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Latin America unites in condemnation of Israel

Latin America has taken decisive diplomatic action in response to Israel's military offensive in the Gaza Strip. Criticism of Israel has naturally varied in intensity but it has transcended ideological differences. Ambassadors have been withdrawn for consultation by friend and foe alike. Israel had launched a charm offensive in parts of Latin America in recent months after the region moved en masse to recognise the Palestinian State, and out of fear of Iran's growing influence there. It would be going too far to say all this good work has been undone—many countries are just as keen for Israeli agricultural know-how and arms exports as Israel is to diversify its trade—but it has been set back.

Bolivia's President Evo Morales said on 30 July that henceforth Israeli citizens would require a visa to enter the country, as "we are declaring [Israel] a terrorist State". This eye-catching diplomatic development was followed on 4 August by a simple *tweet* - "Ecuador has decided to open an embassy in Palestine" - from Ecuador's foreign minister, Ricardo Patiño. Patiño said that "the world has a moral obligation to end the massacre in Gaza and promote a lasting peace with justice". Ecuador's President Rafael Correa condemned the Israelis for carrying out the same abuses of which they were victims in the past; Venezuela's President Nicolás Maduro, in less measured tones, accused Israel of turning Gaza into "a giant Auschwitz", promising to receive Palestinian refugees and send humanitarian aid out of solidarity with those being "massacred" in Gaza.

Cuba's Fidel Castro penned a piece on 5 August entitled 'The Palestinian holocaust in Gaza', for the Communist mouthpiece *Granma*, in which he accused Israel of practising a "new and repugnant form of fascism" in Gaza. "The genocide of the Nazis against the Jews garnered the odium of all the people in the world", Castro said, "Why does the government of this country believe that the world will be insensitive to this macabre genocide that is now being committed against the Palestinian people?". Nicaragua's President Daniel Ortega also denounced "genocide".

It could be argued that Ecuador and Venezuela, members of the Organization of the Petroleum Exporting Countries (Opec), have a natural affinity with the Palestinian cause, and just as naturally oppose US diplomatic support for Israel, but their credibility in the diplomatic arena, and that of the Venezuela-led bloc Alianza Bolivariana para los Pueblos de Nuestra América (Alba), is impaired by inconsistency. They raged against the possibility of US-led military intervention in Syria last year but defended a despotic dynastic dictatorship at odds with Alba's professed democratic ideals, even sending a delegation in 2011 which claimed to have seen no evidence that President Bashar al-Assad's military was repressing dissent.

Spat with Peru

Israel's ambassador to Peru, Modi Ephraim, told the local daily *Perú.21* this week that Peru had "rewarded terrorism", adding that "your government had previously taken a balanced position, but with what it has done it has shown that it doesn't understand the problem and doesn't support us in our fight against terror". Peru's foreign minister, Gonzalo Gutiérrez Reinel, responded swiftly: "We do not reward terrorists [...] but emphatically reject terrorism having lived through it and suffered from it. We reject all types of violence, violence against hospitals, actions which have led to the deaths of thousands of civilians in Gaza, among them many children; and we reject with equal emphasis and energy the launching of missiles against the Israeli population", Gutiérrez said.

The censure of the more radical left-wing governments in Latin America, habitually fierce critics of Israel, was unsurprising but it was not confined to these governments. Uruguay's President José Mujica, a moderate left-winger, also used the word "genocide" for Israel's offensive, and his government said it would shortly open a permanent official diplomatic representation in Ramallah, the de facto administrative capital of the State of Palestine, whose foreign minister, Riad Malki, showered praise on Uruguay in response.

El Salvador and Brazil (stung by the "diplomatic dwarf" jibe from Israel [WR-14-30]), not least because Brazil is acutely conscious that it punches well below its weight and covets a place on the United Nations Security Council [UNSC]) withdrew their ambassadors for consultation. But so too did Chile and Peru. Mexico and Colombia sought to give the most 'balanced' response, but even Colombia's President Juan Manuel Santos criticised the "military offensive by Israeli forces". Last year, on a visit to Israel to seal a Free Trade Agreement (FTA), Santos said he had taken it as a compliment when Venezuela's late former president, Hugo Chávez (1999-2013), called Colombia "the Israel of Latin America", because of its perceived isolation.

Chile's response is perhaps the most pertinent. Chile is the main homeland for Palestinians outside the Arab world, with some 350,000 citizens of Palestinian origin, and as a non-permanent member of the UNSC, Chile has "a greater responsibility" to cite its foreign minister, Heraldo Muñoz. His ministry criticised "a collective punishment" of the Palestinians. It expressed "consternation" at the shelling of a United Nations school in Gaza which claimed the lives of 10 Palestinians on 3 August, stating that "the coordinates of the school and its function had been given to the Israeli defence ministry on numerous occasions with the express aim of preventing such an attack". It criticised Hamas too but stressed that "the scale and intensity of the Israeli operations in Gaza violate the principal of proportionality in the use of force", which it said was "indispensable" to justify legitimate defence. Chile suspended FTA talks with Israel.

Israel's foreign ministry expressed "deep disappointment" at the "encouragement for Hamas", whose number two, Musa Abu Marzuq, thanked the Latin American governments that recalled their ambassadors for their "solidarity with the Palestinian people". Israel said it would have been "much better" if Latin America had "joined international efforts to help Israel defend innocent civilians".

Latin America's condemnation of Israel is obviously nothing like as important as US censure would be but it is a setback for Israel, which has in recent months sought to counter the perceived growing influence of Iran in the region, as well as respond to the move by 10 South American countries in 2011 to recognise the Palestinian State, eight of them (much to the displeasure of Israel and the US) along the border prior to the Six-Day War in 1967.

Israel's government approved a three-year US\$14.5m plan last May to strengthen its economic ties with the Pacific Alliance nations - Colombia, Chile, Mexico and Peru- as well as Costa Rica. This followed Israel's designation in February as a Pacific Alliance observer, which foreign minister, Avigdor Liberman, called "an important diplomatic move". Liberman planned a visit later this year, and Israel aimed to open trade offices in Chile and Peru, enlarge embassies in Mexico, Colombia and Costa Rica, and re-open its embassy in Paraguay (closed in 2002). Israel's Prime Minister Binyamin Netanyahu had to cancel a "historic" first visit to the region in April due to a foreign ministry strike. Rescheduling it in the near future will be very difficult - but Latin American countries will come around. Just as Israel wants to decrease its dependency on Europe as its primary trading partner, Latin America craves Israel's expertise in agricultural technology and science, as well as fertilisers, electronics and arms sales to the tune of about US\$1.6bn a year.

Smuggling

As part of (yet another) effort to clamp down on cross-border smuggling and contraband trade between Venezuela and Colombia, Venezuela's military chief, General Vladimir Padrino López, will coordinate a new 'bi-national command and control centre against contraband', charged with stopping the illegal flow of fuel, food and merchandise goods from Venezuela into Colombia. The Maduro government complains that smuggling is partially responsible for Venezuela's supply problems, with goods imported into Venezuela at the (artificially low) official exchange rate smuggled straight out again to Colombia at very profitable margins. Maduro warned of a coming "shock plan" against the smuggling "mafias". Notably, government critics have long suggested that the Venezuelan military itself is quite involved in the lucrative trade.

ANDEAN COUNTRIES

VENEZUELA | POLITICS

Like oil and water

In the western oil-producing state of Zulia, at an event to mark 100 years since the first oil was drawn in Venezuela, the energy minister and president of the state oil giant Pdvsa, Rafael Ramírez, was clear as water that domestic fuel prices, frozen for the past 17 years and long since cheaper than water, would have to go up.

Ramírez, who as vice-president of economic affairs is at the helm of economic policy decisions in the administration of President Nicolás Maduro, denied that the price increase was a bid to plug the growing fiscal deficit (estimated at upwards of 7.5% of GDP), and insisted the additional revenues would be ploughed back into the government's flagship health, education and public housing schemes, which for the past 15 years have been paid for by Pdvsa, effectively. But after years of underinvestment in its core business, Pdvsa is on the ropes, with production stagnant and oil prices down on previous peaks. As much as the government dresses up its economic adjustment in socialist terms, it is a textbook case. (Notably, Ramírez also confirmed that Pdvsa is looking to offload its US refinery company Citgo, which he valued at just over US\$10bn.)

Ramírez made the point that it is cheaper to fill a car with petrol than to buy a packet of cigarettes in Venezuela, where a litre of petrol costs between US\$0.10 and US\$0.15. In Uruguay (where fuel is the most expensive in South America), it costs US\$1.89 per litre. In Norway, another petro state, fuel is 169 times more expensive, on World Bank comparisons. Needless to say, Venezuela has the highest per capita fuel consumption in the world (730,000 barrels a day in 2013, up from 400,000 in 2002, according to Ramírez) and US car manufacturers like Ford and General Motors have long counted Venezuela among their best markets, with high demand for their gas guzzling jeeps and SUVs.

The domestic fuel price freeze costs Pdvsa US\$15bn a year, Ramírez said, noting that the company's production costs are 28 times the retail fuel price. Prices will have to reach a "reasonable level", but will not reach international levels, he said, noting that this should also act to deter the huge fuel smuggling business into Colombia, which he put at as much as 100,000 barrels a day (*see sidebar*).

Ramírez said the increase would be an executive decision and would not be put to a referendum. Left-wing radicals immediately accused the government of betraying the late Hugo Chávez (1999-2013). Chávez did in fact occasionally tout the need for fuel prices to go up but he was in office during a lengthy oil price boom and never had to take that decision. Inevitably, higher fuel prices will feed into inflation ahead of the 2015 congressional elections.

Maduro and Santos talk trade

President Maduro and his Colombian peer Juan Manuel Santos had a theatrically friendly border meeting on 1 August, where they agreed on a new payments system for bilateral trade, which has fallen off by an estimated 70% in the past five years, partially amid political rows but also because of Venezuelan payment problems. According to Colombia's finance minister, Mauricio Cárdenas, local suppliers are owed some US\$300m by the Venezuelan State alone.

Maduro announced a new special bilateral exchange rate for bilateral trade, whereby each country will trade in its own currency and exchange any surplus into a convertible international currency (as yet unspecified). This special exchange rate will be set by the Venezuelan government, which is moving towards unifying its multi-tiered currency system.

Movadef

The anti-terrorism prosecutor, Julio Galindo, said he was considering denouncing the penal court judges before the constitutional tribunal (TC) for the “totally unjust” resolution releasing the eight Movadef members. Two magistrates from the penal court decided to hold a press conference in the face of the criticism in which they stressed that “We’re not saying that these people are innocent or guilty, the process continues, but they will face it in freedom”. They said that the attorney general’s office had failed to provide “sufficient evidence tying the accused to the crimes of terrorism and the financing of terrorism” to justify holding them in preventive detention.

Humala handed two reverses

Peru’s president Ollanta Humala has suffered setbacks in the political and judicial spheres. Humala faces an unwelcome challenge to win approval for his legislative agenda in the remaining two years of his mandate after seven deputies from the ruling Gana Perú coalition resigned citing differences with the government, six to set up their own party, Dignidad y Democracia. Gana Perú now has just 36 deputies, the same as the main opposition party, the *Fujimorista* Fuerza Popular (FP). Meanwhile the Humala government’s efforts to prove that the Movimiento por Amnistía y Derechos Fundamentales (Movadef) is the political arm of the Sendero Luminoso (SL) guerrillas also suffered a blow when judges released eight Movadef members arrested in April for lack of evidence.

President Humala will no longer be able to muster a majority in the 130-seat unicameral national congress even with the support of Perú Posible (PP), the party of former president, Alejandro Toledo (2001-2006), and other allies. In the short-term this will complicate obtaining legislative approval for his new prime minister, Ana Jara (a vote is scheduled for 20 August), but in the medium-term his government could now face a rough ride, struggling to win support for its policies and with the prospect of FP being able to pursue motions of censure against cabinet ministers successfully, which would cause political instability at a time of economic uncertainty. There is also the possibility that Gana Perú, a loose coalition, will lose more deputies to Dignidad y Democracia.

The political blow coincided with a judicial blow for Humala as judges decided to release eight Movadef members, including the secretary general, Manuel Fajardo Cavero, and the assistant secretary general, Alfredo Crespo, two lawyers who have campaigned for the release of the imprisoned founder of SL, Abimael Guzmán. Humala urged the judiciary to “reflect on the ruling because there was a tremendous effort made by the police to investigate for months” (*see sidebar*).

TRACKING TRENDS

ECUADOR-PERU | Energy cooperation road map. Energy authorities from Ecuador and Peru met in the Galapagos Islands on 31 July to discuss the possibility of developing a “road map” for oil and gas cooperation. During the two-day ‘binational Ecuador-Peru workshop’ 40 delegates from both countries led by Ecuador’s non-renewable resources minister, Pedro Merizalde, and Peru’s energy & mining minister, Eleodoro Mayorga, exchanged and analysed information about their respective countries’ oil fields with a view to “maximise opportunities and take advantage of existing oil infrastructure and facilities in the areas of activity in both countries”. They also discussed jointly exploiting heavy crude oil and natural gas deposits in northern Peru and Ecuador’s southern coastal areas.

After the meeting Mayorga said that “Ecuador and Peru share similar and complementary geological and logistical characteristics in hydrocarbon blocs located in the border area”, and that the objective of the discussions was to find ways to take full advantage of these. Mayorga said Peru’s northern oil pipeline could be used to transport Ecuadorean light crude located in border deposits that Ecuador has been unable to exploit due to a lack of infrastructure and that Peru could also consider exporting any surplus natural gas to Ecuador “as long as we can satisfy market demand in Piura and Tumbes”, Peru’s north-western regions bordering Ecuador.

Mayorga said an independent consulting firm will now be contracted to identify and quantify existing oil and gas deposits in both countries; and conduct technical and financial viability studies to determine the level of demand and pricing for hydrocarbons in both countries. The two ministers also agreed to hold a follow up meeting in late September to go over the progress made in order to have a report ready to present at the next bilateral presidential meeting scheduled to take place in Ecuador’s border city of Arenillas on 28 October.

After default, an alternative solution emerges**The origin of
'vulture funds'**

The hold-outs pursuing Argentina, and other financial firms that buy up distressed sovereign debt, are commonly referred to, particularly by the Argentine government as 'vultures'. In fact, the term was coined on Wall Street itself, and adopted with enthusiasm, initially, by the firms that practiced this strategy, believing it emphasised their capacity to find a profit from slim pickings.

Though the government in Buenos Aires continues to deny Argentina has entered default, the financial world beyond is clear. On 1 August the International Swaps and Derivatives Association (ISDA) ruled that a "failure to pay credit event" had occurred in Argentina, when the country's payments to bondholders were blocked by US judge Thomas Griesa. Relations between the Argentine government and Griesa have deteriorated further, with Buenos Aires demanding the replacement of the court-appointed mediator, Daniel Pollack. As the argument continues, a private sector solution has started to take shape.

When the deadline for agreement between Argentina and its hold-out bondholders expired at close of the New York working day on 31 July, a court order came into effect blocking the US\$539m the Argentine government had deposited in the Bank of New York to pay the interest on bonds restructured during the debt write-downs of 2005 and 2010. As the money, and the willingness, to pay were both present, Argentina argues the situation cannot be described as a default. Buenos Aires says it cannot offer the hold-outs more without triggering a flood of lawsuits from the bondholders who have already settled. With a couple of exceptions (to JP Morgan and to Citibank), which Griesa made clear were "one-off" events, the bondholders who had accepted the terms of Argentina's earlier offers received no money.

The ISDA ruling triggers an auction of credit default swaps (CDS). The Argentine government is now calling for an inquiry into "fraudulent manoeuvres" in the CDS market, claiming that the holdout bondholders, principally NML Capital, a subsidiary of Elliott Management Corporation, were looking to force Argentina into default to collect a pay-out on this bet, before off-loading their bonds. Many bond buyers own credit swaps as protection against losses, but the dual roles can skew incentives because creditors will sometimes stand to profit more from a swaps payout than from an issuer actually meeting its debt obligations. Elliott last year denied in a US court that it owned default swaps for Argentina. This week a spokesman for Elliott declined to comment.

A possible solution

If the hold-outs are waiting for the auction, an end could be in sight. There is some speculation that investment banks like Citibank, HSBC or JP Morgan could buy the defaulted bonds to protect the value of their holdings in restructured bonds. Just before the deadline expired a group of Argentine private banks (Adeba) also put forward an offer to try to resolve the deadlock. The economy minister, Axel Kicillof, has expressed cautious approval of the idea. The owners of the defaulted bonds could ask Judge Griesa to suspend his order, and negotiate a settlement without triggering more lawsuits.

Fightback

In the meantime, Argentina is putting up a fight. As well as launching the investigation into the CDS market, Argentina demanded Griesa find an alternative to Pollack, who, it argued, demonstrated his bias towards the hold-outs by referring to the government's "imminent default" ahead of the deadline. Griesa has so far ruled out changing the mediator.

On 5 August, the economy ministry issued a press release calling on Citibank and Bank of New York to ignore the judge's ruling and distribute Argentina's money to bondholders. "[The judge] is unaware of the fact that Argentine

Grandson found

On 5 August Estela de Carlotto, the president of the Abuelas de Plaza de Mayo, celebrated the discovery of her grandson, Guido Montoya. Montoya is the son of Laura de Carlotto, a left-wing militant who was kidnapped and murdered by the military dictatorship in 1977; her newborn son was given to a childless couple. The reunion came about after Montoya approached the Abuelas de Plaza de Mayo with questions about his true identity; the human rights' organisation has so far reunited 114 people, snatched as children, with their original families.

debt is under Argentine, British and New York law, and issued in different currencies. This way, he illegally exceeds his jurisdiction with his ruling," the ministry argued. It is also calling on bondholders to claim their payments.

Furthermore, Argentina is drafting a lawsuit against the ruling which it plans to lodge at the International Court of Justice at The Hague. International law dictates that if a sentence by one country's judicial system affects another country the dispute can be brought to the ICJ. Nevertheless, the countries concerned have to accept the court's jurisdiction. Given the US withdrew from the ICJ's compulsory jurisdiction in 1986 (over its ruling that the US violated international law in its covert funding of the war in Nicaragua), it only accepts the court's authority on a case by case basis. The US administration would therefore have to accept subordinating a decision by the US Supreme Court to The Hague. In terms of US politics, this would be a tough sell.

Economic impact

So far the impact on Argentina's economy has been relatively minor. Two of the credit ratings agencies described the country as being in "selective default". The longer the stand-off drags on, the greater the damage. Industrial activity is already down 3.2% in the first six months of 2014, according to the government's own figures. Car production is down 20.5%. Business dedicated to the production of materials for the construction industry, another key gauge of the economy's wellbeing, is also down, 0.5% in the first half of the year.

After the devaluation of the peso at the start of the year, inflation had started to come under control, but the increased uncertainty generated by the situation could push it to rise again. Argentina's already thin foreign reserves, currently worth around US\$29m, could also come under pressure, slowing capital inflows. So far the economy is on course for a contraction of around 1.5% in the year; some private sector analysts believe it could shrink by up to 3%.

Buenos Aires teachers strike, again

Around 3m children in the province of Buenos Aires have missed 20 days of school this year due to industrial action. The latest walkout came on 4 and 5 August, from teaching unions who are demanding that the government re-open collective wage talks. Teachers in some other provinces—Chaco, Formosa, Misiones, Neuquén, Salta and Santa Fe—also decided to strike. Jorge Capitanich, the cabinet chief, said there is no chance of further negotiations on pay, although the government would be prepared to discuss other issues.

Teaching unions argue the government has not honoured its promise, made during the wage negotiations in March, that it would monitor prices and make adjustments to salaries accordingly. In the period since the agreement "not only have prices not slowed down, as the government claimed, but there has been an increase in the inflation indices, resulting in a constant loss of purchasing power."

Capitanich argues that the agreement took place amid a declining trend in the price index. "There is no reason to re-open salary negotiations as that trend continues," he said. Daniel Scioli, the governor of Buenos Aires province, has echoed the government's line: he accepts the teachers may have a point about the poor quality of the educational infrastructure (school buildings etc.) but calls for those demanding higher wages to think about the delicate economic situation currently facing the country.

Alberto Pérez, the provincial government's cabinet chief, was more blunt. "The increase given last March was higher than 30% and has been surpassed by neither inflation estimates by the [official] Indec statistics bureau nor private consultancies," he said. "Argentina needs to take care of its jobs – government and workers need to work together."

Inflation has been slowing in the country since the devaluation of the peso at the start of the year, but it still remains high. In June, the last month for which figures are available, consumer prices rose 1.3%, slightly below the 1.4% increase in May. Many reputable private sector economists believe that Argentina's inflation could exceed 30% this year.

Assessing the strength of the evangelical vote

Evangelical candidates

Among the PSC's most prominent candidates are Marcos Feliciano, who last year chaired the congressional human rights' committee, despite his staunch opposition to gay rights; and Roberto Miguel Rey Junior, also known as "Dr Rey", a prominent celebrity plastic surgeon and reality show star who praises the party as being the only one "unashamed to talk about God".

Last week, Edir Macedo, the leader of the evangelical Igreja Universal do Reino de Deus (IURD, Universal Church of the Kingdom of God), and one of the wealthiest men in Brazil, opened the largest religious building in the country. The Temple of Solomon, located in São Paulo's eastern zone, is 100,000 square metres, and its façade contains stone hewed from Hebron, in the West Bank, where Abraham, Isaac and Jacob are said to be buried. Its cost has been estimated at R\$685m (US\$300m). The temple's political significance was highlighted by the fact that President Dilma Rousseff, and Vice-President Michel Temer, attended its inauguration on 31 July.

On the rise

Neo-pentecostalism, or evangelism, is the fastest growing religion in Brazil. In 1970, just 5.2% of the population described themselves as evangelical; in 2010 that figure rose to 22.2%. The Roman Catholic Church has been the major loser. On current trends, a third of the Brazilian population will describe itself as evangelical by the end of the decade. It is important to recognise that the evangelical movement is not a homogeneous mass, and covers a wide range of different theologies and politics. Nevertheless, evangelicals tend to define themselves as social conservatives: pro-family, anti-gay rights and in favour of a reduction in the age of criminal consent.

This year, 270 candidates for Brazil's legislative elections are evangelical pastors, a rise of 40% on the 193 who ran in 2010. By comparison, only 16 Roman Catholic priests are running for election to the same body. At present 73 congressional deputies define themselves as evangelicals; in 2006, this number was just 32. Evangelical politicians are also making significant inroads lower down the political pecking order, with sizeable parliamentary groups in 15 of Brazil's 26 states.

President Rousseff's attendance at the opening of the temple is part of an attempt by the ruling Partido dos Trabalhadores (PT) to woo evangelical leaders. In 2010, evangelical pastors managed to ensure moral questions on issues such as abortion and gay rights featured prominently in the presidential run-off. Rousseff disappointed many of her traditional supporters by abandoning her support of legal abortion in an attempt to neutralise the opposition of sceptical pastors, such as Silas Malafaia, the televangelist and president of the massively popular Assembleia de Deus Vitória em Cristo (Assembly of God Victory in Christ) church.

Other candidates are also seeking to ensure evangelical endorsement. Aécio Neves, from the opposition Partido da Social Democracia Brasileira (PSDB), met Pastor José Wellington Bezera da Costa, a senior figure in the Assembly of God church on 7 July, the second official day of his presidential campaign. In 2010, Costa backed José Serra, the PSDB candidate for the presidency in the run-off against Rousseff.

Eduardo Campos Partido Socialista Brasileiro (PSB), the third-placed presidential candidate, has as his vice-presidential candidate Marina Silva, who is almost as famous for her evangelism as for her environmental activism. However, Silva is apparently reluctant to mix her politics with her religion, leaving Campos and his team to do much of the outreach work.

Finally, the last, semi-credible candidate for the presidency is Pastor Everaldo Dias Ferreira, an evangelical leader running for the Partido Social Cristão

Brazil 10th in millionaire rankings

Brazil comes tenth in the list of countries with the largest number of multimillionaires, according to a study by New World Wealth. There are 10,300 residents with over US\$10m: São Paulo is home to 4,400 of them; Rio de Janeiro to 2,200. The list is headed by the US, with 183,500 multimillionaires, followed by China and Germany.

(PSC), and currently polling at around 4%. Most analysts expect he will struggle to reach double figures in the election, but he will get equal debating time with the three leading candidates in the TV debates being organised by Globo. By attracting a significant proportion of evangelical support, Everaldo will likely help to push the election to a second-round, complicating matters for the frontrunner, Rousseff.

Malafaia, from the Assembly of God, backed Serra publicly in 2010. This year, he will support Everaldo. Though he acknowledges the PSC candidate is unlikely to make the second round, he argues that this will not stop his influence. "There are hundreds of congressional projects designed to destroy the family," Malafaia said. "If [the second-round candidate] wants our vote, that's fine. They can sign a document promising not to vote for this, this and this. That's the political game," he added.

BRAZIL | POLITICS

Three companies dominate campaign financing

Three of Brazil's largest companies are responsible for 65% of the funding for the presidential election campaign. JBS, the largest food processing company in the world; Ambev, the brewer; and Grupo OAS, the construction firm, together contributed 65% of the financing received by the top three presidential candidates: President Dilma Rousseff, of the ruling Partido dos Trabalhadores (PT), Aécio Neves of the opposition Partido da Social Democracia Brasileira (PSDB), and Eduardo Campos of the opposition Partido Socialista Brasileiro (PSB).

JBS has donated the most, R\$11m (US\$4.8m), and appears to be hedging its bets. Both Rousseff and Neves, her closest challenger, received R\$5m; Campos only got R\$1m. In a press statement the company said, "our donations are in line with the relations we have with the political parties, nationally as well as at state level. The donations to the PT and the PSDB were larger because of the greater presence and weight of these parties in the country". Ambev has spent a total of R\$6.7m on the three candidates; OAS, R\$2.6m.

According to an analysis last week by *O Estado de São Paulo*, the cost of Brazil's elections has grown exponentially over the past 20 years. In 1994, the first elections which private companies were allowed to fund, the total cost of the campaign was R\$190m. This year the cost has been estimated at R\$916m (US\$402m).

Perhaps a more useful metric is the cost per vote in comparison with other democracies. In 2010, US\$10.93 was spent for every vote, including presidential, legislative and state campaigns: in comparison the cost per vote in France was US\$0.45; in the UK, US\$0.77; in Germany, US\$2.21; and in Mexico, US\$3.42. The US, by contrast, spent US\$19.89 per vote.

Over the past four years, Brazil's major companies have invested R\$370m in donations to political parties to ensure good relations with current and future governments. Andrade Gutierrez, the building firm and one of the major beneficiaries of construction contracts for the Fifa World Cup, spent R\$120m in that period; other major donors were Queiroz Galvão (construction, real estate and energy) and Camargo Corrêa (clothing, energy, engineering, shipbuilding and construction).

According to the Kellogg Institute for International Studies, part of the University of Texas, for every Real these companies invest in political parties, they receive R\$8.5 in contracts with the State.

Destination of funds

According to Finance Minister Germán Rojas the funds raised from the bond issue will finance various existing and planned investment projects by the public works & communications ministry, the agriculture ministry, the national housing secretariat (Senavitat), the state-owned electricity company (Ande) and the state-owned cement company (INC); and to shore up the Crédito Agrícola de Habilitación (CAH), a government rural micro-financing scheme.

Campaign gears up

The 'air-war' begins on 19 August, when television and radio advertising are allowed. With 50 minutes of campaign material allowed each day, a third of the time is divided equally between all the presidential candidates. After that the amount of time each candidate receives is based on the number of deputies in congress of their political parties and allies.

Rousseff will receive 11 minutes and 24 seconds per day; her closest rival, Neves will get four minutes and 35 seconds; while third-placed candidate, Campos will have two minutes and three seconds. The remaining eight candidates will have between one minute and 10 seconds and 45 seconds.

In the meantime, the candidates have been taking to the road, speaking in front of Brazil's business elite. On 6 August, they spoke to the country's national confederation of agriculture. Neves received the warmest welcome for a promise to create a "superministry of agriculture" and to limit indigenous peoples' claims to land.

TRACKING TRENDS

PARAGUAY | Issuing more debt. President Horacio Cartes announced on 4 August that his government had successfully issued US\$1bn worth of sovereign bonds in international financial markets.

This is Paraguay's second-ever bond issue after the country successfully placed US\$500m in 10-year bonds in January last year. The latest issue comes after congress approved a request on 17 July made by the Cartes government to increase the level of sovereign bond debt contemplated in this year's national budget by US\$667m for a total of US\$750m.

The government's request to increase the level of sovereign debt sparked some controversy as the political opposition and the local media complained that there was hardly any justification for further indebting the country at this time given that the Cartes administration has yet to fully utilise all the funds raised during the January 2013 bond issue.

In particular the local press has pointed out that with the approval of the new bond issue Paraguay's debt under Cartes will total US\$1.6bn, representing over half of the country's total foreign debt of US\$2.6bn.

However, Finance Minister Germán Rojas defended the move arguing that Paraguay's current level of debt is still comparatively low at 12.8% of GDP and the country has room to increase its level of debt to up to 22% of GDP. Rojas also said that the funds raised by the proposed bond issue would help guarantee the continuity of various long-term economic and social development projects (*see sidebar*).

In addition, Carlos Fernández Valdovinos, the president of Paraguay's central bank (BCP) also defended the decision to tap the international financial markets once again arguing that conditions were still favourable for doing so. Fernández explained that as global interest rates remain relatively low, as a result of the low yields offered by US bonds, "indebtedness in these circumstances is not a bad thing".

Since Paraguay's last bond issue, the country's risk profile has improved as in June the ratings agency, Standard & Poor's, upgraded its rating of Paraguay's long-term sovereign debt from BB- to BB with a stable outlook. This followed Moody's February decision to increase its rating of Paraguay's sovereign debt to Ba2 from Ba3.

In fact in announcing the success of the latest bond issue Cartes said that it was almost five times oversubscribed which allowed for the allocation of the 30-year bonds with a yield of 6.1%, lower than the 6.37% rate initially offered. The high level of demand also led the government to increase its initial offer by US\$250m (without securing prior congressional approval).

However, Cartes was adamant that additional funds would help his government fulfil its plans to "combat poverty, create jobs and improve the country's road infrastructure".

Has Puebla's 'Ley Bala' backfired?

“Although the state government said it had taken advice on the law from human rights groups, many local activists were highly critical. Jesús Robles Maloof from Participación Ciudadana said that in the last two years states like Chiapas, Querétaro and Quintana Roo, as well as the federal district of Mexico City have all passed laws seeking to tighten security, which have not paid enough attention to protecting the counterbalancing right to protest.”

Few pieces of legislation can have had such a bad start as the *Ley Para Proteger los Derechos Humanos y Regular el Uso Legítimo de la Fuerza Pública*, which translates as the Law to Protect Human Rights and Regulate the Legitimate Use of Public Force. Approved by the Puebla state legislature on 19 May this year, it was quickly baptised by its opponents as the ‘ley bala’ (bullet law). Hardly had it come into force when a 13 year-old boy was fatally wounded during a demonstration on 9 July. His family says he was killed by a rubber bullet fired by police. On 22 July Puebla Governor Rafael Moreno Valle announced he would be seeking to repeal the law – but it is likely to remain in force at least until year-end.

The law was brought in at short notice by the state-level administration of Governor Moreno Valle, from the right-wing Partido Acción Nacional (PAN). It had widespread support in the legislature, carried on a 32-5 vote with the support of the PAN, the Partido Revolucionario Institucional (PRI – Mexico’s ruling party at federal level) and even the left-wing Partido de la Revolución Democrática (PRD). Only a group of relatively small parties on the left opposed it, among them the Movimiento Ciudadano, the Partido del Trabajo (PT), and the ‘green’ party (Partido Verde Ecologista de México – PVEM).

The text charges the state police with maintaining “collective order”, something which must be achieved in the first place through “dialogue, persuasion or warnings”. If these don’t work it says the police have the right to use “incapacitating non lethal weapons” which are defined as “those which by their nature do not cause life-threatening injuries”. There are also provisions for escalation up to and including the use of firearms in certain situations such as “legitimate self-defence” or “to avoid the commission of a serious crime involving a risk to life”.

Although the state government said it had taken advice on the law from human rights groups, many local activists were highly critical. Jesús Robles Maloof from Participación Ciudadana said that in the last two years states like Chiapas, Querétaro and Quintana Roo, as well as the federal district of Mexico City have all passed laws seeking to tighten security, which have not paid enough attention to protecting the counterbalancing right to protest.

It is suggested that many Mexican politicians believe a hard line on law and order is electorally beneficial. Lao Tse López, the spokesman for Nodo de Derechos Humanos, a human rights group in Puebla opposed to the measure, said the text of the law was “ambiguous and opens the door to repression and authoritarianism”. Freedom of expression lobby Artículo 19, which is dedicated to the freedom of the press in Mexico, also said the law was “contradictory and ambiguous”. But PAN state deputy Franco Rodríguez countered that it was a legitimate attempt to codify how the police should react in situations of public disorder.

None of the parties can have imagined how soon it would be put to the test. On 9 July a group called Los de Abajo led a protest demonstration against a reorganisation of municipal government. Violent clashes between the demonstrators and the state police broke out at Kilometre 14 of the Puebla-Atlixco highway. Nine demonstrators and 40 police were reported injured. A 13-year old boy, José Luis Alberto Tehuatlie Tamayo, was fatally wounded, dying 10 days later.

“The article severely restricts crime reporting. It bans journalists from inspecting crime scenes, and prohibits gathering audio, video, or photographic evidence. It also says officials from the prosecutor general’s office cannot give any information to the press, other than through an official press release.”

The circumstances of the boy’s death continue to be disputed. The boy’s mother and Roxana Luna, a PRD state deputy who was supporting the protest, as well as journalists and other witnesses, insist he was hit in the head by a rubber bullet fired by the police. Governor Moreno Valle says the police were not equipped with rubber bullets on that day and that a rocket fired off by some of the demonstrators must have hit the boy.

The Puebla prosecutor’s office claims rockets were fired by masked “infiltrators”. The federal human right commission – Comisión Nacional de Derechos Humanos (CNDH) - is now investigating the incident.

Governor Moreno Valle – who some consider a potential presidential hopeful for the PAN in 2018 - has subsequently announced a commitment to repeal the law. In a statement he said the law had been “stigmatised” by unrelated issues, which had created “erroneous perceptions” of its original purpose. Moreno Valle said he would therefore seek its repeal when an alternative text could be approved by the state congress.

But it has become evident that this could be a lengthy process. PRI and PAN deputies are now arguing that a new bill cannot be drafted until the CNDH completes a full report into the events of 9 July, because the lessons learnt need to be incorporated. In a statement likely to anger opponents of the ‘ley bala’, PAN state deputy Jorge Aguilar Chedraui said, “there is no hurry”.

MEXICO | POLITICS & SECURITY

Sinaloa stumbles over ‘Ley Mordaza’

If Puebla’s ‘ley bala’ is set to remain on the statute books for only a short time, Sinaloa’s ‘ley mordaza’ (clamp law) may, if its opponents get their way, have an even briefer life cycle. Approved by the state congress on 31 July, the law, considered to be a blatant form of press censorship, has caused such an uproar that the legislature is now promising to consider repealing it in a session scheduled for 21 August.

Sinaloa is infamous for being the home of the Sinaloa cartel, which despite the arrest of its leader Joaquín ‘El Chapo’ Guzmán Loera last February, remains the country’s (and possibly the western hemisphere’s) most powerful and feared criminal organisation. Sinaloa is considered one of the five most violent states in Mexico, with a homicide rate in 2013 of 41 per 100,000 members of the population.

With heightened public concern over security issues, it was therefore understandable that article 54 bis, slipped unobtrusively into a long law regulating the functioning of the state prosecutor general’s office (Ley Orgánica de la Procuraduría General de Justicia del Estado), should, when it eventually got noticed, start ringing some alarm bells. One state deputy, Silvia Miriam Chávez (Nueva Alianza) admitted that to her shame she had voted the law through without actually noticing or reading the controversial article.

The article severely restricts crime reporting. It bans journalists from inspecting crime scenes, and prohibits gathering audio, video, or photographic evidence. It also says officials from the prosecutor general’s office cannot give any information to the press, other than through an official press release. There was therefore a suspicion that Governor Mario López, of the Partido Acción Nacional (PAN), might be following a national trend by government authorities to try and reduce press coverage of the violence.

“The Miami-based Sociedad Interamericana de Prensa (SIP), which represents newspaper proprietors, described the article as “a serious act of censorship”. Lobby group Artículo 19, which is dedicated to the freedom of the press in Mexico, said it would “encourage impunity, a lack of accountability, and opacity” and was “disproportionate and only fitting for an authoritarian country”.”

Javier Valdéz of independent weekly Riodoce described it as “a huge attack on the freedom of expression. They want only the official version to get out”. The Los Angeles Times suggested it might be “part of a trend fostered by the national government of President Enrique Peña Nieto to downplay news about drug wars and other violence as a way to attract outside investors”.

Other critics also piled in. The Sinaloa Journalists’ Association said it would take its complaints on the ‘ley mordaza’ to the supreme court and if necessary to the United Nations. Raúl Plascencia Villanueva, the president of the Comisión Nacional de Derechos Humanos (CNDH) in Mexico City, said the article curtailed citizens’ right of access to information.

A number of journalists suggested that it counters the letter and spirit of Articles 6 and 7 of the federal constitution. The Miami-based Sociedad Interamericana de Prensa (SIP), which represents newspaper proprietors, described the article as “a serious act of censorship”. Lobby group Artículo 19, which is dedicated to the freedom of the press in Mexico, said it would “encourage impunity, a lack of accountability, and opacity” and was “disproportionate and only fitting for an authoritarian country”.

Governor López appears to have decided that this battle is not worth fighting. In reaction to the uproar he said his government did not want to “commit excesses or limit press freedom in Sinaloa” and was therefore scheduling a new session in congress to vote down the offending article 54 bis. Opponents of the ‘ley mordaza’ have indicated that they will not relax until it is taken off the statute books.

TRACKING TRENDS

MEXICO | Analysts revise forecasts down. The consensus growth forecast for the year has been revised down in the July instalment of the monthly poll of local and foreign economic analysis firms published by Mexico’s central bank (Banxico) to 2.56% from 2.65% the previous month.

The downwards revision comes after the release of the official first quarter GDP figures showed that economic activity had increased by 0.3% during the period, much lower than analysts had been expecting. It also follows the International Monetary Fund (IMF)’s decision to slash its economic growth forecast for Mexico this year from the 3% it predicted in April to 2.4% quoted in the latest update of its World Economic Outlook (WEO) released on 8 July.

Meanwhile, the United Nations Economic Commission for Latin America and the Caribbean (Eclac) also reduced its economic growth forecast for Mexico in its latest report released on 4 August. Eclac now believes that Mexico’s GDP will grow by 2.5% this year, 0.5 percentage points lower than it had reckoned earlier. Banxico had already lowered its growth projection for the year back in May from 3%-4% to 2.3%-3.3%, but the confirmation of weaker-than-expected GDP figures for the first quarter also prompted Mexico’s finance ministry (SHCP) to lower its growth forecast for the first time this year. The SHCP lowered its forecast from 3.9% to 2.7% despite claiming to be “confident” that economic activity will begin to pick up in the second half of the year.

SHCP’s chief economist, Ernesto Revilla, said that it has observed a “very important acceleration” in the second quarter largely thanks to the strong level of exports to the US, Mexico’s main trading partner. “We are seeing exports growing at a very fast pace,” Revilla said, although he did not provide any figures and refused to venture a GDP growth forecast for the second quarter.

Mexico’s national statistics institute (Inegi) is due to release the official second quarter GDP figures on 21 August, after which the SHCP will have to decide whether to keep its current forecast or adjust once again.

Sánchez Cerén gets tax reform but at what cost?**Growth and investment**

“Economic growth in El Salvador has been low for the last three decades, and is still low; this is in part because the level of investment in El Salvador is low”, the director of Eclac’s sub-regional headquarters, Hugo Beteta, said. “Neither public nor private investment is growing [...] private investment does not reach 15% of GDP and public investment is around 3% of GDP [...] Private investment is not forthcoming if the public investment is no there. If there are no roads, if there is no security, if there are no electrical pylons in place, there will be no private investment. Public investment complements private investment”.

President Salvador Sánchez Cerén successfully pushed through the legislative assembly a tax reform last week, designed to help finance his government’s social programmes to alleviate poverty. The political opposition and the business sector savaged the new taxes, arguing that they would deter the investment El Salvador desperately needs to jump-start the engine of growth, and push more businesses into the informal sector.

The fiscal reform contains two new taxes. One of them—a 0.25% tax on financial transactions over US\$1,000 made by cheque, credit card or electronic transfer, with the exception of salaries, remittances, public services, pension funds or ATM withdrawals—was contained within the fiscal reform package sent by Sánchez Cerén’s predecessor, Mauricio Funes (2009-2014), to the legislative assembly last May. The other tax—a minimum corporate income tax equivalent to 1% of the net assets of companies making more than US\$150,000 a year—was not.

The fiscal reform also ended the exemption enjoyed by newspaper owners from income tax, which ensured a hostile response from the largely right-wing local press, and sought to improve transparency through measures such as publishing the names of tax evaders, previously not permitted. Funes’s proposed tax on luxury homes, which was in the original reform proposal, was rejected.

The ruling left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) approved the fiscal reform with the support of the right-of-centre opposition Gran Alianza por la Unidad Nacional (Gana) on 31 July with 44 votes in the 84-seat legislative assembly. Deputies from the main right-wing opposition Alianza Republicana Nacionalista (Arena) and other parties abandoned the session in protest.

Sánchez Cerén congratulated legislators for approving the fiscal reform, while insisting that the new taxes would not affect the poor. Business groups roundly rejected the new taxes. The president of the chamber of commerce, Luis Cardenal, contended that the taxes would affect the public through higher prices of goods and services, as business would simply pass the cost on to consumers, and provide fewer employment opportunities. The president of the umbrella business association (Anep), Jorge Daboub, argued that the taxes would do nothing to revive the economy, create jobs, or encourage investment but instead push businesses into the informal sector. Anep is considering challenging the new taxes before the supreme court (CSJ).

Daboub accused the FMLN and Gana of “legislating for their private interests and not the country’s interests”. This was an allusion to the FMLN’s agreement to let Gana’s candidate obtain the presidency of the court of claims in return for the party’s backing for the tax reform.

The fiscal reform is expected to generate an additional US\$160m a year of revenue for the government’s social programmes, which are essential to combat widespread poverty. But the government does need to try and get Anep et al back onside to provide more incentives for growth and investment. This point was rammed home by the Economic Commission for Latin America and the Caribbean (Eclac) in a report published this week. Eclac predicted that El Salvador would, once again, post the lowest real GDP growth in the Central American and Caribbean sub-region— 2.3%—in 2014 and that low investment was one of the principal problems (*see sidebar*).

US democracy efforts damaging

“This [is] just the sort of Washington dissembling that makes everyone outside the beltway distrust their government and everyone outside the United States suspect that Peace Corps volunteers, U.S. journalists, and health workers giving polio vaccinations in Pakistan may be CIA agents [...] USAID’s Cuba democracy programs have demonstrated a clear pattern of knowingly putting innocent people at serious legal risk in Cuba by involving them in subversive activity without their knowledge. That is morally reprehensible, indefensible, and sufficient reason by itself to de-fund these programs once and for all.”

- Prof. William M. LeoGrande in the *Huffington Post*.

Writing in the daily *Huffington Post* on 5 August, a US professor, William M. LeoGrande (of American University in Washington DC), quipped that “the Maxwell Smarts of USAID” were “at it again in Cuba” in reference to the latest revelations about the US government’s democracy programs in Cuba. If anyone thought the legendary tales of efforts to kill off Cuba’s revolutionary leader and former president Fidel Castro with exploding cigars were comical Cold War relics, they were proven wrong earlier this year when it emerged, via the *Associated Press (AP)*, that the US Agency for International Development had okayed a fake ‘Cuban Twitter’ (‘Zunzoneo’) – a social messaging network designed to promote democracy on the island. The story, covered in detail by our sister publication *Latin American Security & Strategic Review (April 2014)*, provoked not only mirth but also – inevitably – a strong backlash from the Cuban government about continuing US meddling and interference.

Now the *AP* reports that Creative Associates International, the US company that came up with Zunzoneo on behalf of USAID, was also the brains behind a scheme to send young Latin Americans into Cuba to spread political dissent. The operatives, from countries including Costa Rica, Peru and Venezuela, posed as tourists, visited university campuses and worked undercover in an HIV-prevention workshop. “Never mind that Cuba already has the best HIV/AIDS prevention program and the lowest incident rate in Latin America,” Professor LeoGrande said, “or that everywhere else in the world, USAID’s laudable work on HIV/AIDS is conducted openly in partnership with the host government”. The *AP* reported that the young Latin Americans, reportedly paid just over US\$5 a day in some cases, spoke to each other in code (‘I have a headache’ meant ‘I think I’ve been busted’) but otherwise reported having had very little training for the eventuality of being captured.

And USAID knows very clearly the consequences of that. On 4 August a letter signed by 300 Rabbis urged US President Barack Obama of the “moral imperative” to secure the immediate release from a Havana prison of the US-Jewish citizen and former USAID subcontractor, Alan Gross, amid increasing concern for his well-being. Gross was detained in Cuba in December 2009 and in March 2010 was given a 15-year prison sentence for acts against the Cuban State, accused of covertly smuggling mobile phones and other devices onto the island.

The Gross case has hindered the tentative outreach between the US and Cuba under Obama. After the Obama administration’s Taliban prisoner exchange in June, Havana renewed its offer to exchange Gross for Cuban intelligence agents imprisoned in the US since 1998, known as the ‘Cuban Five’ (two of whom have already been released). The US government rejected this, viewing a conditional exchange as blackmail. It insists there is no similarity between the cases, as Gross was not a spy. US officials maintain that Gross was working to bring Internet access “without censorship” to the small Cuban Jewish community.

The Obama administration’s position is to call for Gross’s release on humanitarian grounds. Also on 4 August, Gross’s lawyer, Scott Gilbert, released a statement to the effect that the 65-year-old cannot take life in prison much longer and recently said his goodbyes to his wife and daughter, who visited him after his 92-year-old mother died of breast cancer in June and his request to attend her funeral was refused. According to Gilbert, Gross (who temporarily went on hunger strike in April and was convinced to end it by his ailing mother), is confined to a small cell, has lost most of the vision in his right eye, has difficulty walking and no longer exercises. After his nine-day hunger strike in April, he reportedly told his lawyer that “one way or another”, his next birthday would be his last in Havana.

Hernández celebrates fall in homicides

President Juan Orlando Hern

ández reported on 4 August that the number of homicides in the first half of the year fell by 600 to 2,893, a decline of 17%, on the same period in 2013. Hernández, who took office on 27 January, said it was “the obligation of this generation to hand to our children a peaceful Honduras”.

Days earlier, on 30 July, President Hernández visited Chamelecón, the most violent district of the most violent city in Honduras, San Pedro Sula, with a homicide rate of 133.3 per 100,000 inhabitants in 2013. Hernández, with a bullet-proof jacket not entirely concealed under his shirt, visited houses which had been taken over by warring street gangs (*maras*), displacing dozens of families, and public squares. The visit was designed to mark his government’s success at “changing the image of Chamelecón”. Hernández said that there had been no homicides in the district for 43 days and that residents were returning. He added that peace would gradually be extended throughout Honduras and that “this is how we’ll stop child migrants from going to the US”.

Hernández sees the ‘pacification’ of Chamelecón as evidence of the success of his government’s militarised security policy. A combined military-police force conducts regular patrols in the district. The *maras*, however, are likely to have called a halt to their turf war while monitoring the actions of the security forces.

Hernández says the patrols are there to stay but the real test of the success of the ‘pacification’ of the area will be what opportunities his government can provide for a brighter future. Hernández maintains that this is in hand. He says that “artificial turf pitches and megaparks” will be built, and that social programmes, such as ‘Vida Mejor’, which aims to provide 800,000 poor families with a safe roof over their heads, biomass cooking stoves, vegetable plots, water filters and medicine; and ‘Recreovías’, which provides cultural, artistic and sporting activities, are being rolled out.

Results

Hernández conceded that nationwide the public would not perceive the positive results because despite the downwards trajectory, the reduction in violence to acceptable levels would take years. Speaking during the graduation of new police officers in the central city of Comayagua, he said that “like a wounded animal”, organised crime would try and strike back but that there would be no turning back by his government and that there would

TRACKING TRENDS

PANAMA | **Canal expansion back on track.** The Panama Canal authority (ACP) and the multinational consortium carrying out the expansion of the Panama Canal, Grupo Unidos por el Canal (GUPC), struck an accord on 1 August designed to end uncertainty about the completion of the construction work.

The accord formalises a deal signed back in 13 March, under which the GUPC paid US\$100m and the ACP advanced US\$100m for the work to continue. GUPC has committed to completing the US\$5.25bn expansion project, which includes a third set of locks, by December 2015. But the deal does not resolve the root cause of the dispute which led to a suspension of work last February – a cost overrun of US\$1.6bn, which GUPC says it will incur. Instead, these claims will have to be resolved in accordance with legal mechanisms contained within the contract.

Mayor arrested

The fact that Honduran authorities last week arrested a mayor who allegedly led a criminal network dedicated to drug trafficking and contract killings, shows the scale of the task ahead for President Juan Orlando Hernández. Arnaldo Urbina Soto was mayor of Yoro, the capital of the eponymous northern department. Diana Urbina Soto, Arnaldo’s sister, is a deputy for the ruling Partido Nacional (PN) representing Yoro.

Quotes of the week

“Israel doesn’t kill by mistake but by horror; they have destroyed over 50 synagogues, sorry I mean over 50 mosques.”

- Venezuela’s

President Nicolás Maduro.

“What Argentines are living through is also violence. Financial missiles claim lives.”

- Argentina’s President

Cristina Fernandez makes a comparison of dubious taste between Gaza and Argentina’s ‘default’.

“Argentina is paying its debts. A country that pays cannot be in default.”

- Argentina’s economy minister *Axel Kicillof.*

Four opposition parties given death sentence in Ecuador

Four opposition political parties have been stripped of their registration in Ecuador. Two of them are traditional parties: the Partido Renovador Institucional Acción Nacional (Prian), of banana magnate Alvaro Noboa; and the Partido Roldosista Ecuatoriano (PRE), of former president Abdalá Bucaram, who was dismissed by congress for alleged mental incapacity in 1997 after less than a year in office and is living in exile in Panama. The other two parties are estranged allies of the government led by President Rafael Correa: the Marxist-Leninist Movimiento Popular Democrático (MPD), affiliated to the teachers’ unions; and Movimiento Ruptura de los 25, a founding member of the ruling Alianza País (AP) coalition.

The national electoral council (CNE) threw out an appeal by the four parties and ratified a ruling it issued in early July arguing that they had failed to obtain sufficient votes (4%) in two consecutive elections (legislative last year and municipal this year); to return three deputies to the national assembly; or to win 8% of mayoralties to hang on to their status. The CNE adopted these changes to the electoral law two years ago.

The parties have one last chance to appeal open to them - the Tribunal Contencioso Electoral (TCE) - but they are also mooting turning to international forums, such as the Inter-American Commission on Human Rights (IACHR), which they hope might issue precautionary measures on the grounds that the decision violates due process.

Abdalá Bucaram Pulley, the former president’s son and the PRE’s sole deputy, accused the government of a calculated political strategy “to eliminate all political organisations and construct one sole political party in accordance with the government’s vision”. The government derisively dismisses the PRE and Prian as the *partidocracia*. Ruptura de los 25, meanwhile, issued a statement accusing President Correa of “advancing an authoritarian system concentrating power”. Ruptura, the original *forajidos* (the name given to the protesters who brought about the downfall of President Lucio Gutiérrez in 2005), left the AP in January 2011 in protest at a referendum calling for constitutional and judicial reforms which, it argued, betrayed the principles of the ‘Citizens’ Revolution’. At the time Ruptura had two cabinet members and four congressional deputies but it has not thrived outside of the AP umbrella.



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