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## Diplomatic conflict over Venezuela intensifies

The Venezuelan government explicitly accused Chile, Colombia, and Mexico on 23 September of complicity in an alleged assassination attempt on President Nicolás Maduro last month. The timing of the accusation was eye-catching. It came just ahead of these three countries appealing to the International Criminal Court (ICC), along with Canada, Paraguay, and Peru, to investigate the Maduro administration for human rights abuses, and right before Colombia's President Iván Duque spearheaded efforts during the United Nations General Assembly (UNGA) to win support for tightening the "diplomatic noose" to bring down "the dictatorship" in Venezuela, and for an international response to the country's humanitarian crisis.

Venezuela's communications minister, Jorge Rodríguez, levelled the accusations against the governments of Chile, Colombia, and Mexico after showing a video 'confession' of a Venezuelan called Henryberth Emmanuel Rivas Vivas, ('Morfeo'), arrested on 22 September. Rodríguez claimed that Rivas, detained with two others, was "the mastermind" behind the alleged drone attack on 4 August targeting President Maduro at a military parade. On the video Rivas says he received training in Colombia. Rodríguez alleged the existence of a "process of triangulation to assist this criminal to escape". After the assassination attempt, Rivas said he had been instructed to go to the Chilean embassy in Caracas, from where he would be smuggled to the Mexican embassy, and onward to the Colombian embassy, before being taken by car across the border to Colombia, but the plan fell through as the Chilean embassy was closed.

Rodríguez, who said that 28 arrests had been made in relation to the drone attack, demanded an explanation from the three governments. "There is no diplomatic immunity when it comes to covering up for terrorists. Is Señor Morfeo lying? He is happy to submit himself voluntarily to a polygraph, to a lie detector? Can the Chilean ambassador [do the same]?" Rodríguez said. He also called upon Colombia to extradite Julio Borges, a leader of the Venezuelan political opposition, who he accused of being the intellectual author of the attack.

Chile's foreign minister Roberto Ampuero denounced the allegations as "slandorous, frivolous, and irresponsible...lacking credibility...[and] seeking to distract attention from the exceptionally serious humanitarian crisis confronting the country". Ampuero also expressed profound concern at the "threats to repudiate the diplomatic immunity of our embassy in Caracas". The Colombian foreign ministry issued a statement "categorically" denying any involvement and claiming that the accusations "lack any foundation at all". The Mexican foreign ministry gave a measured response in which it said that Mexican diplomats "act in accordance with international law at all times".

## Colombia courts EU

Colombia's foreign minister, Carlos Holmes Trujillo, met the High Representative of the European Union for Foreign Affairs and Security, Federica Mogherini, in Brussels this week to discuss the situation in Venezuela. Holmes claimed that "this migration crisis has never occurred in Latin America before and everything suggests it will continue growing in the coming months...because the cause of it is not going away". Asked whether his government would support military intervention, Holmes said Colombia "rejects violence" and would continue working "to forge a great alliance of democratic nations to create the conditions so that finally, sooner rather than later, the Venezuelan people can freely choose through transparent processes the government that they want".

Rodríguez issued a follow-up statement in which he said the reaction of the three governments was "telling" for "instead of clarifying the circumstances denounced by the confessed terrorists...they play the victim and reply with ill-judged comments, totally lacking diplomatic restraint". He said the Venezuelan government had hoped for "coherent and transparent collaboration from these countries...to clarify the facts" rather than "concealing their links".

Maduro picked up where Rodríguez left off, insisting there were "convincing elements of the participation of Chilean, Colombian and Mexican diplomats", particularly "defectors of the right-wing government led by Sebastián Piñera, involved and getting their hands dirty in this operation". He did not provide any evidence to corroborate these serious allegations. Maduro claimed that in the last four years there had been nine attempted coups in Venezuela, although local media compiled a list of no fewer than 20 occasions when he has claimed this.

### Diplomatic noose

Duque, meanwhile, began his diplomatic offensive in New York, meeting the UN Secretary General António Guterres, addressing the exodus of Venezuelan migrants in a separate high-level meeting, and delivering a speech in the UNGA excoriating "a dictatorship annihilating the freedom of its people". Duque urged the international community "to unite to end the tragic exodus [of Venezuelan migrants]...end the dictatorship, and restore democracy".

Duque praised the decision by Guterres to appoint Eduardo Stein, a former vice-president of Guatemala, as UN special representative for Venezuelan refugees and migrants, and the creation of a multilateral fund for "the migrant victims of the dictatorship". Duque also snubbed the Venezuelan government's "absurd" extradition request for Borges, saying he would never hand over "a victim of political persecution...fighting for the freedom of his people...for a dictatorship to abuse his human rights".

Duque found a ready ally in US President Donald Trump. During his speech at the UNGA, Trump appealed to "the nations gathered here to join us in calling for the restoration of democracy in Venezuela". He also announced fresh sanctions on Venezuelan government officials, including Jorge Rodríguez and his sister Vice-President Delcy Rodríguez, and even Maduro's wife First Lady Cilia Flores. Separately, Trump stirred controversy by saying that the Maduro administration was "a regime that, frankly, could be toppled very quickly by the military if the military decides to do that". Duque backed away from calls for military intervention but called for "a real and effective diplomatic noose on Venezuela to end this dictatorship".

Maduro reacted to the diplomatic offensive by deciding to attend the UNGA at the eleventh-hour accompanied by Flores. During a 50-minute address, Maduro said he was determined to reveal "the truth about Venezuela". He claimed that Venezuela was "the victim of permanent aggression", but despite the economic war being waged against the country it remained "stronger than ever". Maduro described the reports of a massive exodus of Venezuelan migrants as "a media fabrication to justify a humanitarian intervention". He also called on the UN to appoint a special envoy to investigate the alleged drone attack, and even for the US to send agents from the Federal Bureau of Investigation (FBI).

Maduro said that in spite of their profound differences he would be prepared to "stretch out a hand" to Trump and discuss bilateral issues "with an open agenda". In so doing Maduro appeared to be picking up on a comment by Trump the previous day, amid his fierce criticism of the Venezuelan government, that he would be prepared to meet him. In practice this seems unlikely. Instead, the US will try and work with regional allies to ratchet up the pressure on the Maduro administration in the hope of bringing it down from within.

## Combating record coca cultivation

The Venezuelan government's claim that Chile, Colombia, and Mexico conspired in an assassination attempt on President Nicolás Maduro attracted all of the attention this week. But a less-reported statement released by Venezuela's foreign ministry was arguably a more effective counter-offensive to the Colombian government's moves to win international support for placing "a diplomatic noose" on the Maduro administration, not least because the evidence is incontrovertible. The Venezuelan foreign ministry expressed concern at the "alarming" increase in illegal coca cultivation in Colombia, calling for "sincere and effective" efforts to find a solution to "a serious regional and global threat".

Venezuela's foreign ministry cited a report released on 19 September by the Sistema Integrado de Monitoreo de Cultivos Ilícitos (Simci), the body which monitors illicit crops for the United Nations Office on Drugs and Crime (UNODC), which claimed that the area dedicated to coca cultivation in Colombia jumped by 17% in 2017 to 171,000 hectares (ha) (having increased by no less than 52% year-on-year in 2016).

The foreign ministry statement singled out the fact that one of the most affected departments is Norte de Santander, on Venezuela's shared border with Colombia, where it claimed "narco-trafficking groups and paramilitary violence permanently attack the Venezuelan public economy and institutions".

Unlike the Venezuelan government's denial of its humanitarian crisis, Colombia's President Iván Duque has acknowledged that the country has a problem. He too employed the word "alarming" during his speech to the United Nations General Assembly (UNGA) this week to describe the coca situation in Colombia. Duque added that his country had "a moral duty" to fight drug-trafficking.

Duque won the firm support of US President Donald Trump in a meeting on the margins of the UNGA. Trump announced his readiness to cooperate with Duque because of his "strong stance on drugs". Trump, who ruffled some feathers for his criticism of the record on drugs of the previous administration under Juan Manuel Santos (2010-2018), expressed his confidence that Duque would "come through" in combating illicit drugs.

### Breakdown of coca cultivation

The UNODC report found that 16% of all of Colombia's coca cultivation in 2017 took place in areas just 10km from the country's borders with Ecuador (the departments of Nariño and Putumayo) and Venezuela (Norte de Santander).

The largest coca-producing area was Nariño, with 45,735ha given over to the crop in 2017, 27% of the national total. Coca cultivation in the coastal municipality of Tumaco, the coca capital of Nariño, however, fell by 16%.

The greatest reduction in the area under coca cultivation was in the department of Guaviare, near the borders with Venezuela and Brazil, where cultivation decreased by 1,915ha, compared with 2016. The violence-riven region of Catatumbo in Norte de Santander saw a 14% increase in coca cultivation in 2017.

### Cocaine production

The UNODC report also claimed that potential cocaine production (after processing and chemical treatment of coca paste) increased by 31% to 1,379 tonnes in 2017. This would be the highest level of cocaine production recorded in Colombian history.

## Elections pick up steam

The campaign for Peru's municipal and regional elections on 7 October is heating up after weeks of public indifference. The race to win the country's second most important elected post, the mayoralty of Lima, is causing the biggest stir. Firstly, the two frontrunners in the polls, Renzo Reggiardo and Ricardo Belmont, refused to participate in a debate organised by the national electoral council (JNE) on 23 September but will instead hold their own face-to-face debate a week later. Secondly, a Peruvian court announced that, three days before the elections, it will hand down a decision in a murder case involving Daniel Urresti, the third-placed candidate, which has dragged on for three years.

Belmont, a former television presenter and twice former mayor of Lima (1989 to 1995) who has already courted controversy for xenophobic comments [[WR-18-36](#)], withdrew from the JNE debate first. Belmont claimed that "debates have always served to lie to people". Reggiardo, a former congressional deputy (2006-2016), followed suit, arguing that he could not bring himself to debate with people who had "slandered" him, accusing him of links to Fujimorismo and having an undeclared offshore company in Panama. The JNE's electoral ethics tribunal accused both men of contravening their commitment to lay out their proposals in electoral debates. In response, Reggiardo and Belmont agreed to debate each other on 30 September, the same day the JNE is staging a second debate, prompting other contenders in the mayoral race to accuse them of stitching up a corrupt deal to carve up power.

Neither Reggiardo nor Belmont attended an event on 25 September organised by the Lima chamber of commerce and interior ministry during which eight of the 21 candidates for mayor presented their proposals to address insecurity in Lima, the principal public concern. This left Urresti, himself a former interior minister, as the top-placed candidate to participate in the event. A poll published by the national daily *La República* at the weekend put Reggiardo out in front on 17% followed by Belmont on 14.2% and Urresti on 13.5%.

Urresti said that if he were elected he would be the mayor that "police officers dream of having". Police officers could, however, be placing him under arrest before then. Three days before the elections, a court will decide whether Urresti is guilty of ordering the murder of a journalist in 1988 when he was serving as head of army intelligence in the south-eastern region of Ayacucho combating the Sendero Luminoso guerrillas. If Urresti is convicted in the case, he will immediately go to jail and would have to appeal while serving his sentence. He would still be entitled to stand in the elections but would be unable to take office.

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### TRACKING TRENDS

**BOLIVIA | New airport.** Bolivia's President Evo Morales opened a new US\$28.6m international airport last week in the town of San Ignacio de Velasco, located near the Brazilian border in the eastern department of Santa Cruz. The primary aim of the new airport is to drive tourism to the nearby Jesuit missions, some of the best preserved in the Americas and a United Nations Educational, Scientific and Cultural Organization (Unesco) World Heritage site, but Morales also hopes that it will attract passengers flying to the US and Europe.

The 2,750m runway will be used by state-run carrier, Boliviana de Aviación (Boa), as well as local private companies such as Amaszonas. Following its inauguration, the San Ignacio de Velasco airport is now open for daytime flights, with capacity for night flights to be added by the end of the year, making Santa Cruz the first department in Bolivia to boast three international airports.

### Electric cars

Peru's energy & mining ministry (MEM) has announced its intention to encourage the use of hybrid and electric vehicles in the country via a bill that will be put to the national congress in the next few months. While there are already tax breaks in place for drivers of these vehicles, other incentives such as flexible financing may also be introduced.

**Pressure mounts on Macri despite new IMF deal**

**Argentina's government has got what it wants: a bigger, more flexible, deal with the International Monetary Fund (IMF). This should help to meet the short-term objective of stabilising the currency. Medium-term economic and political targets – reducing gnawing inflation and re-electing President Mauricio Macri in October next year – are a much taller order. Two days of protests and strikes in Argentina this week attested to the revival of the power of the country's trade union movement and the strength of feeling against IMF intervention and the coming fiscal adjustment.**

The managing director of the IMF, Christine Lagarde, and Argentina's economy and finance minister, Nicolás Dujovne, announced the revised deal on 26 September. The IMF agreed to bump up its 36-month Stand-By Arrangement (SBA) by 14% from US\$50bn to US\$57.1bn. It also approved earlier disbursements: the remaining US\$6bn set for release in 2018 (the government has already received US\$15bn) will be increased to US\$13.4bn; and the US\$11.4bn earmarked for 2019 will be doubled to US\$22.8bn. The deal must now go before the IMF's executive board but this should be a formality as the US government is full square behind the Macri administration.

Lagarde expressed confidence that the new deal would allow Argentina to stabilise its economy. Conscious that the imposition of onerous conditions would be politically unpalatable, Lagarde said it would also provide for "the most vulnerable"; some of this money, for instance, could be used for social spending and public investment. But the IMF was clear that intervention in the foreign-exchange market by Argentina's central bank (BCRA) would need to be limited to "extreme overshooting of the exchange rate". The BCRA sold US\$4.06bn of international reserves in August to try and prop up the peso, and the IMF does not want to finance this containment strategy with its own money, feeding capital flight.

The president of the BCRA, Luis Caputo, had advocated a 'dirty' float (in essence a free-floating peso but within maximum and minimum parameters), and had intervened in the markets accordingly. This action had caused serious tension between Caputo and Dujovne. It most likely spurred the resignation of Caputo on the eve of the announcement of the revised IMF deal. Caputo, who had also raised the benchmark interest rate from a global high of 45% to as much as 60%, had only been head of the BCRA since 14 June when he had moved across from the finance ministry after it was subsumed into a super-ministry under Dujovne. The peso fell 4% as the markets opened, absorbing the news of Caputo's resignation, but it recovered to close down 2.1% on the previous day at Ar\$38.7/US\$1. It was a similar story for the Buenos Aires stock exchange (Merval).

**Caputo's replacement**

Luis Caputo has been replaced by Guido Sandleris, Dujovne's number two at the economy and finance ministry, raising questions about the subordination of the nominally autonomous BCRA to the federal government. The IMF expressed its full support for Sandleris, who said his main priority would be reducing inflation, which is expected to exceed 40% this year due to the peso having lost more than 50% of its value since the start of the year. His task will be complicated by the fact that the government will have to renegotiate salary accords reached with the unions. Sandleris said he would intervene in the foreign exchange markets if the peso fell beneath Ar\$44/US\$1. It is not clear if the IMF agrees with his interpretation of this value constituting "extreme overshooting".

**Convertibility**

The economy and finance minister, Nicolás Dujovne, last week ruled out pegging the peso to the US dollar, reverting to the 'convertibility' of 1991 and 2002. Dujovne was responding to a question from Diego Bossio, a deputy for the main opposition Partido Justicialista (PJ, Peronists), as part of the 2019 budget debate.

Bossio cited comments by Larry Kudlow, US President Donald Trump's top economic adviser, during an interview with *Fox News* on 8 September. Kudlow said that "the only way out of Argentina's dilemma is to set up a currency board, the peso links to the dollar...that worked in the 90s; it brought down inflation and kept prosperity". Kudlow added that the US treasury department was "on it". Dujovne denied that Argentina had "embarked on any negotiation of any such monetary scheme".

## Economy in reverse

Argentina's economic activity fell by 2.7% year-on-year in July, with the agricultural sector declining by 10% due to the severe drought, the national statistics institute (Indec) revealed this week. The retail sector declined by 6.4%, and manufacturing by 5.1%. The biggest sectoral growth came from financial intermediation, up 7.1% year-on-year in July, and fishing, up 5.9%.

Macri praised Caputo for his "patriotic contribution", saying he had never wanted the job, and had always intended to leave at "the most appropriate moment". It is difficult to see how the timing of his departure could be interpreted as 'appropriate' though. Caputo's resignation complicated Macri's efforts to posit Argentina's institutional stability as a source of reassurance for timorous investors amid the financial turbulence that has beset the country.

In an interview on the sidelines of the United Nations General Assembly (UNGA) in New York, Macri ruled out any possibility of a default and stressed his determination to stand for re-election in October next year. Macri can only speak for the short-term, however, for even if he manages to get a grip on the complex financial situation, austerity measures are not a vote-winning strategy in an electoral year, meaning there could be a new government in place by December next year that might not share his views on default. There is a visceral fear among investors of a return to power of former president Cristina Fernández (2007-2015), or a Peronist populist in the same mould, and another default.

## Strike ups pressure on Macri

The one silver lining for Macri was that Caputo's resignation served the purpose of keeping the 24-hour general strike organised by Argentina's largest umbrella trade union movement, Confederación General del Trabajo (CGT), from grabbing all of the front-page headlines in the national press. All of the transport unions took part in the strike which not only brought Buenos Aires to a complete standstill, but also airports and the main agricultural port of Rosario. The government estimated that the strike cost the economy Ar\$31.6bn (US\$800m), some 0.2% of GDP, in lost economic output.

Both factions of Argentina's second largest umbrella trade union movement, Central de Trabajadores de la Argentina (CTA), accompanied the CGT strike, but they began protesting a day earlier, alongside social organisations and left-wing political parties, against the government's economic policies and decision to return to the IMF. Pablo Micheli, the leader of CTA Autónoma, went as far as to call on the Macri administration to "change this economic model or leave office" in a closing address to demonstrators in the capital's Plaza de Mayo.

Micheli's words constituted a rupture of the social democratic contract. They were not echoed by the CGT, but its leadership was fiercely critical of the Macri administration. Héctor Daer, normally one of the more moderate members of the CGT's ruling triumvirate, said that while Macri should complete his term in office he should not be thinking about another, and he insisted that "the government must change course". Carlos Schmid, his more radical colleague, maintained that the government's economic plan had "failed" and created "a labyrinth with ever-greater poverty and misery". Schmid also refused to accept the government's "no Plan B" argument: "If there is no Plan B, there will be no let up from the Argentine trade union movement."

## BRAZIL | POLITICS

### Presidential race narrows

Last week, *The Economist* put Jair Bolsonaro, the far-right candidate in Brazil's 7 October presidential election, on its front cover and warned against the threat that he represents for the country's democracy. This week, proponents of democracy in Brazil and beyond are probably breathing a sigh of relief as Bolsonaro's chances of winning the election appear to be diminishing. With just over a week to go before the first round there is, however, still time for things to change, and all candidates are throwing themselves into the final days of campaigning.

## **Voter IDs cancelled**

Brazil's supreme court (STF) has upheld a decision to cancel 3.4m voter registries, which have expired after voters failed to update their biometric details. The Partido Socialista Brasileiro (PSL), backed by the PT and PCdoB, requested that the STF allow these electors to vote, saying that the decision disadvantaged the poorer electorate as 45% of the cancelled registries are in the north-east of the country. The STF said that voters had been given many opportunities to update their details, with the information having been shared through many channels, including on utility bills and in football stadiums.

An electoral survey released on 24 September by polling institute Ibope shows the gap closing between Bolsonaro, the frontrunner for the Partido Social Liberal (PSL), and Fernando Haddad, of the leftist Partido dos Trabalhadores (PT). Haddad, who was polling at just 8% when he entered the presidential race on 11 September, after former president Lula da Silva (2003-2011) was barred from running, now collects 22% of voting intentions, only six percentage points behind Bolsonaro. Although the PSL candidate continues to top the poll on 28%, his support remains unchanged from Ibope's 18 September poll and his rejection rates have increased, from 41% to 46%.

A second round, planned for 28 October if no candidate garners more than 50% of the vote in the first round, is likely to be disputed between Bolsonaro and Haddad. For the first time, Ibope's poll gives Haddad a decisive win over Bolsonaro in such a scenario (43%-37%). Bolsonaro would also lose against left-wing Partido Democrático Trabalhista (PDT) candidate Ciro Gomes (46%-35%) and Geraldo Alckmin of the Partido da Social Democracia Brasileira (PSDB) on the centre-right (41%-36%). Second round simulations show Bolsonaro in a tie with Marina Silva of the Rede Sustentabilidade (Rede) party (both 39%), but this run-off scenario looks unlikely.

Once considered possible contenders for second place in an expected run-off, Gomes, Alckmin, and Silva have seen their support stagnate and even diminish. They now collect 11%, 8%, and 5% of voting intentions respectively. The drain in Alckmin and Silva's support in particular is seen as a consequence of the polarisation of the campaign between Bolsonaro on the Right, an anti-establishment candidate appealing to anti-PT sentiment, and Haddad on the Left, attempting to take on the image of his mentor, Lula.

Gomes, Alckmin, and Silva refuse to give up the race however. In a televised presidential debate on 26 September (from which Bolsonaro, still in hospital, was absent), Haddad was the target of criticisms from all sides, but particularly from Gomes, who represents a left-wing alternative to the PT, and from Silva, an environmentalist on the centre-left and one of only two female candidates. During the debate, Gomes directly appealed to undecided voters and those choosing Bolsonaro or Haddad out of protest to help carry him through to the second round.

Alckmin is also hoping to harness anti-PT protest votes by showing that he is better placed than Bolsonaro to beat Haddad in a run-off, but any remaining faith in the PSDB candidate is fast disappearing, including from within his own coalition. The 'centrão', a bloc of centrist self-serving parties that allied itself with the PSDB for this election, is reportedly threatening to defect if Alckmin's prospects do not improve by the end of the week. At least two of the small centrist parties would be expected to align with Bolsonaro and the PSL.

Nevertheless, political observers believe Bolsonaro will struggle to win. Haddad has made important political gains in the last two weeks, raising his profile amongst Lula's support base, and is now laying the ground for an expected second round by beginning to moderate his discourse. The PT has traditionally been successful in changing tack to appeal to different parts of the electorate, something which the PSL would find harder to do.

## **Electoral unrest**

Perhaps as a result of the surge in Haddad's support, the campaign has begun to turn ugly in some quarters. Despite the federal police concluding that all proof points to Adélio Bispo de Oliveira, the man who stabbed Bolsonaro, as having acted alone, Bolsonaro maintains that he is the victim of a political attack, entertaining conspiracy theories that the political Left masterminded the whole incident. Rumours have been circulating online that Haddad's running mate, Manuela d'Ávila of the Partido Comunista do

**A clean slate**  
Brazil's 'clean slate' law, under which the presidential candidacy of former president Lula da Silva (2003-2011) was barred, has also prevented a further 173 candidates from running in this year's general election. The electoral justice has reportedly rejected 1,888 candidacies this year, mostly for being incomplete, and confirmed 27,213 candidates, a 4% increase compared to 2014. As well as a new president, Brazilians will elect federal deputies, two-thirds of the senate, state deputies, and state governors on 7 October.

Brasil (PCdoB), spoke with de Oliveira on the phone on the day of the stabbing. D'Ávila has requested federal police protection after receiving online threats as a result of these rumours, which she branded 'fake news'.

Amongst the electorate, those who oppose Bolsonaro and women in particular have also been the objects of threats. One of the administrators of the Facebook group 'Mulheres Unidas Contra Bolsonaro' was assaulted by three men waiting outside her home in the north of Rio de Janeiro on 24 September. The woman, identified only as Maria, said that she had received threats for her feminist and political activism (she works on the campaign of a local left-wing candidate) but that she cannot guarantee that the attackers are pro-Bolsonaro and is waiting for the results of the police investigation. The Facebook group, created just a month ago, reportedly has nearly 3m members and has already been hacked several times by Bolsonaro supporters.

According to national daily *O Estado de São Paulo*, research conducted into online expressions of both opposition to and support for Bolsonaro show his followers as having a more aggressive tone. With a wave of feminist-led protests against Bolsonaro planned for 29 September in cities across the whole of Brazil, there is a risk that the online clashes between voters could leave the digital sphere and erupt on the streets.

#### **Patent release is win for public health**

A Brazilian federal judge has suspended the patent for sofosbuvir, a drug that has revolutionised the treatment of hepatitis C. The request was filed by Rede presidential candidate Marina Silva, and her running mate, physician 'Eduardo Jorge' Sobrinho of the Partido Verde (PV), after Brazil's patenting office (Inpi) gave US pharmaceutical company Gilead Sciences exclusivity over the production and commercialisation of the drug last week.

The release of the patent should allow companies in Brazil to produce generic versions of the drug and make it available at a fraction of the price of the patented product. It is estimated that treatment with nationally produced generic sofosbuvir would cost R\$5,000 (US\$1,233) per patient, compared to US\$84,000 per treatment with a privately manufactured version of the drug. This should make for significant savings within the national health system (SUS) and facilitate the Brazilian government's goal of eliminating hepatitis C by 2030. According to scientific research institution Fundação Oswaldo Cruz (Fiocruz), 50,000 patients in Brazil depend on sofosbuvir for survival, and a further 700,000 people affected by hepatitis C could be cured if treated.

Ana de Leme, executive director for Médecins Sans Frontières (MSF) Brazil, welcomed the suspension of the patent as "extremely encouraging" saying "it shows that intellectual property issues cannot be disconnected from their impact on public health and people's lives". Silva also celebrated the court's ruling as a victory for public health.

#### **URUGUAY | POLITICS & SECURITY**

### **Tensions with military burst into open**

Not since Uruguay's ruling left-wing Frente Amplio (FA) coalition came to power in 2005 have relations with the military been so strained. It was widely predicted that the FA, which comprises former Tupamaros guerrillas among its myriad factions, would have a fractious relationship with the military once in office, but for the most part this has not been borne out. Indeed, despite its congressional majority, the FA ultimately even stopped short of repealing the Ley de Caducidad amnesty law shielding the military from prosecution for human rights abuses during the dictatorship (1973-1985). But the current debate over the proposed reform of the military pension system, Caja Militar, is causing intense friction.

The FA government led by President Tabaré Vázquez took the unprecedented decision on 10 September to hand down the most serious disciplinary



## **'Military document' leaked**

A fiercely critical document citing “top sources in the armed forces” was partially reproduced by the national daily *El País* and weekly *Búsqueda* on 19 September. “For more than two years now public opinion has been bombarded with twisted figures showing the military as enjoying privileged retirements, concealing their notoriously low salaries,” according to the document. “What alternative did the Commander [Guido Manini Ríos] have? Stay silent when two-thirds of the army will suffer from an unjust law?” It also accused the FA of “arrogance and hypocrisy” and exposing Manini Ríos to “public derision”. Defence Minister Jorge Menéndez sought an explanation the following day from the armed forces which professed ignorance of the document.

sanction to the army commander, General Guido Manini Ríos: 30 days of ‘arresto riguroso’ under Article 81 of the general regulations of discipline for military personnel. This means Manini Ríos has been confined to his private residence outside of working hours and is unable to receive visits for the duration of the sanction. But despite the severity of the sanction, Vázquez did not stamp his own authority by pushing Manini Ríos into early retirement.

Manini Ríos was accused of contravening military discipline enshrined in the constitution by intervening in political issues through his repeated criticism of the congressional reform of the Caja Militar. This culminated in a radio interview in which he indirectly accused the labour minister, Ernesto Murro, of lying. Manini Ríos made these remarks shortly after the senate approved the reform of the Caja Militar, and Murro maintained that the resulting pensions for the military would be “generous”. Manini Ríos said this was simply not true. He won the support of some of the political opposition which described his punishment as draconian as he was merely seeking to protect the military’s rights in the absence of a union to defend their cause. The army might not be far short of twice as large as the navy and the air force (FAU) combined but it is worth noting that both Admiral Carlos Abilleira, the head of the navy, and Brigadier General Alberto Zanelli, head of the FAU, have kept a studied silence over the matter.

Reform of the whole pension system (not just the Caja Militar) has been in the pipeline for several years due to the financial strains imposed by Uruguay’s low birth rate and high life expectancy. The social security bank (BPS) registered a deficit of US\$582m in 2017 (up from US\$440m the previous year), and the government had to stump up US\$550m for the Caja Militar (a figure set to rise to US\$700m by 2020 without reform). The combination of pension benefits and early retirement (the average military retirement age is 49) are placing a heavy burden on the state. Top military pensions are three times higher than civilian pensions: 60,000 members of the military are draining state coffers as much as the pensions of 700,000 civil servants.

FA senators stressed that the replacement rate for retired members of the military would be between 85% and 90%, higher than any other pensioner, and that those with more than 15 years of service would be unaffected by the reform. The government insisted the reform was about “social justice”, and that military benefits were decreed under the dictatorship and had been maintained despite the fact that the whole pension regime in Uruguay was reformed in 1997.

The main centre-right opposition Partido Nacional (PN, Blancos) contended that it was inapposite to compare the military pension with other pensions because military salaries are very low (on average just two-thirds that of a member of the police, for instance), and careers shorter. The reform bill must still go to the lower chamber of congress. PN Senator Jorge Larrañaga accused the government of “prejudice, stigmas, and resentment”, saying the government was determined “to knock down the armed forces”. Larrañaga said the PN would reverse any reform approved by congress if it wins election next year.

### **Military band plays political anthem**

The fierce defence of the military by the Blancos excited serious controversy after a military band closed the Prado Expo agricultural show in Montevideo on 15 September by playing the ‘Marcha de Tres Árboles’ in front of government authorities and representatives of the Asociación Rural del Uruguay (ARU). This military march dates back to the Viceroyalty of the Río de la Plata, before being adopted by the Argentine military and later by the PN, which put words to it and converted it into the party’s anthem. The PN version celebrates the victory of the revolutionary army of Blanco Colonel

## Spying

Against the backdrop of tension with the armed forces, on 19 September FA Deputy Gerardo Núñez said that a congressional commission had uncovered incontrovertible evidence that the military spied on political parties, trade unions, and social organisations after Uruguay's return to democracy in 1985 and up until 1999. The commission, which analysed some 14,000 military documents published by the weekly *Brecha* in 2015, urged the attorney general's office to take legal action in what it said had been established as a criminal matter.

Diego Lamas over government forces of the Partido Colorado (PC, Colorados) commanded by José Villar at Paso Hondo del Arroyo Tres Árboles, in the department of Río Negro, in March 1897.

The army spokesman, Wilfredo Paiva, said the person who had chosen the repertoire had been sanctioned. He said that marches are rotated to avoid repetition and there was absolutely no intent to show political affinity with the PN or protest at the sanction of Manini Ríos. The FA called for "respect for institutional and democratic order" on *Twitter*, while criticising the playing of the contentious march. Defence Minister Jorge Menéndez sanctioned the second in command of the army, General Marcelo Montaner, with three days of 'arresto simple', meaning he was compelled to stay with his troops and not permitted any other engagements.

The two top leaders of the PN, Larrañaga and Luis Lacalle Pou, respectively, described the playing of the party's anthem as "irrelevant" and "inopportune but insignificant". But it seriously offended the sensibilities of the Colorados, for much of Uruguay's history the main political rival of the Blancos. The Colorados had been critical of the sanction of Manini Ríos, but appeared to adjudge that nothing could be more rebarbative than the army playing the PN anthem. PC Deputy Ope Pasquet insisted "this is serious, now the government must act".

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## TRACKING TRENDS

**BRAZIL | Consumer confidence down.** The index of consumer confidence (ICC) measured by the Instituto Brasileiro de Economia Fundação Getulio Vargas (Ibre/FGV) fell by 1.7 points in September to 81.2, back to the same level as June when consumer confidence was rocked by the 11-day lorry drivers' strike at the end of May. The September ICC was affected by particularly poor confidence amongst low-income earners (down 3.9 points from August to September). Viviane Seda Bittencourt, coordinator of the consumer survey, said that the fall in the ICC was primarily due to families' financial situation and the slow recovery of the job market, and she noted that Brazil's uncertain political scenario was only a secondary factor.

**CHILE | La Araucanía plan announced.** President Sebastián Piñera has announced a US\$8bn public investment plan for the country's southern region of La Araucanía. One of Chile's poorest and most neglected regions, La Araucanía has long been the site of conflicts stemming from the indigenous Mapuche claim to ancestral lands. Upon taking office in March this year, Piñera had identified the need for a targeted development and peace plan in La Araucanía as one of his five priorities.

The US\$8bn will be invested in 490 different projects over eight years in a number of different areas, namely security, housing, public infrastructure, the environment, education, health, the economy, national goods, agriculture, social development, energy, and tourism. The initiative also includes plans to present a constitutional reform which would formally recognise indigenous people's rights, accelerate the creation of a ministry of indigenous people, and put in place compensation mechanisms for victims of rural violence, amongst other measures.

**CHILE | Budget presented.** President Sebastián Piñera has presented the draft budget for 2019 for US\$73.5bn, a 3.2% increase on this year's budget. In an address broadcast on national television and radio, Piñera cited citizen security, the creation of good jobs, and an improvement in salaries, and in the quality of healthcare and education as some of his government's priorities under the proposed budget.

Local press noted that this is the smallest annual increase in the state budget since 2011. Piñera presented it as being in line with the government's efforts to reduce its fiscal deficit. Congress will analyse the proposed budget over the next two months.

## Federal security forces move in to Acapulco

The Pacific beach resort of Acapulco, Guerrero state, was once the jewel in Mexico's tourism crown. But worsening violence has kept the crowds away in recent years. Now the federal authorities have moved to root out corruption in the Acapulco municipal police to reduce the high murder rate and recover control of the city from criminal organisations.

On 25 September, an operation involving around 100 members of the federal security forces resulted in the arrest of three Acapulco police commanding officers and the suspension of all municipal police units. The two commanders – identified as Luis Fernando 'N' ('El Fénix') and Brayan Antonio 'N' ('El Brayan') – were arrested on homicide charges, while Rafael 'N', the director of local transit police, was found in possession of unauthorised weapons. From now on, federal security forces will be responsible for day-to-day police work in Acapulco, in the latest example of the militarisation of public security in Mexico.

Suspicious about criminal infiltration of the municipal police have been rumbling on for years. In 2016, former Acapulco municipal police chief Alfredo Álvarez Valenzuela told the local media that the force was divided into two parts that worked for different criminal groups: the Beltrán Leyva and the *Cártel Independiente de Acapulco (Cida)* drug trafficking organisations (DTOs). Interestingly, the two arrested commanders were accused of having links with Cida over three years ago, but Acapulco Mayor Evodio Velázquez Aguirre of the left-wing Partido de la Revolución Democrática (PRD) did not reassign them.

Suggestions of a connection between local politicians, municipal police officers, and criminal organisations gained further credibility after mayor-elect Adela Román Ocampo complained about irregularities in the handover process for security operations from the Velázquez Aguirre administration. Román Ocampo of the left-wing Movimiento Regeneración Nacional (Morena), who is due to assume office on 1 October, also told local media about threats of violence against his staff, warning them not to meddle with the municipal police.

Violence has been increasing nationally and on a state level, as Guerrero has seen an increase in the number of homicides from 1,514 in 2014 to 2,318 in 2017. According to Roberto Álvarez Heredia, spokesman for Grupo de Coordinación Guerrero (GCG), state public security coordination agency, the municipal police force has done nothing to combat the wave of crime that has struck Acapulco and paralysed its once thriving tourism industry. At the same time, the infiltration of Acapulco's police by organised crime is part of a wider trend in which criminals target poorly paid municipal police officers across the country with bribes and threats. In response, various local authorities have been forced to suspend municipal police forces and place public security in the hands of the federal security forces, including in Tlaquepaque, Jalisco state, in March this year, and various municipalities in Tamaulipas state, where municipal police forces were disbanded in 2011.

As Acapulco becomes the latest municipality to militarise public security, it is still unclear whether the move will reduce the rate of violence. The trend towards militarisation began under former president Felipe Calderón (2006-2012), but the approach has been widely discredited after Mexico recorded its highest homicide rate on record in 2017. President-elect Andrés Manuel López Obrador has promised to unveil a radical set of security policies in October to combat the complex problem.

### Cida

#### The *Cártel*

*Independiente de Acapulco (Cida)* is a splinter group made up of former hitmen from the Beltrán Leyva gang, which formed following the killing of Arturo Beltrán Leyva in 2009. Local media report that the group is now engaged in a power struggle for control of Acapulco, where various criminal groups are attempting to assert their dominance.

## Exports

Strong exports were the largest contributor to economic growth, pushing private consumption into second place. While strong export figures are good news for some, a fall in private consumption is a sign of poor economic health. An economic slowdown in the third and fourth quarters of the year would come at a bad time for President-elect Andrés Manuel López Obrador, who is due to take office on 1 December.

## Inegi defies López Obrador

Mexico's national statistics institute (Inegi) has become the first federal government agency to openly defy the plans outlined by President-elect Andrés Manuel López Obrador to rationalise government spending through the application of a 'Republican austerity plan'. As part of these plans, López Obrador and his Movimiento Regeneración Nacional (Morena) have proposed the introduction of a bill reducing the salaries of all federal government officials and making it so that none of them earn more than the president.

The federal civil servant remuneration bill has been criticised by various government agencies, which argue that it would make it difficult for them to retain and recruit highly qualified individuals. Nonetheless, Morena has used its majority in the federal congress to approve the bill in the chamber of deputies. Yet in what has been taken as a clear act of defiance, on 24 September the Inegi board announced that it had approved a new salary schedule for its employees that runs counter to the Morena-sponsored bill.

The bill sets the new presidential salary at M\$108,000 (US\$5,728) per month. However, in the new salary schedule approved by the Inegi board, its president will perceive a salary of M\$217,257, a month after it was increased by 6.5%, with the salary of the institute's four vice presidents set at M\$144,635. An Inegi statement said that the changes, which came into effect last week, were designed to maintain the purchasing power of its employees accounting for inflation, which is measured by Inegi itself.

Inegi's announcement was immediately criticised by Morena legislators, who described it as "insensitive" and called on the board to reconsider. But Inegi president Julio Santaella defended the new salary schedule arguing that it was in line with the institute's internal guidelines as well as with the existing legal framework given that the federal civil servant remuneration bill has not yet been turned into law. Santaella was clear that until this is the case there was no need to change the approved salary schedule. However, Santaella's remarks prompted a response from López Obrador, who in a 25 September interview insisted that once he assumes office on 1 December he intends to apply his spending rationalisation plan and make sure that no government official earns more than him. López Obrador said that he expected congress to approve the bill by the time he assumes office and that he intends to apply it, sanctioning anyone who does not observe it.

## TRACKING TRENDS

**MEXICO | Inflation rises in first half of September.** Mexico's national statistics institute (Inegi) released its latest inflation figures on 24 September, showing an increase of 0.22% in consumer prices in the first two weeks of September and an annual rate of inflation of 4.88%. This represents an increase over the 4.81% reported in the first half of August, but a significant decrease from the 6.53% reported in the first half of September 2017.

The price of basic consumer goods rose by 0.46% over the period, resulting in an annual rate increase of 7.84%. Inflation was driven by the increased price of fuel (1.2%), including liquid petroleum gas (3.7%), and school fees, such as pre-school education costs (4.49%).

**MEXICO | Private consumption falls in second quarter.** Figures released on 20 September by Mexico's national statistics institute (Inegi) show that private consumption fell by 0.1% in the second quarter of the year compared to the previous quarter, the first quarterly decrease recorded since the third quarter of 2014. Domestic consumption is one of the main drivers of Mexico's economy and lower private sector consumption levels could significantly affect growth. In fact, the Inegi figures show that overall domestic consumption fell by 0.3% quarter-on-quarter in the second quarter, the first fall in overall consumption since the fourth quarter of 2015. In terms of demand, exports of goods and services saw a 7.5% increase during the period, one of the highest rates since the first quarter of 2017, due to the depreciation of the Mexican peso against the US dollar.

**Three stages**

The OHCHR's concerns about a rise in violence was notable given that, in a report released at the end of August, it had identified three phases to the crisis, with most of the deaths having taken place during the first two. The three phases were "a repressive response to the protests by the police and pro-government armed elements"; a "second 'clean-up' stage, from mid-June to mid-July, during which police and pro-government armed elements forcibly dismantled roadblocks and barricades"; and a third (current) stage of the crisis, during which government opponents have been "persecuted and criminalised".

**Private sector under pressure**

President Daniel Ortega last week called on Nicaragua's private sector not to toy with "economic terrorism" but rather urged them to contribute to the country's economic recovery. His call follows the third national strike which took place this month (following strikes on 14 June and 13 July) as part of efforts to pressure the government to make concessions. It is the latest acknowledgement of the economic impact of the crisis stemming from the ongoing crackdown by the Frente Sandinista de Liberación Nacional (FSLN) administration against anti-government protesters.

President Ortega made his call to the private sector on 22 September, the same day that – indicative of the continued polarisation within the country – thousands of FSLN supporters reportedly took to the streets in Managua in a demonstration called by the government. He also announced the willingness of the national police (PNN) to "guarantee security" for businesses that have been "threatened by coupsters" who do not take part in the national strike. Ortega has repeatedly referred to those who oppose his government of seeking to overthrow it in a coup. The PNN has been blamed by human rights institutions like the United Nations Office of the High Commissioner for Human Rights [OHCHR] for much of the violence, along with pro-government paramilitaries.

Ortega's remarks followed the strike staged on 7 September led by private sector lobbies like Consejo Superior de la Empresa Privada (Cosep) and the US-Nicaraguan Chamber of Commerce (AmCham), which saw turnout of 85% according to local press reports. Indicative of the continued impact of such measures, as well as the crisis in general, on 17 September the central bank (BCN) released its latest economic growth figures which showed that Nicaragua's GDP contracted 4.2% in July 2018, compared with the same month in 2017.

The government has sought to put a positive spin on these figures. The day after the BCN released its report, Finance Minister Iván Acosta said that the economy continues to "improve satisfactorily". While the July figure was undeniably an improvement on the -12% year-on-year contraction registered in June, it is a far cry from the 4.9% GDP growth registered in 2017 on the latest (August 2018) figures from the Economic Commission for Latin America & the Caribbean (Eclac). Other organisations are less optimistic. On 17 September, the think tank Fundación Nicaragüense para el Desarrollo Económico y Social (Funides) presented its latest report on the economic impact of the crisis, in conjunction with Cosep, which found that GDP would contract, in a "more hopeful scenario", by 2.1% in 2018 with losses of US\$946.2m. This was based on a scenario in which businesses adapt to the "new reality" and where, despite the continued crisis, economic activity continues at a lower intensity. However, it warned that if protests again intensify GDP could contract by 4.0% compared with 2017, translating into US\$1.2bn in losses.

**UN signals fresh concern**

Last week the Regional Office for Central America of the OHCHR expressed fresh concern about violence in Nicaragua (*see sidebar*), with the government recognising 199 dead, according to the latest 22 September government figures, although on 24 September ANPDH, a local human rights group, put the death toll at 521. A protest march in Managua a day earlier left one person dead, five injured, and 10 people arrested. The OHCHR tweeted that it had received reports that protesters had been attacked by the PNN and armed pro-government groups and that this type of attack had been "observed repeatedly in recent weeks".

## New government takes shape

### Obstacles to growth

According to the UNSC report on Haiti, accelerating economic growth from 1.2% in 2017 to 1.8% in 2018 is unlikely to be achieved, owing to the reversal of the fuel price adjustment. It warns that, while measures are under review to address the financial shortfall that would be generated by continued fuel subsidies, “without identification of alternate sources of revenue, the expected retrenchment of capital spending, increased financing from the central bank and the accumulation of arrears may affect growth and macroeconomic stability negatively in the short term”.

Two months after Haiti’s Prime Minister Jack Guy Lafontant resigned over the government’s mishandling of a rise in petrol prices [\[WR-18-28\]](#), his replacement has finally been installed. The bicameral legislature (comprising the 119-member chamber of deputies and 30-member senate) approved President Jovenel Moïse’s choice of Jean-Henry Céant, a 2016 presidential candidate for the opposition Renmen Ayiti party. However, the announcement – and Céant’s choice of a new cabinet in particular – has done little to assuage concerns regarding public corruption, which was also a major factor in the calls for Lafontant to step down.

While the fuel riots had proven the tipping point in forcing Lafontant to quit, another reason for his departure was corruption-related. Prior to the fuel riots, a group of 16 opposition legislators had accused Lafontant of corruption and violating the constitution after four of the five ministers that he appointed in an April 2018 reshuffle lacked the correct financial clearance to serve.

These concerns regarding transparency add to ongoing public anger regarding the use of public funds, which has led hundreds of Haitians to take to the streets in the capital Port-au-Prince and other parts of the country in recent anti-corruption protests – most recently on 23 September. The anger stems in part from a senate resolution passed earlier this year requesting that the superior court of audit and administrative disputes (CSC/CA) conduct a review of the management of funds from Petrocaribe, Venezuela’s discounted oil initiative, over the eight-year period from September 2008 to September 2016. The period spans the governments led by René Préval (2006-2011) and Moïse’s predecessor and political mentor Michel Martelly (2011-2016) [\[WR-18-09\]](#).

A lawyer and public notary, Céant reportedly has good relations with Moïse and Martelly. In his inauguration speech, Céant alluded to the need to “produce results with regard to demands for transparency”. His choice of 18-member cabinet, however, has notably failed to address these concerns. The cabinet includes the re-appointment of six ministers who served under Lafontant: Jobert Angrand (agriculture), Fritz Caillot (public works, transport & communications), Jean Roudy (justice & public security), Jean Marie Reynaldo Brunet (interior & collective territories), Marie Greta Roy Clément (health), and Pierre Agénor Cade (education). Of the six re-appointed to their posts, three notably had failed to provide the necessary documentation: Angrand, Reynaldo, and Roudy.

### Stability?

Haiti’s new government has been welcomed by the United Nations (UN) Special Representative for Haiti, Helen La Lime, a former US ambassador to Angola (2014-2017) who took up the post on 3 September. La Lime’s predecessor, Susan Page, upset the Haitian government earlier this year after alluding to the country’s continued poor showing in the most recent corruption perceptions index (CPI) by NGO Transparency International (TI) [\[WR-18-09\]](#).

In its most recent report on Haiti, released on 30 August, the UN Security Council (UNSC) alluded to the unrest over the rise in fuel prices while noting that, more generally, over the reporting period (1 June-2 August) there had been an increase in violent protests.

According to the report, while the overall number of civil protests reflected a decrease of 8% from the same period in 2017, with 108 incidents reported between 1 June and 2 August compared with 118, the number of violent protests increased, with 37 violent demonstrations compared with 30 for the same period in 2017.

## Chinese tourism

Following the announcement that the Dominican Republic would establish formal diplomatic relations with China, three Chinese airlines announced their interest in opening new routes to the country. According to the Dominican national civil aviation board (JAC), on 10 September Air China, Southern China, and Eastern China expressed an interest in operating in the country “as soon as bilateral air transport agreement is in place”. The JAC noted that the adoption of such an agreement would be very beneficial for the Dominican economy as it is estimated that it could lead to some 2m Chinese tourists visiting the country per year.

## Cosying up to Beijing

The Dominican Republic has formally established diplomatic relations with mainland China following its decision in May to break off its long-standing relations with Taiwan. China’s foreign minister, Wang Yi, visited the country for the first time on 21 September to mark the start of bilateral diplomatic relations with the opening of a new embassy in Santo Domingo. The Dominican government justified the shift of diplomatic allegiance from Taipei to Beijing on economic reasons. But the move has been questioned by the US government and could affect the country’s relations with the world’s largest economy.

The government led by President Danilo Medina explained its decision to ditch Taiwan for China as part of its efforts to gain access to more international markets for Dominican exports. Soon after the announcement, Beijing said that Wang would visit the Dominican Republic to open a new embassy and formalise the start of diplomatic relations. During his visit, Wang was greeted by his Dominican peer, Miguel Vargas Maldonado, and was also received by Medina. Afterwards Wang and Vargas held a press conference in which they announced that they had signed a memorandum of understanding (MOU) formally establishing a mechanism of political consultation by which both countries are to hold consultation meetings at ministerial level periodically to address bilateral issues.

Wang and Vargas celebrated the new diplomatic ties and justified them on the economic benefits that this could bring for both countries. Wang noted that the Dominican Republic and China had established social development cooperation agencies back in the 1990s and that through these they have been working together to promote each other’s economic development. Wang pointed out that in the last 20 years the Dominican Republic has become China’s main commercial partner in the Caribbean sub-region, with bilateral trade averaging around US\$2bn a year (with the balance heavily favourable to China). Vargas noted that China boasts 20% of the world’s population and that having formal relations with Beijing would help to open up this market to Dominican exports.

Vargas also said that his country could now benefit from increased Chinese investment and visits from Chinese tourists. In fact, Vargas said that he and Medina had discussed promoting trade investment opportunities with Wang, as well as the possibility of easing visa requirements for Chinese visitors to the Dominican Republic (*see sidebar*). Vargas revealed that the three also discussed plans for Medina to conduct an official visit to China next month.

The Dominican Republic is one of three countries in the Central America and Caribbean region, along with Panama and El Salvador, to switch allegiances from Taipei to Beijing since June last year. This led Taiwan to accuse China of bribing these countries to abandon their diplomatic support for Taiwan, a view shared by the US, which was sufficiently concerned by the shift that on 6 September it recalled its ambassadors to the three countries back for consultations over the issue. In the case of the Dominican Republic, in particular, US concerns may stem from the fact that the country is due to join the United Nations Security Council (UNSC) as a temporary member in January 2019 for a two-year term. Notably, during their joint press conference Vargas said that he and Wang had discussed how to promote “peace and international security from the UNSC”. Vargas has said that establishment of diplomatic relations with China should not have “any repercussions” on its relations with the US. But this will likely depend on Dominican actions at the UNSC.

## Quotes of the week

“The end of the [Venezuelan] dictatorship is a global challenge.”

*Colombia's President Iván Duque.*

“If they had killed us they would have said ‘no, Maduro committed suicide because of the political crisis’ or ‘the armed forces killed Maduro to save the country’.”

*Venezuela's President Nicolás Maduro criticises regional governments over their response to the alleged drone assassination plot against him.*

“This will permit our country to leave behind the path of turbulence we've been exposed to recently and return the Argentine economy to the structural conditions we need for stable growth.”

*Argentina's economy and finance minister Nicolás Dujovne on the revised IMF deal.*

## Ecuador terminates then resuscitates intelligence agency

Ecuador's President Lenín Moreno officially disbanded the national intelligence agency (Senain) this week. Moreno expressed his intention to abolish Senain in March saying it was swallowing too much of the budget and had abused its powers to spy on politicians and journalists. Senain will remain in all but name, however, being replaced by the Centro de Inteligencia Estratégica (CIES). Detractors argued that Moreno was merely asserting his own control over a body created by his predecessor Rafael Correa (2007-2017), with an acronym disturbingly similar to the US Central Intelligence Agency (CIA). Correa established Senain in 2009 to replace the Dirección Nacional de Inteligencia (DNI), which he claimed was to all intents and purposes controlled by the CIA.

President Moreno maintained in March that he was intent on disbanding Senain in the interests of government austerity as it had swallowed US\$50.8m from the budget in 2017, and because of “an ethical clamour from the public”. The plan back then was for the interior ministry to subsume the 400 Senain officials. But Moreno has changed his mind. An evaluation of personnel will be conducted by the labour ministry over the course of the next 90 days, while the precise structure and functions of the CIES are devised. Moreno said the CIES would “renew the strategic intelligence and counter-intelligence doctrine of the Ecuadorean state”, and focus exclusively on collecting information that contributes to public and state security.

The director general of the CIES will have ministerial rank, with the appointment in the president's gift. Moreno has confirmed that Jorge Costa Palacios, a former private security consultant he appointed as head of Senain in February, will take charge of the CIES.

The preservation of a national intelligence agency, after Moreno had justified its dissolution in accordance with his government's commitment to down-sizing the state and belt-tightening, will raise questions. The government's unpopular austerity measures, especially raising fuel prices, were the cause of another protest on 20 September organised by the country's largest trade union movement, Frente Unitario de Trabajadores (FUT), one week after a demonstration organised by Correa loyalists in central Quito.



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