

latin american weekly report

13 November 2014, WR-14-45

ISSN 0143-5280

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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*

Bachelet and Humala head to China hoping to solve growth conundrum

The presidents of Chile and Peru, Michelle Bachelet and Ollanta Humala respectively, gathered in China for the Asia-Pacific Economic Cooperation (Apec) summit this week. The two heads of state face remarkably similar challenges. Both took office promising to introduce ambitious reforms to bring about more socio-economic equality but both are presiding over the worst economic slowdowns in their countries since the global financial crisis in 2008. Both have sent a series of economic stimulus packages to congress in recent months in an attempt to fire up their flagging economies; and both arrived in Beijing desperate to attract foreign direct investment (FDI).

Only eight months have elapsed since President Bachelet took office for the second time. She showed greater understanding of the widespread public disaffection with the political class than her opponents during the electoral campaign, promising a range of reforms to attenuate some of the worst levels of inequality in the region. Bachelet's honeymoon has been short, however, and the tax reform her government recently pushed through to help finance her planned reforms, especially education and labour, has been savaged for exacerbating an economic slowdown which ultimately threatens their realisation.

President Humala has been in office longer, since July 2011, when he promised economic growth with social inclusion. His left-wing allies deserted him early in his mandate on the grounds that he had prioritised growth over social inclusion—a charge he would deny—but this year his government has failed to deliver on growth, and he has been compelled to rush out four economic stimulus packages in recent months. The latest of these came on 6 November when he approved by executive decree a package designed to streamline environmental permits, and boost public spending by PEN1.6bn (US\$550m). The package was approved just as Humala began a 12-day foreign tour taking him to Russia (the first visit by a Peruvian head of state since diplomatic ties were established in 1969) and China in search of investment to boost growth.

Bachelet left for the Apec summit in Beijing calling for her cabinet ministers “to work harder”, while denying in a televised interview on 6 November that her government was promoting an unfriendly business environment. This charge had been levelled at the Bachelet administration by Hermann von Mühlbrock, the president of the powerful industrial association (Sofofa), who added that the tax reform, especially the increased corporate tax rates, was deterring investment.

The criticism did not stop there. Days later, Andrés Santa Cruz, the president of Chile's Confederación de la Producción y del Comercio (CPC), which groups together businesses in the industrial, mining, banking, agricultural and retail sectors, censured the government's tax reform and proposed education and labour reforms. He said there was an urgent need for the

Peru package

Peru's latest economic stimulus package aims to slash import duties on inputs to boost industrial activity; provide incentives to employers to offer positions to those under 24 looking to get on the job ladder; and cut three and a half years off the process of obtaining environmental permits in order to attract more investment for mining projects. This measure has come under fire from environmentalists - especially as Lima is hosting the United Nations Climate Change Conference from 1 to 12 December - and also risks triggering outbreaks of social unrest in the future.

government to work harmoniously with the private sector to create "better jobs, better salaries and increase the productivity of companies" and "to clear up uncertainties not create more" if Chile is to get back on the path to rapid economic growth. He said the tax reform was hindering rather than helping growth; the upcoming labour reform, which inter alia will strengthen trade unions and end the current law enabling employers to replace employees on strike, was poorly timed; and a proposed reform to end for-profit education had created a "deeply troubling" anti-business sentiment by instilling the idea that profit is negative. All this, he said, with the added uncertainty of a pending constitutional reform, with some within the ruling leftist Nueva Mayoría coalition advocating "starting from zero".

Bachelet's party, Partido Socialista (PS), held clear-the-air talks with the CPC this week and both sides promised "more dialogue" but serious tension remains. This is also erupting within the Nueva Mayoría. Bachelet's former interior minister and cabinet chief during her first administration (2006-2010), Edmundo Pérez Yoma, a member of Democracia Cristiana (DC), the most centrist party in the ruling coalition, called for cabinet changes, branding the education minister, Nicolás Eyzaguirre, "the origin of all of the problems the government is facing". The DC president, Ignacio Walker, hastily insisted Pérez Yoma's remarks were personal and not representative of the party line, but the former minister is not alone in the DC in casting doubt on the pace of reforms, and a growing rift within the coalition—which includes inveterate rivals such as the DC and the Partido Comunista de Chile (PCCCh)—is likely if low growth persists.

With a fall in mining investment contributing to projected GDP growth of less than 2% in 2014, Bachelet took advantage of her visit to China to lobby businessmen during an investment forum in Beijing to look no further than Chile. She said that between 1974 and 2012 Chinese investment in Chile amounted to just US\$103.9m. She also urged China's prime minister, Li Keqiang, to visit Chile next year to seal accords in the science and technology sectors to diversify bilateral trade, currently dominated by copper. Her government is looking to reduce regulatory delays affecting 100 private investment projects, mostly in the mining and energy sectors, worth some US\$6bn. Bachelet also tabled a US\$4.2bn transport infrastructure plan before leaving for China, including the expansion of public-private partnerships (PPPs) to the metro system to construct a new line in Santiago, and three cable car lines in the northern cities of Iquique and Antofagasta and in central Valparaíso.

President Humala also heralded PPPs on 10 November, during a business forum before the Apec summit, in order to reduce inequality. "The State alone does not have the resources to resolve the public's problems, its essential needs," he said. As in Chile, Peruvian authorities are planning significant transport infrastructure projects, requiring major investment, to spur development: foremost among these is a PEN\$27.5bn (US\$9.5bn) new railway line running 1,340km along the coast, linking the Lima province of Callao to the province of Sullana, in the north-eastern region of Piura, and the southern region of Ica. Russian Railways expressed an interest in the project during Humala's visit to Moscow.

Peru is struggling to post 3% GDP growth this year. It registered a trade deficit for the seventh straight month in September (US\$309m) and a US\$2.83bn deficit for the first nine months of the year, compared with US\$461m over the same period in 2013, due to falling gold and copper exports. Humala recently launched a 'productive diversification plan' focusing on innovation, science and technology, like Chile, to reduce reliance on the extractive industry: mining products make up 70% of Peru's exports. The production minister, Piero Ghezzi, said this week Peru was investing just 0.12% of GDP on industrial and technological innovation, compared with an average of 0.75% in the region. He said the only way to recover growth rates of 7% was to fire up more productive motors. The government will offer tax breaks for private companies that invest in innovation.

**Let them eat
cake...and play with
Barbies**

As we noted last week, as part of the 'Happy Christmas 2014' campaign, President Maduro ordered a crackdown on the retail price of a string of household appliances and toys, with the daily *El Universal* reporting 'Barbie' dolls 'on sale' at BF500 – which at the official exchange rate equates to US\$79. Customers who rushed out initially must be disappointed, as Barbies are now on sale at half that again, BF250, or US\$39, and the doll that former president Hugo Chávez once derided as “a stupidity” (and representative of all the ills of Western capitalist society) is flying off the shelves. In capitalist US, however, a 'Barbie' is still a good deal cheaper, at about US\$20.

ANDEAN COUNTRIES

VENEZUELA | POLITICS

Municipal police forces under scrutiny

Few new authorities have got off to such a rapid start as the new presidential commission on police reform, launched barely a fortnight ago (on 31 October) by President Nicolás Maduro in the wake of two fatal incidents in Caracas that appear to have got the government rattled about police corruption. Deputy Freddy Bernal, of the ruling Partido Socialista Unido de Venezuela (PSUV), the head of the new commission, this week ordered the intervention of three municipal forces – notably including Policaracas in the PSUV-run central Caracas municipality of Libertador – and the suspension of two others.

According to Bernal, Policaracas has been intervened at the request of the PSUV mayor of Libertador, Jorge Rodríguez, a combative and senior figure in the ruling party. The incidents leading up to the latest police-reform effort both took place in separate parishes of the large Libertador district. One was the murder of a high-profile PSUV deputy, Robert Serra. Although the government has tried to implicate Colombian paramilitaries in that crime, thereby politicising it, there have also been some suggestions that it was a criminal act linked to Serra's bodyguard, potentially with the help of former municipal police officers. The other incident was a clash between the Cuerpo de Investigaciones Científicas Penales y Criminales (CICPC), the investigative arm of the national police, and pro-government armed militia groups known as 'collectives' ('colectivos'), in which a well-known 'colectivo' leader, José Odreman, was killed. (Relatedly or not, Odreman served 25 years in the now-defunct metropolitan police force).

Also intervened were the municipal police forces of La Ceiba (in the western border state of Trujillo), whose mayor is Marcos Tulio Carrillo (PSUV); and Cristóbal Rojas, in the central state of Miranda (surrounding Caracas), whose mayor is Humberto Marte, also of the PSUV. Trujillo's governor is the senior military man Henry de Jesús Rangel Silva, while Miranda is run by opposition leader Henrique Capriles Radonski. Bernal said that in general these forces were intervened for failing to comply with procedures, but he noted specifically that in the case of La Ceiba there were “major and continuing human rights abuses”, while the Cristóbal Rojas force had been corrupted by “delinquent networks”. He added that a further eight forces were under evaluation.

Meanwhile, the interior, justice and peace ministry, now run by the powerful Admiral Carmen Meléndez, also ordered the suspension of the municipal forces in Tinaco (Cojedes), again at the request of the local PSUV mayor, Julio Castro; and Pedro Zaraza (Guárico), run by Wilfredo Balz (PSUV). These forces were suspended for “failing to carry out their duties”. Meléndez, brought over by Maduro from the defence ministry and immediately tasked with a “systemic” police reform (as interior minister she is head of the general council of the police, Congepol), appears to be closely coordinating with Bernal in these efforts.

Bernal's links to the 'colectivos', which demanded the removal of the previous interior minister over the Odreman incident, have prompted speculation about some sort of joint effort from the top (led by the military) and the bottom (the 'colectivos', who see themselves as the legitimate defenders of the Bolivarian Revolution), against the long since discredited and corrupt police. Previous efforts at police reform in Venezuela instigated by former president Hugo Chávez (1999-2013), including an effort to forge the multitude of local forces into one national force, appear to have had little impact on the ground.

Power outage

As if the oil price shock were not enough, a 'strange' power outage that knocked out Venezuela's major Paraguana oil refining complex has obliged Pdvsa to seek emergency imports of 2.4m barrels of gasoline and diesel, the biggest such purchase since a major fire at the Amuay refinery in 2012, according to *Reuters*. Pdvsa and the Maduro government have already been slated for a new policy of importing oil to mix with its heavy crude, in part to meet contractual obligations to China, its key customer. *Reuters* has also reported that contrary to government denials about the sell off of Pdvsa's US-based Citgo refineries, potential buyers from at least six leading oil companies have visited two Citgo facilities (Illinois and Texas), with investment bank Lazard lining up a potential sale.

Ramírez calls on Opec partners ahead of summit

Foreign Minister Rafael Ramírez has begun a tour of Venezuela's partners in the Organization of the Petroleum Exporting Countries (Opec) ahead of its upcoming summit on 27 November in Vienna, Austria.

Ramírez is well acquainted with Opec presidents and oil ministers from his decade-long stint (until September) as Venezuela's energy minister and president of the state oil company Petróleos de Venezuela (Pdvsa). He began his tour on 12 November in Algeria, where he was scheduled to meet President Abdelaziz Bouteflika, to "reassert bilateral relations", according to a tweet from the Venezuelan foreign ministry. Notably, however, Ramírez was met at the airport by none other than the country's energy minister, Youcef Yousfi. After Algeria, Ramírez was bound for Qatar and Iran (also Opec members) and then to Russia (not an Opec member but also suffering from the oil price shock), all officially to "reassert bilateral relations".

Venezuela and its fellow Latin American Opec partner, Ecuador, are working on a joint proposal to put to Opec in Austria, Ecuador's finance minister Fausto Herrera revealed on 4 November. Herrera refused to give details and said that other countries were involved, but clearly Ecuador and Venezuela are interested in putting a floor under falling oil prices (as are other oil majors like Russia and Iran). The dominant Opec producer, Saudi Arabia, seems to have other ideas, however.

Brent crude futures for December delivery hit yet another low of US\$80 per barrel (/b) on 12 November, while West Texas Intermediate (WTI), the reference oil price for Ecuador and Venezuela, fell to US\$77/b, considered a critical threshold for the US barrel. Venezuela's President Nicolás Maduro, who in October requested an emergency Opec meeting, has railed against the US for "destroying" the global oil market – and indeed the planet – by extracting shale oil and gas. That's forgetting that the US does not (yet) export oil, although the massive fall-off in US demand for global oil imports has impacted international oil prices.

Maduro might do better to point a finger at Saudi Arabia, which has been cutting oil prices for its US and Asian customers, sparking fears of a price war within Opec itself. Opec production was almost 31m barrels per day (b/d) in October, the most since August 2013, leading to suspicion that the Saudi tactic is to win both a volume and a price war.

Coincidentally the Saudi oil minister, Ali al-Naimi, was in Venezuela in early November for the first time since 2006 - ostensibly to attend a climate change conference on the island of Margarita - but Al-Naimi also had a private meeting with Ramírez. Al-Naimi's rare trip to Venezuela prompted memories of the fierce price war over the US market between Saudi Arabia, Venezuela and Mexico (and to a lesser extent Ecuador) in the late 1990s, when oil prices fell to US\$10/b. That only ended after Al-Naimi brokered a deal with Venezuela and (non-Opec member) Mexico to curb production.

Coincidentally or not, from Venezuela Al-Naimi headed to Mexico, to attend a natural gas conference in Acapulco. Ahead of the Vienna summit, Saudi officials have signalled that major production cuts are not on the cards and that oil prices are going to have to come down and stay down. For Venezuela that is terrible news, but for dollarised Ecuador, which does not have the ability to devalue, it is of equal import, given the implications for its balance of payments position. Having said that, Venezuela in particular was long suspected of breaking Opec production quotas.

Impeachment

While the extent of the planned judicial purge is not yet clear, both of Paraguay's two main parties have agreed to move to impeach the supreme court judge, Víctor Núñez, in congress. The local press accuses Núñez of pressuring a judge to release the disgraced mayor Vilmar Acosta and his father Vidal from prison in 2011 after they had been arrested when human remains were found buried in Vidal's house. Núñez spent two hours last week trying to convince the local press that he was the victim of political persecution. He swore before God that he had never brought any pressure to bear on any judge to make a particular ruling.

Medina murder puts judicial corruption in spotlight

A massive 25% of judges in Paraguay are corrupt, the president of the country's council of magistrates, Enrique Riera Escudero, claimed this week. Riera said this was the number of judges that, in his judgement, should have been sanctioned since he was appointed to his position by the government of President Horacio Cartes 14 months ago with the remit of revamping the deficient justice system. Riera made the startling claim in the wake of the murder on 16 October of a journalist for the national daily *ABC Color* and his assistant [WR-14-44]. The murders—allegedly master-minded by a mayor belonging to the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) with ties to drug traffickers—have ignited a debate about the alleged links of politicians, judges and prosecutors with drug-trafficking.

"Narco-trafficking has permeated the Paraguayan justice system," Riera said this week in an interview with *ABC Color* and the Spanish news agency *Efe*. Riera said that as many as 500 serving magistrates, prosecutors and defence lawyers had been accused of corruption, drug-trafficking or other crimes before the Jurado de Enjuiciamiento de Magistrados (JEM), a prosecution panel of judges responsible for removing and sanctioning them for malfeasance in office or other crimes, but many had retained their posts not least because some of those on the JEM are also corrupt. He said that within the JEM itself "we have fired judges that have freed narcos by changing rulings".

Riera said that it was important not to generalise as there are good magistrates in Paraguay, but that it was essential to purge the judiciary. "It is time that Paraguay had an independent judiciary," he went on. Not mincing his words, he accused the country's two principal parties, the ANR-PC and the main opposition Partido Liberal Radical Auténtico (PLRA), of creating a clientelist system and sharing out judicial posts.

Riera did maintain, however, that in tandem with a new law pushed through by the Cartes administration requiring greater transparency and accountability in public institutions, the council of magistrates had begun renewing half the country's senior judicial positions, selecting 300 new employees. He said that candidates were being selected on merit and transparently to break with the old practice of political groups imposing anyone according to their prevailing partisan affiliations. "There is a political decision which perhaps people don't see, which is to separate the government and the judiciary from the party," Riera insisted.

Only time will tell how strong this political will really is. The president of the ANR-PC, Lilian Samaniego, told the media on 10 November that various supreme court judges would be impeached as part of a widespread clean-up of the judiciary (*see sidebar*). The manner in which Samaniego made the announcement, however, was testament to just how politicised the judiciary is in Paraguay. She spoke out after a meeting of the ruling party's executive commission, saying that the impeachments would be made after consulting with the PLRA.

This looked more like a kneejerk reaction rather than part of a concerted effort to establish a fully independent judiciary. Samaniego made no reference to ending partisan appointments or exactly how profound the reform would be. The head of the ANR-PC in the chamber of deputies, Hugo Velázquez, responded a day later by saying that there was consensus within the 45-strong bloc to go along with the party's reform plans.

Acosta's whereabouts

Luis Rojas, the head of the national anti-drug secretariat (Senad), said this week that the perpetrators of the murders would have been surprised by the strength of the response from the public and politicians. Rojas said he expected that far from having successfully escaped across the border, Vilmar Acosta was almost certainly still in Paraguay and that his life would be under threat from drug trafficking groups keen "to silence" him, especially as the murder of Pablo Medina and Antonia Almada will bring unnecessary heat on them from the authorities.

Not only judiciary needs revamping

Former president Fernando Lugo (2008-2012) had promised to undertake a transformational shake-up of the judiciary but this failed to get anywhere in part because he came up against a wall of opposition from the country's traditional parties which dominated congress. With Riera saying that "narco-trafficking is infecting all State institutions", it might suit the ANR-PC to make the judiciary a scapegoat now, however, as public demand for action against corrupt officials intensifies in the wake of the murder of *ABC Color* journalist Pablo Medina and his assistant Antonia Almada.

Vilmar 'Neneco' Acosta, the ANR-PC mayor of Ypejhú in the eastern department of Canindeyú, is believed to be the intellectual author of the crime. Acosta has also been accused of drug-trafficking after three tonnes of marijuana was discovered on his family farm. His brother Wilson was identified by Juana Ruth Almada, Antonia's sister who survived the attack on the car in which the three were travelling, as one of the gunmen. Interpol issued an international arrest warrant this week for the two men and two other accomplices suspected of the murders.

The ANR-PC expelled Acosta from the party on 7 November, 20 days after he abandoned his post and went into hiding. Whether it conducts a rigorous overview of its internal candidate selection process is a moot point, although all political parties have undertaken a commitment to bar candidates suspected of involvement with the drug trade. The first real test of this will be ahead of municipal elections on 15 November 2015.

Local councillors in Ypejhú elected Emigdio Morel, a fellow councillor, as the new mayor to complete Acosta's term. Morel also belongs to the ANR-PC, raising suspicion that he was part of Acosta's criminal network, further fanned by the fact that Acosta's sister, Francisca, is likely to replace Morel on the town council. For his part Morel has denied any ties to the Acosta clan and said he would ask the comptroller general's office to carry out an audit of the Acosta administration.

BRAZIL | POLITICS & ECONOMY

Breaking the rules

One of the cornerstones of Brazil's economic policies since the mid-1990s has been the law of fiscal responsibility. This determines that the government posts an annual primary fiscal surplus of 1.9% of GDP in order to pay off its public debt. For the first time since the law came into effect, Brazil looks like posting a deficit for 2014. On 11 November, the planning minister, Miriam Belchior, headed to the federal congress to ask for some flexibility in the law's implementation.

Rather than change the target per se, the government wants congress to deduct certain payments from the primary balance sheet. Chief among them, the infrastructure payments made as part of President Dilma Rousseff's flagship policy; a raft of public works known as the Growth Acceleration Programme, or PAC.

Belchior also requested that congress deduct tax exemptions granted to sectors affected by the global financial crisis. Although the opposition decried the move, the government has done this before to allow some last-minute flexibility on its fiscal targets.

In fact, though some investors lamented that the bill did not impose more fiscal discipline on the government, it is arguably an improvement on the

Petrobras woes

Brazil's national accounting office (TCU) said on 11 November that the scandal-hit state oil firm Petrobras may have overpaid as much as US\$1.2bn in transactions being investigated for potential kickbacks. The scandal is further damaging investor sentiment and confidence in the PT administration. The US Department of Justice has now opened a criminal investigation into whether Petrobras or its employees, middlemen or contractors, violated the US Foreign Corrupt Practices Act, an anti-corruption statute that makes it illegal to bribe foreign officials to win or retain business.

accounting manoeuvres the Rousseff administration has employed previously. Guido Mantega, the outgoing finance minister, lost credibility in the markets through his legal, but questionable, accounting tricks.

The government's current primary fiscal surplus target for this year is R\$80.8bn (US\$33.7bn). Under the 2014 budgetary guidelines law, the treasury is allowed to deduct up to R\$67bn (US\$27.9bn) in spending from the primary fiscal calculation. The bill submitted to congress would double that deductible to nearly R\$135.5bn (US\$56.5bn) this year. Belchior repeated, several times, that even with the change of law the government would still post a surplus.

Earlier this year the credit rating agency, Standard & Poor's, downgraded Brazil's rating to just one notch above junk status, citing slow growth and deteriorating public finances. More recently, Moody's said it could do the same if fiscal conditions do not improve in Rousseff's second term.

BRAZIL | SECURITY

More off-duty police killings

There are many arresting statistics in the latest edition of Brazil's public safety annual, compiled by the think-tank Fórum Brasileiro de Segurança Pública (FBSP), and published on 11 November. A Brazilian is killed every 10 minutes, according to FBSP: an annual total of 50,806 in 2013. While this represents a rise in the absolute number of deaths on 2012, it is progress, of sorts. The murder rate, as measured per 100,000 of the population, fell slightly, from 25.9 in 2012 to 25.2 in 2013. But above 10 per 100,000, the United Nations (UN) considers the level of violence to be "epidemic". Still, arguably the most striking aspect of the report relates to Brazil's police force.

Brazilian police, both civil and military, killed on average six people per day between 2009 and 2013: a total of 11,197 people during the five-year period. This is more than the total number of people killed by police in the US in the past 30 years, but the population of the US is 60% more numerous, and unlike in Brazil, firearms are legal. Much of the violence was concentrated in the three states of Rio de Janeiro, São Paulo and Bahia.

The good news...

According to Samira Bueno, the director of the FBSP, the only good news in the report is the decline in the number of registered homicides by police in Rio state. In 2009, the state accounted for 54% of all police killings in Brazil; in 2013 the absolute number of deaths has halved (from 1,048 to 416) and its share of the national total has fallen to 20%. "Since the implementation of the UPPs [police pacification units], there has been a reduction in lethality," she said. São Paulo state has also succeeded in bringing down the level of police killings, with the number falling from 566 in 2009 to 364 in 2013.

Then the bad

But progress in São Paulo state has been undermined by the 40% increase in the number of homicides carried out by off-duty military police officers. In Brazil as a whole, the number of killings by off-duty police officers, both civil and military, was 401 in 2013, compared with 310 in 2012, a 29% increase. But police officers were also shown to be more vulnerable while off-duty. The total number of police killed while on-duty in 2013 was 121, whereas 369 police officers were killed while off-duty.

One of the report's authors, Rafael Alcadipani, points out in his summary of the statistics that there has been virtually no academic research into the deaths of Brazilian police officers while off-duty. However, he attributes the

Traffic deaths down

In one small piece of good news in the FBSP report, traffic deaths are slightly down from 2012 to 2013. Still, 18,592 people were killed on the road in Brazil last year, representing a mortality rate of 9.2 per 100,000 inhabitants.

rise in the deaths of off-duty officers to the increase in robberies across the country, pointing out that many police officers moonlight as security guards to supplement meagre pay. Without their police support network, they are much more vulnerable to attack.

In terms of the killings carried out by the police, Alcadipani argues that many officers lack faith in the criminal justice system and there are few disincentives to seeking revenge. Very few public attorneys ever seek to prosecute serving police officers; in the rare instances that they do, juries tend to exonerate them anyway.

It is worth pointing out that until recently, most states did not record police killings. In fact, only 11 of the 27 states, plus the federal district, were able to provide full statistics for the FBSP report. Bueno, the think-tank's director, said, "The majority of police in the country are not in the habit of recording police lethality. There is an underreporting. We know that it is far greater than is recorded."

Other statistics

Also worth bearing in mind is the rise in the number of deaths "to be clarified", up from 15,357 in 2012 to 16,291 in 2013. With its prison population of 574,207, Brazil has the world's fourth largest number of prisoners; just over 40% of them are awaiting trial. Just under 62% of the prison population is black or mixed race; while 68% of those murdered in Brazil are non-white.

BRAZIL | POLITICS

Imminent ministerial reshuffle

Fifteen cabinet ministers tendered their resignations to President Dilma Rousseff on 12 November. Aloizio Mercadante, the cabinet chief, said the resignations were acts of "kindness" designed to comply with Rousseff's election campaign promise of "new term, new team". Many of them hope for jobs in Rousseff's second term. Talking to journalists in Qatar, en route to the G-20 meeting in Australia, Rousseff said she had no intention of announcing appointments next week.

More significant was the resignation of the culture secretary, Marta Suplicy, on 11 November. Following the usual boilerplate stuff about the rewards of the post, Suplicy called for President Rousseff to appoint "an experienced, independent and proven economics team". Suplicy's comments were given short shrift by the outgoing finance minister, Guido Mantega, who was reported murmuring to aides that though the culture ministry under her management had not lacked money, it had lacked talent.

But Suplicy cannot be dismissed quite so easily. The former culture minister was tourism minister under former president Lula da Silva (2003-2011), and she was also the mayor of the city of São Paulo. A representative of the conservative wing of the ruling left-wing Partido dos Trabalhadores (PT) which prioritises growth in order to fund the distribution of wealth, Suplicy's comments reveal the battle for the economic soul of the government for Rousseff's second term.

Once again, Rousseff has ruled out any immediate decision on Mantega's replacement and the delay appears indicative of the fierce arguments being fought behind the scenes. Earlier this week, Gilberto Carvalho, a central figure in the Lula administration, gave an interview criticising Rousseff for distancing herself from the "main actors in the economy and in politics". It seems likely that Mantega's appointment will accentuate this widening rift.

New central bank president claims success

When Alejandro Vanoli, the president of Argentina's central bank, took over from Juan Carlos Fábrega, just under two months ago many analysts expected a devaluation of the peso, the second in a year. Instead, Vanoli tightened controls over the exchange market, and the peso has strengthened slightly against the US dollar. It remains to be seen, however, how long these gains can last.

Speaking to reporters on 12 November, Vanoli said that the central bank is "determined to deepen the quantity and quality of supervising processes, focusing on money laundering and currency exchange regulations". Vanoli went on to say that the public and the market had responded positively to the new controls, and that confidence had been restored by the government ruling out a devaluation.

One of the key elements in the bank's system of controls involves the tax agency (Afip), conducting surprise raids on banks and exchange houses to crack down on suspected illegal currency trading. On 11 November, 71 of these institutions were raided simultaneously across Argentina. Among the companies affected were Banco Mariva, Banco Columbia, Transcambio and Caja de Valores. Afip said it had detected "inconsistencies" in the accounts of four companies trading Arg\$120m (US\$14.1m at the official exchange rate) which suggested they had been acting as fronts enabling capital flight. Two brokerages, Arpenta and JR Bursátil, were suspended. The president of the financial information unit, José Sbatella, said the raids would continue for the foreseeable future. "As long as it works, we will continue with this investigation," he said.

Afip's raid comes after the suspension of the multinational, Procter & Gamble, in Argentina for tax fraud and capital flight in import operations from Brazil for US\$138m that were being billed through a Swiss subsidiary. According to Afip, with the manoeuvre the US company committed criminal evasion by transferring foreign currency to its subsidiaries abroad, which could constitute aggravated smuggling. P&G has been preventively suspended from the importers/exporters register, which prevents the company from operating in the local foreign exchange market. An initial meeting between the company's heads and Afip officials has already been held but no solution has yet been reached.

In the last two weeks the black market peso has strengthened by 14% against the US dollar, falling to around Arg\$13/US\$1, from a high of around Arg\$16. Meanwhile the official exchange rate is now around Arg\$8.50. Alfredo Piano, the president of Banco Piano, said he expected the black market rate to fall further, to as low as Arg\$10. In a radio interview, Piano urged investors to go to the legal market for dollars, in order to help with the development of the formal economy and said that if the ongoing official crackdown on the parallel market continues, the black market for dollars would "no longer exist".

But analysts are not convinced that the stronger peso is here to stay. They say that other short-term factors have helped maintain currency reserves and stabilise the markets. These include the first phase of a currency swap deal with China which brought in US\$814m; a new US\$650m loan from Banque de France; an expected inflow of US\$3.8bn of payments for agricultural exports; dollar inflows linked to the recent 3G and 4G mobile phone frequency auctions; and the government's recent sales of US dollar-indexed bonds. According to a study by local bank, Banco Ciudad, US dollar flows should be fairly stable until the end of 2014. But the study also notes that the government faces US\$15bn worth of debt maturities in 2015, plus a large and as yet unknown bill to settle its ongoing dispute with its 'holdout' creditors.

Griesa's 'incoherent' move

On 10 November New York District Court Judge Thomas Griesa ruled that Citigroup can go ahead and distribute a US\$85m interest payment by Argentina to some of its bondholders which falls due on 31 December. The move by Judge Griesa, who has blocked other Argentine bond interest payments, can be seen as an attempt to edge the parties in the country's long-running foreign debt dispute closer to an agreement. But it was described as "incoherent" by Argentina's economy ministry.

Mujica's Beetle

An Arab sheikh and a Mexican diplomat have reportedly offered President José Mujica up to US\$1m for his Volkswagen Beetle. The 1987 model is only valued at Urg\$70,000 (US\$2,900) but it has become famous, being associated with the austere lifestyle of Mujica who still lives in a humble dwelling in Montevideo. Mujica told the weekly news magazine *Búsqueda* that he initially doubted the sincerity of an offer made by a Sheikh during the G77 summit in Bolivia last June but since then Mexico's ambassador to Uruguay, Felipe Enríquez Hernández, has said he could auction the car in Mexico for a similar sum. Mujica says he would use the money to finance social programmes in Uruguay.

Vázquez moves into cruise control

Former president Tabaré Vázquez (2005-2010) launched his campaign ahead of the second round of presidential elections on 30 November safe in the knowledge that, to cite the national opinion pollster Equipos Mori, "only absolutely extraordinary events" can deny him victory. While Vázquez eased back into campaigning two weeks after the first round on 26 October, with a presentation of his plans in the cultural arena, his opponent in the run-off, Luis Alberto Lacalle Pou, of the centre-right opposition Partido Nacional (PN; Blancos), has overhauled his campaign strategy and begun scampering around the country trying to make something of the contest.

Vázquez launched his second-round campaign on 7 November, surrounded by government officials and important cultural figures, many of whom highlighted the important strides taken in the cultural sphere since the FA came to power nearly 10 years ago, such as the construction of new theatres and the boost for institutions such as Uruguay's national ballet.

Lacalle Pou, meanwhile, has been placing greater emphasis on youth culture rather than high culture. The big innovation in his second round strategy is the design of a new online campaign. Lacalle Pou has recorded various videos outlining his campaign proposals which he sends via the free instant messaging service WhatsApp to party supporters who then forward them on.

Despite adopting the new slogan 'United by positivity' for the second round campaign, Lacalle Pou is clearly more prepared to use scare tactics this time around. In the most populous electoral district of Montevideo (where some four-tenths of voters reside), he is trying to court more moderate voters who backed Vázquez in the first round by arguing that the more radical left-wing parties have wrested control of the FA: congressional results showed they will have more seats than the more moderate wing of the coalition from which Vázquez hails. Lacalle Pou contends that the only way these voters can avoid a radical lurch leftwards is to vote for him as these parties will force Vázquez to pursue their agenda.

Meanwhile, Lacalle Pou has dispatched senior officials in his campaign team around the country to give speeches on public insecurity, the biggest perceived weakness of FA administrations and the principal public concern. Lacalle Pou was given a helping hand in his attempt to pin a rise in insecurity on the FA after thieves broke into the house of the head of police in Montevideo, Mario Layera, overnight on 8 November.

The interior minister, Eduardo Bonomi, gave a surprising response to the burglary: "I am not saying that this was organised by a party but by people who did not like the electoral result [in the first round] and are trying to accentuate the [country's] security problems by grabbing attention." Bonomi said the thieves were well aware that it was Layera's house. Lacalle Pou accused Bonomi of completely unfounded remarks and called for him to back up the "dangerous" and "regrettable" allegations immediately. Bonomi has come under fire on several occasions in recent years but President Mujica has stuck by him, and Vázquez now says he will probably retain him in his position.

Polls point to easy ride for Vázquez

The first opinion poll, published by Equipos Mori on 6 November, put Vázquez on 53% against 38% for Lacalle Pou, with 5% still undecided and 4% set to cast blank or spoiled ballots. This makes particularly painful reading for Lacalle Pou as he trails by 15 percentage points, showing that he has barely closed the gap at all on Vázquez from 17 points in the first round.

Peña Nieto's leadership comes under question**'#YaMeCanse'**

Inadvertently, Attorney General Jesús Murillo gave the protest movement a new slogan when he ended his 7 November press conference in an ill-humoured manner, saying that he was tired – "*ya me cansé*" – of having his integrity questioned. Almost immediately, #YaMeCanse began trending on Twitter and other social media, with critics using it to express their outrage. A local film maker, Natalia Beristáin, said: "I am tired of the political class that has kidnapped my country, and of the class that corrupts, that lies, that kills. I, too, am tired".

Dismissing suggestions made by government detractors and the political opposition that leaving Mexico amid the continuing mass protests over the Iguala disappearances was not advisable, President Enrique Peña Nieto decided to embark on a seven-day international tour on 9 November. Peña Nieto, who left to attend the Asia-Pacific Economic Cooperation (Apec) summit in China between 9 and 11 November and the G-20 meeting in Australia later in the week, argues that his decision is justified given that he would represent Mexico in significant international forums. However, his decision has been heavily criticised with some demonstrators now even calling for him to step down for being an "incompetent and absent leader".

"Insensitive" and "irresponsible" were some of the adjectives used by Peña Nieto's detractors to describe his intention to follow through with his scheduled trip despite the fact that social discontent over the authorities handling of the Iguala case has produced social unrest and outbursts of violence in the state of Guerrero and in other parts of the country. Political leaders from both the main left-wing Partido de la Revolución Democrática (PRD) and the right-wing opposition Partido Acción Nacional (PAN) urged the President to reconsider and remain in the country to face the crisis.

PAN Senator Javier Corral Jurado called on Peña Nieto to be "sensible" and cancel his trip even if this came at the last minute as "he must not seek refuge in his trip" from the social demands directed at him. Similarly, PRD Senator Miguel Alonso Raya said that "Mexico is living through an emergency that requires everyone's attention, particularly the executive... he [Peña Nieto] should be taking charge. It is neither sensible nor prudent nor consistent with the suffering of the relatives of the disappeared for him to leave". The firebrand leader of the radical leftist opposition Movimiento Regeneración Nacional (Morena), Andrés Manuel López Obrador, was more scathing. He described Peña Nieto's decision to go abroad rather than going down to Iguala to oversee the investigations personally as an "act of deep political irresponsibility". López Obrador then called on all Mexicans to step up their protests to show Peña Nieto just how mistaken he was.

These sentiments were shared by protesters, including the relatives of the disappeared. "It is a joke, it shows his lack of moral quality by ignoring the 43 students," a colleague of one of the disappeared students said. More menacingly, one of the parents said "let Peña Nieto pack his bags and leave the country, not to promote it abroad, but to leave and come back no more". Even international human rights groups like Amnesty International reproached Peña Nieto for leaving the country, saying that it showed "the little interest he has in confronting the serious human rights situation".

Peña Nieto defends himself

That Peña Nieto was aware that going on the trip would be controversial was reflected by the fact that he decided to shorten his original travel plans by two days so as to avoid having to get permission from the federal senate to be absent from the country for more than a week. However, Peña Nieto defended his decision, arguing that as serious as the Iguala crisis is, it would be more "irresponsible" for him not to attend the international meetings in which some of the world's leading economic powers would discuss ways to promote their economic development. Peña Nieto said that the aim of his trip was to ensure Mexico's future economic development, which could go some way to preventing cases such as Iguala from happening again. "I am going to promote our economic development, to revitalise it and create more jobs," Peña Nieto said, alluding to the fact that poverty and the lack of opportunities in many parts of the country have helped to give rise to drug trafficking and organised crime, which in turn engender corruption.

US concern

On 12 November US State Department spokesperson Jen Psaki called for Mexicans to exercise calm and avoid heightening tensions as the investigations into the Iguala disappearances continue. Psaki said that the crimes committed against the training teachers in Iguala must be fully investigated and that all those responsible must be brought to justice and punished in accordance with the law.

The problem for Peña Nieto is that with the mass and sometimes disorderly demonstrations continuing across the country, the Iguala disappearances have already turned into the worst domestic social and political crisis faced by this government since it assumed office in December 2012. Indeed Attorney General Jesús Murillo Karam's 7 November press conference, in which he said that based on testimonies from suspects detained in connection to the case (who have confessed to killing and incinerating the bodies of the abductees) the authorities have now adopted the hypothesis that the disappeared have been murdered and that there is little hope of their bodies being identified, sparked angry protests of a scale not often seen in Mexico. While protesters in Guerrero set fire to headquarters of the ruling Partido Revolucionario Institucional (PRI) in the state and once again attempted to torch the state legislature, some demonstrators in Mexico City even attempted to set fire to the presidential palace.

What is more, it appears that Peña Nieto has miscalculated the level of discontent at home as in his absence the violent protests have not only extended to the states of Chiapas, Oaxaca and Michoacán (where PRI headquarters have also been attacked and there have been attempts to take over local airports), but protesters have also been reiterating their calls for Murillo to resign over the poor handling of the Iguala investigations. For the first time they have also called for Peña Nieto to step down for his "incompetent leadership".

Peña Nieto did manage to sign significant bilateral investment agreements to the tune of US\$7.4bn in areas such as infrastructure, mining and energy during his stay in China. He will point to this to further justify his decision to head abroad. But Peña Nieto will face a hostile reception when he returns home next week, and will need to focus on the Iguala crisis if he wants to dispel the pointed questions about his leadership.

TRACKING TRENDS

MEXICO | New telecoms player poised to re-enter market. On 9 November US-based multinational telecommunications firm, American Telephone & Telegraph (AT&T), announced that it had reached an agreement with Mexico's Grupo Salinas to purchase its telephony services branch, lusacell, for US\$2.5bn. The deal could result in a significant change in Mexico's highly concentrated telecoms market, which the recently approved telecommunications reform aims to make more competitive by breaking up the existing oligarchic structure in which three local firms (Grupo Salinas, Grupo Televisa and América Móvil) practically control the entire market.

AT&T CEO Randall Stephenson said that the telecom reform pushed through by the government of President Enrique Peña Nieto played a key factor in the company's decision to seek to acquire lusacell as the prospect of greater competitiveness in Mexico's domestic telecoms market made it "a more attractive investment opportunity". However, AT&T has explained that the deal is subject to Grupo Salinas first acquiring the 50% stake in lusacell that it currently does not own. That 50% is owned by Grupo Televisa and this proposed deal is currently being intensely scrutinised by Mexican regulators.

Grupo Salinas's proposed US\$717m purchase of Grupo Televisa's stake in lusacell was first announced back in September and it caught the attention of regulators not least because Salinas's 2011 sale of a 50% stake in lusacell by Televisa was decried by América Móvil, which took a complaint before federal regulators arguing that it would effectively give the two firms a near monopoly on the telephony, broadband internet and cable TV markets as Televisa is the dominant player in Mexico's TV market followed by Salinas's TV Azteca, and lusacell is the second largest telephony services provider behind América Móvil. Further complicating things, back in December 2013 AT&T, which had a 23.81% share in América Móvil, announced its decision to sell off its shares in the Mexican firm. It will be up to Mexican regulators to determine if these moves truly constitute a loosening of market concentration or not.

A Gordian knot of legal troubles**Rights'
groups react**

On 5 November the Robert F. Kennedy Center for Justice and Human Rights expressed “profound concern for the impact this ruling will have denying access to international justice for all Dominicans” and accused the Dominican constitutional tribunal (TC) of “playing politics at the expense of the very people it is obliged to protect.”

The Dominican authorities and the Inter-American justice system are locked in a dispute over legal jurisdiction which has escalated to the point where it now looks intractable. At the centre of the dispute is the Dominican Republic’s treatment of Dominicans of Haitian descent, which both the Inter-American Court of Human Rights (Corte-IDH) and its sister body the Inter-American Commission on Human Rights (IACHR) have censured in recent weeks and demanded redress from the Dominican government. This prompted the latter to announce its intention to leave the Corte-IDH, which the IACHR insisted was impermissible. Neither side shows any inclination to back down, issuing one statement after enough condemning each other.

On 23 October the Dominican government released a statement rejecting a judgment delivered by the Corte-IDH on 28 August ordering the country to provide redress for human rights abuses suffered by Haitians and Dominicans of Haitian origin between 1999 and 2000, including illegal deportations. It also ruled that a resolution by the Dominican constitutional tribunal (TC) in 2013 effectively leaves an estimated 200,000 Dominicans of Haitian descent stateless, violating “the right to nationality”. The IACHR commissioner Felipe González demanded that the Dominican Republic (DR) accept and uphold the resolution, accusing the country of being in breach of its international obligations.

The government spokesman, Roberto Rodríguez Marchena, gave a curt rejoinder on Twitter to the IACHR: “Unacceptable your demand. Nobody is obliged to do the impossible”. The Dominican presidency then released a firm statement asseverating that the Corte-IDH resolution was “impossible for the people and the government as it violates the State’s legal provisions”. It said the ruling was “biased and inopportune” and that “any position which questions the legitimately constituted powers of our State is unacceptable for the DR”. It argued that the Dominican law on regularisation and naturalisation of foreign migrants had been approved unanimously by congress based on a ruling by the TC and an interpretation of the 2010 constitution which was the product of “the widest political consensus in our country’s history”.

On 4 November the TC announced that the country would leave the Corte-IDH. The TC argued that the country’s membership of the Corte-IDH and acceptance of its jurisdiction, signed in March 1999 by then-president Leonel Fernández (1996-2000, 2004-2012) was “unconstitutional” because congress had never ratified it. The IACHR gave this short shrift. It issued a statement on 6 November arguing that the TC’s judgment had “no basis whatsoever in international law, and therefore it can have no effect”. The IACHR contended that the DR had accepted the jurisdiction of the Corte-IDH for more than 15 years and only now, when it disagrees profoundly with a ruling, had it decided the method under which it joined was faulty. The IACHR concluded that “The American Convention does not establish the possibility that a State that continues to be a party to the treaty can release itself from the jurisdiction of the Inter-American Court.”

Pick and choose rulings

González argued: “If every State felt it had the final word in interpreting the sense and reach of its international obligations, international law would have absolutely no sense”. His words made it clear that there is much more at stake for the DR than the immigration issue, not least its international image and standing if it is prepared to ignore the rules of the game when it suits.

“Illegal immigrants are utilising the education system, health system, employment opportunities [...] So we are giving these persons a chance to come forward during this brief window of opportunity because if we find you afterwards we will automatically send you home. Come forward, regularise yourself, take your pain and if you have an employer who can vouch for you and we are told you can be of value to the country and you do not fit the two criteria instrumental in removing you, that is, (a) being a liability to the public purse, you don't have a job, we don't know where you are living, you don't have any employer, you have no skill or (b) you are a threat to National Security...if you do not fit these categories then you stand a very good chance of being regularised.”

Trinidad & Tobago's national security minister, Gary Griffith.

But the image of the Inter-American justice system has also taken a knock in recent years. It faces unremitting attacks from those on the 'progressive' Left, led by Venezuela, Ecuador and Bolivia, which view it as manipulated by the US and its resolutions as unwarranted interference in their sovereign affairs, and are demanding that it is reformed.

Bahamas and Trinidad take aggressive line on immigration

While the Dominican Republic has come under fire for its immigration policies, the governments of The Bahamas and Trinidad & Tobago have moved to tighten controls to crack down on illegal immigrants, including by means of deportation. On 1 November The Bahamas introduced new measures requiring all non-nationals living in the country to show evidence that they have permission to live or work there, and obtain a state-approved permit, or to be repatriated to their country of origin.

This policy, which is harsher than that implemented by the DR, affects an estimated 70,000 immigrants (18% of the population of The Bahamas) in an irregular situation, at least half of whom are thought to be Haitian. Immigration officials conducted raids in Bahamian-Haitian communities in the capital Nassau over the weekend of 1-2 November making dozens of arrests.

On 7 November the Robert F. Kennedy Center for Justice and Human Rights (RFK Center) expressed "alarm at the discriminatory use of new immigration policies in The Bahamas". It reported that "According to reports from Bahamian civil society, children born in The Bahamas to migrant parents were given 30 days' notice to apply for and secure a passport from the country of origin of their parents or face expulsion".

The Bahamian ministry of foreign affairs released a statement on 10 November claiming that the Bahamian ambassador to Haiti attended a meeting with the Haitian foreign affairs minister, Duly Brutus, on 6 November and assured him that there was "no abuse or inhumane treatment of Haitian nationals in The Bahamas in connection with the enforcement of the new immigration policies". Last September, the Bahamian foreign minister, Fred Mitchell, said that containing illegal immigration was a priority for The Bahamas that goes "to the very root of our existence [and] is central to our survivability as a country, central to our national identity and central to our national security".

Even more galling for the Dominican authorities is a new policy adopted by Trinidad & Tobago. Here the national security minister, Gary Griffith, revealed last week that some 110,000 migrants living on the islands illegally had until January to get their documents in order before the authorities begin a deportation campaign. "I don't want this to be seen as a witch hunt in any way," he insisted in an interview with the national daily *Newsday* on 6 November, before adding that "we will be like a parang side [...] we will be going from house to house and any person who is here illegally we will be sending them back to their country". He added: "Over 10 percent of the adult population in this country are persons here illegally. That is unacceptable".

Griffith went on to argue that the new measures were designed to help reduce crime, maintaining that the government had "intelligence that confirms there are many persons who are here as illegal immigrants and who are involved in all aspects of drug related activity and serious crimes". He tried to make a link between illegal immigration and a significant increase in violent crime in recent years, without providing any supporting evidence: "It is not coincidental that this problem started just around the same period of the escalation in gang activity, around 2004 or 2006, so it shows there is a relationship between illegal immigrants and serious crimes."

The prime minister of Trinidad & Tobago, Kamla Persad-Bissessar, has been one of the most outspoken critics of the Dominican judicial ruling on foreign migrants, which she described as "aberrant and discriminatory" this time last year. Persad-Bissessar urged members of the Caribbean Community (Caricom), of which Haiti is a member, to reconsider the Dominican request to become a full member of Caricom, a major objective of Dominican foreign policy, in light of the Dominican ruling.

Incidentally, Trinidad & Tobago withdrew from the Corte-IDH in 1999, the year the DR joined, in order to continue applying the death penalty.

FRG remains influential

Local commentators were quick to note the presence in the new congressional leadership committee of former members of the now defunct Frente Republicano Guatemalteco (FRG) of ex dictator Efraín Ríos Montt (1982-3) which last year reinvented itself as the Partido Republicano Institucional (PRI). While Rabbé was communications minister under the FRG administration led by former president Alfonso Portillo (2000-2004), Crespo was a former FRG deputy, as was López who is the brother of Sergio Roberto López Villatoro, the former husband of Ríos Montt's daughter, Zury Ríos. Two other members of the new leadership committee - deputies Carlos Herrera (an independent) and Carlos López (Todos) were also previously aligned with the FRG.

Pressure grows to cancel election of top justices

There are growing calls for the constitutional court (CC) to cancel elections which took place in September for 13 new supreme court (CSJ) magistrates, 126 appeals' court judges and their alternates. This week civil society groups like Fundación Myrna Mack and the Centro para la Defensa de la Constitución, as well as the United Nations (UN)-based anti-impunity commission (Cicig), called for their cancellation. This, after the CC announced on 9 October its decision to suspend the swearing-in of the newly-elected justices after admitting appeals against the election process. The case once again illustrates the endemic weaknesses of Guatemala's institutions.

The 25 September election of CSJ magistrates and the 30 September election of appellate justices for new five-year terms had been routinely slammed, not only by local civil society groups and Cicig but also by the UN Special Rapporteur on the Independence of Judges and Lawyers, Gabriela Knaul, and the US-based think tank Washington Office on Latin America (Wola). Even one of the newly-elected appellate justices, Claudia Lissette Escobar Mejía, quit on 5 October, citing flaws with the procedure.

From the start, civil society groups, as well as Cicig, had criticised the process of electing the new justices which began in June. Under this process, a special commission comprising academics, legal experts, magistrates and delegates from the bar association (Cang) propose a list of candidates, which are then ratified by the 158-member unicameral national legislature. Civil society groups complained that the special commission had failed to demand certain requirements of the candidates and, in the final vote, various politicians bewailed the fact that the posts were ultimately divided up between President Otto Pérez Molina's ruling Partido Patriota (PP) and the main opposition Libertad Democrática Renovada (Lider). In the case of the CSJ nominees, for example, the PP reportedly backed eight of the 13 proposed candidates while Líder backed the remainder.

With the CC yet to give any sign whether it intends to cancel the election once and for all and stage a new contest, the focus on the judiciary comes as another key post - the head of the comptroller general's office (CGT) - is also in the process of being appointed by congress. The post, which has the crucial mandate of overseeing and auditing State institutions, is currently occupied on an interim basis by deputy comptroller, Héctor Santizo. This, after the CSJ ordered the CGT head, Nora Segura, to step down on 16 October on the grounds that her four-year mandate expired on 13 October. Segura initially refused, arguing that she took up her post later than planned due to procedural delays and so had yet to see out her full term, but she caved in the next day. Concerns persist as to the independence of Segura's successor given that an 11 October report by investigative daily *El Periódico* noted that 12 of the 21 candidates on the shortlist proposed by legal experts, from which the legislature makes its choice, are PP-aligned.

New congress leadership

On 30 October the unicameral legislature picked its nine-member leadership committee for the 2015-2016 period. Independent deputy Luis Rabbé was selected as congress president while his deputy will be Arístides Crespo (PP). The second vice-presidency went to Julio López Villatoro, of former president Alvaro Colom (2008-2012)'s Unidad Nacional de la Esperanza (UNE), while the third vice-presidency went to Selvin García, of Compromiso, Renovación y Orden (Creo). While the PP only technically has three of the nine posts - via Crespo and deputies Édgar Cristiani and Manuel García - overall the ruling party will continue to wield influence.

POSTSCRIPT

Quotes of the week

“Economic growth is not sufficient to achieve development. Growth can make an obese State, but not necessarily a robust one [...] A long-term national plan is needed to know what is going to be done with this growth.”

Peru's President Ollanta Humala.

“The role of the private sector is being denigrated. When profit in education is discussed, they have tried to demonise profit, when profit is legitimate earnings.”

The president of Chile's confederation of production and commerce (CPC), Andrés Santa Cruz.

“All of us must be careful not to be hornswoggled and psychologically manipulated by video images that do not tell the truth.”

The minister of foreign affairs and immigration for The Bahamas, Frederick Mitchell, insists “there is no such creature” as immigration roundups.

A matter of time in Bolivia?

With the path having been cleared for indefinite presidential re-election in Ecuador [WR-14-44], some question whether it is only a matter of time before Bolivia follows suit. This week all nine senators and 32 deputies elected on the ticket of the opposition alliance Unidad Demócrata (UD) in the 12 October general election, signed a declaration pledging not to allow President Evo Morales to stay in power a day later than “22 January 2020” – when his next five-year term ends. However, the pledge could well be in vain: the electoral authorities have just confirmed that in the October vote, Morales’ ruling Movimiento al Socialismo (MAS) did in fact secure a two-thirds majority in the 166-seat national legislature, giving it sufficient support to change the 2009 constitution to allow Morales to stand again.

The current constitution, which President Morales himself promulgated, does not allow for indefinite re-election but rather provides for two consecutive presidential terms. First elected in 2005 and again in 2009, Morales was allowed to run again this year on the grounds that he was only serving his first term under the new constitution. The President himself denies further ambitions of a fourth or fifth term and, in an interview with local media on 19 September, appeared to rule out the possibility of remaining in power beyond 2020. While expressing concerns about the lack of potential successors to replace him, he nonetheless maintained that he intends to open a restaurant after retiring from politics in 2020. In an interview with the TV station *PAT* on 14 October, Vice-President Alvaro García Linera also appeared to support this view. He floated as one possible replacement, the foreign minister, David Choquehuanca, part of Morales’s inner circle and one of the few members of his first-ever cabinet to have remained in his post.

Yet whether Morales, who won an impressive 61% of the vote in October, will be prepared to throw it in to run a restaurant has met with considerable scepticism. Not least given that, at the end of July, amid the furore over the suspension of two constitutional court (TC) judges (one of whom attributed the move to opposition to his re-election), MAS Deputy Edwin Tupa and MAS Senator Efraín Condori revealed that discussions were underway within the party regarding an amendment to the constitution to remove the ban on term limits.

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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>

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