

# latin american weekly report

18 October 2018, WR-18-41

ISSN 0143-5280

## CONTENTS

<b>LEADER</b>	<b>1</b>
Fujimorismo strikes back as Peru corruption scandal takes fresh twist	
<b>ANDEAN COUNTRIES</b>	
<b>VENEZUELA</b>	<b>3</b>
Can Saleh release secure political process?	
<b>BOLIVIA</b>	<b>4</b>
Mesa declares bid for the presidency	
<b>BRAZIL &amp; SOUTHERN CONE</b>	
<b>BRAZIL</b>	<b>5</b>
Candidates seek votes from all sides	
<b>BRAZIL</b>	<b>6</b>
Bolsonaro: a boon for national economy?	
<b>ARGENTINA</b>	<b>7</b>
Macri assailed by friend and foe	
<b>URUGUAY</b>	<b>9</b>
Ruling FA faces toughest electoral challenge	
<b>MEXICO &amp; NAFTA</b>	
<b>MEXICO</b>	<b>10</b>
Mexico City airport consultation comes into focus	
TRACKING TRENDS	
<b>CENTRAL AMERICA &amp; CARIBBEAN</b>	
<b>EL SALVADOR-REGION</b>	<b>12</b>
Romero enters pantheon of saints	
<b>HONDURAS</b>	<b>14</b>
Fresh blow to dialogue prospects	
<b>PANAMA</b>	<b>15</b>
Picture becomes clearer ahead of 2019	
<b>POSTSCRIPT</b>	<b>16</b>
Security forces land blow on Colombia's Clan del Golfo	
Quotes of the week	

[www.latinnews.com](http://www.latinnews.com)

## Fujimorismo strikes back as Peru corruption scandal takes fresh twist

Peru is locked in a titanic struggle pitting President Martín Vizcarra against the main opposition Fuerza Popular (FP), the right-wing party led by Keiko Fujimori. Vizcarra's anti-corruption crusade, embodied in a public referendum to be held on 9 December, has seen his popularity soar. But FP is fighting back. It is accusing Vizcarra of political persecution, especially in relation to a judicial ruling revoking the pardon received by former president Alberto Fujimori (1990-2000), and Keiko's subsequent arrest on suspicion of corruption. The party used its congressional majority this week to spare Fujimori from returning to jail, and to shield senior members of its party, and the attorney general, from corruption probes. It is also seeking to derail part of the referendum.

President Vizcarra is breathing rarefied air in Peru. His approval rating shot up an unprecedented 16 percentage points in a single month, according to a nationwide survey carried out by Ipsos and published by the national daily El Comercio on 14 October. It now stands at 61%. His disapproval rating fell from 44% to 28%. No previous head of state this century has enjoyed an approval rating of over 60% after three months in office let alone six. The tendency for heads of state in Peru is to endure an unremitting decline in popularity towards single digits over the course of their mandate. The irony is that Vizcarra is not the elected head of state, having come in as Pedro Pablo Kuczynski's vice-president in 2016.

Vizcarra's popularity owes in large part to the perception that he is combating corruption: 40% of respondents said this was the reason for their approval. A further 33% said Vizcarra had good ideas or plans, and 22% praised his ability to seek consensus and dialogue. Vizcarra's popularity does not extend to his cabinet. While it is true that the approval rating of his prime minister César Villanueva jumped by 10 points in the poll it still stands at just 28%. His government's approval climbed by 13 points to 43%, but its disapproval rating is still slightly higher, at 47%.

Public support for FP in the poll was a different story. Daniel Salaverry, FP president of congress, had an approval rating of just 16%, and the FP-controlled congress 15%, with a disapproval rating of 77% (although this actually improved by six points). Keiko had an approval rating of 13%, while 75% of respondents were of the opinion that she was guilty of money laundering charges linked to campaign donations from the Brazilian construction firm Odebrecht (41% of whom confessed to having voted for her in 2016), and 71% that her preventive detention for 10 days on 10 October [WR-18-40] was justifiable. "I have never felt greater pain in my whole life than seeing my daughter arrested and sent to prison," Fujimori said in an audio released to the media. "Fujimorismo is a sentiment that

## Referendum

Support for the restoration of a bicameral congress, one of the four questions in December's referendum, declined by 18 points to 35% on the previous month, according to the latest Ipsos poll, in a clear sign of President Vizcarra's ability to influence the public. Vizcarra had expressed his opposition to the question last week on the grounds that congress had modified the proposed reform excessively [WR-18-40]. The other three questions each enjoyed support in excess of 60% in the poll. One of these – barring congressional re-election – is the question FP now wants to see removed from the referendum, along with the restoration of a bicameral congress.

grows in adversity," Keiko declared defiantly in a message on social networks after her detention. The final results of the regional and municipal elections on 7 October, however, confirmed that FP had won just three provincial and 47 district mayoralties (none in Lima) out of 514 candidates.

Impervious to public opinion, FP proceeded to use its control of congress to pursue a self-serving agenda. Firstly, on 11 October, it rushed through a law allowing prisoners over 78 years of age who have served a third of their sentence to complete it under house arrest by means of electronic monitoring. Fujimori is 79. He has served nine years of a 25-year sentence in prison. He had his humanitarian pardon overturned days earlier and was ordered to serve the rest of his sentence in prison. The debate lasted under half an hour.

FP's partisan use of congress to sidestep a judicial ruling was swiftly followed by a vote in the sub-committee of constitutional accusations on 15 October to archive an accusation against the attorney general, Pedro Chávarry, for alleged involvement in the influence-trafficking and corruption network that has embroiled several senior judges and politicians since being uncovered in July. Three days earlier Chávarry had pulled a key prosecutor off the Odebrecht case involving Keiko, who was released on 17 October, three days early, after an appeals court annulled the preventive detention order against her and 19 others linked to the case, including two former cabinet ministers under Fujimori.

Hours before the ruling, thousands of people had gathered outside congress to protest against FP deputies shielding magistrates allegedly involved in the judicial corruption network and to demand that Chávarry resign. Public indignation grew when protesters became aware that César Hinostroza, the disgraced former supreme court judge at the heart of the scandal, had surfaced in Spain, having fled Peru 10 days earlier, despite being barred from leaving the country since July. The interior minister, Mauro Medina, took responsibility for the ease with which Hinostroza had evaded border controls (he crossed into Ecuador before flying to Europe) and promptly resigned.

FP had tried to protect Hinostroza, amid widely reported links to Keiko, using delaying tactics in congress before eventually accepting political and public pressure on 4 October to lift his immunity from prosecution to be investigated but it did not send the document to the judiciary. Chávarry, a friend of Hinostroza, never requested the case file. Villanueva chastised FP, which, in turn, blamed the government for Hinostroza's escape.

FP has also used its congressional dominance to shield Héctor Becerril, the party spokesman, from investigation for alleged bribery and influence trafficking in relation to the judicial corruption scandal. FP secretary general José Chlimper said the government was persecuting the party and, in particular, Keiko because of her "tough stance on corruption". Chlimper also accused the government of direct interference in the judicial branch and attempting to discredit Chávarry (who it has frequently called upon to resign) because he has threatened to re-open investigations into alleged corruption surrounding the contract for the new Chinchero airport in Cusco. Vizcarra had been compelled to resign in May last year as transport & communications minister over his alleged involvement in this case to avoid being censured by congress [WR-17-20].

Vizcarra insisted that his government had nothing to do with the decision to place Keiko under preventive detention and that it was an exclusively judicial matter. He is yet to ratify or veto the law allowing Fujimori to avoid returning to jail but he knows that if he opts for the latter course tension with FP will escalate further. FP and its ally, the Partido Aprista Peruano (PAP), are already manoeuvring to try and strike down two of the questions contained in December's referendum on constitutional reform (*see sidebar*). While this would be a blow to Vizcarra it would also further erode FP's credibility in the eyes of the public.

## Migrants

“The size, complexity, scope, and nature of this human avalanche needs a regional response.” This is how the United Nations (UN) special representative for Venezuelan refugees and migrants, Eduardo Stein, referred to the exodus of people fleeing the country, during a visit to the Colombian side of the shared border on 16 October. Stein, who held talks with Colombia’s President Iván Duque, insisted that his role “is and always will be humanitarian”, an allusion to claims by the Maduro administration that offers of assistance are a pretext for foreign intervention in Venezuela. The Maduro administration also claims that the migrant figures are being inflated by detractors to try to justify foreign intervention. It maintained this week that 8,116 Venezuelans had been repatriated under the plan ‘Vuelta a la Patria’ (‘Return to the Homeland’).

## ANDEAN COUNTRIES

### VENEZUELA | POLITICS & DIPLOMACY

#### Can Saleh release secure political process?

Former Venezuelan student leader Lorent Saleh was freed on 12 October after spending four years locked up without trial, mainly in the national intelligence agency (Sebin) building in Caracas. Saleh’s release suggests the government led by President Nicolás Maduro is feeling the heat after the apparent suicide of opposition councillor Fernando Albán in Sebin’s headquarters days earlier. The Maduro administration said Saleh’s release was part and parcel of a ‘reconciliation plan’. It preceded an announcement by the European Union (EU), driven by Spain’s new left-wing government of Pedro Sánchez, that it was weighing up “a political process” in Venezuela.

Saleh was deported by the Colombian government in 2014 and incarcerated by Sebin. He was accused of violating the conditions of the bail he had been granted after being charged with participating in a violent demonstration in 2010 and “spreading false information that caused anxiety”. Saleh was subsequently accused of “crimes against the constitutional order...designed to cause violence, destabilisation, and disturbance of the peace”. He was released on the recommendation of the ‘truth commission’ of the national constituent assembly (ANC) because he was deemed a suicide risk. He was sent to Spain, ostensibly to receive “treatment” (opposition deputy Delsa Solórzano insisted his deportation contravened the constitution which expressly outlaws banishment). Upon arriving in Spain, Saleh said he had contemplated suicide as “the only defence against years of torture”.

Saleh won the Sakharov prize for freedom of thought in 2017, awarded by the European Parliament (EP) to defenders of human rights. A spokeswoman for the EP’s human rights commission, Beatriz Becerra, said his release constituted “a desperate attempt to gain time” by the Maduro administration, and to influence a meeting of EU foreign ministers three days later.

Spain’s Sánchez government appears to be pushing the EU to support efforts by the country’s former prime minister José Luis Rodríguez Zapatero (a fellow member of the Partido Socialista Obrero Español [PSOE]), to re-establish a formal dialogue process between the Maduro administration and the political opposition. The High Representative of the EU for Foreign Affairs and Security, Federica Mogherini, said after a meeting of EU foreign ministers on 15 October that while it was “not looking at softening its position on Venezuela in any way” vis-à-vis targeted sanctions on individuals responsible for the violation of human rights, the EU had decided to “explore the possibility of establishing a contact group” as “there can only be a democratic political solution to the current crisis”.

The precise role of this ‘contact group’ is vague. Mogherini said it would seek to establish if there were conditions “to facilitate not a mediation – there are clearly not the conditions for that, or a dialogue, but a political process”. This process would involve “not only the government, but also the different sides of the opposition [and] some regional international actors”. Mogherini expressed her fear that “in the absence of a political process, tensions could only get worse”, adding that “we do not want to just sit and wait for this to happen”. Venezuela’s opposition-controlled national assembly does not seem keen. On 16 October it urged the international community to crank up the pressure on the “dictatorial regime” and endorse a petition by a handful of countries to the International Criminal Court (ICC) to investigate the Maduro administration for crimes against humanity. On the same day, Costa Rica’s President Carlos Alvarado announced his government’s support for the request presented to the ICC.

## Mesa declares bid for the presidency

Former president Carlos Mesa (2003-2005) has ended speculation. Last week he announced that he would be running for the presidency in the October 2019 general election. Mesa, who acted as spokesperson for Bolivia's legal case against Chile before the International Court of Justice (ICJ) at The Hague (which Bolivia recently lost) [[WR-18-39](#)], has emerged as the main contender to President Evo Morales, who is making a controversial bid for re-election on the ticket of his Movimiento al Socialismo (MAS).

Mesa formally declared his bid on 5 October for the Frente de Izquierda Revolucionaria (FIR) – a party established in 1978 in Tarija department where it remains most active. Mesa, who only registered for the FIR three days after declaring his bid, is running on a pro-democracy platform, seeing to capitalise on concerns over the insistence of President Morales, who first took office in 2006, on running again, and wider doubts about the independence of the country's institutions. Concerns have focused on the apparent disregard for the February 2016 popular referendum which opposed changing the 2009 constitution to permit Morales from seeking a further term: a constitutional court ruling in November 2017 allowing him to run effectively rendered the referendum result redundant.

With the most recent survey by Ipsos released at the end of last month showing Mesa and Morales in a technical tie [[WR-18-39](#)], the chances of the fragmented opposition presenting some kind of alliance have already received a setback. Three days after Mesa made his announcement, another prominent opponent to Morales, Rubén Costas, governor of Bolivia's eastern Santa Cruz department, declared that the opposition Movimiento Demócrata Social (MDS) would be presenting its own presidential candidate. In response to the announcement by Mesa, who also served as vice president under the second administration led by President Gonzalo Sánchez de Lozada (1993-1997; 2002-2003), Costas said that Bolivia needs "more new leaders" rather than those who embody "the old politics or old governments".

Further questioning the state of democracy in the country, Mesa and another former president Jorge Quiroga (2001-2002) also rejected an amnesty approved on 9 October by the MAS-controlled bicameral legislature. Initially decreed by Morales, the amnesty concerned two different legal cases which are currently before the courts (*see sidebar*). Morales had ordered the amnesty on the grounds that no former president, except those accused of crimes against humanity or genocide, should have legal cases "while the country is fighting for the defence of our maritime rights" – an allusion to the ICJ case with Chile, the verdict of which was announced on 1 October. However, both Quiroga and Mesa rejected the cases against them – and the amnesties – insisting on their innocence.

### Democracy day

On 10 October Bolivia commemorated Democracy Day, marking the return of the rule of law by a constitutional government. On that day in 1982, President Hernán Siles Zuazo (1956-1960, 1982-1985) was sworn in, the first president to be democratically elected in 18 years.

Yet indicative of the continued polarisation in the country, on Democracy Day 2018 thousands of people took to the streets in departmental capitals: La Paz, Cochabamba, Santa Cruz, Tarija, Oruro, Potosí (capitals of the eponymous departments) as well as Sucre (Chuquisaca department), Trinidad (Beni) and Cobija (Pando). While some were pro Morales, others attended the call by organisations like Comité Nacional de Defensa de la Democracia (Conade), a pro-democracy organisation revived in January 2018, which has been calling for the results of the February 2016 referendum to be respected.

### Quiborax

The case involving former president Carlos Mesa (2003-2005) is the so-called 'Quiborax case' – his 2004 decision to revoke mining concessions from Bolivian company Non Metallic Minerals (NMM) and the ultimately-successful 14-year attempt by NMM, and its partner Quiborax, the Chilean mining corporation, which has a majority stake in the company, to sue the Bolivian state for the loss of the concessions. In May 2018, the World Bank's International Centre for Settlement of Investment Disputes (Icsid) ordered that Bolivia compensate Quiborax which it did in June to the tune of US\$42.6m.

**Candidates seek votes from all sides**

**Jair Bolsonaro, presidential candidate for the Partido Social Liberal (PSL), is the firm favourite to win the second-round run-off on 28 October. In a campaign that has been marked by an 'us versus them' rhetoric and recent incidents of electoral violence, the far-right candidate has begun to (slightly) moderate his tone as he tries to widen his net of support.**

Still recovering from injuries sustained when he was stabbed during an election rally in early September, Bolsonaro is refusing to engage in televised debates with his opponent, Fernando Haddad of the left-wing Partido dos Trabalhadores (PT), citing both medical and strategic reasons. He has instead multiplied television and radio interviews, as well as sticking to his preferred campaigning method, social media posts.

In the absence of a face-to-face debate, the two candidates traded insults on *Twitter* this week. Bolsonaro called Haddad the "puppet" of imprisoned former president Lula da Silva (2003-2011) and belittled him in several ways, while Haddad once again challenged Bolsonaro to face him in a debate.

A frequent criticism of Bolsonaro is that he represents a threat to democracy, an argument that he himself is now using against the PT. Where his opponents warn of fascism, Bolsonaro cautions against communism. His campaign has also adopted an alarmist argument that has been increasingly used by the Right across Latin America, saying that a left-wing government would lead Brazil down the same route as Venezuela. Despite Bolsonaro now speaking of wanting to unite Brazil, the president of the PSL, Gustavo Bebbiano, said in an interview with national daily *Folha de São Paulo* that a Bolsonaro government would never seek dialogue with the Brazilian Left, saying that it "represents the most backward mentality on the face of the Earth".

All the while being intransigent in his criticism of the PT and its political allies, Bolsonaro is seeking to approach those sectors of the electorate that are usually identified as left-wing voters, refusing to be complacent about victory (predictions give him 59% of the valid vote).

A poll released by Ibope on 15 October shows that 65% of the electorate thinks that Bolsonaro represents the interests of the wealthy (42% thinks he represents the interests of workers, and 38% those of the poor). His rejection rates are highest amongst the voters in the pro-PT North-east and those who earn less than one monthly minimum wage – 49% and 43% of those voters reject him, versus an overall rejection rate of 37%. Such repudiation is far from insurmountable, and Bolsonaro has been campaigning in the north-east, the country's poorest region with the highest proportion of black Brazilians, with promises of an amplified Bolsa Família (a social benefits programme implemented under Lula) for those who truly need it. He has also been working to shed his reputation for being sexist, racist and homophobic, earned through a history of derogative and offensive comments about women, people of colour, and the LGBTQ community.

Culture wars and identity politics have been at the core of this emotional and sometimes vicious campaign, especially in the (often fake) news that voters trade on social media. Bolsonaro has benefited from the support of evangelical leaders who align with his socially conservative views and defence of traditional family values. Yet the PSL candidate now shows

**Electoral violence**

NGO Amnesty International is the latest organisation to condemn electoral violence in Brazil, expressing concern that it could stem from hate crime and urging the Brazilian state to take action to prevent and investigate it. The most widely publicised case was the murder of a PT-voting capoeira teacher in Bahia state last week, after he was stabbed 12 times by a Jair Bolsonaro supporter. Bolsonaro has condemned acts of violence committed by his supporters, although he has also accused mainstream media of persecuting his voters and misrepresenting violence as coming principally from them.

## Temer accused of corruption, again

The federal police have asked for current president Michel Temer to be indicted on charges of corruption, money laundering, and criminal activity, in the conclusion of an investigation that implicates 10 other individuals, including one of Temer's daughters. The charges relate to irregularities surrounding a port decree signed by Temer in May 2017. If the attorney general decides to pursue the charges, the lower chamber will vote on whether Temer must stand trial. Temer has withstood two such votes since taking office, but with just over two months before his term ends and his popularity in the single digits, his political capital is fast running out.

himself to be adopting a more liberal stance, as he recently pronounced himself in favour of personal choice in a video in which he was endorsed by a well-known gay make-up artist.

Bolsonaro has also rejected support from supremacist groups, after Brazilian media picked up on comments made by a former leader of the US white supremacist group the Ku Klux Klan, David Duke, in favour of Bolsonaro. "Exploiting [the segregation of society] to influence an election in Brazil is a huge stupidity!" Bolsonaro wrote in a tweet, speaking of the "beautiful" and "mixed race" Brazilian people.

Haddad is trying to make up the seemingly insuperable 18 percentage points that separate him from Bolsonaro with similar tactics – by speaking of unity and trying to move towards the middle ground. He has sought out the support of the Catholic Church, and most recently appealed to evangelical Christians. In a letter made public on 17 October he says that the PT has been the target of scaremongering and lies for decades. He assured evangelical leaders he met on the same day that the president "cannot impose values" such as abortion. The PT has lost many of its poor evangelical voters to Bolsonaro in this election.

In his latest interview, on national television channel SBT, Haddad began to recognise the party's past errors and acknowledged some of the benefits of the 'Car Wash' corruption investigation (which sent Lula to jail). However, it looks like being too little, too late. His rejection rates amongst the electorate have shot up to 47%, and his own political allies lack faith in him.

Cid Gomes, a senator-elect for the leftist Partido Democrático Trabalhista (PDT) and brother of defeated presidential candidate Ciro Gomes, has brought to light the dissatisfaction that many on the Left feel towards the PT. Speaking at a PT rally earlier this week, Gomes said it would serve the party right to lose the election after it has continuously failed to take responsibility for its numerous mistakes. Many of the PT's political allies openly present their support for Haddad as being for want of an alternative to Bolsonaro and in defence of democracy, rather than because they truly believe in the PT's project and its candidate.

## BRAZIL | ECONOMY

### Bolsonaro: a boon for national economy?

**After the deep 2015-2016 recession which saw Brazil's economy contract by 7%, and nearly two years of sluggish growth since, things are finally beginning to look up for the country. At least, this is what the financial sector would like to believe, as it prepares for the increasingly likely prospect of what it hopes will be a pro-market Jair Bolsonaro presidency.**

The strong performance of Bolsonaro and his Partido Social Liberal (PSL) in the first round of the presidential elections last 7 October was met with a celebratory surge in the Brazilian markets. The São Paulo stock exchange (Bovespa) rose by 4.57% in the immediate aftermath of the election, shares of Brazilian state-owned companies soared, and the US dollar depreciated against the real, closing the day at a two-month low (R\$3.77/US\$1). A weak dollar has since helped maintain this state of affairs.

Brazil's financial sector has been looking increasingly favourably upon Bolsonaro, and despite some reservations, many bankers are now warming to him as the only alternative to the return to the leftist, state-interventionist policies of the Partido dos Trabalhadores (PT).

## **Guedes investigated**

It emerged last week that federal prosecutors are investigating Paulo Guedes over accusations of fraud linked to the management of pension funds. Guedes' defence denies the accusations and denounces their timing. Although they have had no immediate repercussions on Bolsonaro's campaign or credibility, they could affect Guedes' position in a future government if he is found guilty, and therefore the direction of Bolsonaro's economic policy.

It is not only Brazilian businessmen who are celebrating. After publishing an editorial last week endorsing Bolsonaro as an all-being-said preferable candidate to the PT's Fernando Haddad, the *Wall Street Journal* noted this week that Brazil is proving to be a "bright spot" for investors amongst tumbling global stock. Foreign purchase of Brazilian stock has been positive and rising over the past few weeks, going against a global trend of negative flows to emerging markets.

Bolsonaro's economic proposals, designed under the aegis of University of Chicago-trained Paulo Guedes, have been described as a liberal economist's dream. He proposes to cut tax, privatise state-owned companies, and reduce the state's fiscal deficit by slashing the number of cabinet ministries, amongst a number of other measures. A key point for many who support Bolsonaro is that he has said he will maintain outgoing president Michel Temer's package of economic reforms. These include a cap on government spending and a labour reform aimed at reducing unemployment but which has proved unpopular amongst trade unions. A much-needed pension reform is unlikely to be passed before Temer leaves office, but it is hoped that a Bolsonaro government would push forward with a version of it.

While many extol a likely Bolsonaro presidency as the response to all of Brazil's economic problems, a cautionary note is being sounded in some quarters. Moody's Investors Service has warned against the adverse effect of the current political polarisation on the next president's ability to build a good relationship with congress, and the impact that this has on investors. Bolsonaro would need huge political capital to push through something as contentious as the pension reform, which would not be welcome among his military support base. And the reality is that little is known of his personal views on many economic points, an area in which he has admitted to being no expert and often contradicted himself and his advisers.

The future of state-owned oil company Petrobras exemplifies the uncertainty that surrounds the economic reality of a Bolsonaro presidency. The sale of Petrobras assets has been part of a plan to reduce the company's mammoth debt (forecast to reach US\$69bn by year's end, down from US\$106bn in 2014). Guedes, tipped to run a new finance 'super-ministry', is in favour of full privatisation whereas Bolsonaro said in a recent interview that the core of the company would remain in state hands. Petrobras shares, which spiked after Bolsonaro's win, fell again following these remarks.

## **ARGENTINA | POLITICS, ECONOMY & JUSTICE**

### **Macri assailed by friend and foe**

The government led by President Mauricio Macri came under heavy fire this week on two fronts. Fierce criticism of the recent deal with the International Monetary Fund (IMF) from Sergio Massa, a moderate opposition leader, underscores the government's difficulties in pushing the 2019 draft budget through congress. But it was not unexpected: Massa is setting his stall out in the hope of contesting next October's presidential elections. Less predictable, and potentially more damaging, was the verbal typhoon lashing the government from Elisa Carrió, a member of Macri's ruling centre-right Cambiemos coalition.

Massa, the leader of the Frente Renovador (FR), a moderate offshoot of the main opposition Partido Justicialista (PJ, Peronists), savaged the "horrible" deal with the IMF reached by the Macri administration during a discussion on 15 October at the US think-tank Wilson Center about Argentina's economic and political challenges in the run-up to the presidential elections. "The most

## Long-term development model

Speaking during his trip to Washington this week, Sergio Massa called for a cross-party accord on a sustainable long-term development model for Argentina for the next “20 or 30 years” covering, inter alia, education, security, the labour market, and the tax system.

serious problem is the government’s arrogance, its belief that it can resolve the problems alone, with no consensus and using old recipes that have already failed in Argentina,” Massa said. “It only seeks dialogue when it needs votes in congress and not to discuss long-term policies,” he added (*see sidebar*).

Massa’s assertion that the next government would need to revisit the IMF accord to regain control of trade and credit policy will unnerve investors just as the strength of his criticism will concern the government that the moderate PJ will not back its 2019 draft budget. But while the government was focused on the economic challenge ahead, it was caught off guard by an attack from within.

Federal deputy Carrió reacted furiously to remarks by the justice minister, Germán Garavano, when he was questioned about former president Cristina Fernández (2007-2015). “It is never good to ask for the arrest or preventive detention of a former president [in Fernández’s case, on corruption charges],” Garavano said, adding that “there is nothing to suggest she is a flight risk...”.

Carrió proceeded to demand Garavano’s head. She interpreted his comments as evidence that the government’s commitment to fighting corruption was wavering, saying, “I’ll make up with the president after he gets rid of Garavano.” The issue is academic because the senate has no intention of stripping Fernández, a sitting senator, of her immunity from prosecution, meaning she cannot be arrested. But on 11 October Carrió said she would present an impeachment motion against Garavano for intervention in judicial matters. She then dismissed the impeachment motion as a joke before presenting it five days later. Carrió, the leader of Coalición Cívica-ARI, one of three parties in the ruling coalition, insisted it was “a transitory divorce but a necessary one”, clarifying that she would “neither break with Cambiemos nor with my conscience”.

The impeachment motion will not get anywhere. The other two parties in Cambiemos, Macri’s Propuesta Republicana (Pro) and the centre-right Unión Cívica Radical (UCR), oppose it, and the PJ, as much as it might enjoy discomfiting the government, is not about to impeach a justice minister for being too light on Fernández.

But Carrió’s attacks have dominated the political debate. A diversionary tactic might have been welcome for Macri after the awkward volte face over energy tariffs [WR-18-40] but not friendly fire and not when the government needs to expedite the passage of its budget through congress.

Carrió’s censure is not in itself a sign of internal tension within Cambiemos. She is a maverick and on this issue has little political support. But there was also a deeper message elsewhere in her remarks: that the government is not listening to members of Cambiemos. “The president and his ministers need to know that [the head of the UCR bloc in the federal lower chamber of congress] Mario Negri and I cannot be finding out what is happening from the newspapers,” Carrió said.

Divisions within the PJ (on show once again during the commemoration of the 73<sup>rd</sup> anniversary of the birth of Peronism on 17 October) are a source of comfort for Macri; friction within his coalition is a source of concern. Carrió’s action grabbed all the headlines but there are also less-reported moves by the UCR to distance itself from the government. On 10 October, for instance, it criticised the government’s unpopular retroactive increase of energy tariffs, arguing that consumers should not have to bear the burden of more expensive energy imports. The very same day the government announced that it would absorb the extra costs itself.



**Carrió**

“If [the president] is tired of me he can eject me...but I will keep fighting for truth and justice,” Elisa Carrió said upon presenting an impeachment motion against the justice minister, Germán Garavano. President Macri cannot be seen to be acceding to Carrió’s demands but neither can he afford to lose her support. A popular straight-talking politician, she says what she thinks and the public listens to (or reads) what she says. Nobody takes on Kirchnerismo like Carrió, and her presence in his coalition allows Macri to assure voters of his government’s commitment to transparency and combating corruption. But she is a loose cannon and her artillery will sometimes be trained on the government. Despite their latest differences, Carrió did still endorse Macri as “the best candidate for Cambiemos in 2019”.

**Ruling FA faces toughest electoral challenge**

There is mounting concern within the ruling Frente Amplio (FA) that the left-wing coalition’s grip on power in Uruguay, stretching back to 2005, might not last beyond presidential elections in October next year. With early opinion polls suggesting that the centre-right opposition Partido Nacional (PN, Blancos) is in the ascendancy, the main faction within the FA is demanding a change of economic course.

A nationwide electoral survey published by the Uruguayan pollster Opción Consultores on 11 October showed the PN with 30% support, followed by the FA with 25%, and the right-of-centre Partido Colorado (PC, Colorados) with 11%. The Partido de la Gente and Partido Independiente each enjoyed 4% backing. A sizeable 25% of respondents remain undecided or determined to cast blank or spoiled ballots.

The fact that the FA is trailing the PN in the polls is a worrying sign for the ruling coalition as the Blancos and the Colorados, despite historic enmity, can be relied upon to unite in a likely second-round run-off. Conscious of the electoral threat, the radical Movimiento de Participación Popular (MPP), the largest party within the FA, has presented a document to the FA secretariat, arguing that it is “vital” that economic policy be modified “if only partially” because “the model is nearly exhausted”.

Differences over economic policy have resurfaced throughout the FA’s time in power. The MPP advocates loosening the purse strings, and the more moderate wing of the FA aligned behind the long-serving economy & finance minister, Danilo Astori, places the emphasis on fiscal stability. But the debate could be about to re-open if the FA fails to pick up in the polls.

Astori announced last month that he would not compete for the FA presidential candidacy in primary elections next June. One of his acolytes, however, will. On 11 October Mario Bergara, the president of the central bank, resigned his position and launched his presidential pre-candidacy in the FA’s headquarters in Montevideo for Banderas de Líber, a small faction linked to Astorismo.

Bergara was surprisingly candid about what he would offer voters. He argued that public policies need to be revised, adding that “we have to be implacable against ethical shortcomings,” a reference to various corruption scandals that have eroded support for the FA. Bergara also called for generational renewal within the FA, and said he would stick gender parity at the centre of his campaign.

**Bolsonaro effect**

As part of a debate in the national daily *El Observador* on 9 October, Uruguayan political scientists discussed whether a figure like Brazil’s presidential frontrunner Jair Bolsonaro could emerge to win next October’s elections. The general consensus was that in a country with a strong party system this was unlikely. It should be noted, however, that Nayib Bukele, similar to Bolsonaro in the sense of being an anti-party populist outsider, leads the polls ahead of presidential elections in El Salvador next February despite two political parties having dominated national politics for the last 26 years.

The political scientists in the *El Observador* debate argued that the closest thing Uruguay had at present to Bolsonaro is the leader of the Partido de la Gente, Edgardo Novick, although “his anti-political and anti-party discourse is not anti-democratic”. Novick is also not sufficiently popular if early polls are anything to go by.

Novick represented the Partido de la Concertación alliance between the PN and PC in the 2015 municipal elections in Montevideo but lost to the FA’s Daniel Martínez, who is favourite to secure the ruling coalition’s presidential nomination. Novick then formed his own party.

**Morena****misunderstanding**

The president of the federal chamber of deputies, Porfirio Muñoz Ledo, reacted to the announcement that deputies would be expected to provide donations to pay for the consultation with a flat rejection.

“Deputies will not finance that, absolutely not, the time when Morena deputies had to send campaign resources to the president-elect has passed...we won, it no longer makes sense,” Muñoz said. However, López Obrador responded to this by insisting that not only would Morena deputies be asked to help pay for the consultation but so too would Morena senators. “There are no personal or group interests here...that can be above the national interest,” López Obrador said, urging legislators to make contributions to help pay for the consultation.

**Mexico City airport consultation comes into focus**

President-elect Andrés Manuel López Obrador and his government transition team are determined to hold a public consultation on where to build a new airport to service Mexico City. López Obrador has repeatedly said that he wants to hold a public consultation before the end of the month so as to offer certainty over the matter before he assumes office on 1 December. Backing up these intentions, this week López Obrador’s transition team unveiled the question that they hope to put to the public. Yet many doubts about the consultation process and its relevance remain.

It is widely acknowledged that building a new international airport for Mexico City with increased passenger capacity is critical for Mexico’s booming tourism industry. Consequently, the outgoing government led by President Enrique Peña Nieto began building a completely new airport (NAICM) in the Texcoco area of the Estado de México (Edomex). But throughout his electoral campaign and after winning election in July, López Obrador has said that he does not consider the US\$13.3bn NAICM project to represent value for money. He has thus proposed abandoning the project and expanding the existing Santa Lucía military airbase, also located in Edomex, and turning it into a new civil airport for an estimated cost of US\$3.5bn.

But strong private-sector support for the NAICM project, which is currently 30%-35% complete and on which some US\$5bn has already been invested, led López Obrador to pledge to stage a public consultation on the matter to let the public decide what they consider to be the best option. López Obrador’s plan is for this to take place in October so that he can make and announce a final decision before he assumes office. As part of these efforts, on 15 October Jesús Ramírez Cuevas, López Obrador’s spokesman, finally unveiled the question that the government transition team plans to put to the public.

Ramírez revealed that the public will be asked “Given the saturation of the Mexico City airport, what option do you think would be best for the country? 1. Recondition the Mexico City airport and the one in Toluca, and build two new runways at the Santa Lucía airbase. 2. Continue building the new airport in Texcoco and stop using the Mexico City International Airport.” Ramírez said that those that take part in the consultation will also receive a booklet with the summary of the main pros and cons of each option based on the technical evaluations commissioned by the government transition team.

Ramírez also explained that the consultation will be carried out in 538 municipalities, where 82% of the country’s population live between 25 and 28 October; and that the plan is to set up 1,073 voting stations in public squares. According to Ramírez, the consultation would have a total cost of M\$1.5m (US\$80,000), which would be covered via voluntary contributions from federal deputies from López Obrador’s Movimiento Regeneración Nacional (Morena). However, Ramírez’s announcement that Morena deputies would have to foot the bill for the consultation was questioned by the Morena president of the lower chamber (*see sidebar*).

Constitutional lawyers claim that the proposed consultation will not be legally binding. They point out that the consultation has not been called by a sitting president or government; that Article 35 on popular consultations stipulates that they cannot be called on issues regarding government revenue or spending; and that in order to be legally binding at least 40% of

## Violence

According to Jalisco's interior minister, Roberto López, ongoing building projects will boost morgue capacity by 700 bodies. However, this will do little to reassure residents terrorised by the *Cártel Jalisco Nueva Generación* (CJNG) drug trafficking organisation (DTO), which has a presence in large areas of the state, or to placate local police officers who recently protested over poor working conditions and a lack of protection from DTO violence.

the registered electorate must participate. If the incoming López Obrador administration ultimately decides to cancel the NAICM project, it would be liable to be sued by the firms that have already secured state contracts related to the project. López Obrador's response to this has been to say that his government will honour any contracts awarded for the NAICM project by offering contractors the same work in the Santa Lucía project, should that option be backed by the consultation.

### Mass graves reveal extent of violence in Jalisco state

A series of recent grisly discoveries has caused serious concerns over worsening security in Jalisco, one of Mexico's most populous and prosperous states. Proud jaliscienses might prefer to talk about the historic charms of the state capital Guadalajara, or how the small town of Tequila exported its eponymous drink around the world, but recently the state has become famous for altogether more worrying reasons. On 16 October, investigators confirmed that 16 bodies had been discovered in two mass graves in the municipality of Tonalá, while seven more bodies were found in mass graves in Tlajomulco de Zúñiga on 4 October. Since June, a total of 67 bodies have been found in 10 mass graves in the municipalities of Tlajomulco, Tlaquepaque, El Salto, and Juanacatlán, which form part of the metropolitan area of Guadalajara, and the state has seen a major increase in crime rates. With so many bodies being found it might be expected that local morgues would come under pressure, but few would have predicted the existence of refrigerated trailers used as overflow facilities to store 150 unidentified bodies. Another shock came with the admission that only around 50% of the 444 bodies currently held by the state forensic medical service had the necessary files to enable identification, and the authorities also admitted to not knowing exactly how many unidentified corpses are currently in their care (*see sidebar*).

## TRACKING TRENDS

**MEXICO | Inflation.** The consumer price index increased by 0.42% in the month of September, the national statistics institute (Inegi) reported. The annualised inflation rate is now 5.02%, marking the highest rate in six months. An increase in energy prices was the main driver, with liquid petroleum gas (LPG) prices increasing by 5.3% and low-octane petrol prices increasing by 1.47%. The price of the basket of basic goods increased 0.82% in September, reaching an annualised rate of 8.14%, and the cost of primary education also increased by 4.22% in the month.

Any comparison with last year needs to take into account that certain services, such as public transport and telephone communications, were free to use for two weeks following the 19 September earthquake.

**MEXICO | Canada slaps tariffs on steel products.** On 11 October the Canadian government announced that it would impose import tariffs on various steel products including heavy plate, bars for reinforced cement, tubes for the energy sector, hot-rolled steel sheets, pre-painted steel, rust-proof steel cable, and wire rod.

The move follows a similar announcement from the US in March, which sparked fears in Canada that the domestic market would be flooded with cheap steel products previously destined for its southern neighbour. However, the move by Canada was deplored by the Mexican government, which said that it would impact its steel producers. The economy minister, Ildefonso Guajardo, said that Mexico's steel exports to Canada are equivalent to 20% of its steel exports to the US, and the tariffs will affect exports worth a total of US\$200m.

The Mexican government then announced that it would examine the measure by Canada to see if it violates the North American Free Trade Agreement (Nafta), the terms of which were recently renegotiated between the three member countries, but that the move would not result in Mexico withdrawing from the treaty. In the short term, Mexico said it will protect its steel exporters from any damage caused by Canada's announcement, while it tries to obtain an exemption from it.

**Romero enters pantheon of saints****Romero's  
assassination**

In May last year a Salvadorean judge ordered public prosecutors to re-open the case into Oscar Romero's assassination against Alvaro Rafael Saravia, a former air force captain who was the main suspect but evaded prosecution because of the country's amnesty law, which was struck down in 2016 by the constitutional chamber of the supreme court. Saravia was a close confidant of Arena's late founder Roberto D'Aubuisson.

Archbishop Óscar Arnulfo Romero, who was assassinated in 1980 for daring to condemn state-sponsored violence in El Salvador, and order soldiers not to kill innocent civilians, was canonised on 14 October. The 38-year delay in his elevation to sainthood owes to internal political differences within the Holy See. Romero has been venerated as a saint in El Salvador by the poor majority ever since he was gunned down while delivering mass, accused of being a Communist sympathiser. The intellectual author of his murder, according to a United Nations truth commission report published shortly after the end of the bloody civil war (1980-1992), Major Roberto d'Aubuisson, is still revered by the right-wing party he founded, Alianza Republicana Nacionalista (Arena), now the main opposition. Romero's canonisation was a cause of great celebration for many but there is a concern it will compound the misappropriation of his image and his words.

Pope Francis expedited Romero's beatification, the first of the two steps to sainthood, which was completed in 2015. Romero was declared a martyr to the faith, obviating the need for a miracle to be attributed to him. The Anglican Church had long before proclaimed Romero one of the Christian martyrs of the 20th century commemorated with statues at London's Westminster Abbey. But the conservative curia that controlled the Vatican for many years had blocked Romero's path to canonisation as he was viewed as a proponent of liberation theology, which argues that the Church should act to bring about social change by allying itself with the poor and downtrodden.

Romero had actually started out as a conservative close to Opus Dei, but in the face of brutal repression by El Salvador's right-wing dictatorship, Romero became "the voice of those with no voice", and did not hide safely behind angels and cherubim. This was why Pope Francis was determined to override opposition to Romero's canonisation. During a visit to Mexico in February 2016, the pope upbraided the affluent church hierarchy in the country, saying "we don't need princes". He also pointedly appointed one of the martyred archbishop's closest friends, Monsignor Gregorio Rosa Chávez, the auxiliary bishop of San Salvador, seen as living a humble life actively working for the poor, as El Salvador's first cardinal last year, overlooking the present archbishop of San Salvador, José Luis Escobar y Alas.

Some 7,000 Salvadoreans travelled to attend the canonisation ceremony in St Peter's Square, while thousands more gathered in front of San Salvador's cathedral, where it was broadcast live from the Vatican on a large screen and through loudspeakers, before the bells rang out in celebration. Wearing the blood-stained belt removed from Romero's body after his assassination, Pope Francis said the archbishop had sacrificed his own safety to be "close to the poor and his people". "The martyrdom of monseñor Romero was not just his death," the pope said. "It began before, with the suffering he endured through persecution...and continued afterwards, because his death did not suffice, they defamed and slandered him, blackening his name".

Hundreds also gathered in the chapel of the hospital of divine providence in San Salvador where Romero had delivered the fateful mass on 24 March 1980. The papal nuncio in El Salvador, Archbishop Santo Gangemi, held a service in the chapel. His homily, a homage to Romero, contained a melange of the saint's own sermons. Gangemi also urged Salvadoreans not to "wrap

## Traducing the truce

On 12 October a court convicted former guerrilla Raúl Mijango to 13 years and four months in jail for extortion. Mijango was the most visible face of the truce mediated in 2012 between the mara street gangs Mara Salvatrucha (MS-13) and Barrio 18 and the government, which saw homicides fall significantly. But the court found Mijango guilty of helping the two gangs to extort companies, specifically a rice company which was forced to pay out US\$18,000 a month (totalling US\$325,000 over the course of eight years). Mijango had argued he succeeded in persuading the gang leaders to reduce the extortion payment to US\$6,000 a month.

[Romero] in a political and social flag". With presidential elections approaching next February, Gangemi's words are sure to fall on deaf ears. Romero's image is omnipresent during election season, not just on electoral literature but also merchandise, such as key rings and T-shirts emblazoned with quotes from his homilies, such as "let my blood be a seed of freedom". These were available for sale on the day of his canonisation.

While the (now ruling) left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) demands that Romero's memory be treated with respect as a martyr of right-wing repression, it uses his image to try and win votes. But the FMLN is not alone in hypocrisy. Arena candidates leave flowers in the town where Romero was born while simultaneously paying homage to the man evidence points to having masterminded his assassination: Major D'Aubuisson, whose involvement in political violence during the civil war prompted a former US ambassador to describe him as a "pathological killer".

## Unity in the face of violence

El Salvador's President Salvador Sánchez Cerén, who attended the ceremony in St Peter's Square, delivered a message on national radio and television, saying that Romero's canonisation was "a call to all of society to...say 'enough' to violence; a call for a change of conduct, for all of our communities to live together in tolerance...and a new culture of peace based on respect for life, differences, and human rights". In recent years, El Salvador has endured the worst outbreak of violence since the civil war, with elite army battalions taking to the streets to combat *mara* gangs engaged in brutal turf wars, and rumours of death squads operating once again.

The number of intentional homicides has fallen this year, down over 12% in the year to 13 October, according to police figures. The government was quick to seize upon the decline in homicides as a sign that its tough security policies have had an impact. But there is scant cause for celebration. There were still 2,657 homicides over this period, meaning El Salvador remains one of the most violent countries in the world.

## Romero and Nicaragua's spiralling violence

On the very day that the papal nuncio in El Salvador, Archbishop Santo Gangemi, urged Salvadoreans not to "wrap [Romero] in a political and social flag", El Salvador's ambassador to Nicaragua, Carlos Ascencio, the former head of the national police (PNC), participated in an event alongside Nicaragua's President Daniel Ortega and First Lady Vice President Rosario Murillo to celebrate Romero's canonisation.

"Monseñor Romero valued the struggle of the Nicaraguan people in their conquests in 1979 [a reference to the downfall of the Somoza dynastic dictatorship] and he fervently opposed all foreign intervention because it perpetuates oppression," Ascencio said. Ortega has claimed that US responsibility in the violent protests in Nicaragua is "very clear".

In Romero's most famous homily, and the one that effectively signed his own death warrant, he famously addressed El Salvador's right-wing military dictatorship and security forces: "I implore you, I beg you, I order you in the name of God: Stop the repression!" This plea is now being echoed by Monsignor Silvio Báez, the Auxiliary Bishop of Managua, to the Ortega administration in Nicaragua.

El Salvador's FMLN government refuses to criticise Ortega because of its ideological affinity with his Frente Sandinista de Liberación Nacional (FSLN). Just this week the Inter-American Commission on Human Rights (IACHR) expressed "profound concern" over a string of arrests of protesters in Nicaragua. The IACHR insisted that "social protest is a legitimate right of the people". Ortega claimed during the event to mark Romero's canonisation that the protesters "continue to call marches, not for peace, but to seek blood, they want blood, they are thirsty for blood".

## Fresh blow to dialogue prospects

### RNP crisis

As well as Roy Hernández, the other members of the commission, which has three years to sort out the RNP ahead of the next (2021) general election, include Rolando Kattán, an engineer aligned with the PN, and Óscar Rivera, who served as secretary of electoral affairs for Libre. Also appointed as alternates were Roberto Montenegro, a lawyer aligned with the Partido Alianza Patriótica, and Gonzalo Fuentes, a lawyer and former legislative candidate for the Partido Democracia Cristiana (PDC).

“A monologue not a dialogue.” This was one of the reasons given by the traditional opposition Partido Liberal (PL) for its decision to suspend participation in the talks brokered by the United Nations (UN), which began at the end of August, aimed at addressing the post-electoral crisis in Honduras. Specifically, the PL accused President Juan Orlando Hernández’s Partido Nacional (PN) of a lack of political will to talk about the crisis, which stems from claims by the November 2017 presidential opposition candidate Salvador Nasralla that widespread fraud took place. Yet the resulting uncertainty over the future of the talks comes as the PL itself is facing one of its worst crises since its establishment 127 years ago.

On 15 October Octavio Pineda, the head of the PL’s executive committee (CCEPL), told reporters that the party’s decision was not definitive. However, he complained that the PN had not provided a response to questions regarding the possibility of an amnesty for political prisoners or a public consultation on the issue of presidential re-election. This issue remains highly charged given that Hernández was only able to seek an unprecedented second term following a controversial April 2015 supreme court (CSJ) ruling lifting the constitutional ban on presidential re-election.

The issue of presidential re-election (and the events of the 2017 electoral process) was to be broached by one of four working tables under the dialogue which, brokered by Igor Garafulic, the UN’s resident coordinator in Honduras, had included the PN, the PL, and Nasralla’s political outfit (now renamed as the Partido Salvador de Honduras). The other working tables include human rights; constitutional reforms & strengthening the rule of law; and electoral reforms.

Pineda’s announcement, however, came weeks after the PL had already announced its withdrawal from the talks on 26 September. On that occasion however, its decision reflected an internal crisis facing the party, after the CCEPL expelled 17 of its national deputies – including bench leader Elvin Santos, a former vice president (2006-2009) and former presidential candidate (2009). Up until that point the PL had been the third-biggest bench in the 128-member unicameral legislature with 26 seats, after the PN, which has 61 seats, and the Partido Libertad y Refundación (Libre), which has 30 seats.

Widely attributed to a power struggle between the faction headed by Santos and that by PL president Luis Zelaya (who ran as the presidential candidate in the 2017 election, coming a distant third on 14.73% of the vote), the 17 legislators were ejected for failing to toe the line with regard to a vote on intervening in the country’s national registry office (RNP), the overhaul of which was also being discussed by the working tables set up under the dialogue. Specifically, they disregarded Zelaya’s orders regarding which candidate to back to represent the PL on a committee set up to intervene in the RNP. Instead of backing Zelaya’s choices (which included his brother, Roberto Zelaya Medrano), the 17 deputies opted for Norman Roy Hernández, a former manager of the national telecommunications commission (Conatel), who is aligned with the PL.

At the time of writing, Garafulic had yet to respond to the PL’s latest announcement that it would not re-join the talks. However, in response to its initial withdrawal, at the end of September he had already warned that there is a deadline, telling reporters: “We launched a dialogue in August, it’s not eternal, there are two months to work, two months to show results, this is not a dialogue to lose time or gain time.” Around the same time, Garafulic said that there are currently 50 issues up for discussion of which 22 are electoral.

## Picture becomes clearer ahead of 2019

Last week José Domingo Arias, who served as housing minister under President Ricardo Martinelli (Cambio Democrático, 2009-2014), became the latest presidential contender to be confirmed ahead of next May's general election. Running for the small recently launched Partido Alianza (PA), Arias would appear to stand little chance, although there is widespread disaffection with the established political class. The declaration of his candidacy comes as two of Panama's three principal parties (the now opposition CD and Partido Revolucionario Democrático, PRD), have named their choices. As in previous elections, initial surveys on voter intention (which have been few and far between) indicate that government corruption remains the leading voter concern.

The first main party to declare its presidential choice was the CD – which has 25 seats in the 71-member unicameral legislature (the second-largest bench behind the PRD, which has 26). On 12 August, in party primaries, the CD picked Rómulo Roux, a former foreign minister (2012-2014), as its presidential candidate. Roux defeated former security minister José Raúl Mulino (2009-2014), a loyalist of Martinelli (who was extradited from the US in June to face charges related to his activities whilst in office).

The following month, on 16 September, Laurentino 'Nito' Cortizo, a former agriculture minister (2004-2006), won the presidential nomination for the PRD (which last held office under Martín Torrijos [2004-2009]), taking 66.08% in the party's primaries.

This leaves the ruling Partido Panameñista (PPA), which has just 16 seats in the national assembly, as the last of the main parties to end speculation, with primaries scheduled for 28 October. The main pre-candidates are: Panama City mayor José Blandón; Ada Romero, a former director of the national authority for micro, small, and medium-sized business (Ampyme); and Mario Etchelecu, who served as housing minister (2014-2018) under President Juan Carlos Varela. The party, however, is likely to suffer due to the unpopularity of the current PPA government, which stems in large part from public concerns over corruption (*see box*).

### Cortizo, an early frontrunner

On 2 October the local media released a survey on voting intentions by pollster CID-Gallup – one of the few released this year – which shows Laurentino Cortizo as the current favourite, with between 39%-42% support. Second, with 17%-19% backing, was Rómulo Roux, followed by Ana Matilde Gómez (an independent), on between 11%-13%. Then followed José Blandón (6%), and Mario Etchelecu (4%).

The survey, which had a 2.81% error margin, also showed that 34% of the 1,210 respondents said they would vote for the PRD, while 21% said that they would vote for CD, and 8% for PPA.

Part of the reason for the enduring unpopularity of the current government is its failure to address fears about public corruption. This remains the chief voter concern and has been since mid-2016, just before the corruption scandal involving Brazilian engineering firm Odebrecht broke in December 2016. The scandal involved reports that, as part of a region-wide scheme, over US\$59m was paid in bribes to Panamanian government officials between 2010 and 2014 in order to secure public works and infrastructure contracts, and has implicated top officials, including President Varela himself.

After public corruption, the CID-Gallup poll showed that the second major public concern is security (19%), closely followed by unemployment (18%), while the high cost of living was cited by 12% of respondents.

### Corruption

#### perceptions index

The public is not alone in its perception that corruption would seem to be on the rise. The most recent (February 2018)

Corruption

Perceptions Index by international NGO

Transparency

International (TI)

showed Panama

sliding to 96<sup>th</sup> place out of 180 countries

in 2017, down from

87<sup>th</sup> in 2016. Yet,

while below Costa

Rica (ranked 38%, up from 41<sup>st</sup> in 2016) it is

worth pointing out

that Panama was still

above its other

Central American

neighbours: El

Salvador was 112<sup>th</sup>,

down from 95<sup>th</sup>;

Honduras was 135<sup>th</sup>,

down from 123<sup>rd</sup>;

Guatemala was 143<sup>rd</sup>,

down from 136<sup>th</sup>; and

Nicaragua was 151<sup>st</sup>,

down from 123<sup>rd</sup>.

## Quotes of the week

“It is an abuse and arrogance of an inexplicable level. It should have gone before the justice commission.... This is not how laws are approved.”

*Peru's Vice-President Mercedes Aráoz on a law approved by the Fujimorista congressional majority, which would ensure former president Alberto Fujimori does not have to return to jail to complete his sentence.*

“What Venezuela is enduring is a drama, it is the drama of a region that for years allowed the dictatorship to gain strength, under a thin veil of democracy, until it completely took over all power.”

*Colombia's President Iván Duque.*

“Are we going to be exporters of lithium or are we going to be exporters of batteries for mobile phones?”

*Argentine opposition leader Sergio Massa.*

## Security forces land blow on Colombia's Clan del Golfo

The Colombian police have killed a key member of the Clan del Golfo criminal organisation. This is being billed as the first major success against organised crime by the government led by President Iván Duque since he assumed office in August, and as a clear signal that the Duque administration is determined to pursue criminals aggressively, taking them dead or alive.

The death of José Abel ‘Mordisco’ Bustamante Duarte was announced by President Duque himself. In a 16 October press conference, Duque said that the security forces had killed the man identified as the Clan del Golfo's third in command during an operation codenamed ‘Oziel’, carried by the military and the national police. Duque said it was the result of a “meticulous operation” that had been long planned although he did not provide more details.

Duque went on to say that Bustamante was in charge of the criminal organisation's finances and drug-trafficking operations and that his death is a heavy blow for the Clan del Golfo that leaves it “spineless”. Duque concluded his press conference by saying that with Bustamante's death his government was “telling the country's criminal structures and armed criminal groups that those that commit crimes pay for it (‘el que la hace la paga’) and that we are going to dismantle all of your structures”.

Following Duque's announcement, the local press reported that the operation that led to Bustamante's death was led by a new specialised police unit nicknamed ‘Lobos’, which tracked down Bustamante and found him in a rural area of Antioquia department. According to the reports, Bustamante, a former member of the Autodefensas Unidas de Colombia (AUC) right-wing paramilitary group, confronted and attacked the security forces with gunfire as they approached his ranch in Ebéjico until he was shot dead. Following Bustamante's demise the security forces will continue to concentrate on capturing the Clan del Golfo's two main leaders: Dairo Antonio ‘Otoniel’ Usuga and Jobanis de Jesús ‘Chiquito Malo’ Ávila Villadiego.



25 October 2018 | Chatham House | London

### Latin America 2018

*Leadership, governance and pathways to economic progress*

On 25 October, Chatham House will convene leaders from government, the private sector and civil society to look at current political, economic and social dynamics in the Latin America region and to assess prospects for increasing investment, sustainable growth and future prosperity.

#### Booking and information:

**Book online:** [www.chathamhouse.org/latin-america](http://www.chathamhouse.org/latin-america)  
**Contact Charlie Burnett Rae:** [cburnettrae@chathamhouse.org](mailto:cburnettrae@chathamhouse.org)  
 +44 (0)20 7957 5727

**CHATHAM HOUSE**  
 The Royal Institute of  
 International Affairs

#### Speakers include:

**José Luis Rodríguez Zapatero**  
*Prime Minister of Spain (2004-11)*

**Jorge M. Faurie**  
*Ministry of Foreign Affairs,  
 Argentina*

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

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

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