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CONTENTS

LEADER	1
Spectre of crisis looms over Argentina again as Macri turns to IMF	
ANDEAN COUNTRIES	
COLOMBIA	3
New home for ELN dialogue found	
VENEZUELA	5
Maduro tries to buy way to record 10m votes	
TRACKING TRENDS	
BRAZIL & SOUTHERN CONE	
BRAZIL	7
Housing crisis a key electoral issue	
BRAZIL	8
Supreme court lifts parliamentary immunity	
TRACKING TRENDS	
CHILE	9
Austerity plans expanded despite recovery	
MEXICO & NAFTA	
MEXICO	10
López Obrador and big business at loggerheads	
MEXICO	12
No containing electoral violence	
TRACKING TRENDS	
CENTRAL AMERICA & CARIBBEAN	
COSTA RICA	13
Alvarado takes office	
GUATEMALA	14
Morales ends speculation over new AG	
TRACKING TRENDS	
POSTSCRIPT	16
Ecuador's Moreno shakes up army command	
Quotes of the week	

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Spectre of crisis looms over Argentina again as Macri turns to IMF

A sombre President Mauricio Macri appeared on national television on 8 May to make the announcement he perhaps most dreaded upon taking office in December 2015: Argentina will seek financial assistance from the International Monetary Fund (IMF). The short-term objective is to restore market confidence, stop the run on the peso, which has been losing value against the US dollar at a rate of knots, and stave off a financial crisis. But returning to the IMF is not just an economic decision in Argentina. It is eminently political. For many Argentines, the IMF is toxic. It is blamed for the economic debacle of 2001. The biggest sovereign default in history brought down the government, and the ensuing social trauma is not easily forgotten. At a stroke Macri has revived a divided political opposition and imperilled his chance of re-election in 2019.

During a three-minute televised address, President Macri said he had taken the decision to appeal to the IMF for financial aid “for the good of all Argentines, not lying to them as so often in the past”. “The problem that we have is that we are one of the countries in the world most reliant on external financing, a product of the enormous public spending that we inherited [from 12 years of Kirchnerista governments] and that we are sorting out,” Macri said. “During my first two years [in power] we have had a favourable global context; this is changing now,” Macri added. “We implemented a ‘gradualist’ economic policy that sought to balance the public accounts disaster bequeathed to us, looking after vulnerable sectors and at the same time growing, generating jobs and development.”

Macri said he had discussed a credit line with the managing director of the IMF, Christine Lagarde, “to confront the new international scenario and avoid a crisis like those that we have had in the past”. The reeling peso had lost over 5% of its value against the US dollar on 8 May alone, reaching Ar\$23/US\$1. Trying to prop up the peso had cost the Argentine central bank (BCRA) US\$5bn in reserves in the previous four days. The BCRA lifted interest rates from 32.25% to 40% on 4 May to try and persuade investors not to pack up and leave, flying to the US where returns are increasingly good and risk minimal. Argentina’s country risk returned to where it was at when Macri had taken office and had proceeded to court the markets successfully.

Investors are most concerned about Argentina’s capacity to finance a current account deficit of some 5% of GDP as it has massive exposure to dollar-denominated debt, more than other emerging markets, issuing US\$59bn of debt in 2016 and 2017. This explains the revision of fiscal deficit goals from 3.2% to 2.7% of GDP announced by the treasury minister, Nicolás Dujovne, on 4 May. Dujovne also announced a US\$3.2bn cut in public spending, especially public works projects, to reduce dependence on external financing, and staunch the currency haemorrhage by reassuring investors. Reducing government expen-

United behind Macri

President Macri's ruling Cambiemos coalition, for the time being at least, is presenting a united front behind him. Elisa Carrió, Macri's attack dog during troubled times, accused "the irresponsible PJ opposition [of] damaging confidence in the Argentine nation". The leader of Coalición Cívica para la Afirmación de una República Igualitaria (CC-ARI), Carrió argued that "Going to the IMF with a rate of 4% is saving half on interest rates [from other lines of international credit] to be covered until 2019, and prevent the eternal blows of 'devaluationists'". The Unión Cívica Radical (UCR) is also standing by Macri. But there is concern about how quickly everything is unravelling. After all, it is only two months since Macri confidently asserted before congress that "the worst has already passed".

diture is an intrinsic part of the Macri administration's 'gradualist' economic policy. It is also likely to be one of the IMF conditions in a Stand-By Arrangement (SBA). As much as the government might prefer one of the more flexible accords the IMF offers, with fewer strings attached, it seems resigned to an SBA. Finance Minister Luis Caputo said in an interview on local television on 9 May that it would allow Argentina to "maximise" the amount of money it could seek from the IMF at a favourable interest rate of 4%. Dujovne is meeting Lagarde in Washington for further discussions as we go to press.

The initial reaction from foreign investors was positive, but local savers are unlikely to be comforted, seeing this as history repeating itself. The timing of the request is problematic for Macri. While cabinet ministers have sought to smile away all talk of crisis, returning to the IMF looks like hitting the panic button. The public knows it must have been a last resort because Macri is aware that the pain of what is widely seen as an IMF-induced economic crisis in 2001 is seared into the collective memory of Argentines. Back then, the 'corralito', freezing bank withdrawals, decimated their savings, unemployment surged, and Fernando de la Rúa was compelled to resign the presidency after two years in office (1999-2001).

Macri has been in power for just four months longer, but he is much stronger than De la Rúa. His centre-right coalition Cambiemos was the best performer in the mid-term congressional elections last October. The political opposition, especially the Partido Justicialista (PJ, Peronists), is weak and divided with no obvious leader, as is the traditionally powerful trade union movement Confederación General del Trabajo (CGT). But returning to the IMF is anathema for the majority of Argentines. There will be a political cost for Macri, especially with inflation still biting.

A revitalised opposition united in the federal lower chamber of congress on 9 May to pass a bill to cap increases in energy tariffs, and stall the planned removal of subsidies, by 133 votes to 94. The government denounced the move as "demagoguery", and Macri has said he will veto the bill if it is approved by the senate in the coming weeks. But if his popularity begins to sink the opposition will challenge him further at a time when he will need congressional support for potentially undesirable reforms required by the IMF. Dujovne insisted that the IMF is a different beast from 17 years ago, having "learnt from lessons of the past", acknowledging the social consequences of its economic prescriptions, but the opposition is already preying on public fears of a brutal fiscal adjustment.

Deputy Axel Kicillof, who served as economy minister for the final two years in office of former president Cristina Fernández (2007-2015), said the Macri administration had "no-one to blame but itself". Other Kirchneristas predicted more debt, more adjustment, more poverty, and more repression. "It is very frustrating to be repeating the same policies that do so much harm every 10-15 years," Silvina Batakis, a Kirchnerista former economy minister in the province of Buenos Aires, said. "Kirchnerismo never turned to the IMF in 2015 and 'that really was a global crisis'". Agustín Rossi, leader of the Kirchnerista faction of the PJ in the lower chamber of congress, quipped that "it is noteworthy how the merry-go-round has come unstuck in two-and-a-half years".

The government will have been prepared for the reaction from Kirchnerismo, but it will be more concerned about criticism from Miguel Pichetto, the leader of the moderate PJ in the senate, of "bad practice" by the government. Provincial governors might now be less inclined to defer to Macri, influencing federal senators, and the CGT could be emboldened to strike. The big risk for Macri is that his decision to return to the IMF might damage his popularity to the point that a Kirchnerista candidate could prevail against him in 2019. If foreign investors sense this, their short-term reassurance will swiftly dissipate.

New home for ELN dialogue found

UN salutes restart of ELN dialogue

The United Nations (UN) responded to the Colombian government's announcement that negotiations with the ELN will shortly be resuming in Cuba by expressing its continued support for the peace process. Speaking on 7 May, Stéphane Dujarric, the spokesperson of UN Secretary General António Guterres, said that the UN and Guterres fully support the plans to resume the peace dialogue with the ELN in Cuba. "There have been a number of problems between the Colombian government and the ELN and this is a good sign that the negotiations can continue," Dujarric said. He added that Guterres would personally transmit this support to the negotiating teams during his 7-8 May visit to Cuba.

Less than a month after being notified by Ecuador that it would no longer host the formal peace dialogue with the Ejército de Liberación Nacional (ELN) [WR-18-16], the Colombian government led by President Juan Manuel Santos has found a new country willing to assume this role. Cuba has offered to take over hosting duties and the respective peace negotiating teams are now in Havana ready to resume the talks. Havana provided the venue for the successful peace negotiations with the Fuerzas Armadas Revolucionarias de Colombia (Farc). The government will be hoping that the city will once again provide the right environment to wrap up another deal with a guerrilla group and consolidate Colombia's peace process.

After Ecuador's President Lenín Moreno unexpectedly announced on 18 April that his country would no longer host the peace talks with the ELN due to the guerrilla group's continued terrorist activities, there were fears that this could mark the end of the dialogue process. The peace negotiations, which began in Quito in 2017, have made limited progress as the two sides have been unable to resolve some sticking points, chief among which is establishing a bilateral ceasefire.

This has led many to believe that the chances of a peace deal with the ELN being reached before the end of the current presidential term in August are slim; and there is no guarantee that the new president will be prepared to continue the negotiations, particularly as Iván Duque, the presidential candidate of the right-wing opposition Centro Democrático (CD), who is critical of the peace process, continues to lead all the polls ahead of the first round of the presidential election on 27 May.

Against this backdrop the Santos government was under pressure to get the dialogue with the ELN back on track and move the peace process forward before the transition of power. No sooner had Moreno called time on the dialogue in Quito, however, than the Cuban government, one of the guarantors of the ELN peace talks, offered to stage it. By 5 May the Colombian government and the ELN announced that they had accepted Cuba's offer and that the dialogue table would be transferred to Havana as quickly as possible.

On 7 May Colombia's high commissioner for peace, Rodrigo Rivera, announced that the ELN negotiating team had arrived in Havana after being granted safe passage by the Santos government. Rivera added that the government negotiating team would also now be making its way to Havana to resume the dialogue as soon as possible.

As for the immediate priorities of the dialogue, Rivera was clear that these would be centred on securing a bilateral ceasefire. "A more robust and verifiable ceasefire is the precondition for advancing the agenda of the negotiations," Rivera said. The next few weeks will be critical for determining whether a ceasefire can be agreed upon and whether significant progress in the peace talks can be made before the change in government.

Post process peace

Moreno suspended talks with the ELN on the grounds that it was unacceptable the guerrilla group had not ceased terrorist activity. He took the decision in the wake of the growing menace of Farc dissident groups on Ecuador's shared

Peace process
President Santos took advantage of the ceremony presenting the 11 members of the truth commission to defend the peace process from its critics. “Many would like to see the peace process derailed...they have tried to undermine it, weaken it, take away its credibility with lies,” Santos said, adding that “that is why establishing the truth is so important”. He said the peace process is “progressing” despite its detractors.

border with Colombia. All of this has shifted attention away from the threat posed to peace in Colombia by the largest neo-paramilitary and drug trafficking group Clan del Golfo, which might otherwise have grabbed the headlines.

Last week ‘Chengo’ (Ángel Eusebio Úsuga David) the brother of the maximum leader of the Clan del Golfo, ‘Otoniel’ (Dairo Antonio Úsuga), was arrested near Turbo, a port city in the group’s stronghold: the Urabá region of the north-western department of Antioquia. Chengo is believed to be in charge of the illegal armed group’s finances, as well as drug laboratories, and trafficking routes. Santos congratulated the army on the capture of this “key member” of the Clan del Golfo.

Colombian security forces have struck several other blows against the Clan del Golfo in recent weeks. Santos announced that a joint police and army operation had succeeded in capturing ‘El Indio’ (Aristides Mesa), the number three in the Clan del Golfo, on 28 March. This followed successful operations in September and November last year which claimed the lives of the group’s number two ‘Gavilán’ (Roberto Vargas Gutiérrez) and his successor ‘Inglaterra’ (Luis Orlando Padierna) respectively.

In early April the Colombian authorities announced the capture of 57 members of the Clan del Golfo in 33 separate operations carried out in Antioquia and the northern departments of Sucre and Atlántico. They face charges of criminal conspiracy, extortive kidnapping, extortion, aggravated theft, and forced displacement.

The security forces have received some setbacks against the Clan del Golfo, however, the most notable of which was the murder on 11 April of eight police officers in the national land restitution unit (UNRT) who were investigating land stolen from farmers in San Pedro de Urabá, a municipality in Antioquia. They were killed in an ambush with explosives, according to the authorities, in what Santos branded as a “cowardly” attack.

The defence minister, Luis Carlos Villegas, claimed on 12 April that the “act of terror” had been prepared for several weeks and was “the fruit of hatred and desperation because of the pressure being brought to bear [on the Clan del Golfo] by the police”. Villegas said the security forces would reinforce ‘Agamemnon II’ to deliver a hammer blow to the group.

Santos installs truth commission

President Santos has formally installed the truth commission that will be tasked with clearing up the root causes of Colombia’s internal armed conflict and issuing recommendations on how best to promote the coexistence of the conflict’s victims with their victimisers. “Today we are taking a new step towards truth,” President Santos said on 8 May during a public ceremony in which he presented the 11 members of the truth commission.

Santos explained that the creation of the commission, which will have three years to carry out its work, forms part of the ‘integral system of truth, justice, reparation and no repetition’ that was outlined in the peace deal that his government signed with the Farc in November 2016.

In this context, Santos said that the commission would not “try to tell the official truth” but seek to shed light on what really happened in the country during the Farc insurrection. “The whole truth may never be known but the commission could help to heal the wounds left behind by the conflict,” Santos said, noting that the commission’s work will not be used to prosecute anyone but that its findings will help to complement the work of the search unit for missing persons and the transitional justice system (JEP) that have also been set up as part of the peace deal to promote justice and reparation for the victims of the conflict.

Maduro tries to buy way to record 10m votes**Pence**

US Vice President Mike Pence accused President Maduro of contravening the Inter-American Democratic Charter, urging OAS member states “to uphold our long-standing commitment to democracy and freedom”. He said that “the people of Venezuela deserve to regain their libertad”, pointedly quoting Simón Bolívar, the icon of the Bolivarian Revolution, saying that the day will come when “A people that loves freedom will in the end be free.”

President Nicolás Maduro promised this week that he would provide “a reward” for those who “exercise their sovereign right and go to vote freely” in Venezuela’s presidential elections on 20 May. Maduro did not reveal what this reward would be but he did say voters would receive it on the ‘Carnet de la Patria’, the identity card needed to receive food parcels, pensions, bonuses – and to vote. This naked coercion and bribery underscores why the elections have been widely denounced as illegitimate, spurring the secretary general of the Organization of American States (OAS), Luis Almagro, to go further than ever this week in the forthright criticism of the Maduro administration which has characterised his tenure.

Concern about misuse of public finances during the electoral campaign provided one of various reasons why the opposition coalition Mesa de la Unidad Democrática (MUD) withdrew from a dialogue process with the government in the Dominican Republic earlier this year. President Maduro, who said a new dialogue process would take place with the opposition on the Caribbean island after the elections (something about which Dominican President Danilo Medina professed no knowledge), is striving to win 10m votes on 20 May in an attempt to bolster his legitimacy (at home if not abroad).

Maduro is also seeking to counter the the MUD appeal to the electorate to abstain from voting. Henri Falcón, a former Chavista who registered his presidential candidacy in defiance of the MUD, accused the opposition coalition of advocating “collective suicide”. Falcón called for a debate with the MUD so that it could spell out its plan for after the elections. He said that it seemed to him that the MUD was intent on “deepening the crisis to see what this brings: military intervention, or a coup d’état, that other countries decide for us”.

One of the more radical parties in the MUD, Voluntad Popular, speculated that Falcón had struck a secret pact with the government to become Maduro’s vice-president after the elections to help the government to restore some credibility. Falcón fiercely denied the accusation. As so often in the past, however, the MUD has shown itself to be divided. Several prominent members of the MUD are not backing its electoral boycott, notably the coalition’s former executive secretary Jesús ‘Chúo’ Torrealba, who on 5 May said he would vote for Falcón. Others maintain that such a vote will just legitimise electoral fraud.

OAS Secretary General Almagro is in the latter camp. Speaking this week during a special session of the OAS permanent council, to which US Vice President Mike Pence was invited, Almagro called for “sanctions to end the dictatorship” in Venezuela and “rescue the rights of the Venezuelan people”. He urged member states to show “strength” without which “all that can be expected of Venezuela is more insecurity and regional instability, more drug-trafficking, more terrorism, more humanitarian crisis. And the Venezuelan people will have more poverty, more torture, more extrajudicial executions, more murders, less food, and less medicine”. Almagro expressed regret that such action had not been taken “three years ago”.

For his part, Pence called for member states to take “three concrete actions”: to prevent “Venezuela’s corrupt leaders from laundering money through your financial systems...enact visa restrictions that prevent Venezuela’s leaders from entering your nations...and finally...to hold Maduro accountable for destroying Venezuela’s democracy” (*see sidebar*). Venezuela’s ambassador to the OAS, Samuel Moncada, criticised the fact that he was not permitted to defend his government’s position.

Currency exchange

Vice President Tarek El Aissami has announced the authorisation of ‘casas de cambio’ (currency exchange ‘houses’), which have not been permitted for a decade in Venezuela, but only on the border and in the special economic zones. El Aissami said this would allow “people who need to perform some type of exchange operation, especially family remittances, to have a legal way to do so and not to fall into the hands of organised crime mafias pushing the black market dollar”.

COLOMBIA | Coffee production. On 3 May Colombia’s national federation of coffee producers (FNC) reported that in April the country produced 874,000 60kg sacks of coffee, a 5% increase compared with the same month in 2017. However, the accumulated coffee production in the first four months of the year is still down by 4% compared with the same period in 2017, with 4.3m sacks produced so far this year compared with 4.4m last year.

The fall in production is a continuing trend given that, according to the FNC, between May 2017 and April 2018, coffee production was down by 3% year-on-year to 14m sacks. The increase in production in April also led to an increase in exports, which reached 920,922 sacks in the month, a 3% year-on-year increase. Nevertheless, exports were down by 3% year-on-year in the first quarter of the year, while there was a 1% year-on-year fall in exports in the rolling 12-month period (May 2017-April 2018). The FNC has attributed the falling production and export levels to the lower price of coffee in international markets.

VENEZUELA | Government takes over Banesco. Venezuela’s de facto attorney general, Tarek William Saab, announced the arrest on 3 May of 11 executives on the board of directors of Banesco. Saab accused the Venezuelan private bank of favouring “by action or omission” a network of illegal exchange transactions on the Colombian border fed by the black market dollar, through which many Venezuelan emigrants were sending remittances to relatives. Saab said smuggling of paper money constituted part of “a systematic attack on the national currency” carried out by “economic mafia”.

Saab said that 134 people had been arrested in total. The Banesco executives had been invited to an apparently routine meeting at the banking superintendency (Sudeban) before being taken by surprise to the directorate of military counterintelligence DGCIM, where they were interrogated as part of ‘Operation Paper Hands’ (‘Manos de Papel’) launched last month to combat “economic mafias”.

The government appointed Yomana Koteich, the current deputy finance minister, as president of an administrative council to run Banesco for 90 days and “guarantee the full functioning and continuity of borrowing services”. The president of Banesco, Juan Carlos Escotet, who flew back from his home in Spain, said he would “fight to the end” for the bank. Escotet insisted there were no financial reasons to justify the administrative intervention “for one day, let alone 90 days”.

President Nicolás Maduro said on 6 May that the intervention in Banesco had been a “necessary decision” and “the result is very positive”. He accused Banesco of “justifying the false and criminal prices of the dollar”.

VENEZUELA | Censured by the IMF. The Executive Board of the International Monetary Fund (IMF) issued a declaration on 2 May censuring the Venezuelan government for failing to provide official macroeconomic data.

In a statement, the Board took the decision after analysing a report by its managing director, Christine Lagarde, on the progress that Venezuela has made in implementing remedial measures issued by the IMF in November 2017 over the country’s failure to provide official GDP, inflation, and other key macroeconomic data. The Board decided to issue “a declaration of censure against Venezuela for its failure to implement these remedial measures and its failure to comply with its obligation under Article VIII”.

The Board has given Venezuela six months to adopt remedial measures, noting that “the provision of accurate data is the first essential step for understanding the economic crisis in Venezuela and identifying possible solutions”. This comes after, in its recent Spring Meetings, the IMF forecast that Venezuela’s GDP would contract by 15% this year, while its inflation rate would reach 14,000%.

Housing crisis a key electoral issue

“A tragedy foretold” is the way the governor of São Paulo, Márcio França, described the collapse of a 24-story building destroyed in a fire in the city on 1 May. Around 400 squatters had been living there at the time. The rubble has become a symbol for the lack of safe and affordable housing in Brazil. Addressing this deficit will be an important electoral issue.

As we went to print, at least two people were reported dead and another 44 missing from the burnt out Wilton Paes de Almeida building in the central Largo do Paissandu square, São Paulo. The fire broke out in the early hours of the morning from an electrical short-circuit on the fifth floor. Within 90 minutes the flames had spread to the entire building, which came crumbling down.

Over the years, Wilton Paes de Almeida, a former police headquarters, had been flagged up as a fire hazard on multiple occasions to local authorities in São Paulo. According to local media, the fire spread quickly because the elevator had been removed to form a kind of chimney which was filled with rubbish and flammable materials. Windows smashed by vandals acted as vents to stoke the flames. Moreover, the fire exits had been blocked, the electrics were faulty, and there were no extinguishers.

For the past two years, Wilton Paes de Almeida had been occupied by illegal lodgers. Given its central location, the squatters’ association Movimento Social de Luta por Moradia (MSL) was charging families between R\$250 (US\$69) to R\$500 (US\$139) per month as rent, according to the local daily *O Estado de São Paulo*. In return, they were supposed to carry out repairs and maintain the facilities. Before the tragedy, the municipal government in São Paulo had already attempted to reclaim ownership of the building. During meetings with leaders of the squatters’ association between February and April, they threatened the families living in the building with legal action if they did not vacate it.

According to França, squatters who settle in buildings like Wilton Paes de Almeida are “looking for trouble”. He said efforts to evict them had fallen flat after local authorities reported the problem to the federal government, which “did not know where to put them.” Following the tragedy, França said he would visit the other 70 properties occupied by 4,000 squatter families in São Paulo, who could also face eviction. Those who defend squatters’ associations argue that they only exist due to the shortage of adequate state housing. “No one occupies a building because they want to. People become squatters due to a complete lack of opportunities,” said the leader of the landless movement Movimento dos Trabalhadores Sem Teto (MTST) and presidential candidate for the leftist Partido Socialismo e Liberdade (PSOL) Guilherme Boulos. “If there is someone to blame it is the state authorities who have not provided housing policies to help those people, who did not guarantee better conditions for these people, even knowing they would be in danger.”

Brazil’s recent recession and high unemployment rates (currently over 13m) have forced more people into unsafe accommodation, which is still preferable to living on the streets. São Paulo would need to build another 358,000 properties to make up for its housing deficit. At the current rate of spending, this would take 120 years, *Folha de São Paulo* reported. Another 1,385 properties have been flagged up as unsafe, according to *O Globo*.

The case of the collapsed building has become highly politicised just five months before the general election. In addition to Boulos, other potential

Housing shortage

The collapse of Wilton Paes de Almeida has drawn attention to Brazil’s housing crisis. At least 6.9m families do not have a home to live in and around 6.05m properties have been empty for decades, Edésio Fernandes, a Brazilian lawyer and city planner speaking at the London School of Economics, said on 7 May, citing data from the 2010 census.

Barbosa

Former supreme court judge Joaquim Barbosa has rubbished rumours he would be running for the presidency this year. Barbosa said he had decided not to stand for “personal reasons”. In the most recent polls, Barbosa had 10% of voter intentions, which will likely be transferred to another anti-corruption candidate, such as ultra-right deputy Jair Bolsonaro or centre-left candidate Marina Silva.

presidential candidates such as Manuela D’Ávila from the Partido Comunista do Brasil (PCdoB) and jailed Partido dos Trabalhadores (PT) leader former president Lula da Silva (2003-2011) have used the tragedy to campaign for better housing solutions for low-income Brazilians.

Others have depicted the squatters as criminals, such as ultra-right presidential candidate Jair Bolsonaro from the Partido Social Liberal (PSL) and former mayor of São Paulo João Doria from the Partido da Social Democracia Brasileira (PSDB). The latter resigned his post to compete against França for the governorship of São Paulo, but is fast losing popularity. President Michel Temer, from the ruling Partido do Movimento Democrático Brasileiro (PMDB), visited survivors from the collapsed building. But he left early after being booed by protestors outside.

Brazil’s main housing policy is the ‘Minha Casa Minha Vida’ programme for low-to-middle income families which started under Lula in 2009 and has helped over 15.12m people get on the housing ladder through the creation of 3.78m properties. But the quality of the housing has at times proved sub-standard and is sometimes far away from families’ workplaces or communities, leading to social segregation. A new bill penned by PT federal senator Lindbergh Farias seeks to address some of these deficiencies. He points out that investing more in better-quality housing would in turn create jobs to reduce unemployment.

But the emphasis on home ownership over affordable renting (such as the introduction of price caps) ignores the needs of Brazil’s poorest citizens who cannot commit to a mortgage and may be forced to move frequently for work. These are questions that whoever wins the next presidential (and state) elections in October will be under pressure to address.

BRAZIL | JUSTICE

Supreme court lifts parliamentary immunity

Brazil’s supreme court (STF) has restricted the special legal status or ‘foro privilegiado’ previously granted to federal legislators. The ruling could make it easier to put members of congress on trial, marking a victory for anti-corruption campaigners.

During a speech at Harvard University, federal judge Sérgio Moro described ‘foro privilegiado’ as a “shield” used by criminals to protect themselves from the law. Previously, legislators who benefitted from it could only be tried by the STF. Given the court is notoriously overburdened (with over 12,000 cases per year), that could be tantamount to immunity. But since 3 May, only crimes legislators committed during their term in office can be tried by the STF and all other cases may be passed on to lower courts. The decision comes following intense public pressure to challenge impunity. A survey by Ibope, published on 2 May and commissioned by campaigning community Avaaz, found that 78% of interviewees approved of putting an end to legal privilege.

However, the STF ruling has not done away with ‘foro privilegiado’ altogether. Removing it completely would require changing the constitution. This seems unlikely to pass given a third of legislators are currently being investigated for corruption.

From now on, it is up to each individual STF judge to decide which cases concerning legislators they will pass on to lower courts, adding an element of uncertainty to proceedings. One of the most high-profile cases involves senator Aécio Neves from the Partido Social Democracia Brasileira (PSDB), who having lost his immunity, faces trial in a court in Minas Gerais for allegations of bid-rigging dating back to 2007 when he served as state governor.

Austerity plans expanded despite recovery

The government led by President Sebastián Piñera has unveiled a new fiscal austerity plan for 2018-2021. The plan is designed to reduce the inherited fiscal deficit, rationalise public spending and redirect it towards key social development programmes proposed by the new government. It argues that all of this is needed to reinvigorate Chile's domestic economy, which has registered sluggish growth since 2014. Yet Chile's economy is already starting to show signs of renewed dynamism, to the benefit of Piñera, who only took office in March.

Soon after assuming office, the Piñera administration announced in early April that it would have to implement some US\$500m in spending cuts to reduce the fiscal deficit left behind by the Nueva Mayoría government led by former president Michelle Bachelet (2006-2010; 2014-2018). The fiscal deficit was calculated at 1.7% of GDP by the Bachelet administration. But the Piñera administration claimed that the deficit actually stands at 2.1% of GDP and that immediate austerity measures would have to be implemented to stop it from widening further. Pointedly, the new administration was clear that the US\$500m spending cut was a preliminary measure and that more would be forthcoming.

The new measures were unveiled by Finance Minister Felipe Larraín during a 4 May press conference. Larraín said the government plans to cut spending by a further US\$4.6bn over the next four years, or US\$1.1bn a year, representing 1.6% of the 2018 national budget. Larraín explained that the cuts would fall equally on all ministries but that they would mainly affect operational costs such as official salaries, travel expenses, overtime and training, as well as publicity spending, and funding of some poorly evaluated government programmes.

According to Larraín, besides shoring up government finances, the austerity plan will also allow for redirecting spending towards some of the key development initiatives proposed by President Piñera during the electoral campaign, such as providing universal access to child-care provisions for workers; prioritising early education; improving service provision in public hospitals; and extending free education to students in professional institutes and technical training centres. The Piñera administration hopes that these initiatives will help to stimulate increased domestic economic activity in the short and medium term by making it easier for people to work and by providing technical training to the labour force.

Larraín's announcement coincided with the release of new economic figures by the central bank (BCCh), which show that economic activity is once again picking up. The figures from the BCCh's monthly economic activity index (Imacec) for March showed a 4.6% year-on-year increase, the highest increase registered by the Imacec, a GDP proxy measure, since July 2013.

TRACKING TRENDS

REGION | Trade relations between Latin America and US. On 30 April US President Donald Trump announced he was extending negotiations with Mexico, Canada, and the European Union (EU) over aluminium and steel tariffs. He has taken a 30-day window to decide in the name of "national security", until which time temporary tariff-exemptions will remain in place.

Trump has delayed his decision on tariffs for imports from Mexico and Canada as the three nations undergo continuous talks to renegotiate the North American Free Trade Agreement (Nafta). Regarding the exemption of Argentina, Brazil (and Australia) to aluminium and steel tariffs, Trump declared that agreements had been reached "in principle", and that their exports would remain duty-free indefinitely.

Imacec

The March Imacec figure was much higher than the 4% increase forecast by local economists.

According to a central bank report, the increase in economic activity in March was driven by the mining sector, which exhibited a 31.7% year-on-year increase. All of this was welcomed by Finance Minister Felipe Larraín, who celebrated the Imacec figures but warned that maintaining dynamic economic growth is "a long-distance race, it can't be won in a month. We are happy but the race continues and to consolidate growth we still have to work very hard."

López Obrador and business

Andrés Manuel López Obrador does not want to engage in an open confrontation with the business sector which could damage his presidential bid now and harm the economy if he does win. This is particularly true given adverse external factors which have seen emerging markets hit hard by currency devaluations and high interest rates. Argentina was forced to go cap in hand to the International Monetary Fund (IMF) this week, and while Mexico has more solid fundamentals the peso has suffered a significant depreciation in value which could be compounded by uncertainty if López Obrador fails to live up to his promise of fiscal discipline to foreign investors.

López Obrador and big business at loggerheads

The frontrunner in Mexico's presidential elections, Andrés Manuel López Obrador, calm and measured for the duration of the campaign so far, launched into a diatribe against big business on 3 May which could unnerve some of his more moderate supporters who are attracted by the prospect of change but not upheaval. López Obrador adopted a more conciliatory tone days afterwards, insisting that he did not plan mass expropriations and nationalisations.

López Obrador alleged on 1 May that Ricardo Anaya, the second-placed candidate running for the Left-Right coalition Por México al Frente, had met senior businessmen from the Consejo Mexicano de Negocios (CMN), which groups 50 of Mexico's largest companies, in order to urge them to encourage President Enrique Peña Nieto to support his candidacy and pull José Antonio Meade from the contest. Meade, who is standing for the federally ruling Partido Revolucionario Institucional (PRI), is a distant third in the polls but if he withdrew from the race it could propel Anaya to within touching distance of López Obrador.

The CMN placed a statement in various newspapers on 3 May categorically rejecting López Obrador's allegations and accusing him of "unfounded slurs". López Obrador's intemperate response was far more characteristic of his failed presidential campaigns in 2006 and 2012. He accused the CNM of being "a rapacious minority...opposed to change in Mexico", determined to preserve the status quo because "they want to keep stealing". He also accused the CNM of acting as if "it owns the country" while being "in large part responsible for the [current] national tragedy", and "financing a dirty war against us, including messages and documentaries". He added that "they are practising politics, they have a preference for other candidates...and some who signed this document have been behind electoral fraud, such as in 2006, and want to do the same now".

López Obrador had clashed publicly with Mexican business tycoon Carlos Slim over the construction of Mexico's new international airport (NAIM) [\[WR-18-15\]](#) but he did not lose his cool. The attack on the CNM stood in stark contrast and was a gift to Anaya, who seized the opportunity to accuse López Obrador of being a threat to investment and jobs in Mexico, "fighting with and attacking those who give work to more than 1.5m people".

The Consejo Coordinador Empresarial (CCE) umbrella business group continued the war of words with López Obrador taking out four-page advertisements on 7 May in all Mexico's major newspapers, entitled 'Let's work for Mexico' in which it argued that "to blame businesses for being the cause of the majority of the country's ills is not to understand the nature of the productive sector which generates nine out of every 10 jobs". It called for "unity not division...and a Mexico open to the world, competitive, prosperous, and inclusive".

Speaking later on the same day at the national tourism forum, López Obrador rediscovered his poise. He started off by softening his stance on the NAIM. He said that while he retained his preference for expanding the military airbase of Santa Lucía, he would evaluate all options and would not cancel the NAIM project immediately but rather "do what is best for Mexico". He said his words had been manipulated and that his priority was to avoid "excessive investment and corruption". He received applause for his remarks.

PRI and PRD travails

If it loses the closely contested contest in Yucatán, and the other gubernatorial elections go the way the polls are suggesting, the PRI would face the unprecedented ignominy of not winning a single one of the nine state governorships being contested on 1 July. This outcome would also see the PRI fall to an all-time low of just 12 of Mexico's 32 states. The PRD, meanwhile, would be left with just one state governorship of its own (outside of an alliance): Michoacán, where it is in the process of dismissing its governor Silvano Aureoles for expressing support for the PRI presidential candidate José Antonio Meade.

López Obrador also promised to respect the autonomy of the central bank and not raise taxes, adding that he wanted to separate economic from political power in order to combat corruption. He stressed that he expected to "get on well" with businessmen. "I had no problem with anybody [when mayor of Mexico City between 2000 and 2005]," he said.

The complete kayak?

If López Obrador retains his sizeable lead in the polls through the second presidential debate on 20 May and certainly by the final debate on 12 June, the business sector is likely to seek an accommodation with him. Speaking in the southernmost state of Chiapas earlier this month, López Obrador said he expected to win "the complete kayak", a variation, adapted for his audience, on the 'carro completo' (literally 'complete car', a phrase used to describe the PRI's sweeping victories in the past at all levels of elections). López Obrador said he would win the presidency, secure a majority in both chambers of congress and take all nine state governorships up for grabs on 1 July.

A poll by Consulta Mitofsky, published on 4 May, suggested his left-wing Movimiento Regeneración Nacional (Morena) would win between 115 and 142 seats in the 500-seat federal lower chamber of congress and be the largest party, followed by the right-wing Partido Acción Nacional (PAN) with between 94 and 116 seats, and the PRI with just 54-76. The socially conservative Partido Encuentro Social (PES) would win at least 44 and up to 66 seats and the left-wing Partido del Trabajo (PT) between 36 and 54, meaning that López Obrador's Juntos Haremos Historia (JHH) coalition would win between 195 and 262 seats (with 251 being an outright majority). Other pollsters have predicted similar results in the 128-seat senate.

It seems highly unlikely that the JHH will win all nine state governorships but there is a strong chance it will win more than half of them. The most recent poll by Opinión Pública Marketing e Imagen gave Morena's Claudia Sheinbaum 36.9% in the Ciudad de México (CDMX) ahead of the PRI's Mikel Arriola on 21.4%, and Alejandra Barrales of the left-wing Partido de la Revolución Democrática (PRD) on just 15.5% in the party's traditional stronghold.

In Chiapas, Morena's Rutilio Escandón enjoys 35.1% support, followed by the PRI's Roberto Albores Gleason on 26.5%. In Morelos, Cuauhtémoc Blanco, a former footballer and mayor of the state capital Cuernavaca who joined the JHH, leads with 29.4% followed by the PAN/Movimiento Ciudadano (MC) candidate Víctor Manuel Caballero Solano with 22.5%. In Tabasco, Morena's Adán Augusto López Hernández leads with 41% of the vote in López Obrador's native state, followed by the PRI's Georgina Trujillo Zentella with 15.5% and the PAN-PRD-MC candidate Gerardo Gaudiano Roviroso with 13.6%. Tabasco has the distinction of being the only state with two independent candidates for governor, polling 8% between them.

Morena could also take Veracruz, the third-largest state in Mexico. Miguel Ángel Yunes, the incumbent governor for the PAN-PRD-MC is in a technical tie with Morena's candidate Cuitláhuac García (31.2%-30.5%). In Puebla, the PAN-PRD-MC candidate Martha Erika Alonso has a slim lead over Morena's Miguel Barbosa, a former PRD senator (29.6%-26.4%).

But it would take a big shift in the polls to see Guanajuato, Yucatán or Jalisco fall to the JHH. In Guanajuato, the PAN-PRD-MC candidate Diego Sinhué Rodríguez Vallejo leads with 33.5%, followed by the PRI's Gerardo Sánchez García on 20.7%, and Morena's Francisco Sheffield Padilla (a former Panista) on 16%. In Yucatán, the PRI's Mauricio Sahuí Rivero and the PAN-PRD-MC candidate Mauricio Vila Dosal are in a technical tie (38.7%-37%) with Morena's candidate on just 8.7%. And in Jalisco, the MC's Enrique Alfaro has a large lead on 30.4% followed by the PRI's Miguel Castro Reynoso on 19.9% and Morena's candidate on 13.9%.

No containing electoral violence

This is shaping up as one of the most violent electoral campaigns on record in Mexico. Half a dozen politicians from various parties have been murdered in the last week alone. The murder of yet another mayor means that 25 have been killed since President Enrique Peña Nieto came to power in December 2012.

On 4 May, Alejandro González, the mayor of Pacula, a municipality in the north of the central state of Hidalgo, was gunned down while driving his car to nearby Jiquilpan. González represented the right-wing Partido Acción Nacional (PAN). The murder of six more serving mayors between now and when President Peña Nieto leaves office in December would eclipse the 30 killed during the mandate of his predecessor Felipe Calderón (2006-2012). This would be another damning indictment of his government's failure to improve the public security situation in Mexico after the number of homicides in Mexico since Peña Nieto took power recently surpassed that for the whole of Calderón's term [[WR-18-16](#)].

On the same day as González was killed, a founding member of the Partido Encuentro Social (PES), part of the electoral coalition behind the presidential frontrunner, Andrés Manuel López Obrador, was reported missing. The body of Eduardo Aragón Caraveo, showing signs of torture, was found in the boot of an abandoned car, in the northern state of Chihuahua two days later. On 5 May the body of a PES candidate running for mayor of Tenango del Aire in the Estado de México (Edomex), Addiel Zermann Miguel, was found on the streets in the contiguous municipality of Ixtapaluca, carrying a gunshot wound.

On 7 May the bodies of three politicians from the left-wing Partido de la Revolución Democrática (PRD) were found in Ignacio Zaragoza, a municipality in the northern border state of Chihuahua, after an armed gang went on the rampage. The body of the PRD's top candidate for councillor, Liliana García, was found in a ravine. The bodies of two more PRD politicians were found in houses and stores set ablaze by the gang, including a hardware store belonging to the party's mayoral candidate Felipe Mendoza. The local party leadership is demanding that the Ignacio Zaragoza elections be suspended because of the wave of violence sustained by the PRD.

TRACKING TRENDS

MEXICO | Remittances. Mexico's central bank (Banxico) released new figures on 2 May showing that inflows of remittances in the first quarter of 2018 reached US\$7.035bn – 5.95% higher than what was received in the same period last year, which totalled US\$6.64bn. The average remittance amount in January, February, and March 2018 was calculated at US\$306.6, higher than in the same period of 2017, which was US\$304.3.

In March 2018 alone, remittances totalled US\$2.621bn, higher than in February (US\$2.198bn), and in March 2017 (US\$2.52bn). In the whole of 2017 remittance inflows to Mexico were worth US\$28.7bn, 6.59% more than in the previous year and the highest figure for the past two decades.

The latest Banxico figures suggest that the 2017 record remittance figure may well be broken this year if the trend of increasing inflows continues in subsequent quarters.

MEXICO | Shoring up economic ties with Egypt. On 8 May representatives from Mexico's official trade promotion agency, ProMéxico, inaugurated the Mexico-Egypt business council during a ceremony in Cairo. The new body will seek to promote economic and business ties between Mexico and Egypt, as part of the Mexican government's strategy to diversify its traditional export markets and increase its presence in Africa, the Middle East, and the Arab world (*see sidebar*).

Expanding ties

Speaking at the inauguration ceremony of the Mexico-Egypt business council in Cairo, ProMéxico director Paulo Carreño King noted that Egypt is currently Mexico's seventh-largest trading partner in Africa, with bilateral trade reaching US\$82.7m in 2015. Mexico enjoys a bilateral trade surplus of US\$17.8m. But Carreño King said that, with a market of 90m people, there are more opportunities for Mexican businesses in Egypt, which he said is "the gateway to the Middle East and the Arab world".

Alvarado takes office

Carlos Alvarado Quesada of the ruling centre-left Partido Acción Ciudadana (PAC), a former minister of labour (2016-2017) and human development & social well-being (2014-2016), took over this week as Costa Rica's new president. With the electoral process having exposed a highly polarised country (and political class), Alvarado's initial gestures – in particular his choice of cabinet – have sent out a clear message of reconciliation. That this is necessary is suggested by the fact that the PAC has just 10 seats in the new 57-member unicameral legislature.

New cabinet

Alvarado's 1 April second run-off victory over Fabricio Alvarado Muñoz, of the small conservative Partido Restauración Nacional (PRN), had been convincing (60.66% of the vote to 39.34%). However, the electoral process had revealed a country that was bitterly divided and frustrated with the political elite. That, combined with the PAC's weak presence in the new legislature, had left the president-elect pledging "national unity" soon after his victory was confirmed. His choice of cabinet had been keenly awaited as one of the first tests of his commitment to this pledge – which was duly borne out by his ministerial appointments, unveiled on 26 April. With just one minister (Sylvie Durán) from the previous PAC administration retaining her job, 11 of the 31 posts went to figures linked to the ruling party while the two main opposition parties (both right-of-centre), Partido Unidad Social Cristiana (PUSC) and the Partido Liberación Nacional (PLN), picked up nine and five posts respectively.

The crucial post of minister of the presidency (which serves as the link between the executive and legislative powers) went to Rodolfo Piza, the PUSC presidential candidate who publicly swung behind Alvarado ahead of the second round. Other key ministries assigned to the PUSC (which will have nine seats in the new legislature) include finance, which went to a former comptroller general María del Rocío Aguilar (PUSC) – an appointment which attracted particular attention given the need to push through a fiscal reform (*see box*). The PUSC also picked up transport which went to old-timer Rodolfo Méndez, who held multiple cabinet posts under various PUSC administrations including transport (1978-1982, 1998-2000) and finance (1992-1994), while former environment minister (2002-2006) Carlos Manuel Rodríguez will reprise his old job. In turn the PLN (which, with 17 deputies will have the biggest bench in the new national assembly) received the economy ministry (which went to Victoria Hernández Mora, a former director of the administration council for Coopeservidores, a Costa Rican savings and credit cooperative); tourism (María Amalia Revelo); health (Gisselle Amador Muñoz); and housing, which went to Irene Campos, a former housing minister under the PLN administration led by Laura Chinchilla (2010-2014).

The PAC received the posts of foreign affairs (which went to party founder and Alvarado's running mate Epsy Campbell); justice (which went to party president Marcia González); labour (Steven Núñez, a national deputy); and communications which was picked up by Costa Rica's current ambassador to the United Nations Juan Carlos Mendoza; while deputy planning minister Pilar Garrido was promoted to head up the ministry. Of those not linked to the main parties, Edgar Mora, the mayor of Curridabat, of the Curridabat Siglo XXI party, picked up the education portfolio, while security went to Michael Soto, the head of operations of the judicial investigations unit (OIJ). This appointment attracted attention given that addressing security remains a major government priority: the country closed 2017 with a record of 603 homicides (12 per 100,000 inhabitants), up from 579 in 2016.

Gender parity

As well as seeking to include politicians of different stripes in his cabinet, Costa Rica's new president Carlos Alvarado trumpeted his new cabinet as evidence of his government's commitment to gender parity, with 15 posts going to women and 16 to men. Also hailed as a step forward in this regard was the election of the new congressional leadership for the 2018-2019 period, with five of the six congress directorate posts going to women: PAC deputy Carolina Hidalgo was elected president, while María Inés Solís Quirós (PUSC) was named vice president. The other members of the congress directorate are Shirley Díaz Mejía (PUSC); Yorlenny León Marchena and Luis Fernando Chacón Monge (both of PLN) and Ivonne Acuña Cabrera of the PRN, which will have 14 seats in the new congress.

Smear campaign?

On 23 April President Morales accused the attorney general's office and Cicig of carrying out an illegal raid on his presidential palace in November 2016. Also on 23 April Interior Minister Enrique Degenhart announced an internal investigation into two police agents who participated in the raid on the grounds that it was an abuse of authority and "illegal". However, the spokesperson for the attorney general's office Julia Barrera insisted that the raid was legal and carried out according to protocol. She said that it was not in fact carried out in the presidential palace but in the offices of the state security service (SAAS) which did not require the order for the raid that Morales claims was necessary.

First protests from Anep

Ahead of the inauguration of the new president and legislature, on 25 April, thousands took to the streets in the capital, San José, to protest against the fiscal reform legislative package promoted by the PAC. This seeks to address Costa Rica's widening fiscal deficit, which closed at 6.2% of GDP in 2017, up from 5.3% in 2016.

Organised by Costa Rica's umbrella workers' unions Asociación Nacional de Empleados Públicos y Privados (Anep) and Bloque Unitario Social y Sindical Costarricense (Bussco), the protests saw turnout from members of the teachers' union Asociación Nacional de Educadores (Ande); hospital workers; employees of the postal service; some police units; and railway workers from the Instituto Costarricense de Ferrocarriles (Incofer), among others.

With turnout reportedly in the thousands, Anep claimed that for the first time since the mass demonstrations against the US-Dominican Republic-Central America Free Trade Agreement (DR-Cafta) (which took effect in Costa Rica in 2009), the various unions are once again united over a single issue – opposition to the PAC's fiscal reform proposal. The bill would replace the current sales tax with a 13% value-added tax (VAT) and increase the number of products and services to be taxed, among other things. However, Anep has long grumbled that the reform would unfairly impact the working class, due to provisions that would subject the wages of public sector employees to a ceiling. Instead it is demanding that the bill be withdrawn for discussion by a national dialogue table, to provide the unions with the opportunity to present their concerns.

GUATEMALA | POLITICS

Morales ends speculation over new AG

President Jimmy Morales has named María Consuelo Porras de Argueta as Guatemala's new attorney general (AG) for a four-year term. Her appointment attracted particular attention given long-running tensions between President Morales and the outgoing AG Thelma Aldana, together with the United Nations-backed International Commission against Impunity in Guatemala (Cicig). This stems from ongoing doubts over the commitment on the part of the Frente de Convergencia Nacional (FCN-Nación) government to anti-corruption efforts.

On 3 May President Morales named Porras, an alternate magistrate at the constitutional court (CC), as Aldana's replacement after selecting her from a shortlist of six proposed by a special commission. Ahead of the announcement, however, a leading human rights activist, Iduvina Hernández, had flagged up concerns about Porras given her reported links to the military (which backs Morales and the FCN-Nación) – which Hernández warned could "guarantee impunity for Morales and his family". These doubts stem in part from the fact that Porras's husband, Gilberto de Jesús Porres de Paz, graduated from military school the same year as Defence Minister Luis Ralda and the chief of the general staff, Julio César Paz Bone. Such has been the concern about these perceived ties that on 4 May the army was compelled to issue a statement underlining that there were "no links" between Porres de Paz and the military.

Meanwhile the appointment of Porras, who takes up the post on 17 May, comes amid fresh doubts regarding Morales' commitment to anti-corruption efforts after various recent changes in the interior ministry and national police force (PNC) - including the replacement of both the interior minister and PNC chief [\[WR-18-10\]](#).

It also comes as Morales, who triggered a political crisis last year after seeking to expel Cicig's director Iván Velásquez, after the latter called for him to be investigated over corruption, is again facing uncomfortable questions over the issue. Last month Cicig and the AG unveiled the second phase of investigations in relation to the same case (which concerns allegations of illegal

Fleeing the country

The statement by the Washington Office on Latin America (Wola) in response to the US government's decision to cancel TPS for Honduras notes that the unrest stemming from the contentious November 2017 general election may also have driven increased numbers of Hondurans to flee the country: Mexico registered a 79% increase in the number of Honduran migrants stopped by immigration authorities in March, compared with apprehensions just prior to the election.

campaign financing). The first part of the investigation claimed that FCN-Nación had refused to account for more than Q4.38m (some US\$600,000) in campaign financing, while Q2.33m of party funds came from an anonymous source. In a press conference on 19 April to present the findings of the second phase of investigations, Aldana and Velásquez revealed that while the ruling party reported spending Q103,706 on its campaign, Cicig found that it actually spent Q7.12m, with the party leaders and business executives failing to declare some Q8m.

As previously Morales has denied the latest claims which have reignited calls for the FCN-Nación to be dissolved for breaching electoral legislation. However, in an unprecedented admission the same day, eight top business executives presented a signed statement apologising for transgressions committed during the last presidential campaign – including their involvement in illicitly financing the FCN-Nación. Signatories included Stefano Olivero of the country's largest sugar mill Pantaleón, and Felipe Bosch, of agro-industrial conglomerate Corporación Multi Inversiones (CMI). The statement notes that they would hold themselves accountable for "any responsibility" they may have in the corruption case, adding that their errors were made "unknowingly" at the time.

Another effort to discredit Cicig

With various actions undertaken by President Morales leading some to accuse him of seeking to discredit Cicig (*see sidebar*), reports of information leaks suffered by the anti-impunity commission have further fanned concerns regarding cooperation with government institutions. On 13 April Cicig revealed that, for the first time since it began operating in 2008, it had suffered information leaks that thwarted three planned arrests in a corruption scandal investigation involving the national social security institute (IGSS).

TRACKING TRENDS

HONDURAS | US ends TPS. On 4 May the US government led by President Donald Trump announced it was ending Temporary Protected Status (TPS) for Honduras as of 5 January 2020. TPS, which temporarily allows those fleeing countries afflicted by war or natural disasters to live and work legally in the US, was granted to Honduras in 1999 in the wake of Hurricane Mitch and benefits some 57,000 people.

In a press release the US Department of Homeland Security (DHS) said that the decision was taken after finding the "disruption of living conditions in Honduras from Hurricane Mitch that served as the basis for its TPS designation has decreased to a degree that it should no longer be regarded as substantial".

The decision was slammed by US legislators, human rights groups, and think-tanks such as US-based Washington Office on Latin America (Wola) which question whether the conditions are there to receive the returning nationals given that Honduras remains one of the most violent countries in the region.

US Congressman Jim McGovern pointed out that in its "own description of Honduras, the State Department describes a country where 'violent crime, such as homicide and armed robbery, is common' and 'violent gang activity, such as extortion, violent street crime, rape, and narcotics and human trafficking, is widespread,' and where 'local police and emergency services' fail to respond effectively".

Wola also points out that violence has been on the rise since the controversial November 2017 presidential election which produced a re-election victory for President Hernández amid widespread claims of fraud – violence which has left at least 22 dead. Yet the decision to end TPS for Honduras is not a surprise given similar decisions taken over the last few months with regard to other beneficiaries of TPS – namely El Salvador, Haiti and Nicaragua.

Quotes of the week

“We have to reassure [Argentine] society that it is not the case that history always repeats itself. The government has learnt from mistakes of the past that led us into crisis.”

Argentine cabinet chief Marcos Peña.

“I will be the first to pick up a rifle to stage an armed revolution with the people against any government that hands over our wealth to the gringos.”

Venezuela's President Nicolás Maduro, who later claimed that his main rival for the presidency, Henri Falcón, intended to “hand over our wealth to the gringos”.

“The process of transformation [we are offering] is as important as the Independence, Reform and Revolution [1810-1920], but without the violence.”

Mexico's presidential frontrunner Andrés Manuel López Obrador.

Ecuador's Moreno shakes up army command

Ecuador's army commander, General Edison Narváez, tendered his resignation to President Lenín Moreno on 7 May. Two days later Moreno appointed Divisional general Roque Moreira to replace Narváez who ostensibly stepped down for “personal reasons”. Moreira appears to be the man entrusted by the newly appointed defence minister, Oswaldo Jarrín, to restore order in the province of Esmeraldas bordering Colombia [WR-18-17].

Narváez had held the position of army commander since March last year. His resignation comes amid arguably the Ecuadorean army's most serious challenge since the Cenepa war against Peru in 1995, with criminal groups, including dissident guerrillas from the Fuerzas Armadas Revolucionarias de Colombia (Farc), posing a major security threat on the shared border with Colombia. He still had 10 months to serve in the position.

On his second day in the job, on 3 May, Jarrín, accompanied by Moreira, visited the Esmeraldas parish of Mataje, where Farc dissidents kidnapped (and later murdered) a three-strong team from the national daily *El Comercio* in March. Four members of a military patrol were also killed in Mataje on 20 March when an explosive device was detonated. Jarrín said that Ecuador's security forces would fully cooperate with Colombia on intelligence, information, and training, but not military operations. “This is our territory, and we will act with our forces,” Jarrín said.

The government has released US\$8m to improve operational communications, food, rations, troop deployments, and equipment, including 26,000 new uniforms for US\$200 each. Ecuadorean soldiers are nowhere near as well equipped as Colombian criminal groups. Many are armed with weapons that are 30 years old, and lack more specialised equipment like advanced combat helmets with communication systems, and bulletproof jackets and boots.

Ecuador appealed to the Inter American Commission on Human Rights (IACHR) this week to form an international investigative commission to probe the kidnap and murder of the *El Comercio* team and to coordinate with their families. The letter to the IACHR was requested by the families and sent the day after they agreed to renew talks with the government.

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