

latin american weekly report

31 May 2018, WR-18-21

ISSN 0143-5280

CONTENTS

LEADER	1
Colombia's Duque the favourite after first round victory	
ANDEAN COUNTRIES	
ECUADOR	4
Moreno conducts sweeping change	
VENEZUELA	6
Making sense of Maduro	
BRAZIL	7
The lorry drivers' revolt	
ARGENTINA	9
Setback for Macri over utility tariffs	
TRACKING TRENDS	
MEXICO & NAFTA	
MEXICO	11
Vote-buying alarm raised	
MEXICO	12
Business sector reacts to rampant insecurity	
TRACKING TRENDS	
CENTRAL AMERICA & CARIBBEAN	
NICARAGUA	14
"Democracy" proves a sticking point in national dialogue	
COSTA RICA	15
Getting to grips with security	
POSTSCRIPT	16
Peru's Vizcarra cancels Tullow Oil contracts	
Quotes of the week	

This edition of *Latin American Weekly Report* has been produced for Canning House Corporate Members by LatinNews (www.latinnews.com).
Latin American Newsletters since 1967

Colombia's Duque the favourite after first round victory

Colombia's immediate future may lie on the right of the political spectrum. Iván Duque, the presidential candidate of the right-wing Centro Democrático (CD), was best placed in the first round of elections held on 27 May. He now faces a second round run-off against left-winger Gustavo Petro of the Colombia Humana (CH) coalition, who took second place, narrowly squeezing out Sergio Fajardo of the centre-left Coalición Colombia. Petro might still win in the second round – which is due on 17 June – but the odds seem to be stacked against him.

As in all two-ballot presidential elections, the key issue is how supporters of those candidates defeated in the first round behave in the second round – redistributing their votes or abstaining. Duque won the first round with 7.57m votes (39.14%), followed by Petro with 4.85m votes (25.08%).

Fajardo was pushed into third place by a small margin: he gained 4.59m votes (23.73%). Germán Vargas Lleras, a former vice-president, came fourth (1.41m votes, 7.28%), followed by former peace negotiator Humberto de la Calle in fifth place (399,180 votes, 2.06%). There were seven candidates in all.

Mathematically, it is still possible for Petro to pick up the extra votes he needs to pass the 50% mark on 17 June. He would need to gain the votes of almost all of Fajardo's supporters, plus a sprinkling from the other defeated candidates, and perhaps persuade a greater proportion of the electorate to come out and vote – turnout in the first round was 53.4% (relatively high by historical standards in Colombia).

But there are various reasons why this is going to be difficult. Petro seems to have gathered most support in outlying regions close to Colombia's coastal areas and its land borders, but he did less well in the central and the big urban areas of the country (*see map overleaf*).

This was particularly notable in the capital Bogotá, where as a former mayor (2012-2015) he might have expected to come first. Yet in a surprise result Fajardo triumphed there, pushing Petro into second place. Petro will almost certainly win Bogotá against Duque in the second round but, on the strength of what happened in the first, his margin of victory in the capital may not be big enough.

There are also reasons why Petro will struggle to win over a big share of Fajardo's voters. Fajardo has said he will not formally endorse either of the two candidates left battling it out in the second round. Although Senator Iván Cepeda, a member of pro-Fajardo party Polo Democrático Alternativo (PDA) has endorsed Petro as the "only reasonable and correct option to

support the peace process, social change, and the struggle against corruption” it is likely that the Fajardo vote will fragment in the second round. Some of his supporters will vote for Petro; some who see Petro as too radical (scared by claims he will bring Venezuelan-style polarisation to the country) will vote for Duque; some will abstain.

Duque may also be better positioned to harvest votes from Colombia’s fragmented centrist parties. His core voters are right-wing uribistas, followers of former president Alvaro Uribe (2002-2010), the founder of the CD. To win in the second round (and gain an extra 10 percentage points of the vote needed to get him past the 50% mark) Duque needs to make a play for the centre. It looks as if he will be able to do this without seriously alienating that right-wing core support, which is already committed to using its vote to stop Petro.

In the days immediately after the poll Duque called for the creation of a wide alliance, “a coalition thinking of the future of the country”. His team has made contact with the Partido Liberal (PL), which supported De la Calle, and with Fajardo’s Coalición Colombia; it is also seeking the support of followers of Vargas Lleras, including the Cambio Radical (CR) party.

The PL faces intense internal recriminations, with former president César Gaviria (1990-1994) accused of blocking an alliance between De la Calle and Fajardo – with the benefit of hindsight, it is now clear that such an alliance would have been enough to get Fajardo, rather than Petro, into the second round run-off.

While Petro is also making calls seeking to bolster his support, another fragmented traditional party, the Partido Conservador (PC), looks as if it may come together to support Duque. PC Senator David Barguil endorsed Duque on 29 May, claiming that Petro’s ‘21st century socialism’ could lead to “the destruction of Colombia”. Another strand of the PC, loyal to former president Andrés Pastrana (1998-2002), has already declared for Duque.

The reality is that whoever wins – Duque or Petro – will face some different but still difficult questions and challenges. In the event of a Duque victory one of the big fears of his opponents is that Uribe – now accused of human rights violations and spying on opponents during his time in office – will in effect be the *eminence grise*. Duque insists that he is his own man and says he will govern “without looking in the rear view mirror”.

Another major issue in a Duque presidency will be the future of the peace settlements either already reached, with the Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrillas, or still under negotiation, with the Ejército de Liberación Nacional (ELN). The uribistas have been consistently and intensely critical of the peace process championed by outgoing president Juan Manuel Santos.

While perhaps less bitterly critical than Uribe, Duque is committed to a hard line that could certainly threaten aspects of the peace process. He wants to review the settlements reached so far. He proposes strengthening the army and police to intensify operations against Farc dissidents, the ELN, and criminal groups. He also promises a renewed “war on drugs” which will focus on crop eradication.

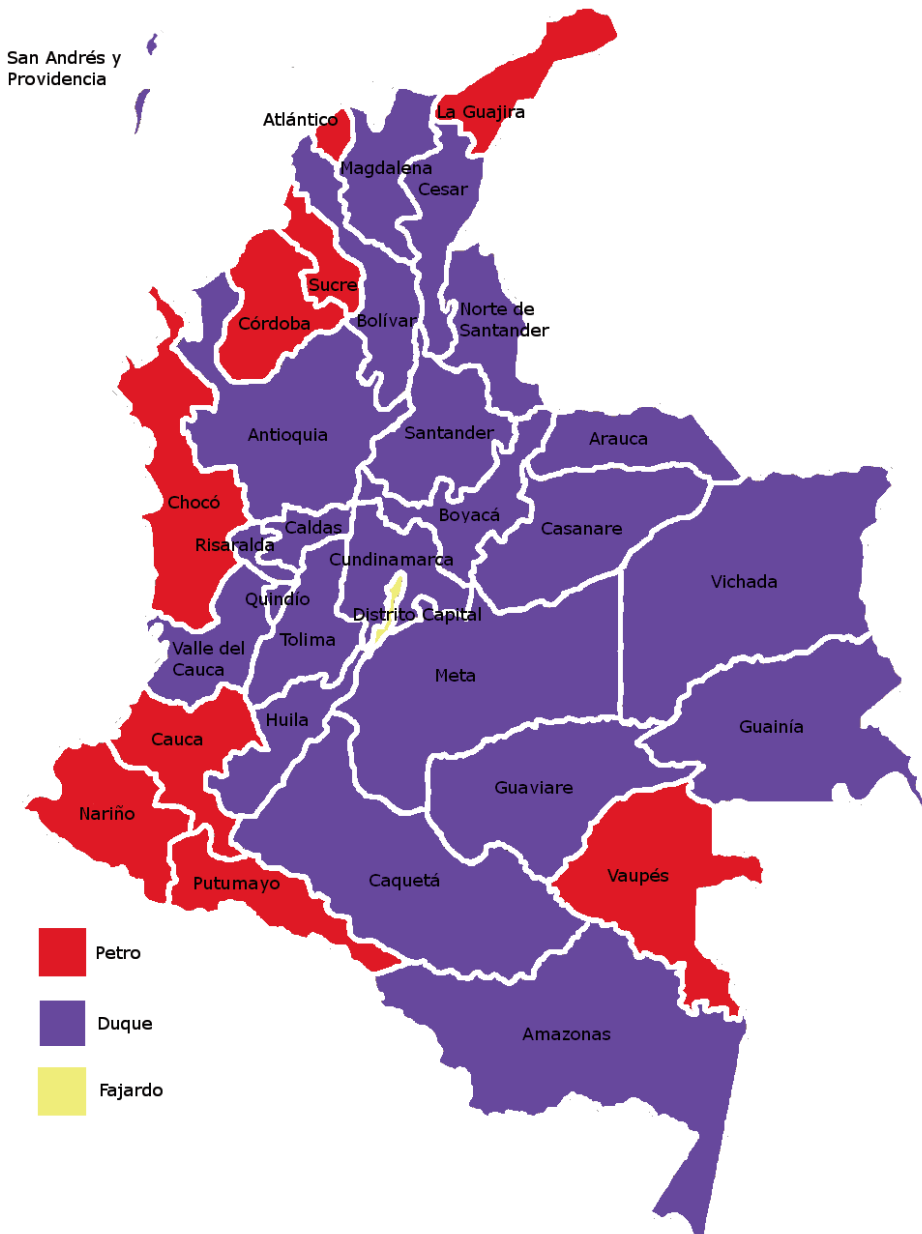
Duque is critical of the deal agreed under Santos whereby the “new” Farc (the bulk of the former rebel force that accepted the peace agreement and renamed itself Fuerza Alternativa Revolucionaria del Común) has been given 10 unelected seats in the next congress. He insists they cannot hold any official roles in the legislature until they have faced trial and sentencing for their part in any war crimes. He also wants tougher action against corruption and mandatory life sentences for those who rape or kill children.

Although Duque's tough line on law and order is clearly supported by an important portion of the Colombian electorate, there is a risk that under his presidency some parts of the existing peace settlement could unravel, or that a deal with the ELN will ultimately prove elusive. Wider Latin American experience also shows that an over-militarised 'war on drugs' can backfire and be counterproductive.

A Petro administration, on the other hand, will be better disposed to maintaining the peace process along the lines set by the outgoing Santos administration (as a former guerrilla turned politician himself, Petro is enthusiastic about bringing rebels back into democratic politics). In contrast, if elected, the left-wing candidate is likely to face major challenges to his economic policies.

Duque has established strong and conventional market-friendly credentials. He promises tax cuts for business, action against tax evasion, job creation, and accelerated development of the mining industry. There is no doubt that he has the backing of the business community, which expects him to inherit and support a developing economic recovery (GDP grew by 2.2% in the first quarter, up from 1.8% in the last quarter of 2017).

There is much more mistrust of Petro's less conventional proposals to move Colombia from being an 'extractive' to a 'productive' economy, where the state will play a bigger role in agriculture, banking, education, health, renewable energy, and public services. Private sector leaders are worried by his promise to tax dividends. Although Petro has frequently denied any such intention, many still fear he will copy the extreme expropriations and anti-capitalist measures followed by the Bolivarian government in neighbouring Venezuela, with similarly disastrous economic results.



A further consideration is that a Duque presidency will have much more support in Congress than a Petro administration. Congressional elections were held earlier this year (on 11 March) and saw a notable shift to the right. The 166-seat lower chamber of congress will be dominated by political parties drawn from the centre and right (the PL has 35 seats, Duque's CD has 32 seats, and CR has 30 seats).

There is a similar situation in the 102-seat senate where the largest parties are the CD (with 19 seats), CR (with 16), and the PC (15). In both chambers of congress, the left – such as the pro-Petro Lista Unitaria de la Decencia – has only a handful of seats.

Moreno conducts sweeping change

President Lenín Moreno marked one year in office on 24 May. It has been a politically tumultuous year with Moreno cutting loose from his long-serving predecessor Rafael Correa (2007-2017), rupturing the ruling left-wing Alianza País (AP), and holding a national referendum blocking Correa's electoral comeback in 2021 and reshaping the state. In the last three weeks, one of the bodies reconceived in the referendum, the transitional Consejo de Participación Ciudadana y Control Social (Cpccs-t), has set about dismantling much of the judiciary, deemed to be partisan, fuelling fierce criticism from Correistas. Moreno, meanwhile, has reshuffled his cabinet, bringing in an economist from the private sector to "restore order" to the "parlous" public finances bequeathed by Correa.

The question in February's national referendum pertaining to the Cpccs called for the heavily politicised fourth branch of government to be replaced by a transitional body to root out corruption and inefficiency in state institutions, in accordance with its constitutional remit. The Cpccs-t, with the public blessing of President Moreno, has set about this task with a zeal that has caused some disquiet, notably in the Revolución Alfarista (RA) congressional bloc of AP dissidents loyal to Correa, who claim it is exceeding its powers.

The Cpccs-t followed its dismissal of the head of the superintendence of information and communications (Supercom), Carlos Ochoa, in March [WR-18-12] by firing the ombudsman, Ramiro Rivadeneira, on 3 May for refusing to disclose information about his office's management. Rivadeneira insisted that he was answerable to the national assembly not the Cpccs-t and that his dismissal was unconstitutional. "They can kick and scream but the inept and corrupt will be sent home," the president of the Cpccs-t, Julio César Trujillo, said. Moreno backed Trujillo, saying that the electorate had voted in the referendum for the Cpccs-t to evaluate the performance of the country's institutions and undertake the necessary reforms and restructuring. Moreno added that what was expressed at the ballot box was "sacred".

Trujillo also announced on 3 May that the Cpccs-t had appointed Edwin Paúl Pérez Reina, the public prosecutor for the northern province of Carchi, to be Ecuador's acting attorney general after the recent impeachment of Carlos Baca [WR-18-17]. The Cpccs-t suspended the competition organised by the judicial council, Consejo de la Judicatura (CJ), to designate provincial prosecutors.

The president of the CJ, Gustavo Jalkh, questioned this decision, appealing to the constitutional court (CC) to interpret the mandate of the Cpccs-t granted by the referendum. "The Ecuadorean people have not elected it as a constituent assembly," Jalkh said. Trujillo lashed back that "Jalkh and his pack of accomplices, permanently violating human rights, are not going to stop us". Correa tweeted in response: "Conspiring against human rights is pursuing correistas simply for being so". The Cpccs-t promptly announced that it was evaluating the performance of members of the CJ and the CC. Within days, opposition deputies presented a motion to impeach Jalkh and the other eight members of the CJ (including alternates), who appeared before the national assembly on 30 May to defend themselves.

The justice commission of the national assembly invited Trujillo to appear before it on 8 May but he pleaded prior engagements. The RA argued that an annex to the referendum stipulated that it was incumbent on the Cpccs-t to keep the national assembly abreast of its actions. RA Deputies Soledad Buendía and Franklin Samaniego argued that it was not within the remit of the Cpccs-t to evaluate let alone dismiss members of the CC. Henry Cucalón,

Media law

President Moreno sent a bill to the national assembly on 18 May to amend the contentious communications law (LOC) passed by his predecessor Rafael Correa. Moreno said there would be full guarantees and clear regulations to ensure the freedom of the press. Crucially, the bill eliminates the superintendence of information and communications (Supercom), which the opposition accused of muzzling the press under Correa. "Freedom of expression is a right...that should not be the object of control and vigilance but protection by the state," Moreno said. "We will cease to be a state of propaganda to become a state of two-way communication, of dialogue, a democratic state," he added pointedly. Moreno said that the government had drawn up the bill after a series of dialogue tables with representatives of the media and academics. The LOC has been in place for five years.

Wider reshuffle

Eduardo Jurado Béjar takes over as the new secretary general of the presidency. Juan Sebastián Roldán becomes the private secretary to the presidency, with ministerial rank, essentially chief political adviser. Paúl Granda becomes the new secretary of political management, which serves as a go-between for state institutions and cabinet ministries. Granda's position as transport and public works minister goes to his former deputy, Boris Palacios. José Augusto Briones replaces Etzon Romo as head of the national planning and development ministry (Senplades).

of the traditional opposition Partido Social Cristiano (PSC), which is full square behind the Moreno administration's commitment to restructure state institutions, argued that these powers were conferred upon the Cpcacs-t by voters in last year's referendum. Cucalón accused the CC of being "subservient to correísmo".

The upshot of all this inter-institutional wrangling is that the Cpcacs-t and Moreno should get their way. This is because, supported by the traditional opposition, the ruling AP has a majority in the 137-seat national assembly. That said, cooperation between the AP and the traditional opposition is likely to be tested by the latter's attempt to censure the foreign minister, María Fernanda Espinosa, for failing to fulfil her duties in relation to a series of issues, including the security crisis on the northern border with Colombia, and the continued presence of the Wikileaks founder Julian Assange in Ecuador's embassy in the UK. The RA, keen to strike a blow against Moreno, has joined the attempt by the four traditional opposition parties to censure Espinosa. Between them they have 86 votes in the assembly. They need 92 for the motion of censure to succeed. Moreno granted Espinosa leave of absence on 24 May to campaign for the presidency of the General Assembly of the United Nations. The election will take place on 5 June.

Cabinet reshuffle

Moreno may have no choice but to replace Espinosa but he requested that all of his cabinet ministers offer up their positions to carry out a reshuffle to mark one year in office. He made six changes to the cabinet, the most significant of which saw Richard Martínez replace María Elsa Viteri as the economy and finance minister. Viteri had only been in the post for two months, but the comptroller general, Pablo Celi, announced that she was barred from holding public office because of a mortgage debt in arrears since 2016 with the national financial corporation (CFN) which she had failed to disclose on her declaration of assets.

Martínez hails from the private sector. President of the umbrella business lobby Comité Empresarial Ecuatoriano (CEE), Martínez promised to restore order to public finances "in a gradual and disciplined manner without compromising social programmes" and to make external debt figures more transparent. He criticised "spending far in excess of income which has led to an aggressive indebtedness". On 17 May the government announced that public debt (internal and external), and other obligations, such as pre-sale of oil and short-term treasury certificates (Cetes), amounted to US\$58.98bn, 57% of GDP. Public debt has a legal limit of 40% of GDP in Ecuador in accordance with the code on planning and public financing (Coplafip).

During his state-of-the-nation address to the national assembly on 24 May, Moreno outlined his government's long-delayed economic plan. The three-pronged plan seeks to attract foreign investors through public-private partnerships (PPP) which he said had been impeded by excessive bureaucracy and red tape. It also sets out to reduce the public debt (although in a separate bill the government is seeking to annul the 40% of GDP debt limit on the grounds that this is less important than the government's ability to service the debt). It also aims to promote growth and generate jobs, and includes a series of tax exemptions to boost the productive sector, particularly an exemption from income tax (IR) for eight years for all companies investing in Ecuador's largest two cities, Quito and Guayaquil, and 10 years if they invest elsewhere in the country. "The socialism of the last century definitely needs to be abandoned; the new and modern socialism is inclusive," Moreno said.

Moreno complained that the coffers were empty when he took office. He lashed out at his predecessor on numerous occasions, including over the corruption surrounding the promised US\$4bn construction of eight hydro-electric dams of which only three are functioning.

Making sense of Maduro

Since being declared the winner of the 20 May elections (regarded as unfree and illegitimate by most of the international community) President Nicolás Maduro has issued conflicting signals. This may not be surprising since, caught in a deep and relentless crisis, both government and opposition in Venezuela seem to lack clear plans.

Relations between Venezuela and the US were already very poor. In the aftermath of the elections they got slightly worse, with the US applying additional sanctions and diplomats expelled from both countries. Yet at the same time there was an intriguing hint of some kind of communication. In Caracas on 25 May President Maduro met US Senator Bob Corker, chairman of the Senate Foreign Relations Committee. No details of what was discussed were released, but Communication and Information Minister Jorge Rodríguez said: "It was a very good meeting, it is good news for the Venezuelan people". A day later Joshua Holt, a US citizen and former missionary who had been held prisoner in Venezuela on weapons charges for 18 months, was released and flown back to the US.

The release of Holt seems to be part of an attempt by Maduro to be conciliatory. At home he made a vague commitment to release some political prisoners. Fresh from what it sees as its relative success in boycotting the elections, the opposition Mesa de la Unidad Democrática (MUD) coalition responded that, according to its information, in the last two months alone at least 70 military officers have been arrested for political reasons. It held the government responsible for "increasing cruelty, torture, and abductions". Human rights groups say there are at least 350 political prisoners in the country. One opposition party submitted a list of political prisoners to the government. While previous attempts at a political dialogue with the government had all failed, Fernández said that releasing political prisoners would send a positive signal. Since the elections, news has emerged that at least 15 military officers, including two active service generals (Pedro Naranjo and Nelson Morales), were arrested for allegedly taking part in anti-government conspiracies. They are to face trial before a military tribunal.

Maduro turned on the usual conspiratorial rhetoric in the days after the election when he accused Colombia's President Juan Manuel Santos of planning an invasion. Maduro claimed his Colombian opposite number was pursuing "macabre" plans for a border invasion of Venezuela. No further details were given, although Maduro exhorted his armed forces to maximise their "intelligence and prevention" work along the 2,200km border between the two countries. Relations with Canada have also taken a turn for the worse: Ottawa has imposed sanctions on 14 top Venezuelan officials said to be responsible for undermining democracy in the country.

In another speech Maduro claimed that anyone blaming him for the country's economic crisis was using "stupid reductionism". The crisis, he said, "is not Maduro's problem, it would be simple if it was just the problem of one man". This particular speech did however also represent some sort of attempt to reach out to the country's shattered business sector. Maduro suggested oil production would now begin to recover. Although the business community is regularly accused of taking part in a US-led "economic war" against Venezuela, Maduro said the government wanted to "build bridges" with the private sector. Perhaps to reinforce that message a group of executives from Banesco, the country's largest private bank, were released from prison: they had been arrested earlier this month on charges of illegal foreign exchange dealing. Maduro said he was holding out his hand for "a new beginning with all business people in the country."

The lorry drivers' revolt

Being a lorry driver is a thankless job. But they are the glue that holds Brazil's export-driven economy together. The chaos caused by the recent lorry drivers' strikes has really driven that message home. "Brazil needs you" conceded the government's chief-of-staff, Eliseu Padilha.

Lorries keep Brazil's economy ticking over and carry 60% of the country's cargo. Over a week after lorry drivers went on strike, exports have been severely damaged, and most states have experienced food and fuel shortages, bringing the country to a halt.

The lorry drivers' main gripe is that diesel prices are too high. Fuel costs rose after the state-owned oil company Petrobras changed its pricing model from heavily subsidising fuels under former president Dilma Rousseff (2011-2016) to bringing them in line with international market prices under President Michel Temer. Although the pricing policy changes came into effect last July, lorry drivers have only begun to feel the pinch more recently thanks to a sharp rise in global diesel prices.

A government team led by Padilha tried to appease the lorry drivers early on by temporarily reducing the price of diesel. But the strikes continued, forcing the government to improve its offer. By 28 May, drivers had negotiated a reduction of R\$0.46 (US\$0.12) per litre of diesel, or an average of 12%. The new price will be valid for 60 days, after which it will be reviewed every 30 days.

The concessions to the lorry drivers will cost the federal government some R\$9.5bn (US\$2.6bn) according to Finance Minister Eduardo Guardia. Details of where that money would come from have not yet been finalised. In an interview with local news site *G1*, Guardia acknowledged that this was a high price to pay but justified the need to bring Brazil "back to normal" after days of grid-locks and hellish queues on the country's roads.

Yet even the government's most generous peace offer was not enough to placate all the lorry drivers. Although most unions involved in organising the strikes agreed to go back to work after the government lowered diesel prices further, as we went to print there were still over 500 road blockades across the country, down from 1,200 the previous week.

One reason why the agreement did not hold could be due to the haphazard nature of the strikes. They were organised through social media networks, making it difficult for the federal government to pinpoint individual leaders, let alone negotiate with them. Following a series of defeats, Padilha conceded that putting an end to the industrial action would be a "slow" process. After the government gave in to many of the drivers' demands, he told local media: "Now it's their turn to hold up their side of the bargain."

Another of the government's theories is that the protests could be politically motivated. In a statement, Padilha said that the strikes had been "infiltrated" by people who were not lorry drivers. He has ordered the federal police to find any political agitators behind the strikes and remove them. "We have to get things back to normal", he reiterated.

The carrot and the stick

Faced with a growing sense of lawlessness, the federal government has sent for reinforcements. Last week, President Temer issued a decree guaranteeing law and order (GLO) that allows the armed forces to operate in the entire country and assist other security forces (such as the federal, military, traffic, and transport police) to control the strikes and ease road blockades caused by

Petrobras

One of the biggest casualties from the lorry drivers' strikes has been Petrobras, which lost an estimated R\$100bn in the last fortnight. Although the federal government agreed to compensate for Petrobras' losses from the reduction in fuel prices it has decreed, investors voiced concerns about growing political interference in the state-owned company.

The 24h minister
President Michel Temer's current governability problems have made it difficult for him to attract and retain cabinet staff. His newest minister, Ronaldo Fonseca, resigned on 29 May, less than 24 hours after he was appointed secretary-general to the president. This comes as a major embarrassment to Temer, who hoped Fonseca's appointment would help him curry favour with the evangelical bench in congress.

the lorries until 4 June. The armed forces will also help with distributing resources across the country.

Should words fail to move the lorry drivers, the federal government may use force. A supreme court (STF) judge, Alexandre Moraes, authorised the army to remove striking drivers forcefully if necessary. Additionally, lorry drivers participating in the strikes can be fined up to R\$10,000 (US\$27,000) and event organisers up to R\$100,000 (US\$2,700).

Temer's government: running out of fuel?

Temer's decision to call on the army again shows that he is experiencing acute governability problems. Unions and leftist political parties could capitalise on his political weakness in the run-up to the October general election, paving the way for further protests as Temer limps to the end of his term.

More than being a dispute about diesel, the lorry drivers' strike symbolises a more deep-set dissatisfaction with the ruling centre-right government. Despite Brazil's return to economic growth, the effects of this have not trickled down to the general population, causing frustration. A combination of government corruption, cuts to public services, and austerity measures have left many Brazilians feeling short-changed.

The strikes show Brazil is "veering off-course" argued former president Fernando Henrique Cardoso (1995-2002) in a snipe at Temer's pledge to "get Brazil back on track". Cardoso said that the biggest loser from the lorry drivers' strikes was Temer himself, whose unpopular government already had disapproval levels of over 70%.

Backlash against the Temer government could decrease the chances that another market-friendly or reformist candidate will win the October election if Brazilians decide that they do not want more of the same. For example, Geraldo Alckmin from the Partido da Social Democracia Brasileira (PSDB) and Henrique Meirelles from the ruling Movimento Democrático Brasileiro (MDB) party both suggested they might privatise Petrobras – which seems untenable in the current political climate.

More protestors jump on the bandwagon

Following the lorry drivers' lead, Petrobras workers have also mobilised in demand for even lower fuel prices. They received backing from half a dozen unions, which are beginning to flex their muscles. On 30 May, oil workers announced they would stage a three-day strike, even though the superior labour court (TST) declared it illegal.

A statement from the oil workers' union (FUP) said workers were protesting for "further reductions to oil and gas prices, to campaign against the privatisation of Petrobras and for the immediate removal of [Petrobras] CEO Pedro Parente, who, with the help of the Temer government, has brought the country into an unprecedented crisis".

In a statement, Parente urged workers to reconsider. He defended Petrobras' current policy to bring fuel prices in line with international market prices, saying this was essential to reduce the company's debt. "How can Petrobras and its workforce best help Brazil at this moment?" read the letter. "Not with strikes and pressure to reduce prices. As far as we are concerned, that would have the opposite effect: increasing debt levels, harming consumers, and the company, and Brazilian society", Parente said.

The Temer government is currently backing Parente, a highly regarded professional known for turning around companies in severe financial difficulties. But transforming Petrobras, with all the political baggage that comes with it, will be his biggest challenge yet.

Ruling party reacts

Government officials highlighted the cost of rolling back tariffs as required by the bill, which they calculated at Ar\$115bn (US\$4.61bn). Senator Esteban Bullrich of the ruling centre-right Cambiemos described the anti-*tarifazo* bill as “demagogic, illegal, and unconstitutional” claiming that congress does not have the jurisdiction to intervene in setting utility price levels. Senator Luis Naidenoff, also of Cambiemos, insisted that after 12 years of frozen tariffs under Kirchnerista governments, the Macri administration had inherited a time bomb which needed to be “deactivated”: he accused the opposition of instead trying to “detonate” it.

Setback for Macri over utility tariffs

As this issue went to press, the Argentine senate voted by 37-30, with no abstentions, in favour of an opposition-backed bill which would roll back electricity, gas, and water utility rates to November 2017 levels. The bill had already been approved in the federal lower chamber of congress. It is seen as a direct challenge to the government’s economic policies; President Mauricio Macri was expected to issue a veto, leaving congress to decide whether to accept it, or to insist on legislating.

Ever since the foreign exchange crisis, which forced Argentina to seek the help of the International Monetary Fund (IMF), President Macri has been politically on the back foot. The financial crisis has provided the mainly Peronist (Partido Justicialista – PJ) opposition, normally divided into bickering and antagonistic blocks, with an opportunity to come together to condemn what it sees as the government’s unsustainable economic austerity policies.

On 25 May there was a big demonstration against the expected IMF agreement in Buenos Aires. The government, meanwhile, attempted to reassure investors by announcing that it was cutting next year’s planned fiscal deficit to “something less” than 2.2% of GDP. However, as has often been the case in Argentina, what reassures the financial community may at the same time worry a domestic constituency, represented in this case by the opposition parties and trade union movements.

At the centre of this dispute are public utility tariffs. During the last two Kirchnerista governments of Néstor Kirchner (2003-2007) and Cristina Fernández (2007-2015), tariffs were frozen for many years. On taking office in December 2015 Macri’s new centre-right government said the freeze on tariffs had discouraged investment in energy, forced the payment of massive government subsidies, increased the fiscal deficit, and fuelled inflation. The new government began a series of tariff increases, designed to bring them in line with the real cost of supply.

The opposition described these increases as *tarifazos* which in their own way raised inflation and eroded the real income of workers and pensioners. In anticipation of further increases during the current crisis, a coalition of Peronist groups in the lower chamber of congress drafted what has been called an anti-*tarifazo* bill.

The bill would roll back electricity, gas, and water rates to their levels last November. Going forward, it says that any new residential tariff increases must be limited to the prevailing rate of salary growth; increases for business users are to be limited to an index of wholesale prices for small and medium-sized enterprises (SMEs).

In the long debate on the bill in the senate, which started on 30 May and continued into the early hours of the following day, Peronist senator María de los Angeles Sacnun said anyone who pays more than 10% of their income on electricity and gas must be deemed “energy poor”; the bill, she said, was therefore designed to reverse the increase in “energy poverty” attributed to the current government.

Significantly, moderate Peronists who in the past have been willing to strike deals with the government expressed their frustration. For instance, the leader of the Peronist group in the senate, Miguel Ángel Pichetto, criticised the government’s “lack of understanding” which, he said, had prevented “progress towards a reasonable agreement that would bring tariffs in line with what society can afford.”

Export tax

In October 2016 President Macri postponed the monthly reductions in the export tax on soybeans until January 2018 when they resumed. The export tax on soybeans currently stands at 27.5%, and the Mesa de Enlace expected the gradual reductions to continue until Macri's term ends in December 2019.

By Pichetto's calculations, in the last two years gas tariffs have gone up by 1,157%, electricity has increased by 371%, and water rates have surged 484%. Much of the debate featured wider attacks on government economic policy. Senator José Mayans, representing the northern province of Formosa, warned that "bad times are coming, this is not going to end well".

As this issue went to press the formal presidential veto of the bill was considered imminent: looking forward a new round of negotiations is possible, but there is also a chance that the opposition will use its new found sense of unity to seek to maximise the confrontation.

TRACKING TRENDS

ARGENTINA | Agricultural groups object. Argentina's four principal agricultural lobby groups last week demanded a meeting with President Mauricio Macri amid speculation that the government might discontinue its gradual cuts to soybean export taxes as part of wide-ranging efforts to reduce the fiscal deficit as it seeks a Stand-By Arrangement (SBA) with the International Monetary Fund (IMF).

The Mesa de Enlace, an umbrella group comprising the four agricultural associations – Sociedad Rural Argentina (SRA), Coninagro, Confederaciones Rurales Argentinas (CRA), and Federación Agraria Argentina (FAA) – sent a letter to Macri pointing out that the sector had suffered from a severe four-month drought followed by extensive flooding in April, and sought assurances that "the rumours of possible measures that would further aggravate the situation" were not true.

The government lifted export taxes on wheat and maize soon after Macri took office in December 2015 and started reducing the export tax on soybeans from 35% by half a percentage point every month but did not keep this up (see sidebar).

Daniel Pelegrina, president of the SRA, threatened protest action if the government halted the reduction of the export tax on soybeans or reinstated it on wheat or maize. Omar Príncipe, president of the FAA, said that the agricultural sector needed more not less support from the government, and he argued that the export tax on soybeans should be eliminated altogether for small and medium-sized producers.

BRAZIL | Economic fallout from lorry drivers' strikes. The waste generated by the recent lorry drivers' strikes is stomach-churning, with spoiled goods piling up and no easy way to dispose of them.

Brazil's national association for animal protein (Abpa) said on 27 May that 1bn birds and 20m pigs would die in the next five days if the strikes continued because livestock would not receive enough food.

Already, 120,000 tonnes of chicken and pork meat exports have been lost due to the lorry drivers' strike, Abpa added. Over 70m chickens have died from lack of food and some farmers do not have enough space to throw away the carcasses, which could pose health and environmental hazards.

Lorry drivers have also thrown out 300m litres of sour milk. The association of Brazilian lactose products estimates the losses are worth R\$1bn (US\$270m) for each day the strikes continue. Other perishables that went to waste include fruit, vegetables, and eggs among other products, leaving a shortage of fresh produce in many local supermarkets.

Due to disruption at major ports, shipments of commodities such as coffee, soybeans, and sugar cane have also taken a hit. The economic effects of the strike have not been fully quantified yet. But the central bank (BCB) has revised down Brazil's growth prospects for the year and forecasts GDP expansion of 2.37%, down from 2.50% the previous week.

The BCB has also increased its inflation forecasts from 3.50% to 3.60% for this year. However, central bank head Ilan Goldfajn said the long-term effects on inflation would be negligible. He described the strikes as a "day to day shock" and said they would not have a major effect on Brazil's monetary policy.

Warnings of populist threat

On 24 May Costa Rica's former president, Laura Chinchilla (2010-2014), warned that no country is immune from electing populist leaders and that the only protection against the threats that they represent is for countries to have strong institutions. Speaking after accompanying former United Nations secretary general Kofi Anan on a two-day official visit to Mexico, in which at the invitation of the national electoral institute (INE) they reviewed the current electoral process, Chinchilla said that "one thing is an irresponsible, demagogue, populist leader in a nation without institutions or with weak institutions and another a similar leader in a nation with solid and robust institutions". Chinchilla added that, while Mexico has solid institutions, these can always "be strengthened".

Vote-buying alarm raised

Acción Ciudadana Frente a la Pobreza, a local NGO, has denounced instances of vote-buying and coercion ahead of Mexico's 1 July general election. The NGO, which focuses on combating poverty, complains that despite the efforts to stamp out these practices, political parties continue to resort to such strategies to politically exploit the poor, to the detriment of the country's democracy. The allegations have the potential to mar this year's election as they did in the 2012 polls unless the authorities tackle these issues ahead of election day.

The allegations about vote-buying by Mexico's ruling Partido Revolucionario Institucional (PRI) in the 2012 general election were pervasive enough to prompt the political opposition to demand that new provisions against such practices be introduced in the 2014 politico-electoral reform. The reform thus introduced tougher sanctions such as hefty fines and even prison sentences for all those found guilty of vote-buying or of coercing voters, with these being doubly tough on government officials implicated in such illicit activities. However, the complaints presented by Acción Ciudadana Frente a la Pobreza suggest that these problems persist and remain widespread. Indeed, Acción Ciudadana Frente a la Pobreza, which groups some 60 different civil society groups, has reported that it has found evidence of vote-buying in at least 25 of the country's 32 states.

In a report published on 23 May, Acción Ciudadana Frente a la Pobreza said that it had gathered 151 reports of alleged vote-buying or coercion via a website that it has made available for the public to file complaints (democraciainpobreza.mx). The complaints gathered by Acción Ciudadana Frente a la Pobreza included the handing out of grocery bags with political propaganda (41% of the complaints), the conditioning of the delivery of social benefits by government officials (36%), the offering of cash (18%), and the handing out of pre-paid debit cards (5%). The amount of money paid for votes ranges from a minimum of M\$200 (US\$10) to a maximum of M\$5,000 (US\$250). The Acción Ciudadana Frente a la Pobreza coordinator, Alberto Serdán, said that the practices denounced by the public and compiled in the report are not only "immoral but also illegal", as they violate existing legislation.

Serdán said that the vote-buying and coercion practices "undermine democracy and prevent the construction of a better informed, responsible, and participative society", and he called on all political parties to refrain from using poverty "as a tool for political manipulation". In particular, Serdán denounced that all political parties have resorted to using government social programmes to persuade beneficiaries to vote for their candidates; and he stated that he feared that attempts to buy votes in this way will only intensify as the election approaches. More significantly, Serdán said that the complaints compiled in the report cannot go unpunished and he urged the national electoral institute (INE), which was created by the 2014 politico-electoral reform and given the power to investigate and charge anyone found guilty of violating electoral law, to fully investigate the complaints.

More complaints

In addition to introducing provisions against vote-buying, the 2014 politico-electoral reform also sought to introduce stronger controls on electoral campaign spending and financing to ensure that all parties can compete on a level playing field. Yet a report by the anti-corruption NGO Mexicanos Contra la Corrupción y la Impunidad (MCCI) has found that campaign

spending by political parties and candidates in the current electoral process will likely flout the new controls and widely exceed the spending limits.

The 'Dinero bajo la mesa. Financiamiento y gasto ilegal en campañas políticas en México' report, released on 29 May, calculates that since 1996 for every M\$1 (US\$0.05) legally raised during an electoral campaign, M\$15 (US\$0.77) is obtained "under the table". This means that spending limits are never respected. The authors of the report – MCCI president María Amparo Casar and Luis Carlos Ugalde, a former director of the Instituto Federal Electoral (IFE), the INE's predecessor – argue that it is reasonable to expect that despite the new financing and spending controls this trend looks set to continue in this electoral cycle based on current campaign spending levels and costs.

As an example, Casar explains that, based on their research, a campaign for a state governorship can cost up to 11 times the set legal limit. This means that in order to be competitive, gubernatorial candidates resort to irregular financing. Casar said that this is the case for candidates "from all parties" and that the sources of financing are either deviated public funds (in the case of candidates from local ruling parties), irregular funding from the private sector through illicit donations in return for future public contracts, or financing from criminal organisations in return for political influence. Significantly, Casar said that illicit campaign financing is used to pay for things like advertisements, to hire campaign strategists, but above all to finance clientelism, which she says, "has many faces: mobilising, inhibiting or buying votes".

Problematically, Casar points out that most of these illicit transactions are conducted either in kind or in cash, which makes them almost impossible to trace by the authorities. In particular, Casar notes that while INE may have a duty to audit campaign financing and investigate any irregularities, but it does not have the necessary resources nor the tools to effectively carry this out. The INE has yet to respond to the complaints aired by the Acción Ciudadana Frente a la Pobreza nor by the MCCI. However, the INE may now be compelled to investigate the allegations of vote-buying to assuage the concerns that this could once again significantly influence the election.

MEXICO | SECURITY & ECONOMICS

Business sector reacts to rampant insecurity

The Confederación Patronal Mexicana (Coparmex), Mexico's largest business sector lobby, has called on the Mexican government to take immediate measures to address the rising public insecurity in the country that is increasingly affecting business operations. The call by Coparmex highlights just how much of a problem public insecurity has become for businesses in Mexico and puts both the outgoing government led by President Enrique Peña Nieto and the new government that is to be elected in the 1 July general election to come up with new strategies to combat insecurity and stem the damage that it has been inflicting on the domestic economy.

The call by Coparmex, which groups some 36,000 firms, came after a series of violent incidents in different parts of the country that led some multinational firms to temporarily suspend their operations due to concerns that they were being targeted by local organised criminal groups. A Canadian mining firm, Pan American Silver Corporation, announced on 28 May that it was temporarily suspending operations at its Dolores mine in the northern state of Chihuahua. Pan American Silver said that the decision was a consequence of the high levels of violence recently registered in the Sierra Tarahumara mountainous region of Chihuahua.

According to local press reports, the Sierra Tarahumara area is now the site of a turf war between two local rival drug trafficking organisations, La Línea and

Economic damage

Coparmex did not provide any estimates of the economic losses resulting from the reigning insecurity in Mexico. But it cited a series of statistics to highlight how this was affecting businesses. Coparmex highlighted that in the first quarter of the year there were reports of 852 robberies of freight trains, a 581% year-on-year increase; 3,357 instances of merchandise theft, a 108% year-on-year increase; and a 34% increase in petrol fuel theft in March alone, which marked the highest level of fuel theft ever recorded in the country.

Gente Nueva, for control of the area. This has increasingly affected the Dolores mine's 1,800 workers and their contractors, who have been extorted and intimidated by armed criminals since the start of the month. Just a few days before Pan American Silver's announcement, Mexican dairy firm Grupo Lala similarly announced the temporary closure of one of its distribution centres in Ciudad Mante, in the north-eastern Tamaulipas state, for security reasons.

Grupo Lala said that it took the decision after one of its vehicles was set alight by suspected criminals trying to extort the firm. Meanwhile back in March Coca-Cola Femsa, the world's largest Coca-Cola bottler, announced the indefinite closure of its distribution centre in Ciudad Altamirano, in the south-western state of Guerrero, citing that its 160 employees at the centre had been receiving "constant threats and acts of aggression from organised crime". All of this prompted Coparmex to issue a public statement on 29 May demanding that the authorities take immediate action to tackle the rising insecurity, including the revival of the federal public security ministry (SSP), which was dissolved by the Peña Nieto administration in 2013.

The Coparmex statement says that the insecurity and violence in Mexico has "reached never seen before levels" and that this is starting to produce "severe economic damage and impacting our country's capacity to attract investment and generate jobs" (see sidebar). Based on this Coparmex maintains that tackling the insecurity must now be a priority for the authorities and that it can no longer be put off. The business lobby goes on to argue that the decision to dissolve the SSP and place the responsibility for all public security matters on the federal interior ministry (Segob) was a "mistake" that has resulted in the adoption of an inadequate institutional setup to deal with Mexico's difficult public security challenges.

Consequently, Coparmex calls for the immediate establishment of a new federal ministry exclusively dedicated to dealing with the insecurity problem; and it urges the outgoing Peña Nieto administration to do this before the new government is installed in December. It also calls on the four presidential candidates running in the 1 July general election to recognise the need to establish a new dedicated public security ministry. "There are no magic solutions for Mexico's insecurity problems, nor will they be solved in the short-term...but it is important to start by setting the foundations to address them", the Coparmex statement says. The Peña Nieto government, Mexico's presidential candidates, and its political class in general are under pressure to come up with viable new proposals on how to improve public security.

TRACKING TRENDS

MEXICO | Unemployment. On 21 May Mexico's national statistics institute (Inegi) released new figures which show that the national unemployment rate in April was 3.4% of the economically active population, up from 3.39% registered the previous month. Despite the marginal month-on-month increase in the unemployment rate, the April unemployment rate is identical to that registered in April 2017. This appears to suggest that the local domestic market is becoming stagnant. Yet the figures from Mexico's social security institute (IMSS) show that the number of formal jobs - those registered with the IMSS - created in April was 87,109, a 255.5% increase compared with the number of formal jobs created in the same month of 2017. The increase in formal job creation was also accompanied by a reduction in the informal employment rate, which fell to 56.6% in April compared to the previous month on Inegi figures. Meanwhile the Inegi figures show that underemployment rate, the proportion of people who want to work more hours than they currently do, was 6.9% in April. This represented a fall of 0.4 percentage points compared to the underemployment rate registered in March, which again shows that demand for labour remains strong in the country. According to Inegi, the states with the highest levels of unemployment in April were Tabasco (6.8%), Estado de México (4.4%), and Mexico City (4.3%).

“Democracy” proves a sticking point in national dialogue

Hopes for a breakthrough in the national dialogue which began on 16 May between the government led by President Daniel Ortega and opposition Alianza Cívica por la Justicia y la Democracia (Alianza Cívica) – comprising students, civil-society groups, and the private sector – have proven short-lived. Days after it began, dialogue foundered over Ortega’s refusal to both end the violence against protesters and discuss reforms aimed at making the country more democratic – a key demand of the Nicaraguan episcopal conference (CEN) and the Alianza Cívica. The dialogue process might have since resumed but the Frente Sandinista de Liberación Nacional (FSLN) government has so far given few signs that it intends to offer any meaningful concessions.

The breakdown in the talks occurred on 23 May. In a document released the same day, the CEN outlined the various demands that the Alianza Cívica wished to see incorporated in the dialogue agenda. As well as justice for those killed and injured in the government crackdown (which in its preliminary findings following a recent country visit, the Inter-American Commission on Human Rights [IACHR] put at 76 and 868 respectively [[WR-18-20](#)]), these include measures aimed at reverting the Ortega government’s various swipes at democracy – from its staging of elections widely slammed as fraudulent to its lifting of the constitutional ban on presidential re-election in 2014. Demands consequently included the prohibition of presidential re-election; new officials to be appointed to the supreme electoral court (CSE), supreme court (CSJ), and comptroller general’s office (CGR) (all controlled by Ortega); and partial changes to the political constitution so that presidential, municipal, and legislative elections could be brought forward “as soon as possible”. (Presidential and legislative elections were last held in November 2016 while the most recent municipal vote took place in November 2017).

With Ortega having initially attracted criticism for seeking to focus on the economic issue which sparked the crisis in the first place (the reforms to the social security system [INSS]), his government’s apparent refusal to contemplate the deeper causes behind the public unrest – frustration at the lack of democracy and continued violence despite the IACHR’s calls for an end to the violence – soon became apparent. With violence ongoing (see box), Foreign Minister Denis Moncada (a government representative in the dialogue) described the demands outlined by the CEN on 23 May as an attempt at a “coup d’état” – seeking to dismantle a legitimately elected government, prompting the CEN to announce the “indefinite suspension of dialogue”. Five days later a mixed committee – comprising three members each from the government and opposition – announced the resumption of talks amid an agreement that the issue of democracy would be addressed, along with other demands (see *sidebar*). There is little evidence, however, that the government intends to offer any concessions.

Violence

On 26 May a local human rights NGO, Asociación Nicaragüense Pro Derechos Humanos (ANPDH), put the death toll from the violence at 81 after continued reports of attacks by the police (PNN) and pro-government shock troops on students. The most recent attack took place over the weekend (26-27 May) against students at the national engineering university (UNI) in Managua, which left one dead and some 35 injured.

On 25 May the IACHR announced that it had requested that the state adopt “precautionary measures” to guarantee the security of 13 young people – including the prominent student activist Lesther Alemán.

Conditions

According to a CEN press release, as part of the agreement to resume dialogue announced on 28 May, both sides called for an immediate end to all forms of violence and that the first three recommendations made by the Inter-American Commission on Human Rights (IACHR), following its recent visit to the country, be met. The three IACHR recommendations are 1) an immediate end to repression and arbitrary arrests; 2) respect for and guarantees of the right to protest and freedom of expression; and 3) the creation of a mechanism of international investigation to look into the violence.

Getting to grips with security

Prison reform

In his manifesto, President Alvarado highlighted that prison reform is a key issue and he is calling for a focus on human rights and the reintegration of offenders back into society to prevent recidivism. He is calling for the penal code (which has not been updated in over 40 years) to be reformed, along with the need to address prison overcrowding, to provide alternatives to incarceration, for more attention on mental health issues, and for an improvement in the quality of education within the prison system in order to create pathways for former offenders to re-enter the workforce.

The new centre-left Partido Acción Ciudadana (PAC) government led by President Carlos Alvarado is under fresh pressure to address a key priority – security. This issue received ample coverage during the 2017/2018 campaigning season due to the fact that Costa Rica closed 2017 with a record 603 homicides (12 per 100,000 inhabitants), up from 579 in 2016. The renewed focus on security stems from recent revelations that Costa Rican security officials have been complicit in drug trafficking activity as well as the discovery that a major drug trafficker was continuing to operate from behind bars.

On 16 May, 13 individuals were arrested on suspicion of belonging to a drug ring operating across the capital, San José, and in various other parts of the country. The arrests took place when police authorities dismantled a drug trafficking organisation (DTO) led by Leonel Mora Núñez, alias “Gordo Leo”, an inmate of the maximum-security prison ‘Reforma’, which is located in Alajuela province, who reportedly gave orders via telephone.

A week later, on 23 May, in collaboration with the governments of Colombia, Ecuador, and the US, local authorities dismantled an international cocaine trafficking ring that used fishing boats on Costa Rica’s southern Pacific coast. In a series of raids, 22 people were arrested for participating in the criminal network, which ran the operation with DTOs from Colombia and Ecuador. Those arrested included a local police agent and four officials from the national coast guard service who had reportedly provided the criminal network with information. According to the security ministry, investigations into the network by the police’s anti-drug unit began in 2016. Since then, 12 cases have been linked to it, resulting in 24 arrests, while nearly 8.5 tonnes of cocaine and US\$964,350 in cash have been seized.

These cases have refocused attention on the pledge by President Alvarado, who took office on 8 May, to address the security problems facing the country which has yet to suffer the notorious levels of crime and violence which afflict its Northern Triangle neighbours (El Salvador, Guatemala, and Honduras). Weeks into his first term, Alvarado has acted on some promises. These include plans to open a new police training facility as part of more general efforts to professionalise the police, and on 24 May he promulgated a new law which creates the country’s first national police academy. Indicative of concerns regarding the prevalence of criminal activity within the prison system, last week Michael Soto, the new public security minister (previously the head of operations of the judicial investigations unit), and Justice Minister Marcia González announced that the 57-member unicameral legislature had approved a legislative initiative to block telephone signals in prisons in the first debate.

Other pledges

In his manifesto, President Alvarado sets out as his first security goal, crime reduction and prevention – particularly seeking to target young people. Other pledges include investment in areas like security technology (cameras and alarms), infrastructure in public spaces, and tourist security as part of crime prevention strategies, along with the need to strengthen existing schemes which prioritise the role of local government and individual citizens in crime prevention.

As regards tackling illegal narcotics, Alvarado is calling for improved regulations on illegal substances, and for addiction to be recognised as a medical rather a criminal problem, while more generally he highlights the need for better coordination between various departments to handle crime more efficiently – both nationally and internationally.

Quotes of the week

“Nicaragua is not private property...we are all staying here.”

Nicaragua's President Daniel Ortega responds to a call by the influential private sector lobby, Cosep, for elections to be brought forward following a brutal crackdown by the security forces against anti-government protesters which has so far left more than 80 dead.

“Duque appears to have peaked and we...appear to have no ceiling. We are advancing firmly, and you can be certain that we will win and we will change Colombia's history.”

Gustavo Petro, the presidential candidate of the leftist opposition Colombia Humana coalition, comments on the result of Colombia's first-round presidential election won by Iván Duque of the right-wing opposition Centro Democrático party who he will have to face in a second-round run-off on 17 June.

“It is better not to use force...Authority comes more from performance than posturing.”

Brazil's former president Fernando Henrique Cardoso (1995-2003) on President Michel Temer's increasing reliance on the armed forces to enforce the rule of law in Brazil. Troops were most recently deployed to help dismantle road blockades set up by striking lorry drivers.

Peru's Vizcarra cancels Tullow Oil contracts

Like his predecessors, Peru's President Martín Vizcarra is having to reach a tricky balance between economic development, environmental protection, and the integrity of public procurement. One sign of Vizcarra's cautious approach is the decision to cancel five offshore oil contracts awarded to London-based Tullow Oil.

The five contracts were awarded in March during the last hours in office of Vizcarra's predecessor, Pedro Pablo Kuczynski, just before his enforced resignation amid accusations of a conflict of interest. After examining the way the contracts were granted, the comptroller general's office said there were no suggestions of wrongdoing. But the way the contracts were rushed through at the last minute nevertheless raised eyebrows. Critics said there should have been greater transparency and a public auction. The Vizcarra administration says it cancelled the contacts because there were insufficient prior consultations with coastal residents, including fishermen and environmentalists, who maintain that offshore drilling would have a negative effect on the local marine environment.

Justifying the decision, Prime Minister César Villanueva said, “We want a country that develops investments with peace and tranquillity, and that's done with a good start to a project”. He went on to insist the decision did not mean the government was in any way hostile to private investment. Tullow Oil, which would have invested US\$200m in exploration, said it was disappointed by the outcome. Local business lobbies Sociedad Nacional de Minería, Petróleo, y Energía (SNMPE) and foreign trade group Comex Peru criticised the decision as “a harsh blow to the legal security of investment”. They noted that there had been no bidders when the offshore blocks were originally offered at auction in 2013 and 2014, therefore justifying a decision by state regulator Perupetro to allocate them through direct negotiations.

Given the multiple political difficulties encountered by former presidents in this area, Vizcarra is treading carefully. On 25 May the government made a formal request to the US for the extradition of former president Alejandro Toledo (2001-2006) wanted on charges that he accepted bribes from Odebrecht, the Brazilian construction company (which he denies). On 28 May the government signed the Organisation for Economic Co-operation and Development (OECD) anti-corruption convention, which will come into force in 60 days' time. Separately, polling company GfK reported that the new President's approval rating had fallen from 52% in April – his first full month in office – to 47% in May. Respondents said his priorities should be to fight against corruption, improve citizen security, and improve health services. Despite the ratings drop, the president's approval level remained significantly higher than that of other politicians: opposition leader Keiko Fujimori for example had an approval rating of 21% (up two points on April).



25 October 2018 | Chatham House | London

Latin America 2018

Leadership, governance and pathways to economic progress

Our guests, Chatham House will convene leading government, private sector and civil society thought leaders to discuss the current situation in Latin America and the challenges ahead. The event will be a high-level discussion on the current situation in Latin America and the challenges ahead. The event will be a high-level discussion on the current situation in Latin America and the challenges ahead.

Registration and contact info

Book the event on our website: www.chathamhouse.org/latin-america
Contact Chatham House: events@chathamhouse.org
+44 (0)20 7323 2200

CHATHAM HOUSE
LONDON

Speakers include:

David L. Collier, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

Josep M. Bordeu, Director General, Organisation for Economic Co-operation and Development

LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, Hamilton House, Fourth Floor, Mabledon Place, London, WC1H 9BB, England. Telephone +44 (0)203 695 2790, Email: subs@latinnews.com or visit our website at: <http://www.latinnews.com>. **EDITOR: JON FARMER.** Subscription rates will be sent on request. Overseas subscription sent by airmail. Printed by Quorum Print Services Limited, Unit 3, Lansdown Industrial Estate, Gloucester Road, Cheltenham, Glos. GL51 8PL **COPYRIGHT © 2018** in all countries. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, electrical, chemical, mechanical, optical, photocopying, recording or otherwise, without the prior written permission of the publishers. Registered as a newspaper by Royal Mail. **REFERENCES:** Back references and cross-references in the current series will be made thus: WR-18-01 will indicate Weekly Report, 2018, issue 1.