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Tough race lies ahead for Macri in Argentina

In a combative speech opening the new session of the federal congress on 1 March, jeered by opposition protestors inside and outside the building, Argentina's President Mauricio Macri insisted that his government is making progress and needs a second four-year term in office to complete its "transformation" of the country. But Macri is struggling in the opinion polls and will face an uphill battle to win the elections due in October/November this year.

The big problem for President Macri is that it is now almost certain that in his first four-year term in office he will have delivered one year of economic growth and three of contraction. After a recession in 2016 there was modest growth in 2017, but last year's foreign currency crisis triggered painful fiscal austerity and its negative effects have spilled over into 2019. This makes the government's narrative difficult. In his speech Macri had two responses.

The first was to blame factors beyond the government's control. In a key passage of the speech Macri said "We proposed gradual changes which were successful. After two and a half years the economy started growing, inflation came down, investment and exports increased, poverty came down and we created 700,000 new jobs. But just as we were beginning to grow and raise the country's profile, we suffered three shocks: capital flight, a drought which hit agriculture, and the *cuadernos* case [revelations of contract-rigging under the previous government led by Cristina Fernández (2007-2015)]. Everything hit us as we were halfway towards meeting our goals." Of course, the political opposition disputes this account, and some of the less ardent supporters of the Macri administration acknowledge that it must shoulder its quota of responsibility for borrowing excessively and making the economy vulnerable to capital flight.

The second response was in effect to say there is no alternative: no populist short-cuts. The government says it is doing the right and necessary things, even if they are unpopular, to transform the economy and rebuild institutions. In Macri's view the commitment to eliminating the primary budget deficit is central: it will eventually allow a reduction in inflation, which is "the principal cause of poverty and economic stagnation in this country".

Macri conceded, however, that poverty has begun to increase again, a far cry from the "zero poverty" he promised during his electoral campaign in 2015 (which he now says is "a horizon to guide us"). Because of rising poverty Macri said his government had invoked a waiver clause in its unpopular stand-by arrangement (SBA) with the International Monetary Fund (IMF) to enable a 46% increase in the social credit payments known as Asignación Universal (AU). Macri was loudly heckled during his speech by the Kirchnerista wing of

Primaries

The decision on whether or not to have contested primaries does not need to be taken until May. One politician for President Macri's Propuesta Republicana told the national daily *La Nación* off the record that "The Radicals are not fools; they know that if they contest the primaries they'll do badly, furthermore, they don't have the money to fund a proper primary campaign."

the main opposition Partido Justicialista (PJ, Peronists). He shot back that "your shouts and insults say more about you than they do about me."

Reactions to the speech reflected Argentina's three-way political division between centre-right government supporters, moderate members of the PJ, and the more radical Kirchnerista Peronists. Graciela Camaño, of the moderate Peronist Frente Renovador (FR), while recognising the complex situation Macri inherited from Fernández and Kirchnerismo, said the speech showed he had "lost touch with reality" and was refusing to take any responsibility for the things that had gone wrong. Agustín Rossi, a Kirchnerista deputy, said the speech showed an "angry, irritable, and permanently shouting" President launching his re-election bid. Luis Naidenoff, a deputy for the Unión Cívica Radical (UCR – part of the ruling Cambiemos coalition) countered that Macri had shown "realism and self-criticism".

What is clear is that more and more opinion polls are now showing that Macri and his government are lagging in popularity. A poll by Synopsis asked respondents to identify the country's top problems. Number one was inflation (34.9%), followed by corruption (19.7%), unemployment (19.1%), and in fourth place, insecurity (13.1%). More than half the respondents (54.0%) were therefore worried over the key economic issues of inflation and unemployment, exactly the issues where the Macri administration is most vulnerable.

At the same time a number of polls are putting Fernández ahead of Macri in the presidential race. A poll by Circuitos carried out in Buenos Aires province asked how respondents would vote if the elections were held immediately. A total of 33.8% said they would vote for Fernández, followed by Macri in second place (with 29.4%), Roberto Lavagna, a centrist former Peronist economy minister (8.7%), and FR's Sergio Massa (6.1%). This poll also showed that María Eugenia Vidal, the current governor of Buenos Aires province and a member of the Cambiemos ruling coalition, is more popular than Macri.

Fernández's strongest support is in Buenos Aires province, which she represents in the federal senate, so the result of the Circuitos survey is not especially surprising. But another poll conducted nationwide by Consultora de Imagen y Gestión Política in February went as far as to suggest Fernández would beat Macri by five percentage points in a second-round run-off in November (45%-40%), an alarming prospect for foreign investors, and that he would lose by a similar margin to Lavagna (37%-31%).

There have been some signs of unease within Cambiemos. The UCR, effectively the junior member of the coalition alongside Macri's Propuesta Republicana (PRO), has issued a policy paper calling for recent increases in public utility tariffs (part of the IMF-agreed fiscal austerity programme) to be reversed, and for measures to stimulate consumption and ease the finances of small and medium-sized companies, described as "exceptional measures to kick-start a virtuous circle in the economy".

Some members of the UCR are also calling for the primary elections (Paso) in August to be contested – in other words suggesting that the coalition should consider and vote on other potential nominees for the presidency apart from Macri. While Macri has not yet formally declared his intentions, it is widely expected that he will seek re-election.

Sources in PRO, his party, say they are not unduly worried about the UCR. They believe the smaller party is talking tough as a way of bolstering its negotiating hand as the coalition begins to compile its joint lists of candidates. UCR senator Julio Martínez intimated last week that the party would be happy to drop contested primaries in exchange for the offer of the vice-presidential nomination for one of its leaders [[WR-19-08](#)].

Guaidó back with a bang**Military**

“Someone didn’t act,” Juan Guaidó said while addressing supporters after returning to Venezuela this week. He said that the failure to arrest him demonstrated that “the chain of command in the security forces is broken”. Guaidó said that establishing confidence with the military was not an overnight process but praised the 700 recent military deserters for their bravery and urged more to follow suit. “What are you waiting for?” he asked rhetorically.

Juan Guaidó is back in Venezuela. After an absence of 10 days during which he sought to rally support among South American heads of state, the widely recognised interim president flew into the main international airport outside Caracas and swept through customs and immigration. Guaidó risked arrest after defying the supreme court (TSJ), which had issued a resolution barring him from leaving the country, when he crossed the border on 22 February to the Colombian city of Cúcuta to oversee efforts to push humanitarian aid into Venezuela. Since returning, Guaidó has set about trying to coordinate rolling strikes by public sector unions to ratchet up the pressure on the government led by Nicolás Maduro.

After the disappointment of 23 February, when some of the opposition got carried away by the momentum built over the previous month and thought humanitarian aid entering the country would act as the catalyst for the military to topple Maduro, Guaidó left Colombia to conduct a mini regional tour. He held talks with Brazil’s President Jair Bolsonaro in Brasília, Paraguay’s President Mario Abdo Benítez in Asunción, and Argentina’s President Mauricio Macri in Buenos Aires before being received by Ecuador’s President Lenín Moreno.

The regional tour served Guaidó’s purpose of buttressing a broad coalition of international support for his role as Venezuela’s interim president to counter the Maduro administration’s accusations that he is a pawn of US imperialism. Guaidó lobbied regional heads of state to impose concrete sanctions on Venezuela. He also sought to provide reassurance that he remains committed to a peaceful democratic transition process after his initial reaction to the humanitarian aid setback by calling for the international community to consider all options to remove Maduro (widely interpreted as foreign military intervention) fell flat everywhere other than in the US. Guaidó was careful to stress that he was working for a peaceful transition and that military intervention constituted “the last option...that nobody wants”.

The overt support of the moderate leftist Moreno, who criticised “the abyss [of] 21st century socialism” into which Venezuela and Ecuador (under his predecessor Rafael Correa 2007-2017) had been tipped, was a particular boon for Guaidó. “Democracy is always under threat from the temptations of populism and the temptations of power,” Guaidó said, standing alongside Moreno on 3 March in the resort city of Salinas in the coastal province of Santa Elena.

The following day Guaidó was back in Venezuela, catching a commercial flight from Panama to Maiquetía. The shot of Guaidó beaming at a customs official checking his passport reinforced his image as calm, cool, and collected, while conveying to Venezuelans his determination not to become a president in exile. Senior diplomats from several European and international countries gathered in Maiquetía to deter the Maduro administration from arresting him.

The government appears to have been torn over how to respond. Hardliners feared showing weakness by allowing Guaidó to stroll back into the country in defiance of the TSJ order; relative moderates feared provoking a backlash, not just from the US government (US Vice President Mike Pence tweeted that “any threats, violence, or intimidation against [Guaidó] will not be tolerated and will be met with swift response”) but also from within. The

Strike action

During his meeting with trade union representatives, Juan Guaidó pointed to “wartime figures” in Venezuela, such as a GDP contraction of more than 50% and inflation that surpassed 2,000,000% in 2018, as evidence of the Maduro government’s egregious mismanagement of the economy. “Public sector workers have lost practically all their rights, we have no other option but to call for a civic strike,” Guaidó said.

domestic and international outcry over Guaidó’s arrest could have provided the tipping point for the armed forces. The government’s calculated gamble is that the momentum behind Guaidó will fizzle out.

But Guaidó shows no sign of slowing down. He called for fresh protest marches on 9 March and met representatives of over a dozen public sector trade unions to discuss coordinated rolling strikes. Guaidó argued that the Maduro government’s sole concern was perpetuating itself in power in violation of democratic norms. He urged the trade union representatives to resist “the threats and persecution” and stage joint strike action. There was no shortage of separate strike action last year by unions raising their voice against injustice and oppression, violation of workers’ rights, and in demand of a dignified salary and public investment to recover productivity.

Maduro responded by urging Venezuelans to ignore “the hatred and bitterness of a small minority who will be defeated” and to show “nerves of steel”. In a sign that his own nerves could be fraying, however, the Maduro government appeared to hand the initiative to Guaidó ahead of his planned mini tour of Europe by announcing the expulsion on 6 March of the German ambassador to Venezuela, Daniel Kriener, for unwarranted intervention in the country’s domestic affairs.

Foreign Minister Jorge Arreaza released a statement accusing Kriener of assuming “a public role more suited to a political leader, clearly aligned with the conspiratorial agenda of extreme sectors of the Venezuelan opposition”. Kriener was part of the diplomatic welcoming committee for Guaidó upon his return to Venezuela this week and later shared breakfast with him, attended by several fellow European ambassadors.

Guaidó seized upon Kriener’s expulsion to encourage the adoption of a more aggressive stance on the Maduro government by the European Union (EU), which could well be less disposed now to back a dialogue process, favoured by Maduro. The German foreign minister, Heiko Maas, described the decision to expel Kriener, who he said was doing “an extraordinary job”, as “incomprehensible”, and sure to aggravate Venezuela’s internal difficulties. The German government, meanwhile, said it was analysing whether to accept Guaidó’s choice of ambassador, former army captain Otto Gebauer, as Venezuela’s diplomatic representative in Berlin.

COLOMBIA | POLITICS & JUSTICE

Bribery case threatens JEP

Colombia’s transitional justice system (JEP) is facing a major political challenge after the arrest of one of its prosecutors, accused of accepting bribes.

The JEP was set up as part of the peace agreement negotiated between the former government of Juan Manuel Santos (2010-2018) and the Fuerzas Armadas Revolucionarias de Colombia (Farc). It began to operate in March 2018. Its brief is to judge crimes committed during Colombia’s long internal conflict by former guerrillas, by members of the security forces, and by civilians. It offers a form of restorative justice where those who cooperate with investigators and admit their crimes qualify for reduced sentences. Currently the JEP is operating with a team of prosecutors and a total of 38 judges hearing cases.

One of those prosecutors, Carlos Julio Bermeo, was arrested with four other people at a hotel in northern Bogotá on 1 March. Police said Bermeo and his associates were caught at the moment they received a US\$500,000 bribe to help prevent the extradition to the US of Seuxis Paucias Hernández

JEP

There is a debate on whether prosecutor Carlos Julio Bermeo was able to have any impact on the decision-making process. The Unidad de Investigación y Acusación (UIA) said he had been immediately suspended and he had no influence whatsoever on extradition hearings, as JEP courts are autonomous and independent. But the Colombian prosecutor's office appears to disagree, saying Bermeo had the power to seek extensions on JEP court rulings, thereby delaying proceedings. There is also a suggestion that he misdirected a formal letter to the New York court requesting evidence for the extradition hearing.

Solarte ('Jesús Santrich'), a former Farc commander. Among those captured at the hotel alongside Bermeo was Luis Alberto Gil, a former senator who served a prison sentence from 2008 to 2012 on charges relating to his links to right-wing paramilitaries.

Santrich's case is highly controversial. He was involved in the Cuba-based negotiations which led to the November 2016 peace accord. He had planned to take up a place in congress (on a transitional basis under the terms of the accord the Farc was granted 10 seats). However, in April 2018 he was arrested after the US filed an extradition request. A New York court had accused him of conspiring to traffic 10 tonnes of cocaine worth US\$320m into the US. Crucially, the alleged crime took place in 2017, after the peace accord was signed. In any case the JEP has a role to play in the decision on whether to extradite.

The allegation that one of its prosecutors took a bribe is deeply damaging for the JEP, already heavily criticised by centre-right politicians for being too 'soft' on former guerrillas. President Iván Duque has been considering legislation to alter the JEP's brief. JEP president Patricia Linares demanded Bermeo's suspension from the unit he worked in (known as Unidad de Investigación y Acusación – UIA) and asked for the forgiveness of "victims, the country, and the international community".

PERU | POLITICS

Slippery parties

Peru's political parties continue to mutate. The pro-government Peruanos Por el Kambio (PPK) has (maybe) decided to change its name, while Keiko Fujimori has admitted that her right-wing Fuerza Popular (FP), the largest party in congress, is facing "difficult times".

PPK, the party that supported the brief presidency of Pedro Pablo Kuczynski (2016-2018) and then lined up behind his successor Martín Vizcarra, has changed its name. Or maybe not. After a meeting on 2 March party president and deputy Gilbert Violeta said the PPK would henceforth be known as Contigo (With You). According to another deputy, Juan Sheput, named to head the political commission, Contigo would be neither an unconditional government supporter nor a member of the opposition, but would be "loyal" to President Vizcarra.

The changes came after signs of sharp infighting within the grouping. And they were almost immediately thrown into question. On the morning of 5 March, a meeting of the party's members of congress announced it would keep the PPK name after all. The deputies who had unveiled the Contigo name, Violeta and Sheput, then said they were leaving the party, which had threatened them with a disciplinary procedure. As a result, PPK now has 9 members, down from the 18 it started out with after the 2016 elections. Peru's single-chamber legislature has 130 seats.

FP, the once dominant opposition party, is also struggling. Because of splits and defections, it currently has 53 seats, down from the 73 it won in the last elections. Fujimori, currently in prison on corruption charges, admitted it faces "a difficult time" in a letter sent to its congressional members meeting in Chincha, south of Lima. A quick change of fortune does not appear to be around the corner. Investigations are continuing into alleged illicit campaign contributions by Odebrecht, the Brazilian construction company, to Fujimori's 2016 presidential campaign. The party's approval rating slumped from 35% in November 2016 to just 13% last January.

Colombian inflation

The Colombian cities with the highest inflation in February were Bucaramanga (0.97%), Tunja (0.85%), Manizales (0.78%) and Bogotá (0.69%), while those with the lowest variation in the consumer price index (CPI) were Santa Marta (0.14%), Sincelejo (0.20%), and Florencia (0.22%).

COLOMBIA | Solid growth. Colombia's national statistics agency (Dane) released new figures on 28 February which show that the country's GDP grew by 2.7% in 2018 compared with the previous year, while fourth-quarter growth was 2.8% compared with the same period in 2017.

The 2018 year-end GDP result represents a considerable improvement on the 1.8% growth recorded in 2017, the lowest yearly growth rate posted by the Colombian economy in eight years. According to a Dane report, GDP growth in 2018 was driven by a 4.1% increase in activity in the public sector and national defence sectors. However, there was also a solid 3.1% increase in activity in the retail sector, and a 2% increase in activity in both the agricultural and manufacturing sectors. In contrast there was a 12.8% fall in activity in the metallic mineral extraction sector, while activity in the hydrocarbons sector increased by a moderate 1.4%.

COLOMBIA | Inflation remains low. Colombia's national statistics agency (Dane) reported on 5 March that inflation during the month of February stood at 0.57%, representing 0.14 percentage points less than in the same month of 2018. The most significant monthly price variations were observed in the areas of education (up 4.48%), alcoholic beverages and tobacco (1.05%), and transport (0.78%).

The accumulated 12-month rolling inflation rate, which here represented the period between March 2018 and February 2019, stood at 3.01%, and represented a decrease of 0.36 percentage points with respect to the period between March 2017 and February 2018.

COLOMBIA | Coffee sector in trouble. The Fondo de Financiamiento del Sector Agropecuario (Finagro), a financial institution linked to Colombia's agriculture & rural development ministry and dedicated to promoting the development of the agricultural sector, released the result of a new survey last week that shows the extent of the financial difficulties faced by Colombia's coffee growers.

According to Finagro's survey, Colombia's 550,000 coffee growers currently have a collective debt of Col\$1.8trn (US\$585.5m). This highlights the problem that coffee growers face in the current scenario when the price of a pound sack of coffee in international markets has now fallen to below US\$1, which makes production in Colombia no longer profitable.

Faced with such a sizable debt, and with the trend of falling international coffee prices set to continue, the Colombian federation of coffee growers (FNC) has called on the government to provide its members with assistance and to increase the domestic price of coffee lest the whole sector goes bankrupt. Yet the government pointed out that the falling international price of coffee does not answer to domestic market factors but rather to the fact that there is currently an oversupply of coffee in the international market of some 1.3m sacks, according to the International Coffee Organization.

PERU | One step closer to OECD membership. The Organisation for Economic Cooperation and Development (OECD) published its first review on 5 March of a Peruvian regulatory body put up for evaluation as part of Peru's broader application process to become an OECD member state. The assessed entity was the supervisory agency for private investment in telecommunications (Osiptel), which is responsible for setting tariffs for public telecommunication services, issuing regulations to communications producers, and dealing with sector complaints.

The OECD evaluation found that Osiptel had a well-defined strategic framework that should be replicated in other regulatory bodies but also identified areas that needed improvement. Among them was improved definition of its functions, to make its decisions legally binding, as well as improving communication mechanisms with the state and operators, especially because Osiptel shares several functions with the transport & communications ministry (MTC).

The next Peruvian regulatory body to undergo a similar evaluation by the OECD will be the supervisory body for investment in energy & mining (Osinergmin), followed by the supervisory body for investment in public transport infrastructure (Ositrán).

The case for the pension reform

The release of Brazil's annual economic growth figures by the national statistics institute (Ibge) on 28 February demonstrates that the country is continuing the economic recovery begun in 2017, but at a painfully slow pace. This has served as a reminder for the government led by President Jair Bolsonaro of the uphill task it faces in fixing the economy, while also reinforcing the urgency of its calls for the approval of a contentious but much-needed pension reform, which was presented to the federal congress on 20 February.

Brazil's GDP grew by a sluggish 1.1% in 2018, the same rate as in 2017, while quarterly growth totalled a meagre 0.1% for October-December 2018. Annual growth was driven by the services sector, which grew by 1.3%, while the industrial sector rose 0.6% and the agricultural industry, which had driven the country's economic recovery with 13% growth in 2017, advanced by a mere 0.1%.

GDP forecasts for 2018 had been gradually revised downwards as the year progressed, in reaction to an 11-day lorry drivers' strike which ground the country to a halt last May, the uncertainty that surrounded the October general election, and an unfavourable international scenario. Despite modest expectations, the 1.1% growth was something of a disappointment and financial institutions reacted by revising 2019 projections downwards. The bank Itaú now projects 2% growth for 2019, down from 2.5%. Brazil's central bank (BCB) revised its 2019 GDP projections to 2.3% in its latest market report on 1 March, down from 2.5% four weeks ago.

Itaú notes that its projection for 2019 depends on the success of the government's planned reforms on the one hand, and was negatively influenced by this year's first economic indicators on the other. Official data shows that foreign investment and government revenue fell in January when compared to the same month last year.

Unemployment for the quarter ending in January has risen from 11.6% to 12%, affecting 12.7m people according to the Ibge. Consumer confidence as measured by the Fundação Getúlio Vargas (FGV) fell slightly in February after steadily rising for four consecutive months.

The economists make their case

Brazil's economy ministry responded to the modest growth results by publishing a short report outlining the reasons behind the country's 2015-2016 recession and its slow recovery since, and highlighting the central role that a pension reform would play in avoiding another economic 'lost decade'. "The approval of the Nova Previdência [pension reform] has become fundamental for the resumption of growth," the report concludes.

Public debt is edging closer to 80% of GDP, and an overly generous pensions system exacerbated by an ageing population is one of the biggest strains on public accounts, as the 2018 government deficit shows. Brazil's central government posted a primary deficit of R\$120.3bn (US\$31.2bn) last year. This was a decrease on the 2017 primary deficit, but, within this, the social security deficit (which includes pension payments) widened, totalling R\$195.2bn (US\$50.7bn).

Pension publicity

The Bolsonaro government has launched a publicity campaign to try and get Brazilians on board with its proposed pension reform, under the slogan 'New Pensions: It's better for everyone. It's better for Brazil'. A survey conducted in February on behalf of the national transport confederation (CNT) shows that support for the pension reform is lacking – only 43.4% of Brazilians approve of the government's proposal, while 45.6% oppose it.

Twitter Carnival

After a *Twitter*-hiatus, President Bolsonaro returned to the social media platform over Carnival weekend with a barrage of tweets on a range of issues, including criticisms of Brazil's biggest celebration. He tweeted an explicit video of two scantily clad men dancing atop a taxi rank and engaging in obscene behaviour, an attack on what he denounced as the banal excesses of Carnival. This tweet has been met with disgust and outrage, including by Bolsonaro supporters shocked that the president would post pornographic content, while his detractors have ridiculed him for what is seen as a ludicrous reaction to the critical anti-government tone of many Carnival celebrations.

The economy ministry hopes that the pension reform, under its proposed format, will save the government R\$1.07tn (US\$278bn) over the next decade. Economy Minister Paulo Guedes and Pensions Secretary Rogério Marinho have been tirelessly defending their proposal as the linchpin for Brazil's economic future, but support for it now needs to extend to the legislature.

The political challenge

There is a growing consensus around the necessity for an urgent reform of Brazil's pensions system. However, this does not necessarily translate into political support for the government's current proposal. As the pension reform would represent a constitutional amendment (PEC), the proposal must go through four rounds of voting in the federal congress and receive a three-fifths majority in both the chamber of deputies and the senate in order to be passed into law.

The reform is not expected to be passed without changes. Leftist lawmakers have criticised the proposal for attacking workers and their rights and maintain that it harms poorer workers. The proposed reform sets a minimum retirement age as well as a minimum contribution period, meaning that Brazilians would have to work longer than is currently the case in order to collect their pension. It also limits the collection of more than one benefit for pensioners. The fact that the proposal does not include military pensions has also been a point of criticism (the government says that it will present a separate proposal on military pensions soon).

Bolsonaro has acknowledged that congress will make changes to the proposal, and even indicated that he would welcome some modifications, for example on the general retirement age for women (62), which he considers high. The government leader in congress, federal deputy Joice Hasselmann from Bolsonaro's Partido Social Liberal (PSL), has said that the PEC will be discussed and developed with all lawmakers, but noted that the R\$1tn economy is the reform's non-negotiable "backbone".

For Bolsonaro's government, the challenge now lies in its negotiations with members of congress. The president in the chamber of deputies, Rodrigo Maia from Democratas (Dem), who is in theory a government ally, has noted that the government has work ahead if it is to successfully extend its support base beyond the PSL.

BRAZIL | POLITICS

A Carnival of protests

Carnival festivities in Brazil reached their peak with the official celebrations in the days leading up to Ash Wednesday, on 6 March. Behind the frivolities, the samba parades and street parties provided an opportunity for critique and satire at a time when political and social tensions are running high in the country.

A number of Rio de Janeiro's top samba schools, which paraded down the Marquês de Sapucaí sambadrome on the nights of 3 and 4 March, chose issues which have been frequently dismissed and attacked by President Jair Bolsonaro and his supporters as the theme for their performances.

Mangueira's victorious performance was a tribute to the ignored black and indigenous heroes of Brazil's history, with dancers carrying a pink and green version of the national flag (Mangueira's colours) on which the 'order and progress' motto was replaced by 'indigenous, black and poor'. One of its floats paid tribute to Marielle Franco, the left-wing councilwoman who was assassi-

Post-Carnival Bovespa dip

After being closed over Carnival, the Brazilian markets re-opened on the afternoon of 6 March. The São Paulo stock exchange (Bovespa) fell slightly, closing the day at its lowest point since 15 January, while the US dollar appreciated 2.74% against the real, trading at US\$1/R\$3.84, the strongest it has been this year.

nated along with her driver last March, who was also named in the samba song. Franco's widow took part in the parade, in what she said was a sign of protest, as did local politicians from Franco's Partido Socialismo e Liberdade (PSOL).

Paraíso do Tuiuti's samba performance was based on folklore from the north-eastern state of Ceará, recounting the story of a goat who was 'elected' councillor out of popular protest. The political satire referenced current issues also, notably the polarisation of last year's presidential election, with some dancers dressed as gun-toting ultra-conservative critics of the Left, and others as the goat from Ceará, a symbol of the lower classes rebelling against the wealthy elite. The slogan 'no one let go of anyone else's hand', shared by anti-Bolsonaro voters after he was elected, and parodied versions of Bolsonaro's slogans, such as 'God above all, but I'm in favour of torture', adorned one of the school's floats.

In São Paulo, Gaviões de Fiel drew the ire of conservative evangelicals with a performance which depicted Jesus seemingly losing a fight with the Devil. The evangelical bloc in the federal congress expressed its "profound indignation and rejection" of the performance, accusing the school of encouraging disrespect and intolerance. Meanwhile, Mancha Verde became a first-time champion with a samba performance which touched upon slavery, the rights of women and of black people, and religious intolerance.

Signs of protests and criticisms of the government abounded in the street parties (which are known as 'blocos'). Across the country, Carnival-goers donned costumes which referenced and ridiculed the scandals and controversies that have dogged the first two months of Bolsonaro's government. Women dressed in blue and men in pink mocked Human Rights Minister Damare Alves for her "boys wear blue, girls wear pink" comment, while orange costumes abounded. These drew attention to the phony candidates' scandal that has engulfed Bolsonaro's Partido Social Liberal (PSL), as the popular expression for such cases in Brazil is 'candidata laranja', or 'orange candidate'.

In Olinda, Pernambuco, where parades revolve around life-sized dolls of famous characters both real and fictional, effigies of Bolsonaro and his wife Michelle were booed by many revellers, who also reportedly threw beer cans at them. More generally, anti-Bolsonaro chants were heard in blocos up and down the country. In Belo Horizonte, Minas Gerais, a police officer's attempt to shut down an anti-Bolsonaro bloco attracted criticism for being censorship, although his orders were ignored and it appeared to have been an isolated incident.

TRACKING TRENDS

BRAZIL | Petrobras posts profit. Brazil's state-owned oil company Petrobras announced on 27 February that it had recorded a net profit of R\$25.8bn (US\$6.9bn) in 2018, the first positive result since 2013 after four consecutive years of losses.

Oil and natural gas production averaged 2.63m barrels of oil equivalent per day (boe/d) over 2018. Petrobras aims to increase production to 2.8m boe/d in 2019, 2.3m of which are to be produced in Brazil.

CHILE | Copper production. Chile produced a record 5.83bn tonnes of copper in 2018, a 6% year-on-year increase, according to a report released by the copper commission (Cochilco), the sector regulator, on 4 March. The Cochilco report also notes that the record production and the higher international price of copper translated into the copper mining sector contributing US\$2.39bn in taxes to the state, a 90.1% increase compared with the previous year. These figures do not include the revenue produced by the state-owned copper mining firm Codelco, which contributed US\$1.74bn to state coffers last year, a 26.1% increase.

Morena accused of provoking political discord**PRI anniversary**

On 4 March the Partido Revolucionario Institucional (PRI) marked the 90th anniversary of its foundation. However, there were no major celebrations by the once hegemonic party – which held power uninterruptedly from 1929-2000- in the wake of its comprehensive defeat in the 2018 general election. Indeed, following the worst electoral result in party’s history (in which it lost the presidency, control of the federal congress, and state governorships), many within the PRI are calling for the party to be renewed or risk becoming obsolete and disappearing. Against this backdrop the current PRI party president, Claudia Ruiz Massieu, called on party members to remain united and to offer “an alternative of balance and governability in a polarised political environment”.

Mexico’s opposition parties are complaining that members of the ruling leftist **Movimiento Regeneración Nacional (Morena)** have been sowing political division by jeering and insulting opposition figures during official public events. While the Morena leadership and President Andrés Manuel López Obrador have denied giving orders to this effect and have repudiated these incidents, they have nonetheless added to the sense that **Morena treats its political opponents with a lack of respect, which could make the oft-necessary cooperation across party lines more difficult.**

The jeering and booing of opposition figures by Morena sympathisers during official events featuring President López Obrador began almost as soon as he took office in December 2018. The majority of the figures subjected to such treatment have been governors from the Partido Acción Nacional (PAN), the Partido Revolucionario Institucional (PRI), and the Partido de la Revolución Democrática (PRD) who have appeared with López Obrador when he has visited their states. Such events are meant to showcase national unity and reinforce the idea of state and federal government cooperation. So, the governors on the receiving end of the heckling have complained that it only exacerbates political polarisation and confrontation.

Indeed, some governors have threatened not to take part in any more public events with López Obrador if it means having to endure this abuse. Meanwhile, first the PRI and then the PAN accused the Morena party leadership of giving express instructions to supporters to heckle their governors in an attempt to undermine their image. The PRI even claimed to have seen confidential Morena documents that contain a ‘behaviour manual for public events’ to be distributed to Morena sympathisers, in which it is stated that it is “an obligation” to express vocal disapproval of opposition figures.

But the PAN went even further. After the PAN governor of Sonora state, Claudia Pavlovich, became the latest PAN governor to be on the receiving end of the heckling on 2 March, the association of the 10 PAN governors (Goan) issued a statement on 5 March calling for the federal interior ministry (Segob) to intervene and ensure that opposition governors are no longer subjected to abuse while attending public events with López Obrador. “We will not allow politics to be demeaned by the aggressions and insults orchestrated by Morena... Politics is dialogue, respect, collaboration, and reciprocity,” the Goan statement reads.

Morena party president Yeidckol Polevnsky reacted to the move by the PAN governors with defiance. Polevnsky denied that the party had given any instructions to its members to jeer opposition governors and suggested that the incidents could all have been staged by the opposition as part of a “dirty war” against the López Obrador administration. Polevnsky said that the purported behaviour manual presented by the PRI was clearly “false”; meanwhile she pointed out that López Obrador’s visit to Sonora came at the invitation of Governor Pavlovich and that the events during the visit were organised by the state and federal authorities. “It is all absurd... we are a political party and don’t mess with what the government does, we don’t organise and have nothing to do with public events,” Polevnsky complained.

Polevnsky also denied that López Obrador was interested in stoking political divisions. She said that this was not López Obrador’s “mentality” and that

Cofece investigates LPG sector

On 5 March, Mexico's federal economic competition commission (Cofece), the federal anti-trust body, reported that it had reason to believe that there could be an abuse of market power to displace or prevent the access of other participants in Mexico's liquefied petroleum gas (LPG) sector. Noting that LPG is the most commonly used fuel in Mexican homes, the Cofece announced that it would be investigating whether the sector complied with the federal law of economic competition. The investigation will address possible monopolistic practices in the market of the import, commercialisation, transportation, storage, distribution, and sale to the public of LPG by the companies that currently operate in the market. In the case of a possible violation, those responsible would go on trial.

he had always been clear that he wants to govern for all and not just for his supporters. In fairness, López Obrador has reprimanded the crowds that have booed opposition governors and asked them to stop. After the latest such incident during his 4 March visit to Colima state, where the victim of the heckling was PRI Governor José Ignacio Peralta, López Obrador told the crowd that "Problems are not resolved by shouting...the time of electoral campaigning and political confrontation is over. It would be for the best of these discourtesies and lack of respect end".

López Obrador recognises that fanning political division and confrontation is not in his administration's interest at this point in time. In particular, he may be calculating that he needs to keep governors on side not just for the sake of governability, as his administration will have to work with governors to implement policy, but also because he may come to rely on them to secure the approval of his proposed constitutional reforms (*see box*), which in Mexico require the approval of the federal congress as well as a majority of the 32 state legislatures.

Education reform

President López Obrador must maintain good relations with the political opposition if he wants to ensure the passage of controversial initiatives that require changes to the constitution, such as his proposed new education reform. During last year's electoral campaign, López Obrador promised to carry out an education reform to reverse some of the aspects of the 2012-2013 education reform that were most reviled by the combative Coordinadora Nacional de Trabajadores de la Educación (CNTE) teachers' union, which supported his presidential bid.

But the 2012-2013 reform had cross-party backing and the opposition has been clear that it will not back any new reform designed to cater exclusively to the CNTE, suggesting that they could adopt an obstructionist stance against López Obrador's proposed reform.

López Obrador's proposed reform got off to an inauspicious start, with opposition legislators pointing out that the proposal, submitted back in December 2018, did not include an evaluation of the impact that the initiative would have on the national budget, contrary to the law.

TRACKING TRENDS

MEXICO | López Obrador reproaches rating agencies. Mexico's President Andrés Manuel López Obrador, criticised international credit rating agencies on 5 March for punishing Mexico and Mexican companies, such as the state-owned oil firm Pemex, with recent ratings downgrades while failing to take similar action in the past when these companies were tarnished by corruption allegations and the Mexican government implemented neoliberal economic policies, unlike his administration.

López Obrador's statement comes after credit ratings agency Standard & Poor's (S&P) downgraded its outlook on the Comisión Federal de Electricidad (CFE), Mexico's state-owned electricity utility firm, from 'stable' to 'negative' on 4 March to bring it in line with its outlook on Mexico and Pemex over concerns about lower economic growth in the country this year. In the case of Pemex, S&P has also argued that the López Obrador government's US\$5.5bn rescue package for the heavily indebted company falls short of the funding it requires.

While López Obrador said that he respected S&P's decision, he reproached it and other rating agencies for stating in the past that the likes of Pemex and the CFE followed excellent practices, when there are now allegations of corruption at the firms during that time. López Obrador also insisted that once his administration eradicates corruption at Pemex and the CFE, their credit ratings will start to improve.

Medina speech stokes re-election speculation

President Danilo Medina delivered his annual state-of-the-nation address to the legislative assembly on 27 February, Dominican independence day. The content of Medina's speech focused on his government's record since he took office in 2012, rather than reviewing the previous year as intended, and contained a series of populist gestures, including a huge increase in the minimum wage and state pension. This prompted the main opposition Partido Revolucionario Moderno (PRM) to accuse Medina of paving the way for a constitutional reform to allow him to stand for a third straight term in office.

During his two-hour address, President Medina extolled the 7% GDP growth in the Dominican Republic in 2018 – “the fastest in Latin America... followed by Panama on 4.6%”, compared with a regional average of 1.2% – driven by tourism which generated revenue of US\$7.5bn. Medina said his government delivered the lowest inflation rate in 34 years in 2018: 1.17%. He added that the combination of high growth and low inflation, as well as the creation of 770,000 jobs over the last seven years, had helped to alleviate poverty, which declined from 39.7% in 2012 to 23% in 2018, meaning 1.5m people had been lifted above the poverty line, while indigence had fallen from 9.9% in 2012 to 2.9%.

PRM party president Senator José Ignacio Paliza accused Medina of repeating the same speech “year after year”, ignoring issues such as insecurity, corruption and impunity, as well as deficiencies in healthcare services, education, and electricity supply (Medina actually cited progress in all of these areas except, conspicuously, corruption and impunity). The president of the smaller opposition party Partido Reformista Social Cristiano (PRSC), Federico Antún, dismissed the speech as “riddled with contradictions and inconsistencies”, such as citing data from the World Economic Forum (WEF) Global Competitiveness Report on infrastructure, in which the Dominican Republic is ranked above average, but failing to mention its poor showing in the same report on corruption (*see sidebar*).

But the real fear of the opposition, expressed by Luis Abinader, a pre-candidate for the PRM ahead of presidential elections in May 2020, is that Medina was “electioneering”. Medina is barred from seeking a third consecutive term in power but since the ruling Partido de la Liberación Dominicana (PLD) came to power in 2004 it has been apparent that the constitutional article defining limits to presidential re-election is not set in stone. A further revision is eminently possible. Medina has said he will make a decision in March. He made the job of his supporters, seeking popular backing for the move, easier by announcing that the minimum wage would be almost doubled from RD\$5,117 to RD\$10,000 to take effect from 1 April, and the minimum state pension increased from RD\$5,117 to RD\$8,000, as well as promising tax breaks for micro, small, and medium sized enterprises (MSMEs).

A surge in the polls as a result of these initiatives might ‘persuade’ Medina of the need to amend the constitution to seek re-election. Party primary elections will be held for the first time on 6 October under the ‘law of political parties’ approved last August [[WR-18-33](#)]. The PLD faction loyal to former president Leonel Fernández (1996-2000; 2004-2012) would oppose Medina's re-election bid but it would be powerless to stop him if he is riding high in the polls. There are nine PLD presidential pre-candidates after the education minister, Andrés Navarro, resigned his post on 19 February to announce his bid. Medina appointed Antonio Peña Miraban to replace Navarro at the education ministry.

Odebrecht

The opposition PRM filed a complaint before the attorney general's office last week to investigate the ruling PLD for allegedly receiving bribes from the Brazilian construction firm Odebrecht, which handed out some US\$92m to various public officials in the Dominican Republic to secure public works contracts between 2001 and 2014. The PRM complaint is based on the testimonies of former industry and trade minister Temístocles Montás, and public works minister Víctor Díaz Rúa, senior figures in the PLD. Montás admitted to receiving electoral campaign funding for the PLD from various businessmen, among them Ángel Rondón, who distributed the Odebrecht bribes. Díaz Rúa said that, as PLD finance secretary, he had received some money from Odebrecht but “very little”.

Elections

The ruling Frente Sandinista de Liberación Nacional (FSLN) won an emphatic victory in the RACN and RACS regional elections, according to the supreme electoral council (CSE), winning more than two-thirds of the seats up for grabs. The elections were held to select 45 councillors in each region. The FSLN won 30 councillors in the RACN and 34 in the RACS. The indigenous party Yatama came a distant second in the RACN, securing 12 seats, with the Partido Liberal Constitucionalista (PLC) taking the remaining three. The roles were reversed in the RACS where the PLC took nine seats and Yatama two. The president of the CSE, Lumberto Campbell, said the electoral process had been “peaceful, with great maturity shown by participants”. The opposition criticised a low turnout and lack of electoral guarantees.

New dialogue to resolve crisis

The government led by President Daniel Ortega and the opposition Alianza Cívica por la Justicia y la Democracia (ACJD) will embark on a fresh dialogue process to try and draw an end to a protracted political crisis. The two sides agreed upon the framework for talks this week to try and avoid a repeat of the last dialogue process which Ortega unilaterally abandoned last July. Cardinal Leopoldo Brenes, the archbishop of Managua, will decide on 8 March whether to accept a role as a national guarantor in the dialogue process along with evangelical priest Ulises Rivera.

The 16-point framework accord was announced in a joint statement by the government and the ACJD after five rounds of talks. Six representatives for each side will meet daily for six-hour sessions. They will only supply details of the ongoing talks during prearranged press conferences until an accord is struck, with a tentative date of 28 March set for concluding negotiations. The accord does not stipulate whether this would be just the first round of negotiations but anything more final would be optimistic in the extreme.

Defining the ground rules is a breakthrough, but even assuming Brenes, the president of the Conferencia Episcopal de Nicaragua (CEN), the most credible institution in Nicaragua, agrees to be a national guarantor, the two sides still need to agree on international guarantors of the dialogue process. This will only be possible after agreeing upon an agenda for the talks. Only then will negotiations actually start.

The government released 100 political prisoners on 27 February as a gesture of its commitment to dialogue but there is a deep reservoir of distrust of Ortega's intentions and suspicion that he is merely playing for time. The ACJD, among other things, is demanding that presidential elections are brought forward from 2021 and that guarantees are put in place to ensure that they are free and fair. This has been a huge sticking point. The ACJD dismissed the validity of the regional elections held in the Región Autónoma Caribe Norte (RACN) and the Región Autónoma Caribe Sur (RACS) on 1 March because of a lack of guarantees and the absence of observers (*see sidebar*).

EL SALVADOR | POLITICS

FMLN and Arena prepare for new era

The outgoing left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) has announced that it will stage internal elections on 16 June, two weeks after President-elect Nayib Bukele takes office as part of a renewal process after the party's humbling defeat in last month's presidential elections. The main right-wing opposition Alianza Republicana Nacionalista (Arena), meanwhile, tried to bounce back from its own chastening loss by proposing a reduction in the administrative and salary costs of the country's three branches of government.

Medardo González, the FMLN secretary general, confirmed that the 14 veteran guerrillas who hold sway over the party's political commission will not seek re-election. This means that for the first time since the FMLN became a political party after the civil war (1980-1992), internal control could pass from its reactionary to progressive wing.

Arena is also trying to revamp its image. Norman Quijano, the (Arena) president of the legislative assembly, said the party wanted to table an initiative to make “concrete savings and austerity measures” in the executive, legisla-

Supreme court disgrace

El Salvador's legislative assembly stripped supreme court (CSJ) judge Eduardo Jaime Escalante Díaz of his immunity from prosecution this week for allegedly sexually abusing a 10-year old girl. Escalante was also suspended from duty after an investigation led by Arena deputy Patricia Valdivieso, elected as prosecutor in the administrative process, who said it set an important precedent in favour of victims of officials with constitutional immunity. Valdivieso said there was sufficient and reasonable proof against Escalante, who could face a 26-year prison sentence if he is found guilty.

tive, and judicial branch of government. Quijano said discretionary costs, such as transport, private insurance, air fares, and foreign travel (especially junkets), under the 'law of remunerations and benefits for public officials' should be cut with the resultant savings going towards improving public health, education, and security.

The proposed reform requires a simple majority in the 84-seat legislative assembly so Arena, with 37 seats, only requires six more. It looks like a clear response to fierce public criticism of Arena for rejecting Bukele's call for the legislative assembly to reassign US\$16m of a loan to construct a new building for congress in order to construct 50 schools and 14 libraries [WR-19-07]. Two Arena deputies had publicly supported Bukele's proposal.

The reputation of the country's traditional politicians has been battered in recent years with three former heads of state accused of corruption. Only on 1 March the attorney general's office charged former president Elías Antonio Saca (2004-2009) of participating in the embezzlement of US\$10m of a donation from Taiwan meant for victims of the 2001 earthquake. His late predecessor Francisco Flores (1999-2004) was also implicated. Saca was sentenced to 10 years in prison in September 2018 for laundering US\$301m from the state budget during his term in office.

HONDURAS | POLITICS & JUSTICE

Controversial dam case goes to court

Exactly three years after the notorious murder of Honduran environmentalist and indigenous activist Berta Cáceres, a trial is set to begin into irregularities surrounding the award of a contract to build the Agua Zarca dam and hydro-electric project she had protested against. Sixteen people stand accused of fraud, abuse of authority, conducting negotiations incompatible with their official duties, and falsifying documents to the detriment of the state.

The charges were filed before the supreme court of justice (CSJ) on 4 March by the anti-corruption unit of the Honduran public prosecutor's office (Ufecic), which was set up in September 2017, and the Organization of American States (OAS) Mission to Support the Fight against Corruption and Impunity in Honduras (Maccih). Among those charged are the former deputy minister for natural resources and the environment, Darío Roberto Cardona, the former director of the state power company Empresa Nacional de Energía Eléctrica (ENEE), Roberto Martínez Lozano, and the former executive president of Desarrollos Energéticos Sociedad Anónima (Desa), Roberto David Castillo, who was arrested three days earlier accused of being the intellectual author of Cáceres's murder. They will appear in court on 13 March.

Seven men were convicted in November 2018 of the murder of Cáceres, with the court claiming that Desa executives ordered her shooting because of delays and financial losses linked to the protests she had coordinated. The upcoming court case will look into how Desa obtained the contract to construct the 22MW dam on the Gualcarque river in western Honduras.

Ufecic and Maccih charge that the contract between ENEE and Desa was signed in violation of the law as Desa was not listed on the official registry as a provider and state contractor. Prosecutors contend that Castillo used his position as a technical assistant to ENEE management to secure the project despite Desa lacking the experience or capital to carry it out. Desa's lawyer insisted that the company had faced "an implacable campaign of false accusations".

On 1 March, three days before the suit was brought, the NGO Center for Justice and International Law (Cejil) demanded justice for Cáceres,

TPS rolled over

The US government last week extended Temporary Protected Status (TPS) enjoyed by expatriates from El Salvador, Haiti, and Nicaragua, until 2 January 2020. The Department of Homeland Security had announced in 2017 that it would end TPS in the three countries by the end of last year on the grounds that conditions had improved there, but the extension was granted in response to an injunction by a US district court in a lawsuit challenging the termination of TPS.

calling on the government to revoke the concession granted to Desa, and arguing that human rights defenders still faced criminalisation, repression, and violence in Honduras.

PANAMA | POLITICS

Electoral campaign kicks off

Panama's electoral campaign formally began on 4 March. Competing for the presidency will be the frontrunner Laurentino Cortizo, of the opposition Partido Revolucionario Democrático (PRD); Rómulo Roux, of Cambio Democrático (CD); José Blandón of the ruling Partido Panameñista (PPA); Saúl Méndez, of the left-wing Frente Amplio por la Democracia (FAD); and three independents, former attorney general Ana Matilde Gómez, former deputy Marco Ameglio, and lawyer Ricardo Lombana.

This is the first time there has been an official campaign period. It will last for 60 days, concluding three days before general elections on 5 May when, in addition to the successor to President Juan Carlos Varela, deputies to the 71-seat national assembly will also be chosen.

There will be new limits on campaign financing set at US\$10m for presidential candidates, and US\$300,000 for deputies, in the interest of greater transparency over electoral spending. Meanwhile, a social media campaign opposing legislative re-election obtained through clientelism and vote buying is gathering steam.

Opinion polls are expected to proliferate now the presidential electoral campaign is officially underway. All the competing candidates agree on the need for profound constitutional reforms to revive state institutions discredited by myriad corruption scandals over the course of the last decade, although there is no consensus on how to go about it.

TRACKING TRENDS

COSTA RICA | Tax amnesty success. The government revealed this week that it had raised ₡232bn (US\$380.6m) under a three-month tax amnesty running from 4 December last year until 4 March.

The amnesty formed part of the recent fiscal reform approved by the legislative assembly, offering the cancellation of interest incurred on the debt; some 14,000 contributors availed of the amnesty.

The finance ministry said that the money raised, the equivalent of 0.5% of GDP, had exceeded expectations. Costa Rica closed 2018 with a fiscal deficit of 6% of GDP, down slightly from the 6.17% of GDP posted in 2017.

HONDURAS | Trade deficit balloons. The trade deficit increased by 18.9% in 2018 year-on-year, reaching US\$6.12bn, primarily because of an increase in imports, the central bank reported on 27 February. Exports declined by 3.6% on 2017 to total US\$4.37bn, while imports surged by 8.3% to US\$10.49bn. The decline in exports was due principally to a reduction in sales of coffee, palm oil, sugar, gold, and shrimps.

The US was the country's main trade partner, taking US\$1.54bn of its exports, followed by Europe with US\$1.29bn, and Latin America as a whole, US\$1.25bn. The main Honduran export was coffee, sales of which increased by 14.5% year-on-year to US\$1.32bn.

Quotes of the week

“If we had not taken the measures that we took the economy would have collapsed.”

Argentina's President Mauricio Macri.

“If the regime dares to kidnap me it will, without doubt, be one of the last mistakes that it makes.”

Venezuela's interim president Juan Guaidó, ahead of his return to the country after a mini regional tour.

“I am first and foremost, day after day, hour after hour, willing to pay the price that is needed, to serve our country.”

Dominican President Danilo Medina.

POSTSCRIPT

US threatens to weaponise Helms-Burton

Cuba's foreign minister Bruno Rodríguez accused the US government this week of making “an unacceptable threat against the world”. Rodríguez was reacting to the decision by the administration led by President Donald Trump to revive the Helms-Burton Act. Ever since it was introduced in 1996, Title III of the act, allowing lawsuits in US courts against any company believed to be using properties expropriated after the Cuban Revolution, has been suspended. Now, it will be partially lifted in a move directly linked by US National Security Advisor John Bolton to “Cuba's role in usurping democracy and fomenting repression in Venezuela”.

From 19 March it will be possible for lawsuits to be filed in the US against 200 Cuban businesses on a blacklist drawn up by the Trump administration in June 2017, linked to the holding company Grupo de Administración Empresarial (Gaesa), the business arm of the Cuban armed forces, which controls around 65% of the economy. The practical impact of this decision is likely to be limited as virtually none of the companies have ties to US legal and financial systems. But the real sting in the tail was the decision to suspend Title III for foreign investors for just 30 days (as opposed to the customary six months).

The 30-day suspension serves a dual purpose. It is designed to make foreign investors think again about involvement in Cuba at exactly the time when, under the new constitution approved on 24 February, Cuba is seeking to attract more foreign investment: Rodríguez betrayed his fear that the short review time could act as a deterrent for investors by seeking to assuage the concerns of foreign companies operating in Cuba over the security of their investment. It is also designed to ramp up pressure on European countries with investments in Cuba that the US deems to be too mealy-mouthed on Venezuela (and Cuba's role in propping up the government led by Nicolás Maduro), notably Spain, which has been a vocal critic of the US threat of military intervention.

Venezuela's interim president Juan Guaidó claimed on 1 March that 80% of the country's armed forces “favour a change” but blamed Cuban intervention for the limited desertions. Speaking during a press conference in Buenos Aires after meeting Argentina's President Mauricio Macri, Guaidó said that Cuba's military and intelligence services “control part of the intelligence and counterintelligence apparatus [in Venezuela] dedicated principally to terrorising the military so that they don't express open support [for him]”. Guaidó claimed that 160 high-ranking members of the military had been imprisoned since the end of last year.

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