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Peru's congress triggers political crisis in showdown with Vizcarra

Peru's congress tipped the country into another political crisis on 4 August by denying a vote of confidence in the prime minister, Pedro Cateriano, and his cabinet. The vote compels Cateriano to resign, along with his full cabinet, just 19 days after assuming the position. President Martín Vizcarra, whose tenure has been defined by confrontation with congress, accused deputies of putting narrow private interests above the national interest, creating deep political uncertainty in the midst of the coronavirus (Covid-19) pandemic, which is exacting a heavy toll on Peru in terms of loss of lives and economic damage.

After a prolonged 20-hour debate, legislators voted by 54-37, with 34 abstentions, against granting a vote of confidence in Cateriano and his cabinet, who fell a long way shy of the requisite majority of 66. The result leaves Vizcarra no choice but to replace his prime minister; he could retain his cabinet ministers, and is not even required to reshuffle them, but congress would be sure to look askance at this. Vizcarra, who has already dissolved one congress, can no longer resort to brinkmanship with congress. The constitution expressly precludes the dissolution of congress during the final year of a presidential term in the event of deputies refusing to grant a vote of confidence in two successive cabinets. This means deputies could continue to reject his cabinets, although this would be a risky tactic as it would produce a public outcry, damaging the prospects of political parties behind it ahead of next year's elections.

Vizcarra lashed out at deputies for "denying Peruvians the right to move forwards" and "generating needless uncertainty". He expressed regret that congress had chosen to deny "for the first time in 20 years, confidence in a cabinet formed just one month ago", adding that "this is unprecedented". Vizcarra argued that it was "not the time to play with the country's destiny" and become "distracted by sterile political disputes". He accused deputies of using "the same methods and practices of the previous dissolved congress" (although not even the previous congress, dominated by the right-wing Fuerza Popular [FP, Fujimoristas], rejected a cabinet as soon as it was proposed).

Vizcarra also maintained that deputies were guilty of "political calculation that does not take into account the public welfare". This is a reference to Cateriano's claim that, in the lead up to the vote, he met the president of congress, Manuel Merino, who conditioned support for his cabinet on the appointment of an alternative education minister to Martín Benavides, the former head of the national superintendence of university education (Sunedu) undertaking a reform of university education. Congress had already voted to summon Benavides on 31 July to grill him over the closure of universities that do not meet minimum standards. Notably, Podemos Perú (PP), which was founded by José Luna, who owns a university Sunedu ordered to close, rejected the vote of confidence, and the Alianza

Bolivian coca cultivation

Just as the ONDCP released its figures for coca cultivation in Peru, the United Nations Office on Drugs and Crime (UNODC) published its annual report on 29 July, revealing that coca cultivation in Bolivia increased by 10% in 2019, compared with the previous year. The UNODC representative in Bolivia, Thierry Rostan, said that coca cultivation increased by 2,400 hectares (ha) to 25,500 ha in total. He said the biggest increase was registered in Los Yungas, where it was up by 1,281 ha, followed by Cochabamba (982 ha). Rostan said the increase owed in part to the sociopolitical conflicts of October 2019, with priorities shifting away from controlling coca cultivation. There were 9,205 ha of coca eradicated in 2019, down 18% from 11,174 ha in 2018.

para el Progreso (APP), whose leader César Acuña also owns a university, abstained.

But there was more to the rejection of Cateriano and his cabinet than just opposition to university reform. Different parties had different reasons. While the centrist Partido Morado (PM) and Somos Perú (SP) backed him, and the largest party Acción Popular (AP) and FP were split, the evangelical fundamentalist Frente Popular Agrícola del Perú (Frepap) criticised Cateriano's plan for offering nothing to the agriculture sector, a key party priority. The ultra-nationalist Unión por el Perú (UPP) and the left-wing Frente Amplio (FA) objected to his approach to post-pandemic economic reactivation, placing an emphasis on the mining sector and private sector investment, with proposed modification of laws that could affect water supplies and the environment. They criticised the fact that his 46-page plan devoted more than twice as many pages to this than it did to tackling the public health emergency (barely three).

There is also more than a suggestion that congress decided to take vengeance on Vizcarra for what many deputies see as his attempt to bludgeon them into accepting his political and judicial reforms [WR-20-27]. Vizcarra has previously used his popularity to exert pressure on an unpopular congress but this is ebbing away amid the perceived failings of his government's handling of the pandemic.

Now that he has moved into lame-duck territory, constrained by the constitution from dissolving congress, he might need to make some concessions, and engage in horse-trading with different political parties to win approval for his next prime minister and cabinet.

Drug setback

In a further blow to the Vizcarra administration, the US Office of National Drug Control Policy (ONDCP) reported a 38% leap in coca cultivation in Peru in 2019 compared with the previous year, and a 40% jump in potential pure cocaine production. The ONDCP said that the area under coca cultivation had increased to 72,000 hectares (ha) and potential cocaine production to 704 tonnes (t). The ONDCP paid tribute to Peru's eradication efforts but maintained that "concrete results are necessary to reverse the harmful trend of rising coca cultivation and cocaine production especially in the VRAEM [the Apurímac, Ene, and Mantaro rivers valley] and Puno regions".

Peru's foreign ministry issued a statement criticising the report for "omitting key aspects to give an accurate calculation of surface area given over to coca cultivation, which would have substantially altered the results obtained". It maintained that there was no more than a 2.4% increase in coca cultivation, saying that the ONDCP had not taken into consideration, for instance, the legal consumption of coca, for which 9,000 ha are set aside. It said that the ONDCP had also ignored the 7,000 ha eradicated in the southern region of Puno on the border with Bolivia.

The president of Peru's anti-drug agency Devida, Rubén Vargas, claimed on 1 August that there were "serious mistakes" in the ONDCP's figures, which had "cast into doubt the sustained commitment of Peru to the fight against illicit drugs". Vargas maintained that the ONDCP had not taken into account 18,000 ha of the 25,000 ha of coca that had been eradicated.

Vargas also argued that, unlike in Colombia where there is no traditional use of coca, 6m Peruvians consume coca leaves every year, production that never becomes cocaine. He said that the ONDCP should remove 100t and 206t respectively from its 705t figure for cocaine production to take account of coca crops for traditional use and eradication for which Peru had not been given credit. Vargas remonstrated that Devida had previously notified the ONDCP and the US State Department of these mistakes.

Vargas said Devida would publish a new report in October, nearly two years after the last, using a new methodology which would provide municipal-level detail of coca crops to allow more focused intervention.

Uribe arrest divides nation

Uribismo and conflict

Former president Uribe's hard-line military campaign against Colombia's armed guerrilla groups was lauded by supporters as a crucial victory for security in the country, while critics highlighted the significant human cost of these efforts, condemning human rights abuses by the armed forces and pointing out that the vacuum left by the guerrillas was filled by (often far more brutal) paramilitary groups. Uribe has long been accused of promoting and collaborating with paramilitaries, and human rights groups in Colombia remain hopeful that testimonies from former paramilitary members, which appear to implicate Uribe, could one day be used to bring charges against him.

This week marks a decade since former president Álvaro Uribe (2002-2010) left office, and yet 'uribismo' remains a potent political force in Colombia, propelling current president Iván Duque to power in 2018, and shaping the debate on security and peace that lies at the heart of many of the country's problems (*see sidebar*). As such, the news on 4 August that the supreme court (CSJ) had sentenced Uribe to house arrest – the first time in Colombian history that a current or former president has been detained in any capacity – sent a shockwave through the entire country, prompting fiercely polarised reactions from allies and adversaries alike.

Uribe, a senator with the ruling Centro Democrático (CD), similarly made history in October 2019 when he became the first former president to face trial before the CSJ [[WR-19-40](#)]. The CSJ's latest ruling, placing him under "preventive detention" amid an ongoing probe into crimes of "witness manipulation and procedural fraud", relates to a 2012 case in which Senator Iván Cepeda, of the left-wing opposition Polo Democrático Alternativo (PDA), was charged with bribing witnesses to accuse Uribe of collaborating with paramilitary groups while in power. In 2018 the CSJ absolved Cepeda, but instead ordered an investigation into Uribe on similar grounds, after he was accused of suppressing evidence and putting pressure on witnesses to change their testimonies.

The sentencing of house arrest, while far from conclusive, suggests Uribe could soon face harsher punishment, with the CSJ statement citing the strength of evidence against him, seemingly in reference to various recordings in which Uribe's lawyer, Diego Cadena, both threatened and bribed former paramilitary members to change their statements tying Uribe to these groups. Cadena himself has been charged for these crimes, but insists he acted on his own initiative. Uribe responded to his house arrest order by expressing sadness for "the deprivation of my freedom [...] and for the Colombians who still believe that I have done something good for my homeland".

There was no shortage of support for Uribe, both among the general public and in the political sphere, matched only by the celebrations of those who have long opposed uribismo. Supporters protested the ruling from their vehicles in the cities of Medellín and Barranquilla, while in Bogotá a 'cacerolazo' (pots-and-pans protest) reportedly welcomed his imprisonment. His victorious rival Cepeda celebrated this as a sign that "no-one is above the law, no matter how powerful", while his protégé Duque insisted that "I will always believe in the innocence and honour of a man who has earned a place in the history of Colombia", lamenting that he "is not allowed to defend himself in freedom, with the presumption of innocence".

The impact on Duque's government will be significant; the ruling may rally support among loyalists, but it will further sour the CD in the eyes of many Colombians. Equally, Uribe's role in advising the government and uniting the party, which he founded in 2014, should not be underestimated. The ruling could be similarly influential with regard to the long-running national debate on conflict and security; those who have historically raised concerns over Uribe's human rights record (and who have more recently levelled similar accusations against Duque), including Cepeda, will hope that this ground-breaking judicial action against such a powerful figure could pave the way for more far-reaching charges against those accused of exacerbating conflict and violence in Colombia.

Road ahead unclear for opposition

Diosdado Cabello

Diosdado Cabello has not been seen since announcing on 9 July that he had tested positive for Covid-19. His participation via phone call on a PSUV meeting on 3 August, seemingly intended to assuage concerns about his condition, instead had the opposite effect, prompting questions about whether the call was actually from Cabello, given apparent changes to his voice and mannerisms. While there is little evidence to suggest it was not Cabello, this unusual incident, combined with his prolonged absence, suggests he has been affected badly by the virus, and may be sidelined for some time.

The publication of a statement on 2 August, signed by 27 Venezuelan opposition parties, confirmed plans to boycott the country's upcoming legislative election, scheduled for 6 December. While the signatories were keen to avoid describing it as a boycott, insisting that "there is no abstention when what is called is not an election", the end result is the same: Nicolás Maduro's ruling Partido Socialista Unido de Venezuela (PSUV) now looks all but certain to claim victory in this election, a development that will weaken the opposition, no matter how much the vote is condemned by Maduro's domestic and international critics.

While the statement was unreserved in its criticisms of Maduro's government and the upcoming election - which it condemned as a "farce", following the intervention of the supreme court (TSJ) to exclude a number of opposition parties [\[WR-20-27\]](#) - it was less forthcoming regarding what the next steps for the Venezuelan opposition might look like, beyond vague commitments "to build a new unitary pact and a new democratic offensive", in order to "achieve free, fair, and competitive elections". The confirmation of this boycott also cast doubt on the future of opposition leader Juan Guaidó. His claim to the interim presidency of the country is based on his claim to the presidency of the national assembly, which such a boycott would undermine entirely.

Guaidó's own comments in response to the statement were a little more revealing: he offered his backing for the boycott, but he also claimed that "simply rejecting [the election] is not enough", emphasising the need "to mobilise the majority that want to live with dignity". Under pressure from some sectors to take a more hard-line approach in order to overthrow Maduro, and from others to seek a peaceful solution through dialogue with the government, it seems that the opposition intends to do neither and will instead try once again to build popular pressure on Maduro – a strategy that has had limited success in the past, with public appetite for mobilising in support of Guaidó relatively limited.

Military manoeuvring

For the hard-liners in the opposition, the key to removing Maduro from power lies in turning the country's armed forces against his government, as was the objective of the failed coup attempt in April 2019 [\[WR-19-17\]](#). While Maduro continues to deride the opposition's political gambits, such as the electoral boycott, he seems far more alert to this military threat, as demonstrated by a recent reshuffle within the armed forces. On 3 August he named the interior minister, Néstor Reverol, as commander-in-chief of the armed forces; a week earlier, the defence minister, Vladimir Padrino López, confirmed the dismissal of 302 senior army officers, many of whom had been key figures in the Bolivarian Revolution since its genesis.

The goal is ostensibly to ensure that no single official is powerful or influential enough to pose a threat to the government. Military figures have often been spared from the frequent waves of US sanctions and legal charges against Venezuelan officials, seemingly in an effort to pressure them into jumping ship. With Reverol facing such sanctions himself, Maduro feels able to trust him; the same can perhaps not be said for PSUV vice president Diosdado Cabello, for whom the reshuffle bodes less well. A military man himself, many of the excised army officers had been allies of Cabello, coming from the same cohort, and there are suggestions that his much-publicised recent struggle with coronavirus (Covid-19) may have provided Maduro with an opportunity to reduce the influence of his second-in-command (*see sidebar*).

Crucial debt deal agreed but more work lies ahead

A departure point, not a destination

As positive as the agreement over the restructuring of international law bonds is, analysts have warned that this is just one step in the process of sorting out Argentina's debts. As Jimena Blanco, Americas head at Verisk Maplecroft, commented "The real story begins now...this is a point of departure, not a destination. It remains to be seen if the government can deliver the economic policies that allow the restructuring to become the springboard of the promised economic success story".

It has been achieved. In the early hours of deadline day, 4 August, Argentina's economy ministry confirmed it had reached an agreement with the three main groups of bondholders over the restructuring of some US\$66bn of sovereign debt issued under international law. Provided that the verbal accord is now formalised before the new 24 August deadline, the deal will conclude over seven months of high-stakes negotiations, which often seemed on the brink of collapse. Yet while Argentina emerges from its ninth debt default with "significant debt relief", it must now face up to its other intractable economic challenges.

Speaking with local digital news platform *Cenital*, following the announcement of the agreement, President Alberto Fernández was ebullient, expressing his delight at reaching a deal that would save Argentina some "US\$33bn" in debt repayments over the next 10 years. "Now our way forward is cleared", he asserted, "and the path is also paved for business leaders to invest in Argentina", he added, noting that once a deal is formalised and adhered to by enough bondholders Argentina will be able to resolve its current default.

Later that day, a joint statement from the main three bondholder groups echoed Fernández's words. As well as a sustainable debt burden, the deal will provide Argentina with "renewed access to the international capital markets for Argentine issuers to help encourage future, long-term investment in the country", it said. Among the many consequences of the country's 2001 debt default was its lengthy exclusion from international financial markets until a comprehensive restructuring deal was reached with bondholders in 2015.

The agreement outlined in the economy ministry's statement brings forward interest and capital repayment dates for some of the new exchange bonds. It would also address "certain aspects" of the bondholders' challenges to the legal terms of the collective action clauses (CACs) on the new bonds. These had been one of the bigger sticking points in the negotiations, as these sought to make it harder for Argentina to try to restructure the new bonds in the future.

The statement made no mention of another central sticking point: the value of the bonds that Argentina agreed to recognise. The full details of the agreement have yet to be disclosed. But the local press has cited unnamed sources involved in the negotiations as saying that Argentina agreed to pay US\$54.80 per US\$100 of the face value of the defaulted bonds, a halfway point between its previous offer and the demands of the bondholders. The omission of this in the ministerial statement likely reflects the Fernández government's previous insistence that it would not make any further concessions to bondholders. However, the value cited by the press still represents a significant climbdown for the more intransigent bondholders, who originally demanded well over 60 cents on the US dollar.

Argentina must now present the approved offer to the US Securities and Exchange Committee (SEC) before it can be subscribed to by eligible bondholders. In order to reach a binding global agreement, Argentina must secure the adhesion of 75% of the holders of all bonds except those issued in 2005 and 2010, for which it needs 85%. In theory this threshold should now be reached as the three bondholder groups that confirmed the agreement together hold 60% of the exchangeable bonds and Argentina had already secured the support of over 30% of remaining bondholders. The deal will

Complicated dealings

The deputy director of the Wilson Center's Latin America Program, Benjamin Gedan, commented that Argentina's negotiations with the IMF will be more complicated than many might think as the likely IMF demands for reform run counter to President Fernández's PJ party platform. "Typically for a country like Argentina, those reforms promote greater economic openness, a more flexible labour code and an affordable pension system, politically difficult topics notably absent from President Fernández's Peronist platform," Gedan said in a 4 August tweet. However, Gedan added, "That doesn't mean a deal is impossible. Indeed, the Argentine public has been warming to the Fund, despite its tortured history in the country".

also need congressional approval in Argentina, although recent reports in the local press say that even the more hard-line factions of the ruling leftist Partido Justicialista (PJ, Peronists) are on-board with the deal.

Deep recession and IMF still to contend with

While the restructuring of the bonds issued under international law takes care of a large chunk of Argentina's debt, there are still other sizable debts that must be addressed. These include the over US\$40bn in sovereign debt issued under domestic law and the US\$44bn still owed to the International Monetary Fund (IMF). Restructuring the bonds issued under domestic law should be straightforward. The government had previously promised that these would receive similar treatment as those issued under foreign law. Notably, a bill allowing for the restructuring of the domestic-law bonds under terms set by the government was given final approval by congress on 5 August.

But reaching a deal with the IMF, Argentina's largest single creditor, is a different story. The IMF was instrumental in ensuring that Argentina reached an accord with the foreign bondholders, but there appear to be major differences between the two sides' economic visions. The Fernández government put its talks with the IMF on the backburner earlier this year after reaching an impasse. This stemmed from the IMF's internal rules that prevent the restructuring of debts (only their reprofiling is allowed) but also from the Fernández government's failure to present a credible plan for reducing Argentina's chronic fiscal deficit and for promoting sustainable long-term economic growth.

With Argentina's overall debt burden now set to be reduced and the country on course to regain access to foreign financial markets, the negotiations with the IMF might seem less complicated than before. But there are no guarantees that a deal with the IMF can be reached. The IMF traditionally demands the implementation of structural reforms designed to reduce government spending such as pension, tax, and labour reforms - initiatives that may be politically difficult for the Fernández administration to adopt (*see sidebar*).

In addition, coming up with an economic reactivation plan will be tricky given that the coronavirus (Covid-19) pandemic has brought Argentina's economy to its knees. The Fernández government's main strategy for dealing with Covid-19 has been to impose strict quarantine measures, which have exacerbated the already two-year long domestic economic recession. As a result, Argentina is predicted to suffer one of the deepest GDP contractions in Latin America in 2020, with the central bank (BCRA) estimating it at 12%. Emergency spending by the government to offer social assistance during the quarantine and to prop up businesses affected by it has further deepened the fiscal deficit, which reached over US\$3bn up to June.

The government may be reluctant to accept the imposition of economic roadmaps, but coming up with a comprehensive plan that goes beyond the government's assertions that once the debt issue is resolved the country will be able to get back on its feet is of paramount importance.

BRAZIL | POLITICS & JUSTICE

Government scrutinised for intelligence gathering

After institutional tensions in Brazil reached new heights in late May and June, President Jair Bolsonaro and his most ardent followers appear to have somewhat toned down their provocations against congress and the supreme court (STF). Frictions between the different branches of government could rise again, however, following recent revelations about internal intelligence gathering and developments in investigations into 'bolsonaristas'.

Onyx's non-prosecution deal

Brazil's citizenship minister, and close ally of President Bolsonaro, Onyx Lorenzoni, announced on 3 August that he had reached a non-prosecution deal with the attorney general's office (PGR) over his receiving R\$200,000 (US\$38,000 at the present exchange rate) in illegal campaign financing in 2012 and 2014, a practice known locally as 'caixa 2'. If the deal is approved by the supreme court, Lorenzoni must pay a R\$189,000 fine for the case to be closed. Lorenzoni had previously admitted to receiving part of these illegal donations after he was cited by executives from the meat-packing company JBS in their plea bargain deals in 2017. This latest admission does not appear to have threatened Lorenzoni's position in government, leading Bolsonaro's critics to question what it says about the government's anti-corruption commitments.

On the one hand, the STF, which returned from a month-long recess on 3 August, has been pushing forward with investigations into 'bolsonaristas' suspected of weaponising 'fake news' to attack the court's magistrates, angering President Bolsonaro. On the other, Justice & Public Security Minister André Mendonça has been attracting the ire of congress over his reaction to reports that one of the secretariats he oversees has been wrongfully gathering information on police officers who are members of the anti-fascist movement that opposes Bolsonaro.

A report by news site *UOL*, published on 24 July, uncovered the supposed existence of a file compiled in June by the Secretaria de Operações Integradas (Seopi), one of the lesser-known intelligence secretariats which falls under the justice ministry's remit. The file, which was reportedly shared between different government agencies, includes the names of three academics and lists 579 members of different federal and state police forces believed to be involved in anti-fascist movements (the anti-fascist label has become something of a catch-all term for left-wing anti-Bolsonaro sentiment following widespread attacks on democracy by his followers [[WR-20-24](#)]).

The alleged existence of such a file has prompted concerns over the possible political persecution of public servants, while also raising wider questions on the government's intelligence apparatus and its use by the Bolsonaro administration. "Any monitoring of people must have judicial authorisation, otherwise it is illegal and political persecution," Raul Jungmann, a former public security minister (2018-2019), said.

In an interview on 2 August, Mendonça neither confirmed nor denied the existence of such a list. The next day, he dismissed the head of the Seopi, Gilson Libório de Oliveira Mendes, and the justice ministry announced that it had set up an internal investigation into the facts uncovered by *UOL*.

The president of the chamber of deputies, Rodrigo Maia, said on 3 August that Mendes' dismissal showed that the Seopi had acted out of turn, and that Mendonça owed the public an explanation. That day, Mendonça cancelled a public audience before the congressional joint committee on the control of intelligence activities planned for 4 August (a closed-door audience is now scheduled for 7 August).

The STF has also weighed in. Justice Cármen Lúcia Antunes Rocha gave the justice ministry the space of 48 hours from 4 August to provide explanations, noting that, if *UOL*'s claims are true, the situation "is incompatible with the most basic democratic principles of the rule of law".

STF squabbles with Facebook

This pressure on the executive comes as an STF-ordered investigation into the suspected existence of a network of Bolsonaro supporters spreading fake news continues to cause friction between the president and the judiciary – as well as prompting criticism from the big tech companies which have been dragged into the investigation. On 24 July, Facebook and Twitter complied with an order by STF Justice Alexandre de Moraes to block the social media accounts in Brazil of 16 pro-Bolsonaro activists (including businessman Luciano Hang and right-wing online activists Allan dos Santos and Sara Giromini).

Facebook, however, resisted suspending 12 accounts worldwide, arguing that the measure was "extreme" and threatened freedom of speech beyond Brazilian jurisdiction. The tech giant eventually complied on 1 August, after Moraes increased the daily fine owed by Facebook for disregarding the judicial order (the company had already accrued penalties of R\$1.92m [US\$365,000]).

Both Facebook and Twitter have said they will appeal the order. Bolsonaro and the government's solicitor general's office (AGU) had already filed a constitutional challenge appealing the STF ruling one day after the Brazilian accounts were blocked, evoking the free speech argument.

No respite for Piñera

Pinning hopes on a new constitution

President Piñera highlighted the referendum on a new constitution, delayed because of the pandemic and currently due to be held on 25 October, as providing an opportunity for Chileans to make a democratic decision on their future constitution. But the issue could prove contentious for the government as the question divides Piñera's Chile Vamos coalition. Meanwhile, the opposition Convergencia Progresista grouping has affirmed that it trusts that "the constituent process will give us the opportunity to amend the course that Chile needs".

Chile's President Sebastián Piñera delivered the annual state-of-the-nation address before a sparsely filled congress in Valparaíso on 31 July (for sanitary reasons, most lawmakers joined the event remotely). If Piñera had hoped that his third annual balance, delivered within a week of him conducting a major cabinet reshuffle and bowing to congress and public opinion by promulgating a pension bill he opposed [\[WR-20-30\]](#), might have been an opportunity to wipe the slate clean after a year marked by social unrest and the coronavirus (Covid-19) pandemic, he will have been disappointed. The tone and content of his speech were immediately slammed by the political opposition, while his government must now also contend with a flare-up in the long-running tensions between public authorities and the Mapuche indigenous people in the south of the country.

It is hard to put a positive spin on the last nine months of Piñera's presidency, during which time the economic toll from the social uprising which began in October 2019, a manifestation of public discontent with social and economic inequality, has been worsened by the pandemic. Pre-existing discontent with the politically weakened Piñera administration has now been exacerbated by the coronavirus, with the government's response to both the public health emergency and its economic effects deemed by many to have been slow and inadequate.

While enumerating before congress the measures his government has taken during the pandemic, Piñera did acknowledge that complaints that "the government's assistance to affected families has been insufficient or has not arrived in time" were legitimate. He went on to outline his government's plan to spur economic recovery, highlighting an urgent initiative to salvage jobs, which could benefit 1m people at a cost of US\$2bn, and plans to increase public investment in the 2020-2022 period by US\$4.5bn, to a total US\$34bn (which would in turn generate 250,000 jobs).

"We have now ratified our firm commitment that this recovery plan will contribute to a more inclusive Chile, a more decentralised Chile, and a more sustainable Chile," Piñera said. He called for unity to embark successfully on this recovery.

Part of Piñera's problems have stemmed from disunity, not only amongst Chilean society but also within the ruling right-of-centre Chile Vamos coalition. This was amply demonstrated by the approval of a law allowing the withdrawal of up to 10% of Chileans' pensions savings, which passed congress thanks to the votes of rebel legislators.

Piñera provided assurances that his government is committed to holding a referendum on a new constitution in October (*see sidebar*) and spoke of the need to reform the country's much-criticised pensions system – two of the main demands of last year's protests. He exhorted political forces in congress to reach an agreement with the government to work towards the latter. Adding to his calls for lawmakers to advance other parts of the government's legislative agenda (on national security issues, for example), this was interpreted by many as a reproach to congress.

This was certainly the view of the political opposition and the president's critics more generally, who lambasted the address as lacking self-criticism, being tone-deaf in its evocation of the "violent" social unrest, and failing to present any proposals of substance. The Convergencia Progresista grouping of three centre-left opposition parties released a statement on 1 August, lamenting that Piñera had lost an opportunity to recognise his

Covid-19 in the cabinet

As of 4 August, eight of President Bolsonaro's 23 cabinet ministers had caught coronavirus (Covid-19). The president, who downplays the disease and disregards containment measures, fell mildly ill earlier in July (he has since recovered), while First Lady Michelle Bolsonaro confirmed a positive diagnosis on 31 July. The ministers to fall foul of the disease most recently are the secretary general to the presidency, Jorge Oliveira, and the chief-of-staff, Army General Walter Souza Braga Netto, who is asymptomatic. A total 178 employees in the Planalto presidential office have reportedly caught Covid-19. At a national level, Brazil has recorded over 2.8m confirmed cases and around 97,000 fatalities.

mistakes, describing his call for unity and dialogue as lacking credibility, and condemning both the government's pandemic response and its failure to acknowledge the true scale of the challenges that lie ahead.

Pérez's challenge

One of these challenges, adding to the deep social discontent in Chile and briefly mentioned by Piñera during his speech, is the resurgence of unrest in the southern region of La Araucanía, where the Mapuche people lay claim to ancestral lands. Following a recent flare-up in violence, the situation in La Araucanía has been described as the biggest challenge facing the new interior minister, Víctor Pérez.

Simmering tensions have been rising over the situation of several Mapuche prisoners, who have been on hunger strike for more than 90 days now to demand that they serve their sentence on Mapuche territory, and whom indigenous representatives claim are "political prisoners". The situation came to a head on the night of 1-2 August, when Mapuche activists occupied and set fire to town halls in a number of municipalities, prompting a forceful response from the Carabineros militarised police (with almost 50 arrests), and also violent altercations between the indigenous activists and civilians who tried to remove the Mapuche forcibly from the buildings.

Pérez had visited La Araucanía the previous day, on 31 July, when he said that the government is confronted with "groups with military capacity" which are "determined that there will be no peace". Pérez subsequently dismissed suggestions that his visit was a provocation which acted as a catalyst for the violence.

The situation has prompted calls from the Office of the United Nations High Commissioner for Human Rights (OHCHR) and Chile's national human rights institute (INDH) for a resolution to be sought through dialogue rather than public security strategies, and the expression of concern over discrimination and racism towards the Mapuche. The government has indicated that it is open to dialogue, but not with those who perpetuate violence.

TRACKING TRENDS

CHILE | Pandemic's economic toll worsens. Chile's grim economic outlook was brought into sharp focus this week as the central bank (BCCh) revealed on 3 August that the monthly index of economic activity (Imacec), a proxy for GDP growth, contracted by 12.4% in June, after the national statistics institute (INE) reported on 31 July that unemployment had reached 12.2% in the second quarter of 2020.

Unemployment is officially at its highest level since current records began in 2010, but local media are reporting that it is in fact at its highest since 1987. The employed population has fallen by 20% over the past year, while the population outside of the workforce has increased by 31.6%, a direct consequence of the coronavirus (Covid-19) pandemic as potential workers have stopped looking for employment under the current circumstances. The retail, construction, and hospitality sectors have been the hardest hit, with a 24%, 30.6%, and 48.5% decrease in employment, respectively.

The poor performance of these sectors drove the 12.4% decline in economic activity in June, while the mining Imacec expanded by 2.2% (excluding figures for the mining industry, economic activity contracted by 14% in June). Finance Minister Ignacio Briones noted that this was a "substantial fall", although "a smaller fall than forecast by the market" – which had been braced for a 17% contraction – and stressed that the government's focus is on stimulating employment.

Pandemic deaths overshadow big blow to organised crime

Mexico's security forces have arrested one of the country's most wanted criminals. The detention of José Antonio 'El Marro' Yépez Ortiz, the leader of the *Cártel Santa Rosa del Lima* (CSRL) criminal organisation, is widely seen as the biggest blow delivered to organised crime by the government led by President Andrés Manuel López Obrador. Under normal circumstances such a coup would provide a political boost for the government and its claims that it is fighting criminality. But with rising death and infection rates from the coronavirus (Covid-19) epidemic in Mexico, the government's handling of the public health emergency and linked economic crisis remains the firm focus of public attention.

Yépez rose to prominence last year after the CSRL was identified as Mexico's largest gang of oil thieves ('huachicoleros'). President López Obrador vowed to eradicate huachicoleo, and Yépez became a prime target for the security forces. Meanwhile, as the CSRL consolidated its power in its home state of Guanajuato and started to diversify into drug trafficking, it became engaged in a deadly turf war for control of Guanajuato with the *Cártel Jalisco Nueva Generación* (CJNG) drug trafficking organisation (DTO). This turf war has led to a sharp increase in violence in Guanajuato that has turned it into the state with the highest murder rate in Mexico. With López Obrador pledging to reduce the violence in the country, the security forces launched a major operation in Guanajuato this year seeking to reinforce public security in Guanajuato and to capture Yépez.

Stone in shoe removed

Yépez managed to evade capture during a previous security operation targeting him back in June. His mother and some of his close aides were arrested in the operation [\[WR-20-26\]](#). But afterwards Yépez publicly challenged the López Obrador administration saying that he would turn into a "stone in its shoe" for deciding to go after him and not the CJNG, which he claimed was responsible for violence in Guanajuato. However, on 2 August Public Security Minister Alfonso Durazo reported that Yépez had been captured during a successful army-led operation. According to Durazo, Yépez was tracked down to the Guanajuato municipality of Apaseo el Alto, where he was hiding with his bodyguards and a local businesswoman that they had kidnapped. Durazo said that Yépez had been turned over to Guanajuato's attorney general's office (FGE) and faces the charges of fuel theft and organised crime filed against him.

López Obrador hailed Yépez's arrest as "very important" to help pacify Guanajuato. He held it up as an example of how his government's non-confrontational security strategy can succeed in improving public security without resorting to indiscriminate use of violence as under previous governments. More importantly, López Obrador said that it sends a clear message that his government will go after all criminals and not "simulate fighting drug trafficking by persecuting one gang while protecting another...as in previous administrations". Yépez's capture is a timely fillip for the López Obrador government and its much-criticised national security strategy, and the growing public perception that it has mishandled the Covid-19 pandemic and its economic consequences.

Security analysts praised the capture of the CSRL kingpin in an intelligence-led operation in which there was no loss of life, although questions have been raised over whether this will help in reducing the violence in

Less violence in Guanajuato?

Security analysts are divided over whether the arrest of 'El Marro' will result in a fall in violence in Guanajuato. There are two potential outcomes: one in which violence temporarily subsides as the CJNG assumes control of criminal activities in the state; and another in which violence escalates even further as other CSRL members fight among each other to fill the fallen kingpin's place and also to keep the CJNG at bay.

Infections

Mexico recorded a new peak in daily Covid-19 infections on 1 August, when authorities reported 9,556 new confirmed cases. That equated to an infection being reported every 10 seconds over a 24-hour period. The number of daily infections has fallen slightly since then but has remained above 4,000, with the total number of confirmed infections standing at 449,961 on 4 August. However, the health ministry also reports 82,460 suspicious cases that are awaiting confirmation. Based on this, the ministry estimates that the true number of infections is closer to 490,000 (assuming that only a proportion of suspicious cases will test positive).

Guanajuato (*see sidebar*). The arrest, notably, came after López Obrador visited Guanajuato to sort out his differences with the state authorities and to agree to work together to combat criminality, and shows that the security forces can hunt down criminals when federal and state authorities work in coordination.

Epidemic offers no respite

However, any political boon for the López Obrador administration was short-lived. Around the same time that the security forces captured Yépez, Mexico's Covid-19 death toll exceeded 47,000 and Mexico overtook the United Kingdom as the country with the third largest number of confirmed Covid-19 fatalities. This produced alarm, not least because despite the governments assertions that the local epidemic has peaked and is "losing intensity", the number of recorded daily infections remains high (*see sidebar*).

The fear that the government is failing to bring the virus under control prompted a group of nine opposition governors to release an open letter on 31 July calling for the resignation of the federal deputy health minister, Hugo López-Gatell, who designed the federal government's Covid-19 strategy and is in charge of implementing it, and the adoption of a new strategy. Grouped in the so-called Alianza Federalista de Gobernadores de México, the opposition governors (from the states of Aguascalientes, Coahuila, Colima, Durango, Guanajuato, Jalisco, Michoacán, Nuevo León, and Tamaulipas) argue that the federal government's containment strategy has failed.

The governors accused López-Gatell of committing "mistakes and making omissions" in handling the epidemic, such as refusing to recommend that the public wear face masks to stop the spread of the virus and insisting that conducting a mass test and trace programme is pointless. The Alianza said that these failings have resulted in the preventable death of tens of thousands of Mexicans. Notably, López-Gatell himself had previously said that in a worst-case scenario 35,000 people would die of Covid-19 in Mexico.

But López-Gatell rejected the accusations, dismissed the calls for his resignation, and insisted that the strategy pursued by the federal government is the right one. He went on to blame the high number of infections and deaths on the refusal by some state governments to adhere fully to federal government guidelines for containing the spread of the virus. López Obrador was also quick to defend his deputy minister. He said that López-Gatell has been doing a good job, that he fully supports him and the Covid-19 strategy, and that Mexico is overcoming the epidemic.

López-Gatell's accusations and López Obrador's stubborn defence of his administration's strategy in the face of the growing number of fatalities and infections upset the Alianza Federalista. On 3 August the governors published another open letter, this time addressed to López Obrador, in which they requested a meeting to discuss the national strategy for addressing the epidemic and its economic impact. Accusing the López Obrador administration of "simulating" dialogue with state governments about how to deal with the emergency, the governors urged the president to have an honest discussion about how to address the "serious health and economic crisis caused by the Covid-19 pandemic".

The López Obrador administration responded to the latest letter by the Alianza Federalista through the interior ministry (Segob), which said that it would arrange a meeting with the national confederation of governors (Conago) to discuss how best to continue working together to overcome the epidemic. But in a sign that López Obrador and the federal government remain under pressure, on 5 August the main opposition Partido Acción Nacional (PAN) accused López Obrador and López-Gatell of being "criminally complicit" in the deaths of thousands of people due to their mishandling of the epidemic. Demanding López-Gatell's resignation, the PAN insisted that if the federal government's strategy had been adequate "lives would have been saved".

Granger finally concedes defeat**Cabinet appointments**

In addition to naming Bharrat Jagdeo vice president, in his first appointments President Irfaan Ali confirmed former army chief of staff Brigadier Mark Phillips as his prime minister, and he named Gail Teixeira as minister of governance and parliamentary affairs and Anil Nandlall as attorney general and minister of legal affairs. On 5 August Ali confirmed a further 16 cabinet ministers, including the all-important natural resources portfolio, which he awarded to Vickram Bharrat. A computer scientist and teacher, Bharrat, 40, lacks experience in the sector. He previously served as a PPP/C parliamentarian.

Exactly five months to the day after losing Guyana's general election, President David Granger conceded defeat on 2 August. After a transparent attempt to steal the elections, the ruling A Partnership for National Unity-Alliance for Change (Apnu-AFC) government resorted to an onslaught of litigation, impugning the validity of the (prolonged but widely commended) recount process, and facing down unremitting pressure from regional and international partners. But when the end came, it came quickly. The big question now is whether Irfaan Ali, the presidential candidate of the main opposition People's Progressive Party/Civic (PPP/C), who was promptly sworn-in as Granger's successor, will honour his promise to govern for all Guyanese in the interests of national unity or whether he will revert to the partisan politics practised by his party in the past, with all the added scope for cronyism and corruption provided by the country's newfound oil wealth.

Guyana's long-running electoral saga, punctuated with moments of high political and legal tensions, had an unexpectedly swift denouement. The Court of Appeal threw out a legal challenge on 30 July to a ruling stipulating that the results of the recount, overseen by the Caribbean Community (Caricom), must be used in the final declaration issued by the Guyana Elections Commission (Gecom). It also instructed the Chief Election Officer, Keith Lowenfield, to submit a report based on the recount rather than his own personal assessment of what qualified as "valid and credible votes"; in previous reports he had used his own discretion to hand victory to the Apnu-AFC.

Lowenfield begrudgingly complied. Gecom's chairperson, Claudette Singh, wasted no time in declaring Ali president-elect. He was duly sworn-in on 2 August after Granger recognised the declaration.

Ali sounded a positive note in his inaugural speech. He stressed the importance of moving on from the divisive general election and its aftermath and to focus on "one future...a united Guyana". But his actions pointed to the past not the future. His first move was to name Bharrat Jagdeo vice president. This will do nothing to allay concerns that it will be Jagdeo, a long-serving former president (1999-2011) and leader of the PPP/C, wielding power. Jagdeo had a checkered record in office. He used government revenue and lucrative state contracts to favour party cronies, and Guyana languished in the bottom quarter of the annual global corruption perception tables produced by the Berlin-based NGO Transparency International. With Guyana having stumbled upon significant oil resources, there will be even greater opportunities for misgovernance and corruption.

Ali himself has been charged with 19 counts of fraud related to his time as housing minister from 2008 to 2015. He is alleged to have sold state lands and fraudulently awarded contracts in the water sector to associates and high-ranking officials. But Ali claimed that the events of the last five months had "strengthened [his] resolve and commitment to ensuring that there is always democracy, good governance, and the rule of law, and the changes required to ensure we are never in a position like this again". He insisted that he would strive "to charter a way forward that is built on unity". For all the Granger government's underhand tactics to cling on to power, the Apnu-AFC did win not far short of half of the popular vote and seats in the national assembly.

Corruption

A former Guatemalan economy minister, Asisclo Valladares Urruela, was charged on 5 August by US prosecutors with alleged involvement in a sophisticated money laundering ring involving government officials and local businessmen. Valladares, a fugitive from justice who served under Jimmy Morales (2016-2020), was accused of helping to launder some US\$10m during a four-year period (2014-2018), and of having “regularly received backpacks, duffel bags, and brief cases full of dirty, untraceable cash that he knew came from drug trafficking and corruption and used it to bribe Guatemalan politicians”.

But moving away from winner-takes-all politics to defuse political and ethnic tensions, rather than fomenting partisan and tribal divisions, would require real statesmanship. Ali might be able to blame the Apnu-AFC if his promise of pursuing national unity comes to nothing. Granger did not go quietly. He refused to attend Ali’s swearing-in ceremony, and he immediately announced that the Apnu-AFC would challenge the election result by way of an election petition as it would not endorse a “flawed report” that included “anomalies and irregularities”.

Trinidad & Tobago heads to polls

The same underlying ethnic and political tensions on display in Guyana are also in evidence in Trinidad & Tobago, which goes to the polls on 10 August. The predominantly Afro-Trinidadian People’s National Movement (PNM) under Prime Minister Keith Rowley is bidding for re-election against the majority Indo-Trinidadian opposition United National Congress (UNC) under former prime minister Kamla Persad-Bissessar (2010-2015).

The most recent electoral surveys suggest the PNM holds a narrow lead over the UNC, buoyed by the public perception that the Rowley government has so far acquitted itself well against the coronavirus (Covid-19) pandemic. With the PNM vulnerable on both its record on the economy and crime, it looks like the government was keen to call elections while it is still receiving plaudits for its handling of the pandemic and before cases take hold or the serious economic impact hits home.

The PNM won 23 of the 41 seats in parliament in the 2015 general elections with Persad-Bissessar’s then People’s Partnership (PP) coalition picking up the other 18 seats.

GUATEMALA | POLITICS & JUSTICE

Vice president survives impeachment threat

Guatemala’s judicial and political tensions erupted once again this week. None other than the vice president, Guillermo Castillo, was caught in the crossfire of a bitter power clash between the supreme court (CSJ) and the constitutional court (CC).

Castillo faced the prospect of impeachment proceedings in the legislative assembly after a CSJ resolution on 31 July upholding charges brought by a private lawyer accusing him of abuse of power. Castillo turned to the CC for protection on 2 August. This was duly granted as CC magistrates blocked the CSJ resolution.

The case against Castillo is that he contravened the law by naming a head of the national secretariat of property and asset forfeiture (Senabed) without forming a commission to interview and evaluate candidates for the post. Castillo contends that the appointment was in a purely temporary capacity to complete the remaining two months of the term of the previous incumbent who had resigned to assume the position of deputy interior minister. He said that prior to this appointment he had announced the opening of a public competition to fill the position on a permanent basis from 7 August.

By comparison with the serious accusations levelled at President Alejandro Giammattei’s predecessor Jimmy Morales (2016-2020), who avoided impeachment for alleged illegal campaign financing and corruption, this is small beer. Castillo expressed incredulity that nine CSJ magistrates had seen fit to accept the validity of the charges against him and to call for legislators to vote on whether to impeach him. He dismissed the charges as “spurious, political, and illegitimate”. Giammattei stood by his man, insisting in a statement released on 31 July that Castillo had “led the institutions he is responsible for with the utmost responsibility, commitment, and dedication”.

Budget

Panama's economy & finance minister, Héctor Alexander, presented the government's 2021 budget to the legislative assembly on 30 July. The budget, for US\$24.09bn, is up 3.3% on this year, and is predicated on 4% GDP growth. While presenting the budget to legislators, Alexander argued that 42% of the earmarked spending (US\$10.08bn) would go towards social development, and 15% to the health sector, although this is less than the 17% assigned to debt servicing, with tighter control of government expenditure.

Judicial standoff

The case against Castillo stands against the backdrop of a vicious power struggle between the CSJ and CC going back a year. The CSJ also took the opportunity on 31 July to reject a ruling by the CC ordering it to hold a plenary session over a contentious decision by CSJ alternate magistrates on 26 June to initiate preliminary proceedings to strip four CC magistrates of their immunity from prosecution to face charges of abuse of authority and breach of public duty. This relates to the CC's decision in September last year to suspend the selection process for electing 13 new CSJ justices and 135 appellate magistrates due to irregularities and procedural failures [\[WR-20-28\]](#).

PANAMA | POLITICS & ECONOMY

Cortizo wrestles with virus-induced slump

Panama's economy, consistently at the forefront of regional growth, will contract by 9% in 2020, President Laurentino Cortizo acknowledged to businessmen on 30 July. This is a major revision of the initial forecast by the economy & finance ministry which had predicted that GDP would decline by 2% this year as a result of the fallout from the coronavirus (Covid-19) pandemic. The downward revision owes not just to the deepening global impact of the virus but also to the surging number of cases in Panama, the worst-hit country in Central America, which aside from the public health challenge is hampering an economic recovery.

President Cortizo tried to put a positive spin on Panama's growth figures while addressing the Asociación Panameña de Ejecutivos de Empresas (Apede) by predicting that the economy would bounce back strongly to post 4% growth in 2021. But with non-essential economic activity suspended since March in seven of the country's 10 provinces, the annual tax take (down 34% in the first half) will decline significantly. The Cortizo administration is proceeding with a tentative reopening of the economy, but with confirmed cases of Covid-19 reaching some 70,000, and fatalities surpassing 1,500, this will require a deft touch.

One controversial measure the government has taken is to push through the legislative assembly a bill which the labour minister, Doris Zapata, insists is designed to "protect" and "preserve" jobs in companies affected by the pandemic, and which trade unions, led by the powerful Sindicato Único de Trabajadores de la Construcción y Similares (Suntracs), argue undermines workers' rights.

Legislators approved the bill on 31 July and Cortizo sanctioned it into law on 3 August. It applies to some 20,000 firms that have reported having had to suspend contracts or reduce working hours as a result of the pandemic, allowing them to maintain flexible working hours until the end of the year in a temporary relaxation of the labour code.

The new law has been fiercely criticised by trade unions, which claim that they were not consulted about the changes and suspect an underhand attempt to affect a permanent modification of the labour code to the detriment of workers' rights. The secretary general of Suntracs, Saúl Méndez, said it would "condemn the majority of the Panamanian population to hunger, poverty, and abandonment". Beneath this hyperbole, there is concern that the 'Panama solidarity plan', which the government claims has benefitted over 1.4m people, has been insufficient to mitigate the impact of the virus on ordinary Panamanians [\[WR-20-30\]](#). The government sought to allay these concerns through the presentation of a budget for 2021 which places a major emphasis on public health and social development spending (*see sidebar*).

Church and state clash over cathedral fire

Relations between the government and the Catholic Church in Nicaragua, tense at the best of times, took a turn for the worse this week when a fire in Managua cathedral consumed a sculpture of Jesus Christ brought to the country in 1638. Vice President and First Lady Rosario Murillo wasted no time in attributing the fire to candles, a hypothesis adopted by the police, but Cardinal Leopoldo Brenes, the archbishop of Managua, denounced “an act of terrorism to intimidate the Church”.

The fire broke out in a chapel in Managua cathedral on 31 July. Within hours Murillo maintained that it had been caused by candles, saying “our people are very devoted”, that had set alight a curtain. The police released three separate reports in as many days, concluding that the fire was indeed “accidental”. They argued that the blaze was the result of “accumulated vapours” from alcohol sanitiser used by visitors, combined with high temperatures, which rose in the chapel and later descended when they were ignited by a candle. Brenes pointed out that there were no candles and no curtains in the chapel.

Demanding “a serious, careful and transparent investigation”, Brenes said that the fire had been caused by a bomb tossed into the chapel. He connected the fire to an incident on 20 July when a break-in damaged the entrance to the cathedral. “Everything was calculated, how to enter...and how to escape...this was planned,” Brenes said. He urged people to pray in order to “defeat these malign forces”.

Two female witnesses claimed to have seen a man throw an explosive device towards the chapel. One of them changed her testimony after being removed from the cathedral and questioned by the police. The fire prompted a response from Pope Francis who said his thoughts were with Nicaraguans after “the attack” and wrote to Brenes condemning the “act of vandalism”.

This is not an isolated incident. At least five churches in Nicaragua have denounced aggression, theft, and profanation of sacred symbols in the last two weeks alone, while the local human rights group Centro Nicaragüense de Derechos Humanos (Cenidh) has reported 24 such attacks over the course of the last 20 months. It has attributed the attacks to more fanatical supporters of the ruling Frente Sandinista de Liberación Nacional (FSLN), egged on by the government led by President Daniel Ortega, who has accused the Nicaraguan Church of siding with opposition protesters in April 2018 to remove him from power.

The most recent attacks follow a decision by the archdiocese of Managua to suspend the popular annual festival in honour of the capital’s patron saint Santo Domingo de Guzmán in August because of the coronavirus (Covid-19) pandemic, the severity of which has been downplayed by the Ortega administration.

The archdiocese of Managua censured the Ortega administration on 3 August, saying that Nicaragua had reached an “extreme of dehumanisation”, which was made manifest by “negligence in public healthcare services, the abuse of political prisoners, and the harassment of families and independent media, and criminal impunity”. It claimed that more than 100,000 Nicaraguans had gone into exile due to a lack of work, “political persecution”, insecurity, and violation of their fundamental rights, “denying them the right to live with dignity in their own country”.

Police report

Nicaragua’s national police, directed by Francisco Díaz, son-in-law of Daniel Ortega and Rosario Murillo, said in their report that there were no traces of explosive material in the chapel. Social media users questioned how it was that the plastic sanitiser that the police cited as the cause of the fire was nearly intact, while metal structures just above the sculpture of Christ had melted in the intensity of heat from the blaze.

Quotes of the week

“Despite the health and economic crisis we are enduring, congress decided to add another political crisis to the detriment of everybody.”

Peru's President Martín Vizcarra.

“It hurts, as a Colombian, that an exemplary public servant, who has occupied the highest post in the state, is not allowed to defend himself in liberty, with the presumption of innocence.”

Colombia's President Iván Duque on his mentor, former president Álvaro Uribe being placed under house arrest.

“There is no need for fear, there is no need for distinction based on political persuasion; no need for distinction based on religious belief or ethnicity. This is a government for all of Guyana and that is how the government will operate.”

Guyana's new president Irfaan Ali.

POSTSCRIPT

Economic fillip but political setback for Ecuador's Moreno

Ecuador's President Lenín Moreno celebrated the completion of a debt-restructuring deal with bondholders this week. Under the deal, which has been in the pipeline for over a month, Ecuador's debt repayment commitments will be deferred and reduced in size. But Moreno suffered a setback when a judge on the Tribunal Contencioso Electoral (TCE) ruled that four political parties recently barred from participating in the 2021 presidential and legislative elections would be able to compete after all. This would pave the way for former president Rafael Correa (2007-2017), who Moreno accuses of saddling Ecuador with onerous debts through his populist profligacy and official corruption, to run as a vice-presidential candidate.

Ecuador struck an accord with some 98% of its bondholders to restructure its US\$17.4bn of debt. Under the deal, Ecuador will enjoy partial debt relief on some US\$10bn over the next four years, and a further US\$6bn by 2030. It will also save some US\$1.5bn as bondholders absorb a 9% haircut on capital repayments. “Great news for Ecuador!” President Moreno tweeted. “This will free up funding for social protection and economic recovery,” he added.

The managing director of the International Monetary Fund (IMF), Kristalina Georgieva, said the deal was “a momentous milestone”, adding that the IMF was now looking forward to “deepening our dialogue on a new programme”. The economy minister, Richard Martínez, accepted that “Ecuador's fiscal position is still fragile and structural reforms to strengthen public accounts will need to be undertaken”. The government received a further boost on 5 August when it reached an agreement with the China Development Bank (CDB) granting Ecuador a grace period of 12 months on debt repayments and amortization, saving the country US\$417m.

But just as Moreno celebrated putting the country on a surer economic footing, a TCE judge issued a ruling which would allow Correa, who Moreno has accused of being the cause of Ecuador's debt problems, to run for election. TCE Judge Fernando Muñoz ruled that a resolution by the national electoral council (CNE) disqualifying four parties from the process, most notably Fuerza Compromiso Social (FCS), the electoral vehicle for Correa's Revolución Ciudadana (RC) movement, was “illegal” and “infringed the rights of thousands of citizens who supported the political organisations”. Correa responded on Twitter by saying that “it seems there are vestiges of decency in the TCE”. This might not be the end of the matter. The comptroller general's office applied significant pressure to the CNE to block the parties from competing [WR-20-26]. Primary elections are due to be staged between 9 and 23 August.

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