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Varela secures the presidency in Panama

Panama's Vice-President Juan Carlos Varela caused the second election upset in Central America this year by winning the presidential contest on 4 May. Final surveys had suggested the contest between the frontrunner, José Domingo Arias of President Ricardo Martinelli's *Cambio Democrático* (CD); Juan Carlos Navarro, of the *Partido Revolucionario Democrático* (PRD); and Varela, of the traditional opposition right-wing *Partido Panameñista* (PPA), was tight. Yet Varela, who for much of the campaign was seen as the outsider, like Luis Guillermo Solís who surprised in the first round in Costa Rica on 2 February, scored a decisive victory.

Just as the incumbent *Partido Liberación Nacional* (PLN) was denied an unprecedented third-straight term in Costa Rica, Panama's electorate ultimately proved unwilling to break with precedent and allow the CD a consecutive five-year term in office (no party in Panama has won immediate re-election since the return to democracy in 1990). It was perhaps more surprising in Panama given Martinelli's popularity. But the protests and strikes in the run-up to the election [WR-14-17] compounded concerns regarding Martinelli's continued grip on Panama's institutions (with Arias widely considered a puppet) in a country until comparatively recently under military dictatorships (1968-1989).

Varela's victory was convincing. He took 39.1% of the vote (711,322 in total); Arias won 31.4%; and Navarro 28.2%. The other four candidates took less than 2% of the vote. Varela's victory was a surprise to all – not least Martinelli. Yet it is worth pointing out that while the final poll released on 24 April by Dichter & Neira, which has correctly predicted the outcome of every election since 1994, gave Arias 35% of voting intentions, it showed Varela for the first time in second place with 32% (ahead of Navarro on 30%) and just in excess of a 2.2% error margin.

International electoral observers like the Organization of American States (OAS) and Carter Center hailed the high turnout, which saw 76.6% of the 2.4m electorate cast their ballots – up from 68.6% in 2009 and close to the 76.9% in 2004. However both delegations also criticised the “visible interference of the executive branch” in the electoral process, echoing concerns which had previously emerged during the contest [WR-14-15]. The OAS for example noted “the candidates of the party in power benefited during the campaign from the use of public resources – particularly, though not only, through the massive distribution of public works carried out by the government. These situations created pronounced asymmetries in the electoral contest”.

These criticisms provide one explanation for the CD's defeat despite Panama's impressive economic performance (with GDP growth of 8.4% in 2013, 10.8% in

Resistance

As well as a hostile legislature, President-elect Juan Carlos Varela is also likely to come up against resistance in the judiciary (where President Ricardo Martinelli appointed five of the nine justices); the attorney general's office, where Martinelli controversially named his legal adviser, Ana Belfón, to the post in late 2012; and the comptroller general's office, which is headed up by Gioconda Torres de Bianchini, a Martinelli ally who was previously the chief auditor for his Importadora Ricamar food import company. This raises questions as to how far the new president will be able to make good his pledge to tackle official corruption – Torres and Belfón will remain in their posts until end 2014 while the justices are serving 10-year terms.

2012 and 10.9% in 2011) and the materialisation of infrastructure projects like the Panama City metro. Martinelli was barred from seeking re-election but the fact that his wife, Marta Linares (with no past political experience), was running for the vice-presidency and Arias was widely considered a proxy, fuelled voter concerns that he would retain control over the country's institutions – control which was increasingly being viewed as excessive.

This situation was singled out in reports which were otherwise positive on Panama, such as the World Economic Forum (WEF)'s 2013-2014 Global Competitiveness Report which noted that Panama faces important challenges in terms of "strengthening the functioning of its institutions, fighting corruption and crime [...] and the independence of the judiciary system". That the electorate is jittery about *continuismo* was already suggested in the backlash to Martinelli's initial proposal to change the constitution to allow for consecutive re-election, which he soon abandoned [WR-11-08]. In 1998 former president Ernesto Pérez Balladares (1994-1999) held a referendum on the subject but was soundly defeated.

Challenges ahead

Unlike Solís in Costa Rica, Varela, a millionaire businessman whose family controls a local distillery (Varela Hermanos), is a member of the political and economic elite and, as Vice-President, has played a prominent role in the current government. After striking a deal with the CD ahead of the 2009 vote, he ran as Martinelli's running mate, based on the premise that he would head up the coalition ticket in 2014, a deal which fell apart in 2011, when it became clear that Martinelli had no intention of sticking to his part of the bargain [WR-11-35]. Relations between the two have since been hostile, with Varela leading calls for Martinelli to be investigated over corruption cases like that involving an Italian businessman, Valter Lavitola, an unofficial aide to Italy's former prime minister Silvio Berlusconi [WR-12-16].

Like his future Costa Rican peer, however, Varela is unlikely to face an easy time once he takes office on 1 July given that the preliminary results of the elections for the 71-member unicameral legislature, which also took place on 4 May, suggest that his PPA-led alliance, El Pueblo Primero (which also comprises the small Partido Popular), will have a small presence. With seven seats yet to be called, the electoral authority (TE) reported that El Pueblo Primero will have just 12 legislators; the PRD, 21; and the Unidos Por Más Cambios (comprising the CD and small party Molirena), 30. This leaves the CD just six seats shy of controlling the legislature. Currently El Pueblo Primero has 13 seats; the PRD, 17; and Unidos Por Más Cambios, 27.

Continuity?

Rather than promising major policy changes, President-elect Varela says he intends to continue government social programmes like President Martinelli's "100 a los 70", a monthly (US\$100) stipend for people aged 70 years or older without a pension, of which he has been a leading proponent. He has also pledged to continue large infrastructure projects, such as expanding the Panama City metro.

Varela has sought instead to differentiate his government plan through emphasising the need to improve transparency; strengthen institutions; and clamp down on official corruption – a key electoral pledge on which Martinelli failed to deliver. In the 2013 Corruption Perceptions Index compiled by Transparency International (TI), Panama fell 19 places to 102nd, out of 177 countries surveyed. Varela, who is likely to encounter resistance to these efforts (*see sidebar*), is proposing constitutional reform to strengthen institutions.

One immediate break with current policy is Varela's pledge to introduce "emergency" price controls on 22 basic goods in order to tackle inflation – a major voter concern. This despite the fact that year-end inflation was 3.4% in 2013, down from 5.7% in 2012.

Final bid to stop drilling in Yasuní fails**International
succour?**

The lawyer for YASunidos, Julio César Trujillo, said the group would consider appealing against the national electoral council (CNE)'s decision in an international court. The head of the CNE, Domingo Paredes, laughed this off, referring to the fictional names and multiple repetitions among the signatures: "And with this they are threatening to go to an international court?" He also defended the transparency of the process, pointing to the presence of witnesses from the Union of South American Nations (Unasur).

President Rafael Correa will not have to prepare his government to face a referendum on his controversial decree last August to drill for oil in the Yasuní national reserve. The national electoral council (CNE) this week threw out the petition by YASunidos, an advocacy group which is spearheading the protest movement against the exploitation of Yasuní, to stage a referendum on the matter after declaring that more than 50% of the signatures it presented were invalid. Polls had suggested that Correa would have faced another electoral setback after the disappointing showing of the ruling Alianza País (AP) in February's municipal elections.

The head of the CNE, Domingo Paredes, said that only 359,761 signatures of 757,923 presented by YASunidos on 12 April were valid. A total of 583,283 signatures (5% of the electoral roll) were required to trigger a referendum on Correa's decision to drill for oil in Yasuní. Paredes said the CNE had discounted some 10,000 signatures for formatting errors or because the forms containing them had been damaged; the rest were declared invalid after comparing the signatures with the civil registry and the electoral roll. He said that in some cases names came with incomplete ID numbers, while in other cases the names either appeared on several occasions (the record being nine times), or were fictional, such as Bruce Wayne (Batman) and Darth Vader (Star Wars).

Paredes said the referendum petition was "a clear attempt to surprise the CNE and the public to the detriment of a referendum and to the detriment of the democratic system". Patricio Chávez, the spokesman for YASunidos, said the whole process was undemocratic. He, and others, accused the CNE of "electoral fraud" on social networks and demanded that it publish the names of all of those discarded as invalid. Chávez implied that the CNE's own action was 'to the detriment of the democratic system', citing a recent poll by *Perfiles de Opinión* showing that 72.3% of respondents were in favour of a referendum on the issue and would vote to overturn Correa's executive decree to exploit Yasuní.

The lawyer for YASunidos, Julio César Trujillo, alleged that "there was an order from the president not to allow the referendum to proceed", as it could have led to another electoral setback. Trujillo cited remarks by Correa during his recent visit to Europe. In an interview with the Spanish daily *El País* on 26 April, Correa said that "the issue has been politicised and I won't fall into that trap". In response to the CNE's decision, Correa said that YASunidos had "never had the signatures" but had "mounted a [political] show".

Controversially, Correa had claimed during his weekly broadcast, *Enlace Ciudadano*, on 15 March that "30% of the signatures are not valid" (leading some to muse how he was privy to the findings of the country's nominally independent electoral body), and fired off a salvo of rhetorical questions designed to belittle the referendum campaign: "Later on when we want to replace gas kitchens with electric, should I hold a referendum? Or if we want to increase [the cost of] telephone calls, we must hold a referendum?"

These scenarios are far from analogous. Correa was elected in 2007 in part because of his commitment to safeguard the environment, central to which was the innovative initiative to keep oil in the ground in Yasuní in return for US\$3.6bn from the international community. He accused "the world" of letting Ecuador down to justify his dramatic U-turn last August; his opponents will claim that he has let "the country" down by failing to call a referendum on such a key issue himself, obviating the need for signatures to be gathered.

Scandals ensnare Santos and Zuluaga

Media exposés
Investigative journalism by Colombia's media has repeatedly put President Juan Manuel Santos on the back foot throughout his campaign. In February alone there were two scandals: one surrounding a murky army intelligence cell operating out of a Bogotá Internet café alleged to be illegally spying on government peace negotiators in Cuba, which has still not been adequately cleared up; and another embroiling senior army officials in corruption related to defence procurement, which also raised questions about the military's commitment to human rights.

Two scandals in a matter of days this week have struck the campaigns of President Juan Manuel Santos and Óscar Iván Zuluaga, his closest rival ahead of presidential elections on 25 May. Santos lost his campaign strategist, Juan José Rendón, after damaging revelations in the local media on 4 May alleging that he had accepted US\$12m from drug capos to negotiate on their behalf with the Santos administration in 2011. Zuluaga rounded on Santos with vim, only to be rocked by a scandal himself when his campaign manager, Luis Alfonso Hoyos, was linked to a man accused of illegal wire-tapping targeting the peace process with the Fuerzas Armadas Revolucionarias de Colombia (Farc). Both Rendón and Hoyos have resigned.

'JJ Rendón', as he is commonly known, is no ordinary political strategist. Reviled by the region's Left, the Venezuelan-born conservative publicist dubbed 'the king of black propaganda' has a reputation of being a campaign mastermind. Rendón helped Santos to victory in 2010 and looked to be doing the same this year until *El Espectador* and *Semana* published allegations that he accepted US\$12m from drug capos, 'Comba' (Javier Antonio Calle Serna), a former leader of the Los Rastrojos criminal gang, 'Diego Rastrojo' (Diego Pérez Henao) and 'Cuchillo' (Pedro Olivero) among others, to negotiate their surrender with the Santos administration in return for not being extradited to the US.

Rendón denies the allegations but admits that he met the lawyers of the drug traffickers in 2011, and says that he notified the attorney general's office of this himself. Of the whereabouts of the money, Rendón said that if it existed it must have ended up "in the hands of the man who put me in contact with the representatives of the narcos". This man, Germán Chica, was an adviser of Santos before resigning in 2012. Chica furiously denied any knowledge of the money and said that he was mooting legal action against Rendón. For his part, Santos said Rendón had done the honourable thing by resigning to avoid undermining his campaign, and that it did not strike him as unusual that drug capos should have approached Rendón as they frequently approach anyone who has contacts with the government.

Zuluaga, who is running for former president Alvaro Uribe (2002-2010)'s right-wing Centro Democrático (CD), pounced on the scandal, questioning what happened to the US\$12m and the attorney general's supposed probe into the matter. Zuluaga called for Santos to offer "an explanation to the country", arguing that Rendón's resignation did not close the book on the matter.

Zuluaga cut a very different figure a day later when local news channel, *Noticias RCN*, produced images showing his own campaign manager, Hoyos, visiting the television network with Andrés Sepúlveda on 8 April. Sepúlveda, a campaign adviser for Zuluaga on social networking and information technology security, was arrested on 6 May accused by the attorney general, Eduardo Montealegre, of carrying out illegal wiretapping from an office in northern Bogotá raided by the police. Montealegre said that Sepúlveda had been targeting negotiators in the peace process and journalists; and intercepting Santos's emails, all with the intent to sabotage the peace talks. *RCN's* communications director, Rodrigo Pardo, said Hoyos had phoned him to arrange a meeting with Sepúlveda, who Hoyos presented as an intelligence expert who had worked with the government and international organisations who had "sensitive information about the Farc threatening those who would not vote for Santos".

Hoyos resigned on 7 May but this time it was Zuluaga facing awkward questions. Did he know about Sepúlveda's illegal activity? How did he end up contracting someone who on his *Twitter* account describes his fascination with "the smell of death" and expresses his readiness to kill? Zuluaga admitted that Sepúlveda worked for his campaign but fiercely denied any knowledge of the wiretapping and accused Santos of trying to cover up the Rendón scandal.

Water rationing

The heavens opened over Caracas early on 8 May, perhaps the ghost of former president Hugo Chávez (1999-2013) answering President Maduro's prayers after the government was obliged to announce water rationing in the capital and electricity rationing in the heavily industrialised western border state of Zulia to reduce the strain on the power grid. The government blamed a recent drought; critics said it was but more evidence of its baleful management. Colombia recently cut gas sales to Venezuela to preserve fuel for its own needs during this year's El Niño (which will bring dry weather). Either way, the measure, which could be extended elsewhere, will not help the flailing Venezuelan economy, in a week that the US motor companies Ford and GM also raised red flags over their local subsidiaries.

US keeps up rhetorical pressure

The US remains slightly at odds – at least in public – with the rest of Latin America on Venezuela. John Kerry, the US Secretary of State, said on 7 May he was “deeply concerned” about “the deteriorating situation” in Venezuela.

Kerry made his comments at a conference on the Americas in Washington. “The serious and worsening economic and social challenges in Venezuela can only be resolved with the input of those people,” he said, asserting that demonstrators had “legitimate grievances”. “We believe the future of Venezuela is for the people of Venezuela to decide,” Kerry went on. “But make no mistake: we will never stop defending the basic human rights that are essential to any functioning democracy, including the freedoms of expression and peaceful assembly.”

Meanwhile, on the same day, Brazil's foreign minister, Luiz Alberto Figueiredo, declared in testimony to Brazil's chamber of deputies' foreign affairs committee that the mediation efforts of the Union of South American Nations (Unasur), which he is leading along with his Colombian and Ecuadorean colleagues, had facilitated the political dialogue between the Venezuelan government and the opposition and put in place the conditions for a reduction in violence on the streets.

The Venezuelan government, predictably, accused the US of interference, but also suggested the Kerry statement was a slight on Unasur itself. An official statement complained of “the declarations of insurgency made by Secretary of State John Kerry, which seek to create a false impression of the Bolivarian Government regarding the process of dialogue between the government and the opposition.” It added that Kerry's comments “also reflect a profound lack of knowledge for the Venezuelan reality” and called them a sign of “insolence against Unasur and the Holy See in the process of dialogue towards national peace.” (The Vatican's local representative is acting as a good faith witness at the talks).

Simultaneously however, Vice-President Jorge Arreaza announced that the scheduled fourth government-opposition meeting had been postponed for a second time, pending the results of working tables set up to discuss issues including the fatal violence resulting in 41 deaths since February; the opposition proposal for an amnesty law for political prisoners and exiles (to date rejected by the government); decentralisation; and the long-delayed appointment of senior judicial posts.

It has been rumoured that Kerry has worked with Brazil's President Dilma Rousseff behind the scenes, for instance to cool tempers in the hard-line right-wing factions of the Venezuelan opposition at the height of the protests in February and March; this gave the government led by President Nicolás Maduro some critical breathing space, which Brazil argued was urgently needed to prevent a potential institutional rupture emanating from either side, but there may need to be more obvious progress in the internal situation to assuage the US concerns.

As we went to press, for instance, the jailed opposition leader Leopoldo López, leader of the ‘La Salida’ movement seeking to force President Maduro to resign via peaceful protests, will finally learn if he will face trial for fatal protests in the capital on 12 February, which kicked off a six-week spree of clashes. López was initially accused of terrorism, incitement to violence and homicide, but these charges were dropped and he now faces lesser charges including incitement to commit crime and association with a view to commit criminal offences. If the judge finds insufficient evidence to proceed to trial, López could be released from military prison.

Marijuana regulations enter force

Uruguay has taken a decisive step towards enacting the law legalising marijuana. On 2 May the government issued a decree containing 104 articles regulating the production, distribution and sale of marijuana. This is the small print which will make the theory a practical reality. It fixes the price; the maximum permitted quantity for consumers; and, significantly, the manner in which consumers will be identified. The regulations took effect on 6 May.

Once registered there will be three options for consumers. They will be able to:

1. Purchase up to 40 grams of marijuana per month (capped at 10 grams per week) from registered pharmacies.
2. Cultivate up to six plants per household (not per person) with annual production limited to 480 grams.
3. Belong to a 'cannabis club', entitled to grow up to 99 plants per group (which will have a minimum size of 15 and maximum of 45) with a production cap of 480 grams per individual member.

The price per gram of marijuana will be between Ur\$20 and Ur\$22 (between 87 and 95 US cents). This will be of a higher quality and a lower price than marijuana smuggled into the country, primarily from Paraguay, the largest producer of the drug in South America, in an attempt undercut the black market.

Only Uruguayan citizens and residents over the age of 18 will be able to purchase marijuana, and this will be strictly enforced to prevent 'marijuana tourism'. Consumers will be able to register at the post office, where they will provide two fingerprints, and designated a unique algorithm which will be recorded on a government database. Participating pharmacies will have fingerprint recognition units and each purchase will be recorded on a government database to ensure that individuals do not exceed their allowance. Each bag of marijuana will contain a barcode, and a radio-frequency identification tag. Like cigarette packets, it will carry a health warning and, also like cigarettes, it will be forbidden to smoke marijuana outside of the home or open-air locations or to drive under the influence. Pharmacies will not be obliged to sell marijuana but will make a 30% profit on sales should they choose to. Those who choose to grow marijuana at home or in clubs will be subject to spot checks.

Julio Calzada, Uruguay's drug czar, who will become the future president of the institute for the regulation and control of cannabis (Ircca), estimates necessary production of between 18 and 22 tonnes a year, which equates to "a maximum of 10 hectares" to supply the country's population of 150,000 users. The State marijuana plantations will be located on military land which will be kept secret for security reasons, but will be well away from major urban areas, particularly Montevideo.

Over the next two weeks, the government will receive formal applications from private companies prepared to cultivate marijuana on military land; a company will be able to apply for between two and six licences to produce marijuana with each licence allowing cultivation of one and a half hectares of land. It will take time to grow the crop; erect barbed wire fences around the plantations, with military patrols providing added protection; and supply participating pharmacies. But the decision to stipulate in the decree that marijuana will not be available for sale in pharmacies until December this year looks eminently political.

State control

It is not clear that the State will be able to control the market as intended. One major concern is that the heavy regulation could discourage consumers from turning to the State and having their habit monitored, and encourage them instead to keep turning to drug peddlers on the black market. Uruguayans younger than 18 would also still have to go to the black market to acquire marijuana because of their age.

ProDerechos, a local organisation which campaigned for marijuana to be legalised, was fairly downbeat: "Too many regulations [...] and no incentives. We will have to see if it works."

Seeking RN backing

Chile's Interior Minister Rodrigo Peñailillo responded to criticism from the UDI about sending the reform to the binominal system to congress before the tax reform has been debated by commenting that a deluge of reform initiatives was better than "a legislative drought". The government has clearly decided to isolate the UDI. Addressing the congressional constitutional commission on 6 May, Peñailillo said that "political change is possible", before praising the efforts of the RN to reform the binominal system in the past, such as the proposal drawn up by the leadership of the RN and the DC in January 2012.

Opinion polls suggest that a significant majority of Uruguayans oppose the legalisation of marijuana. Presidential and congressional elections will be held on 27 October and a possible run-off on 24 November. The last thing the ruling Frente Amplio (FA) needs as it bids for a third straight term in power is a lot of negative media reports about teething problems (or worse) with the marijuana law being published in the weeks leading up to the elections which will be very closely contested, at least at a congressional level.

Tough new tobacco law approved

The senate, controlled by the FA approved a tough new law on 6 May compelling all vendors of cigarettes to remove them from view. It will now pass to the chamber of deputies where the FA also has a majority. The new law would require vendors to show the public a board with the brand and price of tobacco products in future.

The director of the national chamber of commerce (CNC), Claudio Piacenza, said the measure affected Uruguay's image as a country open to investors as it smacked of prohibition rather than regulation. Piacenza accused the government of double standards, arguing that the new marijuana law was much less restrictive.

Philip Morris International (PMI) is suing Uruguay for a law pushed through congress in 2006 by former president Tabaré Vázquez (2005-2010) requiring large health warnings on cigarette packets and banning the sale of those branded as "light" or "ultra light". PMI filed for arbitration at the World Bank's international centre for settlement of investment disputes (Icsid) in 2010.

CHILE | POLITICS

Battle royal over binominal system in the offing

One of the last vestiges of the dictatorship. This is the habitual criticism directed at the binominal electoral system in Chile, which favours two large coalitions and conspires against political representation. Initiatives to reform the system come and go. They either become bogged down in congress or make sudden progress before just as swiftly getting sidelined. Given this context it was not surprising that the opposition was caught unawares when, only six weeks after taking office, the government of President Michelle Bachelet presented a proposal to congress to reform the system, which fused some of these previous projects. The opposition, however, was not alone. Parties within the ruling Nueva Mayoría coalition were also surprised – and not all of them pleasantly.

"Let's call a spade a spade, the binominal system is a thorn in the heart of our democracy. It is a system which was created under the dictatorship and perpetuates exclusion," President Bachelet said while presenting the reform late last month. Striking down the binominal system would be a symbolic victory for the Left, as Bachelet argues, because it has always been mentioned as one of the last legacies of the dictatorship, along with the complex graded quorums in congress, which needs reforming to confer greater democratic legitimacy. But the Left has also benefited from the binominal system. Bachelet's urge to reform the system right now owes less to revolutionary zeal and more to realpolitik in response to the public clamour in recent years for greater political representation, manifested by large street protests and evident in the woeful approval ratings of congress.

The main thrust of the proposed reform to the binominal system would see the size of the lower chamber increased from 120 to 155 deputies and the senate boosted from 38 to 50 senators, with a more proportional system adopted. As things stand there are 60 electoral districts nationwide from each of which two deputies are elected. This favours a political duopoly, with the two main coalitions taking nearly all of the seats. It is very difficult, however, for one coalition to pick up both seats from any given district as it requires winning two-thirds of the vote. This leads to what Bachelet called "the permanent draw".

Deadline for reform

The government is keen for the congressional constitutional commission to approve the reform to the binominal system in general by 21 May so that President Michelle Bachelet can make reference to the progress during her state-of-the-nation address that day.

Under the new system, there would be fewer districts, with many being fused to create 28 macro districts from which at least three and up to a maximum of eight deputies would be elected. For the senate, each of the country's 15 regions would become an electoral district (from 19 now).

The new system would be more proportional, with the number of deputies relating directly to the number of inhabitants in electoral districts. It would boost the number of deputies from Santiago, for instance, which currently elects 26% of the country's deputies but contains 40% of the population. It would also create space for smaller parties and independent candidates and establish a quota system requiring a minimum of 40% of candidates for both chambers to be female.

Deputies from Bachelet's own party, Partido Socialista (PS), scrambled to meet the minister of the presidency, Ximena Rincón, to discover more details about the proposal. The most centrist party in the ruling coalition, Democracia Cristiana (DC), also complained about the lack of prior consultation.

The reform requires the support of 72 deputies and 23 senators. The conservative Unión Demócrata Independiente (UDI) is opposed to it: UDI Deputy Ernesto Silva went as far as to argue that the government had tabled the reform initiative merely to erect a "smoke screen" just as it is trying to win approval for a controversial tax reform. Part of the UDI's junior coalition partner, Renovación Nacional (RN), also opposes the change. The Nueva Mayoría has 67 deputies and 21 senators so would not need too many members of the RN to break rank (see sidebar). If the initial reaction of the DC and PS amounts to more than mutterings of discontent, however, it would sink the initiative.

Deputies who feel they are unlikely to get re-elected because their districts are set to be fused are unlikely to look favourably on the reform. PS Senator Fulvio Rossi also took issue with the government's claim that the additional congressmen would not result in any extra burden on the public purse. Rossi said it was difficult to imagine how it was possible to finance 35 additional deputies and 12 additional senators without more resources. The government has not explained how it intends to achieve the financing feat. The only obvious way is for congressmen to vote, in a separate law, for their own salaries to be reduced in order to accommodate the newcomers. This is highly unlikely to prove an attractive proposition when it comes to voting yea or nay though.

BRAZIL | POLITICS & ECONOMY

Rousseff slaps down Mantega on tax rises

In a dinner with 10 prominent female journalists on 6 May, President Dilma Rousseff contradicted comments made just a few days earlier by her finance minister, Guido Mantega. Speaking to *O Globo*, Mantega said the government might raise taxes on consumer goods to fund the recently announced increases in Bolsa Família payments. "There is not going to be a tax rise," Rousseff said. "I don't know in what context he was speaking but people do slip up from time to time." Rousseff also rejected speculation there would be increases in the prices of energy and fuel after the election.

Inflation

President Rousseff was frank in her assessment of inflation. "It's under control," she said, "but that doesn't mean that all is well." Rousseff went on to assert that though inflation was toxic, deflation was even worse. She was also highly critical of suggestions that the Brazilian economy is heading for a

Lynching

Five people have now been arrested over the lynching of a house-wife in Guarujá, a town on the coast of São Paulo state. Fabiane Maria de Jesus, a 33-year-old mother of two, was beaten to death by a mob last week after being mistaken for a woman wanted for questioning by police over an attempted child abduction. The governor of São Paulo, Geraldo Alckmin, described the attack as an “act of barbarity”.

“perfect storm” and is bound to “explode” in 2015. “One thing explains the pessimism, which is the growth in the cost of goods and services.” But she added that she attributed most of the apparent bad mood of the electorate to the proximity of October’s elections. “I have never seen an election campaign without a bad atmosphere,” she said.

Campos & Neves

Rousseff also took the opportunity to ridicule her two principle challengers for the presidency, Aécio Neves, of the Partido da Social Democracia Brasileira (PSDB), and Eduardo Campos, of the Partido Socialista Brasileiro (PSB). Without mentioning either by name, Rousseff implicitly criticised Neves for his nebulous demand for greater fiscal rigour, and Campos’s suggestion that the inflation target should be limited to 4.5% (rather than its current 6.5%). “Someone says the inflation target should be 3%. Do you know what that would mean? Unemployment of 8.2%,” she said.

Bet you think this CPI is about you

Rousseff’s Partido dos Trabalhadores (PT) is currently trying its hardest to stall a full congressional inquiry into allegations of mismanagement and corruption at the state-run oil company, Petrobras. “I have no fear of the CPI [congressional inquiry],” she said. “All the interest in the inquiry is about me.” At present the inquiry is in the hands of Renan Calheiros, the Partido do Movimento Democrático Brasileiro (PMDB) president of the senate and an ally of Rousseff. While the government and its allies are trying to ensure the CPI is limited to a senate-led investigation, where sympathisers dominate, the opposition is angling for a combination of a senate and congressional inquiry, which is likely to be tougher on the government.

Government allies are also tempted to delay the start of the inquiry. Given how few parliamentary days are left ahead of the election, government allies hope to postpone until after October any devastating revelations. In an interview on 7 May, Neves said the opposition was preparing for a “war” with the government over the CPI.

Campos recoils from Neves’ embrace

Regardless of the recent decline in President Rousseff’s approval ratings, one thing seems certain: she will, at the very least, be in the second round of the presidential election. As such Aécio Neves, currently the second-placed candidate in voter intentions, has been trying to persuade supporters of Eduardo Campos that the two men share many views. The strategy appears to be designed to persuade Campos’s voters that they stand a better chance of a change in government if they vote for him.

Campos has been keen to point out that would be a mistake. “We have our differences,” he said. “So much so that we are in different parties.” Campos went on to highlight his commitment to workers’ rights, which appears to be less of a priority for the more right-of-centre – by Brazilian standards – Neves. Campos also pointed out his opposition to a reduction in the age of criminal responsibility, something that Neves supports.

Strikes galore in Rio

On 8 May bus drivers in Rio de Janeiro went on strike over pay and benefits. The strike was widely observed; bus drivers and bus money collectors attacked buses that broke the strike. By midday over 300 buses had been damaged. On 7 May, outside the arena where the Brazil national football squad for the Fifa World Cup was being unveiled, Rio’s federal police held a protest, threatening to go on strike during the tournament. On 12 May the city’s teachers are due to go on strike.

Congressional inquiries for all tastes

Faced with competing demands from both the government and the opposition about whether to launch full congressional inquiries (CPIs) into irregularities at the state oil company Petrobras and the São Paulo and Distrito Federal metros, Renan Calheiros, the president of congress, decided to initiate both. The two CPIs will be 'mixed'; with the investigators comprising members of both the lower chamber and the senate. While the opposition hopes the Petrobras CPI will humiliate the Partido dos Trabalhadores (PT) and President Dilma Rousseff in the run-up to October's election, the government hopes the investigation into the São Paulo and Distrito Federal metros will undermine trust in the Partido da Social Democracia Brasileira (PSDB) of presidential hopeful, Aécio Neves.

The PT had been trying to avoid a mixed parliamentary inquiry. The supreme court had already authorised a senate-led inquiry, where the PT dominates, and the party had hoped to stall further scrutiny. Now a mixed inquiry is inevitable, the PT is arguing that the senate inquiry should take precedence. The idea, of course, is to run down the clock before the elections. The opposition is accusing Calheiros, from the government-allied Partido do Movimento Democrático Brasileiro (PMDB), of slowing down the process in an effort to help President Rousseff; a charge he denies.

Other PMDB colleagues, however, are openly hostile to the government, and some of them will participate in the mixed inquiry into Petrobras. Among other issues, the CPI will look at the company's purchase of an oil refinery in Pasadena, Texas in 2006. Petrobras paid massively over the odds for the facility, at a time when Rousseff was on the advisory board. Eduardo Cunha, the leader of the PMDB in the lower chamber, will head the mixed inquiry. Cunha heads the 'bloco' in congress, a group of rebels from nominally government-supporting parties, and he has had some success this year in stalling government legislation.

While the PMDB has already chosen three of its four members of the investigative committee, congress still has five parliamentary sessions to pick the remaining participants. Sixteen congressional deputies and 16 senators form a mixed CPI. If the parties fail to decide on the names after five sessions, Calheiros will have another three to appoint members. Once again, the senate president was criticised for allowing such a long period of time for the parties to make their decisions. Calheiros has predicted that the CPI would start in two weeks' time.

The metro CPI

In parallel with the discussion over the Petrobras CPI, the PT had been working to secure an investigation into irregularities in the São Paulo and Distrito Federal metros. On 7 May it succeeded in gathering the support of 191 deputies and 32 senators (the party needed 171 and 27 signatures) to authorise a CPI. The leader of the government-allied coalition in the senate, Eduardo Braga, said, "Now that the opposition is to make political capital out of the possible deviation of public funds, why don't we discuss what happened with the São Paulo metro?"

The CPI into the metro contracts is designed to discomfort the PSDB, which ran the local governments in São Paulo and the Distrito Federal when they were awarded. Neves, the PSDB presidential candidate, is second behind Rousseff in the opinion polls. In a smart move, Neves, a senator for Minas Gerais, was actually the only PSDB representative to vote in favour of the CPI into the metro contracts, knowing that any revelations are unlikely to affect him personally.

World Cup squad

On 7 May the Brazilian Fifa World Cup squad was unveiled to muted excitement. The consensus of local commentators is that the team is too old (the average age is over 28), but at the same time with not enough experience. President Dilma Rousseff has expressed confidence that the results on the pitch will not affect October's elections, though some have pondered whether a poor performance by the team might prove the catalyst for further street protests.

Supreme court criticises government over pensions

Angered by the number of lawsuits over pension payments clogging up the federal judiciary, the supreme court ordered the government to pay the money it owed to successful claimants on 6 May. It also overturned the 1995 pension reform law, which required all appeals over pension rulings to be referred to the federal social security appeals court in Buenos Aires. That court was created during the presidency of Carlos Menem (1989-1999): its critics argued that its main aim was to hold up the legal proceedings started by pensioners.

According to the supreme court's resolution, the pension reform law had led to the "collapse" of the courts, directly impacting pensioners, "one of the vulnerable groups defined in the constitution". Data from the federal social security appeals court showed that by June 2013 there were 279,856 cases being analysed by first instance courts and 187,076 cases being examined by second instance courts. With all the lawsuits being heard in a Buenos Aires courtroom, many plaintiffs from further afield had complained of a lack of access to justice.

From now on, appeals will be dealt with by a federal court in the province in which the first instance ruling was made. The supreme court also urged congress to create new tribunals with jurisdiction in social security matters, and the government to take the necessary measures to ensure its agencies comply with court rulings.

Diego Bossio, the head of the Administración Nacional de la Seguridad Social (Anses), said after the ruling that over the past few months the agency had paid out Arg\$1.71bn (US\$213m, at the official exchange rate). "Only five percent of pensioners sue because they are not happy with their pensions," he said. "By 2016, there won't be any lawsuits filed against the state."

Fernández nationalised Argentina's private pensions in 2008; since then Anses has been used to fund popular projects such as low-income housing, infrastructure and benefits for poor families. Returns on the Anses investment portfolio have been consistently lower than Argentina's estimated rate of inflation. There is widespread suspicion that the delay in resolving the lawsuits regarding back payment of pensions is a deliberate tactic, designed to reduce the state's liability by increasing the possibility that claimants will die before pay-day.

Culture secretary elevated to ministerial rank

A new decree came into effect on 7 May elevating the position of culture secretary to ministerial rank. The new minister will be Teresa Parodi, a singer and composer, who was head of the Espacio Cultural Nuestros Hijos, part of the Madres de Plaza de Mayo foundation. The official bulletin in which the decree was declared noted that the change was necessary, "given the importance that culture represents as a means of development and social cohesion, [and] its role strengthening cultural diversity and the integration of minorities".

A survey analysing Argentines' cultural consumption was released to coincide with the decree. According to the nation's first national survey of cultural consumption and digital environment, 98% of Argentines watch television, for an average of 2.5 hours per day. Radio remains popular: 86% are regular listeners, for an average of 3.5 hours per day. Argentines read more than any other Latin Americans. Sixty percent read a newspaper at least once a week; the average Argentine reads just under three books per year.

Sixty-five percent use the internet on a daily basis; 60% have an internet connection at home. Facebook is the most visited website; 55% of Argentine internet users have a profile on the social media site. Facebook inaugurated its first Spanish-speaking office in Latin America in Buenos Aires this week, prompting an awkward encounter between President Cristina Fernández and the city's opposition mayor, Mauricio Macri, both of whom are keen users of social media. In a speech to mark its opening, Fernández confessed she writes her postings by hand, then someone else posts them on the website.

Repsol exits

Repsol sold its remaining shares in the state run oil company, YPF, on 5 May. The Spanish oil company owned approximately 12% of YPF. With shares trading at around US\$28, Repsol should collect around US\$1.3bn. The sale comes after Repsol agreed earlier this year to end a legal conflict with Argentina that started in 2012 after the government expropriated a majority stake in YPF.

New criminal group?

The federal commissioner for Michoacán, Alfredo Castillo, denied this week that a new drug trafficking organisation (DTO), La Tercera Hermandad or H3, had formed in the Tierra Caliente area of Michoacán. Castillo said he had met Eugenio Ímaz Gispert, the head of the national intelligence service (Cisen), on 5 May and could confirm that media reports that H3 would be recognised as a new DTO were inaccurate. Vigilante leader Estanislao Beltrán also claimed that H3 was not a DTO but another name for the 'self-defence' group in the municipality of Buenavista Tomatlán. His vigilante counterpart, José Manuel Mireles, has maintained that members of the Gulf and Los Zetas DTOs have already arrived in Michoacán, to take advantage of the vacuum left by Los Caballeros Templarios.

MEXICO & NAFTA

MEXICO | SECURITY

D-day for vigilantes

There will be no extension of the deadline of 10 May for members of 'self defence' groups in the western state of Michoacán to join rural state police or rural defence corps and register their weapons, or to disarm, the federal commissioner for Michoacán, Alfredo Castillo, said on 6 May. If the government is to meet its half of the bargain, however, federal security forces will also need to capture the leader of the local drug trafficking organisation (DTO), Los Caballeros Templarios (LCT), Servando 'La Tuta' Gómez Martínez, by the deadline of 10 May.

Castillo said that a total of 2,826 members of 'self-defence' groups have so far registered to join the rural state police and defence corps and 4,551 weapons had been registered, with the owners providing their name, date of birth, address and fingerprints.

On the same day as Castillo delivered his message, a senior leader of the vigilantes, José Manuel Mireles, sought to underpin their continued relevance in Michoacán, addressing President Enrique Peña Nieto in a *YouTube* video. Mireles called for "direct dialogue" with Peña Nieto, saying that each time the president came to Michoacán he would talk to politicians but not the 'self-defence' groups. "The politicians don't represent us, this is what I want to explain to you," Mireles said, while claiming that "many times we don't agree with what your commissioner in Michoacán is telling you".

"I wouldn't want to be in your shoes," Mireles went on "but I can assure you that you wouldn't want to be in my shoes either." Mireles said he feared for his life and needed bodyguards and a blacked out car, a reference to the government's promise, as part of the accord paving the way for the 10 May assimilation and institutionalisation of the 'self-defence' groups, to provide protection for vigilante leaders.

New citizen security body takes shape

There is no chance Peña Nieto will consent to meet Mireles. The 10 May deadline, when the vigilantes will be subsumed into legitimate institutions, cannot come quickly enough for Peña Nieto, for whom the vigilantes have been an international embarrassment. Much more to his taste will have been the formation of the national association of citizen councils on 6 May by the presidents of the citizen councils of security and justice of the states of Morelos, Puebla, Chihuahua and the Distrito Federal.

Members of this new association, rather than taking the law into their own hands, will act as a bridge between the public and the authorities on citizen security matters. The president of the DF council, Luis Wertman, who was appointed head of the new national association, said the councils had come together to provide a common front to help reach joint solutions to shared security challenges and "to defend an idea of a life of peace for our families". Wertman called on other states to form similar councils and to join the national association.

Wertman said the councils would share security information; carry out crime studies; and give the public confidence in the face of "a vacuum of authority in certain parts of Mexico". He said the national association would hold working groups with the federal government through the interior ministry (Segob) and the national security commission.

Mexico sets world example

On 6 May the secretary general of the Organisation for Economic Development and Co-operation (OECD), Mexico's Angel Gurría, heaped praise on the Mexican government's ability to build political consensus around its ambitious structural and economic reform agenda by presenting it as an example for others to follow. Pointing out that Mexico is "one of the world's largest economies", Gurría said that "the fact that they have reached these consensuses will not only help Mexico but will also tell the entire world that consensus can be achieved when society is in agreement and has its priorities clear".

Robles in hot water again

Four deputies from the right-wing opposition Partido Acción Nacional (PAN) have presented a complaint against the social development minister, Rosario Robles, before the national council for the prevention of discrimination (Conapred) for her apparent attempt to restrict the social welfare programme, 'Oportunidades', to families with no more than three children.

PAN deputy Beatriz Zavala said many families with more than three children faced extreme poverty. She also said she hoped there would be no repeat of President Enrique Peña Nieto's "don't worry, Rosario" remark in reference to a scandal involving the use of social programmes for electoral ends in the state of Veracruz exposed by the PAN in April 2013 [WR-13-16].

Robles made her latest gaffe on 30 April in Los Encinos, a small indigenous village of 350 people in the state of Nayarit, during an event organised to inaugurate a community canteen through the Oportunidades programme. "Oportunidades will no longer benefit those who have lots of children," Robles said. "Oportunidades supports the idea of the family going ahead, and this [is only possible] if the family is small and has the chance of education, health and a decent home."

After being accused of indirectly advocating birth control for implying that additional subsidies for more children had created a perverse incentive for the poorest families to keep reproducing, Robles backtracked in a television interview on 5 May. She said that "in the middle of a speech, you cannot be precise [...] Oportunidades will benefit all families below the poverty line [...] and no indigenous woman will be excluded." Robles said she had only meant to draw attention to "the country's very real problem of teenage pregnancy".

Eligible families receive M\$115 (US\$8.80) per child per month through Oportunidades, although it reaches M\$1,710 (US\$133) for children who go to primary school; M\$2,415 (US\$186) for children who go to secondary school.

TRACKING TRENDS

MEXICO | Among OECD growth leaders. On 6 May the Organisation for Economic Development and Co-operation (OECD) released its latest global economic outlook, which found that Mexico, Chile and South Korea will have the highest economic growth rates among the 34-strong group both this year and next year. According to the OECD, while South Korea will lead the way with a projected growth rate of 4% this year and 4.2% in 2015 followed by Chile with projected growth rates of 3.6% and 4.2%; Mexico is not very far behind with projected growth rates of 3.4% and 4.1%.

The projections for Mexico are thus well above the average projected growth rate for the OECD of 2.2% this year and 2.8% in 2015. More significantly, the projections also suggest that this year the Mexican economy will recover from the slump it suffered in 2013 when its GDP only grew by 1.3%, dragged down by the weaker-than-expected economic recovery in the US. In fact, the OECD report said that its new forecasts for Mexico were supported by the continued recovery in the US and the effects of the fiscal stimulus package implemented by the government of President Enrique Peña Nieto.

The report added that the various structural reforms being pursued by the Mexican government, in particular the energy, banking and telecommunications reforms were boosting business confidence levels and improving the private investment climate. All of which will boost productivity as well as growth in the "long term".

OECD secretary general, Mexico's Angel Gurría, celebrated Mexico's growth forecasts highlighting that, if achieved, the Mexican economy will "almost triple" the growth rate posted in 2013. Gurría said that "We are seeing not only a recovery but [...] the result of the exceptional reform package that is currently being discussed and negotiated [...] that has surprised the entire world but with great enthusiasm".

MEXICO | Alsea's Vips given takeover green light. On 5 May Mexican restaurant operator, Alsea, announced that Mexico's federal economic competition commission (Cofece) had approved its proposed US\$630m acquisition of local restaurant chain, Vips, from Walmart's Mexican subsidiary. The deal, had been announced back in September but was held up by Cofece amid concerns that it would give Alsea, Latin America's largest restaurant operator, too much of a dominant share of the Mexican market. However, an Alsea statement said that after a review, Cofece had "ultimately authorised the deal".

Are *maras* infiltrating security forces?

The Salvadorean government is investigating infiltration of the armed forces (FAES) and the national police force (PNC) by *mara* street gang members. The justice & public security minister, Ricardo Perdomo, confirmed as much this week after the military college revealed that an army cadet had been identified as an active member of a *mara* gang investigated by the attorney general's office for murdering another gang member late last year. Perdomo helped to fan local media hype by denouncing "a strategy of institutional penetration" by *mara* gangs to infiltrate the FAES and the PNC in order to frustrate security plans and to obtain training and steal weapons.

The national public security academy (ANSP) revealed that 120 gang members had been identified as having enrolled in the military college or the PNC over the course of the government of President Mauricio Funes (2009-2014). It is some leap from this to a "strategy of institutional penetration" by the *mara* gangs, but Perdomo is under pressure to explain the spate of recent attacks on police officers by the *maras* [WR-14-16].

Raúl Mijango, a former deputy who brokered the gang truce in 2012, said it would not surprise him if some *maras* were enrolling in the security forces but he cast doubt on it being a concerted strategy. Mijango, long at loggerheads with Perdomo, argues that the recent *mara* attacks can be explained by the mixed signals coming from the government, which has increased repressive policies against the *maras*, while simultaneously calling for dialogue.

Spokesmen for the *mara* gangs rejected Perdomo's proposed 'pacification process' in a statement last week in which they expressed their commitment to the proposal for peace talks, dubbed 'Iniciativa Pastoral por la Vida y por la Paz', presented to the incoming government of Salvador Sánchez Cerén by Mijango. "If we are part of the problem", the *maras* said, "we can also be part of the solution". They also accused the PNC of using a reform to the penal code last year (under which soldiers or police sentenced for violent clashes with *maras* will face time in police stations or barracks rather than prison) as "a licence to kill" *mara* members.

Arrest warrant issued for Flores

Interpol issued an international request to arrest former president, Francisco Flores (1999-2004), on 7 May after he was charged with embezzlement, illicit enrichment and disobedience by a San Salvador judge. The judge also embargoed the property of Flores, who has eight houses.

A legislative commission investigating Flores for irregularities surrounding multi-million-dollar donations from Taiwan recommended on 25 February that the attorney general's office investigate Flores, who initially cooperated with the commission but later absconded after incriminating himself.

The head of El Salvador's legislative assembly, Sigfrido Reyes, claimed on 1 May that Flores was hiding out in Panama at a house on the Azuero peninsula of the Pacific province of Los Santos belonging to "a former female Panamanian president", which could only be Mireya Moscoso, whose term coincided with that of Flores. Reyes claimed that Flores was leading a life dedicated to "fishing, meditating, and relaxing on a yacht called 'Princesa'", and had the use of a heliport.

President Mauricio Funes appealed to his Panamanian peer Ricardo Martinelli on 3 May not to grant Flores political asylum, stressing that Flores was "not a political target" and was "being pursued legally for crimes he committed as president of the republic". Unless Flores is arrested and arraigned before 31 May, the statute of limitations will expire.

Venezuela trip

President-elect

Salvador Sánchez

Cerén visited

Venezuela on 1 May

where he held talks

with President

Nicolás Maduro. The

main focus of the

trip, other than to

extend a personal

invitation to Maduro

to attend Sánchez

Cerén's investiture on

1 June, was to

discuss El Salvador's

entry into

Petrocaribe, the

Venezuelan-run bloc

that provides its

members with oil on

preferential terms.

Hernández – 100 days and running

The new government led by President Juan Orlando Hernández seems to be looking north to Mexico in setting an ambitious, and fast-paced, agenda for the executive and congress. The national congress president, Mauricio Oliva, presented the legislative agenda for the 2014-2018 period on 6 May. Noting that it was a unified agenda agreed upon over the past few months by the various political parties represented in congress, the most multi-hued ever in Honduras, Oliva said the agenda was based upon four main pillars: security; social wellbeing; the economy; and transparency and anti-corruption, with “a strong degree of consensus” around 25 key legislative proposals.

Citizen security

Citing newly approved laws including the regulation of the sale of mobile phone Sim cards and the law of restitution (Ley de Recompensas, for the victims of organised crime and drug trafficking), Oliva said the legislature aimed to support the efforts of the executive led by President Hernández to strengthen security in Honduras by drafting a new penal code that will address and incorporate new organised criminal acts including kidnapping, cyber crimes and other crimes related to the processing of narcotics and other drugs (possibly alluding to pre-cursor chemicals and amphetamines). The legislature is also debating an update to the anti-money laundering law, new firearms controls and tighter measures to eradicate arms and violence at large events like football matches. Other new measures limit the sale of alcohol on Sunday nights, a peak time for violence.

Social wellbeing

Oliva noted approval of a new ‘open schools law’ (Ley de Escuelas Abiertas), which he said would put an end to the takeover and/or closure of educational establishments by striking workers or “union interests”, stating that schools are there “to provide classes and not to use children as hostages”. Other initiatives include the provision of locally made free uniforms for public school children (Ley del Uniforme Único y Gratuito), while 15,000 schools will also be Internet-connected, he said. Finally, a new framework law for the long-troubled social security institute (Ley del Instituto Hondureño de Seguridad Social [IHSS]) would “eliminate” some of “the many errors committed in this institution”, Oliva told the assembled media, without elaborating.

Economy

The new government is putting a big emphasis on supporting the rural and agriculture sector with US\$645m in investment planned over the next four years. Rural infrastructure, tourism and employment will get a boost through new road paving schemes for instance. On the legislative front, new measures will include a law on electronic commerce to regulate Internet sales, and a law on administrative procedures (Ley de Agilización Administrativa) to give greater security to existing companies and facilitate the creation of new businesses. Reforms to the law governing micro, small and medium-sized businesses aim to boost the small business sector, and new measures to attract foreign direct investment (FDI) are also on the agenda. President Hernández claims that the country has already attracted US\$5.0bn in new investment pledges in the first four months of his term. He has pledged 100,000 new jobs in his four-year term.

Transparency and Corruption

A new anti-corruption draft law, introduced by the main left-wing opposition Libre, is already before the legislature, and will be complemented by measures seeking stronger public sector transparency, caps on senior public sector salaries, and heavier sanctions for offenders.

Homicides down again?

The ministry of security reported a figure of 1,897 registered homicides for the first four months of the year, down 19% on the 2,333 reported for the same year-earlier period. According to the observatory of violence at the national autonomous university (UNAH) there were 6,757 homicides overall in 2013, down 5.7% on 2012 (7,172).

Quotes of the week

“I know the candidate and truly ‘May God help us all’.”

Panama’s President Ricardo Martinelli reacts to the electoral victory of his former vice-president, Juan Carlos Varela.

“Even Batman signed for the YASunidos.”

The vice-president of Ecuador’s national electoral council (CNE), Paúl Salazar, on the lists of signatures calling for a referendum on exploiting oil in the Yasuní national park.

“Poverty causes desperation, like Jean Valjean in *Les Misérables*, who out of hunger broke a glass window and stole some bread for his sister’s family [...] but inequality can cause violent movements that look for other paths through violence rather than democracy.”

Peru’s President Ollanta Humala in a speech before the Economic Commission for Latin America and the Caribbean (Eclac).

POSTSCRIPT

Peru’s first lady in media spotlight again

Absolutely no interference from First Lady Nadine Heredia. René Cornejo had to make this promise to win a congressional vote of confidence in March to become Peru’s prime minister. But an interview with Heredia just published by local magazine *Cosas* reveals that her influence within the government of her husband, President Ollanta Humala, is as great as ever. Heredia’s attempt to have some of her more controversial political comments excised just before publishing shows a later recognition of the negative fallout her candour could have for Humala, although the effect was to attract even more publicity.

In the interview, Heredia accuses former president, Alán García (1985-1990; 2006-2011), of “moving his tentacles” within the judiciary to curtail an investigation into him for corruption carried out by a congressional commission. “Now he [García] is showing all his teeth”, Heredia said, claiming that she has been accused of manipulating institutions in order to try and remove the bar on her, as Humala’s wife, competing in presidential elections in 2016, which she said was “a smokescreen so that he [García] does so”. Heredia also indirectly revealed that she was more powerful than Cornejo’s predecessor as prime minister, César Villanueva: cabinet ministers went to her to discover if they would retain their positions, while Villanueva had asked her about reshuffling the cabinet. Heredia also said that she would continue to meet ministers in her capacity as president of the ruling Partido Nacionalista Peruano (PNP).

The general editor of *Cosas*, Isabel Miró Quesada, said Heredia had pressured the magazine just as it was going to press to remove the sections of the interview on García and Villanueva. Heredia said on *Twitter* that the piece was supposed to be about Mother’s Day but ended up being political, which had not been agreed. García has said that what was really alarming was Heredia’s attempt to censor the piece. Humala himself responded that “I don’t see how you can call that censorship”, while urging the media to report issues of importance, such as the inauguration this week of a modern new state hospital in Lima, ‘Guillermo Kaelin’.

Humala’s government has belittled the significance of the interview, saying it contains nothing new. The real novelty, however, is that beforehand the extent of Heredia’s influence not just on Humala, at an emotional and a political level, but also on decision-making, was inferred – and repeatedly denied by the government. In the interview Heredia acknowledges it herself. She will continue to fascinate the press and, in the words of one local commentator, she will remain “the punching ball for an opposition that prefers to politicise scandals rather than propose meaningful reforms”.



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