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## Mexico agrees to save Nafta, but at what cost?

It often looked improbable. But after months of negotiations the Mexican government has reached a deal with the US government over a new set of terms for the North American Free Trade Agreement (Nafta). The announcement has helped to dispel uncertainty over the future of Mexico-US trade relations which had been weighing down on the Mexican economy. Yet the new agreement, which does not currently include fellow Nafta member Canada, is already coming under intense scrutiny amid fears that in its determination to keep Nafta alive, the outgoing government led by President Enrique Peña Nieto has made too many concessions to the US and settled for less-than-favourable terms.

In the 24 years that the original Nafta deal has been in place, the agreement has become essential for Mexico's economy. Although Mexico is one of the countries with the highest number of free trade agreements (FTAs) in the world (with 46 countries), up to 80% of Mexico's exports go to its immediate northern neighbour. This means that Mexico's economy is highly dependent on trade relations with the US. Maintaining unfettered access to the US market has always been a key objective for Mexico despite the Peña Nieto government's assertions that if the US decided to terminate Nafta (as US President Donald Trump threatened to do if it could not secure more favourable Nafta terms) it would simply make up for this by diversifying its export markets.

In this scenario, the US was widely seen as having the upper hand in the Nafta renegotiation called by the Trump administration. Yet the Peña Nieto administration consistently argued that retaining a Nafta deal would be more beneficial for all sides than terminating it; and that renegotiating an updated deal favourable for all three partners was feasible. This constructive stance allowed for the negotiations to advance even if the process was slowed by exacting demands from the US. These demands proved to be so divisive that the US decided to compartmentalise the negotiations and reach separate agreements with Mexico and Canada before trying to secure a wider deal.

The general view was that this strategy would undermine the renegotiation. But after their respective negotiating teams held bilateral talks for six weeks, Presidents Trump and Peña Nieto announced on 27 August that they had reached a full preliminary agreement on new terms for Nafta. The announcement was made when Trump held a 20-minute phone call in the White House with Peña Nieto (which, unusually, was televised). Relations between Peña Nieto and Trump have been testing: Peña Nieto has never visited Trump at the White House. During the broadcast Trump greeted Peña Nieto effusively and celebrated the "really good" agreement that would benefit both Mexico and the US. Trump added that the newly agreed terms would make bilateral trade "much more fair".

### Signals and concessions

For his part, Peña Nieto said that the new agreement was "very positive" and

## Market reactions

The financial markets in both Mexico and the US reacted positively to the announcement that the Enrique Peña Nieto and Donald Trump administrations had reached an agreement on new terms for Nafta. The Mexican stock exchange (BMV) rose by 1.58% following the announcement on 27 August. Meanwhile, the Dow Jones Industrial Average Index in the US also rose by 1.01% following the news, as shares in firms tracked by the Dow Jones increased in the US stock markets.

represented a 'win-win' for Mexico and the US. Peña Nieto was careful to stress that he hoped that Canada could be incorporated into the new agreement "very soon" so that the trilateral nature of the original Nafta deal could be maintained. Nevertheless, Peña Nieto insisted that the new agreement reached with the US was good news for Mexico as it ensures future tariff-free access to the US market, dissipating uncertainty, which has been negatively impacting Mexico's economy, deterring investment and reducing market confidence in general.

This message was reiterated by Mexico's economy minister, Ildefonso Guajardo. Speaking at a press conference in Washington DC after the announcement, Guajardo, who led the Nafta talks, outlined the more salient aspects of the new bilateral deal. He explained that the negotiating teams had agreed changes to the local content requirements for the automobile sector, and the Nafta internal commercial dispute resolution system, as well as to the agreement's timeframe, while introducing a chapter on labour rights and conditions. Guajardo said negotiators had agreed to increase Nafta local content requirements for the auto sector from 62.5% to 75%, with 40%-45% of this coming from firms that pay their workers wages of at least US\$16 per hour. They also agreed to change the Nafta internal dispute resolution mechanism to make it more flexible and exclude some cases, particularly the expropriation of assets by the state. Finally, negotiators also agreed to set a 16-year timeframe for the new Nafta terms, allowing for these to be reviewed and potentially extended every six years.

Introducing higher auto sector local content requirements, more labour rights provisions, limiting the internal dispute resolution mechanism, and setting an expiration date for Nafta were all US demands. The inclusion of all of these aspects to varying degrees in the new deal all represent concessions by Mexico. In return Mexico appeared to get only a commitment to maintain zero tariffs on all agricultural imports and a compromise over the agreement's timeframe and internal dispute resolution mechanism – the US had wanted to introduce a 'sunset clause' that would subject Nafta to ratification every five years to avoid expiration and to be excluded from the internal dispute resolution mechanism, demands that both Mexico and Canada had flatly rejected.

### López Obrador effect?

The concessions agreed by Mexico have led many analysts to opine that the new deal represents a capitulation by the Peña Nieto government to the US for the sake of maintaining a general trade agreement. However, the announcement of the new agreement was welcomed by President-elect Andrés Manuel López Obrador and his government transition team. Echoing Peña Nieto, López Obrador said that the new agreement would be positive for Mexico and its domestic economic environment, as it would help to dispel uncertainty.

Following his 1 July electoral win López Obrador reached out to Trump and called for the Nafta renegotiation to be concluded before he assumes office on 1 December. López Obrador said that having a new Nafta deal in place before his inauguration would help stabilise the markets and allow his government to discuss other pressing bilateral issues, such as security cooperation and migration. López Obrador's overture was seized upon by Trump, who said that he too was interested in securing a deal quickly, allowing the incoming Mexican government to send a representative to the negotiating table to present its views.

After López Obrador's designated Nafta negotiator, Jesús Seade Kuri, joined the Mexican negotiating team, the two sides appeared to progress in the discussion of what had been some major sticking points. In fact, during their phone call, Peña Nieto and Trump acknowledged the contribution made by Seade and López Obrador to help secure a deal. According to reports in the Mexican media, this contribution largely consisted in softening the Mexican negotiating team's stance on some of the US demands, such as setting a timeframe for any deal and moving to improve labour rights in Mexico. The left-leaning López Obrador is not a particularly staunch defender of free

## Name change

US President Trump also said during his 27 August phone conversation with Mexico's President Peña Nieto that following a new bilateral deal over Nafta he would like to change the agreement's name and call it the US-Mexico trade agreement instead. According to Trump the change in name is necessary as Nafta has "bad connotations because the US was hurt very badly by Nafta for many years. And now it's a really good deal for both countries, and we look very much forward to it."

trade; and improving the lot of Mexican workers is one of his declared government objectives anyway.

Meanwhile, avoiding the introduction of changes to Nafta's energy chapter that could complicate the repeal of Mexico's 2013-2014 energy sector reform that opened up Mexico's oil sector to increased private privatisation was also one of López Obrador's main objectives, which he appears to have succeeded in achieving. López Obrador himself noted that "Donald Trump listened and understood our stance...that Mexico is a sovereign country and that when it comes to energy, we will decide how to manage our natural resources".

## Canada

But even as he expressed satisfaction with the bilateral deal reached with the US, much like Peña Nieto, López Obrador also said that he hoped Canada, "another strategic partner", could be incorporated into the deal. But the move by the Mexican authorities to secure a bilateral agreement with the US, rather than continue to advocate a trilateral agreement as they had supported since the start of the process, may have damaged relations with Canada and reduced the chances of there being a trilateral deal.

Mexico and Canada had succeeded in presenting a united front against US demands since the start of the Nafta renegotiation. After speaking with Trump on 27 August Peña Nieto phoned Canada's Prime Minister Justin Trudeau to discuss the new agreement and express "how important it is for Canada to subscribe to the process". Maintaining a free trade agreement with Canada is also significant for Mexico as it is the second main market for Mexican exports, which last year amounted to US\$2.3bn, a 24.5% year-on-year increase. The loss of free access to this market would have negative economic consequences for Mexico.

## MEXICO & NAFTA

### TRACKING TRENDS

**MEXICO | Alternative airport proposal.** The debate over how to improve airport capacity in Mexico City entered a new stage last week as President-elect Andrés Manuel López Obrador unveiled his alternative plan for a facility on the outskirts of the city.

For some time López Obrador has been vocal in his opposition to the US\$13.3bn Nuevo Aeropuerto Internacional de México (NAICM) project. In López Obrador's view, the NAICM, which is already under construction to the north-east of the city, does not represent value for money. Now he has unveiled a US\$3.53bn alternative plan that would involve converting the Santa Lucía military airbase into a civilian airport over the course of two years. When ready, two new runways would work in conjunction with the existing facilities at the Benito Juárez International Airport (AICM), which is currently working at full capacity. Aviation experts have called into question the Santa Lucía airbase's viability. Bernardo Lisker, the international director at Mitre Corporation's Center for Advanced Aviation System Development, a US-based NGO, told the local press that new flight paths would interfere with those already in use at the AICM, rendering the project aeronautically unviable.

According to López Obrador's designated communications & transport minister, Javier Jiménez Espriú, the two competing plans will be put to a public consultation on 28 October. López Obrador has previously stated that the public consultation will be binding. A decision to cancel construction at NAICM, which is currently 32% complete and would have the capacity to serve 70m passengers per year, would involve losing the US\$5.25bn that has already been invested in the project.

The international credit ratings agency Moody's has warned that cancelling the NAICM could damage tourism (Mexico became the sixth most-visited country in the world in 2017 with 39.3m foreign tourists), investment, and competitiveness. Either way, Jiménez said that urgent action on the issue is now required as both options will take around five years to become fully operational.

**Glorious defeat****Referendum results**

The least popular of the measures in the anti-corruption referendum, by a small margin, was proposition number seven (99% voted in favour of imposing a limit of three consecutive terms to all elected offices); the most popular was proposition five, requiring members of congress and other elected officers to present detailed annual accounts on their activities, voting records, economic interests, and links to lobby groups (99.6% support).

Technically speaking, the campaign to secure a popular mandate, via referendum, for seven anti-corruption measures in Colombia was a failure. Voter numbers in the 26 August referendum narrowly fell short of the required threshold of one-third of the registered electorate. As a result, the proposed reforms are not binding and could be abandoned. But this defeat may turn out to be a kind of victory. Much of the Colombian political class, with President Iván Duque in the lead, is now pledging to rush anti-corruption measures through congress.

The anti-corruption referendum started out as an outsider project, supported by the small left-of-centre Alianza Verde (AV) party, and was met with polite indifference by much of Colombia's political establishment. But due to the persistence of AV's Claudia López (now an ex-senator) and others, the campaigners gathered enough signatures to trigger the referendum on seven key anti-corruption measures.

In what appeared to be a fall-back move, the new government of President Duque had come up with four slightly different anti-corruption proposals of its own. Duque said the four and the seven were complementary and reiterated his support for the referendum. Not everyone agreed: his mentor and former president Álvaro Uribe (2002-2010) together with the ruling Centro Democrático (CD) both said they would support the four in congress, but would not support the referendum on the seven.

The results 26 August shook things up. With over 99% of the returns completed the electoral authorities said that 11.642m people had voted, falling just short of the 12.1m needed to meet the threshold of one-third of the total registered electorate. Voters were required to give separate yes/no responses for each of the seven anti-corruption measures and, as might be expected, almost all of those who bothered to vote were overwhelmingly in favour of all of the propositions (*see sidebar*).

Because the turnout fell short of the one-third threshold, technically speaking all seven proposals are dead. But politically they may turn out to be just the contrary: alive and kicking. Most analysts have pointed out that from a number of viewpoints the referendum was some kind of a triumph. The 11.64m people who voted 'yes' to the anti-corruption measures in August exceeded the 10.3m who voted Duque into office in the second round of presidential elections in June.

It has often been argued that, unlike the more right-wing positions of his mentor Uribe and his CD political party, Duque may be a closet centrist and moderniser, interested in modelling himself on French President Emmanuel Macron. Whether that is the case or not, Duque was very quick off the mark to hail the referendum result.

On Sunday evening Duque reacted to the results by saying that "Colombia today ratified the health of its democracy. We consulted society and society spoke. What it said was 'no more corruption'." Despite failing to meet the threshold, he described the result as a clear popular mandate and invited "all political parties" to support the rapid congressional approval of the package of anti-corruption measures, and to work on identifying any additional measures that might need to be taken.

## Uribe

Alvaro Uribe had initially said he would not take up his position as a newly re-elected senator, so that he could concentrate on his defence in the court case, but he later changed his mind.

As a declaration of intent, on 28 August, Duque and prosecutor general Fernando Carillo said the administration had also drafted a new bill widening the scope of corruption charges to include private companies, intermediaries, and property owners. It also makes public servants liable for prosecution and disciplinary action for violations committed up to 20 years ago (up from five previously).

The bill establishes, in keeping with one of the seven propositions in the referendum, that companies or individuals found guilty of corruption should be banned from receiving any further government contracts. It also proposes an “express” procedure for the seizure of assets acquired illicitly.

### Supreme court rejects Uribe challenge

Three supreme court justices have rejected former president Uribe’s claim that they are biased and should recuse themselves from the case in which he faces bribery and witness-tampering charges. The three justices, José Luis Barceló, Luis Antonio Hernández, and Fernando Alberto Castro, said they had the required impartiality to hear the case. The three said they would not recuse themselves and that they had passed the matter on to the Third Penal Court for further consideration.

Uribe had in any case earlier announced he would lift his challenge so as to avoid delaying the case: he is scheduled to appear before the court on 3 September.

The witness-tampering case relates to a long-standing dispute between Uribe and left-wing Senator Iván Cepeda, of Polo Democrático Alternativo (PDA). In a book published in 2014 Cepeda accused Uribe of having links to, and colluding with, right-wing paramilitary forces in the northern department of Antioquia. Uribe denied the claims and since then both men have accused each other of bribing and tampering witnesses in an attempt to uphold their versions of events.

## PERU | POLITICS

### End of the honeymoon

**Keiko Fujimori, leader of the right-wing opposition Fuerza Popular (FP), the largest party in Peru’s congress, appears to be ending the period of (relatively) peaceful coexistence with the government led by President Martín Vizcarra, who took office nearly six months ago. With her own approval ratings falling, Fujimori now seems ready to pursue a more combative opposition role.**

Things have not been going very well for the Fujimoristas recently. FP played a key role in forcing the resignation of President Vizcarra’s predecessor Pedro Pablo Kuczynski (2016-2018) who departed amid allegations of a conflict of interest in March.

In the process it suffered some collateral damage, with a split between Keiko and her brother Kenji entrenched. Some deputies aligned with Kenji and left the party, meaning that the official FP block in the 130-seat single chamber is now down to 62 seats; in other words, it has lost the outright majority it previously enjoyed.

Most importantly, the Fujimoristas have been hit by the rolling scandal affecting the country’s judiciary, with revelations that judges have traded favours and influence (*see page 6 sidebar*). Vizcarra, meanwhile, has seized the initiative, proposing major reforms to the judiciary and the legislature that he wants to put to a popular referendum before the end of this year. All this appears to have seriously eroded Keiko’s public standing. An Ipsos poll showed her approval rating slumping to only 15%, while her disapproval rating had ratcheted up to 80%. Meanwhile, an opinion poll by GfK showed Vizcarra’s approval rating soaring by 16 percentage points in August to 43%.

**Keiko Fujimori**  
According to leaked audio recordings at least one of the disgraced judges may have met Keiko Fujimori. He happens to be the same judge who previously dismissed corruption charges against her.

Everything indicates that, in an attempt to reverse her falling ratings and close the gap with Vizcarra, Fujimori has decided to go on the offensive. A first move came on 23 August when, for the first time, she attacked Vizcarra's proposed reforms to re-introduce a two-chamber congress and impose term limits on members of the legislature as being "populist" – an eye-catching claim since her own party is frequently described as being the country's main populist formation.

Fujimori argued that instead of these political diversions the government should be concentrating on the more important business of reducing crime, improving health services, reducing poverty, and dealing with the impact of extremely cold weather in the Puno region in the south of the country. Fujimori has also committed her party to supporting the attorney general, Pedro Chávayry, who has been implicated in the scandal affecting the judiciary.

Then, perhaps seeking to challenge Vizcarra's claim to the moral high ground, Fujimori revealed that in recent months she had attended two secret meetings with the president, at his request. In her telling she would have preferred the meetings to be on the public record "because there was nothing bad about them". Vizcarra confirmed that the meetings had happened, but shot back that they had been secret not at his but at Fujimori's specific request and that it had been an error on his part to have accepted that condition. Neither can Peru's two most powerful politicians agree over what was actually said at the meetings. Vizcarra says he turned down the possibility of a third meeting because during the second Fujimori had asked him to sack his health minister, Silvia Pessah. Fujimori denies making any such request.

Reactions to the Vizcarra-Fujimori stand-off have been mixed. Former president Ollanta Humala (2011-2016), who himself faces corruption charges and a human rights case, accused Fujimori of trying to convince the country that all politicians are worse than her. Another former president, Alan García (1985-1990 and 2006-2011), said it was good for politicians to meet: if there were points of agreement between Vizcarra and Fujimori, then the dialogue between them should continue "without all these threats and theatrics".

Analyst Rosa María Palacios concluded simply that Fujimori had "declared war" on the government in an attempt to improve her ratings. Former interior minister Fernando Rospigliosi (2001-2002; 2003-2004) picked up a different point: the problem was not that Vizcarra and Fujimori had met, but that the President had previously been on record denying that any such meetings had happened. For his part Vizcarra seems ready to take on the Fujimoristas. In a speech in the southernmost region of Tacna on 28 August, Vizcarra said he would not "bend" in the fight against corruption, or in his pursuit of reforms to the judiciary and the political system.

## REGION | POLITICS & DIPLOMACY

### **Venezuelan exodus: a failure of regional diplomacy?**

According to Luis Almagro, the general secretary of the Organization of American States (OAS), the stream of Venezuelans fleeing their country could turn out to be "the greatest exodus in the history of the Western Hemisphere". Others have compared the phenomenon to the European refugee crisis that commenced in 2015. What is clear is that the exodus is testing regional diplomatic organisations up to, and perhaps even beyond, the point of destruction.

The first attempt to coordinate policies in response to the recent surge in Venezuelan emigration came on 29 August when representatives of Ecuador,

## **Maduro's war of words**

The government led by Venezuela's President Nicolás Maduro has joined the war of words about the country's migrant crisis. Venezuelan officials claim Venezuelan migrants face "xenophobia" in Colombia and Peru and that "thousands" are asking for help to return home. Maduro said there was a "hate campaign" being waged against Venezuelans.

Colombia and Peru, all members of the Andean Community (CAN) met in Lima. The three issued a statement that was short on specifics but in general highlighted the humanitarian nature of the crisis, calling for better coordination, and asking for more support from the United Nations (UN) and other international agencies.

All three countries say they are doing what they can to welcome and accommodate Venezuelan refugees, even though Ecuador and Peru have recently tightened entry requirements, restricting them to Venezuelan passport holders only. Brazil had deployed the army to the frontier to cope with a large inflow.

The next big regional meeting to discuss the crisis will come on 5 September at a special session of the OAS permanent council. It is not yet clear what concrete action the OAS may take. Ecuador's government has called a meeting of foreign ministers in the region for 17 and 18 September in Quito to discuss the crisis. The Brazilian and Chilean governments have so far said they will take part.

The main potential criticism is that regional diplomats, together with the alphabet soup of different regional organisations, have done (and will continue to do) too little, too late to cope with one of the deepest Latin American crises of the last few decades. A pessimistic view is that in this they will be similar to the European governments that have also struggled to deal in a coordinated fashion with the surge of refugees across the Mediterranean.

A candid view came from the outgoing UN High Commissioner for Human Rights, Jordanian diplomat Zeid bin Ra'ad Zeid al-Husseini (who is about to be succeeded in the role by former Chilean President Michelle Bachelet). He said the response to the evolving Venezuelan political crisis was too slow, with the Lima Group of 17 countries having been formed only a year and a half ago to coordinate political positions on the issue. International pressure had been limited to specific human rights issues, but had failed to confront the manipulation of the judiciary and the persecution of political opponents. He thought greater international pressure at an earlier stage could have led to a domestic political settlement.

Ironically, the Venezuelan crisis may be ripping apart some of the Bolivarian regional integration institutions set up in the heyday of Chavismo and during the rule of other 'pink tide' leftist governments in the region. The political geography of Latin America has changed and most of Venezuela's immediate neighbours are now governed by centre-right administrations.

On 27 August the new Colombian government of President Iván Duque said his country was withdrawing from the Union of South American Nations (Unasur) because of its failure to condemn the "brutal treatment" of citizens by the Venezuelan government. Unasur was set up in 2008. Since April this year Argentina, Chile, Brazil, Paraguay, and Peru have also suspended their membership.

Earlier, on 23 August, Ecuador announced it was leaving the Alianza Bolivariana para los Pueblos de Nuestra América (Alba), the organisation created in 2004 by the two late presidents of Venezuela (Hugo Chávez) and Cuba (Fidel Castro). Ecuador joined Alba in 2009. Foreign Minister José Valencia said the decision to leave was taken to "reaffirm our independence and autonomy". Valencia also stressed that neither would Ecuador be part of another group of states that are "not providing constructive solutions, without any exclusion", taken to be an allusion to Unasur.

Valencia expressed his government's "frustration at the lack of political will...of Venezuela's government to open the doors to a democratic solution through a

## Humanitarian corridor

Ecuador's departure from Alba coincided with the announcement of a 'humanitarian corridor' in the country for Venezuelan refugees travelling through to Peru. The first journey on 24 August saw six buses carry 252 Venezuelan migrants from Mascarilla, in the northern province of Carchi bordering Colombia, to Quito and onwards to Huaquillas, in the southern province of El Oro, bordering Peru.

genuine national dialogue process without exclusions of any sort". Valencia added that "only [Venezuela's] democratic stability will produce the economic stability to prevent the continuing mass exodus...of Venezuelan citizens". He said he hoped (somewhat optimistically) that the decision to leave Alba would help "reinforce the search for a solution to [Venezuela's] political problems and the exodus". Valencia said it was "inhumane" to allow "millions of people to leave a country". He stressed that the repercussions of Venezuela's migrant crisis were regional but that "Ecuador will always show solidarity".

While the current crisis may end up neutralising both Unasur and Alba, the question facing other, more mainstream, regional bodies like the OAS is whether they can do any better, or will turn out to be little more than talking shops.

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## TRACKING TRENDS

**VENEZUELA | International bank transfers restricted.** On 28 August Venezuela's banking superintendence (Sudeban) announced that the online use of Venezuelan bank accounts from foreign IP addresses will be restricted. Sudeban said that individuals with bank accounts in Venezuela will not be able to access them from abroad unless they tell their bank where they are going and how long they will be staying there.

According to Sudeban, the move is designed to encourage Venezuelans who receive remittances from abroad to convert their money at official bureau de change houses and not on the black market. More than 2.3m Venezuelans have left the country since 2014, and many send money home to help relatives. In Venezuela one US dollar is worth considerably more on the black market than at the official rate of BS60.89/US\$1 (the black market exchange rate stands at around BS106.25/US\$1).

The Venezuelan government has said that it wants to clamp down on illegal financial transactions and exert greater control over the foreign exchange market. According to Sudeban chief Antonio Morales, the move should help to reduce the influence of foreign exchange "mafias" that are intent on damaging the Venezuelan economy. Morales also claims it should help to replenish foreign currency reserves that have been depleted by falling oil prices and production at the state-owned oil company Pdvsa.

The move is part of a raft of economic measures announced by President Nicolás Maduro aimed at stabilising the domestic economy. The Maduro government has introduced a new currency – chopping five zeroes from the previous legal tender – and pegged the new Bolívar Soberano to the country's cryptocurrency, the petro, worth one barrel of oil. Other measures include the introduction of price controls for basic goods, which opposition politicians claim put businesses at risk of closure.

**COLOMBIA | Growth projections revised upwards.** The Economic Commission for Latin America and the Caribbean (Eclac) released its latest economic growth forecast for the region last week, in which it projected that Colombia's economy will grow by 2.7% this year, up from the 2.6% previously forecast in April. This compares favourably with the average of 1.5% for the Latin America and Caribbean region as a whole.

Analysts cited increasing domestic consumption, economic activity, and internal and external demand as factors that led to the upwards revision. Growth projections for Colombia are also favourable for 2019, although the region as a whole is expected to be affected by external uncertainties, such as commercial tensions set off by US President Donald Trump and the trade war that he has embarked the US upon with China.



**Government ups response as tensions flare**

**Brazil's President Michel Temer signed a decree on 28 August authorising the deployment of the armed forces along the Venezuelan border in the northern state of Roraima. This move is one of the latest in a series of government responses to the impact of the exodus of Venezuelan migrants on Roraima.**

Nearly 128,000 Venezuelan nationals have entered Brazil through the border town of Pacaraima in Roraima since the beginning of 2017, according to data collected by the federal police. Of these, over 58,000 have stayed in the country, and the majority have not left Roraima. A June census by the municipality of Boa Vista, the state capital of Roraima, shows that 25,000 Venezuelan nationals live in the city, representing around 7.5% of its total population.

Venezuelans arrive in a precarious state, fleeing their country's economic and humanitarian crisis. Roraima is one of Brazil's poorest and least populous states and is ill-equipped to cope with the pressure that the influx of migrants is putting on public services, particularly schools and hospitals. Local authorities are struggling and have found the federal government's support to be lacking. "The authorities are not taking the situation seriously," Julian Torquano, mayor of Pacaraima, said earlier this month. Meanwhile, the domestic media speaks of the sense of fear, stoked by stories of Venezuelan criminals (many of which often prove to be 'fake news'), that pervades the local population and fuels xenophobia.

Underlying tensions came to a head on 18 August when angered Brazilians began driving Venezuelan migrants from their makeshift camps and setting fire to their belongings, following reports that a local shopkeeper had been attacked by a group of Venezuelans. Fearing for their safety, an estimated 1,200 Venezuelans crossed the border back into their home country. The incident was followed by renewed calls from Roraima's state governor, Suely Campos, for the border to be closed, and by a request for the transfer of R\$184m in emergency funds, amongst other measures.

The federal government denied these two requests but was spurred into action by the outbreak of violence, and it responded by immediately sending reinforcements of 120 border security personnel. A group of 36 volunteer healthcare professionals was also dispatched to Roraima, to relieve some of the pressure on hospitals and health centres. The government announced that it would build more shelters, and this week has sped up the so-called 'interiorisation programme', which involves the transfer of Venezuelans to other Brazilian states that are equipped with shelters to receive them.

Up until last week, only 820 Venezuelans had been transferred since the process was launched with the support of the United Nations High Commissioner for Refugees (UNHCR) in April this year. The government plans to send a further 278 Venezuelan migrants to six different states this week, and from then on to re-locate around 400 people every week in September. All transfers are voluntary and take place after a migrant's situation has been regularised. Accordingly, Brazil's justice ministry announced this week that it is simplifying the migratory regularisation procedure for Venezuelans specifically.

The federal government has also announced that it is working to strengthen Pacaraima's broadband connection at border and police checkpoints as well

**Roraima most deadly state**

According to the 'violence monitor', a joint initiative by national news outlet *G1*, the University of São Paulo's Centre for Violence Studies, and the Brazilian Forum for Public Security, Roraima is the Brazilian state with the highest rate of lethal violence for the first half of 2018, with 27.7 homicides per 100,000 inhabitants. *G1* says that the Venezuelan exodus has caused fear and political instability in the region, which encourages expressions of violence.

## Venezuelan crisis

In the most recent developments, President Temer indicated in an interview with regional broadcaster *Radio Jornal* that the government might consider limiting the number of Venezuelans who enter daily through the use of “tickets”. The presidential palace Planalto was quick to clarify that there is no question of Brazil closing its border. Brazil is not the only country in the region considering new measures as it struggles to welcome the steady influx of Venezuelans. “It is a threat to the harmony of the whole continent,” Temer said in a televised address this week.

as in one hospital and one shelter. It hopes that better Internet access will both speed up the processing of paperwork and allow Venezuelans who are in the hospital and shelter to stay in touch with their families.

The emphasis has very much been on the humanitarian response to the crisis, and President Temer was careful to frame the recently announced deployment of the armed forces as complementing the established humanitarian programmes. In an official statement, the government said that it “is acting to guarantee the security of Brazilians and Venezuelan immigrants in the region”.

## Political tensions

The presidential decree came one day after Senator Romero Jucá resigned as government leader in the senate in protest at the Movimento Democrático Brasileiro (MDB) government’s handling of the situation. Jucá, who is senator for Roraima state, asked for the temporary closure of the border, something which both Temer and the public security minister, Raul Jungmann, have declared to be impossible on humanitarian grounds. Governor Campos, who has been very vocal in her criticism of the federal government’s response to the arrival of Venezuelans, welcomed the presidential decree but described it as “insufficient” on *Twitter*.

Both Jucá and Campos are standing for re-election for their respective seats in the 7 October general election, leading some to think that their rhetoric could simply be political manoeuvring. Almost all candidates for the gubernatorial elections in Roraima are in favour of tightening security at the border, and observers feel that they are capitalising on the local population’s fear and sense of insecurity to garner votes.

## ARGENTINA | POLITICS

### **Cristina hit by corruption; Mauricio hit by the economy**

It was not a good week for Argentina’s top two political protagonists. Former president Cristina Fernández (2007-2015) continues under pressure over the ‘Gloriagate’ scandal; the incumbent president, Mauricio Macri, is being hammered by the economic crisis.

Almost three weeks after the investigating judge filed the request, the three homes of Fernández were searched (in Buenos Aires, Río Gallegos, and El Calafate). Police were after any documents linking her to the ‘Gloriagate’ scandal, a major network of bribes paid during her presidency by construction companies to secure government contracts and line the pockets of politicians.

Since there was plenty of advance notice (the upper house had to vote to lift the immunity enjoyed by the former president, who is also a serving senator, before the searches could go ahead) it was unlikely that incriminating material would be found. But the raids were nevertheless a major political circus and were given extensive media coverage. Fernández once more cast herself in the role of victim, which plays well to her hard-core supporters, but deeply irritates her critics.

In Buenos Aires the search of her flat conducted on 23 August took 12 hours. Through her lawyers Fernández let it be known that she felt “violated and outraged” and that she would not return to her home in the capital until she could confirm that it was free of electronic listening devices and that it had not been deliberately contaminated with bacteria to infect her.

Despite her protestations, Fernández remains on the defensive over ‘Gloriagate’. A summary published by the judicial information centre (Centro de Información Judicial – CIJ) on 25 August said the evidence indicated that

## **Fernández**

Former president Fernández was eager to portray herself as the victim of establishment conspiracies. Her team claims that a “toxic substance” allegedly placed in her bedroom by the police affected the health of a member of her domestic staff. Her lawyers also allege that the raids were a violation of the former president’s human rights, justifying a formal complaint to the Inter-American Commission on Human Rights (IACHR). The case, if pursued, appears to be based on the fact that one of Fernández’s representatives was not allowed to be present during the police search.

she and her late husband and presidential predecessor Néstor Kirchner (2003-2007), together with the currently imprisoned former public works minister Julio de Vido, were the “main beneficiaries” of the corruption scheme. The three stand accused of forming a “criminal organisation”; court documents say corrupt payments were made over a period of at least eight years.

So far the courts have taken witness statements from 52 individuals (including Fernández), and arrested 26 (of whom 11 were later released). Investigating Judge Claudio Bonadio has summoned Fernández to appear before him to be questioned for a second time in this case on 3 September. In response to the summons, Fernández again accused the government of seeking to distract attention from the economic crisis. She tweeted, “The dollar is about to hit 35 pesos and Bonadio is summoning me again. This is textbook stuff.”

## **Macri’s travails**

In normal times ‘Glorigate’ and the embarrassment it causes his political opponents would be great news for President Mauricio Macri. But these are not normal times: the economic crisis is hammering his government and eroding his political standing. Macri faces two immediate challenges: one is technical, to prevent ‘Glorigate’ from undermining business confidence; the other is to try and stabilise the wider macro-economic situation.

On the first, the fear is that, as happened in Brazil as a result of the Lava Jato investigations in 2015 and 2016, there may be a domino effect with investigations into construction company contracts scaring off investors, suspending key projects, and leading to a halt in public works and a loss of confidence and employment in the sector. To try and prevent this the government announced a series of special measures on 27 August. They include the creation of a special trust that will hold funds to ensure continuing work on public private partnership (PPP) projects. The state-owned Banco de la Nación is to contribute between US\$200m and US\$300m to the fund. The bank will also open a AR30bn (US\$955m) credit line to ensure continuity in public works projects. Transport Minister Gustavo Dietrich said, “we are here to confirm that public works will not stop and our PPP projects will go ahead.”

As to the wider macro-economic situation, the outlook for Macri is daunting. There has been a rolling foreign currency crisis since April and even the US\$50bn Stand-By Arrangement (SBA) with the International Monetary Fund (IMF), reached in June, has failed to calm the markets. This week the peso plummeted again, with its value falling by 7% on 29 August, the biggest one-day fall since 2015. That took its value to AR34.1/US\$1, representing a 45.3% year-to-date depreciation.

In response Macri said Argentina and the IMF had agreed to “advance all the necessary funds to guarantee compliance with the financial programme next year”. Macri admitted that “over the last week we have seen new expressions of a lack of confidence in the markets”. Bluntly what this means is that the state of the economy is emerging as the principle vote-loser for the government as it prepares for next year’s general elections.

Inflation is currently running at 31.2%; to try and stabilise the peso central bank interest rates have been racked up to an unprecedented 45%; government plans to reduce the fiscal deficit point to more public spending cutbacks. The longer the currency crisis continues (it has now lasted for nearly five months) the more painful the economic impact will be. Government officials who had talked of a flat economy this year are now admitting GDP will fall by at least 1%.

Increasing the pressure on the administration, the Confederación General del Trabajo (CGT), the country’s largest trade union movement, announced

## Support for Abbott

Manuel Guerra, prosecutor for the eastern Metropolitan Region, said he had received no private instructions on how to handle cases from Jorge Abbott, which in any case are explicitly prohibited as part of the law governing the functioning of the public prosecutor's office (Ministerio Público). Conversations between the two had only been "informative" in nature. Similar statements were made by the prosecutors from Valparaíso and Biobío, among other regions.

that it is calling for a 24-hour general strike on 25 September to oppose government economic policy and the austerity programme agreed with the IMF. This will be the fourth general strike since Macri took office in December 2015. There are still significant political divisions within the country's labour movement with parts of the rival Central de Trabajadores de la Argentina (CTA) calling for a protest stoppage a day earlier, on 24 September. But these divisions are unlikely to prevent growing popular dissatisfaction with the government's handling of the economy – a bad omen for Macri.

## CHILE | POLITICS & JUSTICE

### Abbott in the hot seat

**Chile's supreme court began hearings this week to consider a request for the dismissal of national prosecutor Jorge Abbott, formally accused of negligence by a group of 10 deputies from the left-wing opposition Frente Amplio (FA).**

In essence, the FA deputies allege that Abbott failed to prosecute corruption scandals involving top companies and establishment politicians with the necessary diligence and rigour. They express concern over a public statement by Abbott, in which he said prosecutors should take special care in their treatment of legislators facing allegations of corruption (this has been interpreted as discrimination, which he denies). They also allege Abbott held inappropriate meetings with representatives of suspects in the Penta-SQM case (involving corporate tax avoidance and illicit campaign contributions to political parties). Finally, the FA claims Abbott placed undue pressure on the country's regionally based public prosecutors.

In the first day of hearings, on 27 August, before a supreme court judge, the regional prosecutors appeared generally supportive of Abbott (*see sidebar*). Appearing in person before the judge a day later, Abbott said his policy has been to meet with all parties and members of the public who request audiences, and to keep a public list of all meetings as required by Chile's law on lobbying. He confirmed that last year he had met Hernán Larraín, senator for the Unión Demócrata Independiente (UDI, part of the ruling right-wing Chile Vamos coalition) who had requested that the two-year old investigation of a colleague implicated in the Penta case, Senator Iván Moreira, be accelerated, since his suspension from the upper chamber was making it more difficult for it to achieve a quorum. Larraín is now minister of justice.

Abbott says the meeting was recorded as required by the lobby law and that the request was in any case turned down since the case was at that stage being led by Manuel Guerra, prosecutor for the eastern Metropolitan Region. Abbott also says he recused himself from handling the Penta case since he was a distant relative of Alfredo Moreno, a senior executive at the company.

## TRACKING TRENDS

**CHILE | Growth expanding.** Chile registered GDP growth of 4.8% in the first half of the year, the central bank revealed last week. The 5.3% growth posted in the second quarter was the highest since the third quarter of 2012.

The finance minister, Felipe Larraín, said that the economy was growing "vigorously and robustly", singling out the 7.1% growth in investment. "We are leaving behind us four straight years of decline in investment," Larraín said in a pointed criticism of the previous government led by Michelle Bachelet (2014-2018).

Manufacturing expanded by 7.3% year-on-year in the second quarter and retail by 8.1%, with the mining sector up by 4.8%. Exports grew by 7.5% but were outstripped by imports which grew by 10%.

## OECD report on Costa Rica

In its report on migration to Costa Rica, the Organization for Economic Co-operation and Development (OECD) notes that, in terms of net immigration, Costa Rica has one of the largest shares of immigrants in the Latin American region with national immigration policies based on the protection of the human rights of immigrants and framed by the 2010 General Migration Law. The same report notes that immigrants contribute positively to economic growth. Based on the sectoral distribution of workers and the value added within each sector, immigrants are estimated to contribute between 11.1% and 11.9% of the value added in Costa Rica, above their share of the population (9.1%).

## Costa Rica forced to address Nicaragua crisis

Costa Rica's Vice President and Foreign Minister Epsy Campbell last week announced a new comprehensive migration plan. The initiative is in response to the current crisis caused by the exodus of Nicaraguans fleeing the country due to the ongoing crackdown by the administration led by President Daniel Ortega on anti-government protesters which began mid April.

Announcing the initiative on 21 August (the full details of which have yet to be unveiled), Campbell said that this was the first time in Costa Rica's history that such a plan had been presented, with some 30 local institutions and seven international organisations having worked on it since June. According to a press release by the Costa Rican presidency, the plan was drafted with input from United Nations (UN) bodies such as the International Organisation for Migration (IOM) and UN High Commissioner for Refugees (UNHCR) as well as ministries of foreign affairs, public security, health, foreign trade & labour, and migration authorities, among other local institutions.

According to a UN press release issued on 31 July, some 200 asylum applications are being lodged daily in Costa Rica, with applications having "increased exponentially in recent months, since protests against the Nicaraguan government began", according to the UNHCR spokesperson William Spindler. The same press release also notes that, according to Costa Rican authorities, nearly 8,000 asylum claims by Nicaraguan nationals had been registered since April, with 15,000 more having been given appointments for later registration, due to the application system being overwhelmed. Spindler said that the UNHCR is supporting the Costa Rican migration authority to increase its processing capacity from 200 to at least 500 claims daily.

As regards the new plan, Campbell said that the government was currently holding discussions with legislators, mayors, churches, and civil-society groups regarding possible actions to address the migration flow. In terms of specifics, she revealed plans to bolster the migration police, with an additional 98 officials to be sent to the border area over the next few months, while on 21 August Raquel Vargas, the head of the migration authority, announced that a special situation room had been set up to monitor the flow of migrants 24 hours a day. According to Vargas there are two centres already existing to provide temporary attention for migrants (known as Catem), one in the north in La Cruz canton, Guanacaste province, with a capacity of 500 or 600, and the other in Golfito, a port town in Puntarenas province on the southern Pacific Coast, which is able to house up to 150 people.

While Costa Rica has a history of accepting migrants, Campbell's announcement regarding the plan came amid renewed concerns about a wave of xenophobia and anti-immigrant outcry. On 18 August hundreds of people marched through the centre of the capital, San José, to protest the arrival of Nicaraguan nationals, which culminated in a number of violent attacks on Nicaraguans in the city centre. This resulted in the arrests of 44 people, while knives, guns, and Molotov cocktails were also confiscated. Such was the level of concern regarding this show of xenophobia that President Carlos Alvarado was compelled to give a nationally televised address in which he warned against hate and violence targeting migrants. It also prompted a statement of concern from the UN Resident Coordinator for Costa Rica and calls for a law against racism while a week later, on 25 August, hundreds of people took to the streets, also in the capital, in a show of solidarity with the migrants.

## Agreements with its neighbours

According to the July 2018 report by the OECD, Costa Rica has signed several binational agreements with Nicaragua and Panama which over time have been modified due to changes in the immigration situation. For example, the 1993 Migrant Labour Convention established legal channels for the entry of Nicaraguans into Costa Rica to reduce irregular immigration. This agreement allowed Nicaraguans to work temporarily in agriculture and regulated their working conditions. Following other agreements, in December 2007, the binational agreement “Migrant Management Procedures for Temporary Workers Costa Rica-Nicaragua” was signed.

## OECD report

Last month the Organisation for Economic Co-operation and Development (OECD) released a report on the contribution of immigrants to the Costa Rican economy which notes that in 2011 (the year of the last census), about 9% of Costa Rica’s inhabitants were born abroad, “mostly in neighbouring Nicaragua” although other countries of origin include Colombia, Panama, and the US.

According to the report, since the first census in 1950, immigrants from Nicaragua have accounted for more than half of the foreign-born population in Costa Rica and have driven the increase in the immigrant population since 1984. In 2011, they represented more than three-quarters of the total immigrant population in the country while, in contrast, the share of non-Nicaraguan immigrants has remained largely unchanged since 2011, at around 1.8% of the total population.

As regards a history of Nicaraguan immigration to Costa Rica, the OECD report highlights that the first surge of immigration took place in December 1972 following a devastating earthquake in Nicaragua’s capital Managua which left a death toll of over 10,000.

Among other factors causing Nicaraguans to migrate to Costa Rica, the OECD report also cites “political and economic events” – notably the “climax of the civil war against the Somoza dictatorship in 1977 and the triumph of the Sandinistas in 1979 that led to a more stable increase in immigration”. After that, the 1981-1989 conflict between the Sandinista government and the Contras is particularly associated with increased immigration, with numbers doubling from 1982 to 1983, while migrant flows continued throughout the decade, due to “the political conflict, high levels of inflation and economic instability in Nicaragua”. While a democratic regime was instituted in 1990, migrant flows from Nicaragua to Costa Rica remained high throughout the decade due to adverse economic conditions during the post-conflict period, with the last immigration peak taking place in the wake of Hurricane Mitch in October 1998.

## GUATEMALA | POLITICS

### CSJ approves request to investigate Morales

For the second time in less than a year, Guatemala’s supreme court (CSJ) has approved a request put forward by the attorney general’s office (AG) and the International Commission against Impunity in Guatemala (Cicig), backed by the United Nations (UN), for President Jimmy Morales to be stripped of his immunity from prosecution to be investigated for illegal campaign financing involving his Frente de Convergencia Nacional (FCN-Nación) party. Morales’s predecessor, Otto Pérez Molina (2012-2015), notably resigned in 2015 after the 158-member legislature voted to investigate him for corruption. However, the first request involving Morales was ultimately denied by the legislature, prompting widespread public anger and protests. With the issue currently being examined by a five-member congressional committee, a similar vote to protect Morales would likely reignite this unrest.

Cicig and the AG (which is now headed by Consuela Porras, who took over from the respected Thelma Aldana in May) – announced its request on 10 August in relation to the case which dates back to 2015. The request is in line with a new complaint received by the AG back in February, which argues that as secretary general of the FCN-Nación (which is appealing a June order by the supreme electoral court [TSE] for it to be stripped of its legal status), Morales had omitted to report some Q7.9m (US\$1.05m) in funds. This follows the other investigation announced by Cicig and the AG into FCN-Nación which comprised three phases – the first of which culminated in the first failed attempt to strip Morales of his immunity from prosecution [[WR-17-36](#)] (see sidebar).

## Investigation

Cicig and the AG had previously presented three phases of an investigation into FCN-Nación spending during the electoral campaign. Presented in August 2017, the first phase – which led to the first calls for President Morales to be investigated – had claimed that FCN-Nación had been unable to account for more than Q4.38m in campaign financing while Q2.33m of party funds were from anonymous sources. According to the second phase, announced on 19 April, while FCN-Nación reported spending Q103,706 on its campaign, Cicig found that it actually spent Q7.12m, with party leaders and business executives failing to declare some Q8m. The third phase identified five businessmen who had contributed a total of Q5.37m in party campaign funds that was not accounted for.

While FCN-Nación has just 36 seats in the legislature (despite being the biggest bench), back in September 2017 Morales had been able to win votes from the opposition to retain his immunity from prosecution due to the fact that other parties such as Unidad Nacional de la Esperanza (UNE, which has 29 congressional seats) faced the prospect of being investigated over the same issue. Hence moving against Morales would have laid them open to increased scrutiny.

With a repeat vote by congress likely to stir up public indignation, the legislature has unveiled the five-member panel which is tasked with examining the case and presenting its conclusion to the full plenary, which will then vote on whether to move against Morales (for which a two-thirds majority [105 deputies] is needed). The committee comprises one FCN-Nación deputy (Rudy Werner Pereira Delgado) and four opposition legislators: Luis Fernando Montenegro Flores (of the small Encuentro por Guatemala [EG]); Carlos Santiago Nájera Sagastume and Fidel Reyes Lee (both of the UNE); and Boris Roberto España Cáceres (independent).

As well as Morales, the CSJ also approved a request to strip opposition deputy Nineth Montenegro (EG), of her immunity from prosecution so that she may also be investigated. This relates to her failure to present the TSE with the party's accounts for the campaign in the second half of 2015. A Cicig press release notes that due to the lack of documentation, it was not possible to establish the provenance of at least Q1.74m of funds.

### Further criticism of Guatemala's institutions

With the country's institutions once again facing scrutiny, a high-level international mission recently paid a visit to Guatemala with the aim of collecting information on the escalation of attacks and assassinations of human rights defenders in connection to land and environmental struggles.

The mission, which visited the country between 6 and 10 August, included representatives of International Land Coalition (ILC – a global alliance of civil society and farmers' organisations, UN agencies, NGOs and research institutes) and was accompanied by local organisations Pastoral de la Tierra and Unidad de Protección de Defensores y Defensoras de Derechos Humanos en Guatemala (Udefegua).

The visit follows reports that 2018 has been the most lethal year in history for land and environmental defenders in Guatemala, with a murder rate which even exceeds the alarming figures of previous years. An ILC report notes that, between January and July 2018, 18 human rights defenders were murdered in Guatemala, of which 13 murders were connected to the defence of land and territories. According to the same report, there were 135 registered attacks against human rights defenders in the first five months of the year.

The ILC highlights that at the heart of the various conflicts are issues of access and secure land tenure for rural communities, with members of social organisations “constantly criminalized for claiming their rights to land and territories, in a context highlighted by processes of land-grabbing, unequal access to justice and lack/deficiency of legal frameworks”.

The ILC also criticised the Morales government for failing “to make any effective response to protect Human Rights Defenders (HRDs) at risk or investigate crimes against them”. It warns that “not only is the state failing to uphold fundamental human rights, but it is actively dismantling existing protection mechanisms and institutions”, and it concludes that “instead of upholding the human rights of individuals and communities, the legal and judicial systems are being used to advance the interests of powerful state and non-state groups against the interests of local communities, often through corrupt means”.

## Quotes of the week

“If [Venezuela’s] dictatorship doesn’t end, the migration won’t end.”

*Colombia’s President Iván Duque.*

“They will not break my will, whatever they do; they cannot go against the people of Peru who are committed to combating corruption.”

*Peru’s President Martín Vizcarra on opposition to his proposed political and judicial reforms.*

“We would not last 15 minutes outside of Mercosur.”

*Uruguay’s foreign minister Rodolfo Nin Novoa.*

## POSTSCRIPT

### Uruguay takes China ties to next level

Uruguay’s foreign minister Rodolfo Nin Novoa signed a memorandum of understanding in China last week incorporating his country into the ‘One Belt and One Road initiative’ (OBOR). Uruguay becomes the first country in the Southern Common Market (Mercosur) to be admitted to the ambitious global infrastructure development initiative launched by China which envisages the symbolic recreation of the Silk Roads, with camels and caravans upgraded to bullet trains and broadband.

In an opinion piece on 23 August in Uruguay’s national daily *El Observador*, China’s ambassador to Uruguay, Wang Gang, celebrated the fact that Uruguay had become the first country in Mercosur to sign a cooperation accord to join OBOR on the 30<sup>th</sup> anniversary of the establishment of diplomatic relations. Its neighbours will look on enviously. In the first OBOR forum in May 2017 Argentina’s President Mauricio Macri had said that regional convergence with China’s initiative was “an opportunity not to be passed up”.

After meeting his Chinese counterpart Wang Yi, Nin Novoa, making his fourth official visit to the country, said that formally joining OBOR could pave the way for Chinese investment in major infrastructure projects to develop Uruguay. Now the two countries will design strategic cooperation plans, identifying sectors to develop with Chinese financing. In exchange, Nin Novoa said Uruguay hoped to position itself as the gateway to Mercosur and the wider region for Chinese companies. The delegation led by Nin Novoa assured Wang Yi that Uruguay, as pro tempore president of Mercosur, had taken initial steps to renew dialogue between the bloc and China.

Questioned on 9 August about the remarks of Marcel Vaillant, professor of international trade at the Universidad de la República in Montevideo, that “any trade negotiation with Mercosur as it stands with third parties is unviable” as the bloc is composed of countries with “totally different trade policy interests”, Nin Novoa answered rhetorically: “And what is the alternative? Leave Mercosur?” He went on: “If we leave Mercosur the tariff accord would end. The customs union would end. To sell something to Brazil we would pay the corresponding tariffs. And the same with Argentina. We would replicate the Trump-China model here in Mercosur.” Nin Novoa said he expected a serious conversation between member countries and China’s trade minister during Mercosur’s summit in December. “Mercosur is talking with New Zealand. Why not with China as we are complementary economies? We compete with New Zealand,” Nin Novoa said.



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Read the agenda and see the full speaker line-up: [www.chathamhouse.org/latin-america](http://www.chathamhouse.org/latin-america)

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