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## Apprehensions dispelled as Colombia's peace negotiations resume

The Colombian peace negotiations are back on track. After two meetings on 2 and 3 December the two sides announced the schedule for the resumption of talks, plus a couple of encouraging agreements, one on 'de-escalating' the conflict, the other on setting up a mechanism to help solve crises like that created by the seizure of Brigadier General Rubén Darío Alzate by the Fuerzas Armadas Revolucionarias de Colombia (Farc) and President Juan Manuel Santos's suspension of the negotiations.

Just as Alzate's capture had been received with a wave of speculation about the motives and intentions of all the parties involved, his release on 30 November was met by speculation about how the entire episode would affect the prospects of the Havana talks.

Hanging over the resumption of negotiations was the warning issued by the Farc's leader, 'Timochenko' (Rodrigo Londoño Echeverri): "The President, with his suspension [of the talks], overturned the board on which we were playing; he destroyed confidence. Things will not be able to resume just like that: there will have to be several considerations."

Iván Márquez, head of the Farc negotiating team in Cuba, had added, "A peace process that has reached the present level and is about to discuss the most decisive aspects of the peace, cannot be subject to any kind of precipitate and thoughtless actions that could delay the advent of our reconciliation."

One widely held assumption was that the Farc would insist again on a bilateral ceasefire, which President Santos has repeatedly dismissed on the grounds that, as in the past, it just prolongs the conflict as it would allow the guerrillas to regroup and rearm.

The newsmagazine *Semana* editorialised, "Though many may not like it, the Farc is right. There was a pact to shield the talks from what might occur in Colombia, however grave it might be, and the government broke that pact. Santos could allege in his own defence that he had no other option, because if it was a matter of violations the first one came from the insurgents, who had promised to halt kidnappings and in this case had kidnapped not only members of the military but also defenceless civilians. The guerrillas have replied with a dose of well supported irony: what kind of war is this in which one adversary bars the other from touching his soldiers and his generals?"

In support of optimistic expectations, *Semana* noted that throughout the 15 days of the crisis, "There was not a single voice calling for an end to the

## **Timochenko on reconciliation**

The Farc leader, 'Timochenko', wrote an open letter to General Alzate on 2 December.

Timochenko said he had heard that Alzate had spoken to many Farc guerrillas during the time he was held: "From what our boys say in this regard, you were found to be neither intolerant nor rude, but someone with whom one could talk. A general of the Republic with its values of bravery sitting face to face, in the middle of the harsh rainy season weather of the Chocó jungle, perhaps foreshadowing what could be a scene of reconciliation in Colombia."

conversations and a return exclusively to confrontation. Not even from the staunchest opponents, like the members of the Centro Democrático. With Álvaro Uribe in the lead, they were constant in demanding a revision, imposing conditions on the guerrillas, resisting arm-twisting — but never to call off [the talks]."

From the presidential palace came a communiqué saying, "It is evident that this decision contributes to recover a propitious atmosphere to continue the dialogue and makes manifest the maturity of the process."

## **Alzate resigns**

The release of General Alzate and his companions left unanswered most of the doubts raised by his capture. On 2 December Alzate announced that he was retiring from the service. He accepted that he had breached protocol by not taking the necessary security precautions when he embarked on what he described as a visit to a local energy project, and said that he had chosen to wear civilian clothes to help build trust with local communities.

Santos, who was quick to dispatch the government negotiators back to Havana, appeared to accept the general's explanation, saying that he was "a good soldier" who was leaving his post with "military honour".

That same day Santos announced, in a television interview, that "any officer, no matter how important, who gives the smallest expression of disloyalty or lack of discipline, will be out of the military forces". He was not alluding to the Alzate episode but to the leaking by military personnel of information about the peace process to people who opposed that process. "We are doing everything necessary [to prevent those leaks]," he said; "people are appearing who are not acting loyally."

[Last October three members of the military were discharged and arrested for having taken part in the hacking into communications of peace negotiators. Last May authorities arrested Andrés Sepúlveda, a man linked to the uribista presidential candidate, Óscar Iván Zuluaga, who had hacked into Santos's emails.]

## **Outcome**

Also on 2 December in Havana the two negotiating teams sat down for a four-hour closed-door meeting to discuss the resumption of talks. They met again the following day and came up with a joint communiqué which announced that both delegations "after jointly analysing the events of the recent weeks, consider that the crisis has been overcome".

The communiqué stated that the next round of talks would take place between 10 and 17 December, "in order to advance with the issue of de-escalation of the conflict to reach an agreement on it as soon as possible". By 16 December they expect to have had the fifth and final hearing of victims of the armed conflict. After that the negotiations will resume in the second half of January "on a date to be determined".

An indication of the prevailing mood was the inclusion in the communiqué of the following statement: "The delegations are grateful to the guarantor countries Cuba and Norway, as well as the International Committee of the Red Cross, for their support, which was crucial for the success of the recent releases, which were carried out smoothly and expeditiously, *according to the agreements made by the delegations in Havana* [our emphasis]."

On the practical side the most relevant announcement was that, "The delegations agreed to establish a permanent mechanism, through the guarantor countries, to facilitate the solution of eventual crises that may arise in the future".

**Budgets re-jigged, flights booked to China****Mujica in Caracas**

Uruguay's outgoing president José Mujica dropped by Caracas on 3 December. He spent nearly three hours in President Nicolás Maduro's Miraflores office. According to Maduro, the pair sealed the countries' food alliance (whereby Uruguay sells Venezuela food). Uruguay's state oil company, Administración Nacional de Combustibles, Alcohol y Portland (Ancap), was also "incorporated" into exploration activities in the Orinoco oil belt, as part of efforts by Petróleos de Venezuela (Pdvs) to strengthen bilateral cooperation. "It's a dream," Maduro declared.

On 29 November, two days after the Organization of the Petroleum Exporting Countries (Opec) failed to cut production quotas in response to the global oil price slump, Ecuador's President Rafael Correa sent down a 26-page tax reform document to the national assembly marked 'urgent'. The same day, Venezuela's President Nicolás Maduro announced budget cuts starting at 20%.

In his subsequent Saturday weekly TV show, President Correa said the package was in support of "national development, poverty eradication and the equitable distribution of resources", but the timing rather suggests an emergency effort to shore up budget finances.

Finance Minister Fausto Herrero said in an official statement the following day that the proposals in the 'Ley Orgánica de Incentivos a la Producción y Prevención del Fraude Fiscal', apart from preventing fiscal fraud and discouraging unhealthy consumption habits (signalling that Correa's promised new taxes on fatty foods and sugary drinks are finally in the offing), were among anti-cyclical measures being planned in response to the fall in international oil prices.

January 2015 futures for West Texas Intermediate (WTI), the reference barrel for the Venezuelan oil basket and Ecuador's Oriente and Napo crudes (which trade at a discount of US\$3-US\$5 to WTI), was trading at US\$67 per barrel (/b) on 3 December (back in from US\$63/b earlier in the week); Ecuador's approved 2015 budget is based on an oil price assumption of US\$79.7/b. Market analysts now calculate that the Opec leadership (i.e. Saudi Arabia) is looking for oil to settle at US\$60/b, which might slow down the US shale gas boom and restore some equilibrium to global markets. Saudi Arabia can handle lower oil prices – the Opec minions less so.

Although full details were not made available, Herrero noted that the new package contained modifications to the tax code that sought to deliver "tax stability" and facilitate private investment, particularly in the mining sector, where investments already amount to over US\$50m, the minister emphasised. Small and micro firms would also benefit, he added. Tax stability is not something yet associated with the Correa administration which, in an effort to lift the country's historically low tax take, has made rolling changes to the tax system since taking office in 2007 (with positive results). The corporate sector has adjusted to these (arguably much-needed) changes, but private investors remain cautious – the government is also prone to the selective imposition of taxes to suit its state-led economic development agenda, for instance imports have been subjected to both tariff and non-tariff restrictions since 2009.

Herrero indicated that depending on new oil price projections the government could make further changes to the 2015 budget, noting that the executive has leeway to amend the execution of 15% of funds without congressional approval. Correa has stressed that social and welfare spending, as well as key capital investments in infrastructure, will be ringfenced, but with revenues on the slide, the government is facing some tricky decisions. The primary budget deficit was already pencilled in at 5% of GDP, with total financing needs (i.e. inclusive of debt payments) approaching 10% of GDP.

Herrero made the point that eight new hydro plants due to come on-stream in 2016 will generate savings of US\$1.2bn a year (the government is also

## **Machado denies conspiracy charge**

The ousted opposition deputy María Corina Machado was charged with the crime of conspiracy by a Venezuelan prosecutor on 3 December, in relation to an alleged plot to assassinate President Maduro. The crime carries a prison sentence of 8-16 years. Machado denies the charge and suggests the alleged plot is mere fabrication. The case will now go to a judge, who will formally charge Machado and decide if she should be detained pending trial. Machado's opposition colleague Leopoldo López has been in pre-trial detention since mid February on charges of arson and damage to public property, instigation to commit a crime and association with a view to organised crime.

hoping to cut generous gas subsidies that year). Major new oil reserves (from the 1.0bn-barrel ITT field in the Yasuní national park) are also due to come on-stream in 2016. With more hydropower available for domestic energy, these can go for export (and to service Chinese loans) - Herrera said the ITT would add 100,000 barrels per day to exports in its initial phase - but with prices falling, and global demand stagnant, increased production might not generate the hoped-for revenue windfall for the Correa government ahead of the 2017 general elections.

Finally, the statement stressed that despite the unfavourable global outlook, Ecuador would continue meeting its internal and external obligations, saying that the government would also seek additional financing for 2015. To this end, Herrera revealed that Correa intends to visit China in January to "concrete" credits with Chinese state lenders.

### **Queuing up in Beijing**

President Correa will have to get in line behind his Venezuelan friends. Venezuela's finance and education ministers, Rodolfo Marco Torres and Héctor Rodríguez, are already in Beijing this week, ostensibly to "strengthen bilateral accords relating to social issues". With Chinese generosity reportedly not what it once was, Torres was also bound for Russia and Iran afterwards, again cap-in-hand. Admitting that the 2015 budget would have to be slashed by at least 20% because of the oil price shock, but trying to take an optimistic tack, President Maduro said on 29 November that he saw it as "an opportunity to end superfluous, luxury, unnecessary spending". "The purchase of who knows how many cars and trucks... I ask: Is this really necessary?" he questioned, but emphasised that the left-wing government's flagship social programmes would be ringfenced from the cuts. Maduro and his new finance minister had previously boasted that Venezuela could "live with" oil at US\$40/b. Venezuela's 2015 budget is based on an oil price assumption of US\$60/b. As we went to press, Maduro was gearing up to announce new changes to the country's secondary fixed exchange rate system (Sicad), presumably opening the door to a new devaluation. Maduro pledged "a blow to the parallel dollar, which does so much damage". The parallel (black market) dollar was trading at BF161/US\$1 on 4 December, quite possibly the highest it has ever been.

### **And what of Petrocaribe?**

Ahead of his emergency tour of Opec (and non-Opec) partners in search of support for Venezuela's (unanswered) call for Opec production cuts, Foreign Minister Rafael Ramírez insisted that Petrocaribe would not be affected by the oil price plunge. Few observers believe that. In the first place, the terms change once oil prices fall below US\$100/b, with recipients obliged to pay slightly more in cash upfront, albeit the overall terms remain very generous.

Secondly, reports circulating in various US media outlets this week suggest that Venezuela and two of the largest Petrocaribe member states, the Dominican Republic and Jamaica, have been in talks with the US investment bank, Goldman Sachs, on a potential debt sale that would give Venezuela urgently needed cash now, with Goldman Sachs effectively pocketing Venezuela's loss. According to Dow Jones, "Under the proposed structure, Goldman would acquire the Dominican debt from Venezuela at a steep discount...The Dominican Republic would in turn sell bonds, using the proceeds to retire the debt now held by Goldman".

On some reports, Venezuela may be prepared to accept a discount of 60% on these multi-billion dollar debts. So, for example, if the Dominican Republic owes Venezuela US\$4bn, Venezuela would accept US\$1.6bn from Goldman to take the debt off its hands. Goldman would then eventually collect the full US\$4.0bn from the Dominican Republic, making a profit of US\$2.4bn for taking on the debt. Goldman Sachs, it is worth noting, earlier this year did a gold swap deal with Ecuador (another proposed with Venezuela last year reportedly failed to materialise).

**Compromiso****Ecuador**

Guillermo Lasso, of the conservative opposition Creando Oportunidades (Creo) forged 'Compromiso Ecuador' on 29 October with some 40 small political groupings of different hues to "defend democracy". Its *raison d'être* is to "give voice to the 73% of Ecuadorians who not only believe there should be a referendum but are prepared to provide their signature to ensure this". Lasso and César Montúfar, the leader of Movimiento Concertación, and director of the Global and Social Studies programme at the Universidad Andina Simón Bolívar in Quito, struck an 'accord for democracy' earlier in the year to challenge the constitutional reform proposal allowing indefinite re-election in anticipation of its approval.

## Referendum on indefinite re-election blocked again

Once again the national electoral council (CNE) has refused to provide the necessary forms to gather signatures for a referendum on the constitutional reforms proposed by the ruling Alianza País (AP) — which the national assembly has already started to discuss. As with the initiative of the opposition Partido Sociedad Patriótica (PSP) the CNE argues that the proponents must first obtain the approval of the constitutional court, though this time round the argument appears to be unsustainable.

This second attempt to call a referendum on constitutional reforms that would allow indefinite re-election of elected officials has been presented by Compromiso Ecuador, a coalition headed by former presidential candidate, Guillermo Lasso (see sidebar). It has been designed to sidestep the objection that held up the PSP's initiative.

The CNE had made the PSP's initiative dependent on prior approval by the constitutional court because the initiative itself included a proposed constitutional amendment. The law of jurisdictional guarantees and constitutional control does indeed stipulate that any project of constitutional amendment or reform must be submitted to the constitutional court for it to determine which constitutional procedure is applicable. Should it decide that a referendum is applicable, the CNE must provide the forms for the requisite number of endorsements to be collected.

What Compromiso Ecuador has done is to pose the following question to the electorate: 'Do you agree to amend the constitution to allow the indefinite re-election of the President of the Republic and other dignitaries elected by popular vote?' In other words, it does not itself propose any changes to the constitution, but rather asks the voters if they agree that the constitution should be changed for a certain purpose. The coalition's gamble, based on what opinion surveys have been suggesting, is that a majority would answer, 'No'.

The proponents were relying on a constitutional court ruling on a 2011 referendum on gambling and bullfighting, which said that for it to issue a binding judgment the CNE would have to provide not only the petition for a referendum to be held, but also 'a favourable report on its democratic legitimacy' — meaning its endorsement by the requisite number of signatures, for which the CNE would have had to provide the necessary forms. On that occasion the proposed referendum did not itself propose amending or reforming the constitution.

The CNE has chosen to ignore this and to refuse Compromiso Ecuador's request for forms until such time as it has obtained approval by the constitutional court. Lasso has said, "The CNE has turned its back on the citizens". His supporters in the national assembly have called it a blow against democracy.

The coalition can challenge the CNE's decision in court, but they would have to move fast, because with the congressional debate already in progress they could end up finding that indefinite re-election had already been incorporated to the constitution — which, jurists have suggested, would mean that any attempt to change that would require prior approval by the constitutional court. The AP has an overwhelming majority in the single-chamber congress (100 of the 137 seats), which suggests that it could secure approval for the change. The next legislative (and presidential) elections are scheduled for 2017, by which time the legislators now sitting — as well as the President — may have been ensured indefinite re-election.

**Victorious Vázquez faces new challenges**

As widely expected, Tabaré Vázquez of the left-wing Frente Amplio (FA) coalition won the presidential run-off on 30 November. His victory confirms the dominance of the FA, which is set to complete a run of three successive five-year presidential terms, led consecutively by Vázquez during his first presidency (2005-2010), then by incumbent President José Mujica (2010-2015), and now by a returning Vázquez (set for 2015-2020). The only surprises seemed to fall in the FA's favour: Vázquez achieved a slightly larger majority than expected and, against earlier expectations, his coalition won a narrow majority in both chambers of congress. There are, however, some serious challenges ahead.

In the second ballot Vázquez defeated his rival, Luis Alberto Lacalle Pou of the Partido Nacional (PN; Blancos), by a very solid difference of 12.5 percentage points (53.6% versus 41.1%). Having already won a narrow majority in the chamber of deputies (50 out of 99 seats) in the first round vote at the end of October, the FA scraped a senate majority on the second: by virtue of being elected Vice-President, Vázquez's running mate Raúl Sendic becomes a senator and gives the FA a one-seat majority in the upper chamber (16 out of 31 seats).

**Vázquez names first cabinet ministers**

Vázquez does seem to be on a roll. Less than 48 hours after winning the elections he announced the ministerial team that will take office with him on 1 March next year. Some key members of the Mujica cabinet will be kept on: among them Eduardo Bonomi at interior and Eleuterio Fernández Huidobro at defence, both trusted lieutenants of the outgoing Mujica and members of his Movimiento de Participación Popular (MPP) grouping within the coalition.

Danilo Astori (who served as Vice-President under Mujica and economy minister in the first Vázquez presidency) returns to the economy minister role. He is widely trusted by the markets and has already stressed continuity in macroeconomic policy, noting that "we will act with discipline and rigour to control the inflationary pressures the country still has". Other key members of the team include Rodolfo Nin Novoa at the foreign ministry and María Julia Muñoz at education. Eager to stress his authority, Vázquez said the ministers were his personal choices and had not been subject to a negotiation within the coalition.

**The economy**

While the President-elect has made a promising start, there are at least four serious challenges ahead. The first is not to become complacent about the economy. The last 10 years of growth and redistribution cannot be taken for granted. While Uruguay has managed to decouple itself from the struggling Argentine economy, it is still exposed to a downturn in Brazil and to weak commodity prices. In a research note Capital Economics suggests growth will average 3% over the next four years, down from 6% over the last 10.

Given Vázquez's promise to boost social spending, there is little prospect of a sharp reduction in the budget deficit (currently 2.3% of GDP), while inflation remains too high (8.1%), although it is low by historic standards in Uruguay. In a broadly positive report Fitch Ratings mentions similar concerns and says the real challenge for Vázquez is how to boost growth through structural reforms while improving public finances.

**Three straight terms**

In the view of Gerardo Caetano of the Instituto de Ciencia Política at the Universidad de la República, the run-off result adds up to a historic triumph for the Frente Amplio (FA): "first, because [Tabaré Vázquez] is the President with most votes in the country's history. And it's the consolidation of the Frente Amplio's political project: 15 years of national government with parliamentary majorities throughout".

## PMI legal challenge

Philip Morris International (PMI) brought a legal challenge against the Uruguayan State before the World Bank's International Centre for the Settlement of Investment Disputes (Icsid) back in 2010, four years after then-president Tabaré Vázquez introduced legislation banning cigarette sub-brands and requiring 80% of cigarette packaging to be dedicated to anti-smoking health messages.

## Drugs

Then there is the question of drugs. Vázquez, a cancer specialist, has always been passionate about reducing cigarette consumption, and less than enthusiastic about the new law legalising marijuana, passed by Mujica. On the former front, Vázquez will face a legal challenge from Philip Morris International (PMI) (*see sidebar*). On the second front Vázquez will be charged with implementing an experiment – the legal sale of cannabis to registered users through pharmacies – with which he is not entirely in agreement. While Vázquez had made clear that he does not intend to challenge the law, the problem, according to Caetano, lies in the complexity of its implementation. “This is a law that is really going to challenge a state which isn’t a paradigm of efficiency when implementing complex regulatory arrangements,” he warns.

## Education

Perhaps the two biggest challenges, however, are how to respond to electoral dissatisfaction over poor quality education and, above all, crime. The problem with education is that while spending has increased academic results seem to have worsened (Uruguay has dropped in the PISA tests of school performance carried out by the Organisation for Economic Co-operation and Development [OECD]), and the proportion of students repeating years has remained high. Incoming education minister María Julia Muñoz will have to contend with militant teachers’ unions – closely linked to the FA – which are seen as resisting change.

## Public security

There is also a significant proportion of the electorate that believes not enough is being done to combat juvenile crime, and that interior minister Bonomi has failed to come up with any answers. Even amid the FA’s triumph there is a potential electoral threat here. One reason why the coalition did so well is that it gained votes in the countryside, previously seen as a stronghold of the PN (and before that the Partido Colorado [PC]).

According to the local daily *El País*, the FA won in 12 of Uruguay’s 19 departments, an unprecedented sweep. But this may conceal the fact that in Montevideo, the FA’s traditional stronghold, its share of the vote seems to have peaked (57.3%, down from 59.8% five years ago in 2009). It could well be that voters in Montevideo – who are due to elect a new mayor next year – are more prone to being critical over crime and education.

## BRAZIL | POLITICS

### Rousseff’s charm offensive

Since her re-election victory, President Dilma Rousseff has been taking great pains to convince investors in Brazil that fiscal rectitude will be the dominant theme of her second term of office. While her election campaign contrasted the largesse of the ruling Partido dos Trabalhadores (PT) with what she claimed would be the cruel austerity of the opposition Partido da Social Democracia Brasileira (PSDB), in victory she has adopted many of the measures advocated by her opponent, Aécio Neves, including the appointment of a finance minister, Joaquim Levy, who Neves describes as a personal friend.

## New economic team

It took a long time for the government to finally confirm the triumvirate in charge of restoring Brazil’s economic growth: Levy as finance minister; Nelson Barbosa at the planning ministry; and Alexandre Tombini as the president of the central bank (BCB). Long trailed in the press, President Rousseff

## Latin American gloom

Latin America is due to register its lowest growth as a region for the last five years, according to the Economic Commission for Latin America and the Caribbean (Eclac). Brazil, Argentina and Venezuela are the main culprits for the underwhelming performance of the area, in which investment has fallen, while fixed costs have risen. While economic growth in the region was 6.1% in 2010, growth in 2014 is slated to be just 1.1%.

had to assuage the concerns of the left of the PT before announcing Levy's appointment as finance minister. Originally appointed to government by Fernando Henrique Cardoso (1995-2003), Levy also worked for President Lula da Silva (2003-2011), but has also spent significant parts of his career at the International Monetary Fund (IMF) and at Banco Bradesco. In 2005, Levy earned the undying enmity of sections of the PT by questioning the amount spent on raising the minimum wage.

On taking up his position on 27 November, Levy immediately announced his intention to achieve a primary budget surplus of 1.2% of GDP in 2015, and 2% in 2016 and 2017. Levy said that meeting the fiscal targets would be "fundamental to build confidence" and to "consolidate the social advances of the last 20 years". Barbosa said the public sector budget would be modified to allow "rigorous control of inflation, fiscal stability, and job generation". Tombini said the BCB would seek to bring inflation down from the top of the target band (6.5%) towards the mid-point (4.5%).

Rousseff had hoped the appointments would mark a fresh start after a final piece of accounting trickery. The government is trying to seek congressional approval to remove the spending on its flagship public works programme (PAC) from the calculations for this year's primary surplus target, of 1.9% of GDP, in order to avoid violating the law of budgetary responsibility. Indeed, the government is resorting to extreme measures to secure the bill's approval: R\$444m (US\$174m) in funding for parliamentary amendments will be unlocked if congress passes the bill. Unfortunately for the government however, the bill, though still likely to be approved, has been delayed. On 2 December, a senate session descended into chaos after members of the public, invited by the opposition to sit in the gallery, began heckling government supporters.

Alongside the appointments themselves, Rousseff herself has also promised to abide by the rules of economic orthodoxy in an attempt to avoid Brazil suffering a credit rating downgrade. On 2 December she issued a letter to the participants of an economic forum convened by the US investment bank, JP Morgan. In the missive, Rousseff promised the focus of her second administration would be to restore growth, rigorously control inflation and strengthen public sector accounts. The letter also promised "reforms to the fiscal side to match the growth rate of public spending to economic growth", and said that the government would look for more private sector involvement in Brazil's big infrastructure projects.

After two quarters of recession, figures published by Brazil's national statistics institute (Ibge) on 28 November showed economic growth of 0.1% in the third quarter of 2014. Industrial output, up 1.7%, and the expansion of the service sector, by 0.5%, helped fuel the growth. Agricultural output, however, was down by 1.9%. A central bank survey of market economists, published on 1 December, showed the consensus forecast for GDP growth in 2014 at 0.19%, rising to just 0.77% in 2015.

## BRAZIL | POLITICS & ECONOMY

### Construction firms face scrutiny over Petrobras

At the start of the latest session of the congressional inquiry (CPI) into the corruption scheme operating at Petrobras, the state-dominated oil company, Paulo Roberto Costa, the former director of supply at the firm, said he would remain silent. In the end, however, he was unable to resist a parting shot. In response to the last question of the day, how many politicians were involved in the scheme, Costa replied: "Dozens".



## Transparency International

Although Brazil rose three places in Transparency International's 2014 edition of its annual Corruption Perceptions Index (CPI), its score was virtually unchanged. It now ranks 69th out of 175 countries surveyed. "Brazil is stagnating and this is not good news," Alejandro Salas, the director of the Americas for TI, said. "Stagnation in the Brazilian context means that public money continues to be plundered."

Twenty-seven people have been arrested so far, including executives from some of Brazil's top construction companies. According to testimony by Costa and Alberto Yousseff, who acted as a kind of black-market banker connecting companies and politicians, these companies colluded to pre-determine the winners of public works' auctions. Petrobras overcharged the winning contractors by around 3% with the excess funds going to the ruling Partido dos Trabalhadores (PT) and its allies.

On 2 December, the supreme court released from preventative custody Renato Duque, the former head of services at Petrobras. Duque, one of the most senior executives to be implicated in the scheme, faces damaging testimony from Pedro Barusco, another ex-Petrobras employee who worked under him. Barusco has offered to testify against his former colleagues and pay back US\$100m currently hidden in Uruguayan and Swiss bank accounts. So far Barusco's offer is the largest from any of the executives under scrutiny; Costa himself has offered to pay back over US\$30m.

Speaking at the start of his second appearance before congress, on 2 December, Costa said that he would not respond to deputies' questions to avoid prejudicing the investigations being carried out by the public ministry, the federal police and Sergio Mora, the regional judge in the southern city of Curitiba who is leading the probe into Petrobras. But before keeping quiet, he made a statement to the inquiry in which he argued that politicians had had a say in the appointment of the oil company's management team since the government of José Sarney (1985-1990).

"Unfortunately," he said, "and I regret it bitterly, because I am suffering the consequences and I am making my family suffer, I accepted a political appointment to become head of supply." Costa went on to say that such political appointments were not limited to Petrobras, but "happen all over the country. [...] What happens at Petrobras also happens at highways, railways, ports, airports and hydroelectric dams, it happens all over Brazil. Once you get involved in something like this, you get in and can't find a way out."

### **"Not too big to punish"**

So far, the construction companies under scrutiny, including such blue-chip Brazilian firms as Odebrecht, OAS, Queiroz Galvão and Camargo Corrêa, have avoided some of the harsh asset freezes prosecutors have been demanding. However, that situation could change. On 1 December the president of Brazil's council for economic defence (Cade), an anti-trust watchdog, warned of "severe" punishments for the companies found guilty of complicity in the Petrobras corruption scheme.

In an interview with the national daily *O Folha de São Paulo*, Vinicius Marques de Carvalho, the president of Cade, was clear that no company should be considered "too big to punish". Carvalho said that the companies could be banned from participating in auctions for public works' contracts for the next five years and that they may also become ineligible for loans from state financial institutions.

Carvalho also mentioned the possibility of fines of up to 20% of a company's revenue, but added that any punishment must avoid "rendering unviable an economic sector". Carvalho's comments follow statements from the comptroller-general's office and the federal audit court indicating that contracts between companies found guilty of wrongdoing and the State may have to be renegotiated to allow them to continue to work.

## Unions gear up for general strike

Trade unions long at odds with President Cristina Fernández are preparing to strike over the government's refusal to raise the tax allowance on salaries. On 3 December, Hugo Moyano, Pablo Micheli and Luis Barrionuevo met to determine the exact date of the industrial action, which is slated for next week. While these trade union leaders' calls for a general strike are wearily familiar for the government, the fact its traditional allies in the union movement are considering participating will be a cause for concern.

### Income tax threshold

As the law stands, anyone earning over Arg\$15,000 a month (US\$1,750 at the official exchange rate; US\$1,150 at the black market rate) is obliged to pay income tax. That figure was set in November 2013. In his daily press conference, the cabinet chief, Jorge Capitanich, said "there were no protests back then".

While that may be true, inflation, by most private sector estimates, is running at 40% a year, meaning many more workers have been brought into the income tax net. Ten percent more Argentines are estimated to be paying income tax now than in November 2013. Other comments by government officials have also irritated the unions. In a radio interview earlier this week the economy minister, Axel Kicillof, said, "I don't know where they get this idea that inflation is running at 40%."

So far, the government has shown no willingness to give ground, either on the threshold or on another proposal, advocated by government supporters within the trade union movement, that the traditional December bonus salary, known as the 'aguinaldo' be exempt from taxation. Reportedly, the government-supporting wing of the trade union movement, Confederación General del Trabajo (CGT), is increasingly disillusioned by its failure to receive an audience with President Fernández over recent days. Antonio Caló, usually a government loyalist, met Omar Vivani, leader of the taxi drivers' union to discuss what role they might play in next week's strike.

The architects of the action, Moyano, Barrionuevo and Micheli, met on 3 December to decide whether to call the strike for 10 or 11 December. The 10 December is International Human Rights Day, which some in the unions believe could highlight some of the government's achievements in that area. According to union sources, the strike is expected to attract participation from bank clerks, truck drivers, toll booth operators, bakers and some teachers. Capitanich described the planned action as "politically motivated".

### Kicillof defends economic model

In a fiery speech to the annual conference of the Unión Industrial Argentina (UIA), the leading industrial employer federation, the economy minister, Axel Kicillof, defended the government's heterodox economic policies. "There is no developing country that has had a spontaneous process of industrialisation without State intervention," he said.

Kicillof also argued that social inclusion had to come before growth. "It is a lie that we had to grow in order to distribute the proceeds of growth; we have to distribute first in order to be able to grow," he said. The minister went on to argue that the UIA played a key role in this as a sector that could create decent jobs, an essential element of social inclusion.

Looking ahead to next year's general elections, Kicillof said that Argentina would have to choose between two clearly different models of development: one which prioritises social inclusion and one which values only fiscal rectitude.

President Fernández closed the two-day conference of the UIA with a speech on the evening of 3 December in defence of her industrial policies. Tensions between the government and business leaders have been growing over the anti-hoarding act, which allows for State intervention in production, imports/exports and pricing. Argentina's top business leaders, the so-called G6, have launched a lawsuit to challenge the constitutionality of the act.

### Bonadío escapes impeachment

Claudio Bonadío, the federal judge who recently incurred the government's wrath due to his investigation of a hotel chain owned by President Cristina Fernández's family, avoided impeachment at a meeting of the magistrates' council on 3 December. Kirchnerista judges failed to gather the votes needed to impeach the judge, although he was given a financial penalty of 30% of the value of his salary over his alleged failure to pursue investigations into officials accused of corruption in the government of Carlos Menem (1989-1999).

## Peña Nieto on the back foot

President Enrique Peña Nieto is not doing well on the public relations front. He faces complex and intractable problems relating to the battle against crime and corruption – as did many of his predecessors. But while the media-savvy President managed to maintain his appeal to much of the electorate during his first two years in office, as he began the third year of his *sexenio* on 1 December things have become much more difficult. Some argue that the government is losing its touch and falling back on the defensive.

The federal government can reasonably say it was not directly responsible for the tragic events at Iguala, in the state of Guerrero, at the end of September, when a local mayor (a member of the opposition Partido de la Revolución Democrática [PRD]), corrupt municipal police, and the Guerreros Unidos drug trafficking organisation (DTO) combined in ways not yet fully understood to unleash a murderous shooting spree, killing six people and abducting 43 student teachers from neighbouring Ayotzinapa who are presumed to have been massacred, their corpses mutilated, burnt and dumped in unmarked graves (although that too remains unconfirmed).

But the Iguala tragedy has triggered a nationwide political crisis that is laying a large part of the blame on the Peña Nieto administration. Try as it might, in the last two months the same government that decisively steered major economic reforms through congress, a significant education reform in the face of opposition from teachers' unions and a seminal energy reform, has been unable to regain the initiative on crime and human rights.

There is no simple answer as to why this might be. Various factors seem to be at work. With the benefit of hindsight, and for all its claims to the contrary, it is now clear that the Peña Nieto administration lacked a coherent security policy when it came to office at the end of 2012.

Officials spoke of being more intelligence-led in the battle against the DTOs and, indeed, some important 'kingpins' were captured, such as Joaquín 'El Chapo' Guzmán, the leader of the Sinaloa DTO (in February 2014). But the creation of a national gendarmerie – one of Peña Nieto's campaign promises – was much delayed and eventually reduced to no more than a sub-division within the federal police. Introducing a unified anti-crime command structure – the so-called 'mando único' – was discussed but not really advanced. Little or nothing was done on promises to take new initiatives against corruption.

On the contrary, there was a sense that intractable security issues could be expected to simmer unobtrusively in the background while the government concentrated on its big headline-generating reforms instead. It met with some success at changing the news agenda, as the media had something else to focus on rather than just insecurity, which totally dominated the administration of Peña Nieto's predecessor, Felipe Calderón (2006-2012). However, it seems that the Peña Nieto government was completely blind-sided by a threat which was in plain sight: the explosive combination of under-resourced state administrations, ambitious and corrupt municipal politicians, and a new generation of violent and diversified local criminal organisations, all coming together to form the perfect storm.

A related failing was the impression – whether accurate or not – that the federal government has consistently been behind the curve of events. It did not intervene in Guerrero state until days and weeks after the students disappeared, and many critics say valuable forensic evidence was lost.

### Federal government's gaffes

While he claims he was misinterpreted, Attorney General Jesús Murillo Karam's now notorious phrase, closing a press conference on the Iguala killings – *ya me cansé* (I'm tired of this) – was seized upon by critics, who believe they have a government which is unable or unwilling to enforce the rule of law and prioritise its duty to protect all its citizens.

## Deadlock

A number of analysts and politicians highlight the sense of deadlock. Journalist Javier Garza points out that the project to strengthen state police “has been frozen for years due to the opposition of mayors and governors. What guarantees do we have that it will now progress? Will the federal government really punish governors who fail to lead on this?”

## ‘White House’ scandal

The timing of revelations about the presidential couple’s US\$7m luxury home, dubbed ‘The White House’, built by a construction company that had benefitted from government contracts did not help [WR-14-46]. President Peña Nieto did react: he cancelled the award of a US\$3.7bn high-speed rail contract granted to a Chinese consortium and its local partners, which included groups linked to the Mexican company that had built the house, to remove any suspicion of impropriety; his wife Angélica Rivera also said that as a high-paid actress she had earned the money to buy the house, but would nevertheless now sell it to prevent it being used to “slander” her family.

From Peña Nieto’s point of view, a line has now been drawn under the whole affair. But questions are still being asked – among other things, about a US\$1.7m property in Miami also bought by Rivera. Peña Nieto, meanwhile, does not seem to be fully aware of just why voters are troubled by suspicions of a conflict of interest.

## Anti-crime measures rolled out

Faced with a seemingly unstoppable wave of demonstrations over Iguala, Peña Nieto again tried to seize the initiative on 28 November by announcing 10 new anti-crime measures. These include the dissolution of 1,800 municipal police forces, and their replacement by strengthened “credible, professional and effective” state police forces (*see sidebar*); new laws against infiltration by organised crime; a law to clarify police jurisdictions and to help create joint commands; increased federal assistance for weaker states (Guerrero, Michoacán, Jalisco and Tamaulipas among them); and the creation of a national missing persons register, long sought by human rights activists. There will also be a single ‘911’ police emergency number.

While these include proposals of substance, there is still a perception that they are being pulled together in haste, and in some cases are re-hashed versions of proposals that have already been made and are presently languishing in the federal congress.

Detractors accuse Peña Nieto of lacking any self-criticism. They also criticise him for failing to do more to advance plans for an independent attorney general’s office; and for failing to take more decisive action against corruption. Talks with the country’s political parties on setting up a ‘national anti-corruption system’ are continuing without any apparent sense of urgency.

Gabriela Cuevas, a senator for the right-wing opposition Partido Acción Nacional (PAN) says she finds it “incredible” that it took Peña Nieto two years to realise just how serious Mexico’s security problem really is. “For the first time in two years the President should explain how he will fight corruption, how he will investigate and punish the disappearances, kidnappings and homicides of the last 24 months,” Cuevas said.

Peña Nieto’s damaged public image was not helped when his office announced earlier this week that he would travel to Iguala (on 2 December). It would have been the President’s first visit since the abduction of the student teachers. But hardly had the announcement been made than the visit was cancelled, citing concerns for his security: Iguala and the Guerrero state capital of Chilpancingo have seen frequent violent demonstrations over the fate of the missing trainee teachers.

## Electoral impact

One of the dangers for Peña Nieto is that the current erosion of his credibility will hurt his ruling Partido Revolucionario Institucional (PRI) in the mid-term elections due next June. There is no doubt that his approval ratings

## Cárdenas resignation

The PRD coordinator in the senate, Miguel Barbosa, lamented the decision by Cuauhtémoc Cárdenas to resign from the party because it amounted “not just to the loss of a member but the loss of the party, its identity and principles, aims, aspirations, ethics and congruence; it is that serious”.

have taken a beating. According to a survey for the national daily *Reforma*, Peña Nieto’s approval rating has slumped seven points from 46% in August (before the events in Iguala) to 39% in November. This was the lowest approval rating for any Mexican president since 1995-1996 when the then incumbent, Ernesto Zedillo (1994-2000), was struggling with a devaluation and economic crash, dubbed the ‘tequila crisis’.

Among ‘opinion leaders’, Peña Nieto’s approval rating has slumped to 21% versus a 79% disapproval rating. However, it also appears that the anger of much of the population is directed not only at the PRI but also at the political class in its entirety. In other words none of the major opposition political parties seem yet able to benefit from the President’s fall from grace.

### PRD riven

The PRD, notably, has descended into bitter internal wrangling, with several factions rallying behind the party’s so-called ‘moral’ leader, Cuauhtémoc Cárdenas, who recently penned a public letter saying the PRD was on the “verge of dissolving” [WR-14-46]. Cárdenas called for the entire executive leadership committee (CEN) to resign and make way for a more representative provisional leadership to “put the party’s interests above those of any individual or group”, a calculated swipe at the dominant Nueva Izquierda (NI) faction of the PRD, informally known as ‘Los Chuchos’. Cárdenas said a party congress should then be convened to preside over a fundamental overhaul of the party statutes.

The party president, Carlos Navarrete, swiftly announced that the CEN would meet on 29 November to discuss Cárdenas’s letter. Before it could do so, however, Cárdenas resigned from the party he founded in 1989. “I don’t agree with the PRD leadership on the direction the party should take after the Iguala case,” Cárdenas said in explanation of his resignation on 25 November.

Just hours earlier, Cárdenas had met Navarrete. Cárdenas said that while the meeting was “cordial”, the two had “profound differences [over] how to confront the party’s internal problems, especially the measures that need to be adopted to recover the organisation’s credibility, in particular its leaders, before public opinion”.

Navarrete sought to downplay the significance of Cárdenas’s resignation, tweeting that while “a stage in the life of the PRD has ended,” the party would continue “fighting for Mexico”. The departure of Cárdenas, however, is a further blow to the credibility of the PRD and might prompt other dissidents to follow his lead. It can only assist the maverick leftist, Andrés Manuel López Obrador, who left the PRD last year, in his bid to convert his own party, Movimiento de Regeneración Nacional (Morena), into the main option on the Left in next June’s elections. Morena’s president, Martí Batres, responded to the news of Cárdenas’s resignation by saying that “the PRD has stopped fighting; it prioritised its alliance with the PAN and now it has become a political party supporting neoliberal reforms, turning its back on its origins and history.”

A nationwide poll carried out by the national daily *El Universal* on 27 and 28 November found that 53% of Mexicans interviewed felt that the PRD would be weakened by Cárdenas’s resignation, while 31% of respondents felt it would not affect the party, and 7% that it would strengthen it. Among PRD supporters, 38% supported Cárdenas’s decision to resign, as opposed to 52% who felt he should not have left the party, while 61% said the party was in crisis. A total of 79% of respondents said Cárdenas’s resignation would not affect who they voted for in next June’s elections, while 18% said it would change who they voted for.

**Political tensions rise**

President Michel Martelly last week announced he was setting up a 12-member presidential commission to address the worsening political crisis in Haiti. This has been caused by the delay in the staging of long-overdue elections for 20 of the 30 seats in the national senate (10 of which have been empty since May 2012) and the entire 99-seat national chamber of deputies, as well as hundreds of municipal posts. Martelly made his announcement the same day as anti-government protests were held in the capital, Port-au-Prince – the latest in a series of demonstrations which have been taking place with increasing frequency.

President Martelly, who announced the creation of the commission on 28 November, said that it would have eight days to report back to him. Yet the array of public figures he has selected (*see box*) has not convinced the political opposition which continues to block the necessary electoral legislation on the grounds that the new nine-member provisional electoral council (CEP) set up in May by Martelly as per the March 2014 ‘El Rancho’ accord between the executive, the legislature and various political parties, is unconstitutional [WR-14-40]. The senate president, Simon Desras (Lavni), expressed concerns that the creation of the commission could serve as another delaying tactic while Ansyto Félix, a spokesperson for Fanmi Lavalas, the party of populist former president Jean-Bertrand Aristide (1991; 1994-1996; 2001-2004) – a leading Martelly opponent – expressed doubts about its independence.

**Commission**

The members of the commission include: three representatives from the Church (Bishop Patrick Aris, pastor and evangelist Jean Chavannes Jeune, and Bishop Suffragan Ogé Beauvoir); Odette Roy Fombrun, a well known teacher and historian; and Gérard Gourgue, lawyer and human rights activist, who was justice minister in the military government that followed the fall of former president Jean-Claude ‘Baby Doc’ Duvalier (1971-1986).

The other members of the commission are Evans Paul, a former mayor of Port-au-Prince (1990-1995) of the opposition Konvansyon Inite Demokratik (KID); two former opposition senators, Rony Mondestin and Gabriel Fortuné; Réginald Boulos, the president of the national chamber of commerce and industry (CCI); Paul Loulou Chéry, the president of the umbrella trade union, Confédération des Travailleurs Haïtiens (CTH); and peasant leader Charles Suffrard, who was involved in the Comité des Affaires Électorales Paysannes pour des Élections Propres (Koze pèp), which was aligned with Martelly’s predecessor René Préval (1996-2001; 2006-2011).

**Protests continue**

Martelly’s announcement comes on the heels of recent protests calling for his resignation. While these have taken place mainly in Port-au-Prince, demos were also held on 28 November in the northern city of Gonaïves, the capital of Artibonite department. Indeed the unrest made international headlines on 18 November after one person was killed and several others injured in demos which took place in the capital earlier that day to mark the 211th anniversary of the Battle of Vertières, a major battle of the Second War of Haitian Independence.

As well as the delayed elections, the other opposition complaint is that the Martelly government has launched an offensive against its political opponents. Following the threat of legal action against Aristide [WR-14-40] more opposition figures have been targeted – most notably Rony Timothée and Biron Odigé, of Fòs Patriotik ou Respè Konstitsyon (Fopark), who were

**US cooperation**

In a recent sign of US-Haiti cooperation, Prime Minister Laurent Lamothe hosted a meeting on 24 November attended by senior officials from both countries. These included Haiti’s ministers for education and agriculture, Nesmy Manigat and Thomas Jacques; the US ambassador to Haiti, Pamela White; and local representatives from the US Agency for International Development (USAID). According to a press release by Lamothe’s office, the meeting covered cooperation on infrastructure & energy, education & health and good governance, among other issues. The same press release cites White as saying that “discussions regarding Haitian-US cooperation symbolize for us the will to go further, towards the future of the two countries”.

## Grupo Cocibolca's concerns

The environmental and social impact studies (ESIA) presented in September by Grupo Cocibolca on the 'Gran Canal' project questioned whether there is enough water available to support the scheme. The ESIA estimates that 8.44m cubic metres of water would be required on a daily basis to run the canal. While there are 14.7m cubic metres available currently, environmental experts expect a 35% reduction in water levels between 2015 and 2039 to 8.45m cubic metres, right on the estimated limit.

arrested at the end of October following anti-government demos. They remain in prison – reportedly without charge.

One recent development is that this growing public anger is being directed against the US which the opposition accuses of supporting the Martelly administration and meddling in internal affairs. For the first time, on 29 November, demos in Port-au-Prince took place outside the US embassy. While expressing concern about the delayed elections, the United Nations (UN) and the US appear to have taken the line of Martelly – whose own electoral victory in 2011 was subject to accusations of US interference – and are blaming the crisis on six opposition senators for refusing to pass the electoral reform.

In September Sandra Honoré, the head of the UN Stabilization Mission in Haiti (Minustah) said that “the timely establishment of the electoral body was hampered by a group of politicians opposed to the El Rancho Accord who consistently blocked the required quorum”. The following month, in a meeting which took place in Washington between Prime Minister Laurent Lamothe and US Secretary of State John Kerry, the latter also appeared to point the finger at those blocking the approval of the electoral law. He said “this resistance – the unwillingness to allow the people to be able to have this vote – really challenges the overall growth and development progress of the country...The president has been working very hard, the prime minister working very, very hard, to pull people together to make this happen”.

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## TRACKING TRENDS

**NICARAGUA | Start date named for 'Gran Canal'.** The Frente Sandinista de Liberación Nacional (FSLN) government led by President Daniel Ortega has announced that construction on Nicaragua's 'Gran Canal' project, linking the country's Caribbean and Pacific coasts, would begin this month. The announcement regarding the project - for which the Chinese firm, HKND Group won the US\$50bn build-operate concession in June 2013 - comes despite continued concerns raised by various sectors, including the Church and environmentalists.

On 20 November Paul Oquist, the executive secretary of the State's canal commission, told reporters that construction would begin on 22 December. He made the announcement at a public event held by the government and HKND to present progress on the technical engineering and environmental and social impact studies (ESIA) of the project. This was HKND's first formal announcement regarding the progress of the project since July, when it unveiled its route [WR-14-28]. Yet environmentalists and civil society groups have flagged up remarks made the previous week by David Blaha, a representative for the company in charge of the environmental study, Environmental Resource Management (ERM), who said that the final study would not be ready until March or April of 2015 because researchers are still working on predicting the magnitude of the impact, and alternatives to mitigate it.

Oquist's announcement prompted an immediate response from Grupo Cocibolca, which groups the NGOs Centro Humboldt, La Fundación Nicaragüense para el Desarrollo Sostenible and Fundación del Río, which issued a statement urging HKND not to begin until the feasibility studies are complete. Back in September Grupo Cocibolca had presented the findings of its own independent ESIA which raised various doubts. As well as reiterating fears about the effect on Lake Nicaragua (also known as Lake Cocibolca) – Central America's largest freshwater lake – through which the canal will run, and the impact on local communities, the ESIA also raised some questions regarding the viability of the project itself (*see sidebar*).

Environmentalists are not the only ones raising concerns regarding the project. On 15 November Cardinal Leopoldo Brenes, the archbishop of Managua, urged the Ortega government to engage with affected communities, given ongoing protests. With 15 demos staged in the past two months, the most recent of these took place over the weekend of 15-16 November in Nueva Guinea, a municipality in the South Atlantic Autonomous Region (RAAS) and on the island of Ometepe.

### Quotes of the week

“It’s like appointing the head of the CIA to run the KGB.”

*Brazilian opposition politician Aécio Neves, on President Dilma Rousseff’s appointment of a finance minister, Joaquim Levy, who Neves describes as a personal friend.*

“Brigadier General Alzate retired with military honour and I have no reason to question his explanations. It is a closed chapter.”

*Colombia’s President Juan Manuel Santos on the retirement of General Rubén Darío Alzate after his release by the Farc.*

“If you ask me what the Church feels about it I can only compare it to when someone kills your brother and the material or intellectual author of the murder gets an award.”

*The Archbishop of San Salvador, José Luis Escobar Alas, reacts to the decision to name a street after Roberto d’Aubuisson, the presumed mastermind of the assassination of Archbishop Oscar Romero.*

### What’s in a name?

The mayor of San Salvador, Norman Quijano, has excited controversy by revealing that a street in El Salvador’s capital will be renamed after Major Roberto d’Aubuisson on 19 February next year. Quijano belongs to the main right-wing opposition Alianza Republicana Nacionalista (Arena), which was founded by D’Aubuisson in 1981. The timing of his decision to honour D’Aubuisson in this way is striking. El Salvador will hold legislative and municipal elections just nine days after the name-changing ceremony, which will also be barely a month before the 35th anniversary of the assassination of the archbishop of San Salvador, Óscar Romero. D’Aubuisson, who formed ultra-right death squads, was named as the intellectual author of Romero’s murder in a report published by the United Nations (UN) truth commission after the end of the civil war (1980-1992), but an amnesty law ensured it has never been investigated in El Salvador.

Quijano made no secret of his disappointment at having been overlooked to stand for re-election as mayor of San Salvador in next March’s elections by the Arena party hierarchy, which chose Deputy Edwin Zamora instead. Zamora only joined Arena five years ago. While D’Aubuisson is still revered at party gatherings and by hardline *Arenistas*, leading lights in the party now openly express their admiration for Romero, whose beatification is just a matter of time, and Zamora has shown he is keen to reform the party’s image, distancing the party from past associations and bringing it into the present. In this context, Quijano’s decision to rename a street after D’Aubuisson in a public commemoration looks deliberately provocative, making Zamora’s task more challenging.

Quijano pointedly chose a fundraising dinner for Zamora’s campaign to make the announcement. He argued that the street-naming was a fitting recognition of D’Aubuisson’s political legacy. He later insisted that there was no ulterior motive behind his decision. Zamora professed (or feigned) indifference to the whole episode - “What has the naming of the street got to do with monseñor Romero?” he snapped back at reporters, but he will be privately irked.

Archbishop José Luis Escobar Alas appealed to Quijano to reconsider his decision, not least because the street which will bear D’Aubuisson’s name is currently named after Saint Anthony Abbot, the patron saint of domestic animals and founder of monasticism. Human rights activists have launched a social media campaign: Ninguna Calle Llevará Tu Nombre (No street will carry your name), whose Facebook page already has nearly 7,000 ‘likes’.

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