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Ecuador's Moreno shakes up security strategy

Ecuador's President Lenín Moreno showed his ruthless streak this week by jettisoning his interior and defence ministers. Their fault? Failing to meet a 10-day deadline to capture the leader of the Frente Oliver Sinisterra (FOS), and dissident member of the demobilised Fuerzas Armadas Revolucionarias de Colombia (Farc), 'Guacho' (Walter Patricio Arizala), responsible for the kidnap and murder of three employees of the Quito daily *El Comercio*, and taking hostage two other Ecuadorean nationals.

Interior Minister César Navas and Defence Minister Patricio Zambrano tendered their resignations the day after the expiry of the ultimatum President Moreno had given them to track down Guacho. Their lack of progress in either recovering the three bodies of the *El Comercio* employees, or in making headway in rescuing the missing two hostages seized by the FOS, also undermined their positions. Navas, in particular, was castigated by relatives of the victims for inconsistency, and for failing to contract a qualified team to negotiate with the FOS.

Moreno showed no mercy. He promptly accepted their resignations to show the deadline was no idle threat, and appointed replacements on 27 April. Moreno tapped Lino Mauro Toscanini, a commercial engineer and former rector of the Universidad Católica Santiago de Guayaquil (UCSG), to replace Navas as interior minister. Toscanini said he had been offered several political posts over the course of the last 30 years but this was the first one he had accepted. His career trajectory might suggest he was more cut out for a cabinet position in finance rather than public order and the vexed issue of Ecuador's northern border with Colombia. He has an MA in economics, served as dean of economics at UCSG, and is experienced in international business. But he has also completed advanced studies in governance and political management at the George Washington University in Washington, DC, and teaches the subject at UCSG.

In stark contrast, Oswaldo Jarrín, who replaces Zambrano at defence, is well qualified for the role he has been assigned. Indeed, he is steeped in experience. A former head of the joint command of the armed forces, Jarrín retired in 2003. He was secretary of the national security council which, until 2006, coordinated national security strategy. A former director of the Eloy Alfaro advanced military school in Quito, Jarrín held the position of defence minister during the brief tenure of former president Alfredo Palacio between 2005 and 2006. In 2016, he presciently predicted that as a result of the Farc peace accord "tensions on our border will increase", with dissident guerrillas forming illegal armed groups.

Jarrín's publications include 'Ecuador facing the 21st century: security and geopolitics'; 'Strategic intelligence in conflict resolution; planning and managing crises', and 'Security for the new millennium'. He has also written a

Farc dissidents

The Frente Oliver
Sinisterra (FOS)

issued a statement
on 30 April calling for
the creation of a
humanitarian corridor
on the shared border
in order to return the
bodies of the three
murdered *El*

Comercio

employees, as well
as the group's two
hostages, Vanesa
Velasco Pinargote
and Oscar Efrén

Villacís Gómez, who
it claimed were

members of

Ecuador's

intelligence services.

In the statement the
FOS demanded the
release of "guerrillas,
militia members, and
civilians arrested in

Ecuador and

Colombia". It also

warned the Moreno
administration that

without the creation

of a humanitarian

corridor "you will

keep compromising

[the safety] of

Ecuadorean citizens".

series of lacerating critiques of government security strategy as a guest columnist for *El Comercio* over the last seven years, most recently on 16 April when he said the FOS kidnap and murder case exposed "the hybrid threat of narco-terrorism...taking advantage of the legal loopholes in our penal code, errors by the state's political leadership, and rookie mistakes in security planning".

In his article, Jarrín condemned the fact that "our highly professional armed forces and police, without efficient [political] leadership, are seeing their efforts diluted, and lack a counter-terrorism plan to protect national sovereignty". He said that declaring a state of exception in the border cantons of San Lorenzo and Eloy Alfaro in the province of Esmeraldas was "opportune", but he criticised the lack of "a single command structure responsible for security management", and the lack of a national defence and security policy. He also argued that Moreno's decision on 3 April to set up a 'council of security advisers', comprising retired army generals Paco Moncayo and Fabián Varela and retired police general Euclides Mantilla, to draw up an intelligence and counter-intelligence plan, and a national plan for border defence, was needed because of a lack of faith in the defence and interior ministry advisers.

In short, Jarrín highlighted flaws which he will now be tasked with correcting. Moreno is in effect challenging him to show how it should be done. In his first public appearance on 2 May, alongside César Merizalde, the head of the joint command of the armed forces, Jarrín thanked Moreno for the recognition of his "professional experience of more than 37 years" and said he was "highly motivated" to take on the job. Merizalde, praising Jarrín as "a soldier that knows the institution", called for better intelligence and technology to combat the threat posed by evolving illegal armed groups on the border, comprising dissident guerrillas, former paramilitaries, local criminals, and drug traffickers.

Jarrín's appointment is significant because it marks a return to placing the defence ministry under a retired military official after 12 years of civilians during the Citizens' Revolution. He is expected to restore the national security model in place before former president Rafael Correa (2007-2017), with the key question being whether this involves a return to greater security cooperation with the US. Ironically, Correa, who threw the US military out of its air base in Manta in 2009, is now the object of an investigation ordered by Moreno into allegations that he accepted US\$500,000 of illegal electoral campaign financing from the Farc, and might have been prepared to overlook its cross-border drug smuggling. "Violence on the border is because 'Correa struck a pact with narco-trafficking and we didn't'. Tomorrow it will be 'increase in contraband is because Correa struck a pact with contrabandists and we didn't'. With 'arguments' like this they will always be able to justify their ineptitude," Correa tweeted in response.

Attorney general impeached

Another man to speak at length about insecurity on the Colombian border last week was Ecuador's attorney general Carlos Baca, while defending himself in the national assembly from the charge of failing to carry out his duties. To no avail. After a marathon session of nearly 11 hours on 26 April, deputies voted almost unanimously to impeach Baca.

Baca insinuated that there were political motives in the impeachment process that began on 9 March when he appeared in a congressional session that saw the dismissal of the president of the national assembly, José Serrano. Baca had produced an audiotape on which Serrano appeared to entertain a conspiracy to bring him down suggested by the former comptroller general Carlos Pólit, a fugitive from justice wanted to face corruption charges [\[WR-18-10\]](#).

Baca said his mistake had been to hold a press conference to reveal the audio, although he entreated deputies to understand that he had interpreted a conspiracy to bring down the country's attorney general to be of some importance. Deputy Henry Cucalón, of the opposition Partido Social Cristiano (PSC), dismissed Baca as "a bad politician disguised as a dreadful attorney general".

Cabinet clinches congressional clearance

Peru's President Martín Vizcarra received a boost on 2 May when the opposition-controlled congress overwhelmingly backed the cabinet of his prime minister César Villanueva in a vote of confidence. The plan of governance Villanueva outlined to congress for the next three years contained measures to create jobs and boost economic growth "to benefit the whole population", a major political reform, and measures to combat corruption. But he courted controversy by immediately seeking special powers for the Vizcarra administration to legislate in six key areas.

Villanueva promised to combat corruption, which he said accounted for 2% of GDP "depriving our poorest compatriots of schools, hospitals, police stations, roads, bridges, and dignified work". He said he would propose a bill to make the failure to declare campaign financing an offence punishable by a prison sentence and extend the application of 'civil death' to public officials convicted of drug trafficking, asset laundering, and financing terrorism. Villanueva also said his cabinet would improve institutional stability and social development, and strengthen decentralisation, as well as carrying out a political reform, which would include reinstating an upper chamber of congress (the senate was dissolved in 1992).

On the economic front, Villanueva set the goal of 5% GDP growth by 2021, the end of Vizcarra's term, reducing poverty to 18% (it increased for the first time this century last year by one percentage point to 21.7% [[WR-17-16](#)]), and boosting private investment by 8% by simplifying and eliminating obstacles to investment projects. Villanueva said the government had prepared an economic stimulus plan to dynamise the economy in the short and medium term with a 'shock' of public investment – PEN180bn (US\$55.38bn) between now and 2021 – "to reduce the infrastructure deficit and improve our competitiveness".

After more than 12 hours of debate in congress, deputies voted by 94 votes to 19 with two abstentions to confer a vote of confidence on Villanueva's cabinet. The alternate spokesman for the main opposition Fuerza Popular (FP, Fujimoristas), Deputy Héctor Becerril, said his party would back the cabinet because Villanueva had delivered a "realistic message with a special focus on corruption and decentralisation". Becerril insisted that the FP was committed to "Peru's progress and development", accusing Vizcarra's predecessor Pedro Pablo Kuczynski (2016-2018) of "only wanting to divide congress".

The FP spokesman Deputy Daniel Salaverry pointedly stressed that "you have the confidence of this bench but now you have to win the confidence of the people". Vizcarra enjoys an approval rating of 52%, according to a poll by GfK for the national daily *La República* published this week, and a disapproval rating of 23%. As long as his approval rating remains high, Vizcarra should enjoy a degree of protection from FP but the moment it drops he could be vulnerable. Deputy Indira Huilca, of Nuevo Perú, which along with its fellow left-wing opposition party Frente Amplio voted against the cabinet, said that Vizcarra was only in power because of a "still unresolved crisis" and was offering "continuity" when "concrete changes in the form of government" were needed.

The government is seeking to make some substantial changes, with Villanueva surprising deputies with a request for legislative powers for 60 days in six areas: tax and finance, economic management and competitiveness, reconstruction and infrastructure deficit reduction, fighting corruption; tackling violence, and modernising the state. The upcoming vote in congress will be a test of how cooperative FP intends to be.

Humala released

Peru's constitutional tribunal voted on 26 April by 4-3 to revoke the preventive detention of former president Ollanta Humala (2011-2016) and his wife Nadine Heredia in relation to the corruption case involving the Brazilian construction firm Odebrecht. "Let the nationalist family know that we are not dead," Humala said to a small group of supporters from his Partido Nacionalista Peruano (PNP) on 1 May after leaving prison with Heredia. They spent more than nine months behind bars accused of receiving US\$3m from Odebrecht for the 2011 electoral campaign, the PNP not having reported these donations to the electoral authorities as required by law. "What doesn't kill us makes us stronger," Humala said. The case continues.

Strain on peace process

“If the peace process is going to be subjected to the pressure and arbitrary decisions of the US Drug Enforcement Administration its stability will be at high risk,” Senator Iván Cepeda of the left-wing Polo Democrático Alternativo (PDA) wrote on *Twitter* in response to the the publication of the *WSJ* piece implicating Iván Márquez in drug trafficking. Márquez himself condemned “judicial shows and foreign intervention”. He has not been charged with any crime unlike Jesús Santrich who has recently been admitted to hospital after going on hunger strike since his arrest on 9 April accused of seeking to smuggle 10 tonnes of cocaine to the US, worth US\$320m.

Santos denies peace process unravelling

President Juan Manuel Santos insisted this week that it was not true to say that the peace process with the Fuerzas Armadas Revolucionarias de Colombia (Farc) “is failing”. Santos was speaking after a crisis meeting with his ‘post-conflict cabinet’. He came out in defence of the peace accord in the wake of criticism by both the government’s former chief peace negotiator, Humberto de la Calle, now a presidential candidate, and his Farc counterpart in Cuba, ‘Iván Márquez’ (Luciano Marín Arango). Márquez, who urged Santos to rescue the peace process, spoke out after *The Wall Street Journal (WSJ)* published a piece claiming he was being investigated for alleged drug-trafficking.

President Santos argued that, after an “exhaustive revision” of the peace process, his government had concluded that the balance was “very positive” and that “we have made more progress than any other process in the history of violent conflict resolution in the world”. He discussed implementation of the peace accord, tackling coca cultivation, and the emergence of Farc dissident groups.

Santos maintained that significant progress had been made with regard to the manual eradication of coca crops, with the security forces having destroyed 64,000 hectares (ha) of coca since the start of last year, and 30,000 ha substituted for alternative crops since this programme began one year ago. Last May Santos had set the target of eradicating 50,000ha of coca in a year after the surge in cultivation of the crop prompted US President Donald Trump to toy with decertifying Colombia. The coca-substitution programme is progressing more slowly than planned but the government has set the target for an additional 23,000 ha in 2018.

Santos boasted that 91% of peace-related legislation had been approved by the constitutional court. But he was forced to admit that seven significant bills associated with the implementation of the peace process remain mired in congress.

Santos also sought to refute claims by detractors that Farc guerrillas are abandoning the peace process in droves. He argued that only 7% dissidence was better than any previous peace process elsewhere in the world. But this was at the time of the accord. The big question is how many demobilised guerrillas have stayed with the process. Santos did not provide an exact figure. While he acknowledged that the size of “the poorly named Farc dissident groups” had swollen to 1,200 members, Santos maintained that “the vast majority” of these were the result of “forced recruitment” and not the return of former guerrillas to criminality.

Santos defended the peace process after his former chief peace negotiator, De la Calle, the presidential candidate of the Partido Liberal (PL), languishing in the polls ahead of elections on 27 May, cautioned that “the peace is being thrown away” and that Colombia could be heading towards “a confrontation as bloody as the one [it] has already lived through”.

De la Calle said that the Farc should bear some responsibility for the current failings, but he maintained that the government was guilty of very slow progress in rolling out reinsertion programmes for demobilised guerrillas. He also took aim at several of his rivals in the presidential contest, notably the current frontrunner Iván Duque, of the right-wing Centro Democrático (CD), and his mentor former president Álvaro Uribe (2002-2010), for jeopardising the peace.

New threats

Colombia's ombudsman Carlos Negret claimed last month that since the signing of the Farc peace accord, dissident Farc guerrillas, Ejército de Liberación Nacional (ELN) guerrillas, and Colombia's largest neo-paramilitary and drug trafficking group Clan del Golfo had moved into territory for the purposes of drug-trafficking and illegal mining in the municipalities of Argelia, El Tambo, and Suárez, in the department of Cauca; Buenaventura (Valle del Cauca); Tibú and El Tarra (Norte de Santander); and Tarazá, Cauca, and El Bagre (Antioquia). Negret presented the report 'Illegal economies, armed actors and new post-conflict risk scenarios' in Tumaco, the violence-riven port city in the south-western department of Nariño, alongside Lawrence Sacks, the director of USAID Colombia, which provided technical and financial assistance.

While refusing to entertain any failure on the part of the Farc to advance the peace process, its own chief negotiator, Márquez, concurred that it was "sinking bit by bit" through "indifference or cowardice, when the moral duty is to save it at all costs as the most transcendental accord achieved in Colombia in recent decades". Márquez made his comments in a video released by the Farc, bearing a disturbing resemblance to pre-peace days, not least because it was recorded after he left Bogotá for the 'safety' of a rural area in southern Colombia where the former guerrilla group retains influence.

Márquez had announced last week that he would not assume his senate seat in July due to a lack of guarantees as he would just end up being accused of "being a drug trafficker" like his fellow guerrilla leader 'Jesús Santrich' (Seusis Pausivas Hernández), arrested on 9 April. Márquez did not have to wait long. On 28 April *The Wall Street Journal (WSJ)* published a piece, citing anonymous sources, claiming that US and Colombian law-enforcement officials were probing him for alleged drug-trafficking. These sources informed the *WSJ* of the existence of a mobile phone video on which Márquez could be heard talking with a Mexican drug trafficker after the signing of the peace accord in November 2016.

Both Santos and the Colombian attorney general, Néstor Martínez, denied that Márquez was under investigation, albeit the latter added that if the peace was being jeopardised it was not by the government but by "people who reintegrate into democratic civilian life and continue drug trafficking".

VENEZUELA | POLITICS & ECONOMY

Maduro takes up arms in economic war

"A shield against the criminal economic war of the neoliberal oligarchy and the International Monetary Fund." This is how Venezuela's President Nicolás Maduro described a massive increase in the minimum wage and monthly food ticket which he decreed in time for International Labour Day on 1 May, and three weeks before presidential elections on 20 May. The shield offers no protection, however, against the hacking and hewing of hyperinflation.

President Maduro declared the 44th increase in the minimum wage in the 19 years of Bolivarian governments. He presented it as an accomplishment, but while it might have benefitted workers when the currency was stable and the economy booming during the early years under former president Hugo Chávez (1999-2013), now it is a hollow gesture. Maduro might have lifted the monthly minimum wage by 155% to BF1m (just US\$1.61 at the black market exchange rate) and the monthly food ticket from BF915,000 to BF1.55m but due to the ravages of inflation this is tantamount to a 13% cut in US dollar terms from the last increase on 1 March.

Maduro also bumped up an assortment of other 'family protection bonds' obtainable for holders of the 'Carnet de la patria': the "economic war bond" rose to BF400,000; bonuses for families of different sizes ranging from BF500,000 to BF2.58m; and a special one-off monthly bonus of BF1.5m (US\$21.7) dubbed 'the working class bond'.

Maduro blamed the hyperinflation, acute shortages of food and medication, and the constant failings of basic public services, such as the provision of drinking water and electricity, on the economic war being waged against the country. "The oligarchy has declared a total war against the people so that you despair...I ask for your vote to make justice," he said, promising to imprison all of those behind "the economic mafias".

Diplomatic ties

The permanent council of the Organization of American States (OAS) convened an extraordinary session on 30 April to discuss the humanitarian situation being experienced by the Venezuelan people, and its impact on the countries of the region. Colombia is exercising the pro tempore presidency of the permanent council. Venezuela's diplomatic relations with Colombia have taken a significant turn for the worse over the last year, although it did manage to restore diplomatic ties with Panama this week after a month of tensions between President Maduro and his Panamanian peer Juan Carlos Varela. The Dominican Republic's President Danilo Medina mediated talks between Maduro and Varela on 27 April which resulted in the two countries restoring their respective ambassadors and re-establishing air links.

Maduro said he wanted 10m votes (which not even Chávez in his pomp achieved). "A record vote in Venezuela will guarantee peace and open the door to economic prosperity to defeat the economic mafias," Maduro said. He then openly linked continued state support through the 'Carnet de la patria' to voting for him. "I want all holders of the Carnet to vote [which requires showing the Carnet at polling stations]; you give and you receive, the country gives you family support, food, missions through the Carnet," Maduro said.

Henri Falcón derided Maduro's increase of the minimum wage, which he said would simply drive inflation and was meaningless as "prices tend to stick to the dollar but not wages". Maduro's principal rival for the presidency added that "this is the worst crisis any Latin American country has suffered in the last 100 years," albeit there are some strong challengers for that unwanted accolade. Speaking on May Day, Falcón promised to raise the minimum wage to US\$75 per month in a dollarised economy.

Nícmer Evans, one of the most vocal Chavista critics of the government, criticised Maduro for continuing to describe himself as "the first working president" when he had "betrayed the working class". Evans has helped to organise a series of sparsely attended protests staged by the umbrella opposition movement Frente Amplio Venezuela Libre in recent days. He took part in a demonstration, along with 50 other people, for instance, outside a children's hospital in Caracas to denounce the crisis afflicting the health system and the consequences for the country's younger generation.

Evans said government threats and repression, and daily struggles, had deterred people from attending the protests in greater numbers. But he expressed his confidence that the protests, however small, would "pressure towards a democratic exit".

TRACKING TRENDS

BOLIVIA-PERU | Improving ties. Peru's President Martín Vizcarra met his long-serving Bolivian peer Evo Morales in the border town of Desaguadero on 28 April to discuss deepening energy, trade, security, and environmental cooperation. Representatives of Peru's energy and mines ministry and Bolivia's hydrocarbons ministry will meet in Lima in mid May to discuss energy integration. This will prepare the way for a binational cabinet meeting in September in Cobija, the capital of Bolivia's north-western department of Pando.

Vizcarra said that bilateral integration was of "historic [importance] but must translate into concrete projects". The lack of such projects was, incidentally, one of the reasons given by Peru, along with five other countries in the region, to suspend its membership of the Union of South American Nations (Unasur) last week, two days after Morales assumed the pro tempore presidency of the bloc [\[WR-18-16\]](#). The two heads of state discussed Unasur. They agreed that their respective foreign ministries would seek a consensus to find a solution to the problem.

VENEZUELA | Not one but two cryptocurrencies. Venezuela's President Nicolás Maduro announced the launch on 26 April of the country's second cryptocurrency. While the first, released earlier this year, is backed by oil, the second is backed by gold.

The 'petro oro' token will not be purely digital but physically exist. Gold coins will be issued, weighing 10 grams, 20 grams, 50 grams, or one kilogram. They will be contained within a "sealed and classified" card, complete with the signature of the Great Liberator Simón Bolívar. "You will be able to invest in bolívars, in cryptocurrency, or convertible gold; you will be able to buy it and the investment will be solid," Maduro said.

Temer enters lame duck territory

For the second time this year, Brazil's President Michel Temer was forced to cancel his planned trip to Asia. Instead of jetting off to Singapore, Thailand, Indonesia and Vietnam, Temer will face the ongoing political turbulence at home. His decision to prioritise domestic matters over Brazil's foreign agenda comes as he attempts to get his re-election campaign off the ground.

The decision to abort the Asia trip, scheduled for 4 to 12 May, comes after the federal police decided to continue their investigation into President Temer's daughter Maristela over allegations she used illicit donations from the meat processing firm JBS for property development. Temer dismissed these allegations as an affront to his and his family's honour.

A spokesperson for Temer claimed the president opted against the Asia trip in order to prioritise the centre-right Movimento Democrático Brasileiro (MDB) government's reform agenda in the federal congress. With presidential and legislative elections around the corner, the MDB government has a narrow window in which to approve new reforms.

This week, the government's top priority is passing a bill which would allow Brazil to dip into its contingency funds after Venezuela and Mozambique defaulted on R\$1.5bn (US\$430m) in debts to the national development bank (Bndes) and Credit Suisse. The deadline for clearing the first R\$1bn (US\$290m) of debt repayments is 8 May. Any failure to do so could damage Brazil's reputation as a "good creditor", Carlos Marun, the secretary of government, said.

Temer's calls to rally congressmen comes after his economic reform agenda has hit a wall in recent months. Following the defeat of his landmark pensions bill in February, this month congress failed to vote a provisory measure modifying key parts of the November 2017 labour reform. Protests and sit-ins from the left-wing opposition Partido dos Trabalhadores (PT) bench after the jailing of former president Lula da Silva (2003-2011) have only added to the disruption.

Further tensions are at play. Although Temer still has some allies in the chamber of deputies, where he served for three terms and made a name for himself in politics, he is losing influence. There is some animosity between Temer and the current president of the chamber of deputies, Rodrigo Maia from Democratas (DEM), with both potentially looking to run in the presidential elections. It seems unlikely either would win given they have between 1%-2% of voter intentions according to the latest polls.

The ruling MDB has not named its official presidential candidate yet. But Temer's disapproval ratings of over 70% could tip the balance in favour of his former finance minister Henrique Meirelles to represent the party. Instead of running on his own, Meirelles could also join up with other centre-right candidates, possibly as a running mate for Partido da Social Democracia Brasileira (PSDB) pre-candidate Geraldo Alckmin, to reduce voter fragmentation, according to the local weekly *Veja*.

Conscious of the need to boost his public image, Temer has revamped his own campaign. This year the budget for government propaganda (classified as 'publicidade institucional') shot up from R\$52m in 2017 to R\$80.8m. Temer's new campaign aims to promote his government's economic achievements during two years in office. These are primarily taming high levels of inflation,

Temer loses momentum in congress

As is usual in an electoral year, the Temer administration has been forced to scale down its legislative agenda. In 2017, 49 new laws were approved, 31 provisory measures, and five amendments to the constitution. But so far in 2018, just 17 laws and 17 provisory measures have been pushed through congress, according to local daily *Folha de São Paulo*.

Labour day protests

On 1 May, diverse leftist groups came together to campaign for former president Lula's release.

Members of Brazil's seven main unions all bussed into Curitiba from various parts of the country. This is the first time they have united behind a common cause since Brazil's return to democracy in 1985.

Also present were the social movements Frente Brasil Popular and Povo Sem Medo, and PT loyalists.

and seeing Brazil return to 1.1% GDP growth last year, following a two-year recession, which is predicted to rise to 1.9% by the end of 2018, according to projections from the International Monetary Fund (IMF).

Instead of last year's tired-sounding slogan of 'getting Brazil back on track', this year's campaign message is all about showing how Temer's economic team have affected people's day-to-day lives. Against criticisms of elitism, he is attempting to reach out to different sections of society. On 1 May, Temer increased payments from the conditional cash-transfer programme 'Bolsa Família', used by around 13m low income families in Brazil, by 5.67% to take effect from July. He also renewed the 'Luz Para Todos' programme, which is designed to bring electricity to 2m families in rural areas.

Less magnanimously, the ministry for social affairs and development (MDS) kicked 392,000 families off the programme this April, on top of another 543,000 last year. The government explained they had been disqualified for not filling out their forms properly, not fulfilling the terms and conditions, or earning more than the threshold.

Despite the redistributive measures, Brazil's stubbornly high unemployment rates and stagnant wages mean the effects of the economic recovery have not yet been equally felt by all sectors of society. In the three months up to March, unemployment rose to 13.1%, up 1.3 percentage points on the last quarter ending in December 2017. During that time, over 1.5m lost their jobs. Moreover, data from Brazil's employment registry (Caged) suggested that new hires only exceeded layoffs for those in lower-income positions. To address this, the government has signed a decree increasing the minimum monthly wage from R\$937 (US\$267) to R\$954 (US\$271) by 2019, when the new government takes over.

During a televised broadcast, Temer urged Brazilians not to become disheartened. He called 1 May a "day of reflection, not a day of holiday. We have to honour our ability to work. To be resilient and overcome obstacles... And for those looking for a job, do not lose hope," he said.

But, on International Labour Day, thousands of Brazilians came out to protest against the government's flagship labour reform and campaign for workers' rights. Passed in November 2017, it was designed to spur job creation. Critics counter that it watered down workers' rights by increasing working hours. Another reform approved last March to legalise outsourcing has opened the door for more zero-hours contracts, making working conditions more precarious.

Meanwhile, in Rio de Janeiro, over 100 people queued overnight outside the jobs centre after the Nilton Santos stadium in the north of the city opened up 5,000 new vacancies. "To get work, whether you want it or not, you have to sleep in the queue," said one of the job applicants in an interview with local daily *GI*.

Lula supporters came out en masse for labour day (*see sidebar*). The annual protests are usually held in the city of São Paulo but this year moved to Paraná's state capital Curitiba, just outside Lula's prison cell. Further demonstrations took place in neighbouring Argentina where Lula's successor Dilma Rousseff (2011-2016) tried to canvas international support for Lula to run for re-election from Buenos Aires.

Rousseff also called for greater political tolerance at a time when the country is increasingly polarised. Tensions came to a head on 29 April, when two PT supporters were injured after a gunman fired bullets into the crowd. Police are investigating whether the attack was politically motivated. "In the Brazil I want to live in, shots are not fired against those who do politics. These shots are a threat to democracy," said the presidential candidate of the Partido Comunista do Brasil (PCdoB), Manuela D'Ávila.

Abdo Benítez starts to form his cabinet

After being declared the virtual winner of the presidential election, Mario Abdo Benítez has started naming his future cabinet. On 26 April, Abdo Benítez named the former vice president Luis Castiglioni (2003-2007) as his future foreign minister. Castiglioni is the only confirmed future minister so far. But Abdo Benítez has also named Juan Ernesto Villamayor as the head of his transition team. He is joined in the transition team by the incumbent president of the social security institute (IPS), Benigno López, Senator Arnoldo Wiens, Senator and former education minister Blanca Ovelar (2002-2007), and former finance minister Ernst Bergen (2005-2007). All of these figures are expected to be promoted to the cabinet once Abdo Benítez assumes office on 15 August.

Fraud allegations mark post-election period

Paraguay's electoral authorities (TSJE) are still finalising the vote count for the 22 April general election, the preliminary results of which pointed to a clear victory for the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC). The political opposition is already complaining about a lack of transparency in the vote-counting process and is denouncing electoral fraud. Nevertheless, the ANR-PC continues to prepare for the instalment of the new government, including advancing political manoeuvres designed to ensure that some of its controversial senatorial candidates, such as outgoing President Horacio Cartes, can assume an elected senate seat.

After declaring Mario 'Marito' Abdo Benítez, the ANR-PC presidential candidate, as the virtual winner based on the preliminary rapid count results (Trep), the TSJE said that it would start the formal vote counting process with a view to concluding it within a week. However, the vote counting process has been slowed by the decision by the political opposition to stage demonstrations outside the TSJE headquarters in Asunción in demand of transparency. The demonstrations followed the public denunciations made by Efraín Alegre, the presidential candidate of the Alianza Ganar opposition coalition, about alleged irregularities in the vote counting process.

Alegre did not challenge the Trep results, but days after the election claimed that Alianza Ganar electoral representatives had "observed clear indications of fraud" in the vote counting process. He demanded a full vote-by-vote recount and for the vote counting process to be suspended until the TSJE agreed to this. Alegre also called for demonstrations until the TSJE accepted his demands, with Alianza Ganar sympathisers holding vigils outside the electoral headquarters since last week. The TSJE has rejected the allegations made by Alegre and insists that it will continue with the official vote count, noting that after this is concluded Alianza Ganar will have the opportunity to challenge the results. However, undermining the case of Alegre and the Alianza Ganar is the fact that to date they have yet to present any concrete evidence in support of their allegations.

As well as contesting Abdo Benítez's victory, Alegre and the Alianza Ganar also want to ensure that the final vote count of the legislative elections is accurate, as Trep projections suggest that the opposition coalition will have the biggest bench in the national senate. This could be critical for the opposition, which is determined to stop President Cartes and former president Nicanor Duarte Frutos (2003-2008), both of whom appear to have won election after being included among the first ANR-PC senatorial candidates, from swearing-in as elected senators, as it insists that this violates the constitution. The opposition's plan is to deny quorum in the new congress for Cartes or Duarte to be sworn-in as elected senators.

Manoeuvring

There are signs that a plan is already in motion to ensure that Cartes and Duarte will be able to assume their seats as active senators. On 30 April Alicia Pucheta, the president of the supreme court (CSJ), tendered her resignation with the intention of assuming the country's vice presidency, which became vacant in mid-April. This after congress accepted the resignation of Juan Afara, another figure that was controversially included in the ANR-PC's list of senate candidates. Afara's resignation resolved all the technical impediments affecting his senatorial candidacy.

It is widely speculated that Cartes is also planning to resign before his term ends in August in order to be in a better position to assume an active senate seat when the new legislature is installed in July. But, in order to do so, Cartes first has to ensure that someone he can trust is appointed as vice president by

Cartes and Duarte

Asked during a recent interview about the possibility that President Cartes and former president Nicanor Duarte may now assume active seats, and the vice presidential nomination of Alicia Pucheta, the president of the supreme court, Mario Abdo Benítez said that now that the matter has been resolved by the CSJ he had no qualms about the pair's senatorial candidacies; and that he believes that Pucheta is "an excellent" choice for vice president.

congress to succeed him once he steps down, and not prevent him from being sworn-in as an active senator. Following Afara's resignation, Cartes nominated Pucheta, who is considered to be aligned with the ANR-PC, as his preferred choice for vice president. But this led to Pucheta being accused of plotting with Cartes to make sure that he can assume an active senate seat. As CSJ president, Pucheta voted in favour of dismissing the formal complaints that the opposition filed against Cartes and Duarte's senatorial candidacies. The opposition has also rejected Pucheta's nomination to the vice presidency on constitutional grounds, arguing that it violates provisions against one individual simultaneously holding two government positions.

However, in a press conference, Pucheta announced that she had tendered her indeclinable resignation to the CSJ in order to become eligible to assume the vice presidency if elected by congress. Pucheta's nomination must still be debated by congress. But it is expected that this will happen in the coming days, and that her nomination will be approved by the ANR-PC-dominated outgoing legislature.

In a clear sign that Pucheta's appointment as vice president may be a mere formality, Abdo Benítez has recently endorsed her nomination to the post. Abdo Benítez, who hails from an ANR-PC party faction that actually dissented from Cartes throughout his term, has in the past questioned Cartes' and Duarte's senatorial candidacies as he considered them to be constitutionally dubious (*see sidebar*).

URUGUAY | SECURITY

Legal marijuana market not making the grade

Ever since Uruguay legalised marijuana and placed the production and sale of the narcotic under state control in 2017, there has been a lot of interest to see if the initiative could succeed in undermining illegal drug trafficking and reducing the incidence of violent crimes associated with it. The release of a new report by Uruguay's cannabis regulation and control institute (Ircca), which found that, despite legalisation, half of marijuana consumers in Uruguay still buy the narcotic from illegal sources, is sure to attract attention. The question is whether this just shows that the initiative needs to be improved, or whether it is likely to fail to achieve its objectives.

The Ircca report, entitled 'Monitor Cannábico', found that since the sale of legal marijuana began in July 2017, 150,000 5g doses of marijuana have been sold in Uruguay. These have been sold to the 23,161 people who have registered as marijuana users and are allowed to purchase it legally from local pharmacies. The number of registered marijuana users is significantly lower than the 60,000 that the government initially forecast. But the Ircca report calculates that there are some 147,000 people who currently consume marijuana at least once a year in Uruguay. Allowing for the fact there are 8,418 individuals registered in so-called 'Cannabis clubs' which are allowed to grow marijuana for personal consumption, this means that well over half of marijuana consumers are neither sourcing the narcotic from official vendors nor members of Cannabis clubs.

The suspicion is that those marijuana consumers that have not registered to buy legal marijuana or grow their own are buying the narcotic from drug traffickers. The Ircca report suggests that the high number of marijuana consumers illegally obtaining the narcotic is down to demand for marijuana outstripping supply of legal marijuana; and to the fact that due to ethical and business reasons many pharmacies continue to refuse to sell marijuana, limiting its availability. More problematically, the Ircca report points out that a recent international study found that marijuana consumption has been steadily increasing in Uruguay since legalisation, particularly among those aged 29 and under (*see sidebar*).

Marijuana

consumer's profile

According to data compiled by Ircca, the average registered marijuana consumer is a male Montevideo resident aged 29 or under. According to the Ircca, 70.4% of registered marijuana consumers are male; 49.5% are aged 29 or under, with 33.1% aged between 30 and 44, and only 17.4% aged 45 and over. The majority of the legal marijuana purchases (55.2%) have been made in Montevideo, where four of the 12 pharmacies that currently sell marijuana are located. Meanwhile, the Ircca data shows that 25% of all registered marijuana consumers have yet to make a purchase at one of the authorised pharmacies, mainly because they do not live close to a pharmacy that currently sells it.

Marijuana tourism

This all points to legalisation having increased demand, which is now being exploited by drug trafficking organisations (DTOs). Uruguayan and Brazilian police have noted a significant change in drug flows on the shared border. Traditionally marijuana flowed from Paraguay into Uruguay and then Brazil, the region's largest drugs market. But increasingly Brazilian and Uruguayan police have seized marijuana consignments going from Brazil into Uruguay. The Uruguayan authorities believe this is due to an increase in demand for marijuana in some of Uruguay's beach resorts, which are popular with tourists from across the region; and that competition to control this profitable market is fuelling violence in the area (*see our April edition of the Security & Strategic Review*).

The sale of legal marijuana to foreigners is forbidden under Uruguay's marijuana legislation but tourists are still buying marijuana in the country seeking to take advantage of the fact that its consumption is legal. The local press has reported that since legalisation there appears to have been a marked increase in tourists coming to Uruguay specifically to consume marijuana. These reports point out that some Uruguayan hotels have started to market themselves as 'weed-friendly', inviting guests to consume marijuana on their premises, and that a common question asked by tourists is where they can buy some marijuana. Unless the Uruguayan authorities address the issues of low supply, limited access, and tourist consumption, the country's experiment with full legalisation looks set to fail in its main objective of eliminating the illegal market.

TRACKING TRENDS

BRAZIL | EU pledges aid for Venezuelan immigrants in Brazil. The European Union (EU) will donate R\$10.6m (US\$3m) to help Venezuelan citizens seeking refuge in Brazil. Currently, most Venezuelan immigrants cross the border to Boa Vista, capital of the northern state of Roraima or Pacaraima in the same state. However, these cities are struggling to cope with the influx of refugees, with around 500-700 immigrants arriving per day according to Roraima governor Suely Campos. Last month, Campos' petition to close the border temporarily was rejected by the Brazilian government, which argued that Brazil had a humanitarian duty to help those coming from Venezuela.

The additional funds will be available from June according to the EU's ambassador to Brazil, João Cravinho. "We can overcome this challenge if the federal and state government, army, police, United Nations, civil society and other bodies all join forces. We are playing our part," he tweeted.

ARGENTINA-BRAZIL-CHILE | New era for diplomatic relations. Chile's President Sebastián Piñera visited Argentina and Brazil last week. Piñera's first port of call on 26 April, just over a month after he was sworn in for a second term, was Buenos Aires where he met his Argentine peer Mauricio Macri, with whom he shares a good rapport, both men having been successful businessmen before entering politics. They signed several accords on trade liberalisation, energy, and migration.

Piñera met his Brazilian peer Michel Temer on the following day at the Itamaraty Palace. Discussions mostly centred on economic matters and the leaders signed two bilateral accords: the first to create a Brazil-Chile public procurement agreement, and the second to draw up a protocol making it easier to invest in the financial institutions of both countries.

Three days later, a more low-key meeting took place in Chile's congress between leftist leaders, Chile's former president Michelle Bachelet (2006-2010; 2014-2018) and the Partido dos Trabalhadores (PT) party president Gleisi Hoffman, representing Brazil's former president Lula da Silva (2003-2011). Hoffman has launched an international campaign for Lula's release so he can run in October's election. Bachelet expressed solidarity with his cause.

Strategic voting

Javier Lozano, a spokesman for the PRI's presidential campaign, accused the business sector of pressuring for "everybody to stand aside" and rally behind Ricardo Anaya as the best bet to stop Andrés Manuel López Obrador winning. The president of the Consejo Coordinador Empresarial (CCE), Juan Pablo Castañón, denied that business had "either a candidate or a party", although he admitted that the umbrella business organisation was concerned by "some announcements [made by López Obrador] that run counter to economic freedom; ideas from the 60s and 70s based on times of protectionism". Speaking on International Labour Day on 1 May, Anaya offered to increase the minimum wage immediately to M\$100 a day from the current level of M\$88.36 (US\$4.70) and gradually boost it to M\$190 (US\$10.10) per day.

MEXICO & NAFTA

MEXICO | POLITICS

López Obrador turns screw on rivals

The sizeable lead retained by Andrés Manuel López Obrador in opinion polls is piling pressure on his rivals with under two months to go before Mexico's presidential elections on 1 July. It is being felt most acutely by José Antonio Meade, whose campaign for the federally ruling Partido Revolucionario Institucional (PRI) is stuttering. Ricardo Anaya, the presidential candidate of the Left-Right Por México al Frente coalition, who has consolidated his position in second place well ahead of Meade, appealed this week to PRI supporters to vote strategically for him in order to prevent López Obrador, the candidate of the left-wing Movimiento Regeneración Nacional (Morena), from winning. The resignation of the president of the PRI, Enrique Ochoa Reza, on 2 May, underscored the party's difficulties.

The first post-debate poll published by the national daily *Reforma* on 2 May put López Obrador on 48%, followed by Anaya on 30%, and Meade on 17%. Anaya, widely seen as the winner of the debate on 22 April [WR-18-16], was up by four percentage points on the previous *Reforma* poll last month. López Obrador was unchanged. Meade slipped by one point to 17%, but it is the independent candidates who are being squeezed out: Margarita Zavala fell by two points to 3%, and Jaime 'El Bronco' Rodríguez Calderón by one point to 2%.

The poll suggests that voters are already thinking strategically, and the fact that a clear majority saw Anaya as the most likely to defeat López Obrador is a further blow to Meade. Anaya stopped short of advocating a grand coalition against López Obrador but he said he would be prepared to meet anyone, including President Enrique Peña Nieto, if it would help secure his election ("Nobody negotiates with me, I am the president," was Peña Nieto's response).

Anaya is running a risk by switching his rhetoric from anti-PRI to anti-López Obrador, especially as he billed his electoral alliance between the right-wing Partido Acción Nacional (PAN), and left-wing Partido de la Revolución Democrática (PRD) and Movimiento Ciudadano (MC) as embodying "a new politics". But Anaya has just 60 days to bridge a gap of between 15 and 20 percentage points, which means he has to convince PRI supporters that Meade's cause is hopeless.

Meade responded defiantly, but all is clearly not well with the PRI. Anaya seized upon Ochoa's resignation as party president on 2 May as an "unequivocal" sign that the PRI campaign is misfiring and that Meade has "absolutely no chance of winning". Ochoa made way for René Juárez Cisneros, a former PRI federal deputy, senator, and governor of the state of Guerrero (1999-2005). Meade, who was present at the handover, apparently suggested the change not just because of Ochoa's erratic performance during the electoral campaign but because Juárez would be better able to rally the party's grassroots.

Speaking during a rally in the central state of Puebla, López Obrador accused Anaya of "hallucinating", adding that "not even if they all united [the other four presidential candidates] would they defeat us". The idea of strategic voting feeds López Obrador's argument that "one corrupt political mafia" – the PRIAN – is out to thwart him.

Anaya responded by claiming that his call had made López Obrador nervous because "the majority of Mexicans do not want him to be president". Anaya also lashed back at the suggestion of the PRIAN, claiming instead that there was a PRIMOR, "a new pact between the PRI and Morena", after the parties voted together in the senate to designate two "partisan" commissioners on Mexico's transparency and data protection regulator (Inai), and were both offering "advance pardons" for those in government.

Populist controversy

Andrés Manuel López Obrador has condemned a documentary named *El populismo en América Latina* in which he appears with left-wing populists in the region. “If they tell me who paid for it I’ll broadcast it on my Facebook page,” López Obrador said. “It’s fascist trash,” he said celebrating the fact that national and international television stations had chosen not to broadcast the documentary which features former presidents Hugo Chávez (Venezuela), Juan Domingo Perón (Argentina), and Lula da Silva (Brazil), with the final episode on López Obrador.

Morena in driving seat as Chiapas campaign begins

The electoral campaign for the governorship of the southernmost state of Chiapas got underway on 29 April with four events in three different cities and the presence of the country’s presidential candidates.

Andrés Manuel López Obrador attended the launch of Rutilio Escandón, the gubernatorial candidate for his Morena-led coalition *Juntos Haremos Historia*, in the northern municipality of Palenque, with some 15,000 supporters. López Obrador said his government would construct a high-speed train linking the Mayan archaeological sites at Palenque, Tulúm, and Calakmul with Cancún to spur tourism.

López Obrador also visited the city of San Cristóbal de las Casas and Ocosingo, an indigenous municipality, where some 10,000 people turned out. He promised jobs for 80,000 small farmers through a land programme. He said they would be paid to plant 200,000 hectares of fruit and vegetable trees (coffee, cacao, citrus fruits, cedar, and mahogany) with the provision of new technology to make them grow faster than the standard time of 15-25 years.

Meade attended the campaign launch of the PRI’s gubernatorial candidate, Roberto Albores Gleason, running for the *Todos por México* coalition with the *Partido Verde Ecologista de México* (PVEM), in front of some 30,000 supporters in the municipality of Tapachula in south-western Chiapas, alongside the PVEM state governor Manuel Velasco Coello.

Meade promised better security and tourism development, as well as driving agricultural production to tackle “poverty, marginalisation, and a lack of jobs” in Mexico’s poorest state. He vowed to develop the border with Guatemala, improve roads, railways, hospitals, schools, and drainage and public transport in the state capital Tuxtla Gutiérrez.

The candidate for *Por Chiapas al Frente*, José Antonio Aguilar Bodegas, supported by the PAN, PRD and MC, launched his candidacy in the Tapachula bullring. Aguilar is a distant third with 8.1%, according to the latest polls. Escandón is leading the way with 35.1% ahead of Gleason on 26.5%.

TRACKING TRENDS

MEXICO | First quarter growth. Mexico’s GDP increased by 1.1% in the first quarter of 2018 compared with the previous quarter, and by 2.4% year-on-year, the national statistics institute (Inegi) reported on 30 April. The figures are positive as they suggest that Mexico’s domestic economy is exhibiting greater dynamism than last year, when year-end growth was an underwhelming 2.1%.

The Inegi report notes that GDP growth in the first quarter was driven by increased activity in the primary sector, up by 5.1%, and in the tertiary (services) sector, up by 3.1% year-on-year. However, activity in the secondary (manufacturing) sector was virtually flat.

The encouraging Inegi figures were hailed by the federal finance ministry (SHCP), which attributed the strong performance of the primary and secondary sectors to increased exports and domestic consumption. The SHCP also noted that the dynamism shown by the domestic economy comes despite the fact that Mexico is still recovering from the impact of the major earthquakes that struck the country in September 2017. Indeed, the ministry noted that a weaker Mexican peso most likely enhanced competitiveness and allowed Mexican export levels to increase in the third and fourth quarters of 2017, reaching a record US\$39.7m in March 2018. Non-oil sales, which accounted for around 94% of total exports, rose 8.6% to US\$37.3m. Shipments of manufactured products rose 7.5%, including steel products (29%), automotive parts (16.8%), and food and beverages (4.4%). Oil exports increased by 38.9% to US\$2.4m.

The increase in economic activity has also created more jobs, with the unemployment rate falling to 2.9% in March, down from 3.2% in March 2017. In another sign of the health of the domestic economy, the SHCP also noted that, after peaking at over 6% last year, inflation has now started to come down. Inflation was 5.04% year-on-year in March, 1.74 percentage points lower than the rate recorded in the final quarter of 2017.

Truth commission fails to convince

The announcement of a legislative 'Truth Commission' to investigate the deadly crackdown on anti-government protesters last week [[WR-18-16](#)] has yet to pacify the students who have since emerged as one of the most visible faces of the opposition with many of their peers having featured among the dead. With no sign of the national dialogue promised by President Daniel Ortega (to be brokered by the Catholic Church) and mass protests since staged across Nicaragua demanding his resignation and justice for the deaths (which local NGOs suggest could exceed 60), there is no end in sight to the crisis.

National assembly president Gustavo Porras of the ruling Frente Sandinista de Liberación Nacional (FSLN) announced the creation of the truth commission on 27 April. However, this was promptly slammed by the newly launched students' movement Coordinadora Universitaria por la Democracia y la Justicia (CUDJ) (which comprises students from the Universidad Centroamericana [UCA], Universidad Agraria [UNA], Universidad Americana [UAM], and Universidad Nacional Autónoma de Nicaragua [UNAN]). This response was hardly a surprise given that, along with all of the country's other institutions, the 92-member legislature is FSLN-controlled.

Calling for the truth commission to be disbanded on the grounds that "we don't accept that the murderers investigate themselves", the students who, in the absence of a credible political opposition have emerged as the main challenger to the government, are instead demanding a truth commission comprising representatives from organisations like Centro Nicaragüense de Derechos Humanos (Cenidh), the Inter-American Commission on Human Rights (IACHR), the International Court of Justice (ICJ), and the United Nations (UN). The IACHR announced that it will formally request the government's consent to carry out a working visit to Nicaragua. On 27 April, the international human rights NGO Human Rights Watch (HRW) called for pressure to be put on the Ortega government to allow the IACHR visit to take place.

Meanwhile other conditions set out by the CUDJ for dialogue to take place include the exclusion from the talks of Telémaco Talavera, UNA rector and president of the Consejo Nacional de Universidades (CNU), the official coordinating and consulting body for all universities and vocational colleges, and the national union of students (Unen), perceived to be FSLN sympathisers. They are also calling for the dismissal of the national police (PNN) leadership, that relatives of those killed be included, and that the dialogue does not take place before mid May to allow the students time to prepare a team of legal advisers.

So far President Ortega, who puts the death toll at 20 (*see sidebar*), has repealed the contentious reforms to the social security system (INSS) which sparked the unrest in the first place. In what would be another concession to the students, the local media is reporting that he has accepted the resignation of PNN director Aminta Granera, although this has yet to be officially announced.

In the post since 2006, Granera was previously one of the country's most popular figures although her credibility has eroded in recent years due to the government's efforts to bring the PNN under its control. However, this, as well as the announcement of the truth commission, has already met with scepticism from figures such as US Representative Ileana Ros-Lehtinen (R-FL) who accuse the Ortega government of creating a "smoke screen".

Latest death toll

The most recent figures from Cenidh put the death toll due to the government crackdown at 43 although other groups, such as Comisión Permanente de los Derechos Humanos de Nicaragua (CPDH), suggest that it could be over 60. Meanwhile, the international human rights NGO Human Rights Watch (HRW) cites the Nicaraguan Red Cross as saying that between 18 and 25 April it assisted 435 people injured during the protests, including 242 who were hospitalised.

Taiwan-China

It is worth noting that the island of Hispaniola now has split allegiances as Haiti still recognises Taiwan. Belize, El Salvador, Honduras, Nicaragua, Paraguay, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines are the other countries in the region to enjoy diplomatic retain with Taiwan.

Protests

In a further sign of government weakness, on 28 April thousands of protesters opposed to the US\$50bn 'Gran Canal' project, which proposes to link Nicaragua's Caribbean and Pacific coasts, marched to Managua – for the first time since the construction contract was awarded in June 2013 to Hong Kong Nicaragua Canal Development Company (HKND).

A year ago, the Consejo Nacional por la Tierra, Lago y Soberanía protest group ('Consejo Nacional') had planned to march to the capital against the proposed canal but was forced to call it off amid fears of violence after reports that PNN officials had been deployed to quell the unrest.

An operation launched in late November/early December 2016 by PNN and army officials in response to protests against the initiative led the Frente Amplio por la Democracia (FAD) opposition coalition to accuse the government of leaving the country in a "virtual state of siege" [WR-16-48].

DOMINICAN REPUBLIC | DIPLOMACY

Taiwan ditched for China

Two weeks ago this publication suggested that the Dominican Republic would be the next country to make the great diplomatic leap from Taiwan to China after President Danilo Medina inaugurated the first Chinese manufacturing plant in the country [WR-18-15]. This prediction was borne out on 1 May when the Dominican Republic formally severed diplomatic relations with Taipei and established ties with Beijing.

In a ceremony in Beijing, the Dominican foreign minister, Miguel Vargas Maldonado, signed a document with his Chinese counterpart Wang Yi embracing the 'One China' policy. The Dominican government expressed reluctance at having to rupture ties with Taiwan but stressed that the switch of allegiance would be "extraordinarily positive for the country".

Vargas did not mention specific projects that his country might expect, although the Chinese commercial representative in the country, Fu Xinrong, said that US\$870m in electricity and construction projects was already in the pipeline and that investment would increase dramatically with diplomatic relations in place.

Wang said the new diplomatic relationship would provide "enormous opportunities for the development of the Dominican Republic". He promised real results and tangible benefits for the Dominican people (tens of thousands of whom have taken part in widespread protests against official corruption over the last year for stifling development). Wang also said the ties between the two countries would give "new impetus to China's relations with Latin America and the Caribbean".

The Dominican Republic follows in the footsteps of Costa Rica and Panama as China makes inexorable inroads into Taiwan's diminishing list of allies. Ten of the remaining 19 countries that still recognise Taiwan are in the region (see sidebar). Attention now switches to who might be next. Guatemala is the standout candidate. It is the next largest Taiwanese ally in the region by a distance in terms of GDP (some US\$70bn) and population size (17m).

Joseph Wu, Taiwan's foreign minister, announced the "immediate suspension of all cooperation and aid", criticising Chinese dollar diplomacy. He said that China had offered "vast financial incentives" against which Taiwan could not compete (spiralling up to US\$3.1bn in the form of infrastructure investment, financial assistance, and low-interest loans, according to a Taiwanese official speaking to Reuters on condition of anonymity). He also appeared to caution other countries in the region from following suit by accusing China of failing to fulfil its development promises upon the establishment of diplomatic ties.

Quotes of the week

“The way we are going is towards war with our eyes closed.”

Colombian presidential candidate and former chief peace negotiator Humberto de la Calle.

“Politics is like water on a stone, it won't break it by force but by constancy.”

Nícmer Evans, one of the most vocal Chavista critics of Venezuela's government.

“History and socioeconomic reality now force us to change course.”

Flavio Darío Espinal, legal consultant to the presidential office in the Dominican Republic, on the country's decision to drop Taiwan for China.

POSTSCRIPT

Haiti's Lafontant undertakes cabinet reshuffle

Haiti's Prime Minister Jack Guy Lafontant has carried out the first cabinet reshuffle since President Jovenel Moïse and his Parti Haitien Tèt Kale (PHTK) took office in February 2017. This followed a 72-hour ultimatum issued by various legislators to Moïse for him to make ministerial changes. Lafontant failed to provide any official explanation for the reshuffle, in which five out of 18 cabinet ministers were replaced, but many discern frustration with the government's lack of results – particularly with regard to combating corruption.

In the changes, the director general of the justice ministry (MSJP), Jean Roodly Aly, was prompted to head up the ministry (which is one of the institutions tasked with addressing corruption), replacing Heidi Fortuné. Other changes include the appointment of Jean-Marie Reynaldo Brunet as minister of interior and territorial communities, replacing Max Rudolph Saint-Albin. Brunet is a former president of the interim municipal commission of Carrefour commune in the capital Port-au-Prince, and a member of the first provisional electoral council under the Michel Martelly administration (2011-2016).

Joubert Angrand, coordinator of the national coffee institute, has been named as the new agriculture minister, replacing Carmel André Belliard – suggesting the government has failed to deliver on what President Moïse had pledged would be his top priority upon taking office: promoting and developing agriculture. The two other changes were Guy André François, a former consul in Miami, which is home to most of the diaspora, who is the new minister for Haitians living abroad, replacing Stéphanie Auguste, and Guyler C Delva, a journalist and former secretary of state for culture (2012-2013) under Martelly, who replaces Limond Toussaint as culture and communications minister.

The cabinet changes were announced four days after protests took place in Port-au-Prince against the government for its perceived failure to address corruption. The protests, which left one dead, were called by opposition party Pitit Desalin of Senator Jean Charles Moïse. Anger has mounted over the case concerning the funds from Venezuela's discounted oil initiative Petrocaribe. This made headlines earlier in the year after Haiti's senate passed a resolution requesting that the superior court of audit and administrative disputes (CSC/CA) conduct a review of the management of Petrocaribe funds over the eight-year period from September 2008 to September 2016, under the governments led by Martelly and his predecessor, René Prével (2006-2011). The resolution was in response to a 647-page report published in November by a senate commission which concluded that “Petrocaribe has been the object of embezzlement”.

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