

latin american weekly report

02 October 2014, WR-14-39

ISSN 0143-5280

CONTENTS

ANDEAN COUNTRIES

BOLIVIA 3

MAS in search of a key vote

ECUADOR 4

Correa warns about resurgence of Right

VENEZUELA 5

Violent crime hits at the heart of the PSUV

BRAZIL & SOUTHERN CONE

BRAZIL 6

Rousseff's election to lose

BRAZIL 7

Prospect of PT victory sinks Real and Bovespa

PARAGUAY 8

Bishop feels papal fire

URUGUAY 9

Opposition guns for government over Guantánamo

ARGENTINA 10

Central bank president quits

TRACKING TRENDS

MEXICO & NAFTA

MEXICO 12

Oil fund created

TRACKING TRENDS

CENTRAL AMERICA & CARIBBEAN

CUBA 13

The czar reclaims his crown

PANAMA 14

PRD tries again

TRACKING TRENDS

POSTSCRIPT 16

Chile confounded by anarchist attacks

Quotes of the week

This edition of *Latin American Weekly Report* has been produced for Canning House Corporate Members by LatinNews (www.latinnews.com).

Latin American Newsletters since 1967

Colombian government opts to publish details of peace accords

The full drafts of all the preliminary accords struck between the team of negotiators representing the Colombian government of President Juan Manuel Santos and that of the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Cuba are now in the public domain. Santos said the decision to reveal the details of the partial accords was a sign of his government's commitment to transparency, to end inaccurate speculation about their content by a vocal opposition and to build the public's confidence in the peace process. This all sounds sensible enough but the timing of the decision raises questions.

During President Santos's re-election campaign one of the main public criticisms of the talks with the Farc was that they were carried out behind closed doors with Colombians drip-fed information but largely kept in the dark. Santos promised greater public involvement by organising more forums across the country and for delegations of victims of the armed conflict to be flown to Cuba to address the negotiating teams. But the release of the full 65 pages of partial accords is "a sign of absolute transparency", to cite the interior minister, Juan Fernando Cristo, even though summaries of the accords had already been divulged. Details of the issue currently being negotiated—on compensation for victims of the armed conflict—will not be divulged until an accord is struck.

Prominent leftists and supporters of the peace process, the president of the left-wing opposition Polo Democrático Alternativo (PDA), Clara López, and the leader of Colombianos y Colombianas por la Paz (CCP), former senator Piedad Córdoba, applauded the decision to publish the full texts of the accords. López said that it would end unfounded accusations by Centro Democrático (CD), the party of former president (2002-2010) and incumbent senator Álvaro Uribe, that the government was selling out to the Farc.

The move caught critics of the peace process on the hop. María Fernanda Cabal, the outspoken CD deputy, said it was positive to see "to what extent the government and its negotiators are compromising [Colombia's] future and democratic security". Another unabashed critic of the peace process, Alejandro Ordóñez, the prosecutor general, expressed his frustration that the decision to publish the totality of the texts had been "delayed" but conceded that it was good that the agreements between the two sides had now been made public.

The day after the release of the documents, Santos devoted the bulk of his address to the United Nations (UN) General Assembly to discussing the three preliminary accords struck on comprehensive rural development, political participation and the illicit drug problem. "In rural matters, we have agreed to unprecedented investment in agricultural development, working

Hacking

The head of the government negotiating team in Cuba, Humberto de la Calle, said the release of the full texts of the partial accords struck with the Farc would confront “malicious [...] rumours that set out to misinform”. Days later he claimed that hackers had illegally broken into both his emails and his mobile telephone. “It’s more than unfortunate that this happened. The transparency with which the Colombian delegation has handled information related to the talks is undeniable. It is unacceptable to use such practices to find what is already publicly available, but which also looks to sabotage the (peace) process,” De La Calle said.

to give farmers access to land and to generate greater welfare for farming families. In the matter of political participation, what we seek is simple: to broaden our democracy to build peace and promote citizen participation, and to forever sever the link between politics and weapons. With regards to the illicit drug problem, we agreed to continue dismantling the drug mafia structures, to promote a national programme of crop substitution and alternative development and to address the problem of consumption from a public health perspective.”

During a press conference on the sidelines of the Assembly, Santos said that both the government and the Farc had taken the decision not to publish details of the accords initially in order to protect the process but that now they had agreed that it had advanced sufficiently to do so. Santos said the decision to release full details of the accords was also designed to counter “all kinds of speculation about what has been agreed”, including inaccurate accounts released by “enemies of the peace process”. The full documents are available at: <https://www.mesadeconversaciones.com.co>.

The full accords reveal that there has been nothing significant agreed behind the country’s back and concealed from the public to this point, one of the main criticisms of the peace process by its detractors. One partial agreement which could cause controversy (but in fairness to the government has been mentioned before) is a proposal to reserve an undetermined number of legislative seats temporarily for former Farc guerrillas and activists representing rural areas in the heart of the conflict zone.

Despite the good reasons behind lifting the veil of secrecy it is not at all clear that the government intended to do so right now. It was left with little choice, however, after it emerged that the Farc had been publishing the drafts of the accords on its peace delegation’s website for a few months now, buried in the middle of three huge documents outlining its own “minimum proposals” in the areas of rural development, political participation and illicit drugs.

Colombia and Peru celebrate historic meeting

Colombia’s President Juan Manuel Santos and his Peruvian peer Ollanta Humala held a joint cabinet meeting in Peru’s north-eastern Amazonian city of Iquitos on 30 September designed to improve cooperation on a huge range of issues, and boost binational socio-economic development, especially spurring development in the neglected border area.

Joint cabinet meetings are becoming all the rage. This was a historic first between Colombia and Peru, both of which are members of the Pacific Alliance trade bloc (which also includes Mexico and Chile) keen to develop on a platform of free trade. But both Humala and Santos have also held joint cabinet meetings with their Ecuadorean peer Rafael Correa, underpinning the subordination of an ideological agenda to a concrete and pragmatic one.

Humala and Santos signed 11 agreements, ranging from strengthening bilateral cooperation in higher education, science, technology & innovation, modernising the State and good governance to cooperation in improving water and sanitation, employment and labour relations, women’s rights and sports cooperation.

Increasing security cooperation along the shared border to crack down on illegal drugs and arms traffickers, as well as illegal mining groups, is also a key objective. Indeed, speaking at the meeting Santos said that “...one [area] in particular that we want to work on and to be more effective is in combating criminal mining, which is wreaking havoc in both countries”.

Both heads of state promised to “clean the Putumayo of criminality and delinquency, as well as poverty and inequality”. It is worth noting that some 80 years previously Peru had signed a bilateral treaty with Colombia ending a war which was fought over the boundaries of the Putumayo region since when neglect of the border region has played a large part in allowing criminality to flourish and poverty and inequality to fester there.

MAS in search of a key vote

The Movimiento al Socialismo (MAS) led by President Evo Morales has spent its final weeks of campaigning ahead of the 12 October general elections focusing on the eastern department of Santa Cruz. These efforts are not a surprise given that the department, which was previously an opposition bastion where racial tensions between ‘cambas’ (mestizo Cruceños) and ‘collas’ (the Andean indigenous) were particularly pronounced, remains the country’s economic powerhouse. Santa Cruz has also recently assumed growing political importance following the re-assignment last year of seats in the national legislature.

On 25 September President Morales presented an expansive development plan for Santa Cruz, proposing to turn it into an energy hub through constructing a series of hydroelectric power plants along the Río Grande with a projected energy output of over 3000MW. As well as revealing a new US\$405m investment in the stalled El Mutún mining project (see box below), Morales announced plans to expand Santa Cruz’s petrochemical industry by constructing a third petrochemical plant.

Morales also pledged to improve the health and education systems in Santa Cruz, promising to provide 95% of the department’s population “with basic energy, electricity, telephone and potable water services”, as well as overhauling transport infrastructure. This will involve constructing three new airports as well as a train line connecting the cities of Montero, Warnes and Santa Cruz.

Two days earlier Vice-President Álvaro García Linera also paid a visit to the department where he pledged that under a future MAS government, Santa Cruz would become the “food centre of the continent”, through strengthening juridical security over property rights and providing credit lines. García Linera also promised that the government would invest more than US\$1bn in road and bridge infrastructure.

Accounting for roughly a third of Bolivia’s GDP in 2013 on the latest figures from the national statistics institute (INE), Santa Cruz remains crucial to Bolivia’s economy. A report released last week by the private sector lobby, Instituto Boliviano de Comercio Exterior (IBCE), showed that the department accounted for 25.4% of Bolivia’s exports (total US\$7.6bn) in the first half of 2014.

This clout is not merely economic. One of the two opposition-governed departments (out of a total of nine), Santa Cruz, which has the second highest number of voters (1.53m) after La Paz (1.68m) out of a total electorate of 5.97m, has also seen its political influence enhanced. In October 2013, the legislature passed a law assigning the department an additional three seats in the 130-member chamber of deputies, to total 28, just one less than La Paz. The new law was in line with the November 2012 census.

It is also worth pointing out that the MAS’s efforts to win over Santa Cruz are nothing new and have intensified since President Morales’ re-election in December 2009. In January 2013 for example, Morales promulgated a law (337) to support food production and forest restitution. The new law, which was hailed by the Santa Cruz private sector lobby, Cámara Agropecuaria del Oriente (CAO) but met with opposition from the Left, establishes a “special framework” for owners of *predios* (estates) who engaged in illegal deforestation between July 1996 and the end of 2011.

“Accounting for roughly a third of Bolivia’s GDP in 2013 on the latest figures from the national statistics institute (INE), Santa Cruz remains crucial to Bolivia’s economy. A report released last week by the private sector lobby, Instituto Boliviano de Comercio Exterior (IBCE), showed that the department accounted for 25.4% of Bolivia’s exports (total US\$7.6bn) in the first half of 2014.”

30-S

The staging of the Encuentro Latinoamericano Progresista (ELAP) 2014 of leftist political parties in the region coincided with the fourth anniversary of '30-S' as it has become known. This refers to 30 September 2010 when President Correa survived the most serious threat to his presidency when he had to be freed by special forces from a police hospital after being briefly held up there during a police mutiny, which he insists was a coup attempt.

These efforts are likely to pay off and recent electoral contests point to growing support for the MAS in the department, in large part due to the government's effective management of the national economy. In the 2009 general election, the MAS took 40% of the vote in Santa Cruz, up from 33% in 2005, while in the April 2010 regional and municipal elections, it took 25 of the department's 56 municipalities. This was significantly more than the 15 won by regional governor Rubén Costas, whose support base has been largely concentrated in the eponymous departmental capital.

Mutún

President Morales has announced a US\$405m investment in the El Mutún iron ore deposit. In July 2012 the government cancelled a US\$2.1bn contract awarded to India's Jindal to develop 50% of the mine, triggering a dispute which has yet to be resolved. The other 50% was to be developed by Bolivia's state mining company, ESM.

After meeting China's Vice-Premier Zhang Gaoli in New York on 22 September on the sidelines of the United Nations General Assembly, President Morales announced that China will contribute 85% of the US\$405m. He also announced that Zhang Gaoli agreed a total of US\$3bn in Chinese investment in Bolivia spread over four projects, three of which will be located in Santa Cruz: the El Mutún investment, construction of the Motacucito-Puerto Busch train line and the Boyuibe-El Espino highway. The other project is the Rurrenabaque-Riberalta highway in Beni.

ECUADOR | POLITICS

Correa warns about resurgence of Right

President Rafael Correa warned regional allies this week about the advance of the "conservative restoration" which he said was determined to destabilise 'progressive' leftist governments in Latin America. Correa's ruling party Alianza País (AP) is hosting in Quito the Encuentro Latinoamericano Progresista (ELAP) 2014, an event grouping together some 30 leftist Latin American parties to discuss the current regional political climate.

President Correa said it was essential for the Left to unite and develop strategies to combat the resurgent Right in the face of "tough times ahead". He called for the creation of a permanent platform for the Latin American Left to share a common agenda and "unlimited proposals" to combat the "unlimited resources" of the Right.

Correa reserved his most lacerating criticism not for the Right but rather for the "self-proclaimed radical Left" which he said was "really the most conservative sector, opposing everything all of the time" and with whose "complicity" the Right had been revitalised. He said the Right had now regrouped after having been "stunned in the wake of the tremendous failure of neoliberalism and the surge of patriotic governments".

This has all become a familiar narrative since the AP suffered a setback in municipal elections in February. Correa has used the emergence of a disparate but still weak opposition in Ecuador to justify an attempt to amend the constitution in order to permit indefinite re-election for elected posts (including his own in 2017), while stigmatising any opposition to his government as reactionary allies of the Right rather than potentially constructive critics. A case in point was a march by the Frente Unitario de Trabajadores (FUT), the largest trade union in Ecuador, on 17 September against a proposed reform of the labour code by the government. The FUT insisted it was open to dialogue, had no intention of destabilising the government and was not allied to the Right.

Violent crime hits at the heart of the PSUV

Late on 1 October Venezuela's interior & justice minister, Miguel Rodríguez Torres, confirmed the murder of Deputy Robert Serra, of the ruling Partido Socialista Unido de Venezuela (PSUV).

Serra, a criminologist by training and something of a rising star in the PSUV, was, at the age of 27, the youngest deputy in the national assembly. So far there has been no public speculation as to potential motives for the murder of Serra (whose partner was also killed in the couple's home), but the incident is bad PR for the government led by President Nicolás Maduro and comes just days after three suspects were handed down lengthy prison sentences (of 24-26 years) for the callous murder of a well-known Venezuelan actress (Mónica Spear) and her former husband in front of their toddler daughter in a roadside attack in January.

On official figures, Venezuela's homicide rate was 39 per 100,000 inhabitants in 2013 (just over 11,000 murders), but the Observatorio Venezolano de la Violencia (OVV), a reputable local NGO, put it at twice that: 79 per 100,000 (or 24,763 murders). Part of the problem is that the country has long been awash with guns. This week, the government launched another voluntary disarmament campaign. It does this periodically, to little lasting effect. Another problem is the almost total impunity; of every 100 crimes, only eight are punished, according to the OVV. Inevitably, high citizen insecurity regularly tops the list of voter concerns (typically ahead of concerns about the economy). There have been dozens of anti-crime plans launched since 1999, including Maduro's 'Plan Patria Segura'. Similarly, a string of police reform plans have been launched to great fanfare, but with limited impact on the ground to date.

Maduro, national assembly president Diosdado Cabello, the attorney general, and several senior ministers lamented Serra's death on Twitter, extolling his revolutionary credentials. Opposition leader Henrique Capriles Radonski also tweeted his condolences, saying, "the death of any Venezuelan deserves our most energetic rejection, the national clamour that violence ends, peace to the soul of deputy Robert Serra".

Extreme violence
There is a growing trend of extreme violence in Venezuela. In August, the OVV commented on "macabre" incidents including the discovery of decapitated and brutally mutilated corpses in Caracas. Such violence is associated with the powerful Mexican drug gangs, the presence of which in Venezuela is always officially denied, but the OVV noted also a trend for gangs of young men to commit extreme violence while high on drugs, and then post videos of their 'feats' online.

More currency fiddling

The government has announced new rules governing the sale by the state oil company Petróleos de Venezuela (Pdvs) of US dollars to buy Bolívares Fuertes (BF) for payment of its mandatory contributions to the off-budget national development fund (Fonden). Previously, Pdvs had to purchase local currency at the main official exchange rate of BF6.3/US\$1. Now, it can also use the two secondary rates - BF11/US\$1 and BF50/US\$1 - sold through the Sistema Complementario de Administración de Divisas (Sicad).

Pdvs will benefit from the new rules in two ways. First, the burden of supporting the Fonden will be dramatically reduced. Secondly, Pdvs should be able to book a one-off boost to its financial income. The move constitutes a partial (or stealth) devaluation that will serve to conserve cash within Pdvs: crucially, this cash will then be available both to the government and to Pdvs to repay maturing bonds. As such, the risks of default by either the government or Pdvs in coming weeks have been reduced.

In the meantime, the (illegal) black market rate has now slipped past BF100/US\$ for the first time, making one 'strong Bolívar' worth less than one US cent. Or, in other words, the largest Venezuelan bank note (BF100) is now worth less than the smallest US bill (US\$1) on the Colombian border. The strong suspicion is that the government is hoarding dollars to meet its upcoming external debt obligations (amounting to almost US\$7.0bn between now and year end).

Rousseff's election to lose**Congress**

In the congressional elections in 2010, the candidate who won the most votes was 'Tiririca', a professional clown. Running on the slogan: "it can't get any worse", Tiririca promised to go to Brasília to find out what congressional deputies do. Despite a very poor attendance record, Tiririca is running again in 2014. Other candidates with a serious chance of victory include five of the winners of Big Brother Brasil, a US-based plastic surgeon known as "Dr Hollywood", and a well-known adult film star.

September was a cruel month for Marina Silva, the presidential candidate of the opposition Partido Socialista Brasileiro (PSB). She started the month just four percentage points behind President Dilma Rousseff, of the ruling Partido dos Trabalhadores (PT). By 1 October, just four days before the first round of elections, Silva was around 14 points adrift. For the first time in many months, Brazil's election analysts contemplated the possibility of either a first round victory for Rousseff, or even Aécio Neves, of the opposition Partido da Social Democracia Brasileira (PSDB), making it through to the second round instead of Silva. On current trends, however, a run-off between Rousseff and Silva on 26 October appears the most likely scenario.

Marina's difficulties

As Silva rose up the opinion polls in the wake of Eduardo Campos's death, the PT began to exploit the inconsistencies in her voting record. With over half the free-to-air campaign advertising allotted to the party, due to its level of representation in congress, the PT has had a powerful weapon with which to blunt Silva's ambitions.

It has not helped Silva's cause that her recent performances in the presidential debates have been decidedly sub-par, and her election campaign is badly managed. The fact that she does not have the resources or the political alliances to ensure a "get-out-the-vote" campaign in the final stages could also prove a fatal flaw.

Silva's campaign has a number of structural problems. Though ostensibly the candidate of 'change' (which opinion polls show that over 70% of Brazilians desire), Silva has been unable to make a convincing case as to how she will govern, given that she is not even a member of the PSB, and the party itself is comparatively small.

Backed by a hotchpotch coalition of environmentalists, socially-conservative Evangelicals and pro-business liberals, Silva has struggled to keep her supporters on board. Unlike either Rousseff or Neves, Silva actually produced a manifesto, which gave the PT plenty of material to critique.

Still, if Silva can make it through to the second round, she should benefit from a second wind. The PT has a wide array of enemies, and Silva is enough of a curate's egg of a candidate to attract support from both the Right and the Left of Brazil's political spectrum. Silva would also benefit from equal airtime with Rousseff which would allow her to make her case more forcefully. In particular, it should allow her to rebuff the claims, repeated endlessly by Rousseff's allies, that she will end the social programmes that have formed the bedrock of the PT administrations.

Opinion polls released on 1 October show Rousseff ahead in all five regions of the country: the north, north-east, centre-west, south and south-east. Only in the south-east, home to the populous cities of São Paulo and Rio de Janeiro, and the centre-west, are the others close behind. The government's approval rating is climbing steadily, with 39% characterising the administration as good or great, the highest level since February. Although an overwhelming majority of Brazilians want "change", an increasingly large

Santa Catarina violence

Thirteen cities in the southern state of Santa Catarina have experienced serious unrest since 26 September. Police stations have been attacked and buses set on fire in cities across the state. Police suspect the Primeiro Grupo Catarinense (PGC) of being behind the wave of violence, that may have been triggered by harsher prison regimes for inmates affiliated to the gang. The PGC were suspected of orchestrating similar unrest in the state in 2012-13, when police registered 182 attacks in 52 cities.

number of voters believe that it is actually Rousseff and not Silva who would be best-placed to deliver that change.

The PSDB

For Neves, a failure to reach the second round would be a severe embarrassment. Despite the unusual circumstances surrounding this campaign, if Neves is not on the ballot on 26 October it will be the first time a PSDB candidate has not made the run-off since 1989. Recent weeks had shown Neves moving closer to Silva, although of late that progress seems to have stalled. Should he make it through to the second round, polls show he is still likely to lose fairly decisively to Rousseff, although he might fare well enough to give himself a fighting chance of having another tilt at the presidency in 2018.

As things stand Geraldo Alckmin, who looks set to win re-election as governor of São Paulo state in the first round, will be in a very strong position to become the PSDB's presidential candidate in 2018. He took a still-popular Lula da Silva to a run-off in 2006. Having survived over 20 years as governor or vice-governor of the country's wealthiest and most populous state, Alckmin would be a strong contender.

BRAZIL | POLITICS

Prospect of PT victory sinks Real and Bovespa

As President Dilma Rousseff rises in the opinion polls, so the currency falls in value and the stock market slides. Over the past month, the Real has lost over 7% of its value against the US dollar. The São Paulo stock exchange (Bovespa) has fallen 10.6%, with shares in Petrobras, the state-run oil company, down 24%. Investors are deeply unenthused by the prospect of another four years of Rousseff in charge. The government's disregard for the interest of minority private sector shareholders in state-run companies, and its tendency to enact temporary stimulus measures rather than fundamental reforms, have incurred the wrath of the financial markets.

Two opinion polls, one late on Friday 26 September, and the other published just before trading on Monday 29 September, triggered the latest sell-off. Both showed Rousseff moving ahead of Marina Silva, of the opposition Partido Socialista Brasileiro (PSB), in the first and probable second round of the elections.

On 1 October the Real traded at R\$2.48 to the dollar; the day before it had fallen by 2.4%, its worst one-day decline in over a year. Meanwhile the Bovespa fell by 4.52%, its steepest fall since 22 September 2011. Among the worst performing stocks were the "election kit" shares in state-run companies such as Petrobras, Banco do Brasil and Electrobras, which had looked like a good bet when a change in government was still a strong possibility.

Intervention

On 23 September the central bank (BCB) announced plans to double the value of its daily intervention in the currency markets in order to halt the Real's decline. From late August to late September, the Real lost 7.04% of its value against the dollar.

Speaking on 29 September, BCB director Carlos Hamilton Vasconcelos Araújo insisted that the bank was paying attention to the effects of a weaker currency on inflation, but he insisted the impact on the price of imports was limited. He said that the BCB's intervention strategy was working well, but declined to give details.

Bishop feels papal fire

Paraguay grabbed international headlines last week for the first time since the impeachment of former president Fernando Lugo in June 2012. It did so after Pope Francis decided to fire a Paraguayan bishop, Rogelio Ricardo Livieres Plano, from his diocese in the border city of Ciudad del Este on 25 September.

In a statement the Vatican explained that it had dismissed Livieres in order to preserve the “unity of both the bishops and of the faithful” and “under the weight of [unspecified] serious pastoral concerns”, which include sheltering an Argentine priest, Carlos Urrutigoity, who was accused of sex abuse in the US. The main news angle for the international press is that the Pope is cracking down on clergy sexual abuse, but back in Paraguay there could be greater interest in Livieres’s alleged discretionary use of funds from the Itaipú hydroelectric dam which were meant for social programmes in his diocese.

Sexual abuse scandal

There is no question that Pope Francis is keen to be seen to be taking action in the face of sexual abuse allegations to restore the credibility of the Roman Catholic Church. The dismissal of Livieres comes fast on the heels of the arrest of the former papal nuncio in the Dominican Republic, Josef Weslowski, who has been accused of sexually abusing boys. Livieres had not only staunchly defended Urrutigoity, who was accused of sexual abuse in a highly publicised lawsuit in Pennsylvania in 2002, but also appointed him vicar-general, a position which, inappropriately enough, often includes responsibility for handling accusations of clergy sexual abuse.

Schism in Paraguayan Church

The Vatican did not take action against Livieres purely over his defence of Urrutigoity. Pope Francis sent two bishops to Ciudad del Este in last July to look into the diocese, given that Livieres has been engaged in a serious spat with the archbishop of Asunción, Eustaquio Pastor Cuquejo. Cuquejo had called for an investigation into the accusations against Urrutigoity last June; Livieres responded by insinuating on the diocesan website that Cuquejo should have left his post for being “homosexual”.

Livieres issued a strong rebuttal of the Vatican’s justification of his dismissal on his own website, which he created after losing his position. A member of the conservative movement Opus Dei, Livieres claimed to be the victim of “ideological persecution” and said the Pope would be “answerable to God” for his “unfounded and arbitrary” decision to fire him. Livieres argued that the Roman Catholic Church in Paraguay had been taken over by leftist bishops and sympathisers of liberation theology. As such Livieres was a firm critic of Lugo after the former Roman Catholic bishop abandoned his vow to stay out of politics to run for the presidency.

Lugo applauded the Pope’s decision to dismiss Livieres saying he was not “up to scratch”. This criticism was somewhat ironic. Lugo was hardly a paragon of priestly virtue, becoming ensnared in several paternity scandals while in office. These dated back to his days as a cleric and seriously damaged his moral authority.

The big question for the secular authorities in Paraguay now is whether to investigate Livieres for alleged embezzlement of G1.98bn (US\$441,000) of funds from Itaipú for the diocese between 2006 and 2007, now that he has been stripped of his bishopric. These funds were meant for social programmes such as assisting street children and prisoners.

Livieres lashes out

Bishop Livieres claimed he was the victim of papal politics. He said he was appointed to the diocese of Ciudad del Este by St John Paul II in 2004 with a mandate, he claims, to oppose Paraguayan bishops’ “monolithic” support for liberation theology. Livieres maintained that John Paul II’s successor, Pope Benedict XVI, personally told him in 2008 that liberation theology was “the problem in all of Latin America”. And now, under Pope Francis, Livieres added, “this is a pontificate opposed to the previous pontificate.”

Opposition guns for government over Guantánamo

The political opposition launched a new line of attack on the ruling left-wing Frente Amplio (FA) coalition this week ahead of general elections in just over three weeks from now. It criticised the unilateral decision by President José Mujica to offer to receive six detainees from the US prison camp in Guantánamo, Cuba and sought clarification from the FA candidate, former president Tabaré Vázquez (2005-2010), of his stance on the matter. The attack is designed to exploit friction within the FA over Mujica's Guantánamo proposal as well as exposing, once again, the FA administration's poor record on transparency and accountability.

Both Luis Lacalle Pou, the presidential candidate for the opposition Partido Nacional (PN, Blancos), and Pedro Bordaberry, the candidate for the opposition Partido Colorado (PC), criticised President Mujica over his Guantánamo offer. On 25 September Lacalle Pou said that while he had no problem with Uruguay accepting families of Syrian refugees he was "totally opposed" to the idea of taking in Guantánamo prisoners, who should go to the US; Bordaberry, for his part, commented that "we have enough troubles of our own without importing the troubles of others," adding "there are other priorities, not Guantánamo".

Lacalle Pou's running mate, Jorge Larrañaga, went further four days later. He said that the public had a right to know what Vázquez felt about "a pact that nobody knows anything about". He said that while the Partido Comunista (PC), part of the FA, had criticised the "Yankee pact", Vázquez had responded with "silence, silence and more silence".

Mujica, who formally proposed the idea to his US peer Barack Obama during a visit to the White House on 12 May in a bid to expedite the closure of a camp he described as a "shame of humanity", obliquely responded to Lacalle Pou's remarks by saying that he should concentrate on his campaign as he had not been "invited to this party yet" (in other words he is not president yet so it is none of his concern). This cut no ice with Larrañaga who said that Vázquez needed to explain to the public where he stood on the matter personally and what would happen with the prisoners once Uruguay took them in.

More intriguingly the US ambassador to Uruguay, Julissa Reynoso, responded to Lacalle Pou by commenting that the US had struck an agreement with the government of Uruguay and not between two parties. She said the US government had enjoyed "a positive relationship with Lacalle Pou's party historically" before adding, with perhaps the hint of a threat, "the idea is to continue having this type of relationship in the future." Reynoso nonetheless added that it would be preferable if the prisoners were taken in by Uruguay before the new presidential term begins next March. She concluded by saying that the US saw the acceptance of the prisoners as "an extremely humanitarian gesture".

* The latest opinion polls suggest that while support for the FA is slightly increasing this has not been at the expense of backing for the opposition and will not be sufficient to win in the first round (something which the coalition has reluctantly accepted) or to secure a majority in the lower chamber of congress and the senate. This potentially puts the small Partido Independiente (PI) of Pablo Mieres, who is polling 3%, in the enviable position of being able to supply the eventual victor with decisive votes in congress. This has not been lost on Mieres. Last week he came out with an offer to ally the PI with whichever candidate makes it through to a November run-off in exchange for the adoption of some of his party's key campaign proposals, including reforming State companies and bringing Uruguay into the Pacific Alliance trade bloc of Mexico, Colombia, Peru and Chile.

Lorenzo given green light

Uruguay's electoral court has ruled that former economy minister Fernando Lorenzo (2010-2013) is eligible to stand for election for congress next month. Lorenzo's candidacy had been challenged by Senator Ope Pasquet, of the opposition Partido Colorado (PC), on the grounds that Lorenzo is still under investigation for his involvement in the handling of the bankruptcy of the national airline Pluna.

Central bank president quits

On 1 October the president of Argentina's central bank (BCRA), Juan Carlos Fábrega, resigned. A day earlier, President Cristina Fernández had accused BCRA employees of helping speculators undermine the Argentine peso. Alejandro Vanoli, the head of the national securities commission (CNV), will take over as BCRA president. Among the main challenges facing the new president are the country's exchange rate policy, low levels of international reserves, and spiralling inflation.

In a lengthy, rambling speech on 30 September, President Fernández had taken a swipe at a number of enemies, both domestic and international. At one point she warned her supporters that if anything happened to her, they should "look to the north", in other words, the US. Fernández also accused the BCRA of failing to control manoeuvres by banks and brokers to weaken the peso, and suggested that privileged information had been leaked.

Kicillof victorious

Fábrega and the economy minister, Axel Kicillof, have long been locked in a battle for influence. Fernández's comments indicated it was her economy minister she favoured, and Fábrega felt compelled to resign. Government control over the BCRA is likely to increase in the wake of Fábrega's departure.

In the short-term, Buenos Aires's main stock market (Merval) fell 8.2% (although it is worth noting that it has risen by 132% over the past year). The 'blue dollar', the unofficial exchange rate, fell slightly, to Ar\$15.60/US\$1, still a long way from the official rate of Ar\$8.47/US\$1.

As well as the massive discrepancy in the exchange rate, which most analysts believe means another devaluation is inevitable shortly, inflation is running at around 40%. Argentina's foreign reserves have fallen to around US\$27.1bn, leading to concerns that the country might run out of dollars to pay for its imports. While he was not in a position to refuse the government's financing needs, Fábrega was credited with restoring some credibility to the currency markets after devaluing the peso at the beginning of the year and increasing interest rates.

New civil code

Opposition deputies staged a walk-out from congress on 1 October, as the government benches prepared to approve a new civil and commercial code. The bill contains 2,671 articles and will abolish the previous code drafted in 1869.

The code will not take effect for the next 15 months, but when it does it will have a significant impact on marriage, adoption and divorce rights. But one of the articles could eventually change the nature of Argentina's dispute with its bondholders: the new law would allow debtors to pay lenders in Argentine pesos rather than US dollars.

Civil matters

In marriage, the new code aims to catch up with Argentina's Equal Marriage Act which allowed people of the same gender to wed. As for divorce, the new law will simplify the current procedure, by abolishing time limits and permitting divorce in cases where only one spouse has filed the petition. On adoption, the new code will reduce the time for the processing and issuance of decisions. Another article, the "convivial union" grants certain rights to two people living together, regardless of gender.

In contempt

On 29 September US District Judge Thomas Griesa ruled that Argentina was in contempt of court because of its attempts to circumvent his order that it pay its debts owed to its 'holdout' creditors before making any other payments to the holders of its restructured. So far Griesa has not announced what the punishment should be; one of the holdouts, NML Capital, has suggested a fine of US\$50,000 per day. President Cristina Fernández accused the US government of being behind Griesa's ruling.

Science and technology

Uruguayan opposition presidential candidate Pedro Bordaberry has called for the creation of a science, technology and innovation ministry by whoever triumphs in elections later this month. “This sector produces US\$1bn and exports US\$400m. Currently Uruguay exports meat products for US\$2bn and tourism brings in revenues of US\$2bn. Is this not an area to have a ministry and develop science, technology and innovation?” Bordaberry asked rhetorically. The four candidates running for election have signed a joint agreement setting out the science and technology priorities their policies will seek to achieve irrespective of who wins. These include boosting funding programmes for research and training; establishing initiatives to retain researchers in Uruguay; and the provision of grants to ensure scientists are able to do full-time research for up to five years.

Commercial code

Argentina’s creditors, however, are far more interested in the commercial code. In the aftermath of Argentina’s default in 2001, the government converted dollar deposits and loans into pesos, in a move known as “pesofication”. In 2012 the northern province of Chaco repaid its dollar-denominated bonds in pesos because the central bank denied its request to buy foreign currency.

“The feeling is that the government is going toward a pesofication option in the new civil code,” Alejo Costa, a strategist at Puente Hermanos Sociedad in Buenos Aires, told *Bloomberg*.

TRACKING TRENDS

BRAZIL | Cotton subsidies trade war ends. A 12-year dispute between the US and Brazil over cotton subsidies finally came to an end on 1 October. Under the terms of the agreement signed between the two countries, Brazil has promised to no longer pursue its complaints about US support for the sector at the World Trade Organization (WTO). In return, the US will pay the Brazilian Cotton Institute a lump sum of around US\$300m. More significantly, from Brazil’s perspective, the US has also committed itself not to extend credit guarantees for export for a period of more than 18 months. In the past its credit guarantees ran for up to three years.

The case was first filed at the WTO back in 2002. After many twists and turns, in 2009 Brazil was granted the right to retaliate with sanctions against US goods, to the tune of US\$829m. Then in 2010, the US agreed to pay US\$147m annually into a fund to support Brazilian producers. That deal, however, turned sour when for budgetary reasons, the US was unable to contribute to the fund.

For the agricultural ministry, the deal will help make Brazilian cotton more competitive: the South American country is the world’s third-largest exporter, after the US and India. In 2013 cotton exports netted Brazil US\$1.2bn. The agreement could help to clear the way for better relations between Brazil and the US after the elections. Since the National Security Agency (NSA) revelations made public by the whistleblower Edward Snowden, relations between the two countries have been at a low ebb.

Luis Alberto Figueiredo, Brazil’s foreign minister, and Neri Geller, the agriculture minister, were in Washington to sign the deal. Speaking to the press afterwards Figueiredo said the agreement was “a step forward in the commercial relationship” between the two countries, but he also reiterated that the spying scandal was “of the utmost seriousness”.

PARAGUAY | GDP expanding at steady rate. Paraguay’s GDP grew by 3% in the second quarter of the year, according to a report released by the central bank (BCP). The BCP said that economic activity between April and June had “developed favourably, although at a more moderate rhythm than initially predicted”.

The economy grew by 4.1% in the first quarter of the year. The government is predicting 4.8% growth this year, while the ratings agency Standard & Poor’s recently forecast growth of between 4.5% and 4.8% a year over the next three years.

A steady and consistent rate of growth would make it easier to carry out budgetary planning than the previous two years: the economy grew by 13.6% in 2013 following a contraction of 1.2% in 2012, which equates to a 2.9% drop in GDP per capita.

The main driver of growth in the second quarter was the livestock, forestry and fishing sector, which grew by 11.1% year-on-year. The BCP attributed the significant growth to the World Organization for Animal Health’s decision last November to restore Paraguay’s status of free of foot and mouth disease (FMD), with vaccination, which the country had lost after an outbreak of FMD back in September 2011. The BCP said the recovered status had led to the re-opening of the Chilean and Russian markets and would hopefully lead to a return to European markets before the end of the year.

Oil fund created

The government led by President Enrique Peña Nieto has formally announced the launch of the newly created Mexican petroleum fund (FMP). Finance Minister Luis Videgaray Caso signed a contract with the president of Mexico's central bank (Banxico), Agustín Carstens, creating the FMP, which will be used to deposit all the non-tax revenues generated as a result of the implementation of the energy reform pushed through by the Peña Nieto administration.

The FMP was created via the petroleum fund for stabilisation and development ('oil fund law'), approved by the federal congress on 11 August. Until now all the revenues generated by Mexico's state-owned oil firm, Petróleos Mexicanos (Pemex) were freely administered by the government, which was allowed to use this to cover its expenditures. The energy reform which ended Pemex's 76-year monopoly on hydrocarbon production in Mexico, opening it up for the first time to direct private participation, is expected to result in substantial revenues for the Mexican State through the awarding of production concessions and contracts (including those awarded to Pemex). But the FMP will be managed by Banxico, which will be in charge of safeguarding and managing the fund.

According to Videgaray the new FMP will help to ensure the long-term stability of Mexico's public finances as well as allow for greater transparency in the management of the revenues generated by the hydrocarbon sector to the benefit of future generations. Carstens said that Banxico will carry out all the necessary actions to ensure that Mexican society is fully aware of the management of the resources derived from the hydrocarbon sector.

During the event Videgaray also announced that the finance ministry will soon create three new financial instruments that will allow individual savers the opportunity to invest in the energy sector within the framework of the energy reform. Meanwhile Mexico's economy ministry (SE) has announced the creation of a new trust fund designed to support national contractors and suppliers operating in the hydrocarbons sector. The government will deposit M\$200m (US\$14.9m) in the trust fund this year and an additional M\$300m (US\$22.3m) next year.

TRACKING TRENDS

MEXICO | No more capacity. The Aeropuerto Internacional de la Ciudad de México (AICM) in the Distrito Federal (DF) has reached saturation, according to a note published in the official daily gazette by the communications and transport ministry (SCT) this week. The AICM has a capacity of 32m passengers a year. The SCT published technical and statistical data of take-offs and landings at the AICM between September 2013 and August 2014. On no fewer than 52 occasions the number of operations per hour exceeded the maximum of 61 deemed to be safe.

The publication of the findings comes neatly after President Enrique Peña Nieto announced a bold plan during his state-of-the-nation address (Informe) on 2 September to build a new international airport at an estimated cost of M\$120bn (US\$9.17bn) in Texcoco, Estado de México, just 10km from the AICM [WR-14-35]. The planned new international airport would have six runways and would quadruple the capacity of the AICM, with a huge handling capacity of 120m passengers a year.

Flights to small cities could disappear

Direct flights from the Aeropuerto Internacional de la Ciudad de México (AICM) in Mexico City to small cities in Mexico could soon disappear, the director general of Mexican low-cost airline Interjet, José Luis Garza, warned this week. Garza said that because the AICM had reached saturation it was no longer viable to carry out flights with some 200 people onboard to cities like Aguascalientes, capital of the eponymous state, or Poza Rica in the state of Veracruz. He said that airlines wanted to take advantage of their limited landing and take-off slots to fly to more profitable destinations with bigger planes.

The czar reclaims his crown

Marino Murillo, chairman of Cuba's economic policy commission, has been re-appointed to the helm of the ministry of economy & planning, a post he previously held between 2009 and 2011. Murillo, who is also vice-president of the council of ministers and a member of the politburo, is touted as among the potential successors to President Raúl Castro, who has pledged to step aside in 2018. His re-appointment marks his return as 'economy czar' and was quickly followed by signs that currency reform—finally—is on the way.

Given that Murillo was already effectively overseeing the economy & planning ministry anyway as head of the economic policy commission, which is charged with implementation of the economic reforms designed by Murillo himself, the move is something of a demotion for Adel Yzquierdo Rodríguez (another politburo member), who returns to his previous post as Murillo's deputy at the ministry. Growth this year has disappointed again (and more Cubans seem to be leaving the island). When Cuban planners announced their forecast in December 2013 they warned of a difficult year ahead, with a GDP slowdown from 2.7% in 2013 to 2.2% in 2014. But with first half year-on-year growth of only 0.6%, in July they revised the full-year annual growth forecast down further, to just 1.4%.

Noting that implementation of the party's economic and social policy guidelines is facing "deeper and more complex questions", the daily *Granma* said that it was necessary to "harmonise and integrate at a higher level" the current 'actualisation' process. This economic reform process remains too stop-start, too timid and too weighed down by bureaucracy, is the general consensus, preventing the Cuban economy from picking up any kind of momentum. Yet the small independent sector has evolved organically, largely outside the government's control (apart from a stifling tax burden) and heavily reliant on wholesale supplies and financing from Miami. This is creating exactly what the Communist government is so anxious to avoid – growing income gaps and social dislocation between those with access to US dollars/convertible Cuban pesos and those without; 'haves' and 'have-nots'.

Day Zero' inches closer

In this context, unification of the island's 20-year old dual currency system, a fundamental key to the whole reform process, appears to be inching forward, albeit glacially and with very little concrete information as to 'Day Zero'. The head of the central bank (BCC), Ernesto Medina, told the state news agency AIN on 1 October that currency reform was "a critical task". He said it was "logical" to establish the Cuban peso as the sole currency. He gave no indication as to the new system, but a fixed peg is expected (*see sidebar*).

Medina said a working group was seeking to "indicate the accuracy of the current levels of monetary circulation in the population and the business sector", and suggested that the BCC could increase money supply under unification, noting that "if retail prices continue at their current level, this will require more pesos to be in circulation". Higher denomination notes were thus being considered, he said.

The bank is also planning for new "point of sales terminals (ATMs and card machines in shops), that would accept "magnetic swipe cards" (debit/credit cards), "therefore avoiding the use of cash and facilitating operations". Medina stressed that bank accounts would be automatically converted into Cuban pesos, in order to protect customers, stressing that the BCC is working in support of macroeconomic stability. "Financial institutions must have the necessary assets available to meet the new credit capacity demanded by the economy," he noted. Given that the BCC does not publish its own foreign reserve levels, it is very difficult to know if there is indeed enough of a cushion in place to anchor and support a currency peg.

What rate?

Since 2005, the Convertible Peso:Cuban Peso (CUP:CUC) exchange rate has been fixed at CUP24:CUC1. A formal pilot programme initiated in January 2013 enables transactions between some state enterprises that operate in CUCs (exporting enterprises, mainly in tourism) to use different CUP:CUC rates (reported to be between CUP7:CUC1 and CUP12:CUC1) for their transactions with suppliers. Some economists suggest the unified rate could be fixed at about CUP8:CUC1, i.e. CUP8.00/US\$1.

PRD tries again

Robinson

A member of the PRD for 33 years and a national deputy representing Bocas del Toro since 1989, Benicio Robinson was elected president of the Partido Revolucionario Democrático (PRD) in August 2012. He reportedly has links to a powerful businessman, David Ochy, owner of Transcribe Trading (TCT), which allegedly received million-dollar contracts under the previous Cambio Democrático (CD) administration led by former President Ricardo Martinelli (2009-2014).

Panama's main opposition party, Partido Revolucionario Democrático (PRD), last week elected Carlos Pérez Herrera as the new secretary general of its national executive committee (CEN). Triggered by the resignation of Juan Carlos Navarro, the PRD's presidential candidate defeated in the May 2014 contest, the election of Herrera - which represents yet another defeat for the PRD's old guard - comes as the party, traditionally Panama's largest, remains in crisis following the May general election.

A little known PRD representative for the local *corregimiento* (administrative division) of San Francisco in Panama City, Herrera took 120 of the 302 votes cast by the PRD's national directorate on 21 September. He defeated lawyer, Juan Felipe Pitty, who received 95 votes; national legislator and member of the old guard, Pedro Miguel González (85); and one of the PRD's founders, Rafael Pittí, who received two votes. Herrera is aligned with PRD president and national deputy, Benicio Robinson, who controls the party legislative caucus, chairs the national assembly's key budget committee and, by all accounts, is now calling the shots in the party. Indeed Robinson saw his position further bolstered after three of the other four CEN posts up for election also went to his allies, businessman Ali Waked (first deputy secretary); mayor of David, Francisco Vigil (third deputy secretary); and representative for the Juan Díaz *corregimiento* in the metropolitan region, Javier Sucre (fifth deputy secretary). The only new CEN member not aligned with Robinson who was selected was Camilo Alleyne, a former health minister under the Martín Torrijos (2004-2009) administration.

Herrera's victory represented another defeat for the party's old guard which, grouped in the 'Coordinadora Nacional pro Rescate Torrijista', includes figures like former presidents Torrijos and Ernesto Balladares (1994-1999). The Rescate Torrijista emerged in July, a month after the new Partido Panameñista (PPA) government led by President Juan Carlos Varela took office. As well as doubts as to the PRD's unity, Robinson also raised questions as to the future of the deal on "legislative governability" that the PRD signed with the PPA shortly before Varela took office [WR-14-26]. This agreement is essential for the new president given the PPA-led El Pueblo Primero (EPP) coalition has just 13 seats in the new 71-member unicameral national legislature - to 30 for the Cambio Democrático (CD) of former President Ricardo Martinelli (2009-2014) and 25 for the PRD.

The local press is reporting that issues at stake as regards the future of the EPP-PRD deal include the legislature's election of a comptroller general; the president's nomination of a new attorney general for the legislature to accept or reject; and a continuing series of trials and efforts to probe alleged corruption which took place under the former Martinelli administration (*see box*).

PAN investigated

Following last month's announcement by an anti-corruption prosecutor, Lorena Coronel, of a probe into the government fund, Programa de Ayuda Nacional (PAN) [WR-14-35], on 5 September the economy & finance ministry (MEF) announced that it had contracted a local company, Rogers Forensic Auditors to carry out the audit. The process, which will investigate alleged irregularities which took place under the previous Martinelli government, is expected to take six months and the PAN's new director, Rafael Stanziola says that the resulting report will be made public.

Meanwhile the first investigation involving alleged corruption has been opened in relation to a former Martinelli minister. Last week an anti-corruption prosecutor sent a case to the supreme court of justice (CSJ) which involves alleged irregular expenses incurred by former labour minister Alma Cortés during a trip to an International Labour Organization (ILO) meeting in Switzerland in 2011.

Bahamas pays electric bill and avoids blackout

On 1 October the state-owned Bahamas Electric Corporation (BEC), announced that it had delivered a US\$55m payment to its fuel suppliers, who threatened to suspend fuel shipments if the payment due on 30 September was not made. The BEC previously notified its suppliers that it might not be able to make the payment as it was having trouble collecting from its customers. Following the threat of a cut off of fuel shipments, the BEC warned that this could result in a country-wide blackout. However BEC executive chairman, Leslie Miller, revealed that after contacting some of the firm's customers in arrears (including various hotels in the west of the country) many of these paid up, allowing BEC to pay its suppliers.

COSTA RICA | Solís reacts to downgrade. President Luis Guillermo Solís has responded to a decision by the credit ratings agency Moody's to downgrade Costa Rica by expediting the introduction of a new value-added tax (IVA). Solís announced upon taking office last May that the thorny issue of fiscal reform would be discussed in the second half of his term but he now seems determined to advance with piecemeal reforms at least.

Moody's downgraded Costa Rica's rating one-notch from an investment-grade Ba1 to speculative-grade Baa 3. Moody's cited the persistently high fiscal deficit, which it forecast would reach 5.8% of GDP this year and 6% in 2015, up from 4.5% of GDP in 2009, which it said had "materially worsened" Costa Rica's debt burden. It noted that government debt-to-GDP is expected to rise to 40% this year, compared with just 25% in 2008.

In the wake of the negative report, the government has opened preliminary discussions with the disparate political parties in the 57-seat legislative assembly about the need to approve a government bill to convert a selective 13% sales tax into a much more comprehensive 13% VAT rate, clamping down on tax evasion in the process and generating an additional US\$555m in annual revenue. Solís said that the existing exemptions in the areas of health and education would be preserved.

Solís said his government would send a bill to this effect to the legislative assembly before the end of the year. The government claims that tax evasion equates to 13.8% of GDP, which if true eclipses the tax take which was only 13.1% of GDP in 2013.

DOMINICAN REPUBLIC | Cocoa exports up. On 30 September, a day ahead of national cocoa day, the Dominican Republic's agriculture ministry reported that the country exported US\$214m worth of cocoa (69,000 metric tonnes [t]) over the past year, a significant increase of 38% from the US\$155m exported in 2013 and a new record.

Over the last 10 years, the Dominican Republic has exported over 128,311t of organic cocoa; an average of over 12,000t a year and the country is now one of the world's leading exporters of the product; and according to the agriculture ministry this sub-sector has become "one of the main sources of revenue for the national economy".

The director of the agriculture ministry's cocoa department, José González Fabián, has partly attributed the sector's success to the various programmes launched by the ministry to improve the quality of Dominican cocoa and to promote it abroad, thanks to which "we now have a presence in all the continents".

Agriculture Minister Angel Estévez added that currently 40% of the cocoa produced in the Dominican Republic is considered to be fine or flavour cocoa, making the country part of an elite group of countries that produce cocoa of the highest international quality.

The continuous growth in Dominican cocoa exports has contributed to the overall growth of the country's exports, which have more than tripled from US\$966m in 2000 to US\$4.58bn last year. This significant increase in exports has come despite the fact that the country's traditional exports (sugar, coffee and tobacco) have fallen from 20% of the total in 2000, to just 6.4% of the total in 2013.

Given that agriculture remains one of the Dominican Republic's main economic activities, the strong performance of the cocoa sub-sector is very positive news for the domestic economy. The president of the Dominican Republic's central bank (BCRD), Héctor Valdez Albizu, recently revealed that the country has registered a positive economic performance in the first half of the year with real GDP growth of 5.2%.

According to the agriculture ministry, high-grade cocoa is now produced in 20,000 productive units located in the north, east and central areas of the country, currently employing 300,000 people directly and indirectly.

POSTSCRIPT

Quotes of the week

“The disarticulation and disorganisation of the Right in the first decade of this century is over [...] Today there is a conservative restoration on the march.”

- *Ecuador's President Rafael Correa.*

“The most recent disclosures about the use of young people from our continent in subversive actions in Cuba -a project that is funded and executed by the USAID-, confirm the countless denunciations made by the Cuban government against the continuity of illegal plans to subvert Cuba's internal order...”

- *Cuba's foreign minister Bruno Rodríguez Parrilla at the UN General Assembly.*

“In the pursuit of peace efforts, as well as in the pursuit of inclusive and equitable development, there is no place for the disdain of fundamental principles and freedoms which is found in the economic, commercial and financial blockade against our sister republic of Cuba [...] El Salvador calls for an end to this blockade.”

- *El Salvador's President Salvador Sánchez Cerén at the UN General Assembly.*

Chile confounded by anarchist attacks

Chile's President Michelle Bachelet has sent a bill to congress to modify the structure of the public ministry by creating a *Fiscalía de Alta Complejidad* (prosecutor's office for high complexity) to investigate crimes like the recent spate of bombings in the country, as well as serious economic crimes. The very name of the new body is a fair indication of the bafflement which characterises the response of the Chilean authorities to the bombings in terms of the identity and motivation of the perpetrators.

Speaking from the La Moneda presidential palace, President Bachelet said that “Chileans have borne witness to the profound damage that can be caused by cowardly acts, committed by a few that turn to violence [...] to create a sensation of insecurity”. The new body will be controlled by a special prosecutor with jurisdiction across Chile, who will work closely with the police and the comptroller general's office.

The authorities have propounded various theories for the bombings without being able to settle on a firm motive. Two men and a woman were arrested on 18 September, however, for the bomb that exploded in a shopping area and part of a subway station 10 days earlier injuring 14 people [WR-14-37]. A court has given prosecutors 10 months to gather evidence while two of the suspects, Juan Flores and his partner Nataly Casanova, are held in prison. The third suspect, Guillermo Durán, is under nocturnal house arrest.

With the collective shock over this brazen attack still reverberating, another bomb exploded on 25 September, claiming the life of a 29-year old, Sergio Landskron Silva. The bomb exploded in the Yungay neighbourhood in central Santiago. It has not yet been established if Landskron was an innocent bystander who found the device and picked it up or whether he planted it. His family told the media that he was a drug addict who lived on the streets but had no ties with terrorist groups.

Notice to Swets clients

Dear subscriber, if you subscribe to our service through the Swets subscription agency, you should be aware that Swets has been declared bankrupt.

We would like to offer you the possibility of subscribing directly, or if you prefer we can suggest an alternative subscription agency that currently works with us. Also, if you have made a renewal payment to Swets for our service and would like to check that the renewal has been registered with us, please do not hesitate to contact us. You can get in touch with us using the [Contact Form](#) on our website (www.latinnews.com), by contacting Yolanda Drinot at info@latinnews.com, or by calling us at +44 (0)207 251 0012.

LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, 61 Old Street, London EC1V 9HW, England. Telephone +44 (0)20 7251 0012, Fax +44 (0)20 7253 8193 Email: subs@latinnews.com or visit our website at: <http://www.latinnews.com>

EDITOR: JON FARMER. Subscription rates will be sent on request. Overseas subscription sent by airmail. Printed by Quorum Print Services Limited, Unit 3, Lansdown Industrial Estate, Gloucester Road, Cheltenham, Glos. GL51 8PL **COPYRIGHT © 2014** in all countries. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, electrical, chemical, mechanical, optical, photocopying, recording or otherwise, without the prior written permission of the publishers. Registered as a newspaper by Royal Mail. **REFERENCES:** Back references and cross-references in the current series will be made thus: WR-13-01 will indicate Weekly Report, 2013, issue 1.