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## ICJ deals blow to Bolivia's Morales in dispute with Chile

The International Court of Justice (ICJ) at The Hague has issued a long-awaited ruling. This week it found that Chile did not have a legal obligation to negotiate sovereign access to the Pacific for Bolivia, which lost 400km of coastline, leaving it landlocked, after the War of the Pacific (1879-1883). The ruling on what remains a deeply emotive and nationalistic issue in both countries is a major blow to President Evo Morales whose government filed the case in 2013. It could damage his prospects of regaining power for another four-year term in the October 2019 general election, especially given the contentious nature of his re-election bid.

In its ruling announced on 1 October, the ICJ (by 12 to three) decisively rejected all eight different legal arguments presented by Bolivia which had claimed that Chile had failed to fulfil certain pledges made in relation to the 1904 treaty that formally ended the War of the Pacific. It is worth recalling that the case before the ICJ centred not on whether either country had sovereignty over the disputed territory but rather whether there existed an "obligation incumbent upon Chile to negotiate in good faith Bolivia's sovereign access to the Pacific Ocean, and the breach of that obligation". Bolivia had argued that this obligation derives from "agreements, diplomatic practice and...declarations attributable to [Chile] extending over more than a century, [that] exist independently of the 1904 Peace Treaty".

The Morales government had been optimistic. Back in September 2015 the ICJ had thrown out a jurisdictional challenge to the case filed by the Chilean government (then led by President Michelle Bachelet [2006-2010; 2014-2018]). Yet, in its ruling, the ICJ said that various agreements, memorandums, and statements produced over decades of talks had ultimately failed to result in a legal obligation on Chile to enter negotiations.

Both sides were quick to respond. Flanked by key ministers like Foreign Minister Roberto Ampuero and Interior Minister Andrés Chadwick, Chile's President Sebastián Piñera trumpeted the ruling as historic, while adding that he was open to dialogue. However, Piñera also accused Morales of creating "false expectations" for the Bolivian people and of wasting "five years of negotiations". The Morales government, meanwhile, insisted that it would never give up the cause but that it "respected" the ICJ's decision and similarly valued the possibility of dialogue to address its claim.

While bilateral diplomatic relations were severed in 1978, and have been fraught in recent years, channels of cooperation do exist. Last year officials from both countries announced an agreement aimed at bolstering bilateral anti-drug trafficking efforts. The announcement of the deal followed the ninth meeting of the binational mixed commission on drugs which took place in Santa Cruz city, the capital of Bolivia's eponymous eastern depart-

**Economic loss**  
Ronald Nostas, the president of a Bolivian private sector lobby, Confederación de Empresarios Privados de Bolivia (CEPB), told reporters days ahead of the ICJ's ruling that a favourable decision for Bolivia against Chile could have added an additional 2% or more onto Bolivia's GDP growth and boosted revenue by US\$1bn on an annual basis.

ment. The previous such meeting took place in August 2010 in Chile's capital, Santiago. Also last year business groups from both countries established the Chilean-Bolivian chamber of trade, industry, services and tourism (Chilebol) which seeks to promote business links, trade, and investment for companies operating in the respective countries.

The conciliatory noises from both countries since the ICJ ruling might not last for long. The ICJ has yet to rule on another bilateral case: the Silala River. Back in July 2016, the Chilean government filed a case before the ICJ asking it to judge and declare that the Silala (which has its source in Bolivia's Potosí department but flows across the border into Chile) is "an international river that both Chile and Bolivia can use in an equal and reasonable way". Bolivia, however, claims exclusive ownership of the Silala, fed by springs and diverted into Chile as a result of a canal constructed under a 1908 concession.

President Morales will have taken little solace from the decision by Venezuela's national constituent assembly (ANC), in the wake of the adverse ICJ ruling, to back Bolivia's claim to a Pacific coastline. The ANC declared Morales an "illustrious son" of Venezuela because of his "infinite loyalty" to the Bolivarian Revolution since the late Hugo Chávez (who famously professed his desire to "bathe on a Bolivian beach") came to power in 1999. Domestically, the ICJ ruling is a bitter blow for Morales. A victory would have provided a considerable boost to his controversial re-election bid for the ruling Movimiento al Socialismo (MAS). The insistence by Morales (who first took office in 2006) on running again has attracted criticism given that it runs counter to the February 2016 popular referendum which had rejected changing the 2009 constitution to allow him to seek a further term. (Since then, in November 2017, the constitutional court ruled that he could seek a further term after accepting the MAS's argument that the constitution violates his political rights).

### **Controversial elections**

Democracy-related concerns ahead of next year's elections were further fanned by a recent ruling by Bolivia's electoral authorities (TSE) barring an opposition movement from registering as a party. On 20 September the TSE announced that opposition organisation Soberanía y Libertad (Sol.bo), whose leader is La Paz mayor Luis Revilla, would not receive its credentials in order to run as a party in the elections. According to the TSE, Sol.bo had failed to obtain the minimum number of signatures of party members to obtain legal recognition. While the organisation had presented 131,970 signatures, the TSE found that only 68,728 of them were valid – less than the 100,228 needed to register.

Having achieved a surprise victory in the 2010 municipal election against the MAS's Elisabeth Salguero (following the breakdown of an alliance with the ruling party), Revilla has become a thorn in Morales's side, having been a prominent member of the 'no' campaign in the February 2016 referendum. This has all prompted concern that the TSE is doing the government's bidding by blocking Revilla's candidacy.

Meanwhile, an Ipsos electoral survey published by the state news agency *ABI* at the end of last month suggested that a victory for Morales next year is far from certain. The Ipsos survey gave Morales just 29% of voting intentions: Morales won the 2014 general election with 61% of the vote. Second in the Ipsos survey was former president Carlos Mesa (2003-2005), who acted as spokesperson for Bolivia's legal case against Chile before the ICJ, on 27%, a technical tie with Morales. Third with 9% was Samuel Doria Medina, the leader of opposition party Unidad Demócrata (UD), while Rubén Costas, governor of Santa Cruz, was on 7% and Revilla 3%. The survey interviewed 1,000 people in Bolivia's nine departmental capitals and had a 3.1% error margin.

**Farc shuns wobbling peace negotiator**

The peace process is on rocky ground. The errant number two of the Fuerza Alternativa Revolucionaria del Común (Farc), Luciano Marín Arango ('Iván Márquez'), the Farc's chief peace negotiator in Cuba, reappeared this week; not in person but epistolary form. Márquez sent a letter to the senate's peace commission savaging the implementation of the peace accord, for which he justified his going into hiding. The Farc swiftly distanced itself from Márquez, but top-level divisions in the nascent political party, in conjunction with the tougher stance of the new government under President Iván Duque, evidenced this week by the rolling out of a hardline counter-narcotics strategy, could push more demobilised guerrillas towards illegal armed groups in Colombia.

Márquez co-authored the four-page letter with Hernán Darío Velásquez ('El Paisa'), the former leader of the Farc's 'Teófilo Forero' mobile column, with whom he vanished into the wilderness, after renouncing his position as a senator over five months ago. The two senior former guerrillas said the peace process had been "destroyed" and that their main concern was "how to rescue [it] from the abyss of failed agreements". They argued that "three acts of foolishness" had jeopardised the peace process: legal insecurity; modifications of the original text of the accord; and non-compliance with key aspects of it.

The letter maintained that the legal insecurity "reached its peak with the arrest of Jesús Santrich [Seuxis Pauxias Hernández, a former Farc leader, detained in April on drug trafficking charges presented by the US]". It claimed that Santrich was the victim of "a judicial conspiracy concocted by the attorney general [Néstor Humberto Martínez], the US ambassador [Kevin Whitaker] and the DEA [Drug Enforcement Administration]", accusing them collectively of "sabotaging peace".

The letter went on to argue that amendments to the accord, such as that shielding politicians and the private sector from prosecution by the transitional justice system (JEP), had turned it into "a horrific Frankenstein". It accused Martínez, in particular, of encouraging demobilised guerrillas to give up on the peace accord by seeking to bring them before the ordinary justice system rather than the JEP to "satisfy his thirst for hatred and vengeance". On the issue of non-compliance with the peace accord, it cited the decision by congress to sink aspects of the agreed political reform, such as the creation of special circumscriptions for conflict-affected areas, and land reform, and only partial fulfilment of an amnesty.

The letter's authors reaffirmed their ostensible commitment to peace but rang hollow after they expressed regret at having disarmed before the implementation of the accord, saying they had been naïve to "ignore the warning of [the Farc's late founding leader] Manuel Marulanda that weapons are the only certain guarantee of compliance with possible agreements".

Martínez said he had his doubts that the two men were complying with the peace accords, adding that they "should start by telling Colombians where they are". He went on to blame the government and the Farc in equal measure, however, for the implementation of the peace accords: "I think the state has failed to deliver productive projects for reinserted guerrillas and while the resources do not reach them it significantly affects the whole post-conflict process."

**Security plan**

President Duque's drug decree is a logical extension of the 100-day security plan he presented soon after taking office in August to crack down on inner city crime. Under this plan, Duque ordered a total of 142 major operations in residential areas where micro-trafficking is rife in order to recover streets and parks for local inhabitants.

## ELN

The peace negotiations with Colombia's last official guerrilla group, Ejército de Liberación Nacional (ELN), look to be over. The attorney general, Néstor Martínez, appealed to Interpol this week to publish a Red Notice to alert member countries to seek to locate and arrest the ELN leadership, including its maximum leader Nicolás Rodríguez Bautista ('Gabino'), wanted by Colombian authorities for aggravated homicide and other charges. On 9 September the ELN rejected "unacceptable conditions" made a day earlier by President Duque for the resumption of peace talks.

Farc senator Julián Gallo Cubillos ('Carlos Antonio Lozada') read a document on behalf of his political movement criticising the letter and urging its leaders to reconsider their position and embrace politics. On the substance of their complaint it said that "in the party's judgement, the implementation process has been characterised by indisputable advances, substantial alterations, and manifest non-fulfilment" but it was far too early to write it off.

Senator Roy Barreras, co-president of the senate peace commission, said it was "positive" that the two men had "appeared" but expressed concern that they had not mentioned going before the JEP in their letter. President Duque and the ruling right-wing Centro Democrático (CD) joined the high commissioner for peace, Miguel Ceballos, in saying that they should inform the JEP whether they intended to continue in the peace process.

### Revised drug strategy

Another way in which detractors in the Farc claim that the Duque administration has deviated from the peace process is in its move away from voluntary eradication of coca crops, and support for alternative crops, towards forced eradication, and crop spraying with glyphosate. And this week Duque issued a decree which marks a decisive shift away from the decriminalisation of drug use. Duque's predecessor, Juan Manuel Santos (2010-2018), argued that the 40-year drug war had failed; that prohibitionist drug policies were repressive and cruel; and that to continue down the same path expecting a different result was "insane". But down this same path Duque intends to tread. He promised as much to a grateful US President Donald Trump on the sidelines of the United Nations General Assembly (UNGA) last week, and his new decree would empower the police to confiscate even the small quantities of marijuana (up to 20 grams) and cocaine (up to one gram) legally permitted for personal use under a law passed by the Santos administration in 2012.

Flanked by his defence minister, Guillermo Botero (who recently described Colombia as "swimming in coca"), the justice minister, Gloria María Borrero, and the interior minister, Nancy Patricia Gutiérrez, Duque argued that his government was determined to address increasing domestic drug consumption and combat micro-trafficking. A national study in 2016 of consumption of psychoactive substances by children aged between 12 and 18 found that 15.9% of some 3.24m respondents had tried cocaine, marijuana, LSD, or popper (an alkyl nitrite, inhaled for recreational drug purposes). "We cannot tolerate this situation," Duque said.

The legality of the decree has been questioned by none other than a former president of the constitutional court (CC), Alfredo Beltrán, but the government rejected criticism that it violated individual liberty, insisting that, in the case of marijuana, those found carrying up to 20 grams for personal use would not be fined if they could prove that they were drug addicts.

Duque argued that "this is not about putting drug consumers in jail but rather taking away these small doses and destroying them because drugs do harm". He said fines of up to Col\$208,000 (US\$70) would be levelled at those found carrying or consuming drugs in public spaces. "Micro-trafficking and drug consumption around schools, universities, and parks has increased exponentially in recent years and we cannot be indifferent to that," Duque said.

Senators from the Farc and the left-wing Lista de la decencia, led by Senator Gustavo Petro, argued that "education not repression" was the only way to reverse an increase in drug consumption among Colombian youths. They also maintained that police time would now be taken up with petty crime rather than going after hardened criminals involved in the international drug trade.

## Fujimori ruling damaging for Vizcarra

Peru's former president Alberto Fujimori (1990-2000) will have to return to prison after the supreme court ruled on 3 October that the humanitarian pardon he received in December last year failed to meet legal requirements. The ruling is far from positive from the perspective of President Martín Vizcarra. Although congress on the same day approved the final of his government's four political and judicial reform initiatives, which will now go to a popular referendum in December, Fujimori's re-internment will provide an unwelcome distraction from his agenda and is likely to be used by the main opposition Fuerza Popular (FP, Fujimoristas) to justify renewed obstructionism in congress.

The supreme court identified five points that did not meet the legal requirements for a humanitarian pardon to be granted to Fujimori. These included inconsistent medical reports and the fact that then-president Pedro Pablo Kuczynski was at the time fighting impeachment, something he avoided thanks to the 'Avengers', a dissident group of FP deputies, led by Fujimori's son Kenji, which prompted widespread suspicion of an under-the-table deal. As such the court ordered that the octogenarian Fujimori, imprisoned in 2009, return to jail to serve out the remainder of his 25-year sentence for human rights abuses.

The leader of FP, Fujimori's daughter Keiko, savaged the legal ruling as "inhuman" and "unjust", and constituting "persecution of my family". Speaking outside the private clinic where her father was transferred after his pardon, she said the resolution was "full of hatred and a spirit of revenge", implying that President Vizcarra was behind it. Vizcarra is yet to comment, although the justice ministry responded by saying "as a government we are respectful of the independence of the judiciary, which entails full compliance with its rulings". It would not have been lost on the Peruvian public, however, that this is the same completely discredited judiciary that the Vizcarra administration is at pains to reform.

Fujimori's former lawyer, César Nakasaki, questioned the sincerity of Keiko's lament. He argued that her recent actions had directly contributed to the judicial ruling. "It is a chain of events," Nakasaki said. "It was impossible to topple Pedro Pablo Kuczynski, bring down the 'Avengers'...and for the pardon to survive". Like many of the FP deputies who waved banners in support of Fujimori in congress, and disingenuously claimed they had never questioned the humanitarian pardon, Keiko had criticised the way in which the pardon was granted. She had argued that it was underpinned by corruption, and FP went on to topple Kuczynski and sanction the lead 'Avengers', including Kenji, who were duly suspended from congress.

Keiko's fratricidal war with Kenji has damaged FP, and her personal popularity is at rock bottom. In the light of her previous actions, Nakasaki will not be alone in suspecting that Keiko's impassioned defence of her father now owes more to political expediency than filial affection. Keiko needs to reach out to the Fujimorista support base which remains loyal to her father. She also needs a ready excuse to escalate her political confrontation with Vizcarra, who she resents for having compelled the FP majority in congress to approve his political and judicial reform proposals by threatening to dissolve congress. After 11 hours of debate, congress approved the last of the four constitutional reforms on 3 October: barring immediate re-election of members of congress (*see sidebar*). They should all now go to a referendum in line with the second round of regional elections in December. But there will be plenty of related opportunities for FP to hinder Vizcarra's reform agenda in the coming weeks.

### Political and judicial reform

The first three political and judicial reform proposals approved by congress to be submitted to a referendum pertain to the dissolution of the disgraced national council of magistrates (CNM), private financing of electoral campaigns, and restoration of a two-chamber congress.

## Election day looms

**Brazilians will go to the polls on 7 October to elect a new president, the culmination of a tumultuous electoral campaign that has seen one candidate stabbed, another barred from running, a proliferation of 'fake news' on social media, and fears for the country's democracy cause public figures at home and abroad, from pop stars to politicians, speak out against the risks of radicalisation and authoritarianism.**

As things stand, the principal cause of these fears, far-right candidate Jair Bolsonaro of the Partido Social Liberal (PSL), looks set to win the first round comfortably. Bolsonaro was released from hospital on 29 September after more than three weeks recovering from the injuries he sustained from being stabbed in the abdomen during an election rally. This week, he received an official announcement of support from the so-called 'beef caucus' in the federal congress, a powerful cross-party parliamentary bloc that represents the interests of agribusiness. Datafolha's latest poll, released on 2 October, gives him 32% of voting intentions, up from 28% last week. Bolsonaro's boost is largely due to an increase in his support amongst the female electorate, a sad irony for the thousands who took part in nationwide feminist-led protests against him on 29 September.

Meanwhile, support for Fernando Haddad of the left-wing Partido dos Trabalhadores (PT) has stagnated on 21%, and his rejection rates have shot up from 32% to 41%. They are highest of all amongst the wealthiest and most educated sectors of the electorate, showing that for many anti-PT sentiment outweighs the risks of a Bolsonaro presidency. The revelations on 1 October of the contents of former PT inner-circle member Antonio Palocci's plea bargain statement (*see sidebar*) will only serve to reinforce further the convictions of voters who see the PT as criminal and corrupt.

The final televised presidential debate (yet to take place at the time of going to print) hosted by Brazil's biggest broadcaster *TV Globo* is usually considered decisive for the first-round results. However, in the current polarised electoral climate, and with Bolsonaro abstaining from taking part for medical reasons, the debate's impact on voting intentions is expected to be less significant this year. In Bolsonaro's absence, Haddad will no doubt once again be left fending off attacks from his rivals, who are equally critical of the two frontrunners.

Despite the latest blows to Haddad's campaign, there is no clear winner in a run-off between the PT candidate and Bolsonaro. If, as is expected, the first round of voting sends Bolsonaro and Haddad through to a second round, planned for 28 October, it will be a race as to who can best moderate his tone to attract voters from the centre. Bolsonaro benefits from support amongst the business sector, while Haddad has the advantage of the PT's experience (the party has won the last four presidential elections), and of being less radical than the party's leftist core. Centrist candidates Geraldo Alckmin (Partido da Social Democracia Brasileira, PSDB) and Marina Silva (Rede Sustentabilidade, Rede) have already said that they would endorse neither candidate in a Bolsonaro-Haddad run-off. At this stage, in a second round of voting between the two, the race looks open.

### Congress

While the focus is understandably on the presidential race, Brazilians will also be electing governors for the 26 states and the capital, state deputies, and members of federal congress on Sunday. The latter will prove especially decisive

### Palocci plea deal

On 1 October, federal judge Sérgio Moro released parts of Antonio Palocci's plea bargain statement. Palocci, a founding member of the PT who was in government under former presidents Lula da Silva and Dilma Rousseff, was convicted as part of the 'Car Wash' investigation. His plea bargain statement reveals that Rousseff's 2010 and 2014 presidential campaigns cost the PT R\$1.4bn (US\$363.5m), about three times the declared amount, and gives details of corrupt deals reached with state-owned oil firm Petrobras. The PT has rejected Palocci's statements as lies, and Moro has been criticised for his timing, as the revelations could impact the presidential election.

## Fake news fears

According to a survey commissioned by the national confederation of shop managers (CNDL), 75% of Brazilians fear that their vote will be influenced by 'fake news'. The electoral observation mission of the Organization of American States (OAS) has warned against the threat of 'fake news' in this election, while NGO Reporters Without Borders (RSF) expressed alarm at incidents of intimidation to fact-checkers in Brazil, who investigate the veracity of potentially false claims. RSF says such incidents threaten press freedom in the country.

for the incoming president's ability to implement his or her agenda. Neither Bolsonaro nor Haddad will gain a congressional majority, and building alliances within the legislature will be one of the incoming president's first challenges.

In Brazil's bicameral federal legislature, two-thirds of the senate (54 seats, or two per state) and all 513 seats in the chamber of deputies are up for election. Expectations of change, however, are low. According to the Departamento Intersindical da Asesoria Parlamentar (Diap), a trade-union funded research group, 32 out of 54 senators and 407 out of 513 deputies are standing for re-election. Diap predicts that 305 federal deputies will be re-elected, which would mean that only 40.54% of the lower chamber will be renewed, the lowest proportion on record.

An overcrowded race for congress and a convoluted electoral system for federal deputies do not encourage renovation, and by default give an advantage to candidates who are already known to the electorate, thus favouring bigger and well-established parties, already elected representatives, or simply candidates with a high public profile. Parties enter into coalitions at state-level in an attempt to secure the representation of their interests in congress. This leads to a skein of alliances which often contradict those at presidential level, further complicating matters for voters.

Although dissatisfaction with a congress generally deemed corrupt and self-serving is high amongst Brazilians, few voters hold the tools to make an informed choice and attempt to change the legislature through the ballot box.

Adding to general disillusionment is the large number of candidates, including incumbents, who are under criminal investigation. National daily *Folha de São Paulo* estimates that overall 63 candidates are currently under investigation in relation to their possible involvement in the 'Operation Car Wash' corruption scheme. Amongst them are impeached former president Dilma Rousseff (2011-2016), who will almost certainly win a senatorial seat for the PT in the state of Minas Gerais, and her former presidential rival Aécio Neves from the PSDB, who is running for federal deputy in Minas Gerais also.

## Hope for change

There have been some attempts this year to refresh the face of politics and weed out corruption, within the margin of manoeuvre permitted by Brazil's electoral law (which does not allow candidates to stand as independents, for example). *RenovaBR*, an apolitical leadership programme funded by private donations, is one such initiative.

The project was conceived last year by Eduardo Mufarej, a businessman, and has notably received the support of Luciano Huck, a well-known television presenter who was at one point touted as a potential presidential candidate. *RenovaBR* offered carefully chosen candidates a six-month course to help them prepare their campaign, in exchange for which they have promised to complete their mandate dutifully and transparently if they are elected. *RenovaBR* accepted representatives from all political parties on its programme, on the condition that they do not hold extremist views and demonstrate a commitment to combating corruption. The programme has exceeded expectations by having 119 of its 133 'graduates' running for congress (and one for state governor), from a total of 22 different political parties – the best represented are Rede (20 candidates) and the economically liberal Partido Novo (15).

Speaking to *Folha de São Paulo* in September, Mufarej refused to speculate as to how many might be successful, and he rejected the suggestion that those elected would form a congressional bloc, although he acknowledged that they were all fighting for the same things despite belonging to different political camps.

### Exchange rate regime

The Argentine central bank (BCRA) rolled out its new exchange rate regime governing market intervention this week. It will not intervene unless the peso falls outside the target band of Ar\$34-Ar\$44/US\$1. The peso sank on Friday 28 September by nearly 4% to Ar\$41.3/US\$1 but recovered all of this lost ground on Monday 1 October (and reached Ar\$37.7/US\$1 by 3 October) as the BCRA president, Guido Sandleris, announced a change of policy. The aim is to stop spending reserves to prop up the peso and focus on monetary aggregates – the BCRA issued short-term debt at interest rates of some 71% – to withdraw pesos from circulation to combat inflation. Sandleris expressed confidence that after a transition period, the strategy would bed itself in.

### PJ polarisation promising for Macri

Argentina's most high-profile moderates in the main opposition Partido Justicialista (PJ, Peronists) held a meeting last week to create an electoral alliance ahead of presidential elections in October next year. The main thrust of the meeting was to forge a broad-based alternative to the centre-right Cambiemos government led by President Mauricio Macri but without the presence of the Kirchnerista faction of the PJ under former president Cristina Fernández (2007-2015). The subsequent internal recriminations demonstrated the deep divisions within the PJ, which will provide succour for Macri, suggesting that if he can turn around the country's economic fortunes by the second quarter of next year re-election could still be on.

The 'Group of Four' consisted of Sergio Massa, the leader of the Frente Renovador (FR) faction of the PJ, Juan Schiaretti and Juan Manuel Urtubey, the governors of Córdoba and Salta respectively, and Miguel Pichetto, the head of the PJ bloc in the senate. In a document entitled 'An alternative for Argentina', they expressed deep concern about the economic and social situation facing the country, which they said had been a motivating factor for their meeting to "forge a project that overcomes the presently unsustainable situation" and would represent "a democratic, republican, and federal" Peronism. They argued that it was essential to "learn from past mistakes and know how to renew and change", proposing "a political project that overcomes the past and is capable of recovering the aspirations of Argentines".

Most of this criticism was aimed not at President Macri but at Fernández, who would accept no less than the presidential candidacy of a unified PJ. The conundrum for the 'Group of Four', and other moderate Peronists, is how to have a PJ without Kirchnerismo but keep its support base. Fernández is a polarising and increasingly discredited figure, with successive corruption scandals damaging her image. But she still retains significant popularity, especially in the province of Buenos Aires (for which she was elected as a federal senator this time last year), a predominantly working class region which holds nearly 40% of the national electorate. For this reason, penetrating the province of Buenos Aires is simultaneously crucial and challenging for the moderate PJ as mayors want to be associated with Fernández to secure their own re-election.

Another problem for the moderate PJ is that the present economic and political volatility tends to lead to polarisation and it struggles to thrive in that situation. Massa, pointedly, was squeezed out of the contest, when running for a senate seat representing the province of Buenos Aires, which became a bitter clash between Cambiemos and Fernández, who ran for Unidad Ciudadana.

Massa has raised his profile in recent weeks with key interventions in the debate over the 2019 draft budget. Massa slammed the budget proposal as "dreadful" and "horrible" in a televised interview this week. "All governments must have a budget and it is bad to leave a government without a budget," Massa argued, "but it is also bad to exploit this situation to present something that cannot be voted for". This encapsulates the dilemma facing moderate Peronists who are reluctant to support the budget for electoral reasons but do not want to exacerbate the country's economic travails by refusing to approve it.

Massa said the recent deal with the International Monetary Fund (IMF) had led to budget targets being changed, and he urged the government to heed the concerns of trade unions and social organisations raised in protests and strike action on 24 and 25 September [[WR-18-38](#)]. "It is a serious mistake for the country to have a culture of exporting savings and importing debt," Massa said, while calling on Macri to change economic course.



## Poverty

President Macri was dealt a blow last week by the publication of poverty data by the Argentina's national statistics institute (Indec) showing that 27.3% of the urban population was living beneath the poverty line in the first half of the year, up by 1.6 percentage points on the second half of 2017. This is the first time since Indec started publishing reliable poverty data in 2016 that an increase from one half to another has been recorded. Surging inflation amid the recent currency turmoil means that this trend is likely to continue in the second half of this year, which will be politically damaging for Macri who took office in December 2015 promising to deliver "zero poverty".

Massa is not the only one in the 'Group of Four' with presidential aspirations. Pichetto has said he would be prepared to run to provide "responsible opposition" and defend "centrist and republican" Peronism. Urtubey is also keen but he lacks a profile in Buenos Aires province, and some in the PJ feel he has been too close to Macri. Veteran trade union figurehead Hugo Moyano said after the meeting between the four politicians that he would never be able "to sit down" with Urtubey "who represents the Peronist oligarchy, and is more a Cambiemos man", but he would talk to the others about uniting PJ and trade union forces ahead of the elections. This spurred Urtubey to declare that "if Hugo Moyano is attacking me, I am certain I am doing the right things; imagine a country where nobody thinks they are owners of the workers; I want a country where workers don't need leaders of the past in order to control their future". Moyano favours a PJ primary election (Paso) pitting Massa against Fernández.

## Peronist divisions

The 'Group of Four' argued that their chief concern for the moment was with elaborating proposals and a programme to provide a competitive alternative to Cambiemos, or Kirchnerismo, rather than fixing on a candidate. They said their alternative movement could then stage a meeting involving more Peronist provincial governors, such as Gustavo Bordet (Entre Ríos), Sergio Casas (La Rioja), and Juan Manzur (Tucumán), and PJ leaders in the federal congress.

But the exclusivity of the first meeting irked some: Manzur, for instance, complained that he had not been invited to attend when he governs the country's sixth largest province. Felipe Solá, a former governor of the province of Buenos Aires (2002-2007) and now a deputy for Massa's FR, insisted that Kirchnerismo could not be excluded, while Jorge Taiana, who ran for a senate seat with Fernández last year, said the PJ needed to be more inclusive, "not the politics of selfies and self-marketing, that is not the essence of Peronism". For his part, José Luis Gioja, the PJ party president, cautioned against sowing division which "could end up favouring those we don't want to stay in power".

## Trade union reaction

It was noteworthy that Héctor Daer, one of the three leaders of the umbrella trade union movement Confederación General del Trabajo (CGT), reacted to the meeting by arguing that "it is not up to two governors and a legislator to decide on an alternative". Despite flexing its muscles with last week's strike action, the CGT, however, like the PJ, is a divided force. Juan Carlos Schmid, the most combative of the three members of the CGT's ruling triumvirate, resigned his position on 30 September.

Schmid suffered from low blood pressure and was admitted to hospital after the strike five days earlier when he gave an impassioned speech saying that if the Macri administration failed to come up with a 'Plan B', there would be no let up from the trade unions. Schmid's health might have been the catalyst for his resignation but the underlying cause was serious discrepancies with other sectors of the CGT over the position to adopt with the government. Schmid, who represented the transport unions linked to Moyano, has the closest relationship of the three leaders with social organisations and wanted them to be brought into the CGT fold, but he met with firm resistance.

For the time being there has been no move to replace Schmid on the CGT leadership committee which will undermine the movement's cohesion to Macri's benefit. But if his government fails to improve the economic outlook, and social protests intensify in early 2019, sinking Macri's popularity, his ruling coalition will also come under huge strain. The Unión Cívica Radical (UCR), for instance, might threaten to leave Cambiemos or require significant inducements to stay on.

### Cuevas under investigation

On 2 October Miguel Cuevas, the president of Paraguay's chamber of deputies, said that he would ask his fellow deputies to lift his immunity from prosecution so that he can be investigated for the illicit enrichment allegations levelled against him. Cuevas's comments came after the specialised economic crimes and anti-corruption unit at Paraguay's attorney general's office announced on 27 September that it was opening formal investigations against various legislators from the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC), including Cuevas. The allegations against Cuevas, a close ally of President Abdo Benítez, date back to his time as governor of Paraguari department (2013-2018). However, Cuevas insists that he has "nothing to hide" and that he is prepared to face investigation.

### Economic policy comes under scrutiny

Upon assuming office in August, President Mario Abdo Benítez said that his administration would follow the general policy of fiscal responsibility that has underpinned Paraguay's macroeconomic stability in recent decades rather than continuing the more recent trend of growing government spending and indebtedness followed by his predecessor Horacio Cartes (2013-2018). However, the first draft budget presented by the Abdo Benítez executive to the national congress has been criticised by the political opposition and local business groups for its lack of transparency and for its profligacy. At the same time there are growing pressures within the government itself to ramp up spending in order to deliver on all the pledges made during the election campaign.

During the electoral campaign, Abdo Benítez criticised the spending drive carried out by the Cartes administration and the high level of debt that was taken on in order to fuel this. Since taking office, Abdo Benítez said that his administration would strictly adhere to the 2013 fiscal responsibility law (LRF) which was approved to help ensure that the fiscal deficit and public debt remain at manageable levels.

In line with this, the Abdo Benítez executive presented a 2019 draft budget to the national congress that respects the maximum 1.5% of GDP fiscal deficit limit stipulated in the LRF. The government's draft budget is for G\$80.2trn (US\$13.95bn), 7.6% higher than the current budget, and it proposes an overall public debt of US\$1.45bn (US\$850m in the form of loans and US\$600 in sovereign bonds).

However, during the ongoing debate over the budget in congress, many of Abdo Benítez's cabinet ministers have asked legislators to increase the budget allocation for their portfolios warning that they would otherwise be underfunded. Among these were the head of the social development, labour, industry & trade, and public works & communications (MOPC) ministries. These calls came despite the warnings issued by Finance Minister Benigno López that there was no scope for increasing budget allocations in any sector without proportional cuts elsewhere, or the raising of new taxes.

In response to this, the political opposition in congress called for greater transparency in the budget, particularly of the discretionary funds available to the executive. The opposition has also pointed out that the executive can currently use any surplus funds from Paraguay's binational hydroelectric dams at its discretion and called for the use of these funds to become more transparent. Indeed, legislators from the main opposition Partido Liberal Radical Auténtico (PLRA) have tabled a bill calling for these funds to be assigned for education and health spending exclusively.

While the opposition has criticised the lack of budget transparency, the business sector has complained that the proposed spending plan is unnecessarily high and inefficient. On 28 September the national chamber of commerce and services (CNCSP) released a new report which found that the government's current spending has consistently increased in the last decade. In particular, the CNCSP report highlights that current spending by congress has increased by 46% on average since 2003 to G\$2.9bn (US\$491m) last year, but that this has not helped to improve government efficiency.

## Central bank

During his inauguration ceremony as the president of Paraguay's central bank (BCP), José Cantero Sienna said that he would continue implementing the general monetary policy line pursued by the BCP based on inflation targeting and maintaining a stable exchange rate. But Cantero said that he would also try to strengthen the BCP institutionally and implement a "new supervision system of the financial system" to reduce risks.

The CNCSP report was released just five days after the Inter-American Development Bank (IDB) released a report of its own on the quality of government spending in Latin America. The IDB report found that the level of inefficient government expenditure (identified as spending on officials' salaries and on inefficient state subsidies) in Paraguay is equivalent to 3.9% of GDP, or US\$1.8bn, with the central government's payroll accounting for approximately 40% of all spending in comparison with a regional average of 29%.

Pointedly, the CNCSP called on the new administration to conduct a thorough review of government spending and its proposed budget to improve efficiency before entertaining any changes to the tax regime. Since then other business sector groups such as Paraguay's rural association (ARP), have echoed the CNCSP's call.

## New BCP president

José Cantero Sienna formally assumed his new post as the president of Paraguay's central bank (BCP) on 1 October. Cantero, who until his new appointment had served on the BCP board, was designated as the new head of the BCP by Mario Abdo Benítez back in July to replace Carlos Fernández Valdovinos, whose five-year term expired in August. But Cantero's appointment was only ratified by congress last month.

## TRACKING TRENDS

**BRAZIL | Successful pre-salt sale.** On 28 September Brazil successfully completed its fifth production sharing bidding round for the concession of four pre-salt oil blocks (Saturno, Titã, Pau-Brasil, and Sudoeste de Tartaruga Verde). Under the established production sharing agreements (PSA), the winning bidder is the company that offers the Brazilian state the highest portion of 'profit oil', from a set minimum percentage of production.

Brazil's state-owned oil company Petrobras acquired the right to operate in the Sudoeste de Tartaruga Verde bloc, while consortiums led by Shell Brasil, ExxonMobil Brasil, and BP Energy acquired the Saturno, Titã, and Pau-Brasil blocs respectively.

According to Brazil's national petroleum agency (ANP), the sale raised R\$6.82bn (US\$1.73bn) in signing bonuses and R\$1bn (US\$253.7m) in planned investments. The portion of profit oil pledged by the winning consortiums exceeds the minimum by 170.58%, with the ANP expecting the Brazilian state to collect R\$240bn (US\$60.9bn) in royalties and taxes during the 35 year-concession, a much higher figure than initially expected.

**CHILE | GDP growth.** The Chilean government has revised GDP growth for 2018 up to 4.1%, from 3.8% projected in July, Finance Minister Felipe Larraín said on 2 October in a presentation to the congressional budget commission. This is in line with the central bank's forecast of between 4% and 4.5% GDP growth for this year.

Larraín noted that the Chilean economy is growing robustly in spite of external turbulence, thanks to an upturn in investment, growth in the non-mining sectors, and more job creation, amongst other factors.

**URUGUAY | Exports fall.** Uruguayan exports fell by 10% in September compared to the same month last year, according to the country's investment promotion agency, Uruguay XXI. Exports totalled US\$760m in September, sustained by sales of cellulose, beverage, and rice. Soya exports decreased dramatically, shrinking by 62% year-on-year.

Uruguay XXI lists China, Brazil, and the European Union as the country's three principal export destinations, followed by Argentina.

Accumulated exports for the first nine months of 2018 totalled US\$6.85bn, which represents a slight 0.3% decrease on the value of exports for the same period last year.

**Nafta deal hailed by authorities, but questions remain**

“This is a good night for Mexico and for North America.” With these words Mexico’s foreign minister, Luis Videgaray Caso, greeted the 30 September announcement by US and Canadian government officials that they had reached an agreement on bilateral terms of trade that would allow for Canada to adhere to a new trilateral trade accord that will replace the North American Free Trade Agreement (Nafta). Canada’s adherence to the so-called US-Mexico-Canada Agreement (USMCA) is seen as a boon for Mexico as it means that it will maintain tariff-free access to the US and Canadian markets. Yet questions remain over whether the new agreement offers too many concessions to the US that will undermine Mexico’s competitive advantages for years to come.

Since Mexico reached a deal over new terms of trade with the US in August, the Mexican government has been urging Canada to sign up to the agreement in order to maintain a general North American free trade area that will continue to provide benefits for all three countries. Against this backdrop, Canada’s adhesion to the new deal looks like vindication for the Mexican government’s decision to break ranks with Canada and secure a bilateral deal with the US first and then hope that the US and Canada could reach an agreement of their own. Pointedly, just minutes after the announcement was made public, Videgaray took to *Twitter* to celebrate it.

Videgaray emphasised that Canada’s adhesion to the USMCA means that there will still be a liberalised North American trade area to “consolidate the region as one of the most competitive in the world”. He also said that now that a new trilateral deal has been reached, the Mexican government will send a copy of the agreement to Mexico’s senate for ratification. In order for the deal to come into full effect it must be ratified by the legislatures of all three countries. Both the Mexican and US governments have said they would like the ratification process to be concluded ahead of the US midterm legislative elections in November and before the change in government in Mexico in December, so that it is not bogged down by these political events.

The USMCA deal was also hailed by President Enrique Peña Nieto, who said it would “protect the national interests of each of our countries”. Peña Nieto highlighted that the new deal would boost job creation and lead to improved salaries for workers in the three countries. Significantly, it was also approved by President-elect Andrés Manuel López Obrador and his government transition team. López Obrador said he “agreed” with the deal reached by the three countries, noting that it should guarantee future investment in Mexico and the “gradual increase of the salaries of Mexican workers”. Much has been made of the fact that under the new agreement there will be changes in the rules of origin for the automobile sector that will require Mexican manufacturers to pay higher salaries [WR-18-34]. López Obrador appears to recognise that while meeting this will be a challenge for Mexico’s auto sector it will ultimately be beneficial for the country’s economy.

With the USMCA text now public more questions about it are being raised by Mexico’s business sector. The latest sector to express misgivings is Mexico’s pharmaceutical sector. On 2 October the Mexican association of pharmaceutical laboratories (Amelaf) warned that the new deal could negatively affect the local pharmaceutical sector and Mexico’s domestic economy. Amelaf explained that provisions included in the USMCA extending pharmaceutical patents from five to 10 years would result in additional costs of up to M\$15bn

**López Obrador praises Trump**

In expressing his approval of the new US-Mexico-Canada Agreement (USMCA), President-elect López Obrador praised the stance adopted by US President Donald Trump during the negotiation process. Pointing out that his government transition team also participated in the negotiations, López Obrador added that “we have achieved a deal that I consider will be beneficial for our three peoples, our three nations, and our three governments”.

## Death toll

While the Mexican state officially reported that 26 people were killed during the army's repression of the student protests in Tlatelolco, eyewitnesses have estimated that 300-500 people may have been killed. The fact that no formal investigation was carried out immediately after the incident, which reportedly involved 5,000 soldiers and some 10,000 demonstrators, means that the exact number of deaths may never be known.

(US\$798m) to the Mexican economy in the next five years, as Mexican pharmaceutical producers will be barred from making cheaper generic alternative drugs to those currently used to treat diseases such as cancer and HIV.

## MEXICO | POLITICS

### Survivors fight for Tlatelolco justice 50 years on

**On 2 October 1968 Mexico's armed forces crushed a student-led protest, killing hundreds and imprisoning thousands more in the Mexico City neighbourhood of Tlatelolco. Half a century later, Mexico is still grappling with an episode that has had a profound impact on the course of its history, with relatives of the victims and survivors of the repression demanding justice.**

Each year protesters take to the streets of Mexico City to honour the Tlatelolco victims. This week, to mark the 50th anniversary, some 90,000 people marched in the capital while more demonstrations were held in various other cities. Supporters of Mexico's contemporary social movements remain inspired by the 1968 movement, the series of marches and strikes protesting against the authoritarian Partido Revolucionario Institucional (PRI) government led by President Gustavo Díaz Ordaz (1964-1970), which stunned Mexico as the country prepared to host the 1968 Summer Olympics. Spooked by the prospect of disruption during the Olympics, Díaz Ordaz sent in the army to repress the movement, killing an estimated 300 people in Tlatelolco (*see sidebar*).

For decades the human rights violations committed that day have remained unpunished, but activists from organisations such as the Comité 68 Pro Libertades Democráticas have persistently called for justice. Given that Díaz Ordaz is dead, their main target is his successor as president, Luis Echeverría (1970-1976), who was interior minister at the time of the massacre. Now 96 years old, Echeverría was charged with genocide in 2006 in relation to the case only to be absolved in 2009. But survivors want the investigation to be reopened.

They are also pushing for investigations into high-ranking military figures of the time and members of the infamous 1,500-2,000 strong 'Batallón Olimpia' paramilitary force, which was allegedly created by the government to combat the student movement and reinforce protection during the Olympics.

Backed by the United Nations Office of the High Commissioner for Human Rights (OHCHR) in Mexico and Mexico's human rights commission (CNDH), activist groups are pressing for a full investigation into the repression of the 1968 movement, and the Tlatelolco massacre in particular. Despite the loss of life, many people now see the massacre as a turning point in the fight for civil liberties in Mexico. In fact, Jan Jarab, the OHCHR representative in Mexico, said this week that the freedoms enjoyed by Mexicans today are due in large part to the 1968 protest movement.

There is also a growing desire among Mexican government officials to honour the victims and survivors of Tlatelolco. Last week the victims' commission, a federal government body, for the first time ever recognised the massacre as a state crime, while the authorities in Mexico City have started removing any official plaques honouring Díaz Ordaz, who is considered to be the intellectual author of the massacre.

Those who want to find out exactly what happened at Tlatelolco may also receive a further boost when leftist President-elect Andrés Manuel López Obrador comes to power in December. Some commentators have spoken of López Obrador's electoral victory as a continuation of the slow move away from authoritarianism that started in 1968, and it is thought that he will throw the weight of his government behind the campaign for justice. López Obrador has so far stopped short of committing to opening a new investigation.

**Ortega cracks down further on dissent**

Local civil-society groups warned last week that the Nicaraguan administration led by President Daniel Ortega was establishing a state of siege. The concerns are in response to a recent police (PNN) press release warning that anyone who holds or takes part in “illegal” acts that “alter the public order” will be “held responsible”. The United Nations Office of the High Commissioner for Human Rights (OHCHR) and Inter-American Commission on Human Rights (IACHR) expressed concern that this signals yet another blow to democracy. It comes as a US legislative initiative, which would restrict lending from international finance institutions (among other things) if these democracy concerns are not addressed, is moving through the US Senate.

The OHCHR and IACHR were quick to respond to the press release issued by the PNN, which human rights organisations have largely held responsible for the violence (along with pro-government paramilitaries) which has claimed 521 lives on the latest (24 September) figures from local human rights group ANPDH. In a tweet, the OHCHR warned that it “violates basic norms of criminal responsibility and standards regarding the right to peaceful” protest, while the IACHR said the move was “counter to inter-American standards and prevents the exercise of rights inherent in a democratic society”.

It follows other acts similarly slammed as undemocratic, such as the approval of a law against money-laundering and terrorism in July by the legislature, which is controlled by the ruling Frente Sandinista de Liberación Nacional (FSLN). At the time, OHCHR spokesperson Rupert Colville warned that the new law has “a very broad definition of terrorism...which...could be used against people taking part in protests”. The latest figures from the interior ministry, released on 19 September, put the number of people imprisoned for acts of “vandalism and terrorism” in relation to the protests at 201 (although human rights organisations believe it to be higher).

The PNN’s latest warning would suggest that moves by the international community to pressure the Ortega government into offering democracy-related concessions to the opposition (not least its demand for general elections to be brought forward to 2019 from 2021) continue to fall on deaf ears. Yet these efforts continue. So far they have included sanctions by the US government targeting three allies of Ortega: PNN chief Francisco Díaz; Fidel Moreno, the secretary of the mayor’s office of Managua; and Francisco López, the vice president of Albanisa, the bi-national oil company owned by Venezuela’s state-run oil firm Pdvsa and Nicaragua’s Petronic.

On 28 September the US Senate Foreign Relations Committee approved an amended version of the Nicaraguan Investment Conditionality Act of 2017 (Nica Act) which is now merged with the Nicaragua Human Rights and Anticorruption Act. Authored by US Senator Bob Menendez (D-NJ), the latest version of the Nica Act imposes targeted sanctions on “Nicaraguan government officials responsible for human rights violations”, and calls for “a negotiated solution to the country’s ongoing crisis”. The amended version of the bill also includes restrictions on lending to the Ortega government by international financial institutions, as proposed in the original Nica Act (*see sidebar*).

**Amended Nica Act**

According to a US Senate Foreign Relations Committee press release, key elements of the amended Nica Act include: “Targeted sanctions on Nicaraguan government officials responsible for human rights violations, corruption, or undermining democratic processes; restrictions on lending by international financial institutions to the Ortega government, with an exception that ensures continued funding for projects that advance democracy and the basic needs of the Nicaraguan people; an annual waiver that would lift the requirement to impose sanctions if [the US] State Department certifies that the Ortega government is taking steps to hold democratic elections, improve human rights conditions, combat corruption, and strengthen the rule of law; increased intelligence reporting on Nicaraguan officials’ role in corruption and human rights violations, and the transfer of arms to Nicaraguan security forces”.

## Poverty

On 28 September a respected Nicaraguan think-tank, Fideg, released a report which showed a slight increase in extreme poverty and slight decrease in general poverty in Nicaragua. The report found a decline in general poverty between 2016 and 2017, to 41.2% of the population down from 42.0% (and from 44.7% in 2009). However, the rate of extreme poverty went up to 8.4% of the population in 2017, up from 7.7% in 2016 (and down from 9.7% in 2009).

**COSTA RICA | Fiscal reform.** The legislative assembly is making progress with a fiscal reform bill against the backdrop of strike action and protests. Deputies are seeking to debate 368 motions related to the fiscal reform over the course of this week ahead of a debate and first vote on the bill next week. If the bill is approved, it will be sent to the constitutional court to pass judgement before returning to the legislature for a second and final vote.

A strike by trade unions has entered its fourth week with nationwide demonstrations and a march to the legislative assembly building in San José. On 30 September trade union members rejected a preliminary accord their representatives had struck with the government with the mediation of the Catholic Church. The accord would have established a multi-sectoral dialogue table to analyse the fiscal proposals of the unions but without delaying the legislative passage of the reform bill.

The leader of Costa Rica's Asociación Nacional de Empleados Público y Privados, Rafael Mora, said the trade union movement was in a position of strength and would continue to "defend the people" against the "unjust" reform which he said would be most keenly felt by the country's poorest citizens (a claim the government contests, arguing that 80% of the additional tax revenue will be provided by the wealthiest 30% of the population). The unions suffered a setback on 1 October, however, when a labour court for the social security institute Caja Costarricense de Seguro Social (CCSS), which is in charge of most of the country's public health sector, declared the strike to be illegal. CCSS figures showed that nearly 100,000 appointments have been cancelled since the strike began on 10 September and some 3,000 surgical procedures postponed.

**PANAMA | "Historic" ruling on mining concession.** Panama's supreme court (CSJ) has ruled in favour of an appeal presented nearly a decade ago by a local environmental NGO, Centro de Incidencia Ambiental (Ciam), against a contract signed in February 1997 by the state with mining company Minera Petaquilla, (at the time owned by Canada's Petaquilla Minerals) for the extraction of gold and copper in Donoso district, Colón province.

Ciam – which hailed the court's decision as "historic" – had argued that the contract violated various articles of Panama's constitution related to human rights and the environment. After the contract was signed in 1997, a new concession development plan was laid out in 2005, dividing its implementation into gold and copper phases.

As the Canadian government notes, the first phase involved the development and operation of a commercial gold mine (El Molejón) which started producing in 2009/2010 although this was abruptly shut down in 2014. The second phase – the development and operation of a large-scale open pit copper mine (Cobre Panama), now owned by Canada's First Quantum Minerals – is now under construction and is expected to be in production before the end of the year.

In response to the CSJ's ruling, First Quantum released a statement saying that the company understands that it "only affects the enactment of Law 9, and does not affect the mining concession contract itself, which remains in effect, and therefore allows continuity of development of the Cobre Panama project". It adds that "Minera Panama is in the process of formally obtaining and examining the ruling and its applicability and is working with the appropriate parties to identify suitable legal remedies. Such remedies would need to be analyzed by the Supreme Court".

Labour minister Luis Ernesto Carles has similarly provided reassurances to the mining sector, echoing First Quantum's insistence the CSJ had only declared the contract Law 9 unconstitutional and did not rule on the concession contract itself. He said that, as a result, jobs would be protected. The project employs over 12,600 people of which approximately 1,500 are from the nearby villages and towns.

**SURINAME | Oil exploration.** The managing director of Suriname's state oil company Staatsolie, Rudolf Elias, signed a production sharing contract with the multinational oil exploration and production company Tullow Oil on 2 October for offshore Block 62. The assigned block covers 4,061km<sup>2</sup> with a depth of 1,600m-2,400m. Tullow Oil already operates two other blocks, 47 and 54, and has interests in Guyana and French Guiana.

## Quotes of the week

“Not one square centimetre of our sea or sovereignty ever has been or ever will be at stake.”

*A jubilant President Sebastián Piñera on a favourable ruling by the ICJ for Chile in its dispute with Bolivia.*

“The peace accord contains a structural failing as heavy as an Egyptian pyramid which was to have signed first our disarmament without having agreed beforehand the terms of social and economic reincorporation of demobilised guerrillas.”

*The Farc's Iván Márquez on Colombia's peace accord.*

“I have to recognise the outstanding role played by President Enrique Peña Nieto and also the open, tolerant, and visionary attitude of US President Donald Trump.”

*Mexico's President-elect Andrés Manuel López Obrador on the signing of the US-Mexico-Canada Agreement (USMCA).*

## Astori pulls out of Uruguayan presidential race

Uruguay's economy & finance minister, Danilo Astori, has confirmed that he will not seek the presidency for the ruling FA in 2019. Surrounded by senior members of the Frente Líber Seregni (FLS), the moderate FA faction which he leads, Astori said he had taken the decision after two months of reflection because of a “lack of support” in opinion polls. Only three days earlier the national pollster Equipos had showed Astori enjoying just 3% support from FA members among potential presidential aspirants, leaving him trailing in the wake of the incumbent mayor of Montevideo, Daniel Martínez, with 30%; former president José Mujica (2010-2015) on 24%; and cabinet ministers Carolina Cosse and Ernesto Murro (industry, energy, and mining, and labour respectively) on 5% apiece.

“It is much more important for the country that I continue doing my work at the economy ministry, especially given the challenging circumstances Uruguay is experiencing at the moment,” Astori said in allusion to contagion from Argentina's economic and financial travails.

Primary elections will take place on 30 June next year, just under four months before presidential elections on 27 October. The FLS is likely to join Martínez's Partido Socialista (PS) faction of the FA and Vertiente Artiguista (VA) in supporting the mayor of Montevideo's presidential bid, although the president of the central bank, Mario Bergara, is courting Astori's support for a tilt at the presidency.

It is not yet clear who the more radical Movimiento de Participación Popular (MPP) will back, but the decision by Mujica, the head of the FA's largest faction, not to support Astori was just as decisive in deterring him from running as the adverse polls. Mujica himself, in spite of his lofty position in the polls, will not be tempted to stand as he would be a nonagenarian by the completion of the next presidential term in 2025.

The MPP is weighing up whether to back Cosse or Murro, while the MPP's ally on the more radical wing of the FA, Partido Comunista de Uruguay (PCU), met both ministers in mid August to hear them advance their case for selection. But, on 9 September, the PCU decided to back the leader of the construction union, Sindicato Único de la Construcción (Sunca), Óscar Andrade, as its pre-candidate.



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