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For now Venezuelan 'dialogue' is little more than talks about talks

Protests are continuing in Venezuela, though with less intensity than in March and at least one radical opposition faction and the students are determined to keep them going. The much-trumpeted 'dialogue' between the government and the rest of the opposition has already held two sessions, the first not going beyond public restatements of known positions, the second a closed-door 'preparatory' event during which little of substance was agreed.

The first round of talks between the government and the opposition, which took place on 10 April, was not - despite the billing - a dialogue. Broadcast live on television, it was a lengthy session of both sides speaking for the cameras, not to each other. The only decision that emerged from that gathering was an agreement to hold a second round on 15 April. Expelled opposition legislator María Corina Machado, one of the leaders of the more radical faction that is refusing to take part in the talks convened by President Nicolás Maduro, described the event as "a farce designed to split the opposition".

A telling feature was that the Vatican brushed aside the broad hints from both Maduro and the opposition that it should send its current secretary of state (and past nuncio in Venezuela) Cardinal Pietro Parolin to attend the talks as a 'good-faith witness' - a term expressly chosen by Maduro, who said he did not want a mediator. Maduro also made it clear that he would not accept for that role anyone chosen by the Venezuelan bishops' conference, which had recently been openly critical of his government's role in the repression of the protests. So the Vatican kept its participation low-key, appointing its current nuncio in Venezuela, Aldo Giordano, to do the job.

As a scene-setter for the second round the government designated this month the 'April of Victory', with a rally in Caracas to commemorate the 14th anniversary of Hugo Chávez's reinstatement after the 11 April 2002 coup. "We cannot have another 11th," Maduro said, "but if it comes, well and good; we'll come out as on the 13th multiplied by a thousand, because there cannot be another coup d'état in our country." The hardline president of the national assembly, Diosdado Cabello, said that the members of the opposition who sat down for talks with the government were "the same people who are out on the street inciting violence [and] the same ones who staged the coup in 2002."

The second round of talks, on 15 April, was a closed-door affair held at the premises of the Vice-Presidency. Present were Vice-President Jorge Arreaza; the coordinator of the opposition Mesa de la Unidad Democrática (MUD), Ramón Guillermo Avelledo; the papal nuncio; and the three foreign affairs ministers acting as 'facilitators': Luiz Alberto Figueiredo of Brazil, María Ángela Holguín of Colombia and Ricardo Patiño of Ecuador.

Cost of living

The documentation centre of the teachers' federation, Cendas, reports that the cost of the food basket rose by 11.7% in March, after an increase of 4.1% in February. Their 'undersupply' index for March was 31.03%. The polling firm Datanálisis puts it at 60.2%. The most recent central bank figure was 28% for January.

Scheduled for 6 pm, the second round of talks did not get under way until more than an hour later. The only inkling of what would transpire was a tweet posted by Avelledo just before they started, which said, "In the presence of the foreign affairs ministers and the nuncio we will begin the first preparatory working session. When we finish we will reveal what has been said. Each session of dialogue will be public. The working parties will produce reports at the end [of each session]. We will always report what we bring and the conclusions."

After a four-hour meeting, Arreaza and Avelledo informed the press about the progress of the talks. Both sides condemned the violence; the government agreed to incorporate the opposition in its public security plans; agreement was reached for a medical team to check the state of health of former police chief Iván Simonovis, who was sentenced to 30 years in prison in 2009 for being an accomplice to murder in the killings of two pro-government demonstrators during the 2002 coup (the current judge has procrastinated over whether to grant him compassionate release to receive medical treatment); and both sides agreed to include mutually approved "recognised personalities from public life", to quote Avelledo, in a 'national truth commission' to examine the social unrest. The government rejected the opposition demand for an amnesty law for the release of political prisoners and the dismissal of all charges against them, plus the return of political exiles. Avelledo said the opposition would reapproach the issue in the next round of talks.

While preparations were being made for the new round of talks, Maduro announced, "Within a week, on 22 April, we will launch a special offensive - an offensive for production, growth, full supply and fair prices [...] The economic team will have to prepare this offensive because it will have different characteristics to those of the one we put into effect in November." (Last November Maduro had ordered the troops out to enforce price cuts of up to 70%, a move that led to the exhaustion of stocks that could not be replenished because of the lack of hard currency. In January he pushed through the assembly a 'fair prices' law.) Maduro later added that there would also be a "fiscal revolution [to] broaden the tax-collection base". And, in an oblique allusion to the talks, Maduro said that what his government was willing to offer the opposition was "to advance towards an economic model that includes them more fully [so that] they become directly involved in the process of growth and economic development."

Moving against military 'rebels'

Also on 15 April a military tribunal in Caracas indicted three air force generals - Oswaldo Hernández, José Machillanda and Carlos Millán - and a retired national guard captain, Juan Carlos Nieto, on charges of instigating rebellion and acts 'contrary to military decorum'. The first three had been accused by Maduro on 25 March of plotting to overthrow his government. Captain Nieto was arrested on 2 April on suspicion of bringing instructions from the US to the 'plotters'. The newspaper *Última Hora* reported that another 30 military officers had been arrested on suspicion of involvement in the coup plot.

An interesting twist to this was provided on 14 April by General Vladimir Padrino, the chief of the operational strategic command of the Bolivarian armed forces (and thus the highest-ranking military officer). He said, "It would be going too far to say that we are hearing sabres being rattled [because] the 'continuing coup' is confined to a few leaders of the political and entrepreneurial opposition."

* The most recent report by the chief public prosecutor's office, issued on 12 April, said that the two months of protests had so far left a toll of 41 dead (32 civilians and nine police officers), 579 injured, 2,278 arrested (of whom 190 were remanded in custody) and 103 complaints of rights abuses.

Thumbs up from US

On 14 April the US State Department issued a statement praising the Peruvian government for the arrests. “The United States congratulates the Government of Peru for last week’s arrests of at least 28 leaders and members of a front organization for the Shining Path terrorist group [...] Under the leadership of President Humala, this successful effort exemplifies an admirable commitment to respect for the rule of law and human rights, to patient and persistent criminal investigation work, and an effective ‘whole of government’ approach featuring coordination among judicial, police, armed forces and intelligence elements.”

ANDEAN COUNTRIES

PERU | POLITICS

Humala mops up SL surrogate Movadef

After biding its time, the government of President Ollanta Humala suddenly swooped on 28 alleged members of the *Movimiento por Amnistía y Derechos Fundamentales* (Movadef) late on 9 April. It claims to have obtained conclusive evidence that Movadef is the political arm of the Sendero Luminoso (SL) guerrillas. The prosecution has got until 24 April to present formal charges.

Movadef was formally established in 2009 with the self-defined ideology of Marxist-Leninist-Maoist. After President Humala took office in 2011 government officials began to denounce Movadef as a terrorist organisation pursuing SL’s political agenda. It failed to assemble any hard evidence behind the hard rhetoric. This though has apparently all changed now. The interior minister, Walter Albán, maintained that the arrests were the product of “two years of patient intelligence work”, legally authorised wiretapping, and undercover agents.

The prosecutor in the case, Víctor Cubas, explained on 10 April that the arrests were the culmination of an investigative process begun in July 2012 by the attorney general’s office and the police counter-terrorism unit (Dircote). He said it was based upon documents confiscated during the capture of ‘Camarada Artemio’ (Florencio Eleuterio Flores Hala), who led the SL faction in the northern Alto Huallaga valley, in February 2012.

The operation began late on 9 April in Lima, and four regions - Áncash and Lambayeque on the northern coast; Huánuco and Junín in the central highlands. The arrests included two lawyers who have campaigned for the release of the imprisoned founder of SL, Abimael Guzmán: the secretary general of Movadef, Manuel Fajardo Caveró; and the assistant secretary general, Alfredo Crespo, who also served as defence lawyer to Artemio (sentenced to life imprisonment last June). President Humala’s cousin, Walter Humala, a musician, was also arrested; Albán remarked that familial ties had absolutely no bearing on the pursuit of justice. Six further alleged Movadef members are apparently still at large, one of them abroad.

Neither Cubas nor Albán was prepared to divulge any of the details of the evidence amassed against the Movadef members for fear of jeopardising the case against them. But the local TV channel, *América Televisión*, reported that the evidence included apparent meetings in Huánuco between Movadef leaders and Artemio, from whom Crespo allegedly received NS\$120,000 (US\$43,000). The head of Peru’s prison system (Inpe), José Pérez Guadalupe, also claimed that compromising documents had been found concealed in the prison cells of top SL leaders, in which Crespo was referred to as ‘Lucas’ and Fajardo as ‘Bartolo’.

Pressure on judiciary

Humala said that the arrests underscored his government’s decisive measures against terrorism and organised crime in the form of intelligence work and the creation of a rapid response team within the national police to cooperate with regional governments on citizen security matters.

Humala urged the judiciary to expedite proceedings against the alleged Movadef members. “Let’s hope the judiciary acts quickly. We have seen cases where, as a result of administrative delays, people who should not have got off have got off,” Humala said. The Humala administration has been at odds with the judiciary in the recent past. It has accused the judiciary by turns of

'Timochenko'

President Juan Manuel Santos ignited a debate on 10 April by announcing during a radio interview that he would think twice before issuing the order to take out or capture the leader of the Farc, 'Timochenko' (Rodrigo Londoño). Óscar Iván Zuluaga, the presidential candidate for Centro Democrático (CD), the party of former president Álvaro Uribe (2002-2010), swiftly responded on Twitter that he would not think twice before giving the order. "A president who thinks twice about capturing the maximum leader of terrorism and drug-trafficking should not be standing for re-election," Zuluaga said. Santos said the government knew "more or less" where Timochenko was currently based.

being supine and reaching perverse rulings, which it has argued are inconsistent with the government's efforts to combat drug-trafficking and terrorism.

The Humala administration is anxious that there should be no repeat of the judicial setback it suffered when 16 people arrested on suspicion of collaborating with the SL in the Apurímac, Ene and Mantaro rivers valley (Vraem) last October were released by the presiding judge in no more than 48 hours on the grounds that there was insufficient evidence to convict them. The government had trumpeted the arrests, made during a joint police-military operation, as progress in smoking out the SL by targeting its support networks in the area and choking off its source of financing.

Movadef responded to the arrests on its website by issuing a statement accusing the government of a "reactionary charade" and "political persecution". It demanded the immediate release of all 28 of "our leaders and activists", several of whom, it maintained, were suffering from health problems.

COLOMBIA | POLITICS & PROTEST

Santos seeks to stop strike

President Juan Manuel Santos is desperately trying to avert a multi-sector agricultural strike on the scale of the rural protest action last August and September, which pummelled his popularity, ahead of his bid for re-election on 25 May. His government managed to stave off a strike by rice farmers last week but only by making a concession which will encourage other sectors to try and cut their own deals. Hastily convened meetings between the government and rural leaders coincided with some incendiary comments by Santos' former agriculture minister, Juan Camilo Restrepo (2010-2013), related to corruption in state agrarian institutions. These have been seized upon by Marta Lucía Ramírez, the presidential candidate for the Partido Conservador (PC), to blame Santos for creating the root cause of the strike.

The current agriculture minister, Rubén Dario Lizarralde, conducted eleventh-hour talks with rice farmers and millers last week to see off a strike planned by the former for 10 April. Lizarralde signed an agreement the night before with the country's millers to ensure an immediate purchase by the government of the country's entire rice production. The strike would have resulted in roads connecting Bogotá and the surrounding rice-producing states of Tolima, Casanare, Huila and Meta being blocked, replicating some of the chaos associated with the rural strike by coffee, rice, cotton, sugar cane, potato and cacao farmers last year.

Lizarralde guaranteed a minimum price for rice from now until 18 November, promising the government would provide support to farmers of up to Col\$100,000 (US\$52) per tonne of rice provided they register with the Bolsa Mercantil de Colombia by 25 April. Roberto Botero, a spokesman for Dignidad Arrocería, said the rice farmers were "broadly satisfied" with the accord.

Farmers representing other agricultural sectors met President Santos and the labour minister, Rafael Pardo, in the Casa de Nariño presidential palace on 11 April to try and thrash out a deal. They emerged from the meeting still intent on staging a rural strike on 5 May, steadily ratcheting up the pressure on the Santos administration from 1 May, International Workers' Day. They argued that the government had not complied with all of the commitments it made to end the last rural strike; the government insisted it was doing so and that a fresh strike was unjustified. Former senator, Piedad Córdoba, who attended the meeting as a guarantor, surprised Santos by proposing a march for peace on 1 May instead of the planned strike. Marcha Patriótica, Córdoba's left-wing political movement, supported last year's strike and has some influence with rural leaders.

'Gabino'

'Gabino' (Nicolás Rodríguez Bautista), the leader of Colombia's second guerrilla group, Ejército de Liberación Nacional (ELN), claimed in an interview this week that the government of President Juan Manuel Santos had no interest in real peace. Speaking to the local daily *Vanguardia*, 'Gabino' said that "the Santos administration and the oligarchy that it represents [...] are selfish, arrogant, warmongers", and "invented charges and violations of the law" to justify the dismissal of two prominent leftist politicians (former senator, Piedad Córdoba and mayor of Bogotá, Gustavo Petro). 'Gabino' insisted the ELN was still open to peace negotiations but claimed that the government had rebuffed the group's proposal for a bilateral ceasefire.

While this must have been a comparatively pleasant surprise (a march for peace would be preferable to a strike for Santos), a candid interview with the daily *El Tiempo* on 13 April by Restrepo, who served as Santos' agriculture minister until June 2013, would have come as a less pleasant surprise. Restrepo revealed some details of the land accord negotiated between the government and the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Cuba (he is about to publish a book on the matter), which he described as "a massive post-conflict rural development programme". He said both sides had agreed to pull together "a land bank" amounting to some 3m hectares, currently either idle or in the process of being reclaimed from drug-traffickers or in the hands of the Farc itself, to give to some 250,000 peasant families. These revelations might not have perturbed Santos unduly but Restrepo concluded the interview by intimating that there was corruption within state agrarian institutes, such as the rural development institute (Incoder), Banco Agrario, and the Colombian agricultural institute (ICA).

Restrepo's allegations were pounced on by Ramírez, Santos's PC rival. She wrote a public letter to Santos which twisted Restrepo's comments to accuse Santos of a "flagrant carving up" of the country's agrarian institutes, which she said had been awarded to Santos loyalists instructed to "seal accords needed for your re-election". She claimed that the "political manipulation of the agricultural sector explains to a large extent the crisis in which the Colombian countryside is submerged and is a fresh instance of the diversion of the national budget to your campaign". What Ramírez did not mention in the letter is that Restrepo specifically accused members of the PC, his and her party, of *mermelada* (kickbacks or corruption) in relation to land, with all three cited agrarian institutes directed by men close to PC congressmen.

TRACKING TRENDS

PERU | **Humala shores up economic ties with Canada.** During his first official visit to Canada on 10 April, President Ollanta Humala told a group of Canadian businessmen in Toronto that his country is a "reliable" business partner as he urged Canadian businesses to continue investing in Peru. In recent years Canada has become Peru's fourth largest export market thanks in large part to the significant amount of minerals that Canadian-owned mining companies operating in Peru ship back to their home country.

As a sign of the growing economic ties between the two nations, last year Canada's Prime Minister Stephen Harper became the first Canadian head of state to visit Peru. Humala has now reciprocated by embarking on a three-day official visit to the North American country on 8 April.

During a meeting with Harper in Ottawa, the two men signed a new memorandum of understanding to promote bilateral trade and investment. Humala then headed to Toronto, to attend a business conference organised by the Canadian Council for the Americas (CCA), which took advantage of the visit to present Humala with its Statesman of the Year Award for 2013. In presenting the award the president of CCA, Kenneth Frankel, said that "Humala has demonstrated strong domestic economic leadership with financial management based on a robust economic policy while strengthening the financial reforms initiated in Peru".

In accepting the award, Humala reaffirmed his government's commitment to fight poverty and reduce inequality. Humala then took time to explain the main objectives of the mining sector reforms that his government is pursuing, including a proposal to change the way in which the country's mining royalties (*canon minero*) are distributed between Peru's regions. He said that the goal of the reforms was to "overcome the rentier vision and build a new mining [sector]". However, in a bid to reassure mining sector investors that the reform would not result in changes to the operating environment in the sector, Humala added that "We are the government of a serious country that honours its promises and complies with what it signs".

Pacification, Argentine style

Few cities better exemplify Argentina's struggle to contain rising levels of crime and drug-trafficking than the port city of Rosario, some 300km north-west of Buenos Aires. Homicides rose 76% from 2012 to 2013 as fighting over the drug trade intensified. Last year the head of the city's police force, and its anti-drug czar, were arrested over their links with traffickers. Three lynchings by civilian mobs, including one which ended in the death of a teenager, had put the city in the media spotlight again in March this year. On 9 April, in a massive show of force that bore many of the hallmarks of the pacification programme being implemented in the favelas of Rio de Janeiro, some 3,000 federal security agents carried out the country's largest ever drug raid in the city, resulting in the arrests of 20 people.

Agents from Argentina's federal police, border patrol, coast guard and airport security launched 89 raids on the slums around Rosario's periphery. The operation was the result of several months of judicial investigations carried out by the security ministry, and aimed at dismantling drug groups operating from hundreds of "bunkers", tiny brick structures where drugs are sold. According to the deputy security minister, Sergio Berni, the objective was not to look for drug traffickers or to determine the quantity of drugs in circulation, but to occupy the territory. Around 2,000 officers, including 1,500 gendarmes and 500 coast guard officers, will remain in the city to help the local security forces. "This does not end here," Berni said. "It's only just begun."

The operation was a rare example of close cooperation between the federal government and the Socialist-run province of Santa Fe. The governor of the province, Antonio Bonfatti, thanked President Cristina Fernández and Berni for their work, particularly for the professional way the operation had been carried out, with no warnings leaked in advance of the raids. Berni and the security minister, María Cecilia Rodríguez, toured the city on 14 April and announced that a further 500 provincial police officers would move to Rosario in early May in order to take control of a further 10 neighbourhoods.

If the raid follows the script of the pacification programme in Rio, the initial success may prove hard to sustain. Occupation of Rosario by such large numbers of federal agents is costly, and once traffickers have overcome their initial surprise at the state's sudden interest in their turf, they are likely to resurface elsewhere. Juan Monteverde, leader of Santa Fe's left-wing opposition group, Giros, welcomed the recent measures, but warned that using only "the repressive force of the state" would be a strategic mistake. "We must investigate money laundering and the other economic crimes that sustain drug trafficking," he said.

Government cooling over penal reform?

With insecurity dominating the list of worries of Argentine voters, the government appears increasingly unsure of whether to push ahead with its plans to reform the penal code. Though many agree, even among the opposition, that the inconsistent code needs reform, this close to an election it could prove too controversial. The recommendations, overseen by supreme court judge Raúl Zaffaroni, have been seized on by opposition politicians (Sergio Massa from the Frente Renovador, in particular) for being overly lenient to criminals, as they would see life sentences and punishment for recidivism eliminated. The reforms would also result in the inclusion of crimes against humanity; torture "by omission"; rape within marriage; and environmental crimes included in the Argentine criminal code.

Conscious of the government's nervousness over the issue, Patricia Bullrich, a congresswoman for the opposition Unión por Todos and the leader of the congressional criminal law commission, has announced a debate on the reforms to begin on 22 April. The debate is likely to test the public's appetite for reform and might dampen the government's enthusiasm to send a draft version of the law to congress.

Capitanich denies resignation

On 14 April, the Argentine media reported that Jorge Capitanich, the ubiquitous cabinet chief, was to resign following disagreements with the Kirchnerista youth movement, La Cámpora. On 15 April, Capitanich denied the story, calling it part of a systematic media attempt to attack the government and "create distrust among Argentine society".

Campos and Silva launch their campaign

Six months after confirming their alliance, Eduardo Campos, from the Partido Socialista Brasileiro (PSB), and Marina Silva, the former senator and environment minister, launched their election campaign on 14 April. As expected, Campos will run for president; Silva for vice-president. Though Silva polls slightly stronger than Campos, her failure to register her party, Rede Sustentabilidade, means that she is reliant on the PSB to run for office. The ticket will be confirmed officially at the party conference in June.

Though opinion polls continue to show President Dilma Rousseff winning election in the first round, the decline in her approval rating, and the fact that the election campaign does not begin until 6 July means there is no room for complacency in the government camp.

Campos-Silva is a potentially strong ticket. Both are former ministers in the administration of former president Lula da Silva (2003-2010); a period of prosperity looked upon with increasing nostalgia by much of the electorate. In the last presidential elections, Silva came third, with 20 million votes. Campos, until recently the governor of Pernambuco, is not that well-known outside of the north-east, but that should change once campaigning begins in earnest. The apparent inconsistencies in their ideologies could prove a strength: Silva's environmental credentials married to Campos' good ties with agribusiness. Silva also has a considerable following among Brazil's rapidly growing, and political active, evangelical movement.

Along with the PSB, and Silva's proto-party, the Rede, the Partido Popular Socialista (PPS) and the Partido Pátria Livre (PPL) are also backing the alliance. Representatives from the smaller parties spoke before Campos and Silva, stressing their desire to end the political polarisation between the Partido dos Trabalhadores (PT) and the Partido da Social Democracia Brasileiro (PSDB) that has characterised recent elections.

When Silva herself took to the stage, she built on that theme with an adaptation of St Francis' Prayer: "We are not here to divide, but to unite. We are not here to separate, but to find. We are not seeking confrontation, but debate." According to Silva, the alliance is backed by a fifth party too, "the people". "If we win, the victory will be for the fifth party," she said.

While referring to her faith, Silva also said that she would not use religion to win votes. Instead she stressed her desire for a "new politics". "What we want is a new political alignment," she said. "What needs to happen in this country is that politics must no longer be dictated by the demands of governability based on the distribution of jobs." The incumbent PT government is sustained in power by a coalition of 17 parties.

Campos' speech stuck to more basic, pocket-book issues and criticised the government for its lack of economic vision. "In truth," he said, "Brazil's economy has lost pace. We have serious challenges in our public accounts, but I would say we have a greater crisis of confidence in Brazil. People need to know what the long-term plan is for where we are heading." Aside from Rousseff and Campos, the other main contender for the election this year is likely to be the PSDB's Aécio Neves.

Rousseff's heavy spending on advertising

On 16 April *O Folha de São Paulo* published figures showing the federal government spent R\$2.3bn (US\$1bn) on advertising in 2013, the highest amount since 2000, when records of this type of spending began. The figure represents a 7.4% rise on 2012, an above-inflation increase. The information was released by Planalto's secretariat of social communication, which explained that the rise in spending was caused by the launch of new safety campaigns to tackle traffic accidents and the promotion of the Mais Medicos programme. According to the statistics, 65% of the spending went on TV adverts.

More World Cup protests

Around 1,000 anti-World Cup protesters gathered in the São Paulo district of Butantã on 15 April. While demonstrations in Rio de Janeiro have fizzled out since the death of a cameraman in February, violent anti-World Cup protests in São Paulo show no signs of abating. Fifty-four people were arrested, after a group of black bloc protesters smashed up two banks.

Fighting tooth and nail for Petrobras

A little over a week after former president Lula da Silva (2003-2010) told the government to come out fighting “tooth and nail” over its management of the state-run oil company Petrobras, President Dilma Rousseff and CEO Maria das Graças Silva Foster launched the case for the defence. The disappointing performance of the company over the past decade has been brought into sharp focus by a slew of corruption allegations that threaten to tarnish yet further the image of the ruling Partido dos Trabalhadores (PT) and Rousseff’s reputation for competence.

Speaking in the north-eastern state of Pernambuco at the inauguration of a new oil tanker, Dragão do Mar, President Rousseff said the allegations against Petrobras would be investigated “with the utmost rigour”. However, she swiftly added, “we should not permit, as Brazilians who love and wish to defend our country, that individual actions should be used to tarnish the image of our greatest company.” Rousseff took issue with the statistics used to show Petrobras’ declining performance. Recent media reports have pointed out that the company’s market value is only a third of what it was in 2008; and that it is now the world’s most-indebted oil major. Instead, Rousseff preferred to highlight the fact that Petrobras was the company that invested the most in Brazil. “Last year [that investment] reached US\$48bn. It’s important to remember that in 2002, that figure was only US\$6.6bn.”

Silva Foster told reporters she “believed one thousand times” in the company’s fundamentals, and called on its workers to redouble their efforts. “This is the moment when I need all of your energy,” she said. On 15 April she gave a spirited defence of Petrobras’ performance to a senate committee hearing, and tried to help Rousseff over the refinery purchase by backing the president’s excuse that her decision to approve the project was based on “incomplete data”. A few days earlier, Silva Foster had authorised the handover of documents to the federal police, as they raided the oil company’s offices as part of ‘Operation Lava Jato’; an investigation into a R\$10bn (US\$4.5bn) money-laundering and influence-peddling scheme.

Operation Lava Jato is the latest scandal to hit the firm, following the revelations that it overpaid massively for the purchase of an oil refinery in Texas in 2006, when Rousseff was on the advisory board; and that its officials are being investigated by prosecutors in the Netherlands for alleged receipt of bribes from a Dutch oil shipping company.

So far, Lava Jato has focused on the activities of Alberto Youssef, a political financier, and Paulo Roberto Costa, the former head of Petrobras’ refining and supply unit. The federal police believe that Costa demanded money from companies seeking contracts with Petrobras, which he then laundered via Youssef, sending part of the money to the electoral campaigns of political parties, among them the PT, the Partido Movimento Democrático Brasileiro (PMDB) and the Partido Progressista (PP). Investigators believe that Costa received commissions of up to 50% of the value of the contracts signed. Both Youssef and Costa are currently in preventative detention.

On 15 April André Vargas, a PT deputy, handed in his resignation from congress. Until last week, Vargas was the PT’s deputy leader in the lower chamber, but he was forced to step down under severe pressure from his party, following the revelation that he had lied to congress about the nature of his relationship with Youssef. In text message transcripts published in the local media, Youssef promised Vargas “financial independence”. It also emerged Vargas had used Youssef’s private jet for a family holiday.

Minimum wage up in 2015

On 15 April the government announced its intention to raise the minimum wage to R\$779,79 (US\$348) from its current R\$724 (US\$323) from January 2015, a 7.71% increase. The annualised inflation rate in March was 6.15%. In 2012, the government had indicated it hoped to raise the minimum wage above the R\$800 threshold in 2015, but since then growth has disappointed.

“Inflation reached 0.58% in March, a significant fall from the 1.66% recorded in February and 2.44% in January. It brings 12-month inflation to 9.73%, dropping back from 9.82% and the brink of 10%, a psychological threshold which, if breached, would also oblige the government of President José Mujica to re-negotiate mid- and long-term salary accords with trade unions.”

Vargas had been one of the most stalwart defenders of the PT's *mensaleiros*, but his departure was almost inevitable once Lula intervened, calling on him to “explain himself so that the PT does not take the blame”. By standing down, Vargas spares the party the embarrassment of having to investigate him, though a congressional ethics committee will continue with its inquiry. In theory, he will not be eligible for election until 2023.

TRACKING TRENDS

CHILE | Economic activity starts to pick up. Chile's central bank reported last week that economic activity in the country as measured by its monthly economic activity index (Imacec), which accounts for 91% of all goods and services included in the measurement of GDP, increased by 2.9% year-on-year in February.

The Imacec February figure was much higher than the 1.4% figure observed in January and even surpassed local market expectations. Local analysts had projected that the February Imacec figure would be 2.4%, as the economy continues to gather pace following a weak end to last year, when the Chilean economy grew by just 4.1% after years posting average growth rates of around 5%. In fact, the Imacec February result is the strongest monthly result since September 2013. The accompanying central bank report even pointed out that the seasonally adjusted February Imacec figure was 0.2% higher than in the previous month and 2.5% higher than in February 2013.

According to the central bank, the positive February result was primarily driven by increased dynamism in the mining and commercial retail sectors. Should the Imacec continue to exhibit similar positive results, this might lead the central bank to revise its decision, announced last month during its first monetary policy report of the year, to cut its official 2014 growth forecast from 3.75%-4.75% to 3%-4%.

In what should be a further boost for the local economy, the national state-owned copper mining company (Codelco) revealed, also on 7 April, that thanks to its 'brownfield' exploration efforts in the last four years the firm has identified new copper deposits believed to hold over 1.8bn tonnes of copper.

URUGUAY | Early success for economy ministry. The economy & finance minister, Mario Bergara, maintains that the urgent measures he adopted last month to contain inflation have been “successful” after encouraging figures for March. Inflation reached 0.58% in March, a significant fall from the 1.66% recorded in February and 2.44% in January. It brings 12-month inflation to 9.73%, dropping back from 9.82% and the brink of 10%, a psychological threshold which, if breached, would also oblige the government of President José Mujica to re-negotiate mid- and long-term salary accords with trade unions.

Bergara announced reductions in value-added tax (VAT) for fruit and vegetables; compelled communications and power public utilities to reduce electricity tariffs and telephone bills; fuel prices were frozen and big stores also agreed to freeze, or even reduce, the price of products in the basic basket of goods.

There was further good news. The employment rate in March reached its highest level since records began nearly 30 years ago, according to the national statistics institute (INE), climbing from 60.5% of the economically active population to 61.1%, or some 1.66m people. National unemployment also rose slightly, from 6.7% to 7%, but the biggest concern for government policymakers is not the number of Uruguayans in jobs but the number of Uruguayans *per se*.

Raúl Sendic, widely tipped to be chosen by former president Tabaré Vázquez (2005-2010) as his running mate after June's primary elections in the ruling left-wing Frente Amplio (FA), called for the creation of policies to create “greater procreation among the middle class”. Sendic, the son of Raúl Sendic Antonaccio, one of the founding members of the Movimiento de Liberación Nacional-Tupamaros (MLN-T) guerrilla group, said that the low birth rate was one of the most serious challenges facing Uruguay. Sendic was president of the state petroleum company, Administración Nacional de Combustibles, Alcoholes y Portland (Ancap), for five years until last October when he resigned to run as a senate candidate for his Compromiso Frenteampartista faction of the FA.

Deadline for vigilantes

Some 1,200 members of 'self-defence' groups will have until 10 May to register their weapons and join a new rural police force or rural defence corps [WR-14-04], the federal commissioner for the beleaguered western state of Michoacán, Alfredo Castillo, announced this week on Twitter after holding a meeting with leaders of 'self-defence' groups in the municipality of Buenavista Tomatlán. Castillo said this would enable the 'self-defence' groups to provide community protection "legally". The federal government is desperate to legitimise and institutionalise the 'self-defence' groups to confer some legitimacy on the vigilantes. The government also agreed during the meeting to provide protection for leaders of the 'self-defence' groups.

MEXICO & NAFTA

MEXICO | DIPLOMACY

French ties renewed after Hollande visit

France and Mexico moved to re-launch ties on 10 April when President Enrique Peña Nieto received his French peer François Hollande for a state visit. Relations became estranged between their respective predecessors, Felipe Calderón (2006-2012) and Nicolás Sarkozy (2007-2012), as a result of the case of Florence Cassez, a Frenchwoman controversially imprisoned in 2005 for kidnapping who was released in January last year by Mexico's supreme court. Peña Nieto and Hollande signed 42 bilateral cooperation accords, the most eye-catching in the public security sphere.

President Hollande attended an economic forum on 11 April before being accompanied by President Peña Nieto to the Aztec ruins of Teotihuacán. They also visited the facilities of French aerospace companies in the central Mexican state of Querétaro together.

Hollande later acknowledged during a joint press conference in the presidential residence, Los Pinos, that Mexico and France had been through "difficult moments, but these always exist between great peoples". This was an indirect reference to Cassez, who had received red-carpet treatment by Hollande upon her return to France. There was a public furore in Mexico over the release of Cassez: the supreme court pointedly did not declare Cassez innocent, ruling instead that she was the victim of egregious procedural irregularities in the process that led to her conviction. The overwhelming sentiment among the Mexican public, however, was that she was guilty and there was a resulting clamour for profound judicial reform in Mexico to prevent a recurrence of the debacle.

With France's economic recovery the slowest of any developed country in Europe (it registered just 0.8% GDP growth in 2013, compared with 2.7% in the UK and 1.4% in Germany, and is only forecast to grow at 1% in 2014), Hollande needs all of the country's commercial relations going at full throttle, and he was careful to heap praise on Mexico as "a revolutionary country" with which France shares common values. He also invited Peña Nieto to France on Bastille Day (14 July) in 2015 to add symbolic resonance to their shared revolutionary heritage.

The 42 accords were in the area of finance, education, health, sustainable development, aeronautics, energy and public security. Speaking in Los Pinos, Peña Nieto stressed the formalisation of French assistance in creating Mexico's national gendarmerie. A joint statement signed by both heads of state promised permanent dialogue to allow Mexico to learn directly from the experiences of the French national gendarmerie. When Peña Nieto first mooted a gendarmerie in Mexico it was envisioned as a discrete force and the missing part in the public security puzzle: the proposal has since been progressively diluted and the gendarmerie will now function as no more than a downsized appendage of the federal police (PF), responsible for security patrols in municipalities afflicted with the most acute security problems.

Under the bilateral accords with France, Mexico will also conduct joint operations against maritime drug-trafficking, with the French forces stationed in the French Antilles (principally the overseas departments of Guadeloupe and Martinique) and French Guiana. There are 3,450 French troops in these territories in total. Hollande also said that the two countries would in the future sign "a very important accord to develop a drone industry". He offered no further details.

Mexican tuna
According to the statement issued by the Mexican economy ministry, “The US has not modified substantive aspects that limit the access of Mexican tuna to the US market [...] continuing to affect Mexican exports of tuna products”.

Hollande’s estranged wife creates new cause of tension

While President Hollande was trying to repair strained relations with Mexico after the Florence Cassez case, his former partner, Valérie Trierweiler, succeeded in causing him serious embarrassment by tweeting an appeal to “help” Maude Versini, the French woman struggling to win custody of her three children from her Mexican ex-husband, a politician she accuses of abducting them during a 2011 Christmas reunion.

The politician in question is none other than Arturo Montiel, President Peña Nieto’s uncle who served as governor of the Estado de México (1999-2005) and was accused of massive corruption but acquitted in 2006 despite strong evidence against him. Versini accuses Montiel of using “all his influence” to “buy judges”. Trierweiler called on the French foreign ministry to intervene on behalf of Versini “who has not seen her three children for 847 days”. Laurent Fabius, the French foreign minister travelling with Hollande, described the situation as “very delicate”.

TRACKING TRENDS

MEXICO | Combating money laundering. The Mexican government will in the coming days publish a blacklist of firms and individuals linked to drug-trafficking and terrorism, the finance minister, Luis Videgaray, announced this week during a visit to Washington for the annual spring meetings of the World Bank and International Monetary Fund.

Videgaray said that the government will work closely with banks to prohibit the financial transactions of those allegedly involved in money laundering or financing terrorism.

The blacklist will be based on lists produced by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, whose secretary, Jack Lew, Videgaray also met this week; a United Nations list; and Mexico’s own designations.

MEXICO | Tuna dispute with US drags on. On 10 April Mexico’s economy ministry issued a public statement calling on the US government to “fully comply” with the World Trade Organization (WTO)’s resolutions over the use of ‘dolphin safe’ labels for canned tuna.

Tuna regularly swim with dolphins particularly in the Eastern Tropical Pacific Ocean (ETP) region and as a result many fishermen working in this region often target dolphins to catch the tuna, but in doing so they injure and drown thousands of dolphins every year. In an attempt to dissuade these practices, the US launched the ‘dolphin safe’ tuna labelling programme in 1990 and encouraged consumers to buy products bearing this label over those that did not. To be certified as ‘dolphin safe’ by the US authorities, fishing companies operating in the ETP must provide them with statements from boat captains and independent onboard observers that no dolphins were chased or netted during fishing operations.

Mexican fishermen have long complained that such requirements were designed specifically to target them. They argue that since their practices are certified by international regulatory bodies, the US ‘dolphin safe’ tuna labelling requirements are spurious and over the years have succeeded in unfairly limiting the access of Mexican tuna to the US market, affecting Mexico’s tuna industry. In support of these claims, the Mexican government presented a formal complaint before the WTO in 2008 arguing that, as they stood, the US’s ‘dolphin safe’ tuna labelling requirements were discriminatory against Mexican tuna fishermen, who predominantly operate in the EPT.

In a series of resolutions, the latest one coming in 2012, the WTO agreed with Mexico and ordered the US government to modify its requirements in order to ensure that these do not discriminate against Mexican tuna fishermen. However, despite minor changes introduced to the ‘dolphin safe’ tuna programme by the US authorities last year, Mexico maintains that these have not completely rectified the situation.

The economy ministry statement points out that Mexico has already requested the WTO to convene an arbitration panel to review its complaint and issue a final ruling, which could be announced before the end of the year. Should the arbitration panel once again rule in favour of Mexico, the economy ministry says the country would be allowed to adopt retaliatory trade measures against the US.

Solís suffers sucker punch as Intel ups sticks**No witch hunt**

President-elect Solís promised this week that while he would conduct a thorough evaluation of the state of every ministry during his first 100 days in office, there would be no “political persecution”. He was responding to Rolando González, the future head of the outgoing Partido Liberación Nacional (PLN) in the new legislative assembly when it sits on 1 May. González expressed concern that the Partido Acción Ciudadana (PAC) would conduct “a political witch hunt”, and stressed that he would not tolerate persecution of any PLN public officials.

Just two days after Luis Guillermo Solís savoured the sweetness of victory in presidential elections on 6 April he had to swallow a very bitter pill. Intel, the US chipmaker, announced it was closing its assembly operations in Costa Rica, resulting in the loss of 1,500 jobs. Intel’s decision will not only impact Costa Rica’s economic growth and exports but it will also have a hefty symbolic impact as the country had prided itself on being not merely an eco-tourism destination *par excellence* but also the home of cutting edge technology. The bad news did not stop with Intel. To compound Solís’s problems, Bank of America chose the same day to announce that it would also axe 1,500 jobs at its non-bank subsidiary, BA Continuum.

Intel will retain its engineering and design department, which supports 1,000 jobs, but will lay off the 60% of its workforce in Costa Rica involved in assembly and testing. The arrival of Intel helped launch high-tech manufacturing in Costa Rica, making the country the envy of its Central American neighbours. Intel represents 6% of GDP and accounts for a massive 20.7% of Costa Rica’s total exports, according to the investment promotion agency, Cinde. Intel also encouraged other electronic companies to settle in Costa Rica, making up 27% of total exports, more than the agriculture, livestock and fishing sectors altogether.

“[Intel] put us on the map and opened up a window of growth and international positioning that oversaw a substantial change in our productive structure,” the president of the Costa Rican chamber of exporters (Cadexco), Mónica Segnini, said. “After Intel other high technology and sophisticated companies like HP, IBM, Sykes and P&G came. We became the top exporter of high-technology industrial goods in Latin America and fourth in the world.”

Since Intel set up in 1997 during the presidency of José María Figueres Olsen (1994-1998) it has invested nearly US\$900m in Costa Rica, the equivalent of 6% of all foreign direct investment (FDI) in that time. “The Costa Rica of recent times can be divided into before and after Intel. It took a huge effort to get it to come. What a shame we didn’t know how to keep it!” Figueres Olsen tweeted.

Figueres Olsen called for the need to launch a new job policy as part of a plan to boost competitiveness. He said youth unemployment had increased from 12% to 17% in Costa Rica over the last decade. He also stressed that it was imperative to reduce energy costs and improve infrastructure to attract more FDI to Costa Rica to avoid a stampede of conglomerates for the exit door. Segnini dismissed Figueres Olsen’s comments as “irresponsible”, but with Bank of America also announcing 1,500 lay offs due to global restructuring, his comments cannot be so easily brushed aside. There is no question that the high cost of electricity (tariffs increased by 33% between 2007 and 2013) in conjunction with comparatively high wages and social security taxes make the country a less attractive destination than it once was for international companies.

President-elect Solís scrambled to dispel any suggestion that Intel’s decision had been taken as a result of his election victory at the head of the Partido Acción Ciudadana (PAC), the first by a nominally leftist party. Solís met executives of the firm in the wake of the announcement and emerged declaring that “The decision has nothing to do with the election of a new government in Costa Rica or the conditions of the domestic market as a potential space for foreign investment”. The general manager of Intel in Costa Rica, Michael

Costa Rican debt

Earlier this month Costa Rica auctioned US\$1bn in Eurobonds at 7% interest over the next 30 years, an increased interest rate on the bonds from the 5.63% Costa Rica must pay on the US\$500m of 30-year bonds issued in April 2013. There is a concern that Costa Rican debt will face even higher interest rates after Intel's announcement and if it fails to get to grips with its fiscal deficit. President-elect Solís has ruled out raising taxes before 2016, although his future finance minister, Helio Fallas, says tax collection will be improved and public spending controlled.

Forrest, told the weekly *El Financiero* that with profits down 13% in 2013 on the previous year, Intel had decided in January to reduce its global workforce of 107,000 by 5% this year: it decided that the assembly operations in Costa Rica would move to Vietnam and Malaysia, purely for cost reasons.

The private sector is demanding assurances that Solís will seek to attract FDI to Costa Rica rather than preside over a more closed economy, and he has responded by promising to "limit the damage" from Intel's exit and guaranteeing that his incoming government will identify new sources of FDI, especially in the area of high technology.

New cabinet

Days after the twin setbacks and job losses, Solís named 14 cabinet ministers, including his entire economic team. He will announce the rest of his team on 28 April. The vast majority of the ministers named have no previous ministerial experience, having been drawn mainly from the ranks of the PAC, which has never been in government before. As well as his pick for the security ministry (see below), the sole exceptions are Vice-President-elect Helio Fallas, who will pick up the crucial finance ministry, and the mayor of Aserrí in the province of San José, Víctor Morales, who will become labour minister. Both men served under Partido Unidad Social Cristiana (PUSC) governments before joining the PAC: Fallas was planning minister from 1990 to 1991 and housing minister from 2002 to 2005; Morales was labour minister from 1998 to 2002.

Fallas, a 67-year-old lecturer at the Universidad de Costa Rica, faces the challenge of revitalising an economy burdened with serious fiscal problems. Citigroup Inc. also slashed its growth forecast from 3.5% to 3.1% this year and from 4% to 2.2% in 2015 in the wake of Intel's announcement (*see sidebar*). Fallas will work together with Welmer Ramos González, who will take over the economy ministry; Olga Marta Sánchez Oviedo, the secretary general of the PAC who will pick up the economic planning portfolio; Olivier Castro, the director of the Banco Nacional de Costa Rica who will become president of the central bank; and Alexander Mora Delgado, who will become foreign trade minister.

Mora, pointedly, is president of the information technology and communications chamber (Camtic). Camtic and the labour ministry will put in place a team by 23 April to minimise the effects of the Intel and Bank of America announcements by providing training in entrepreneurship for the 3,000 employees laid off and helping them to find jobs with other digital technology companies. Before he was appointed by Solís, Mora responded to the job losses by calling on the incoming government to draw up policies to mitigate and reverse the associated negative effects. That will now be his job.

Lutheran go-between

Solís named his campaign chief, the Lutheran bishop, Melvin Jiménez, as his future minister of the presidency. Jiménez will provide the all-important link with the legislative assembly, where the PAC will have scant representation (just 13 of 57 seats) as well as productive sectors and trade unions. His appointment was well received by the political opposition, especially the left-wing Frente Amplio (FA), which won nine seats. Gerardo Vargas Varela, the future head of the FA legislative bloc when the new assembly sits on 1 May, said he was "delighted" as he had worked with Jiménez for years and respected his close ties to social organisations.

Another intriguing appointment is that of Celso Gamboa, who will become security minister. Gamboa is the only member of the cabinet of President Laura Chinchilla to be kept on: he is currently serving as deputy security minister and head of the national intelligence agency. Gamboa's appointment is an acknowledgement of the Chinchilla administration's record on fighting crime, one of its few successes.

Energy crisis

On 9 April President Martinelli announced energy-saving measures as a result of poor rainfall which are affecting energy generation, 60% of which is generated from hydro sources. The measures which include things like the stipulation that offices switch off air conditioners between 11am and 3pm but do not affect schools, hospitals or the newly inaugurated Panama City metro, follow others implemented on 17 March, after a fire at a thermoelectric power plant in the La Chorrera municipality, in central Panama, reduced the domestic energy production capacity by 96 megawatts (MW). National capacity is 1,650MW and demand is 1,460MW, on local figures. While the measures are less stringent than those declared in May 2013, when schools and universities were forced to shut for four days, the opposition is seizing on this as a rallying point ahead of the May vote.

The final stretch

Campaigns have been heating up ahead of the 4 May general elections. As in recent years, any discussion of voter concerns has been overshadowed by mudslinging between the main candidates while continued clashes between President Ricardo Martinelli's *Cambio Democrático* (CD) - whose candidate José Domingo Arias remains the frontrunner - and the electoral authorities (TE) has also attracted international concern.

The 2014 campaign has not reached the lows of 2009 which was dominated in the latter stages by allegations that the convicted Colombian financier, David Murcia Guzmán, had contributed US\$3m apiece towards the campaigns of Balbina Herrera, the presidential candidate for the (then ruling) *Partido Revolucionario Democrático* (PRD) and the PRD mayoral candidate for Panama City, Roberto 'Bobby' Velásquez [WR-09-12]. These allegations were considered to have played a significant role in the PRD's defeat.

The first comprehensive debate between five of the seven presidential candidates took place on 7 April, affording some insight into broad policy differences. Organised by the *Cámara de Comercio, Industrias y Agricultura de Panamá* (CCIAP), the debate featured Arias - who is expected to continue market friendly but also populist policies that have ensured high support for the current Martinelli government - and his two main rivals, Juan Carlos Navarro (PRD) and Juan Carlos Varela (*Partido Panameñista*). Also taking part were Juan Jované, an independent and respected leftist economist, and Genaro López of the left-wing *Frente Amplio por la Democracia*. The latest Ipsos poll, published in the national media on 14 April show Arias and Navarro tied on 32% of voting intentions, while Varela is on 26%. Another poll by Dichter & Neira published the same day showed Arias with 36%, ahead of Varela (31%) and Navarro (30%).

The debate majored on inflation which, despite being on the decline (reaching 3.4% in 2013, down from 5.7% in 2012) remains a voter concern. Arias is proposing to expand President Martinelli's so-called 'jumbo tiendas', markets run by the agricultural marketing institute (*Instituto de Mercadeo Agropecuario*) where food and other basic goods are sold at discounted prices directly to consumers. While Navarro backs the markets, Varela has proposed 'emergency' price controls on basic goods.

The other voter concern to have emerged in recent weeks is security, despite the fact that Panama has one of the lowest homicide rates in Central America - with 18 homicides per 100,000 inhabitants in 2013 according to the latest (3 April 2014) US State Department Overseas Security Advisory Council (OSAC) report. These concerns were reignited by the high-profile murder on 31 March of a well-known journalist, Ramón Monchi Cano, during a break-in at his residence in the town of David, prompting the authorities to declare a curfew in Chiriquí province between 9pm and 6am. Monchi's murder left Varela calling for a *mano dura* (hard-line) security policy while Arias, who is proposing a more preventative approach to tackling crime, through initiatives like joint police-neighbourhood patrols, was quick to defend the government's track record. Security Minister José Mulino highlighted that the 665 homicides registered in each of 2012 and 2013 was an improvement over the 818 homicides registered in 2009, the year President Martinelli took office.

Yet discussion of what remain key electoral issues has proven the exception to the rule and the campaign has been criticised for mudslinging between the different sides such that, on 25 March, the TE, private sector lobbies like the *Asociación Panameña de Ejecutivos de Empresa* (Apede) and civil society groups like the *Comisión Nacional Pro Valores Cívicos y Morales* raised concerns over the tone of the campaigns, which Apede warned are "based on lies and attacks between opponents which could result in a climate of violence". The TE president, Erasmo Pinilla, said he would "like to see a lowering of the tone and volume of the campaign, the language has become very aggressive".

Judiciary concerns

Fears regarding the independence of the judiciary have been further fuelled following damning claims made by a Panama City criminal court judge, Alexis Ballesteros, who quit on 1 April citing interference on the part of the executive. Ballesteros' claims - that he was subject to pressure and intimidation by his superiors to make rulings in favour of President Martinelli's allies - has caused widespread outrage from prominent civil society leaders like Magaly Castillo, of the Alianza Ciudadana pro Justicia, and Angélica Maytín, the executive president of the local branch of Transparency International. José Alberto Álvarez, the president of the national bar association, said that Ballesteros' claims are "very serious" and should be investigated. The attorney general, Ana Belfon, has since announced she will launch an investigation into his claims.

With the CD on the defensive over other issues like the looming energy crisis (*see sidebar*), the ruling party has opted to flag up links between Navarro – Arias's closest rival - and Venezuela (which severed relations with Panama last month [WR-14-09]). This echoes the strategy used by the right-wing opposition Alianza Republicana Nacionalista (Arena) in El Salvador ahead of the 9 March presidential run-off, where it proved highly effective, explaining the surge in support for Arena's Norman Quijano, who was only narrowly beaten in the end by Salvador Sánchez Cerén of the left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN). Venezuela's President Nicolás Maduro - whose predecessor, the late Hugo Chávez (1999-2013) had good relations with the previous PRD government led by Martín Torrijos (2004-2009) – has not helped the PRD's attempts to deny these links, having publicly backed Navarro the previous month [WR-14-11].

OAS concerns

The campaign has also been characterised by repeated clashes between President Martinelli's CD and the three-member TE (whose president, Pinilla is opposition-aligned). On 28 March, the head of the electoral observer mission of the Organization of American States (OAS), Peru's Lourdes Flores, expressed concern about efforts to "undermine" the credibility of the institution.

While Flores did not provide examples, this was no doubt a pointed allusion to moves by the CD, like an open letter published at the end of February expressing concern about the TE's electronic rapid vote counting system (TER), which will be used for the first time in May. Public support for the TE is also on the increase – the previous (31 March) Dichter & Neira poll showed 65% of respondents had faith in the electoral authorities, up from 59% on 24 February.

TRACKING TRENDS

CUBA | Diplomatic frenzy. Laurent Fabius became the most high-ranking French minister to visit Cuba for more than 30 years on 12 April. Fabius, the French foreign minister, visited Havana after accompanying President François Hollande on a state visit to Mexico. He held talks with his peer Bruno Rodríguez and President Raúl Castro. The visit takes place after Frans Timmermans became the first Dutch foreign minister to visit Cuba since the Revolution in January and shortly before the European Union (EU) is scheduled to recommence talks with Cuba in Havana on 29 April over trade, investment and human rights. Fabius said the approval by Cuba last March of a new law designed to entice new foreign investors [WR-14-13] was encouraging.

On the same day as Fabius visited Havana, President Castro also held talks in Havana with El Salvador's President-elect Salvador Sánchez Cerén. El Salvador established bilateral diplomatic ties with Cuba in 2009 for the first time since their severance after the Cuban Revolution. Sánchez Cerén made a point of visiting Central American neighbours and the Dominican Republic rather than starting with a special pilgrimage to Cuba, which the left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) announced he was visiting for medical reasons. He will head to the Vatican on 25 April for an audience with the Pope. The FMLN, although deeply influenced by the Cuban Revolution, never shared its anti-religious doctrine.

EL SALVADOR | Military and political reform. The foreign media focused this week on a ruling by the constitutional chamber of the supreme court on 11 April that the use of the military to patrol crime hot spots did not contravene a provision of the constitution restricting its role in domestic security, and was justified by the "exceptional" levels of crime and insecurity in El Salvador. While this was significant, in the long-term developments on 12 April, unreported by the foreign media, could be even more so. The right-wing opposition Alianza Republicana Nacionalista (Arena) held a post mortem after its electoral defeat last month, during which 700 party members demanded sweeping internal reforms to make the party more electable. The main thrust of the recommendations to emerge from the congress, which will be amended and approved by an Arena national assembly on 3 May, were aimed at democratising Arena, especially the use of the secret vote and primary elections to end the imposition of mayoral and legislative candidates by party bigwigs.

Quotes of the week

“In Venezuela there is an implacable regime. What do you call a regime that murders, that persecutes and that censors the media? This has a name and it is dictatorship; democrats must call a spade a spade.”

Venezuela's opposition deputy, María Corina Machado, addresses the European Parliament's committee on foreign affairs.

“The [Partido Conservador] needs to change its diet. Reduce its fondness for jam [mermelada: kickbacks, corruption] and bureaucratic cholesterol, to consume more thought proteins, which it has not been doing.”

Colombia's former agriculture minister Juan Camilo Restrepo (2010-2013).

“The middle class doesn't produce, it watches television.”
Uruguayan politician Raúl Sendic, a possible vice-presidential candidate for the ruling left-wing Frente Amplio (FA) this October, calls for pro-reproduction policies to address Uruguay's lack of population growth.

Bachelet's baptism of fire in Chile

Chile's President Michelle Bachelet has been forced to suspend her first foreign tour since taking office on 11 March. She was scheduled to travel to Argentina to meet President Cristina Fernández on 15 April before meeting Uruguayan President José Mujica in Montevideo the following day.

President Bachelet suspended her trip after a devastating fire broke out in the port city of Valparaíso, a world heritage site where the country's congress is located, on 12 April. Miguel Reyes Núñez, the president of the national fire-fighting force, described the blaze as the biggest in the country's history: it has so far killed 16 people, destroyed 2,500 houses, affected 1,145 hectares of land and resulted in 11,000 people being evacuated.

It led Bachelet to declare a state of exception the same day and Health Minister Helia Molina to decree a state of sanitary alert for the Valparaíso region. According to the authorities, 1,250 firemen have been deployed to the affected area, along with 5,813 officials from the navy, army, Carabineros and medical staff.

Interior Minister Rodrigo Peñailillo told reporters that the causes of the fire – which particularly affected the hill-top communities of Mariposa, El Vergel, La Cruz, El Litre, Las Cañas, Miguel Ángel and Mercedes - were as yet unclear but the government is ruling out the possibility that it was started deliberately. Yet it has brought to the fore experts' concerns regarding the vulnerability of the area to such an event given the combination of years of drought, high temperatures, and strong coastal winds.

The tragedy comes less than a fortnight after an earthquake registering 8.2 on the Richter scale struck northern Chile on 1 April, resulting in six deaths. The regions most affected were Tarapacá and Arica. Preliminary reports suggest that some 1,300 homes were severely damaged while another 10,600 more were partially affected. On 8 April Bachelet announced the government was assigning Ch\$1.6bn (US\$3m) for reconstruction efforts in the north of the country. Bachelet has since announced that she will appoint presidential delegates to oversee reconstruction efforts in the regions affected by the earthquake and fire.

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