) whose murder two days after the release of a report accusing the Guatemalan military of atrocities committed during the 1960-1996 civil war, shocked the country and international community alike.

According to preliminary reports by the forensic institute (Inacif), Lima, who in 2014 was charged with running a multi-million dollar criminal network from prison, received five gunshots to the head, one to the leg and another in the arm. In an 18 July press release, the interior ministry attributed the incident to a power struggle between rival groups of prisoners for control of the prison.

The same press release also names Marvin 'El Taquero' Montiel Marín as the suspected intellectual author of the attack on Lima. Montiel was serving a sentence of over 800 years for his role in a 2008 bus attack which killed 16 people.

With Attorney General Thelma Aldana since announcing that her office will receive support from the United Nations-backed International Commission against Impunity in Guatemala (Cicig) to investigate Lima's murder, his death could raise some uncomfortable questions for President Morales, whose FCN-Nación party was set up in 2004 by members of the military veterans' association (Avemilgua). In a report published on 19 July, the investigative daily *El Periódico* cited Lima's brother, Luis Alberto Lima Oliva, as rejecting the hypothesis that Montiel had planned his brother's murder. Instead he described it as a "state crime", claiming that "sources from the executive" had informed him 10 days earlier of a plan to assassinate his brother.

Either way, the El Pavón incident serves to underline the need for prison reform – which Morales had just announced would be a priority. On 17 July he told reporters that three new prisons would be constructed this year in order to reduce overcrowding in the country's 22 existing jails. According to a presidential press release, while the prison system has capacity for 6,000 prisoners, there are currently more than 20,000 inmates. Morales also revealed plans to raise the salaries of the country's 3,600 prison guards and install equipment to prevent arms and drug trafficking into jails.

TRACKING TRENDS

PANAMA | **Teachers stage first strike under Varela.** Last week Panama's umbrella teachers' union, Unión Nacional de Educadores Panameños (Unep), began its first nationwide strike since the Partido Panameñista (PPA)-led El Pueblo Primero (EPP) coalition government led by President Juan Carlos Varela took office in July 2014.

Grouping together 17 separate unions, Unep was calling for higher salaries and more spending on education. The strike, which began on 18 July, was called off six days later after Unep inked a deal with a high-level ministerial delegation which yielded significant government concessions.

Under the agreement, teachers will receive a monthly increase of US\$300 from July 2017, in line with Unep's demands. The government had initially offered a monthly increase of US\$150 from July 2017 and the same again from July 2018. In addition to a guarantee that those who went on strike would not face administrative or discriminatory reprisals, the deal also incorporates Unep's call for the government to spend 6% of GDP on education (up from the government's initial offer of 5.5%).

Fariñas stages fresh hunger strike

The internationally recognised Cuban dissident Guillermo Fariñas began his 24th hunger strike on 20 July in protest at ongoing government repression. In a video available online, and in a separate open letter addressed to President Raúl Castro, Fariñas explains that he is starting a new hunger strike following a severe beating at the hands of Cuban police, which he took place on 19 July.

Fariñas said he had gone to a police station (in Santa Clara, where he lives) to enquire about the fate of two recently detained dissidents, identified as José Rolando Casares Soto, apparently arrested in the province of Pinar del Río for being a member of the Fariñas-led Unión Patriótica de Cuba (UNPACU), and Carlos Amel Oliva Torres, who also happens to be on hunger strike (in Santiago de Cuba).

Fariñas emphasised that he and some activists from the Foro Antitotalitario Unido (FANTU) had gone to the station seeking only information about their colleagues. He insists in the video that they did not bring with them placards or signs, did not group in protest and made no public declarations. Fariñas was arrested and, he claims, tortured at the station over the course of 45 minutes, suffering two fractured limbs and a swollen tongue, among other injuries. He alleges that the police threatened to kill him and said they wanted him “off the streets”. He calls his treatment a crime against humanity and declares that he will refuse sustenance until “Raúl Castro says publicly to everyone that there will be no more torture, no more beatings, no more death threats, no more false charges against opposition and arbitrary confiscation”.

In the letter to President Castro, available on several dissident blogs and websites, Fariñas says his treatment was just a minor example of “the wave of abuse, terror, and violence” unleashed by the government in the 19 months since Cuba and the US announced the restoration of diplomatic relations (in December 2014). He repeats that he will not take food or drink until Castro publicly pledges, in national media, an end to the repression and violence, and appoints a vice-president to meet with the dozen or so most prominent Cuban dissidents to ensure implementation of that pledge.

According to dissident media, some 200 members of UNPACU staged a 12-hour fast on 27 July in solidarity with Fariñas, and some 20 other dissidents reportedly went on hunger strike on the island. In Miami, the Cuban dissident leader José Daniel Ferrer held a press conference hosted by the conservative exile group Cuban American National Foundation (CANF) to draw attention to the hunger strikers, while Cuban-Americans also gathered in solidarity with the fasting dissidents on 27 July at a well-known local Miami-Cuban restaurant. Ferrer said that he had had reports of 80 dissidents being held in jails on the island, and he noted that a hunger strike was not something undertaken “on a whim”.

Fariñas, along with the high-profile group Damas de Blanco, strongly objected to the US decision to re-engage with the Castro government and expressed “disappointment” in President Barack Obama. Obama met dissidents, including Berta Soler, head of the Damas, when in Havana in March and publicly asserted US support for “civil society”. However, a year after embassies were restored in Havana and Washington, the US has come under renewed criticism over the human rights situation on the island, with critics in Cuba and the US accusing the Obama administration of double standards. The State Department, while acknowledging the difficulties, insists that its policy of ‘people-to-people’ contacts is slowly facilitating new ideas on the island. The Obama administration is also very clear that political change ultimately must come from within Cuba, and be directed by Cubans themselves, without external interference.

Dissident detentions

According to Cuba’s illegal but tolerated human rights and national reconciliation commission (CCDHRN), short-term political detentions have averaged 1,095 a month in the first half of this year, up sharply from an average of 718 a month last year.

Quotes of the week

“I throw up on Calderón for putting his wife forward [as candidate for president] Some people simply cannot leave power. She might be a great leader but I don't believe in families clinging on to power. Like Perón and Evita, Perón and Isabelita, Kirchner and Kirchnerita, Calderón and Calderoncita, Trump and Trompitas.”

Mexico's former president Vicente Fox on his successor Felipe Calderón, whose wife, Margarita Zavala, is the favourite to secure the presidential candidacy of the centre-right Partido Acción Nacional (PAN).

“I would very much like you to come but it would be a threat because it would throw the spotlight on this issue.”

Brazil's foreign minister José Serra 'invites' his Mexican peer Claudia Ruiz Massieu to the Olympic Games in Rio de Janeiro but frets that it would draw unfavourable comparisons between Mexico, where there are myriad female senators, and Brazil where only 20% of senate seats are filled by females.

“What I have proposed is that if there is evidence that Fujimori, and other prisoners of his age, are suffering from ill-health, congress could present a bill in this generic sense, to complete the sentence under house arrest.”

Peru's president-elect Pedro Pablo Kuczynski responds to the latest pardon request by imprisoned former president Alberto Fujimori.

Argentine trade unions moot convergence to challenge Macri

Against a background of continuing opposition to utility tariff increases and inflation in Argentina, attempts are being made to reunite the country's largest trade union movement, Confederación General del Trabajo (CGT), which is currently split into three rival groups. It is in the interests of President Mauricio Macri that the CGT remains fractured and the mutual animosity between its leaders preserved as non-Peronist governments have found to their cost in the past that it is a potent threat when united.

Hugo Moyano, the truck drivers' leader of the CGT Azopardo group, has said the government needs to do more to deal with “a very complicated and very deep” economic crisis, and warned of a possible transport sector protest strike. Moyano has been in talks with the leaders of the other two branches of the CGT, the Azul y Blanco under Luis Barrionuevo, and Alsina led by engineering workers' leader Antonio Caló, to unite under a temporary ruling “triumvirate”, to which each of the three leaders would nominate a candidate.

There is already some friction among competing unions within the CGT over the appointments to the proposed triumvirate, and how much power they would really have with Moyano, Barrionuevo and Caló as éminences grises. Moyano defused some tension by announcing that he would step aside when a proposed unification ceremony for the CGT takes place on 22 August, although it is difficult to imagine he will cede all of his power. For one thing his son Pablo, who called for “a massive demonstration” against the Macri administration on 24 July over rising inflation and utility tariffs, is currently the deputy secretary general of the truck drivers' union.

On 5 August the CGT plans to release a report entitled ‘From bad to worse’, criticising the government's economic policies and questioning how long Argentine workers will be waiting for “the famous second half”, an allusion to the promised fall in inflation and pick up in economic growth promised by President Macri in the second half of this year. The central bank president, Federico Sturzenegger, said that the June inflation rate of 3.1% (down from 4.2% in May) showed that there was now a “clear” downward trend in the rate of price increases, despite “volatility” because of the tariff adjustments.

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