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## Bukele strolls home in El Salvador, crushing Arena-FMLN hegemony

Nayib Bukele confirmed his vertiginous rise by not just defeating but eviscerating the duopoly that has dominated El Salvador's political scene for the last 30 years in the first round of presidential elections on 3 February. Bukele won more votes than all his rivals combined to become the region's youngest head of state and underpin the triumph of personalism over party politics which has become a regionwide phenomenon. Just like Andrés Manuel López Obrador and Jair Bolsonaro, who swept to power in Mexico and Brazil last year, Bukele channelled a tide of anger and resentment over official corruption but, also like them, he has raised expectations sky high. With a yawning fiscal deficit these will not be easy to meet.

Bukele, 37, was barely out of his crib when the right-wing Alianza Republicana Nacionalista (Arena) first came to power in 1989, three years before the end of the country's civil war, winning four consecutive presidential elections under Alfredo Cristiani (1989-1994), Armando Calderón Sol (1994-1999), Francisco Flores (1999-2004), and Elías Antonio Saca (2004-2009). The left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) finally secured power in 2009, first through Mauricio Funes (2009-2014), a moderate recruit to their cause, and then through Salvador Sánchez Cerén, a veteran guerrilla commander.

During his campaign, much of which he waged on social media, Bukele repeated the same message time and time again: that all the country's ills could be explained by the fact that power had been abused by "the usual suspects", his pejorative term for the political establishment. His message was lent added weight by the recent corruption investigations embroiling two former Arena heads of state (Flores and Saca) and one FMLN (Funes).

Bukele did not dwell on the fact that he ran on the ticket of the centre-right party established by Saca, Gran Alianza por la Unidad Nacional (Gana). Indeed, Bukele barely mentioned Gana in his campaign. His was an eleventh-hour marriage of convenience after the supreme electoral tribunal (TSE), controlled by traditional parties, refused to register his party Nuevas Ideas (NI), and then stripped his next choice, the small leftist Cambio Democrático (CD), of its registration. Bukele even forced Gana to adopt NI's colour and logo, a cyan swallow, on ballot papers. Gana leaders were conspicuous by their absence during Bukele's six-minute victory speech during which he failed to mention the party once.

It is far from certain that Bukele will reward Gana with the control of any cabinet ministries, but even if he does preserve a working relationship with the party it only has 10 of the 84 seats in the legislative assembly, which is

## Trade deficit soars

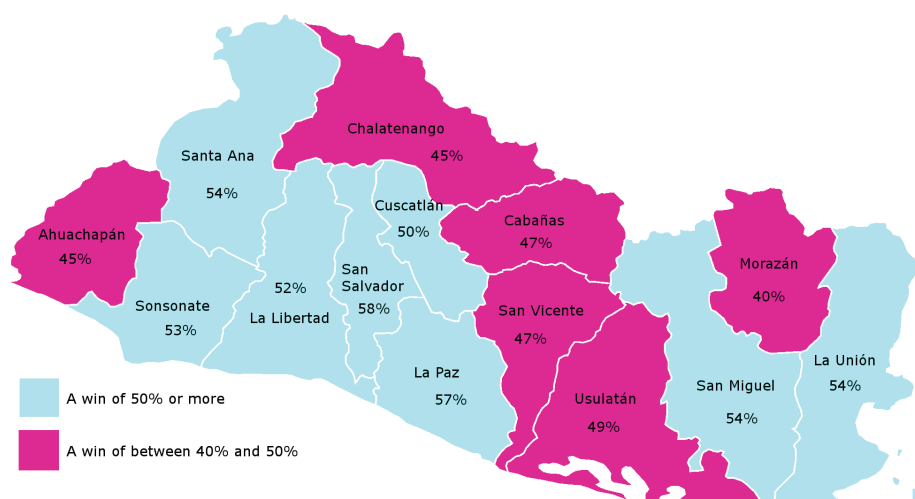
El Salvador's trade deficit expanded by 20.4% year-on-year in 2018, primarily because of the increase in imported inputs by the manufacturing industry, according to the central bank. Exports climbed by 2.5% to US\$5.90bn (driven by maquila exports which grew by 14.3% to US\$1.26bn) but were outstripped by imports which surged by 10.7% to total US\$11.725bn, leading to a trade deficit of US\$5.82bn, almost US\$1bn more than in 2017. The US absorbed US\$3.75bn of El Salvador's exports, followed by China with US\$1.65bn.

controlled by Arena and its right-wing allies, with 49 seats; the FMLN holds 23 seats. The next legislative elections are not until 2021, but Bukele made no effort to reach out to his vanquished rivals. Instead, he celebrated trouncing them, "turning the page on the post-war period", and promised that "the people's money, stolen by the usual suspects, will be returned". He did appeal to Arena and FMLN grassroots to support him, however, which suggests that, along with social media, he will seek to apply popular pressure to deputies if they attempt to thwart him for the first two years of his five-year presidency before the next legislative elections.

Bukele won 53.0% of the vote, or some 1.39m. Arena finished second with its candidate Carlos Calleja taking 31.8% of the vote, or 832,000 votes with his three coalition partners, less than Arena's usual core support. The FMLN was the big loser, coming a distant third with its candidate Hugo Martínez taking a mere 14.4% of the vote, the worst result in the party's history, and just 377,000 votes, barely one-quarter of its 2014 haul. Josué Alvarado, an outsider, finished fourth for Partido Vamos on 0.8%, some 20,000 votes. Bukele won in all 14 of the country's departments, surpassing 50% in eight of them (including the five most populous, San Salvador, La Libertad, Santa Ana, San Miguel, and Sonsonate) and 40% in the other six (*see map*). Bukele also won in 195 of the country's 262 municipalities, with Arena and the FMLN winning in just 35 and 32 respectively.

It should be noted that turnout was only 51.8% out of more than 5.2m eligible to vote, down from 55.3% in 2014 and 61.9% in 2009. This reflects disillusionment with established parties but also suggests that many voters were unconvinced or uninspired by Bukele. His victory speech was like his campaign in microcosm: lacking details. Bukele refused to debate his rivals. Unlike López Obrador, for instance, he has not presented a detailed 'Republican austerity' plan, explaining how he intends to combat corruption and improve transparency and accountability beyond establishing an international commission against impunity (Cicies) modelled on Guatemala and Honduras. Universal healthcare and an ambitious infrastructure plan have been promised but not costed. This will be all the more challenging given El Salvador's huge fiscal deficit (*see sidebar*).

One thing that is clear is that Bukele will realign El Salvador diplomatically when he takes office on 1 June. Venezuela will lose one of its four remaining allies in Latin America, while Bukele has compared Nicaragua's President Daniel Ortega, supported by the FMLN government, to the dictator Anastasio Somoza he toppled in 1979. Bukele has also condemned the president of neighbouring Honduras, Juan Orlando Hernández, over his dubious re-election in 2017, tweeting that "a dictator is a dictator, on the 'Right' or the 'Left'".



**Vizcarra's grand transformation**

President Martín Vizcarra presented a plan on 31 January to drive economic growth and convert Peru into a developed country over the next 20-30 years. Vizcarra accepted that it was an ambitious target but argued that 2018 marked an important beginning with record public investment and a referendum to undertake key reforms, combat corruption, and overhaul the judiciary to encourage private investors. In the 10 months since taking office Vizcarra has exceeded the wildest expectations of the Peruvian public, succeeding where his predecessor Pedro Pablo Kuczynski (2016-2018) failed in driving a wedge in the right-wing Fuerza Popular (FP, Fujimoristas), which should have ended the obstructionism of congress.

President Vizcarra presented the plan while inaugurating a 'forum on competitiveness and productivity towards a modern and inclusive Peru', along with his senior cabinet ministers. Vizcarra said that public investment hit a record NS\$35.5bn (US\$10.56bn) in 2018, and private investment would pick up as Peru consolidates itself as a modern and efficient state, with effective, accountable, and robust institutions.

Vizcarra highlighted the importance of the referendum and measures against corruption and impunity. His own government should be able to advance its own policy agenda much more effectively from now on after the revamped congressional leadership committee recomposed the legislative commissions under the vice-like grip of FP to include representatives of new benches. This reflects the formation of three new congressional blocs – Cambio 21, Bancada Liberal, and Unidos por la República – made up primarily of dissidents from FP and deputies from Kuczynski's Peruanos por el Cambio (PPK). There are now 10 different blocs in the 130-seat congress making it more fragmented than at any point over the last 19 years.

Daniel Salaverry, the president of congress who recently left FP, said the committee-level changes would "refresh" congress, leading to more dialogue and consensus. FP might have lost control of congress and become a divided force, but it still wields influence. A special prosecutor in the corruption case involving the Brazilian construction company Odebrecht, Rafael Vela, last week sought the recusal of the three judges on the second appeals court dealing with organised crime after it voted in mid-January to recuse Judge Richard Concepción Carhuanchó from the case.

Concepción Carhuanchó ordered the preventive detention of FP leader Keiko Fujimori last October for alleged laundering of money provided by Odebrecht to her 2011 presidential campaign. The second appeals court, however, recused him after accepting a complaint by the defence team of Jaime Yoshiyama, a fugitive from justice in the US, who served as Fuerza 2011 secretary general and Fujimori's campaign coordinator in 2011, accusing him of bias. The complaint singled out comments by Concepción Carhuanchó on 1 January, in an interview with the Peruvian radio broadcasting company RPP, when he claimed that "a political party has captured the attorney general's office", and confirmed that he meant FP.

Vela declared the recusal of Concepción Carhuanchó to be "illegal and irregular", while there have been street protests accusing FP of seeking a legal pretext to remove him from the process in order to try to free Fujimori. Judge Octavio Sahuanay, one of the three judges on the second appeals court Vela wants recused, has called on the first appeals court to reject the request on the grounds that the decision cannot be appealed.

**Callao corruption**

The former governor of the region of Callao, Félix Moreno (2011-2019), has been convicted to five years in prison for collusion against the state. Moreno was found guilty of undervaluing a 70,000m<sup>2</sup> state property by NS\$10m (US\$3m), and ordered to pay NS\$30m (US\$9m) compensation to the state. Moreno, a fugitive from justice, also stands accused of accepting US\$2m of bribes from Odebrecht.

## All eyes on Cúcuta

The battle between Venezuela's two presidents – the incumbent Nicolás Maduro and the challenger, Juan Guaidó – was this week playing out in various locations. The border crossing with Cúcuta in Colombia looked like being a key site in Guaidó's plan to use humanitarian aid to accelerate Maduro's downfall. Meanwhile diplomatic moves were focused on Montevideo, and the economic struggle over sanctions was in full swing in various financial centres. The streets of Caracas were for the moment, relatively quiet.

Cúcuta could be central to the next stage in the struggle to unseat the Maduro regime. The Venezuelan armed forces (FANB) have used a road tanker and containers to block the Tienditas border bridge linking the Colombian town of Cúcuta and Venezuela's Ureña. In this way the Caracas government hopes to foil Guaidó's plan, supported by the US and many Latin American and European governments, to ship humanitarian aid – mainly food and medicine – into the country.

US officials speaking off the record to *Reuters* news agency said supplies were being shipped to Cúcuta, to Brazil, and to the Caribbean. "I anticipate having perhaps a dozen locations all around Venezuela where such aid will be staged," one of them said. It is expected that consignments of emergency food and medicine will be put in position in warehouses and staging points over the next days and weeks and that Guaidó – who Washington now recognises as the legitimate president of the country – will take the decision on when and how to begin moving it into the country.

The Guaidó camp is clearly trying to use the aid to bring the crisis to a turning point that will undermine Maduro's authority. The opposition leader says the emergency supplies are needed to ensure the survival of at least 300,000 Venezuelans suffering from a severe lack of food. He hopes in this way to back Maduro into a corner. If Maduro refuses to allow the aid to come in (which remains his public position) he can be portrayed as intransigent and unmoved by the suffering of his own people. Accepting the aid, which the regime claims is not needed, would on the other hand, be a U-turn, seen as a sign of weakness and erosion of his authority. In fact, the opposition's best hope is that FANB units may of their own accord ignore orders from Caracas and let the aid through, thereby hastening a split between Maduro and the armed forces, or a more horizontal fissure within the FANB itself in which the lower ranks will turn against the pro-Maduro high command.

Miguel Pizarro, an opposition deputy who has been given the task of coordinating the aid, made it clear this is the scenario he's looking for. "We ask military officers on the border crossing not to support the Generals," he said, adding "remember that the aid is also for you and for your families... this is the chance for those who wear uniforms to show they are part of the solution and not complicit with the problem". The United Nations (UN) has warned against using humanitarian aid as a political lever, but this appears to be simply a fact of life in the current Venezuelan conflict. A UN spokesman in New York said, "Humanitarian action needs to be independent of political, military, or other objectives."

Another important battleground is financial and economic. Given the country's economic collapse, oil is virtually Venezuela's only legal source of foreign exchange. US sanctions introduced last month aim to freeze revenue from Venezuela's estimated 500,000 barrels per day of oil shipments to the US. Apart from the US, Venezuela also exports oil to China, India, Russia and other countries. However only exports to the US and India generate significant cash, as shipments to China and Russia are taken as payment in kind for earlier oil-for-loan agreements.

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“A key issue is whether there is enough money to fund the armed forces and maintain their loyalty. John Bolton, the hard-line US National Security Adviser, said this week that his government would consider lifting sanctions on senior Venezuelan military officers if they recognise Guaidó as the country’s interim leader...”

The new US rules mean that hard currency payments due to Pdvsa, the Venezuelan state oil company, must now be diverted into escrow accounts, and those funds are in turn being made available to Guaidó on the grounds that he is the legitimate president. The Maduro government has retaliated by saying it will not allow crude oil tankers heading to the US to leave port unless their cargoes have been prepaid. The net result is a build-up of tankers (some, caught up in the crisis at short notice have been circling in the Caribbean trying to decide where to head next with their cargo). While Washington has not yet applied full sanctions to Citgo, the PDVSA-owned refinery and distribution company based in the US, there are already restrictions on the remittance of Citgo dividends back to Venezuela.

Whether financial hardship will significantly weaken the Maduro regime is hard to tell. The country’s disastrous economic crisis is intense and well-documented. In formal terms Venezuela has been in and out of partial default on its international loans and the latest sanctions appear to be crippling. Yet it is also possible to classify the country as a rogue state where the regime itself (as distinct from the population at large) is relatively protected through its access to additional and illicit sources of funding, including drug and gold smuggling revenues. Opposition sources say the government sold 73 tonnes of gold to Turkey and the UAE late last year. Official data shows Venezuela has a further 132 tonnes of gold reserves. The opposition says it was able to frustrate an attempt by the Maduro regime to move US\$1.2bn from a commercial bank account in Portugal to a subsidiary of Venezuela’s national development bank (Bandes) in Uruguay.

A key issue is whether there is enough money to fund the armed forces and maintain their loyalty. John Bolton, the hard-line US National Security Adviser, said this week that his government would consider lifting sanctions on senior Venezuelan military officers if they recognise Guaidó as the country’s interim leader. “If not, the international financial circle will be closed off completely,” he said on *Twitter*. US-based political risk analyst James Bosworth argues that the economic issue may ultimately be the most critical. He told the *Wall Street Journal* “The point at which the people with guns who can’t feed their families outnumber people with guns who can feed their families – that’s a tipping point.” Bosworth also argues that the military and civilian groups supporting Maduro are not cohesive, and that potentially the most serious division on the regime’s side is the split between the “haves” and the “have-nots”.

Following a big wave of demonstrations on 20-24 January, the opposition controlled national assembly (Asamblea Nacional – AN) said that at least 40 people had been killed and over 1,000 had been arrested. There appears to have been a relative pause, but Caracas remains tense and a resumption of protests and violent clashes cannot be ruled out. The regime has continued pumping out its traditional rhetoric which blames the economic crisis entirely on US-directed sabotage and claims a US invasion is imminent. Diosdado Cabello, president of the pro-Maduro Constituent Assembly (Asamblea Nacional Constituyente – ANC), continued the war of words, saying any US troops arriving in Venezuela would face an “irregular war”. Cabello defended the move to block the Tienditas bridge saying that in Venezuelan territory “we can do whatever we want”. The Trump administration meanwhile continues to say all options for dealing with the Venezuelan crisis remain under consideration – a formula designed to keep the Maduro administration guessing.

Meanwhile, as this issue went to press there was a new flurry of diplomatic activity led by Mexico and Uruguay, two regional countries that have so far refused to recognise Guaidó as Venezuela’s legitimate president and have instead proclaimed themselves as neutral. Foreign ministers from both coun-

## Guacho & Cadete

Cadete (an experienced guerrilla commander whose real name was Edgar Salgado) was shot at the beginning of this month in the south of the country. 'Guacho' (real name Walter Patricio Arizala) was killed in December in an army operation near Colombia's border with Ecuador.

tries, along with Federica Mogherini, the EU representative for foreign affairs and security, and representatives of a range of Latin America, Caribbean and European countries were meeting in Montevideo on 7 February to discuss a four-step proposal for negotiations to solve the Venezuelan crisis. The four steps, also described as the 'Montevideo mechanism', are first, an immediate dialogue between the parties in conflict; second, a process of negotiation; third, agreement of binding commitments; and fourth, an implementation phase. A contact group including Rebecca Grynspan (former Costa Rican vice-president and current Iberoamerican Secretary General), Enrique Iglesias (former Uruguayan foreign minister), and Bernardo Sepúlveda (former Mexican foreign minister) would facilitate the process.

Not surprisingly Maduro has been quick to support the idea, while Guaidó has been non-committal. Maduro has a long history of agreeing to negotiations when under pressure, and then dragging out the negotiating process for as long as possible, only to abandon it completely when the balance of forces moves back in his favour. Caught wrong-sided by Guaidó's rapid emergence as a forceful opposition leader Maduro now has an interest in slowing things down. He said his government would give "absolute support" to the Montevideo negotiation proposal. Guaidó, on the other hand, said he would only enter negotiations if Maduro's departure from power was guaranteed.

## COLOMBIA | SECURITY

### Duque rules out bilateral cease fires

**On 6 February President Iván Duque presented a new national defence and security policy which rules out bilateral cease-fires with rebel forces – which up till now have played a significant part in attempts to pacify the country.**

Duque's predecessor, President Juan Manuel Santos (2010-2018), signed a number of bilateral ceasefires. Various were agreed with the Fuerzas Armadas Revolucionarias de Colombia (Farc) as part of negotiations leading to a peace agreement signed in 2016. In late 2017, a 100-day cease fire was also signed with another rebel group, the Ejército de Liberación Nacional (ELN). However, some Farc dissidents have continued fighting and talks with the ELN have not prospered. Since Duque took office in August last year the ELN has continued its military campaign in an attempt to force the government to negotiate. On 17 January the ELN launched a car bomb attack on a police academy in Bogotá killing 21 people. In a subsequent communiqué claiming responsibility for the bombing, the ELN urged the government to sign a new cease-fire and recommence negotiations.

The new policy seems to be at least in part designed to send a clear and defiant message to the ELN and to remaining Farc dissidents. The 83-page document, which also covers other aspects of security such as organised crime and the need to protect the country's bio-diversity, says that the armed forces and the police cannot suspend their constitutional obligation to protect all citizens throughout the entire national territory. Bilateral cease-fires are therefore ruled out on principle as unacceptable. There can be no equivalence between legitimate and rebel authority. The document does however leave open a route for rebels to lay down their arms. It says the procedure to follow is for the rebels to cease all criminal activities and move to a geographically-defined demobilisation area.

It does seem as if prospects of talks with the ELN have dwindled close to zero. Duque said his government would welcome those who lay down their arms, but that those who don't will share the fate of 'Guacho' and 'Rodrigo Cadete', the *noms de guerre* of two Farc dissident commanders recently killed in confrontations with the army (*see sidebar*).

## TRACKING TRENDS

### Export growth does not improve Ecuador's trade balance

According to a report by Ecuador's exporters' association (Fedexpor), released on 2 February and based on data from the central bank (BCE), Ecuador's exports totalled over US\$44bn in 2018, up 16% on 2017. The Fedexpor report, however, notes that despite the increase in exports the trade balance for 2018 closed with a deficit of US\$508m – with imports still representing 51% of the trade balance. Non-oil products accounted for the majority of trade, representing 59% of total exports and 80% of imports. Ecuador's top-five exports products were shrimps (+5%), bananas and plantains (+5%), canned fish (+8%), flowers (-3%), and cocoa (+9%). Exports to the European Union (EU) recorded a growth of around 3%, becoming the main commercial block to which 26% of non-oil exports are destined. Exports to the US fell by 1%, a figure equivalent to US\$13m. The US is still the main destination (by country) for non-oil exports, with a 20% share. Regarding oil, there is evidence of a recovery in external sales with an export growth of 30% in 2018 but offset by a 38% increase in imports of refined petrol fuels.

**PERU | Exports.** On 5 February Peru's foreign trade & tourism ministry (Mincetur) released new figures which show that the country's exports in 2018 totalled close to US\$48bn, up 7.5% on 2017. Mincetur head Edgar Vásquez stated that the 2018 export figure had exceeded the country's previous record – set in 2012 with US\$46.3bn. Vásquez attributed the unprecedented growth to increases in non-traditional exports (+12.6%), particularly in the agricultural (+15%), fishing (+26%), chemical (+12%), and metalworking (+12%) sectors. The non-traditional products which registered the highest growth were squid (+60%), blueberries (+49%), grapes and avocado (+26%), fine hair products (+20%), plastics and their manufactures (+16%), and cotton garments (+13%). Vásquez stated that blueberries "surpassed all expectations", with US\$554m-worth of exports. Similarly, grapes (US\$815m) and avocados (US\$793m) reached record levels. In the case of avocados, Vásquez argued, "Peru is now the second-largest world exporter, after Mexico". On the other hand, traditional exports recorded an increase of 5.6% – principally driven by high sales in natural gas (+35%) and oil and its derivatives (+16%). Traditional fishing exports (fishmeal and fish oil) also increased by 8.3%, while mineral exports increased by 4%.

## BRAZIL & SOUTHERN CONE

### BRAZIL | POLITICS

#### Not quite a clean break with the past

**On the surface the new administration of President Jair Bolsonaro has won an important victory with the appointment of supportive new house and senate speakers. But a more detailed examination of the process suggests that the bad and corrupt legislative practices of the past haven't entirely disappeared, meaning that there could be political trouble ahead.**

On the face of it, the right-wing president's incredibly ambitious political plan is progressing quite well. With his own Partido Social Liberal (PSL) party holding less than 10% of the seats in a highly fragmented congress, Bolsonaro aims to achieve no less than a two-thirds majority in both houses to support a major package of reforms, including pension reform, perhaps the single most important issue on which the financial markets will judge his administration. And he aims to show it can be done without resorting to the corrupt, pork-barrel political deals used by his predecessors, which he criticised so intensely during the election campaign.

The headline narrative is that so far, he's making surprisingly good progress. The starting point was that the PSL was a tiny minority with only 55 seats in the 513-strong chamber of deputies and four seats in the 81-strong senate. Despite this, the president avoided the usual 'jobs for the boys' approach of offering ministerial positions to political parties in exchange for their congressional support. Instead, he secured the support of lower house caucuses that cut across party lines (notoriously he aligned himself with the group of caucuses known as the 'beef, bullets and bible' bloc that shares his socially conservative and hawkish law-and-order views). According to estimates from various sources including RBC Capital and newspaper *Folha de São Paulo*, this means that in the chamber of deputies the president can now count on around 255 deputies (almost half) for consistent support, with a further 117 prepared to give conditional support to his initiatives. The two groups together, spread over around 23 political parties, may place the desired two-thirds majority within reach, at least in the lower house.

Another favourable step came last week with the elections of Rodrigo Maia of the Democratas party (DEM) as president of the chamber of deputies and Davi Alcolumbre (also DEM) as president of the senate. Both men have

## Senate shenanigans

A rookie senator, Jorge Kajuru, described the session as worse than a football match between Boca Juniors and River Plate, the two Argentine football teams with notoriously violent supporters.

expressed support for pension reform, so their appointment looks auspicious for the government. But there are big qualifications. Maia's victory looked the most straightforward. He was re-elected to a third term with 334 votes, easily defeating the 'old style' political candidates put up by the Movimento Democrático Brasileiro (MDB) and the Left. But Maia is a little bit old-school himself, and not necessarily in a good way from the government's point of view. He is a consummate manager of congressional business, but he has a strong independent streak and doesn't get on with Onyx Lorenzoni, the president's chief of staff. Like many members of congress, he is himself a little less than squeaky clean, and faces two police investigations relating to passive corruption and money laundering. Perhaps critically, although he has promised to support the pension reform, he has also said he won't put it on the lower house agenda until he is fully convinced there is a solid majority backing it. Maia has made clear that in his view that majority is not yet in place. He has suggested the debate could happen in July on condition that the government is prepared to make some concessions: such as dropping some of the more polarising aspects of its ideological agenda.

The senate vote to choose its speaker, on the other hand, was absolutely chaotic, even scandalous. A first attempt on 1 February was marked by repeated votes and blocked attempts by veteran Renán Calheiros (MDB) to get himself re-elected. Calheiros is as old school as you can get. He is a highly experienced congressional horse trader who faces no fewer than 13 separate corruption investigations. The senate became sharply divided. There were insults and physical confrontations between senators. Documents were snatched. Calheiros was heard describing one of his fellow senators as a "piece of shit". The battle had to be postponed for a day because of a dispute about who should preside over the session and whether voting should be secret or public. A supreme court injunction was sought to try to settle the matter. In one voting round 82 ballots were counted (there are only 81 senators) (*see sidebar*). In the end Calheiros withdrew his candidacy and stormed out, leaving the way open for the DEM's Davi Alcolumbre to squeeze in with a small margin of 42 out of the 81 votes.

Here too the government victory may not be entirely clear cut. Although Lorenzoni, the presidential chief of staff, backed Alcolumbre all the way and ultimately got what he wanted, the new senate speaker is regarded as lacklustre and inexperienced. Economy minister Paulo Guedes is known to have preferred Calheiros, presumably because whatever may be said against him, he is much more experienced in doing deals and steering business through the upper chamber. Most significantly, confined to the back benches, an angry Calheiros may now seek to make trouble for those he believes wronged him. The senate itself has been polarised and may concentrate in the following weeks and months on settling scores, delaying proposals, and blocking votes.

There are other reasons to be cautious about the government's ability to engineer a two-thirds congressional majority in the coming months. While it is still enjoying its honeymoon period, allegations of corruption against Flávio Bolsonaro, the president's son, and some other officials may begin to take a toll. This week new allegations emerged linking Flávio to alleged money-laundering in the purchase of two luxury flats in Rio de Janeiro. Thiago de Aragão from consultancy Arko Advice says, "Every president starts with a solid coalition. The difference is how long it lasts. The Flávio issue could make the honeymoon last far less time than it was supposed to." Some erudite journalists have gone as far as comparing Bolsonaro and his three sons with the Shakespearean drama of King Lear and his three daughters. That is clearly an over-dramatisation, but the government does face some challenges. Carlos Melo of Insper, the São Paulo business school, questions whether the government really has a clear strategy for pension or tax reform. Christopher Garman of consultancy Eurasia on the other hand said the government had mismanaged the senate and the house but would still be able to gain support for its economic programme.



## Moro promotes 'get tough' plan for crime and corruption

On 4 February justice and security minister Sergio Moro presented a package of new proposals designed to crack down on crime and corruption. The total of 14 initiatives seems to be a synthesis of his own suggestions – based on his experience as anti-corruption judge – and the hard-line ideas of his boss, President Jair Bolsonaro.

In last year's election campaign Bolsonaro defended some extreme ideas – such as allowing a police shoot-to-kill policy in the fight against organised crime – so there have been suggestions that Moro, a legal expert, and the president, a former paratrooper, may have different approaches to this critical area of the new government's policies. The minister was at pains to dismiss that. "This is a government project, not just something from the justice minister," he insisted, adding "Bolsonaro agrees wholeheartedly with these proposals and he also wants to lower impunity for violent crimes, practiced by criminal gangs, and for crimes of corruption."

One of the key proposals is to ensure that those found guilty of crimes can be sent to jail once their sentence has been upheld on first appeal. This issue has a controversial back story. Wealthy and well-connected convicts have in the past happily remained free while their lawyers submitted appeal after appeal. The supreme court has chopped and changed repeatedly in its interpretation of this vexed subject. As a federal judge Moro last year sought and obtained the imprisonment of former president Luis Inácio Lula da Silva (2003-2010) after his conviction on corruption charges was upheld on first appeal, and despite legal arguments that he should remain free pending additional appeals. Lula's imprisonment ultimately excluded him from running in last year's presidential election, paving the way for Bolsonaro's victory and Moro's subsequent appointment. The supreme court has changed its mind on this issue various times. It did so in 2010, and again in 2016. It is set to consider the matter once more in April this year (although if congress legislates before then, a new court opinion may become unnecessary).

Another set of measures proposed by Moro sets out a general tightening of the way criminals are handled by the justice system. The aim is to limit the scope of appeals, which in the past triggered almost automatic postponement of sentences. The default will now be set the other way, with higher courts only able to suspend sentences in "exceptional" cases. On conviction of criminals, judges will be able to send their assets off for auction. Fines are now to be payable much more rapidly – within 10 days of conviction. There will be tighter limits on habeas corpus and the entitlement to parole. In prisons, there are to be tougher controls on communications: even meetings between prisoners and their lawyers will be recorded (although the content of those recordings will not normally be admissible as evidence in court). A new law would authorise much greater acquisition and use of data to fight crime. This will include the collection and storage of DNA samples from every person convicted of violent crime. There will be a national ballistics database, with information also collected on fingerprints, irises, and voice patterns. There is also a range of anti-corruption measures. Campaign funding violations – previously considered a minor administrative matter – will now be considered fully-fledged crimes. Whistle blowers will be protected and may even qualify for 5% of the amount of money recovered by law enforcement as a result of their information.

Potentially the most controversial proposal concerns the treatment of loss of life at the hands of the police. Moro proposes that, depending on the circum-

“In last year's election campaign Bolsonaro defended some extreme ideas – such as allowing a police shoot-to-kill policy in the fight against organised crime – so there have been suggestions that Moro, a legal expert, and the president, a former paratrooper, may have different approaches to this critical area of the new government's policies. The minister was at pains to dismiss that...”

## No license to kill

During the press conference, Moro said, “There is no license to kill, and whoever affirms that, has not read the text. I think that a police officer doesn’t need to wait until they are shot at to take some kind of action, but that doesn’t mean they are authorised to commit homicides indiscriminately.” He went on deny these measures were either authoritarian or fascist, describing them instead as just a more rigorous approach to serious criminality.

stances police and security personnel can be charged with “intentional or negligent excess” if they kill someone while on duty. But their sentences, if found guilty, will be halved or even quashed entirely if it can be shown that “the excess is a result of justified fear, surprise, or violent emotion”. Critics of the government and human rights groups say that this is no more than a legal loophole to allow the shoot to kill policies advocated by Bolsonaro during the campaign, although Moro denies this (*see sidebar*).

Moro’s package of 14 laws will be submitted to congress in the near future (a precise timetable was not given). This means that the government will be pursuing two major legislative initiatives in tandem: pension and liberal economic reforms on the one hand, and law-and-order reforms on the other. The interplay of the two will be interesting and critical for the popularity of the new government. At present pension reform is unpopular with Bolsonaro’s core supporters but is seen as a painful medicine necessary to keep foreign investors and financial markets onside, and to pave the way for a resumption of economic growth. Tougher law-and-order measures on the other hand are at the moment highly popular with a large part of the electorate. There will be difficulties in getting both sets of laws through congress. As far as the law-and-order measures are concerned, although the political complexion of congress has changed substantially since the elections, it is still true that roughly one-third of the members of the legislature are themselves under investigation for improprieties. This group, which includes government supporters, will be unenthusiastic about backing tougher sentencing and higher penalties for campaign finance violations. Parts of Brazil’s powerful legal profession may also resist Moro’s package. A number of experts have suggested some of the proposals (including widening the scope for plea bargaining and undercover policing) are unconstitutional.

## CHILE | HUMAN RIGHTS

### A landmark decision

**“An unprecedented moment in Chile’s history.”** This was the response of former president Ricardo Lagos (2000-2006) to the recent decision by local judge Alejandro Madrid to convict six people of the 1982 murder of former president Eduardo Frei Montalva (1964-1970). An historic ruling in the highest profile murder case which dates back to the dictatorship led by former General Augusto Pinochet (1973-1990), the decision comes as efforts to address impunity relating to the Pinochet era continue to attract a mixed response under the right-of-centre Chile Vamos coalition government led by President Sebastián Piñera.

In an 811-page ruling announced on 30 January, Madrid handed down prison sentences of between three and 10 years to the six convicted (who included Frei Montalva’s driver, doctors, and former Pinochet agents) after finding the former president had been murdered by poison with “toxic substances” gradually introduced into his body while hospitalised at a private clinic. Having initially supported the 1973 coup against his successor Salvador Allende (1970-1973), Frei Montalva had gone on to oppose the military junta and at the time of his murder, was reportedly rallying efforts to eject Pinochet.

Back in 2009 Madrid had brought charges against the individuals now convicted of Frei Montalva’s murder but these were later dismissed. Then in 2016 Madrid ordered his body to be exhumed and for the remains to be re-examined.

Madrid’s latest decision was hailed by various figures including Frei Montalva’s son, Eduardo Frei Ruiz-Tagle, who served as Chile’s president from 1994 to 2000, and his sister, former senator Carmen Frei (1990-2006),

## Controversial decision

In June President Piñera faced controversy over his decision to pardon a late, retired army colonel, René Cardemil, convicted in 2013 of the murder of six people during the dictatorship – the first time a presidential pardon has been given to someone condemned for human rights violations. Last year the supreme court (CSJ) was also slammed over its decision to grant parole to seven people serving prison sentences for crimes against humanity committed under Pinochet.

who were both instrumental in seeking justice for their father's death. President Piñera in turn responded by tweeting "we condemn this murder with indignation". His remarks come as efforts which have taken place under his government to address Pinochet-era impunity have met with both plaudits and criticism from various institutions.

### Addressing past impunity

In its most recent World Report, launched 17 January, international human rights NGO Human Rights Watch (HRW) highlights various notable convictions in 2018. These include three former agents of the Chilean secret police (Dina) for the October 1974 murder of Miguel Enriquez Espinosa, the leader of the Movimiento de Izquierda Revolucionaria (MIR); eight former military officers for the kidnapping, torture, and murders of pop singer Víctor Jara and former prison director Littré Quiroga Carvajal, during the September 1973 coup; and 24 former Dina agents for participating in enforced disappearances of 119 leftist collaborators between 1974 and 1975, known as 'Operation Colombo'. It also highlights the November 2018 conviction of Juan Emilio Cheyre, the commander-in-chief of the Chilean army from 2002-2006, for his role in the murder of 15 people following the coup. Cheyre is the most senior official to be held accountable for human rights abuses under Pinochet.

Yet with President Piñera having attracted criticism for some decisions (*see sidebar*), HRW warns Chile continues to maintain a "50-year veil of secrecy over victim testimony given to the National Commission on Political Prison and Torture from November 2003 to May 2004". According to HRW, the testimony revealed places of detention and torture methods used by the dictatorship and identified former political prisoners and torture victims. It also notes that the previous administration (2014-2018) led by President Michelle Bachelet submitted a bill to lift the secrecy order in 2017, which generated debate between those who believe revealing the testimony would violate victims' rights to privacy, and those who believe revealing it is necessary to punish the guilty fully and bring justice to victims.

## TRACKING TRENDS

**PARAGUAY | Bond issue.** On 4 February Paraguay's finance ministry (Hacienda) announced the issuance of US\$500m in 31-year bonds in the international markets, with an interest rate of 5.4%. According to a finance ministry press release, two previous issues of 30-year bonds were at rates of 6.1% and 5.6% in 2014 and 2018 respectively, suggesting that market confidence in Paraguayan bonds is improving. The underwriters of the operation – Citibank, Goldman Sachs, and Morgan Stanley – priced the new notes with a coupon of 5.4%, or 234 basis points (bps) above US Treasury bonds, the lowest spread for any of Paraguay's 30-year papers. Paraguay paid slightly more than Colombia, which issued US\$1.5bn in 30-year bonds at 5.2%, but less than half than Ecuador, which sold US\$1bn in 10-year notes at 10.75%. Hacienda noted that the funds raised via the bonds are to be used to finance infrastructure projects (mostly road maintenance, the construction of social housing, and new prisons), capital expenditure, and to refinance a portion of Paraguay's outstanding debt, in line with the approved 2019 national budget. According to the ministry, US\$257m would be destined for infrastructure spending, US\$200m to debt refinancing, and US\$43m to capital spending.

**URUGUAY | Inflation.** The consumer price index (CPI) rose 2.17% in January compared with the previous month, Uruguay's national statistics institute (INE) reported on 5 February. With the January figures, the accumulated inflation rate for the last 12 months now stands at 7.39%, while the yearly inflation rate in January was 2.17%. Housing was the main driver of inflation in Uruguay in January at 0.89%, explained partially by increases in renting costs (0.34%), cement (5.82%), running water (7.79%), common expenses (4.9%), electricity tariffs (17.98%), and gas tariffs (7.81%). Other sectors that recorded an increase in prices include food and non-alcoholic drinks (0.33%), and leisure and culture (0.2%).

## López Obrador apologises to Calderón but rounds on the PAN

Being a firebrand political leader, Mexico's President Andrés Manuel López Obrador is not known for being apologetic, in particular to his political rivals. Yet in an unusual move, López Obrador has apologised to former president Felipe Calderón (2006-2012) this week after wrongly accusing him of influence trafficking and corruption. But this did not stop López Obrador from attacking Calderón's former party, the main right-wing opposition Partido Acción Nacional (PAN), after it criticised his government's decision to suspend a publicly-funded child-care programme. López Obrador's diatribe against the PAN risks alienating the opposition party with which he must work in congress if he wants to advance any constitutional reforms.

López Obrador's accusations against Calderón came during his customary morning press briefing on 5 February, in which he discussed his administration's efforts to combat corruption at the federal electricity commission (CFE), the state-owned utility firm. López Obrador said that corruption at the CFE has been going on for a long time and that the highest levels. By way of example, López Obrador pointed out that a foreign energy company that has major electricity distribution contracts with the CFE had hired a former president as an advisor after he finished his term, in a move that suggested the existence of cosy and potentially illegal links between the former president and the firm that could stretch back to the time when the former president in question was still in office.

"A president of the republic that when his term is done becomes an advisor to a foreign firm that sells energy to the CFE...what do you call that? A conflict of interests, corruption," López Obrador said rhetorically. López Obrador did not mention any names. But it was clear enough that he was referring to Calderón, who after leaving office was contracted as an advisor by Avangrid, a subsidiary of Spanish energy firm Iberdrola. The incumbent president went on to say that his administration will put an end to corruption at the CFE and all the practices that have benefited private energy firms at the expense of the state.

López Obrador's accusations prompted an immediate rejection from Calderón. The former president – who has now quit the PAN and is in the process of launching a new political organisation (*see sidebar*) with this wife, Margarita Zavala, who unsuccessfully ran for the presidency last year as an independent candidate – denied that he had broken any laws while in office or after concluding his term. Calderón noted that while his term ended in 2012, he was hired by Avangrid in 2016 and that there has never been any suspicion that the contracts signed by the CFE with Avangrid during his administration have been tainted by corruption. Insisting that "I have always acted not only in legal but ethical rectitude," Calderón challenged López Obrador to publicly debate the allegations with him.

Calderón's challenge (and ostensibly López Obrador's inability to prove his accusations) appear to have led López Obrador to issue his unusual apology. Asked about Calderón's challenge during his 6 February morning press briefing, López Obrador said that he did not wish to debate with Calderón and while he insisted that it was clear that there had been corruption in previous governments and that past presidents had close relations with big business, López Obrador said that he did not wish to upset or anger Calderón. "I offer him an apology if he is upset," López Obrador said before adding that in his view former presidents that have gone on to work for firms with state contracts have acted unethically. "This should not be done, if it is not a legal matter, it should be. If it is not illegal, it is immoral. These things can't happen again...because cleaning up corruption is not just going

### México Libre

After formally quitting the PAN last year, after Zavala lost the presidential nomination to in-party rival and defeated 2018 presidential candidate Ricardo Anaya, Calderón and Zavala registered a new political organisation dubbed Libertad y Responsabilidad Democrática (México Libre) with the national electoral authorities (INE). The speculation is that Calderón and Zavala's goal is to eventually register México Libre as a new political party with which to compete the next general election by appealing to the PAN traditional electoral support base.



## Falling behind

### Brazil

On 25 January, during a press conference on the future economic prospects for Latin America and the Caribbean held in Washington DC, the International Monetary Fund (IMF) revealed that it is forecasting that Brazil's economic growth will surpass Mexico's in 2019, the first time for six years. The IMF forecasts that Brazil's GDP growth will reach 2.5% this year, while Mexico's will remain at 2.1%. The director of the Western Hemisphere Department at the IMF, Alejandro Werner, maintained that there was a great deal of uncertainty concerning the impact of new economic policies on Mexico's growth, pointing to the initial fall in public investment proposed by President Andrés Manuel López Obrador, as well as the need for key structural reforms as factors.

after those that commit crimes but also after those that face public accusations," the president said.

### Turning on the PAN

In the same vein, López Obrador said that the controversial decision to suspend, pending review, a programme of government-funded child day-care centres was part of efforts to stamp out corruption. The decision to suspend the programme has been heavily criticised by working parents and the PAN, with federal senator Josefina Vázquez Mota, the head of the senate's commission on the rights of children and teenagers, backing the public demonstrations held outside the presidential palace in rejection of the decision. However, López Obrador said that the programme had been suspended amid suspicions that it was being used by local government to divert public funds to political parties. Indeed, López Obrador said that a foundation set up by Vázquez Mota had received some of the diverted public funds.

Vázquez Mota and the PAN rejected López Obrador's accusations. Vázquez Mota said that the accusations were baseless and aimed at deviating attention from the public discontent. She added that López Obrador's dismissive response to the genuine concerns expressed by her and those worried by the suspension of the child day-care programme was undemocratic. "A democratic government must govern for all, for those that voted for it and those that did not...there is no political or party motive here, it is an issue about the children's rights," Vázquez Mota said, urging López Obrador and the government to engage in a dialogue with those concerned by the decision before going through with it.

Vázquez Mota's stance was supported by her fellow PAN senators and the PAN party leadership. PAN party president Marko Cortés backed Vázquez Mota in rejecting López Obrador's attack and accused López Obrador of trying to sow political division in the country rather than build consensus. "We reject that idea that the way to solve problems is through defamation and attacks, when this should be through a dialogue that consolidates our democracy," Cortés said in a statement. The risk for López Obrador now is that the confrontation with the PAN could undermine his efforts to have the constitutional reform bill creating a national guard approved by the senate, which is due to vote on it after it gained approval in the chamber of deputies, for which PAN support is required.

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## TRACKING TRENDS

**MEXICO | Tax break for Pemex.** On 5 February, Mexico's President Andrés Manuel López Obrador declared that his government will soon announce new measures to reduce the fiscal burden on the state-owned oil firm, Pemex. The announcement came after, on 29 January, international credit ratings agency Fitch Ratings downgraded Pemex's credit rating from 'BBB+' to 'BBB-' with a 'negative' outlook, citing Pemex's substantial tax burden as one of the factors in its decision. Pemex currently holds US\$106bn in financial debt, the highest of any national oil company in Latin America. Fitch's downgrade only came a day after Mexico's finance ministry (SHCP) had communicated that Pemex's crude oil production has fallen from an average of 3.4m barrels per day (bpd) in 2004 to 1.8m bpd in 2018. To strengthen Pemex's financial position and productive capacity, the SHCP also announced a series of measures that would shift the company's strategy towards greater investment in exploration and production projects. The ministry said that the aim was to standardise Pemex's cost deduction limit in both extraction and exploration, as well as improve its fiscal terms, and thus release around M\$11bn (US\$576m) per year, which would mean M\$66bn up for investment by 2024. A new fiscal regime would also be designed for projects with secondary and tertiary recovery. Finally, the SHCP re-stated its commitment to strengthen corporate governance, as well as improve Pemex's performance monitoring. However, it appears that these measures have been deemed insufficient to strengthen Pemex's financial position and that the López Obrador government is now looking for more ways to achieve this.

**Fresh outcry over new economic measures**

“An economic coup by the State.” This is the assessment of José Adán Aguerri, the president of Nicaragua’s private sector lobby Cosep, in response to changes to the social security system (INSS) passed by President Daniel Ortega as well as proposed tax reforms. It was the INSS reforms which first sparked the April 2018 protests which have since spiralled into demands for Ortega to step down, unleashing a government crackdown on opponents which has left over 500 dead. With the economy in freefall due to the crisis (the most recent monthly economic activity figures [IMAE] from the central bank put year-on-year growth for November 2018 at -5.1%), the private sector is warning that these changes will exacerbate the crisis further.

The changes to the INSS (which, back in April, the government was forced to repeal in the face of the initial protests) took effect on 1 February. They introduce higher contributions paid by employers and employees, in exchange for lower pensions. For example, in the case of disability, old age, and death (IVM), employers’ contributions will rise by 3.5 percentage points over a 20-month period – from the current 10% to 13.5% by January 2020. Meanwhile, employees’ contributions for IVM will rise by 0.75 percentage points over the same period, to 7%. As well as reiterating concerns raised when the reforms were first proposed – that the changes would considerably reduce future pensions and increase unemployment – the opposition Alianza Cívica por la Justicia y la Democracia (ACJD) (which comprises students, the business lobby, and human rights activists) highlights that the procedure of approving the changes was illegal, as they were changed by an administrative resolution, when it is only the legislature that is authorised to create or modify taxes.

The imposition of these new rules is not the only source of concern for the ACJD and other sectors. Also, on 28 January, Finance Minister Iván Acosta unveiled proposed changes to tax legislation which seek to raise an additional US\$300m annually. The changes would see corporation tax for large companies raised from 1% to 3% and for medium-sized companies from 1% to 2%, although small companies would continue to pay 1%. Among other things the changes would also remove a 1.5% credit incentive to exporters, and raise taxes on services rendered abroad to 25% from 15%, while mining royalties would increase from 3% to 5%. As well as Cosep – which warns that 70% of basic goods would see increases in their final prices of up to 50% – the association of Nicaraguan private banks (Asobanp), Nicaragua’s chamber of tourism (Canatur), and Nicaragua’s coffee exporters association (Excan) have all signalled concerns. Excan warned that the new legislation would have a “devastating impact” on the national economy and that, in the case of the coffee sector, it would jeopardise the US\$450m it generates in exports every year and put over 60,000 jobs at risk.

**More sanctions from the US**

Following the US government’s decision to sanction Venezuela’s state oil company Pdvsa [\[WR-19-04\]](#), US national security adviser John Bolton tweeted that the US had also sanctioned Nicaragua’s Albanisa, the government’s joint venture with Pdvsa, which he described as the “slush fund of the corrupt regime of Daniel Ortega”. The sanctions follow President Donald Trump’s promulgation in December 2018 of the Nicaraguan Investment Conditionality Act (Nica Act) which conditions US approval for loans from international financial institutions to the Nicaraguan government.

**European Parliament delegation visit**

Following a visit to Nicaragua from 23 to 26 January by 11 European parliament members (MEPs), the European Parliament announced plans to issue a new resolution on the crisis after rejecting claims by the government led by President Daniel Ortega that the crackdown, which has left over 500 dead, was necessary to counter a failed coup attempt.

## FCN-Nación candidate unveiled

FCN-Nación has unveiled retired military officer Estuardo Galdámez as its candidate for the election. Elected for the PP (since annulled) in 2012 and 2016, he then switched to the FCN-Nación. Galdámez was one of the leaders of a coalition in the legislature, known by its critics as ‘el pacto de corruptos’ which voted not to strip President Morales of immunity from prosecution, thus preventing his investigation for illegal electoral financing. The same group of deputies last year also approved changes to the criminal code which, among other things, absolve political parties’ general secretaries of criminal responsibility for illegal electoral campaign funds received by their parties.

## Aldana throws her hat in the ring

Guatemala’s former attorney general (AG) Thelma Aldana (2014-2018) has ended speculation. Last week she revealed plans to run for the presidency in June on the ticket of the new centre-left Movimiento Semilla party. With public corruption a major voter concern, Aldana would seem well placed to capitalise on the popularity that she has managed to accrue, along with Iván Velásquez, the director of the United Nations-backed anti-impunity commission in Guatemala (Cicig), through spearheading efforts to address official corruption.

Along with Velásquez, Aldana has been credited with significant progress with regard to addressing impunity – not least the landmark case which forced former president Otto Pérez Molina (Partido Patriota [PP], 2012-2015) to resign over corruption. Also, along with Velásquez, she also led efforts (hitherto frustrated by the 158-member unicameral legislature) to investigate President Jimmy Morales (who is constitutionally barred from running in this year’s election) for illegal campaign finance involving the ruling Frente de Convergencia Nacional (FCN-Nación). This resulted in growing tensions between Cicig and the FCN-Nación government and ultimately a constitutional crisis after Morales sought to end Cicig’s mandate – a move that the constitutional court (CC) has adjudged illegal.

Semilla, which registered as a party in December 2018, has cultivated good relationships with foreign diplomatic missions as well as the grassroots social organisations that led the 2015 anti-corruption protests which eventually forced Pérez Molina to step down.

Aldana, who in September 2018 received a human rights award from the US-based think-tank Washington Office on Latin America (Wola) “for her achievements against corruption during her time as attorney general”, received a further boost on 31 January: an appeals judge threw out what she had previously denounced as “illegal attempts to subject her to judicial proceedings” by a group of legislators “linked to various illicit cases”. This was in response to claims by a national legislator Juan Ramón Lau (of the opposition Todos party) of anomalies surrounding the purchase of a building for the AG.

### Calls for more parties to be investigated

With 13 of the 27 parties’ presidential candidates so far unveiled, on 4 February Oscar Schaad, the head of the attorney general’s office’s unit of electoral crimes, revealed that over the last two months, the TSE’s general inspectorate had presented criminal complaints against eight parties in relation to allegations of irregular campaign finance during the 2015 general election.

The parties named are Partido de Avanzada Nacional (PAN), Unión del Cambio Nacional (UCN), Encuentro por Guatemala (EG), Unidad Revolucionaria Nacional Guatemalteca (URNG), Compromiso Renovación y Orden (Creo), Movimiento Winaq, Visión con Valores (Viva), and Todos.

Last year the TSE called for FCN-Nación to be dissolved (along with a handful of other parties), also for alleged irregularities relating to electoral finance, although this process has since been suspended as the law on political parties dictates that a party cannot be suspended once an election has been called (the TSE officially called the 2019 election last month) and until it takes place.

Since President Morales took office, four other parties have already been dissolved for breaking the law: Gran Alianza Nacional (Gana), PP, Libertad Democrática Renovada (Líder), the main opposition party during the 2011 elections, and Corazón Nueva Nación (CNN).

### Quotes of the week

“We are going to construct the best government in our country’s history. We will construct a government of the people for the people.”

*El Salvador’s president-elect Nayib Bukele.*

“Venezuela does not need the false promise of supposed humanitarian aid; Venezuela needs work, production, economic growth, we don’t need to beg from anybody...the oligarchy needs mental help.”

*Venezuela’s President Nicolás Maduro.*

“Being neutral is to be on the side of a regime that has condemned hundreds of thousands of people to poverty, hunger, exile, and even death.”

*Venezuela’s interim president Juan Guaidó.*

### Ecuador’s unions join indigenous in protesting against Moreno

Ecuador’s largest trade union movement Frente Unitario de Trabajadores (FUT) joined part of the umbrella indigenous organisation Confederación de Nacionalidades Indígenas (Conaie) last week in staging nationwide protests against the economic measures implemented by the government led by President Lenín Moreno. The FUT accused the government of prioritising large economic groups and banks, instead of taking into account proposals presented by workers and social sectors to help plug Ecuador’s fiscal deficit. The government, for its part, called for peace and dialogue, and described its economic measures as necessary to solve the crisis afflicting state finances.

More than 10,000 protesters marched against the economic measures in Quito. Farmers demonstrated in the coastal city of Guayaquil, while Conaie staged protests in the cities of Cuenca, the capital of Azuay province, Latacunga, the capital of Cotopaxi, and Tena, the capital of Napo.

The president of the FUT, José Villavicencio, called for the government decree removing fuel subsidies, leading to increased fuel prices, to be annulled. Villavicencio criticised the “neoliberal policies” of the Moreno administration, which he accused of following International Monetary Fund (IMF) prescriptions. He also called for the dismissal of “the spokesman for the IMF: Santiago Cuesta”. Cuesta, the presidential adviser, has raised the possibility of the privatisation of some public service concessions. Villavicencio promised more protests unless the government changed course.

This does not look like happening. In a press conference on 29 January, Finance Minister Richard Martínez argued that working closely with multi-lateral organisations was crucial to improve Ecuador’s economy. He said that the government might use financing from the IMF to balance its budget, complicated by a swollen fiscal deficit, and its international debt. Moreno has blamed the deficit and debt on the “excesses” of his predecessor Rafael Correa (2007-2017).

Moreno met the IMF’s managing director, Christine Lagarde, on 23 January in Davos, Switzerland. Lagarde said she welcomed “productive cooperation” between the Moreno administration and the IMF. She also praised Ecuador’s recent reduction of its fiscal deficit. The country lowered the figure from 6% of GDP at the start of 2018 to 3.3% of GDP by the end of the year, by means of the unpopular public spending cuts and subsidy reductions that motivated the protests by the FUT and Conaie.

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