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Ecuador's Revolution divided as Correa fires parting volley at Moreno

Like an abdicating monarch going into exile, Ecuador's former president Rafael Correa (2007-2017) greeted a large gathering of supporters from a convertible car before delivering a valedictory address at the Mariscal Sucre international airport on the outskirts of Quito on 10 July, and boarding a flight to Belgium to devote time to his Belgian wife Anne Malherbe and his family after the stresses and strains of 10 years in office. Correa, who urged his followers to fight for his Citizens' Revolution so that "the past against which we triumphed never again returns", has engaged in scathing criticism of his successor President Lenín Moreno over the last week, on Twitter and in two television interviews, exposing serious divisions within the ruling left-wing Alianza País (AP).

"I am certain that we defeated the opposition on 2 April; I am not very sure that the Citizens' Revolution won," Correa said during his farewell address at the airport. This was perhaps Correa's most subtle allusion over the course of the last week to what he perceives as President Moreno's decision to stray from his pre-eminent political strategy and the central tenet of the Citizens' Revolution: permanent polarisation. "Don't tell me that the capitulation and selling out are a change of style...the [current] strategy of differentiation from the previous government is backing the opposition," Correa said.

Four hours earlier during a changing of the guard at the Carondelet presidential palace, Moreno had said precisely this: "there is a change of style". Moreno said that he would preserve "all the positive things" of his predecessor's time in power while adding that "what needs to be changed will be changed". He wished Correa a good trip, thanked him for all of his achievements, especially for the poor and underprivileged, and promised that "the Revolution will continue".

Correa's occasional sniping since Moreno took office on 24 May turned into a barrage of criticism from 4 July. It began when Moreno hosted 60 representatives of the Confederación de Nacionalidades Indígenas (Conaie) in Carondelet and announced the return of the umbrella indigenous organisation's headquarters in northern Quito, as well as another building in the south-west of the capital, on a free-use contract for a century.

"Handing Conaie its headquarters for 100 years; another unnecessary snub to my government," Correa tweeted. "The strategy of 'differentiation' is not just disloyal it is mediocre [a word Correa customarily reserves for his self-proclaimed 'enemy number one', the media]," he added. In 2015 Correa, whose mandate was punctuated by hostile exchanges with Conaie's leadership, accused Conaie of abusing the terms of its contract by making "political use" of its headquarters and said it would be evicted to make way for a drug rehabilitation centre for adolescents.

“We leave behind a transformed country but one still progressing; what has been sown is so deep that we don’t have to be worried about the ephemeral that will blow away in the wind; nothing of the mediocre and disloyal will remain; the country knows about the great, the correct, and the well done; the country now has collective memory and intelligence.”

Former president Rafael Correa speaking during his valedictory address at the Mariscal Sucre international airport.

Correa was only warming up. Excoriating criticism followed a day later after Moreno met Abdalá ‘Dalo’ Bucaram Pulley, the son of former president Abdalá Bucaram Ortiz (1996-1997), in the interests of a great national accord on drug policy. ‘Dalo’ Bucaram ran for president for Fuerza Ecuador (FE) in this year’s elections.

In a hastily scheduled interview with Ecuador TV, Correa said flatly “I don’t agree with what is being done; the pact with Bucaram is disgraceful...These things are inadmissible in the Citizens’ Revolution. They are making serious mistakes”. The ‘pact’ to which Correa alludes is a supposed agreement reached between government and FE representatives over the administration of companies tied to the state holding Corporación Nacional de Electricidad (CNE); “sharing out the country like booty among pirates”, as Correa put it.

AP Deputy Marcela Aguiñaga sought an explanation from Moreno for the visit of his secretary Eduardo Mangas on 5 May to Panama, apparently to meet Bucaram Ortiz, who went into exile there after being impeached on suspicion of embezzling millions of dollars of public funds. Bucaram Ortiz returned to Ecuador on 17 June after nearly two decades in exile saying at a rally in the coastal city of Guayaquil that he was ready to work with the Moreno administration.

“I cannot be part of a government co-governing with the bucaramato, the most rancid, clientelist and disastrous episode of Ecuador’s political history that we have lived through,” Aguiñaga said. Aguiñaga is a big-hitter within the AP; the maximum leader of the AP in Guayas, she directed Moreno’s electoral campaign in the country’s most populous province. If she were to leave the party, it would be a sharp blow. But Aguiñaga is not alone. Deputy Doris Soliz, former executive secretary of AP, claimed that many deputies in the party were concerned that the supposed talks “crossed certain red lines...accords with the right-wing to reverse the advances the country has made”.

Correa also took aim at Moreno for meeting Cynthia Viteri, the defeated presidential candidate of the traditional Partido Social Cristiano (PSC), on 5 July to discuss drug reform. “An anti-drugs policy exists, I directed it personally,” Correa said. “Now it seems it doesn’t pass muster and they are going to take on board everything the opposition says”. Two PSC deputies, Henry Cucalón and Vicente Taiano, will participate in an executive technical committee created by Moreno on 26 June to work on a national drug prevention campaign.

Moreno, who had refrained from being goaded into a war of words with his predecessor, could not resist a response on *Twitter*, with a dictionary definition of ‘abstention’: “A brusque reaction to reduction or suspension of a substance upon which one is dependent: sugar, alcohol, drugs...power”. The thinly veiled reference to Correa after the ellipsis might have brought Moreno some momentary satisfaction but it did not deter Correa. During one of his two television interviews, he asserted that “there is a clear strategy of differentiation; I also want to make it clear that I am differentiating myself from the current government because I don’t agree with what it is doing”.

“We’re determined to reconcile the country,” Moreno responded. But in his efforts to reduce political polarisation in Ecuador, Moreno has succeeded in creating divisions within his own party; divisions which are likely to deepen. This could pose a serious problem for him. It only needs six AP deputies to leave the party or to take a stand on certain issues and the Moreno administration will lose its majority in the 137-seat national assembly. The AP is a variegated movement bound by Correa’s force of personality. If the economy fails to pick up, and social spending is constrained, more AP deputies are likely to speak out and Moreno could find himself being accused of betraying Correa’s legacy.

López back in the thick of it

Opposition leader Leopoldo López has been transferred from prison to house arrest. On 12 July López had telephone conversations with Luis Almagro, secretary general of the Organization of American States (OAS), and José Luis Rodríguez Zapatero, former prime minister of Spain (2004-2011) and lead international mediator in the Venezuelan crisis, formally on behalf of the Union of South American Nations (Unasur). López set out his stall in very clear terms. There could be only one outcome of any dialogue: “democracy in Venezuela”.

No clear explanation has been offered for why López was placed under house arrest. The administration led by President Nicolás Maduro had come under heavy pressure to release the opposition figurehead and might calculate that this move will give the impression at least that it is committed to dialogue. It might also serve the purpose of sowing division within the opposition.

Freddy Guevara, vice president of the opposition-controlled national assembly and a senior figure in Voluntad Popular (VP), López’s party, gave some details of the calls to the national daily *El Nacional*. “With Zapatero, he [López] reaffirmed the message that what is going to happen on 16 July is going to define the destiny of the country”, Guevara said, in reference to the opposition’s informal national plebiscite on the government. “Here, everyone is prepared to look for a solution to the crisis, but there cannot be a manipulation that seeks to win time”.

Guevara added that López had also confirmed to Zapatero that President Maduro’s constituent assembly initiative is “the annihilation of the country”. Guevara also revealed that López had spoken to some of the relatives of those killed in the clashes between anti-government protestors and security forces in recent months (the death toll after 100 days of protests was put at 94 and has since risen to over 100). López, he said, also stressed to Zapatero that young people in Venezuela were suffering “an annihilation” of sorts, in reference to the lack of opportunity, employment and life choices.

For his part, Almagro released an official statement after his call with López, in which he said that the two men had agreed on the need to continue working for the return of democracy to Venezuela and the recovery of the rights of the Venezuelan people”. They also emphasised “the urgent need for the regime to cease repression, to publish a comprehensive electoral calendar, open a humanitarian channel to meet the needs of the people of the country, completely restore the powers of the National Assembly and release all political prisoners”, (including a complete release for López himself). The statement expressed “recognition of the Venezuelan people, who achieved the release of López, following more than 100 days of pro-democracy protests”.

The statement also “highlighted the importance” of the 16 July plebiscite and said that Almagro and López both agreed that the convening of a national constituent assembly “would entail the final dismantling of democracy”. Finally, Almagro called on the people “to join forces for Venezuela to return to the path of democracy and institutionality”.

Poll suggests almost 9m could turn out for plebiscite

In a new poll by Datincorp, released on 12 July, 55% of respondents expressed support for the opposition’s informal plebiscite on the govern-

Pdvsa output down

Latest production figures from the Organisation of the Petroleum Exporting Countries (Opec) report Venezuela’s oil output at just 1.94m barrels/day in June, a month-on-month drop of 13.6% over May. Héctor Andrade, managing director for planning at state oil company Pdvsa, has said that the firm may look to renegotiate an October bond payment, amid low oil prices. Meanwhile, the rating agency Standard & Poor’s (S&P) lowered Venezuela further into junk territory (CCC-), citing a higher default risk.

Harrington

Having been refused entry to the public ministry (home to the attorney general's office), the TSJ-imposed deputy attorney general, Katherine Harrington, last weekend managed to smuggle herself into the building in the boot of a car and was later discovered rifling through the office and promptly ejected. Harrington was smuggled inside in the car of public prosecutor Narda Dianette Sanabria Bernatte, who filed the accusatory charges against Leopoldo López in 2014.

ment. Datincorp, a regional polling company that the Venezuelan government accuses of bias, interviewed 1,199 people nationwide. It extrapolated from its representative sample to infer that 11m Venezuelan voters (55% of a total electorate of just over 19m) supported the plebiscite, with 8.8m of those (44%) fully intent on taking part, and 8% likely to turn out.

The poll also suggested that the country remains sharply polarised in political terms, with 84% of self-identified opposition supporters in favour of the plebiscite and 86% of Chavistas against it. Likewise, 74% of opposition supporters were fully intent on taking part, while 82% of Chavistas had no intention of participating. In an earlier poll, released in late May, Datincorp reported that 73% of Venezuelan voters were against President Nicolás Maduro's constituent assembly initiative, while 21% reportedly supported it. That ratio tallies with other poll findings of opposition-government support levels.

The reliability of any polls produced in Venezuela is questionable, and it is the case that most tend to betray some bias. Yet the basic takeaway is that an overwhelming majority of Venezuelans are engaged, mobilised and eager to express themselves – and decide the country's political future – at the ballot box. Datincorp reported a smaller-than-usual proportion of undecideds/don't knows/neither-nors, suggesting that voters want to make a definitive choice.

In the plebiscite, citizens will be asked whether they support Maduro's constituent assembly; what role the armed forces should play in defending the existing 1999 constitution; whether they want a general election; and whether they would back a national unity government. The consultation is non-binding, and is not recognised by the national electoral council (CNE), but a high turnout could confer on it some potent legitimacy. Ballot boxes for the plebiscite will be placed in local parish churches, in a clear effort to deter intervention by the security forces. In a cynical move, the government-controlled CNE has scheduled a 'practice run' for the constituent assembly elections (due on 30 July) on the same day, which could disrupt the process. Security threatens to be an issue – the army normally patrols Venezuelan elections, but not in this case. It seems almost inevitable that the armed groups of pro-government militants (known as *colectivos*) will seek to interfere.

Finally, there is a legal threat. Deputy Pedro Carreño of the ruling Partido Socialista Unido de Venezuela (PSUV) has asked the supreme court (TSJ) to declare null and void the plebiscite, on the grounds that it is unconstitutional and seeks to incite a coup. This may reflect fears that dissident military factions could use the outcome of the plebiscite to justify a move against the Maduro government. A ruling was pending as we went to press, but the TSJ could order that the poll not be held, and the polling stations shuttered.

Odebrecht case Ortega's latest prong

Attorney General Luisa Ortega (whose powers of indictment have been curtailed by the supreme court), has said that her office has identified many of the government officials linked to the bribery schemes run by Brazil's Odebrecht. In a tweet on 13 July, her office said it would charge two people linked to the former transport minister Haiman El Troudi. Maria Baptista and Elita Zacarias, El Troudi's wife and mother-in-law, were summoned to appear on 27 July. El Troudi blasted the move, declared his family innocent and said he would appear instead, "with my conscience clear and my head high". As a former minister, El Troudi has immunity from prosecution and so the attorney general's office cannot get to him directly.

Journalist Eduardo Semei (of the daily *El Nacional*) had flagged in advance the move against El Troudi. His colleague Nelson Bocaranda has suggested that the bizarre incident involving the new TSJ-imposed deputy attorney general, Katherine Harrington, may have been linked to the Odebrecht case (*see sidebar*).

Not in my back yard?

On 9 July two small Colombian municipalities, Pijao (department of Quindío) and Arbeláez (Cundinamarca), voted overwhelmingly to oppose extractive mining or oil and gas drilling. Both are very small areas but the government and Colombia's extractive industries are worried that this could be the beginning of a nationwide trend.

In Pijao's referendum 2,613 local residents voted to ban metals mining while only 26 were in favour. The proportions were similar in Arbeláez. There, 4,312 voters said "no" to hydrocarbons exploitation or large-scale mining operations, while only 38 voted "yes".

These local referenda are held under the terms of a law on citizen participation introduced in 2015 (Law 1,757). It allows for local referenda to be held on a range of issues: the result is binding on condition that at least 30% of registered voters take part. The threshold was comfortably met in these two latest ballots. One voter in Pijao, which is located in Colombia's coffee-growing belt, told local reporters what he felt: "I've come to say no to the kind of mega-mining which is rapidly spreading across the country. Governments have been trying to sell the country to international mining companies and we have to protect natural resources given to us by God," he said.

There are worries that this could be the beginning of a wider anti-extractive industry backlash in Colombia. Orlando Velandia, director of oil and gas industry regulator Agencia Nacional de Hidrocarburos (ANH), says there is a tendency for municipalities in areas earmarked for future oil and gas exploration to call referenda. Where binding exploration contracts have already been signed, anti-extractive decisions at local level will generate legal uncertainty for oil companies. If mining and drilling ends up being prohibited in large parts of the country, Velandia says the net effect will be that the government will have to raise taxes to replace the royalties and other levies that the extractive companies will no longer be paying.

A similar line has been taken by Francisco Lloreda, president of oil and gas lobby group Asociación Colombiana de Petróleo, who says "The fiscal impact would be very big. It is profoundly stupid to want to stop mining in Colombia. If we go on this way, we'll have to be ready to pay much more for our fuels." He suggests that the emphasis should be on protecting the environment in ways that do not require a blanket ban on extractive activity.

Mining referenda

It is important to place these numbers in some kind of context. So far, there have been only seven municipal-level referenda held across Colombia on extractive industry operations since 2013. Of those, five were held this year, and in all of them the "not in my backyard" vote was overwhelming, achieving majorities of 80%-90% against extractive development.

The number of consultations does look set to grow rapidly. According to business magazine *Portafolio*, a total of 49 further municipalities are planning to put the issue to the vote. However, *Portafolio* also notes that this is not all one-way traffic: it has identified a separate group of 91 municipalities where the authorities have declared themselves to be pro-mining.

Two main arguments have been invoked: first, that mining generates revenue for the local community and second, that mining and the protection of the environment are not necessarily mutually exclusive. According to

Mining referendum

Carlos Eduardo Osorio, the governor of Quindío, was on hand for the voting in Pijao, saying this was the first such referendum in his department and he wanted to support the process of popular consultation. It was his administration's duty to listen to the people's will, he said.

Phase 2

While in the first phase the UN verification mission was largely focused on monitoring the Farc's adherence to agreed demobilisation and disarmament procedures, in the second phase there will be a much greater emphasis on the undertakings made by the government. The mission will need to confirm that economic, social, and political aspects of the peace agreement are being implemented. Security arrangements for the new political party that the Farc seeks to create will be checked.

Jorge Cerchiaro, mayor of Barrancas in the Caribbean department of La Guajira, "In Colombia we should support mining, always on condition that it is well-planned. As mayor and as a member of the network of municipalities in mining areas, I always say that before any extractive activities start, there should be a planning process and a prioritisation of investments needed by the local community." Jaqueline Castillo, the mayor of Yacuanquer in the southern department of Nariño bordering Ecuador, said sustainable mining projects generate significant benefits for the community.

Following a series of court judgements, another regulatory body, the Agencia Nacional de Minería (ANM) has been actively promoting the idea of prior public consultation on sustainable mining (not necessarily through referenda). It is also pursuing a strategy to avoid legal uncertainty for mining companies. The aim, it says, is to get any areas where mining is a no-go for environmental reasons identified well in advance, so that they can be excluded from exploration and production contracts. The ANM will seek to promote public hearings in a number of municipalities.

Despite this, some believe the key problem is an underlying ambiguity in Colombian law, under which sub-soil minerals are the property of the federal state, while property on the surface is subject to private ownership and municipal jurisdiction. According to the Colombian mining association (Asociación Colombiana de Minería – ACM) only congress can resolve the issue by passing new legislation on territorial and property rights.

COLOMBIA | SECURITY

United Nations mission moves to Phase 2

The United Nations (UN) is going to stay in Colombia for some time yet. On 10 July the UN Security Council voted unanimously to create a "Phase two mission", to replace 'Phase one' – which was designed to monitor the implementation of the government's ceasefire and disarmament agreement with the Fuerzas Armadas Revolucionarias de Colombia (Farc). Phase two, due to start in September, will involve "individual and collective protection and security measures" for communities and organisations across the country, with a particular focus on the former conflict areas.

The motion for phase two, drafted by the British delegation to the UN, comes as various parties have suggested that the most difficult parts of the pacification process are yet to come. Since the formal peace agreement began on 1 December, no fewer than 37 community leaders have been assassinated, a disturbing reminder of the way earlier pacification attempts ended up failing. The Farc has made frequent reference to the wave of right-wing paramilitary attacks in the 1980s on leaders of the Unión Patriótica (UP), then conceived as the Farc's political wing, which convinced the guerrilla group to abandon peaceful politics and resume military operations.

This time the peace process has gone further and achieved a lot more, but Stephen Hickey, the British ambassador in Bogotá, has still sounded a warning note, commenting, "Experience from our own history in Northern Ireland has taught us that the hardest part remains ahead." He stressed that much would depend on the successful reincorporation of former Farc fighters into civilian life. The head of the UN mission in Colombia, Jean Arnault, has agreed that the reincorporation of Farc members is critical, pointing out that, unlike other conflict scenarios, in Colombia other rebel and criminal groups remain active, offering a pathway for former fighters to be 're-cycled' back into a life of violence.

Humala and Heredia arrests ordered

Kuczynski meets Keiko

President Kuczynski met the leader of the main opposition Fuerza Popular (FP), Keiko Fujimori, in the presidential palace this week. Prime Minister Fernando Zavala said Kuczynski had told the council of ministers on 12 July that the meeting had been “positive” and “constructive” and would allow the country to “move forward with optimism” in coming weeks. First up is the appointment of a new comptroller general by the opposition-controlled congress, after the removal of Edgar Alarcón for corruption and abuse of his position.

Prosecutor Germán Juárez of the attorney general’s office dropped a bombshell this week when he requested the pre-trial detention, for up to 18 months, of former president Ollanta Humala (2011-2016) and his wife Nadine Heredia in order to prevent their flight from the country. Juárez said that charges of money laundering and illicit association with criminal intent were being prepared against the pair.

Juárez cited evidence that the couple took illicit funds from the late Venezuelan president Hugo Chávez (1999-2013), as well as the Brazilian construction company Odebrecht, which was then used both to bankroll Humala’s election campaigns, but also for personal gain, according to the prosecutor’s written request, which was made public on 11 July.

Judge Richard Concepción Carhuacho said he would announce a decision as we to press on 13 July. If he approves Juárez’s request, Humala would become the second former Peruvian president wanted for arrest in relation to the Odebrecht scandal. Alejandro Toledo (2001-2006) is currently in Stanford, California and has refused to return to Peru to face charges of taking US\$20m in Odebrecht bribes, on the grounds that the charges are politically motivated and that he would not get a fair trial. Judge Concepción was also the magistrate asked to issue a detention order for Toledo, which he did. The Peruvian authorities have issued a request for his extradition, which Foreign Minister Ricardo Luna, on 19 May, said “was advancing” through the US system. President Pedro Pablo Kuczynski has reportedly discussed the matter with his US peer Donald Trump. In the meantime, Toledo appears to be living quite openly in Stanford (where he shares a residence with his wife) and US authorities have not moved to detain him.

Humala said Juárez’s request was “abusive” and denied any wrongdoing. Outside his Lima home, Humala stated: We are complying with all of the prosecutor’s orders. We have been collaborating all along with the investigation, because we have the biggest stake in all this being cleared up.”

However, Juárez said in his request that two former Odebrecht company executives had testified (under plea bargain arrangements in Brazil) that they had arranged to send US\$3m to Humala’s 2011 election campaign on behalf of Brazil’s ruling Partido dos Trabalhadores (PT), then in office under president Lula da Silva (who as we go to press has been handed a nine-year prison sentence for corruption). Juárez also alleges that Humala’s first presidential campaign, back in 2006, was part-financed with money siphoned from Venezuela’s treasury and sent to Peru on the orders of then-president Chávez.

Juárez also claimed that Humala and Heredia had opened accounts in Banco de Comercio in the names of their young daughters (Illariy and Nayra Humala-Heredia), in which some PEN40m (US\$12m) in illicit funds was deposited. The bank apparently notified the attorney general of suspected money laundering through the accounts in January 2017, after 13 account ‘renewals’ in the period from September 2016. Humala and Heredia had fiercely complained after two prosecutors from the attorney general’s office turned up at their daughters’ private school in Lima in early July, accusing the authorities of abusive behaviour. The ministry for women and vulnerable populations (MIMP) also complained, stating that an investigation into parents should not trample on the rights or emotional well-being of children. The two children are now believed to be in Chicago, Illinois, apparently visiting relatives. Wilfredo Pedraza, Heredia’s lawyer, has accused Juárez of using that fact to justify his argument that the couple were a flight risk and accused him of “excess”.

Gils Carbó in the spotlight

“All I am saying is that there is a parallel between the two cases [her own and that of Venezuela’s attorney general Luisa Ortega], let people reach their own conclusions. I am neither in the opposition nor a member of any political party. I don’t like it when journalists call me an enemy of the government. I am not an enemy; I am not in the opposition.”

Attorney General

Alejandra Gils Carbó

Relations between Argentina’s attorney general, Alejandra Gils Carbó, and the government led by President Mauricio Macri are tense. In a rare radio interview this week Gils Carbó claimed that she, like Venezuela’s attorney general, was being threatened by dismissal by an authoritarian head of state. The government does indeed want her gone – but says this is because she has been manipulating cases for political reasons.

In her interview with Radio Con Vos, Gils Carbó, who was appointed in 2012 during the government led by president Cristina Fernández (2007-2015), cast herself as the victim of the Macri administration. Gils Carbó said she was suffering “harassment” from a government that was planning to dismiss her by decree “just like President Nicolás Maduro” in Venezuela.

Gils Carbó said she and Luisa Ortega, the Venezuelan attorney general, were in similar situations. Both were doing their constitutional duty, and both faced removal by anti-constitutional means (*see sidebar*).

The government’s view, of course, is that Gils Carbó remains aligned with the Kirchnerista opposition, and has used her office to delay or deflect corruption charges against members of the former government, and to promote new cases against members of the Macri administration. Gils Carbó denies this, claiming that she is just defending the independence of a judiciary that is coming under increasing government “pressure”. In the interview she also suggested that various different corruption investigations might be manipulated as a pretext for her removal.

The admission by the Brazilian construction company Odebrecht that it had made illegal bribery payments in Argentina during the previous government was a case in point: how the matter was investigated might be “not unconnected” with a possible attempt to sack her she said.

Gils Carbó added that a meeting between Justice Minister Germán Garavano and Odebrecht lawyers was an unacceptable intervention by the executive in the affairs of the judiciary, since officials in the current government could also be implicated in the bribery allegations. But the government has said the meeting was necessary, precisely because of the attorney general’s foot-dragging on the case.

In fact, scarcely had the attorney general completed her radio interview than a federal prosecutor, Eduardo Taiano, filed a request to a judge that she be investigated for potential impropriety in her department’s purchase of an office block in 2013.

According to the *Infobae* news website an official in the attorney general’s office had arranged, in direct contravention of procurement rules, for a relative to receive a US\$176,234 commission on the purchase of a US\$2.57m office building. Gils Carbó has suspended the official in question, Guillerno Bellingi, pending a decision on whether the case should go to trial.

What to do about the Gils Carbó question is something that clearly continues to vex the government. More than a year and a half after it took office, she is

De Vido

Former federal planning minister Julio De Vido also faces a case where he is accused of buying unsuitable Spanish and Portuguese train carriages, and therefore contributing to safety failures which led to a train crash at the Once station in Buenos Aires in February 2012, in which 52 people died.

seen as an awkward reminder of the politically motivated Kirchnerista appointments in the judiciary.

Pablo Tonelli, a member of the federal lower chamber of congress for Macri's Propuesta Republicana (PRO) party who also sits on the council of magistrates (the body that appoints and manages judges), has suggested that the president might be justified in removing her by decree – precisely the move that Gils Carbó has claimed is in the making.

But federal deputy and anti-corruption campaigner Elisa Carrió, a member of the ruling centre-right Cambiemos coalition, is adamant that due process should be followed. "The Constitution should be respected, even for criminals like Gils Carbó, who I have denounced since her appointment," fulminated Carrió on her *Twitter* feed. Addressing her colleagues in the ruling coalition, Carrió added, "Without a change in the law, the only way to get her out is through impeachment."

Carrió has in fact formally requested that Gils Carbó be impeached on three separate occasions: in 2013, last year, and once more this year. The requests, which to date have not prospered, are based on charges such as the illegal appointment of prosecutors; covering up public sector crimes; and failing to demonstrate the impartiality required of a public servant.

De Vido in trouble

Another once-powerful Kirchnerista, Julio de Vido, this week faces additional corruption charges. De Vido is the only member of the former government who held the same role – as minister for federal planning, public works and investment – without interruption for the entire 12 years between the first day of the presidency of Néstor Kirchner (2003-2007) through to the last day in office of his wife (and then widow) Cristina Fernández (2007-2015). He is now a federal deputy for the Frente para la Victoria (FPV, Kirchneristas) faction of the main opposition Partido Justicialista (PJ, Peronists).

At the beginning of this week a judge indicted him on the charge of using his ministerial position to defraud the public transport subsidy system by around Ar\$600m (US\$35.3m).

When De Vido was in ministerial office the government offered subsidies to private bus companies, to enable them to keep bus fares low. The subsidies were based on 'declaraciones juradas' (sworn statements) by the private bus companies who submitted a regular tally of kilometres covered and passengers carried, to be used in a formula to determine their subsidy payments. However, in 2014, when electronic ticketing and a GPS tracking system was installed, it was discovered that under the previous system companies had been overstating their traffic levels and had received as much as 50% more than they were due in subsidies.

A judge has ruled that there is sufficient evidence to justify prosecuting De Vido, former deputy transport minister Ricardo Jaime, other former officials, and 251 transport company executives for collusion.

This is not the only corruption charge facing De Vido. Last week another prosecutor asked a judge to formally request that congress lift his immunity from prosecution, so that he could be put on trial for an alleged Ar\$264m (US\$15m) fraud in the development of a coal mine in Río Turbio in Patagonia. In the end the judge turned down the request, but some deputies in the ruling Cambiemos coalition are still trying to muster the two-thirds congressional majority that would be needed to have De Vido declared "morally ineligible [for his present role]", forcing his expulsion from the lower chamber.

The ruling coalition falls short of a congressional majority, but the exercise might force the Kirchneristas, who have so far avoided making any reference to the charges against De Vido, to take a public stand on the issue.

Labour reform approved as political crisis unfolds

Brazil's federal senate has approved a government-sponsored bill to relax Brazil's rigid labour laws for the first time in 70 years. This has boosted confidence in President Michel Temer, who is pursuing a reformist agenda. But the victory may be short-lived. Temer is still fighting for political survival as the corruption case against him moves in congress.

By backing President Temer's labour reform, legislators are not necessarily displaying a show of support for the president. Speculation is growing that a caretaker president such as the first in line to presidential succession and head of the federal lower chamber of congress Rodrigo Maia could replace Temer, without disrupting the legislative agenda.

Labour reform

The labour bill, which had already been approved by the lower chamber, passed the senate by 50 votes to 26, nine votes over the minimum needed to get through. It now goes to Temer for promulgation. It is designed to empower employers by granting them greater flexibility in terms of holiday provisions, part-time and overtime work. It also abolishes mandatory union fees, which have now become voluntary.

Temer was jubilant that the labour bill had made it through congress. This is the "most ambitious reform" to pass through congress in the past 30 years and marks a "victory for the fight against unemployment and for building a more competitive country", Temer proclaimed, during a press conference on 11 July. The bill has been broadly welcomed by businesses. Stocks rose upon its approval, showing investor confidence in the Temer administration has risen.

However, the labour reform did not pass through the senate without a struggle. Inside congress, opposition legislators staged a six-hour sit-in to delay proceedings, occupying the head of the senate Eunício Oliveira's desk. He responded by cutting off electricity, causing a blackout. As soon as the lights came on again, Oliveira proceeded to restart the session.

Outside congress, Brazilians have staged numerous protests including two general strikes to campaign against the labour bill. On voting day, unionised metal workers in São Paulo state rallied against the measure. More trouble could come. Various legal groups are expected to appeal the bill on constitutional grounds for violating citizens' rights and decreasing job security.

Corruption case

Temer's victory in the senate has been undercut by a resounding defeat in the chamber of deputies. On 10 July, rapporteur Sergio Zveiter, who leads the constitution and justice committee (CCJ) which investigates presidential corruption, said the case against Temer should proceed. He is accused of passive corruption for allegedly accepting bribes from meatpacker JBS via an intermediary. Zveiter dismissed Temer's defence that the charges had been made up, saying "from everything we've seen and heard, the charges are not fictitious. We have to get to the bottom of this."

The full 66-member committee is due to vote on the corruption charges later this week before it goes to the plenary. If two-thirds of the lower chamber decides Temer is guilty, the case would progress to Brazil's supreme court (STF). They have the power to suspend him for 180 days, putting Maia, from right-wing party Democratas (DEM), in charge.

Public see no end to Brazil's political crisis

A survey by US opinion polling group the Pew Research Center found less than a quarter of Brazilians believe political instability will get better, while 42% expect it to get worse within the next five years. The results come from the Center's 2017 Global Attitudes Survey carried out between March and April this year, based on a sample size of 1,008 people.

Crisis? What economic crisis?
Asked during a press conference how Brazil was grappling with the economic crisis, President Temer replied: “there is no economic crisis”, pointing to positive figures in recent months including growth for the agribusiness and industrial sectors. However, he went on to confuse Brazilians about his commitment to offering new jobs when he claimed on social media that he was “working to bring back unemployment.” Presumably, he meant the opposite.

Shifting loyalties

A growing body of legislators, including members of the so-called allied bloc, are reportedly backing Maia as Brazil’s next President, including some members of the centre-right Partido da Social Democracia Brasileira (PSDB). Ironically, many of those now calling for Temer to go were responsible for making him president in the first place by voting for the impeachment of former president Dilma Rousseff (2011-2016).

With Temer compromised by multiple corruption scandals, Brazil “is on the road to ungovernability”, interim president Tasso Jereissati said in an interview with news site *Estadão*. Maia, by contrast “has the ability to bring parties together, as he has shown in his role in congress, and establish some stability in Brazil”. Crucially, some believe Maia could breathe new life into Temer’s economic reforms such as a pensions bill pending in the lower chamber, which has been put on pause while the president focusses on his own defence.

Maia has outwardly denied any presidential ambitions and expressed his loyalty to Temer. On the sidelines, however, the 47-year-old deputy is reportedly bracing himself to step up to the presidency should Temer fall. Maia is well-connected as the son-in-law of the president’s right-hand man, the head of public-private partnerships (PPP), Wellington Moreira Franco, and would keep much of Temer’s cabinet. Moreover, Maia has reportedly shored up support among some business people and investors, *Valor Econômico* reported.

Others are less keen on Maia, who like Temer is the subject of multiple corruption investigations (although he is shielded from prosecution under judicial privilege so long as he remains in congress or in government). The speaker for the left-wing Partido dos Trabalhadores (PT), Gleissi Hoffmann, said Maia is “just as bad” as Temer, and has reiterated calls for early direct elections. Others remain indifferent, with almost half of Brazilians expecting local politics to deteriorate further in the near future (*see page 10 sidebar*).

Game of thrones

Over the past month, the president has made a series of trips to Europe, giving the first and second in line to presidential succession a chance to try their hands at the presidency. During Temer’s trip to Russia and Norway in June, Maia was in charge. On his most recent trip to Germany for the G-20 summit between 7 and 8 July, Maia was also away meeting politicians in Argentina so Oliveira took over the presidency. Brazil’s embattled president may regret his decision to delegate his presidential powers as his own position is under threat.

Brazilian law dictates that the first, second, and third in line to succession are respectively the vice president, the head of the lower chamber, and the head of the senate. But Brazil currently has no vice president after the former incumbent, Temer, took over from Rousseff when she was impeached.

G-20

Due to the political risks of leaving his presidential seat up for grabs, Temer initially declined an invitation to attend the G-20 summit. But at the last minute, he changed his mind to “defend” his country and promote the economy on the international stage (*see sidebar*).

However, Temer’s presence was not keenly felt. Due to confusion about whether he was attending, his name was initially missed off the G-20 programme and substituted by Finance Minister Henrique Meirelles (it was later amended). Moreover, Temer was the first to arrive at the conference and the first to leave, having scheduled back-to-back meetings with congressmen before and after the summit.

Division defines electoral scenario

Paraguay's domestic political divisions are conspiring to make the presidential elections in April 2018 volatile and unpredictable. The main opposition Partido Liberal Radical Auténtico (PLRA) commemorated the 130th anniversary of its formation this week immersed in an internal crisis. The two competing factions marked the occasion with two separate ceremonies in which each called for party unity to overcome the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) next April.

The PLRA has long been divided between factions loyal to the party president Efraín Alegre and Senator Blas Llano. But divisions were accentuated by the failed attempt by President Horacio Cartes to muscle through congress last March a reform permitting him to seek re-election. Alegre was irrevocably opposed to the reform; Llano supported it.

The PLRA is one of the oldest political parties in Latin America, formed in the same year as the ANR-PC which will celebrate its own 130th anniversary on 11 September. The PLRA is no stranger to internal rifts but it has become a stranger to power, other than providing the party political pedigree which helped Fernando Lugo to win election in 2008 and wielding power directly for 14 months through his vice-president Federico Franco after Lugo was impeached in 2012. Prior to that the last time it held power was under José Félix Estigarribia (1939-1940) in its original incarnation as Partido Liberal.

The party name expanded to add 'Radical' in 1967 and 'Auténtico' in 1978 but its only taste of power since then followed Lugo's anomalous victory. Since Paraguay's return to democracy in 1989, the PLRA has spurned some golden opportunities to capitalise on sharp divisions within the ANR-PC. Cartes' divisive bid to amend the constitution to seek re-election has presented it with another such opportunity. Hence the urgent call for party unity. The trouble is the PLRA right now looks every bit as divided as its arch rival.

On 9 July Llano's supporters gathered in the party headquarters to celebrate the anniversary. The next day Alegre rallied some 3,000 supporters in the South American Football Confederation (Conmebol) headquarters in Luque near Asunción.

'Unity' looks a dim prospect. On 10 July Mario Ferreiro, the mayor of Asunción, recognised as much. Ferreiro came to power in 2015 at the head of a centre-left coalition with PLRA support, inflicting a first defeat on the ANR-PC in the capital since 2001. A re-run of this coalition at national level would have made strategic sense but Ferreiro announced that after months of discussions with the party he had decided not to stand as a presidential pre-candidate in December's internal elections, blaming, among other things, party disunity.

TRACKING TRENDS

ARGENTINA | Odebrecht excluded from government suppliers' list. The government led by President Mauricio Macri announced last week that the Brazilian construction and engineering firm Odebrecht would be excluded from the list of companies qualified to bid for public works contracts for a 12-month period.

The ban was enforced after Odebrecht, which is currently being investigated in various Latin American countries for allegedly paying bribes to government officials to secure state contracts, admitted to paying some US\$35m in bribes in Argentina between 2007 and 2014 (see sidebar).

Odebrecht

Between 2007 and 2014 Odebrecht was involved in several major infrastructure development projects in Argentina including the expansion of gas pipelines (2006-2008); the building of a water treatment plant (2006); and the extending of the Sarmiento railway line (awarded in 2006 and still under construction).

Trouble with the penal code

A major reform of Mexico's criminal justice system came into force in June last year, after eight years of preparation. The new procedural criminal code, based on an accusatory system and on oral trials, was supposed to be fairer, to speed up the administration of justice, and to reduce prison overcrowding. But one year after its introduction, judges, police, and Mexico's state governors are in sharp disagreement over how it is progressing.

The diagnosis of what was wrong with the old system was fairly clear. It was led by investigating judges with heavy workloads, was entirely paper-based, very slow, and bureaucratic in its approach. The crime clear-up rate was abysmally low. One of its features was that presumed criminals were arrested and held for very long periods pending trial. This led to massive prison overcrowding. By mixing together pre- and post-trial prisoners, along with minor offenders and hardened gang leaders, the prisons themselves became major drivers of criminalisation.

The spirit of the reform was to speed up the process, using faster oral trials, and a presumption of innocence, rather than a presumption of guilt. More people would be granted bail; there would be greater use of mediation for minor offences; and in some cases electronic tagging or house arrest would relieve some of the pressure on prisons.

The new system was introduced in June 2016. But now, just over one year on, there is divided counsel over its effectiveness. Mexico's 32 governors are not happy with the new procedural penal code. They say it is 'hiper garantista' – meaning it goes too far to protect the rights of the accused. There is particular concern because a supreme court ruling on 5 July means that some people imprisoned under the old system can now apply to have their cases reviewed under the new procedure.

Miguel Ángel Mancera, the head of government of Mexico City (CDMX) responded by saying "Get ready because thousands of prisoners will be out on the streets in the next few days". Governors cited by the Spanish newspaper *El País* claimed that there will now be fewer criminals in jail and more on the streets. But sources in the judiciary told the newspaper that despite having had eight years and almost US\$1bn to get ready for the new system, the governors had failed to prepare properly.

The Centro de Investigación para el Desarrollo (Cidac) lobby group says the problem now is that Mexico has introduced a "first world" system of justice but still has a "fourth world" police force. Cidac says only one in four police officers know how to fill out a police report, while 75% of public prosecutors fail to collect evidence properly.

An official who had helped draft the new procedural code told the newspaper that judges are now receiving cases where investigations have been inadequate, there are gaps in the chain of evidence, or there is an absence of forensics. This had become critical because "now it is necessary to demonstrate guilt, not like the previous system, where there was already a presumption of guilt and it was necessary to demonstrate innocence". This source added, "it is now necessary to convince a policeman that a confession obtained in his presence – without the presence of a lawyer and one where

Remittances continue to trend up

Remittances reached US\$11.5bn in the first five months of the year, up 6.28% on the same period last year, according to figures released by Mexico's central bank (Banxico) last week. In 2016, Mexico received remittances worth a record US\$26.97bn and Banxico officials are predicting that total remittances received by Mexico this year could set a new record as the current upward trend is expected to continue.

Illegal spying

“The [IACHR] shares the concerns of others: how can the government be trusted to investigate its own alleged violation of citizen rights given its track record in this matter?”

Commissioner James Cavallaro Mario Patrón asked rhetorically. The Centro de Derechos Humanos Miguel Agustín Pro Juárez (Centro Prodh), a human rights group looking into the mass disappearance of the students in Iguala which also claims to have been a victim of illegal surveillance, has questioned whether state institutions are qualified to probe the matter when the attorney general’s office (PGR) itself has been accused of using Pegasus.

torture could have been used – is no longer acceptable”. Héctor Díaz, head of the technical secretariat for the implementation of the reform (Secretaría Técnica de Implementación de la Reform Penal – Setec) has said there had been insufficient investment in hiring trained staff.

Disagreements are being aired publicly. The head of the federal police, Manelich Castilla, has called for the new procedural code to be amended. His concern is that it does not allow people caught with unauthorised weapons to be immediately imprisoned. While declaring himself “respectful” of the new code, Castilla said it should be changed to allow those caught with high-powered weaponry to be jailed immediately pending trial. “It is hard for us to understand why we should not imprison someone caught carrying a Barrett (50mm machine gun) or rocket or grenade launchers – these are not exactly for recreational use,” he said.

On the other hand, José Ramón Cossío, a member of the supreme court, said that judges are the last link in the “judicial chain” and it is unfair to blame them for all its failings. “Many people said that as this was a reform of the judiciary it was a matter exclusively for the judges, but the reform required many people learning to do things differently, and no-one thought that through. It was thought it was just a matter of changing some judges, giving them new gowns and new court rooms, and that, strangely, everything else would fix itself. That just hasn’t happened,” Cossío lamented.

With Mexico’s next presidential elections now only a year away, the debate over the new code in particular, and law and order in general, may be set to intensify. Human rights lawyer Juan Carlos Gutiérrez has accused Mancera – a potential centre-left presidential candidate – of indulging in “punitive populism”. The disadvantages of the old system are still very present, Gutiérrez said, highlighting the death of 29 people in a prison riot in Acapulco on 6 July.

MEXICO | SECURITY

Pegasus deployed against Iguala experts

New revelations continue over the use of Pegasus, a sophisticated electronic surveillance system, by Mexican government agencies. The latest claim is that it was used to spy on the group of international experts (Grupo Interdisciplinario de Expertos Independientes – GIEI) that the government itself had invited in to the country to help it investigate the 2014 abduction and presumed massacre of 43 trainee students in Iguala, Guerrero.

The allegation has been made by Citizen Lab, a research group at the University of Toronto that has been analysing the use of Pegasus, a surveillance and security programme developed by an Israeli company. Citizen Lab said members of GIEI received malicious messages to their smart phones – designed to install the Pegasus software, when they were investigating the tragedy. The text messages were sent shortly after GIEI presented its final report in April 2016, in which the independent experts highlighted flaws in the handling of the case by the Mexican police and federal attorney general’s office (PGR), and the use of torture against some witnesses. Citizen Lab also said Pegasus had been used against human rights lawyers working for relatives of the victims.

The GIEI raised its concerns that it was the victim of illegal spying in a letter to the Inter-American Commission on Human Rights (IACHR), Commissioner James Cavallaro revealed this week (*see sidebar*). “If it’s true that the government spied or tried to spy on our experts, that would be an outrage of historic proportions,” Cavallaro said.

Major mine suspended

Guatemala's supreme court (CSJ) last week suspended the mining license of Minera San Rafael (MSR), a subsidiary of Canada's Tahoe Resources, which owns the Escobal silver mining project. Located in Santa Rosa department, the mine is one of the largest in the world. The provisional ruling is a major victory for local anti-mining groups such as Centro de Acción Legal Ambiental y Social (Calas) which filed the case against Guatemala's energy & mining ministry (MEM) back in May, calling for the mine's suspension on the grounds that indigenous people's right of consultation had been violated. The CSJ's ruling has left the right-wing Frente de Convergencia Nacional (FCN-Nación) government led by President Jimmy Morales under pressure from private sector organisations concerned that it could affect future foreign investment.

In its appeal before the CSJ, Calas argued that the MEM had violated the Xinca indigenous people's right of consultation (Convention 169 of the International Labour Organisation [ILO] to which Guatemala signed up in 1996), ahead of granting the license for Escobal in 2013. The mine, which had proven and probable mineral reserves of 23.7m tonnes (t) as of January this year, has been very contentious amid complaints by the local community of "serious pollution" which is affecting residents' health, and seismic activity which they claim is caused by the mine. This led local residents to stage blockades in the area last month, resulting in the paralysis of operations at the mine. On 29 June, the national congressional committee on interior affairs agreed to set up a dialogue table with MSR and local community representatives to discuss the conflict. At the time an MSR spokesperson, Juan José Cabrera, said the paralysis of operations had resulted in losses of some Q120m (US\$16m).

Issued on 5 July, the CSJ's ruling was welcomed by Calas and other anti-mining groups. However, it was unsurprisingly rejected by Tahoe, which has said that it intends to appeal it before the constitutional court (CC), as well as Guatemala's influential private sector lobby Comité de Asociaciones Comerciales, Industriales y Financieras (Cacif) which has also filed an appeal before the CC against the move.

The MEM denies the claims made by Calas, insisting in a statement issued on 5 July that it had held a consultation process that complied with the requirements set forth in ILO Convention 169. According to the MEM, as of January 2017, a total of 64 exploitation and exploration licences had been granted for metallic mining while 128 had been granted for non-metallic mining. Meanwhile a total of 313 exploitation and exploration licences for metallic mining are currently being processed while 177 non-metallic mining licences are under consideration.

TRACKING TRENDS

NICARAGUA | Anti-poverty progress. General poverty afflicted 24.9% of Nicaragua's 6.2m inhabitants in 2016, down from 29.6% in 2014 and 42.5% in 2009, according to official figures released by the Instituto Nacional de Información de Desarrollo (Inide). Extreme poverty affected 6.9% of the population, down from 8.3% in 2014 and 14.6% in 2009. The Inide report defines the general poverty line as C\$18,310.99 (US\$608.8) per person per year and extreme poverty as C\$11,258.93 (US\$374.3). It also shows an improvement in the Gini coefficient (a technical measure of inequality, where 0 represents perfect equality and 100 perfect inequality) which was 0.33 in Nicaragua in 2016, down from 0.38 in 2014.

Oxec

The ruling by the supreme court (CSJ) regarding the Escobal mine follows other court rulings in relation to controversial infrastructure projects. These include the Oxec hydroelectric dams in the northern department of Alta Verapaz, which served as a source of public protest earlier this year. In May, the constitutional court (CC) ruled on a case involving the Oxec dams which are being constructed by a Spanish firm, Grupo Cobra. In January, the CSJ had ordered the suspension of both projects, owned by a local company, Corporación Multi-Inversiones de Guatemala (CMI), which subcontracted Grupo Cobre to construct the dams after finding that indigenous communities affected had not been consulted (in breach of Convention 169). However, in May the CC ruled that activities could resume for a year but Grupo Cobra must carry out a consultation.

POSTSCRIPT

Quotes of the week

“We all believe in dialogue, our Revolution is a revolution of love not hate, but we should never forget with whom we are sitting down at the table, at the risk of legitimising those who plundered our country, affronted the Republic with their old shady deals.”

Ecuador's President Rafael Correa.

“We were on the verge of sinking like the Titanic, 2001 all over again, but we have got away from there and set the right course again.”

Argentina's President Mauricio Macri reminds voters of the “Disney-like fantasy” he inherited when he took office in 2015.

“I don't know if they're going to dismiss me or not, anything can happen here, but they're treating me as if I have committed a crime.”

Venezuela's attorney general Luisa Ortega.

Ringling the changes in Argentina

The Argentine government led by President Mauricio Macri has announced that Alejandro Finocchiaro will replace Esteban Bullrich as education minister, and Oscar Aguad will replace Julio Martínez as defence minister. Both changes are to allow Bullrich and Martínez, the outgoing ministers, to stand as candidates for the ruling centre-right Cambiemos coalition in mid-term congressional elections due in October.

Bullrich is at the top of the Cambiemos list of federal senators in the Argentina's most populous province of Buenos Aires, where former president Cristina Fernández (2007-2015) is also seeking election at the head of her new political outfit Frente Unidad Ciudadana (FUC). Fernández's participation in the elections means that President Macri is likely to orchestrate Bullrich's campaign personally.

Martínez is also seeking to stand for senator, but to represent the province of La Rioja. Both Bullrich and Martínez will have to seek nomination in party primaries due on 13 August; if their candidatures are duly endorsed they will go on to contest the congressional elections on 22 October.

As part of the changes Macri is reducing the size of his overall ministerial team by one. Aguad was previously minister for communications, but his old department will lose its ministerial status and be merged into the ministry for modernisation, led by Andrés Ibarra.

In a further elections-related change, José Cano steps down from Plan Belgrano (a project to boost development of Argentina's northern region which had ministerial rank) to seek election as a federal deputy representing the province of Tucumán. Cano is being replaced by Carlos Vignolo, who up until now has been secretary-general of the provincial government of Corrientes.

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