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## PT tries 'Plan A' in Brazil

**Brazil's left-wing opposition Partido dos Trabalhadores (PT) registered its imprisoned leader, former president Lula da Silva (2003-2011), as the party's presidential candidate just before the deadline closed on 15 August. The move is a calculated challenge to the electoral authorities.**

Because he is serving a 12-year-and-one-month prison sentence for corruption it is widely believed that Lula does not qualify to be a candidate. But the PT has decided defiantly to nominate and register its man – who still leads in the opinion polls - on the grounds that the charges against him have been trumped up and are politically motivated. It also hopes to deploy a variety of other legal arguments.

Registration of his candidacy was supported by pro-Lula demonstrations around the country and by a march on the offices of the supreme electoral court (TSE) in Brasília, by an estimated 10,000 supporters, including PT president Gleisi Hoffmann and former president Dilma Rousseff (2011-2016). Hoffmann told reporters "people thought Lula would not stay ahead in the opinion polls, but the opposite has happened. He is still leading in all polling scenarios...if people want to vote for him, they should have the right to do so."

The decision opens up various options for the PT. By mobilising its supporters around 'Plan A', the party could build support in its core constituencies and gain traction for the narrative that presents Lula as an unfairly excluded victim. Lula might conceivably end up winning the legal argument but it is more likely that Plan A will lead to some kind of a confrontation when he is formally excluded (the TSE must take a decision by a 17 September deadline). At that point the party must choose whether to deepen the confrontation or switch to 'Plan B' – elevating Lula's vice-presidential running mate, Fernando Haddad, to the number one slot.

In some scenarios the two plans might work together: Plan A to maximise support and rally indignation, Plan B to channel those votes pragmatically to an alternative candidate from the party. Either way, the PT is still following a high-risk strategy which polarises the electoral contest, and confirms this as one of the most uncertain political races in recent Brazilian history. In addition, time is now short, with the elections just seven weeks away.

Lula made his case in a signed op-ed article, which was published in the *New York Times* on 14 August. Lula highlighted the socio-economic gains made during his first two terms in office, stressing that poverty was halved in eight years, the minimum wage was increased by 50%, and the Bolsa Família programme linked help for the poor with school attendance. In Lula's telling, it was not the end of the commodities boom which halted these

## Mantega indicted

Judge Sérgio Moro, often seen as former president Lula's nemesis, has ordered the indictment of former finance minister Guido Mantega (2006-2015) on charges of corruption. Mantega holds the record as Brazil's longest-ever serving finance minister, having worked for PT administrations during both the presidencies of Lula (2003-2011) and Dilma Rousseff (2011-2016). He is charged with accepting BRL50m (US\$12.8m at current exchange rates) from the Odebrecht civil engineering group in exchange for amending the text of two tax-related government decrees (known as *medidas provisórias* or MPs) to favour the company's interests. The money, it is alleged, was ultimately used to fund PT election campaigns. While Moro ruled that Mantega has a case to answer and must stand trial, he rejected the public prosecutor's case against another former finance minister, Antonio Palocci (2003-2006), on the grounds of insufficient evidence.

advances, but the actions of the "right wing, neoliberal elites who have always been opposed to our struggle for greater social justice and equality in Brazil". The impeachment of Rousseff in 2016 and his own imprisonment in April this year are said to be part of a "slow motion coup designed to marginalise progressive forces in Brazil permanently".

Lula does not directly deny the charges against him in the article, but he does suggest that the prosecution has been both flawed and politically motivated. "My conviction and imprisonment is based solely on the testimony of a witness whose own sentence was reduced in exchange for what he said against me," Lula said, adding that his private conversations had been illegally tapped by order of Judge Sérgio Moro. "I don't ask to be above the law, but a trial must be fair and impartial," Lula argues. He then concludes the article by saying that he should be allowed to run for the presidency: "if they want to defeat me for real, do it in the elections."

One interesting assessment of the article came from regional analyst and blogger James Bosworth (author of *Bloggings by Boz*) who said it showed what a good politician Lula still is, skilfully framing the issue as one where Brazilian voters are being denied their democratic rights. Lula had criticised Moro but has carefully chosen not to make him his main opponent, because Moro is widely seen as a popular and credible figure. Overall, Boz concluded, "from a media strategy point of view, Lula is light-years ahead of his opponents in these elections. That is why it is still too early to count the Workers' Party out."

## TSE gets ready to rule

In the first instance the decision on Lula falls to the seven-member TSE, which has just undergone a change in leadership. On 14 August Rosa Weber took office as the head of the TSE for a two-year term, which will make her the first woman to head the court during a presidential election. It also means that the country's top judicial positions are now all held by women: Cármen Lúcia Antunes presides over the supreme court of justice (STF); Laurita Hilário Vaz heads the superior court of justice (STJ); and Raquel Dodge is chief prosecutor.

After the PT submitted Lula's formal registration for the elections, Dodge immediately filed a request to the TSE for him to be excluded on the grounds that his corruption conviction has already been upheld in the first instance by a regional court, known as TRF4. The TSE has until 17 September to decide whether to accept or reject Lula's bid to stand as a candidate for the presidency. While the legal arguments for and against banning may be complex, the consensus of expert opinion is that the court will rule him ineligible, invoking the 'Ficha Limpa' (Clean Slate) law of 2010 which says candidates with criminal convictions upheld on first appeal cannot run for elected office.

Judge Weber has a reputation for discretion, and for keeping some distance from the press. Since 2011 she has been a member of the STF, where Rousseff appointed her. While she has not directly publicised her thoughts on Lula's case, she is on record defending the *Ficha Limpa* law. Hers was one of the STF votes upholding its constitutionality in a ruling in 2012. The STF issued an opinion on the law again last year, when the question was asked if it could be retroactively applied to those judged and sentenced before 2010. The court decided by a narrow 6-5 majority that it could be applied retroactively; Weber voted with the majority on that issue.

Speaking after her appointment, Weber did refer to the Lula case, but only in general and rather opaque terms. She simply said that the TSE could take an "ex-officio" decision on the issue, without a need for referral from public prosecutors, other candidates, or political parties. As for time scale, she spoke of the law having its "deadlines, rules, rituals and formulas".

## BRAZIL &amp; SOUTHERN CONE

## ARGENTINA | POLITICS &amp; ECONOMY

## New corruption case an unguided missile

The bribes-for-public works contracts corruption case that hit the news headlines in Argentina at the beginning of August has continued to grow and is now the dominant political story in the country. Some suggest it could turn out to be Argentina's version of Lava Jato ('Car Wash') – the Brazilian corruption scandal that has had a toxic effect on that country's politics for the last four years. At this stage, however, it is hard to assess the full impact, or to identify the likely longer-term winners and losers.

The central piece of evidence in the latest corruption scandal is a collection of eight hand-written notebooks in which Oscar Centeno, a driver for deputy planning minister Roberto Baratta (in office 2005-2015), kept detailed accounts of visits and cash deliveries that are believed to be part of a wide ranging network of kickbacks [\[WR-18-31\]](#). Centeno used the popular 'Gloria' brand notebooks, leading some journalists to baptise the corruption scheme as *Gloriagate*. Highlighting what seems to have been a scheme where construction companies paid bribes to divvy-up public works contracts awarded during the presidencies of the late Néstor Kichner (2003-2007) and of his wife Cristina Fernández (2007-2015), others are calling it the *Cuadernos K* (K Notebooks) scandal.

Is it Argentina's version of Lava Jato? It is probably too early to make that call, although there are some important similarities. Like Lava Jato it shows that corrupt practices have been deeply embedded in the country's political fabric for over a decade.

Concern over the presence of widespread corruption is hardly a novel news item in Argentina, but this could still be the largest case yet documented. Initial estimates of the sums involved range around US\$160m, relatively small compared to the various billions of dollars involved in Brazil (but Brazil is of course a much larger economy than Argentina).

Like Brazil the case also indicates that it was not just politicians who have been lining their pockets: the private sector, and construction companies in particular, were deeply involved. An important point is that, as in Lava Jato, this is the first case where prosecutors and judges have begun to use plea-bargaining. In Argentina the 'Ley del Arrepentido' now allows those who turn state witnesses to benefit from reduced sentences.

As an initial move 16 business executives were arrested. Among them eight have now begun collaborating with prosecutor Carlos Stornelli. They include Ángel Calcaterra of Iecsa (who also happens to be the cousin of President Mauricio Macri). Also reported to be in the process of making plea bargains are Aldo Roggio, the head of the Roggio construction company and of Metrovías, and Juan José Chediack, a former president of industry association Cámara Argentina de la Construcción.

Some business leaders have been claiming they were bullied into making payments and that the monies involved were not bribes as such but party political contributions. Plea-bargaining does suggest there will be further arrests and raids.

At first glance, the scandal hurts former president Fernández and benefits President Macri. But on second glance the political implications become much less clear-cut. Certainly, Fernández is implicated by the notebook

### Fernández counterattacks

Former president Fernández says she would accept an audit of public works carried out by her government. She also lashed out this week at President Macri's family, which she said was linked to the so-called *patria contratista* a corrupt construction mafia that benefitted under the military dictatorship (1976-1983).

## Economic conundrum

Sky-high interest rates (increased by the central bank on 13 August to 45%, up from 40%, to try and stop capital flight) are pushing the economy into recession. Meanwhile, higher-than-hoped inflation is eroding purchasing power.

evidence and was summoned to appear before Judge Claudio Bonadio on 13 August, adding yet another to the five corruption investigations she is already facing.

Bonadio also ordered raids on apartments in the building where Fernández lives in the upmarket Buenos Aires neighbourhood of La Recoleta. As a senator, Fernández enjoys immunity from prosecution (until and unless the senate votes to lift it). This protects her own residence but not two other flats in her building that are linked to ultra kirchnerista businessman Cristobál López.

It is possible that Fernández will be seriously tainted by this scandal, on top of all the accusations that she already faces and that, as a result, her hopes of mounting a credible challenge for the presidency in October next year may be seriously damaged. But Fernández has already begun her fight back on familiar political grounds, presenting herself as a victim of an establishment conspiracy.

Fernández has denied any wrongdoing; her lawyers have accused Bonadio of political bias and of undue persecution. They have demanded that he recuse himself from the case. Fernández draws a parallel with former Brazilian President Lula da Silva (2003-2011), who is currently in prison on Lava Jato-related corruption charges but is still seeking to run for a third presidential term later this year. She says that like him she is a victim of “a new regional strategy to ban leaders, movements and political forces” that “protected rights and helped millions to emerge from poverty”.

Opinion polls suggest there is a hard core of unconditional Fernández supporters, along with a hard core of those who detest her, both circled by a group of floating voters somewhere in between. She will seek to fasten on to the government’s current economic difficulties in order to stir up opposition sentiment and try to win over floating voters.

A lot will depend on the pre-electoral struggle within the main opposition Partido Justicialista (PJ, Peronists). More moderate Peronist leaders may believe that Fernández is ‘damaged goods’ and that if she were out of the picture they would stand a better chance of uniting the party and putting together a strong bid for the presidency next year. In one scenario a group of so-minded Peronist senators would even consider joining the government side to vote a resolution lifting her immunity from prosecution.

Macri’s position, on the other hand, is less strong than it may appear. Paradoxically, with his eye on next year’s elections, he may want Fernández to retain her immunity because the smouldering controversy around her helps divide the Peronist opposition. Macri’s main weakness, however, is the foreign currency crisis that has been dogging the government since April. The crisis has been damaging confidence in the administration for the last four months (see sidebar).

Flat or even negative growth in 2018 is not quite the “social and economic catastrophe” claimed by Fernández, but it is certainly not where Macri wanted to be just over a year away from a chance to seek re-election to a second term. There is a possibility that Argentina will be further shaken by the ‘Turkey effect’ – investor flight from emerging markets that are seen to be fragile in the current global environment.

The corruption scandal may further weaken the Argentine economy as public works programmes are slowed down by corruption investigations, an effect that was also seen in Brazil, where Lava Jato was an important element in the recession of 2015 and 2016.

## Mauricio Rojas

The short-lived tenure of Mauricio Rojas is damaging for President Piñera. But Rojas is not a hardline right-winger, or Pinochetista, as many assumed. A former member of the Movimiento de Izquierda Revolucionaria (MIR), and son of a survivor of the 'Villa Grimaldi' torture centre, he fled into exile under the Pinochet dictatorship.

## Looking at 2019

A poll by Management & Fit for Clarín newspaper has given some early indications of sentiment ahead of next year's presidential elections. Published on 13 August, the poll was, nevertheless, conducted in late July before the Gloriagate scandal hit the newspapers. It showed a gloomy outlook. A total of 70.8% of respondents said the general state of the country was 'worse' or 'much worse' than a year ago, and only 32.9% expected it to be 'better' or 'much better' looking a year into the future. The country's top problem was described as inflation (21.6% of respondents) followed by corruption (15.5%).

Macri's approval rating has slumped to 31.2%; his disapproval rating is 62.5%. If the 2019 elections were a battle between Macri and Fernández, Management & Fit asked respondents who they were sure to vote for, who they might vote for, and who they would never vote for, in the first round of the race. A total of 24% said they were sure to vote for Fernández, while 62.5% said they would never vote for her. For Macri the comparable numbers were 22% sure to vote, and 57% would never vote. This result suggests that, if the two were to go to a second round run-off ballot, Macri might just have an edge because he would have a lower overall rejection rate (in other words he would be perceived as the 'least bad' of the two candidates).

The advantage of the ruling centre-right Cambiemos coalition would widen a little further if its candidate were not Macri but 'someone supported by Macri'; the opposition would also do better if the candidate were not Fernández, but 'a Peronist candidate'. Who might those candidates be? The poll identified the country's two most popular politicians as María Eugenia Vidal, the governor of Buenos Aires province for Cambiemos, and Juan Manuel Urtubey, the PJ and non-Kirchnerista governor of the province of Salta.

## CHILE | POLITICS

### Piñera carries out first reshuffle

Five months since taking office for a second term in March, Chile's President Sebastián Piñera has carried out his first cabinet reshuffle, which saw changes in the education, environment, and culture portfolios. The key change was in education where Minister Gerardo Varela was replaced with environment minister Marcela Cubillos. Varela's departure has been welcomed by the restive student sector which continues to push for free universal higher education (among other demands), but his replacement has met with criticism.

A former director of the free-market think-tank Fundación para el Progreso, Varela had been a controversial choice from the start; his appointment had raised questions over President Piñera's declared pledge in the 2018 second-round campaign to provide universal free higher education. Varela's dismissal on 9 August came soon after local pollster Cadem released a survey on 27 July which found that he was the country's least popular minister, with just 22% approval down from 40% the previous week.

This slump was attributed to controversial remarks that Varela made on 21 July when, at a public event, he suggested that parents and teachers raise money to repair schools by "playing bingo" (rather than asking for state resources). The latest in a string of what Varela himself described as "communicational errors", his remarks have been considered a factor in the overall slump in popularity of the Piñera government, which dropped from 43% approval in the 20 July poll to 35% in the 27 July survey.

Piñera's choice to replace Varela has also attracted criticism from students. A member of the ultra-conservative Unión Demócrata Independiente (UDI - a senior partner in the ruling Chile Vamos coalition), Cubillos served as a national legislator between 2002 and 2010, and he has sat on various congressional commissions, including education.

**Human rights**  
 President Piñera is already facing controversy over human rights following his June decision to pardon a late retired army colonel, René Cardemil, who had been convicted in 2013 for the murder of six people during the dictatorship – the first time a presidential pardon has been given to someone condemned for human rights violations.

The main students' organisation, Confech, has already complained that Cubillos, who has been replaced as environment minister by Carolina Schmidt, a former education and women's minister during Piñera's first term (2010-2014), merely "represents the line of neoliberal continuity of the Piñera government". Meanwhile, Juan Pablo de la Torre, a leader from the students' organisation Feusach, flagged up Cubillos' links to the dictatorship led by Augusto Pinochet (1973-1990): her father was Hernán Cubillos, Pinochet's foreign minister (1978-1980), one of the organisers of *Cofradía Náutica del Pacífico Austral*, a group which conspired to eject former president Salvador Allende (1970-1973).

### **Culture minister steps down**

If this were not awkward enough for Piñera, on 13 August, just four days after being appointed to the post, the culture minister, Mauricio Rojas, was forced to step down amid outrage over remarks he made in previous interviews given in 2015 and 2016 about the museum of memory and human rights in Santiago, which opened in 2010.

In the first interview, Rojas decried the museum as "a shameless and false use of a national tragedy" and "a spectacle designed to impact the viewer, leave them stunned and unable to reason...a manipulation of history". In the second, he said it was "a left-wing museum, pedalling a false version of Chile's history because it hides the important part: how we reached this level of hatred".

After the national daily *La Tercera* drew attention to the interviews, Rojas endeavoured to downplay them in a Twitter post as "old", insisting that he had "never minimised nor justified the unacceptable, systematic, and very serious violation of human rights in Chile", and that his comments did not "reflect my current thinking". But when a growing number of artists and musicians threatened to boycott any event at which Rojas was present, his position was rendered untenable and Piñera was left with little option but to accept his resignation.

While announcing his replacement with Consuelo Valdés, an archaeologist, Piñera stressed that "our government categorically condemns human rights violations at any time or in any place... We condemn what happened in the past in our country". But rather than acknowledge that he had made a serious error of judgement by appointing Rojas, Piñera argued that "certain sectors of society" had sought to "impose one truth" and lacked "tolerance or respect for freedom of expression and opinion". Meanwhile, the museum held an event on 15 August entitled: 'We had no truth. We had no justice. We had no compensation. Do they want to erase our memory too?'

### **Pinochet agents granted parole**

Various members of the opposition, including Deputy Tucapel Jiménez of Partido por la Democracia (PPD), joined protesters outside the palace of justice in Santiago on 13 August to condemn the appointment of Rojas as well as the release of seven prisoners sentenced for crimes against humanity committed under Pinochet following two decisions by the supreme court (CSJ), announced on 30 and 31 July, to grant their parole.

The CSJ had argued that while the individuals were serving sentences for crimes against humanity this did not preclude them from receiving certain benefits, such as parole, and its decision was not in breach of international human rights conventions to which Chile is a signatory. These claims were rejected by organisations such as the association of relatives of the disappeared and detained during the dictatorship (AFDD).

## Health

President Duque visited the 'Clarence Lynd Newball Memorial' hospital on San Andrés, which serves the 70,000 islanders, and the 5,000 inhabitants of nearby Providencia, and promised to improve the "serious problems in terms of quality of service". He was applauded by health workers and patients.

## ANDEAN COUNTRIES

### COLOMBIA | POLITICS

#### Duque seeks to reinforce sovereignty

President Iván Duque paid his first visit upon taking office to the archipelago of San Andrés y Providencia in the Caribbean Sea. It was a statement of intent. San Andrés is located 800km north-west of Colombia and just 150km east of Nicaragua, with which it is locked in a legal dispute over surrounding maritime waters. Duque's second port of call was the violence-torn region of Catatumbo in the department of Norte de Santander bordering Venezuela. This too sent out a message. Duque is promising not just to crack down hard on illegal armed groups in Colombia but also to end the prevailing sense of neglect in the country's peripheries.

#### San Andrés

Soon after touching down in San Andrés on 8 August, President Duque said that the remotest of Colombia's 32 departments constituted "an indivisible" part of the country. A maritime dispute with Nicaragua remains unresolved despite a ruling by the International Court of Justice (ICJ) in 2012. The ICJ confirmed Colombia's sovereignty over the islands as established in the 1928 Esguerra-Bárceñas bilateral treaty, but it awarded a substantial expanse of sea around them to Nicaragua as part of its exclusive economic zone (EEZ). The area, constituting around 80,000km<sup>2</sup>, is believed to lie over oil deposits containing more than 3bn barrels of crude, and it is rich in fish stocks and the source of two-thirds of Colombia's exports of lobsters.

The Colombian government led by former president Juan Manuel Santos (2010-2018) came under fire from the right-wing Centro Democrático (CD) of Duque's mentor, former president Alvaro Uribe (2002-2010), for failing to defend Colombia's cause vigorously enough after the ICJ ruling. But directly after the ruling, Santos promptly withdrew Colombia from the 1948 Bogotá Pact accepting the jurisdiction of the ICJ, declared the ruling to be "inapplicable", and he promised to thwart Nicaragua's "expansionist ambitions".

Duque's visit to San Andrés served as a signal of his intent, as did the fact that he was accompanied by several of his key cabinet ministers, including Carlos Holmes Trujillo (foreign affairs); Guillermo Botero (defence); Juan Pablo Uribe (health); José Manuel Restrepo (industry, commerce, and tourism); and Carmen Inés Vásquez (culture). Duque discussed health, security, and economic priorities (*see sidebar*) with residents of San Andrés, where his hardline defence of national sovereignty over the department helped to win him a large majority of the local votes in the second round of the presidential elections against his rival Gustavo Petro (61%-35%).

Meanwhile, Honduran President Juan Orlando Hernández revealed that Duque had spoken to him in Bogotá about strengthening tourist links and cultural exchanges between San Andrés and Roatán, the largest of the Bay Islands, one of the 18 departments in Honduras, to exploit the concept of the orange economy to develop entrepreneurial and creative talent.

#### Catatumbo

Duque sent out a similarly emphatic message on 9 August with his second choice of destination after his investiture: Tibú, one of 11 municipalities in Catatumbo and the epicentre of violence, drug trafficking, and contraband smuggling in the region. The message, although Duque did not explicitly mention it, was the revival of the controversial 'democratic security policy' in

## Nicaragua

Nicaragua's President Daniel Ortega alleged on 14 August that the Colombian government was supporting protesters in his country to overthrow him. Ortega said he was convinced that "coup leaders [opposition protesters] are offering to Colombia the annulment of the ICJ ruling and for it to retain all of our maritime waters [around San Andrés] in exchange for its full involvement in the coup plot". He added that it was "eye-catching" that President-elect Duque had decided to make San Andrés his first port of call, as was the "active involvement" of Colombia's ambassador to the Organization of American States (OAS), Andrés González, in the hemispheric body's evaluation of the Nicaraguan crisis.

place under former president Uribe, which was designed to consolidate state control throughout Colombia, deny sanctuary to illegal armed groups, increase state presence to reduce violence, and destroy the illegal drug trade.

Duque inaugurated a palm oil factory, owned by Extractora Catatumbo, which he hopes will dynamise the regional economy. Some 20,000 hectares of palm oil plantations are currently being cultivated in three main areas in Catatumbo, run by more than 1,200 small and medium producers, generating 7,000 jobs. The latest factory will consolidate Catatumbo as one of the most important areas of palm oil cultivation in the country.

Peasant farmers represented by the Asociación Campesina del Catatumbo (Ascamcat) have opposed coca eradication efforts, favoured by Duque, without the provision of viable alternatives to the cultivation of the illicit crop. The president of the board of directors of Extractora Catatumbo, Carlos José Murgas, claimed that palm oil had been shown to be the most effective crop to replace coca. He said the areas where coca crops had increased in the region in recent years were where palm oil was not being cultivated. But farmers face intimidation from local illegal armed groups to continue cultivating coca.

Since the disarmament and demobilisation of the 33<sup>rd</sup> front of the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Catatumbo, the region has descended into worse levels of violence. The 'Camilo Torres' front of the country's second largest guerrilla group, Ejército de Liberación Nacional (ELN), and Los Pelusos, comprised of remnants of the Ejército Popular de Liberación (EPL) guerrilla group which formally demobilised in 1991, are vying for control of drug trafficking routes into nearby Venezuela.

During his visit to Catatumbo (where he took a call from British prime minister Theresa May congratulating him and promising to deepen bilateral cooperation), Duque praised local inhabitants as "resilient". He promised that during his first 100 days in office he would "strengthen the operational capacities of the security forces" to confront criminal groups in the area.

Duque has been equivocal on continuing peace talks with the ELN, saying that he would make a decision within a month of his inauguration. The ELN has sought to test Duque's resolve. Three police officers, a soldier, and two civilian contractors for the armed forces have been kidnapped in the western department of Chocó by the ELN, and three soldiers in the eastern department of Arauca, over the course of the last week.

"As Colombia's president I will not accept that they intimidate us with kidnapping, or that kidnapping becomes a mechanism to blackmail the Colombian state," Duque said during a visit to another of the country's principal hotbeds of violence, the city of Tumaco in the south-western department of Nariño, his third port of call, on 10 August. "If the ELN has a true desire for demobilisation, disarmament, and reinsertion, they should free those kidnapped quickly, without conditions," he added.

On 13 August the defence ministry responded to the ELN's call to facilitate the release of the nine hostages, with the International Committee of the Red Cross (ICRC) in charge of humanitarian operations. Two days later the ELN released audios in which the three police officers and soldier kidnapped in Chocó can be heard talking and their imminent release is discussed. But the ELN was keen to juxtapose this 'goodwill gesture' with evidence of its military capabilities. ELN guerrillas renewed attacks on the Caño-Limón-Coveñas pipeline in Arauca this week, with an improvised explosive device (IED). This is the first time since congressional elections in May that the ELN has struck the pipeline, one of its favourite targets.



## Crisis politics of oil and money

**Venezuela's embattled President Nicolás Maduro has promised to reduce petrol subsidies and launch a new currency – all in a matter of days. Both steps promise to trigger major political complications.**

Venezuela has massively subsidised domestic petrol prices for decades: in fact, prices have been frozen for the last 20 years. With prices for everything else multiplying as part of a galloping hyperinflationary crisis, this means that Venezuela faces extreme price distortions. Depending on which of the country's multiple exchange rates are used, a litre of petrol sells for around one cent, compared to a global average price of around US\$1.16. In domestic terms a cup of coffee sells for BF\$2.2m – enough to fill up a car's petrol tank many times over. The price of a litre of petrol in Colombia is about 100 times higher than in Venezuela. Meanwhile Venezuela's oil production, hit by years of underinvestment and mismanagement, continues to decline, down to 1.278m barrels per day (bpd) in July. In the late 1990s it was in excess of 3m bpd.

After years of doing nothing, on 13 August President Maduro suddenly announced the government would take rapid action to tackle this decades-long disequilibrium, which he calculated was costing the country around US\$18bn a year in lost revenues. He said petrol would be sold at international prices to stop smuggling to Colombia and the Caribbean. However, the subsidies would be maintained for those who took part in a new census designed to promote the rational use of vehicles and who acquired a 'Carnet de la patria' card.

The card has a QR code and is notionally used to determine eligibility for social programmes. However, it is deeply controversial and widely seen by the opposition as an instrument of political control and reward for government supporters. It is claimed the card was used for vote-buying and influencing purposes in last year's municipal elections and in this year's presidential elections. About 17m people - half the total population - have the card. The vehicle census (now after many postponements due to run until 17 August) has been poorly organised and chaotic.

Opposition parties suspect that some form of energy apartheid is being planned with card-carrying members of the ruling Partido Socialista Unido de Venezuela (PSUV) continuing to get subsidised fuel, while those who do not have the card, and are likely to be opposition supporters, will face unaffordable international prices. The political risks for Maduro cannot be underestimated: his political generation still remembers the Caracazo of February 1989, when hundreds died in week-long riots sparked by fuel and other price increases.

Another government initiative – to knock five zeroes off the current currency – could also stir up political anger in the country. The plan has been postponed various times and appears dangerously improvised. The new currency - called the Bolívar Soberano - is supposed to come into effect next week, on 20 August. A number of banks have announced they are shutting down on both Friday 17 and Monday 20 August to manage the switchover, but the banking association has issued contradictory statements saying services and electronic payments will not be interrupted (see sidebar).

It is also not clear how long the old Bolívar Fuerte and the new Bolívar Soberano are supposed to co-exist. Arguably, Venezuelans are already hardened to currency chaos: but mismanagement of the currency reversion and a potential break down in payments systems could add to the pressure-cooker effect at work in the tense social situation in the country.

### Financial blackout?

Opposition deputy Rafael Guzmán claims there will be a "financial blackout" over the weekend and a potential run on the banks next week. Business association Fedecámaras says the switchover has been "hastily organised" and has created great uncertainty. Some analysts say not enough of the new currency has been printed, meaning there is already a black market for Bolívar Soberano notes that are being bought and sold above their face value.

## Vizcarra taps public support to pressure congress

Peru's President Martín Vizcarra visited congress on 9 August bearing three constitutional reform projects he sees as pivotal to address the country's current political and judicial crisis. That Vizcarra elected to go to congress in person underscored the importance he attaches to the swift approval of the reforms that will then go to a public referendum. Vizcarra was received by the head of congress, Daniel Salaverry, a member of the right-wing opposition Fuerza Popular (FP, Fujimoristas). Although Salaverry promised cooperation, Vizcarra is acutely aware that the fate of the reforms is in the hands of the FP, which dominates congress. For this reason, Vizcarra has gone over the party's heads to arguably a higher power – the public – to support his cause.

The first of the reforms presented to congress would restore a bicameral legislature, the senate having been abolished in 1992 by former president Alberto Fujimori (1990-2000). Conscious that the unpopularity of congress could make this a hard sell to the electorate, the Vizcarra administration made clear that the two chambers combined would only come to 130 seats, the current size of the unicameral congress. There would be a 30-seat senate and a 100-seat lower chamber, barely half the size of the 60-seat senate and 180-seat lower chamber in place until 1992.

The new senate would approve treaties, present constitutional reform projects and organic laws, approve the budget, and make key appointments: the ombudsman, comptroller general, members of the constitutional tribunal, and the three directors of the central bank. It would not be possible to dissolve the senate. Senators would be elected from a closed list of candidates, with no preference allowed in the vote, for a period of five years. The lower chamber would carry out day-to-day business, legislate, and summon (and censure) cabinet ministers. It would be possible to dissolve the lower chamber. Deputies would be elected from a closed list, allowing voter preference, for five years. Congressional lists would need to be 50% female and 50% male to ensure gender equality.

Deputies would be elected by electoral microdistricts and senators by macrodistricts. Grouped by technical criteria to be defined by law, these would overlay existing administrative boundaries of regions, provinces, and municipalities, not supplant them. Two deputies and senators would be elected from each microdistrict and macrodistrict respectively. Drawing up these new electoral boundaries will inevitably be the cause of fierce debate in congress. It is not clear what the criteria for the new districts would be, whether seats would be assigned by population size, economic or social complementarity.

There is much more public support for the Vizcarra administration's other two proposals which would place a bar on congressional re-election, and controls on campaign financing of political parties. An opinion survey by the national pollster Datum, published as Vizcarra sent the projects to congress, showed 78% of respondents favoured no re-election (see sidebar).

Vizcarra said he wanted congress to approve the reforms in time for a referendum on 7 October, to be held alongside regional and municipal elections or, at the latest, by the second round of these elections in December "given the sense of urgency to reform our political and judicial system". But the proposed reforms will have to be approved at committee level before going before the full congress. And there is, unsurprisingly, far more appetite among deputies for the judicial reforms already sent to congress than disallowing their own re-election.

### Popularity

The most recent Datum poll showed that President Vizcarra's approval rating leapt by 10 percentage points from 39% to 49% over the previous month. The pollster concluded that Vizcarra had successfully tapped into public disenchantment with the political and judicial class by announcing his intention to call a referendum during his state-of-the-nation address on 28 July.

## MEXICO & NAFTA

### MEXICO | POLITICS & ECONOMY

#### López Obrador defends oil sector rescue programme

##### Debt burden

James Salazar, an economic analyst at CI Bank, noted that the incoming López Obrador administration will inherit a sizable debt burden, as the national debt has steadily increased under the Enrique Peña Nieto administration to reach 45.4% of GDP compared with 37% in 2012. According to Salazar, this means that “the room for manoeuvre in terms of public finances for the new López Obrador government will be limited, to say the least, because throughout the present administration the national debt has steadily increased... financial costs are elevated and the overall financial situation is not optimal”.

“We will have enough money because there will be no corruption, there will be no waste, and I think that there is the difference”. This is how Mexico’s President-elect Andrés Manuel López Obrador sought to fend off criticism of some of the key economic proposals recently unveiled by his government transition team. The criticism has been centred around concerns that the major infrastructure development plans that the new government has proposed developing to stimulate domestic economic activity will only succeed in saddling the country with sizable financial debts in return for limited benefits. López Obrador is determined to refute this criticism and secure widespread public support for his proposals.

Ever since López Obrador and his transition team presented a series of priority economic projects to be pursued by his administration last month, they have come under intense scrutiny, and in particular the ‘national oil sector rescue programme’ that he says it will launch. This involves a M\$175bn (US\$9.2bn) investment plan for Mexico’s oil sector, primarily consisting of the overhaul of the six existing oil refineries owned by the state-run oil firm Pemex, and the construction of at least two new refineries.

López Obrador and his team maintain that the oil sector investment plan will not only help to boost domestic economic activity and create thousands of jobs but will also help to promote energy security by reducing Mexico’s dependence on imported refined petrol fuels by increasing Pemex’s refining capacity. The incoming administration also argues that increasing refining capacity will help to ensure Pemex’s future.

López Obrador remains a critic of the 2013-2014 energy sector reform that ended Pemex’s near monopoly on oil production and opened this up to increased private sector participation. The idea behind increasing Pemex’s refining capacity is that this would allow it to better compete with its private competitors even if it fails to increase its flagging crude production levels in the short term. Increasing Pemex’s refining capacity could also allow the López Obrador administration to honour its promise to keep domestic petrol fuel prices low by ensuring high supply levels.

##### Warnings and criticism

However, the claims made by the incoming administration about its rescue programme have been questioned by some local analysts. Critics have warned that large infrastructure development projects, such as those proposed by the López Obrador team, tend to go over budget and overrun their deadlines and that, as a result, the proposed projects would place significant financial strain on the already stretched federal government and Pemex budgets (*see sidebar*). They have also pointed out that if the plan is for the projects to be financed with loans or bond issues, then the size of the debt would potentially be even bigger.

Some critics have also questioned the fundamental premises of the rescue programme. They argue that increasing Pemex’s refining capacity should not be the firm’s priority given that its low level of crude production means that the new refineries would remain largely idle. Notably, only two of Pemex’s existing refineries are operating at full capacity. In addition, given current international prices, it remains much cheaper to import refined petrol fuels than to build new refineries (Pemex’s refineries posted losses of M\$16.27bn [US\$857.3m] in the first half of the year), leading critics to claim that building new refineries does not represent a sound investment.

### Indian model

According to President-elect López Obrador, the M\$160bn (US\$8.42bn) cost projection for the construction of a new refinery is based on the cost of a new refinery recently built in India. López Obrador said that this blueprint could be replicated in Mexico.

### López Obrador's defence

López Obrador responded to some of these criticisms on 13 August. Speaking at a press conference, he denied that his administration would have to become heavily indebted in order to fund its oil sector rescue programme, insisting that his proposed 'Republican austerity plan' government-spending rationalisation programme would ensure that there would be sufficient resources available for his administration to implement its spending plans. Indeed, López Obrador stated that his government transition team has already budgeted M\$50bn (US\$2.63bn) for its plans to overhaul Pemex's existing refineries and M\$160bn (US\$8.42bn) to build the first new refinery.

Dismissing the concerns about potential cost overruns, López Obrador said that these cost projections were based on calculations made by technical advisors (*see sidebar*). He also insisted that the projected budgets would be sufficient as "there will be no corruption...money only runs out when there is corruption".

López Obrador also addressed the criticism that his administration's proposals for the oil sector neglect the crude production side. He noted that the rescue programme includes allocating M\$75bn (US\$3.9bn) to oil exploration and exploitation efforts in a bid to increase crude production from its current level of 1.9m barrels per day (bpd) to 2.5m bpd (whereas in 2004 Mexico was producing 3.4m bpd).

Despite López Obrador's arguments, questions and concerns remain. Notably, following López Obrador's press conference, analysts pointed out that the proposed rescue programme does not include any initiatives for the natural gas sector, which is also said to be in crisis. Pemex has reported that its natural gas production has been steadily falling since 2009, when it reached a peak of 7.03bn cubic feet per day, to 5.06bn cubic feet per day last year.

## MEXICO | SECURITY

### Federal police detain CDMX crime boss

For years, the authorities in Mexico City (CDMX) have insisted that the capital was free from the presence of major drug trafficking organisations (DTOs) that have wrought havoc throughout the rest of the country. A recent spike in violence and drug offences cast doubt on these claims and the arrest of Roberto 'El Betito' Moyado Esparza, leader of the notorious La Unión de Tepito crime syndicate, has revealed more about the worrisome public security situation in the capital.

According to Renato Sales, head of the national security commission (CNS), on 8 August 37-year-old crime boss Moyado was arrested alongside his brother in Santo Tomás Ajusco, in the CDMX southern borough (delegación) of Tlalpan. No shots were fired during the operation, and agents discovered that Moyado had attempted to avoid arrest by having a hair implant and a gastric bypass that had helped him lose 30kgs. At the time of his arrest Moyado was dressed in designer clothes, in possession of US\$10,000, a handgun, and 140 doses of crystal meth.

Moyado first came to the attention of authorities in 2008, when he was arrested and charged for a failed robbery. Since then he has risen to become leader of La Unión de Tepito, based in the gritty Tepito neighbourhood near the historic centre of CDMX. The gang is connected to drug dealing, extortion, kidnapping, and money laundering, and it grew to become the most powerful criminal organisation in the capital with an increasing presence in various neighbourhoods.

### Common trend

In 2017, Mexico recorded a homicide rate of 25 per 100,000 inhabitants, the worst on record. With worsening violence in the capital during the first half of 2018, it appears that CDMX is now being affected by the same problems as large swathes of the rest of the country. CDMX Governor José Ramón Amieva revealed that two hitmen connected to Roberto 'Betito' Moyado Esparza were arrested in the east of the city carrying military-grade weapons, and a concerted effort will be needed to prevent the situation spiralling out of control.

Authorities are currently investigating Moyado in connection with a number of homicides and accuse him of being one of the principal causes of violence in CDMX. As gang operations grew, La Unión de Tepito entered into turf wars with other criminal groups such as Fuerza Anti Unión and the Cártel de Tláhuac, and the ensuing spike in violence in CDMX started to worry the authorities. According to local NGO Semáforo Delictivo, homicides in CDMX increased by 12% in the first six months of 2018 compared with the same period last year, but in June the discovery of two dismembered bodies on a busy street in the centre of the city intensified the search for Moyado.

Alongside rising violence, drug dealing in CDMX has also surged. According to civil-society organisation Observatorio Nacional Ciudadano, incidents of drug dealing in the city increased by 120.6% in the second quarter of 2018 compared with the same period last year. The largest number of incidents was recorded in the Cuauhtémoc borough – Unión de Tepito turf - while the biggest increase was recorded in Tláhuac borough - where the Cártel de Tláhuac operates – with 1,689% more cases.

In the face of such figures it is no surprise that the authorities decided to hunt down Moyado. The worry now is that the arrest of the crime boss could spark a battle for control that will unleash a wave of violence. As a result, officials have reinforced security operations with 3,000 agents from the local police force deployed across the city, and the outgoing CDMX governor, José Ramón Amieva, has said that he is committed to dismantling La Unión de Tepito.

However, local media report that violence and extortion continues in Tepito despite the arrest of Moyado. It is thought that La Unión de Tepito will continue operating without its leader, with Moyado's childhood friends, known as 'El Jamón' and 'El Pistache', likely to take over the criminal organisation. While it does not appear that CDMX gangs have reached the same level of sophistication as the major DTOs that move drugs internationally, the deteriorating security situation in the capital represents a considerable challenge for governor-elect Claudia Sheinbaum, who takes office on 1 December.

### TRACKING TRENDS

**MEXICO | Moody's remains positive on Mexico.** The international credit ratings agency Moody's released a generally positive economic outlook for Mexico on 13 August. According to the report, Mexico will enjoy largely stable corporate credit quality following the inauguration of President-elect Andrés Manuel López Obrador in December, and low single digit GDP growth is forecast for 2018-2019. The fiscal deficit is also predicted to remain relatively stable.

However, Moody's cautioned that possible changes to energy policies could increase risks for the oil and gas industry, while uncertainty surrounding the new administration and the ongoing renegotiation of the terms of the North American Free Trade Agreement (Nafta) could lead to more volatile financial markets.

The agency believes that the incoming López Obrador administration will likely hand over construction of a new Mexico City international airport (NAICM) to the private sector rather than cancelling it. López Obrador has expressed misgivings about the US\$13bn NAICM project, which is currently under construction, considering that it does not represent value for money. He has presented alternative projects and said that he will submit the matter to a binding public consultation before making a final decision.

Meanwhile, in a separate report released on 7 August, Moody's predicted that the incoming López Obrador administration will increase public borrowing in order to boost domestic economic growth. But it expressed confidence that Mexico's development banks boast strong quality indexes and a high level of capital, which will allow their financial fundamentals to remain unaffected if borrowing is increased at a sensible rate.

## CENTRAL AMERICA &amp; CARIBBEAN

## EL SALVADOR | POLITICS

**Saca scandal shakes El Salvador****Flores**

Tony Saca is not the only former president from Arena to be accused of corruption. Efforts were made to bring his predecessor Francisco Flores (Arena, 1999-2004) to justice for allegedly embezzling US\$15m of donations provided by Taiwan for victims of the 2001 earthquake in El Salvador. However, these efforts were ultimately frustrated when Flores died of a brain haemorrhage in January 2016 just before he could stand trial.

Former president Tony Saca (Alianza Republicana Nacionalista [Arena], 2004-2009) has become El Salvador's first former head of state to face imprisonment for corruption: last week he pleaded guilty to money laundering and embezzlement charges to the tune of some US\$301m. The fallout from his plea and revelations of his misdemeanours could prove damaging ahead of the 2019 presidential election, not only for Arena (which ejected Saca in 2009) but other parties such as the opposition right-of-centre Gran Alianza por la Unidad Nacional (Gana) which he helped set up in 2010.

Arrested in October 2016, Saca and other members of his administration, including his former technical secretary Elmer Roberto Charlaix Urquilla; communications secretary Julio Rank; and former secretary for young people, César Funes, went on trial last week. Saca's guilty plea, made on 7 August, was part of efforts to reduce his prison sentence from 30 years to 10, while Charlaix, Rank, and Funes have similarly sought to reduce their sentences by collaborating with the authorities. In his testimony before the courts last week, Saca described how he siphoned off public funds, with US\$400,000 and "a few million more" reportedly going to Arena (*see box*). According to local investigators his own personal wealth increased from US\$3.6m to US\$12.4m during his mandate.

Arena is in a desperate bid to distance itself from the disgraced former president (*see box*). But Arena is not alone. Saca's links to former president Mauricio Funes (2004-2009), who was elected on the ticket of the leftist ruling Frente Farabundo Martí para la Liberación Nacional (FMLN), could also impact on Gana – which is now fielding frontrunner Nayib Bukele ahead of the vote [[WR-18-30](#)].

Currently living in Nicaragua where he was granted political asylum, Funes was convicted last year of illicit enrichment to the tune of some US\$700,000. Two former officials who served under Saca - Francisco Rodríguez Arteaga, a former head of the institutional financial unit (UFI), and Jorge Herrera Castellanos, a former treasurer of the presidency - are reportedly collaborating with authorities in relation to both the Saca and Funes cases which could expose links between the two. Meanwhile, on 10 August, the online investigative publication *El Faro* cited Attorney General Douglas Meléndez as saying that the coalition which fielded Saca as its presidential candidate ahead of the 2014 election (which included Gana and two smaller right-wing parties, Partido de Conciliación Nacional [PCN] and Partido Demócrata Cristiano [PDC]), had received a US\$6m contribution from Funes ahead of the 2014 vote – presumably to divide the vote of the Right.

**Arena on the defensive**

The fallout of the Saca scandal has caused real discomfort for Arena, which is fielding businessman Carlos Calleja as its 2019 presidential candidate as part of an alliance 'Alianza por el Nuevo País' with the PCN and PDC. Calleja is currently second in the polls. In a tweet Arena reiterated that it had expelled Saca and called for the party leadership at the time of his presidency to be investigated. However, it claimed to have no record of the relevant accounts during his period in office. In one sign of the pressure on Arena, on 10 August Walter Araujo, a founding member who split from the party in 2013, presented the electoral authorities (TSE - over which he had presided between 2004 and 2009) with a request for the party to be wound up.

## NICARAGUA | POLITICS

**Ortega forced to admit costs of crisis**

Nicaragua's President Daniel Ortega this week revealed that he had sent the 92-member legislature a proposal to cut the 2018 state budget. The initiative was duly approved by the ruling Frente Sandinista de Liberación Nacional (FSLN), which controls the national assembly. It is the latest sign of the economic impact that the crisis stemming from the official crack-down on anti-government protesters, which began in mid-April has so far left some 450 people dead, is having on the country.

In an interview with the television programme *Revista En Vivo*, broadcast on 13 August, Finance Minister Iván Acosta said that, as a result of the crisis, the government put the shortfall in tax revenue at C\$7.46bn (US\$233m) for 2018 – equivalent to 9.2% of the C\$80.77bn income expected for 2018, or 1.7% of GDP. He also explained that sectors such as trade, transport, and tourism were particularly affected (see box).

With reports that the country's net international reserves are declining (to US\$1.49bn in July 2018, down from US\$1.62bn in the first half of 2018), the government is proposing to issue bonds worth C\$9bn (US\$280m) to compensate for the fall in tax take. It is also proposing the creation of a "financial stability committee" which would be authorised to issue future bonds, denominated in US dollars but paid in córdobas over a 25-year period. In a recent interview with the Nicaraguan investigative publication *Confidencial*, local economist Néstor Avendaño warned that, as a result of this, total public debt could exceed 50% of GDP which is "already very dangerous in any circumstance, let alone [for] a country immersed in a political crisis".

With President Ortega refusing to agree to dialogue or to either of the two demands put forward by the opposition (an end to the bloody crackdown or early elections), the economic repercussions of the political crisis continue to attract international attention. Most recently, on 8 August, Fitch Solutions, which is part of the Fitch international credit ratings agency, warned the crisis would push Nicaragua into recession this year. It forecast that real GDP would contract 0.9% in 2018, a downward revision from its previous forecast for 3.2% growth.

While Fitch Solutions considered that the "most intense period of violence appears to have ended", citing "media reports [which] suggest that relative normalcy has returned to the country, and that many student leaders have been forced into hiding or have fled the country", it nonetheless "cannot rule out that unrest escalates into a full-blown civil war, which would see a sharp reduction in private consumption, investment, trade and tourism, and would also spark increased emigration". The warning by Fitch Solutions follows previous downgrades last month by other credit ratings agencies, such as Standard & Poor's (S&P) and Moody's.

**Relaunching tourism**

The government launched a new national and international tourism campaign on 13 August through the Nicaraguan tourism institute (Intur) aimed at boosting the sector. With the slogan 'Beautiful as ever', the plan is due to be rolled out from August 2018 to January 2019. In his interview with *Revista En Vivo*, Finance Minister Iván Acosta noted that the crisis had forced 8,600 small businesses in the tourism sector to close, with losses to the sector calculated at US\$231m. In his interview with *Revista En Vivo*, Acosta said that, as a result of the unrest, 252 public buildings had been destroyed, while 209km of roads had been damaged, and 278 machines and 389 vehicles either damaged or destroyed.

**Negative ratings**  
Standard & Poor's  
downgraded  
Nicaragua's sovereign  
credit rating from 'B+'  
to 'B', with a 'negative'  
outlook, citing the  
"intensification of local  
conflicts and  
persistent violence".  
Moody's has lowered  
its GDP growth  
forecast for Nicaragua  
to between -1.0% and  
1.0% this year,  
warning that its  
outlook could further  
change if the crisis  
continues [WR-18-30].

## POSTSCRIPT

### Quotes of the week

“According to the Brazilian constitution, the power comes from the people, who elect their representatives. So let the Brazilian people decide. I have faith that justice will prevail, but time is running against democracy.”

*Brazil's former president Lula da Silva in the New York Times.*

“My political murder, my physical murder was decided in the Nariño presidential palace in Bogotá, I have no doubts about that.”

*Venezuela's President Nicolás Maduro.*

“It would seem that besides exercising my role as president of the country for eight years, I had sufficient time to lead all of the criminal enterprises of which I now stand accused.”

*Argentina's former president Cristina Fernández.*

### Region reacts to Venezuelan humanitarian crisis

Authorities in Ecuador declared a state of emergency in three provinces this week because of the surge of Venezuelan migrants entering the country since the beginning of August. They are also weighing up whether to create a humanitarian corridor running through Ecuador to allow these migrants to move freely from Colombia to Peru.

The government led by President Lenín Moreno declared a state of emergency in the northern province of Carchi, Pichincha (of which Quito is capital), and the southern province of El Oro. Some 547,000 Venezuelan migrants have crossed over from Colombia into Ecuador since the start of the year, but the International Organization for Migration (IOM) announced on 10 August that, since the start of August, more than 4,000 had entered Ecuador on average day, around 80% of whom are bound for Peru. Some 5,100 arrived in Peru in one day (on 11 August) breaking the record of 3,700 set in mid-May.

The proposed humanitarian corridor, which was discussed at a meeting between Quito municipal authorities, the Moreno administration, the IOM, and the UN Refugee Agency (UNHCR), would run from the international bridge of Rumichaca in Tulcán, the capital of Carchi, bordering Colombia, to the international bridge of Huaquillas, in El Oro, on the Peruvian border. This would ease the passage of Venezuelan migrants seeking to reach Peru, while reducing the strain on public services in Ecuador as it is struggling to cope with the influx. Meanwhile, Ecuador's ministry of economic and social inclusion has erected constantly manned information bureaus at border controls, tents, and recreation areas to try and reduce the stress for the migrants.

The large increase of migrants since the start of August has been attributed to a rumour that Colombia's President Iván Duque was planning to close the border with Venezuela upon taking office on 7 August. Instead, Duque this week visited Puerto Carreño, the departmental capital of Vichada separated from Venezuela by the Orinoco River. “Colombia must be prepared,” Duque said, “firstly to look after our brothers and sisters [fleeing from Venezuela] and at the same time preparing for the day of democratic transition in that country”. His comment was rebuffed by the president of Venezuela's constituent assembly, Diosdado Cabello, who described it as “practically a declaration of war”.



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*Ministry of Foreign Affairs, Argentina*

**Joanna Crellin**  
*HM Trade Commissioner for Latin America and the Caribbean, Department of International Trade*

Read the agenda and see the full speaker line-up:  
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