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Venezuelan military extends equivocal support to Maduro

The most headline-grabbing development in Venezuela this week was the decision by opposition leader Leopoldo López on 18 February to hand himself over to the national guard to face charges of fomenting the unrest which led to three deaths six days earlier. Given the opposition's limited capacity to influence events in Venezuela, however, the most significant development this week was the announcement by the Bolivarian armed forces (FANB) that it would "never accept a government which does not emerge through constitutional means". Opposing a coup is not the same as emphatic support for President Nicolás Maduro though and this pointedly leaves open the possibility of the FANB being prepared to accept an internal move to force him out. There are signs that Maduro's authority is being challenged. He was compelled to dismiss the head of the Bolivarian national intelligence agency (Sebin) this week after his orders were disobeyed.

López appeared at the head of a peaceful protest march to hand himself over to the authorities. "If my imprisonment serves to awaken the people [...] and the majority of Venezuelans who want change [...] then it will be worth it," López shouted through a megaphone from atop a statue of the Cuban independence hero, José Martí, before his arrest. Only time will tell whether this speech goes down in history like that of the late president Hugo Chávez (1999-2013) before his arrest in 1992, when he expressed regret that his coup attempt had failed – "for now".

López said he did not anticipate a fair trial because he faced "an unjust and corrupt justice system" in a country where "there is no separation of powers". The role of the president of the national assembly, Diosdado Cabello, as his personal chauffeur to the military prison Ramo Verde on the periphery of Caracas will have done little to reassure López on this count. President Maduro thanked Cabello for his "political and humane qualities" for apparently visiting López's family and persuading them he should turn himself in after the government was notified of a plot by "the ultra-right in Miami and Venezuela" to kill López, "creating a political crisis and tipping us towards civil war in Venezuela". Cabello, Maduro said, had accompanied López, to protect him. By implication López, described by Maduro as "the political boss of the fascist right-wing", is also a pawn of fascism and imperialism: Maduro by turns blames and conflates 'fascists' in Miami, Colombian paramilitaries and the US embassy for plotting to topple him – he expelled three US consular officers this week.

Maduro said López would have to answer to "the public prosecutor, the courts and the laws of the Republic for his calls to sedition, disregarding the constitution". The government is not paying much regard to the constitution itself. On 19 February the magistrate presiding over López's trial, Dalenys

Venezuela's Benghazi

President Maduro addressed a rally of State oil workers, decked out in red, outside the Miraflores palace on 19 February, streamed live on State television. There have been constant protests in several states since last week though - many to demand the release of those arrested in earlier protests. A student and beauty queen, Génesis Carmona, died of a bullet wound to the head on 19 February sustained during a protest in Valencia, the capital of the state of Carabobo. The most serious violence, however, appears to be unfolding in San Cristóbal, the state capital of Táchira, which borders Colombia. The army has been deployed to control entry points to the city which, Maduro claims, the opposition mayor Daniel Ceballos is intent on turning into "Venezuela's Benghazi" in a subversive plan backed by Colombian paramilitaries.

Tovar, moved the court to the military prison where he is being held to protect his "physical integrity". López's lawyer denounced the move as "highly irregular" and "a clear violation of [his] due process rights". It suggests that Tovar, with Maduro's emphatic admonition that López "will go to prison" ringing in her ears, is only too aware of the fate of Judge María Lourdes Afiuni, who was imprisoned without trial in 2009 for four years on Chávez's orders after releasing a businessman accused of flouting currency exchange controls on bail.

Military response

The big difference between López now and Chávez in 1992 of course (aside from the fact that López advocated street protests to force "the exit" of Maduro rather than actively staging a coup) is that the military is fully behind the Bolivarian Revolution. That is not the same thing as being behind Maduro. Flanked by the military high command, Admiral Carmen Meléndez, the defence minister, read out a statement from the FANB on television on 18 February, stressing that "We will not permit a scenario similar to 11 April 2002 [when Chávez was briefly toppled in a coup] and we emphatically reject actions in violation of the law by part of a sector with proven support from abroad".

There was no mention of Maduro by name in the FANB's pledge to uphold the constitutional order. It is a moot point whether this was a deliberately Machiavellian move by the FANB to keep its options open should the protests escalate and Maduro's handling of them, and the myriad causes of them (such as rampant insecurity and food shortages), fail to impress. The FANB could maintain its support for the constitutional order by forcing Maduro to step aside, or sanctioning an internal move to oust him, conceivably replacing him with Cabello or Vice-President Jorge Arreaza, Chávez's son-in-law.

Maduro indirectly acknowledged at the weekend that his authority had been undermined during the violent protests on 12 February. After video footage and hundreds of photos by eyewitnesses emerged appearing to show that two Sebin agents fired shots and could have been responsible for one of the three deaths that day, Maduro said that Sebin agents had disobeyed his order not to take to the streets. Maduro fired Brigadier General Manuel Bernal Martínez as the Sebin director, replacing him with Gustavo González López, who was head of the 'strategic centre for the security and protection of the Fatherland' (Cesppa), created by Maduro last October to centralise intelligence work, and a former commander of the Bolivarian militias.

Yes and no to dialogue

Over the last few days there have been numerous calls from abroad for dialogue in Venezuela. Speaking on the sidelines of the North American leaders summit in Mexico on 19 February (see pages 11-12), US President Barack Obama urged President Maduro to "focus on addressing the legitimate grievances of the Venezuelan people" rather than "making up false accusations" against US diplomats. "All parties have an obligation to work together," he added.

The US and Canada registered concern about violence in Venezuela before the permanent council of the Organization of American States (OAS) on the same day. Venezuela's representative to the OAS, Roy Chaderton, lashed back that Maduro had suffered from all forms of "US interventionism [...] except a direct military invasion". The Peruvian and Panamanian representatives also called for dialogue while their peers from Argentina, Bolivia, Ecuador and Nicaragua rallied behind Chaderton, condemning "modern coup attempts".

On the one hand, Maduro claims he favours dialogue as he has "always respected those from different political persuasions"; on the other hand, he has repeatedly denigrated all of the opposition as "fascists", and firmly rebuffed an offer from Colombia's President Juan Manuel Santos to mediate a dialogue process, as unwarranted interference, adding that he did not need "democratic lessons" from Santos.

Top brass tainted by fresh scandal

President Juan Manuel Santos carried out the biggest ‘purge’ of the military top brass in recent history on 18 February. Santos had no option but to take firm and decisive action after a second scandal in as many weeks left the credibility of Colombia’s armed forces in tatters; the peace talks with the Fuerzas Armadas Revolucionarias de Colombia (Farc) imperilled; and his May re-election bid shaken. With the scandal surrounding the alleged illegal spying on government peace negotiators in Cuba by a murky army intelligence cell far from cleared up [WR-14-05], a new scandal has emerged embroiling senior army officials in corruption related to defence procurement and raising questions about the military’s commitment to human rights.

The weekly magazine, *Semana*, which broke the first spying scandal (see below), ran another devastating exposé on 16 February. This was based on 19 separate recordings, and hundreds of hours of conversations, taped as part of a congressional investigation and obtained by *Semana*, which provide details of a corruption network in the army. Several generals and other senior officers are accused of taking bribes and kickbacks of up to 50% of the contracts they awarded, and even of embezzling money that was supposed to be spent on petrol and other supplies.

As if the corruption allegations were not bad enough, the network’s activities took on a more nefarious dimension. Some of the embezzled funds were allegedly used to pay for the defence of army officials implicated in the ‘false positives’ scandal (when members of the security forces seeking ‘rewards for results’ carried out extrajudicial killings of civilians and posed their bodies as those of guerrillas killed in combat) and to bribe witnesses.

The alleged fulcrum of the corruption network, Colonel Róbinson González del Rio, arrested in 2012 and put in military barracks while being investigated for two ‘false positives’ murders in September 2007, can be heard in a conversation recorded in late 2012 with none other than the present commander of the armed forces, General Leonardo Barrero (then head of the joint command south-west), discussing bribing witnesses to file complaints against prosecutors. Barrero responded that he should “create a mafia to discredit those prosecutors”.

“Unacceptable” and “very serious”

President Santos was once again forced to employ the words “unacceptable” and “very serious” to describe allegations levelled at the military. “We have to act with severity and decisiveness against those that profit from or permit corruption,” Santos said.

Five senior army generals were forced into retirement, including Major General Javier Rey Navas, head of the joint command of the armed forces, and General Fabricio Cabrera, the head of army aviation, both of whom were mentioned in the taped recordings published by *Semana*. Defence Minister Juan Carlos Pinzón said that the generals, “knowing about irregularities”, had failed to take “adequate administrative action”. Pinzón added that defence procurement for army aviation would henceforth be undertaken by the defence ministry and outside auditors brought in.

Barrero, meanwhile, was sidelined not because of suspected corruption but, Santos explained, for his “disrespectful and disparaging comments” about

**Major General
Javier Rey Navas**
Major General Javier Rey Navas, head of the joint command of the armed forces, said he had stepped aside in order to defend himself from the corruption allegations dating from when he was commander of army aviation. The defence minister, Juan Carlos Pinzón wrote on his Twitter account that he regretted “in a personal way the departure of this great soldier”.

Military justice reform

The latest scandal afflicting the military further conspires against the efforts of President Juan Manuel Santos to reform the military justice system allowing it, inter alia, to cover all cases brought against the armed forces, with the exception of those related to human rights violations. Last October the constitutional court ruled that the proposed reform was unconstitutional.

the attorney general's office. Barrero, who only took up the post in August, becomes the shortest-serving commander of the armed forces in history. Barrero had to go not only because his comments cast serious doubt over the commitment of the armed forces to eradicate 'false positives' (playing into the Farc's hands in Havana), when the Santos administration has been insistent on 'zero tolerance' for human rights violations by the military, but also because his position at the helm became completely untenable after he suggested a stratagem to impugn the integrity of public prosecutors who are investigating nearly 1,000 cases of 'false positives'.

Barrero apologised for his "inappropriate" remarks about public prosecutors "made in a private conversation" but maintained that his removal was "a political decision". He was replaced by General Juan Pablo Rodríguez, who was promoted from commander of the army and whose position, in turn, was filled by General Jaime Lasprilla. Both Rodríguez and Lasprilla have special operations backgrounds.

Bugging scandal

President Santos said that the corruption allegations would not be investigated by military justice but by the attorney general's office. He also ordered Pinzón to carry out a thorough investigation and present a "report to the nation". Two days before *Semana's* latest revelations, the army inspector, General Ernesto Maldonado, met the deadline of 14 February set by Santos to issue another report into another scandal. This followed the publication of an in-depth investigation by *Semana* on 3 February into a murky operation, run from the back of an Internet café in Bogotá by army intelligence officers, to spy on the government's chief negotiator in Havana, Humberto de la Calle, and other peace negotiators, as well as leftist politicians and journalists.

Maldonado reported that the operation, codenamed 'Andromeda', was legal and that its activities since 2012 had been audited and verified. He said nothing about whether civilian hackers hired by army intelligence had been involved in illegal spying activities, adding that this was being investigated by the attorney general's office and military justice, which would determine whether they were legal or not.

Maldonado's report does not advance the spying case any further and there will now be a potentially long wait while the attorney general's office assesses whether the information on computers confiscated from the Internet café indicate that illegal activities took place. Maldonado's main criticism in his report was actually that procedural errors had been made because "the secrecy of operation Andromeda" had not been preserved; he recommended that six officials be replaced.

Given that senior army officers were forced into retirement over the corruption scandal because they were aware of irregularities but had failed to take any action, it is unlikely that the public will be satisfied with an internal probe by the military into the spying allegations. Neither is it just the political opposition that is suspicious of military obfuscation, but politicians from Santos' ruling coalition.

In an interview with the national daily *El Tiempo* on 14 February, Deputy Simón Gaviria, the national director of the Partido Liberal (PL), said that he had it from "a highly credible source" that "400 whatsapp messages and 500 Blackberry text messages" had been intercepted as well as dozens of emails from journalists, politicians and businessmen.

The congressional intelligence commission hauled in Pinzón on 12 February to elucidate some of the confusion over 'Operation Andromeda' but he failed to provide any details that are not already in the public domain.

Correa faces double defeat in elections

Barrera's U-turn

There is more than a hint of desperation about Augusto Barrera's campaign. Just 11 days before the elections, Barrera backed an announcement by the acting mayor, Jorge Albán, reducing fines for illegally parked cars from US\$170 to US\$34; and temporarily suspending the toll on Quito's Rumiñahui motorway and Inter-oceanic road until a more efficient system can be established. Mauricio Rodas, who had made the "rationalisation of fines" and "lowering taxes" the cornerstone of his campaign, wryly thanked Barrera for adopting his proposals after savaging them for two months beforehand.

President Rafael Correa is in the rare position of facing an electoral setback. When Correa won approval to take leave of absence in January in order to play an active role in the campaign ahead of municipal elections on 23 February, he was motivated by the desire to win the coastal city of Guayaquil for his ruling Alianza País (AP) from the longstanding opposition mayor, Jaime Nebot. But just days before the elections, not only does Nebot hold a large lead over the AP candidate, Viviana Bonilla, in opinion polls but Correa is also suddenly staring at a serious reverse in Quito, where the incumbent AP mayor, Augusto Barrera, has let slip a substantial lead. Correa has surged to Barrera's rescue, warning voters that his defeat could bring the "citizen's revolution" crashing down.

This time last year President Correa secured re-election and a sweeping majority for the AP in congress. Guayaquil was depicted as the last opposition stronghold and Correa made no secret of his determination to win it in the municipal elections, taking time off from his day job to campaign there and excoriating Nebot in several of his weekend 'Enlace Ciudadano' television broadcasts from the city for neglecting the poor and serving the rich. In spite of Correa's efforts, Nebot looks set for a comfortable re-election.

The same cannot be said for Barrera. Just one month ago Barrera held a commanding lead in the polls, but this has completely evaporated. A Cedatos poll gave Barreras a 42%-28% lead over Rodas in December and 44%-31% as recently as 15 January but, on 8 February, he was trailing Rodas by 42.4%-39.9%. Another pollster, Market, showed a similar progression for Rodas, who overhauled an 11-percentage-point-deficit on 1 January to establish a six-point lead (42%-36%) on 11 February.

Correa has been forced to mount a salvage operation. He broadcast last Saturday's edition of 'Enlace Ciudadano' from Quito and published a personal letter on 12 February adjuring voters to "think carefully" before allowing the capital to fall to the "fascist ultra-right-wing", which he claimed was set on using its control of the Quito mayoralty to destabilise his government as in Venezuela.

In his letter Correa argued that Ecuador was "the most successful model of 21st century socialism" in the region. He underlined Barrera's achievements, including new roads and a modern metro, scheduled for completion in 2016, to solve the longstanding traffic problems in the capital. He added that Barrera's efforts had helped Quito to win the World Travel Awards 2013, "the Oscar of tourism", for South America, ahead of seven other destinations, creating jobs in the tourism industry. "But let's not deceive ourselves," Correa went on "the project [citizens' revolution] will be under threat if the capital falls into the hands of the extreme Right [...] the past (a united Right, financed by banking, and the recycled Partido Social Cristiano), wants to take over the city, and from there boycott the Revolution".

On his broadcast, Correa said voters had to choose between "responsibility and improvisation", before repeating his unsubstantiated claim that "veiled interests" with sinister intentions were supporting Barrera's opponent, Mauricio Rodas. Rodas, who finished fourth in last February's presidential elections, with his newly created Sociedad Unidad Más Acción (Suma) taking one seat in congress, denies he is right-wing, describing himself rather as a "progressive centrist". He claims he is fighting against the weight of the State, misused public resources and the government propaganda machine. Correa argues that, despite not being up for election directly himself, his overt intervention in the electoral process is "absolutely legal and legitimate" because, he claims, Rodas is being backed by millions of dollars of "domestic and international cash", as well as the media.

'Super-salaries' to be paid

On 19 February the president of the lower chamber, Henrique Alves, of the Partido do Movimento Democrático Brasileiro (PMDB), confirmed that congress will abide by the supreme court's decision to resume payment of civil servants' 'super-salaries' (wages above the civil service threshold of R\$29,400 [US\$12,000] a month. Brazil's court of audit had ordered the suspension of payment of salaries over that threshold in October last year. The comparatively generous pay packages of Brazil's public officials have long been a source of discontent among taxpayers.

Azeredo steps down to take heat off PSDB

Eduardo Azeredo, the former governor of Minas Gerais, gave many reasons for stepping down from his position as a congressman for the Partido da Social Democracia Brasileira (PSDB) on 19 February. In a letter to his colleagues he cited ill health and a reluctance to subject himself to abuse in the congressional chamber which, he wrote, was subject to "political pressures". Leaving aside the obvious question as to what a congress is for, if not to respond to "political pressures", Azeredo's letter neglected to mention the pressure that he was indubitably subject to from his own party. By standing down, he could avoid prosecution by the supreme court, and disarm opponents seeking to attack PSDB presidential hopeful Aécio Neves over the so-called 'mensalão mineiro'.

Azeredo stands accused of using state funds to bankroll his gubernatorial re-election campaign. The attorney general, Rodrigo Janot, argues that a number of PSDB members used state companies to sponsor sporting events via the marketing company SMP&B. One of the company's partners was Marcos Valério, one of the architects of the *mensalão* scheme of the Partido dos Trabalhadores (PT). Valério would use the money from the sponsorship deals to cover the fraudulent loans he made to Azeredo's re-election campaign in 1998. Janot is seeking a 22-year prison sentence for Azeredo and a R\$451,000 (US\$188,000) fine.

In his letter to congress, Azeredo restated his innocence. "My strength is now exhausted, posing serious risks to my health and the integrity of my family," he wrote. "I do not accept that my name continues to be besmirched, and my constituents victimised. Nor will I allow my beloved state, Minas Gerais, and my party, the PSDB, to be attacked." The resignation may allow Azeredo to avoid the supreme court, although the precedent is not entirely clear. Natan Donadon, a federal deputy from Rondônia, failed in his attempt to avoid facing the supreme court when he stood down in 2010 while facing charges of conspiracy and embezzlement. Others, however, have succeeded in escaping the scrutiny of the supreme court by quitting congress.

The PSDB denied Azeredo was motivated by such a consideration. "Unlike the petistas, who challenged the supreme court, Eduardo is an honourable man who wishes to be judged as a common citizen," Marcos Pestana, the head of the PSDB in Minas Gerais, said. Neves said the decision was a "personal matter" and would not interfere with his presidential campaign. He denied there had been any pressure brought to bear by the party.

In an open ballot, no-one votes for Donadon

Natan Donadon, the federal deputy from Rondônia who was expelled from his party after being sentenced to 13 years imprisonment for embezzlement and conspiracy, was finally stripped of his mandate in an open vote by congress on 12 February. Donadon, who was successfully re-elected in 2012 while facing the charges, managed to escape congress' censure in a secret vote last August. Then, only 233 deputies voted to expel him; 131 voted to allow him to remain in office, and 41 abstained. Following a victorious campaign to make votes cast on stripping deputies of office public, Donadon's case returned to chamber.

Four hundred and sixty-seven deputies voted to expel Donadon from congress; only one congressman, who has himself been sentenced to a three-year prison sentence, abstained. Donadon's lawyer said the open vote "threatens democracy". On leaving congress, the ex-deputy was asked whether he would like to return to politics after serving his sentence. "Why not?" he asked.

Investigating the black blocs

Curitiba scrapes through

Curitiba's Arena da Baixada has escaped the humiliation of being rejected for use during the World Cup. Fifa had given the stadium until 18 February to show that it would be ready for the tournament in June. On that day, Fifa's secretary-general, Jérôme Valcke, confirmed it had passed the test. Despite being the stadium closest to completion three years' ago, bitter wrangling over financing between the host club, Atlético Paranaense, the city and state governments and BNDES, the state development bank, had delayed the upgrade work.

On 18 February congressional deputies from the Partido do Movimento Democrático Brasileiro (PMDB) and the Partido Solidariedade (SDD) started collecting signatures to authorise a parliamentary inquiry into the formation and financing of Brazil's 'black bloc' protest movements. Since the death of the cameraman Santiago Andrade last week, Brazil's media have been attempting to unmask the protesters. The hunt was given added impetus by comments from Jonas Tadeu Nunes, the lawyer who is defending the two demonstrators accused of setting off the firecracker that killed Andrade. Nunes claims the two young men received R\$150 (US\$60) to participate in the protest, and he accused political parties and social organisations of grooming the demonstrators. A number of suspected political parties and individual deputies were subsequently accused of fomenting the violence.

Fernando Francischini, the SDD leader, is leading the push for an inquiry. "The purpose [...] is to investigate if there is grooming or financing of people who are contracted to smash, destroy or deter good people from the demonstrations," he said. So far, the petition has gathered signatures from over 10 parties, but in order to take effect, it needs the support of 171 deputies and 27 senators. The inquiry would have reasonable investigative powers, including the authority to subpoena telephone conversations and bank records. "We are in a World Cup year and many people have an interest in driving responsible citizens off the streets, such as those who want to demonstrate in demand of better public services," Francischini said.

One of the names mentioned by Nunes last week as being responsible for the financing of the protesters was the Rio de Janeiro state deputy, Marcelo Freixo, from the Partido Socialismo e Liberdade (PSOL). According to Nunes, Freixo worked closely with an activist called Elisa Quadros, known as Sininho, helping to distribute funds to participants at demonstrations. Freixo strongly denied the accusation, saying that he had only met Sininho twice. The state deputy also dismissed a spreadsheet unearthed on a closed Facebook group which appeared to show PSOL sponsorship of a protest in December. Freixo said this was money for a Christmas supper for the homeless. "The list contains expenditure on toast, bread, ice...suddenly this is funding for the black blocs?" he asked.

Freixo claimed the purpose of the smear was to de-legitimise the wave of protests calling for a reduction in the price of the city's bus fares (the motivation for the demonstration at which Andrade was killed). Later this week, the Brazilian senate is due to vote on a proposal to draw up a law which would make disorder in public places a crime. At present, all public protest is, in theory, prosecuted under a military-dictatorship era national security law. "The [proposed] anti-terrorism legislation is even more retrograde than the national security law," Freixo said. "It wants to limit people's ability to protest. Making the demonstrations less violent is to be welcomed, but shutting them down is another form of violence."

Close watchers of the protest movement, however, suspect that though the black blocs may find themselves increasingly marginalised following the widespread revulsion at Andrade's death, none of the issues from last year's massive demonstrations have been addressed. Rafael Alcadipani, a professor at the Fundação Getulio Vargas (FGV) who has carried out a detailed study of the black blocs, thinks the conditions are still ripe for social unrest. "The waning presence of the black blocs could strengthen the peaceful protest movement," he said. "The problems raised by the demonstrations in June are still with us. Nothing has been resolved. There is still social tension. So there is a potential for conflict."

Coming clean on inflation

Since taking up the position of economy minister last year, Axel Kicillof has defied critics who predicted left-wing heterodox measures with a series of increasingly orthodox policy decisions. But arguably the most significant shift in the government's economic thinking has been forced upon them, via threat of expulsion, from the International Monetary Fund (IMF). After seven years of tinkering with official statistics, the national statistics institute (Indec) released a set of reliable inflation figures on 13 February. Though the number was alarmingly high, at 3.7% for the month of January alone, it did at least approximate the truth. As one banking analyst put it: "In this case, bad news is good news."

In 2013, Indec calculated that inflation ran at just 10.9%. Private sector analysts said it was 28.3%. Nobody believed the government figures, not even supporters. Wage demands of government-affiliated unions used the private sector figure as a starting point for negotiations. Faced with this lack of credibility, and the possibility of expulsion from the IMF, Argentina finally decided to alter its methodology.

The new price index will take into account price variations of all the country's provinces (except for the city of Buenos Aires, which will not contribute data). The index will be published monthly and will use a fixed basket of goods and services. Kicillof hailed the "national scope" of the new methodology. Indec's statisticians will measure 200,000 prices in 13,000 locations in 246 cities, covering 86.7% of all urban areas in Argentina. According to the new index, the rise in prices was led by health care, transport, entertainment and food.

January's figure means annualised inflation is running at a frightening 55%. Kicillof, however, downplayed the significance of the month's statistics, pointing to a series of one-off factors, not least the sharp, government-mandated devaluation in the peso. Argentine investors argued that in this case, the honesty was more important than the figure. The Argentine bond market rallied the most in emerging markets. Yields on government dollar bonds due in 2017 fell 1.55%, the biggest drop in more than 11 months.

Salary negotiations

Still, inflation is close to running out of control. Collective salary negotiations are due to begin in March, and the jockeying has already begun. A few weeks ago, teachers from the government-allied section of the Confederación General del Trabajo (CGT), started talking about a 61% increase ahead of their negotiations. By comparison, the government's stated enemies are more modest. Pablo Moyano, head of the powerful truckers' union (and son of Hugo, the leader of the anti-government faction of the CGT) called for a 35% increase on 17 February. Teachers from Buenos Aires province are already threatening strike action if their demands for a 35% hike are not met.

Jorge Capitanich, the cabinet chief, has been swift to point out that, in theory at least, provincial governments are responsible for pay deals. "The State is not the employer," he said on 19 February. "The State sets the initial salary not the basic salary. Salary composition varies depending on each jurisdiction." A meeting of provincial governors on 10 February agreed on a ceiling of a 25% increase. But they also agreed they would struggle to persuade unions to accept this figure, and announced their plan to request assistance from the federal government. A meeting between the two sides is due to take place on 26 February, and Kicillof is due to attend.

Unemployment down

Unemployment in Argentina was down at the end of 2013. According to data released by Indec, 6.4% of the Argentine population was out of work in the last quarter, a 0.5 percentage point drop from figures recorded in the same period of 2012, when 6.9% of the population was officially counted as unemployed.

Government approves Clarín's break-up plans

Grupo Clarín, the most influential media organisation in Argentina, is to split into six separate businesses in order to comply with the 2009 media law. On 17 February, Martín Sabatella, the head of Argentina's media regulator, Autoridad Federal de Servicios de Comunicación Audiovisual (AFSCA), approved the plan drawn up by the company to prevent a forced dismantling. Throughout its four-year battle with the government that ended up in the supreme court, Grupo Clarín has argued that the law was drafted in retaliation for critical coverage of the administration of President Cristina Fernández. Grupo Clarín owns the country's top-selling daily newspaper and offers cable TV and Internet to more than 1m homes and businesses in 10 provinces.

The plan

Following the supreme court's decision in October to approve the media law, which restricts ownership to no more than 35% of the market, Grupo Clarín proposed dividing its profitable cable-television business into three companies, two of which would contain TV and radio stations. The other three companies would offer a mix of broadcast, cable TV and radio stations around the country. Under the terms of AFSCA's approval, the group now has 30 days to define the corporate structure of the new businesses, and then a further six months to implement the changes.

Sabatella, an ally of President Fernández, could not resist a note of triumphalism in his comments on the proposal. "All media groups, even the most powerful and damaging to democracy, have had to give in to the law," he said. "Grupo Clarín finally gave up, because no giant can continue forever stepping on the heads of the rest, affecting society, the State and democracy." Grupo Clarín responded by accusing the government of intolerance of the media outlets it does not control.

However, the government has not had it all its own way. The cabinet chief, Jorge Capitanich, reacted angrily to a supreme court decision last week which ruled that the government must air official adverts on Canal 13, a private TV station owned by Grupo Clarín. Capitanich accused the court of "protecting private interests" and of "attempting to violate the division of powers" by forcing the executive's hand on the issue. In a bid to punish Clarín financially since 2009, the government has refused to place official ads with Grupo Clarín's various media outlets.

Another large media group, Grupo Uno, and other smaller groups, also had their proposals approved on 17 February and they will have to carry them out under similar terms. AFSCA is yet to approve the plans presented by Telefó/Telefónica, Telecentro, and Prisa-Radio Continental.

Supreme Court appeal

Though private negotiations are still underway, on 18 February the Argentine government filed a second appeal before the US supreme court on the case against the so-called 'vulture funds'. Argentina is appealing a lower-court ruling that orders the state to pay hold-out bondholders US\$1.3bn. Its first appeal was thrown out by the 2nd US circuit court of appeals in New York in November, which set the stage for the country to take its appeal to the highest authority. The supreme court will likely not decide whether to hear the case until later in the year.

While the government has expressed optimism regarding its chances, it continues to negotiate an out-of-court settlement with the hold-outs. If the US supreme court decides to review the case, it could take up to a year to reach a final verdict. However, the supreme court has refused to consider one appeal, against the pay-out ruling, and most observers think it unlikely it will ponder the second, about the manner in which Argentina settles its debts.

The Uruguayan model

Argentina's security minister, Sergio Berni, said on 17 February that he supports Uruguay's approach to decriminalising cannabis. Speaking personally, Berni said he thought the production of marijuana, as well as its consumption, should be legalised. Berni's comments follow a recent controversial statement made by the defence minister, Agustín Rossi, who said that Argentina has turned into a "drug-producing nation."

Argentina-Uruguay

spat

Uruguay's new economy and finance minister, Mario Bergara, ran into trouble last week when he expressed frustration with the unpredictable nature of economic policymaking in Argentina. Bergara said that while "it should not be Argentina which guides Uruguay's macro(economic) decisions," Argentina's habit of "announcing one measure on one day [and] dismantling it the next day", and the fact that "it's not clear who is in charge", made things very difficult. Argentina's cabinet chief, Jorge Capitanich, snapped back that Bergara's remarks were "inadmissible". "We consider his comments unfortunate and an unwarranted interference in our sovereign affairs," Capitanich added.

TRACKING TRENDS

BRAZIL | Banco do Brasil's good year. In spite of a poor final quarter, the state-owned Banco do Brasil, the country's largest lender, reported that in 2013 it earned a record net profit of R\$15.75bn (US\$6.5bn), a figure 29.5% higher than that recorded in 2012 (and just above Itaú's R\$15.69bn profit for the year). The bank's results mean that its profits for last year are the highest ever recorded by a Brazilian bank.

In December 2013 Banco do Brasil's volume of assets reached R\$1.30bn (US\$536m); an annual growth rate of 13.5% and up 3.5% on the previous quarter, thanks mainly to the expansion of its loan book.

The bank's loan portfolio reached R\$692m in late December, an annual increase of 19.3%. The strongest growth area was in property. The bank's default rate, which measures the percentage of debts payable over three months in arrears, fell from 2.06% at the end of 2012 to 1.98% in December.

Banco do Brasil is controlled by the government, but some of its shares are traded on the São Paulo stock exchange.

REGION | 'Different speeds' for Mercosur members. In a sign of increasing impatience with the Southern Common Market (Mercosur), the head of Brazil's Confederação Nacional da Indústria (CNI), Carlos Abijaodi, called for a review of Mercosur rules, "particularly those which force all members to negotiate trade agreements jointly with third countries". Abijaodi's comments will have been music to the ears of Uruguayan economic and trade policymakers, who have long pushed for such flexibility but to no avail.

Speaking ahead of a Brazil-Paraguay summit in Asunción, Abijaodi said that Brazilian industry wanted to negotiate trade accords with other countries at different speeds from the rest of Mercosur members. In particular the CNI head expressed concern about the painfully slow progress in negotiating a deal between Mercosur and the European Union (EU).

"We at the CNI argue that Brazil should make a deal even if the rest of Mercosur is not ready," Abijaodi said. This could be the last chance to advance in the agreement, since in May the European Commission is holding elections for a new president, and we don't know if the next president will be so involved," he added.

At a Mercosur meeting in Caracas over the weekend, Argentina reacted angrily to the news that a Brazilian diplomat had told the EU parliament that the fault for the delay in securing the deal lay with Argentina. Argentina demanded a public retraction from Brazil and threatened to withdraw their delegation. Brazil refused to make a public retraction but did deliver a short statement at the Brazilian embassy in Argentina, claiming its ambassador's comments did not "correspond" to Brazil's "positive assessment" of Mercosur's joint proposals.

URUGUAY | Inflation headache. President José Mujica has admitted that inflation is likely to remain between 7% and 9% for the remainder of his mandate, which ends in March 2015. Inflation was 8.5% in 2013, and the January 2014 figure brought the 12-month inflation rate up to 9.10%.

In order to keep inflation within the 7%-9% band, Mujica suggested that he would be willing to slash utility rates. As with many utilities in Uruguay, electricity is provided by the state, via the Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE), and its losses are absorbed by the treasury. Half of Uruguay's electricity is hydro and thus dependent on rainfall. When this is insufficient UTE relies on thermal generation, which is extremely expensive, because the country has to import oil and gas.

The government also manages fuel, drinking water and sewerage rates. These are usually 'adjusted' in January and February in order to register a fall in the annual inflation growth tendency and help to keep inflation in check ahead of wage negotiations with unions.

In 2013, UTE had a deficit of US\$102m, down from US\$206m the year before. Other public companies, such as the state telecoms firm, Administración Nacional de Telecomunicaciones (Antel); the waterworks company, Obras Sanitarias del Estado (OSE); and the fuel monopoly, Administración Nacional de Combustibles, Alcoholes y Portland (Ancap), all ran a deficit last year.

Despite a decade of sustained growth Uruguay's fiscal deficit reached 2.3% of GDP in 2013. Though this is an improvement on 2012, when it reached 2.8%, it is still above the government's target of 2.1%. In real terms, the deficit stood at US\$1.15bn, including US\$350m of losses from state-owned companies.

Nafta report

The left-leaning Center for Economic and Policy Research published a report this month arguing that poverty levels and inflation-adjusted incomes have remained the same in Mexico since Nafta took effect. In a comparison with the rest of the region over the past 20 years, based on the available economic and social indicators, it argues that Mexico ranks 18th out of 20 Latin American countries in terms of growth of real GDP per capita: "From 1960-1980, Mexican real GDP per person almost doubled, growing by 98.7 percent. By comparison, in the past 20 years it has grown by just 18.6 percent [...] about half of the rate of growth achieved by the rest of Latin America."

MEXICO & NAFTA

MEXICO | POLITICS

Preparing for a post-Nafta world

President Enrique Peña Nieto tried his level best as host but ultimately the North American Leaders Summit on 19 February was overshadowed by other events. US President Barack Obama only flew in for eight hours for the trilateral meeting with Peña Nieto and Canada's Prime Minister Stephen Harper and was constantly distracted by goings-on elsewhere. In the run-up to the summit a host of think tanks produced reports to mark the 20th anniversary of the entry into force of the North American Free Trade Agreement (Nafta). There was a dearth of specific agreements at the summit but a general commitment to increase Nafta's competitiveness, and prepare for what US Secretary of State John Kerry described last month as "moving to the next tier, post-Nafta" by launching a Trans-Pacific Partnership (TPP).

The three amigos met in the state capital of the Estado de México, Toluca, where Peña Nieto cut his political teeth and went on to become governor. Peña Nieto has been at pains to keep security from dominating Mexico's relations, especially with the US, and Obama has been content to play along (although in a sign that the talks were not exclusively about trade, Jeh Johnson, the secretary of homeland security, accompanied Obama). Ironically, it was not Mexico's insecurity issues which diverted attention from trade and economic matters but foreign insecurity issues: Obama discussed the violent protests in Ukraine and, to a lesser extent, Venezuela in press conferences, and had to take a call from Turkish Prime Minister Recep Tayyip Erdogan to discuss Syria.

When he was allowed to concentrate on the matter at hand, Obama stressed that there was "every incentive to make this work", adding that "a lot of our conversations have focused on how do we reduce any continuing trade frictions; how do we make sure that our borders are more efficient". He recognised, however, that "parochial" interests had created obstacles, holding up progress.

For instance, a joint statement from the summit declared a commitment to redefine Nafta so that it retains its competitive edge over other trade blocs by moving to "set new standards for global trade through the prompt conclusion of a high standard, ambitious, and comprehensive Trans-Pacific Partnership, as we promote further trade liberalization in the Asia-Pacific region". But congressional Democrats do not share Obama's enthusiasm for the TPP, a new bloc being forged between 12 Pacific Rim countries (the Nafta nations, Chile, Peru, Australia, Brunei, Japan, Malaysia, New Zealand, Singapore and Vietnam), which they fear will impact jobs, and Obama has been unable to win 'fast-track' powers to negotiate it more easily.

The opposition to the TPP mirrors fundamental disagreements, visible in the reports by thinktanks of different political persuasions in recent weeks, over Nafta: its supporters cite statistics demonstrating that trade has soared since Nafta's launch in 1994; its detractors in the US argue that it has impacted jobs, those in Mexico that it has not propelled GDP growth or brought a better quality of life for Mexicans. Poverty in 2012 was practically the same, at 45.5%, as in 1992, according to the national council for the evaluation of social development policy (Coneval).

Time Magazine

President Enrique Peña Nieto is on the front page of *Time* magazine this week under the caption 'Saving Mexico' for his ambitious energy, education and politico-electoral reforms. *Time* said these reforms had "changed the narrative in his narco-stained nation". Critics in Mexico took to *Twitter* to slam the article and some even accused *Time's* chief foreign affairs correspondent, Michael Crowley, of accepting bribes to write a positive story about Peña Nieto.

Energy

Obama lavished praise on Peña Nieto at the summit for his ambitious reform agenda, especially to the energy sector. There was a general commitment to expand trilateral energy cooperation through North American energy ministers' meetings, but there are differences in the energy area, notably the Obama administration's muted reception for Canada's Keystone XL pipeline project to pump tar sands oil from Alberta through the US heartland and down to US Gulf coast refineries.

Some agreements were struck in Toluca, notably on a North American 'trusted traveller programme' to expedite travel for pre-approved, low risk travellers, as well as on enhancing transportation infrastructure and providing more educational exchanges. Peña Nieto and Harper also signed two accords to facilitate bilateral trade and investment, and an air transport agreement to expand the number of flights between the two countries, although there was no accord to end Canadian visa requirements for Mexicans.

Moves to legalise marijuana

It is possible that Presidents Peña Nieto and Obama discussed the issue of the legalisation of marijuana during their private meeting in Toluca. On 13 February legislators from the left-wing Partido de la Revolución Democrática (PRD) presented a proposal in the Mexico City legislative assembly to legalise marijuana in the capital, which the party governs. The US states of Washington and Colorado have legalised marijuana, and Obama, despite opposing the idea, has opted not to take federal action. Peña Nieto also opposes the idea, and representatives of his government met PRD legislators from Mexico City to discuss their proposal last week.

Existing Mexican federal law allows possession of up to five grams of marijuana for personal consumption, but bans both the cultivation and sale of the drug. The proposal presented by the Mexico City legislators seeks to treat marijuana use as a health issue rather than a criminal one. It would allow the sale of marijuana in amounts up to five grams in stores designated by the authorities. The proposal is short on details but includes a requirement for these stores to sell a product certified as pure and to provide information on the health risks associated with marijuana use. It would also charge drug dealers rather than consumers.

The Global Commission on Drug Policy (GCDP) sent a letter of thanks to the mayor of Mexico City, Miguel Ángel Mancera, and the legislature for discussing the matter, saying it put Mexico City at the vanguard of a necessary debate right across Latin America. It expressed "full confidence that thanks to your support, this law will be approved". The letter was signed by the former presidents of Mexico, Brazil, Chile and Colombia, Ernesto Zedillo; Fernando Henrique Cardoso; Ricardo Lagos; and César Gaviria, who formed the Latin American Commission on Drugs and Democracy (LACDD) in 2009, a precursor of the GCDP. The LACDD shot to prominence with a seminal report advocating a paradigm shift in strategy on the grounds that the war on drugs had failed.

The proposal to legalise marijuana in Mexico City faces numerous obstacles. A group of PRD colleagues came out in opposition to the proposal arguing that the City legislature should prioritise employment, security and transport. The Roman Catholic Church railed against legislators for trying to make Mexico City a "guinea pig" and for "promoting an addicted and sick society, a city of 'stoners'", although PRD Deputy Eduardo Santillán, who opposes the proposal, bemoaned the fact that "the Archdiocese has come so late to this exceptionally important debate in the City" armed with "such limited" arguments when "there are much more solid ones".

There is a parallel move to legalise marijuana coming before the federal congress but this faces still stiffer opposition, as both the ruling Partido Revolucionario Institucional (PRI) and the conservative opposition Partido Acción Nacional (PAN) are unconvinced. The initiative was presented to the senate on 18 February and proposes increasing the current legal limit of possession of marijuana for personal use from five grams to 30 grams. It will go to the chamber of deputies next week.

More US cooperation

In a 10 February press release issued by the presidency, Interior Minister Mauricio López Bonilla was cited as saying that US Assistant Secretary of State for International Narcotics and Law Enforcement Affairs William R. Brownfield offered “more technical and financial support of between US\$5 and US\$10m, resources which could go, among other things, to the installation of a task force ‘Chorti’ (comprising military and police officials) on the border with Honduras”. Brownfield reportedly said the funds could go to maintaining six helicopters which the US donated last year for anti-drugs efforts. A similar task force, known as ‘Tecún Umán’ has been operating since December last year in the south-western department of San Marcos with US cooperation.

CENTRAL AMERICA & CARIBBEAN

GUATEMALA | POLITICS & JUSTICE

A worrying sign in Guatemala

A recent ruling by Guatemala’s constitutional court (CC) which would cut short the mandate of respected attorney general Claudia Paz y Paz has reignited domestic and international concerns about impunity in the country. Along with the United Nations (UN)-backed anti-impunity commission in Guatemala (Cicig), whose mandate is due to end in September 2015, Paz y Paz is widely considered key to progress vis-à-vis efforts to crack down on impunity. Her imminent departure has aroused fears that these efforts could well unravel.

On 5 February the CC announced its ruling which orders Paz y Paz to step down in May 2014, seven months before her four-year term is due to end. A CC spokesperson Martín Guzmán told reporters that the court had accepted the argument put forward by Ricardo Sagustume, a pre-presidential candidate for the ultra conservative Frente de Convergencia Nacional in November 2011 and a former head of the chamber of industry, that two transitory articles in the 1993 constitution (24 and 25) stipulate that the selection process for the attorney general should start in January, with the appointee to take office in May.

Paz y Paz was named to the post in December 2010 by former president Alvaro Colom (2008-2012) after her predecessor, Conrado Reyes, was fired in June 2010, just a month into his mandate, over alleged links to organised crime. This had caused a major crisis and resulted in the resignation the same month of Cicig’s first director, Spain’s Carlos Castresana [WR-10-23] who accused the State of failing to cooperate in Cicig’s efforts to carry out its mandate of investigating the infiltration of government institutions by criminal organisations.

The CC’s latest ruling has prompted an outcry both at home and abroad given the perceived role of Paz y Paz – who maintains that she was not appointed to serve out the remainder of Reyes’ mandate but rather begin a fresh four-year term - in combating impunity. Last August, the-then Cicig head, Costa Rica’s Francisco Dall’Anese, highlighted that impunity levels for “crimes against life” had declined to 72% in 2012, down from 95% in 2009. Paz y Paz is also considered crucial to efforts to bring to justice the former dictator, Efraín Ríos Montt (1982-1983), who in May 2013 received a historic conviction for genocide and human rights violations committed during the 1960-1996 civil war [WR-13-19]. The CC subsequently overturned this ruling, with a new trial date set for January 2015.

Cicig was quick to respond to the CC’s latest ruling regarding Paz y Paz, highlighting “[while] it is clear that the decision of the constitutional court must be respected and complied with... We are concerned that this situation could hinder the efforts of Cicig to fully comply with the comprehensive investigations project designed with the attorney general as part of a commitment to further the collective fight against impunity in the country, in order to identify, prosecute and dismantle criminal structures”. The US ambassador in Guatemala City, Arnold Chacón, also came out in strong support of Paz y Paz who he described, in a press conference on 11 February, as an example of an “honest, capable public servant of integrity”, adding that it was a privilege for the US government to have a partner like her.

As well as international organisations like the Washington-based NGO, Center for Justice and International Law (Cejil), which issued a statement “deploring” the CC’s decision, describing it as “a serious threat to the State of Law”, the respected human rights office of the archdiocese of Guatemala

Choosing Paz y Paz's successor

On 10 February Guatemala's 158-member unicameral congress voted to convene a commission of legal experts to draw up a shortlist of six candidates to replace attorney general Claudia Paz y Paz – in line with the constitutional court (CC)'s ruling. The motion was ratified by 94 deputies in the absence of 41 deputies from the opposition Libertad Democrática Renovada (Lider). Comprising the president of the supreme court, deans from universities with law faculties, the president of the board of directors of the bar association (Cang) and the president of Cang's ethics tribunal, the commission will now provide a shortlist of six candidates. It will then be up to the president to pick a name from that shortlist, who must then be ratified by the legislature.

(ODGHG), together with some 15 other local human rights organizations, has also issued a joint statement against it. Meanwhile prominent local activists like Helen Mack, of the Fundación Myrna Mack, link efforts to get rid of Paz y Paz to the 2015 general elections, particularly given that Cicig's latest director, Colombian jurist Iván Velásquez Gómez, announced upon taking up his post in October 2013 that for the rest of its mandate Cicig would focus on investigating the infiltration of politics by organised crime, as well as political party financing.

Tensions with the US

The outcry over the CC's ruling against Paz y Paz took place as US Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, William R. Brownfield, was in Guatemala as part of a 9-12 February visit to the sub-region, which included a stop in Honduras. The visit by Brownfield, who, among other officials, met both Paz y Paz and Velásquez and pledged US\$4.8m for Cicig, along with other funds to go on security (see sidebar), comes amid renewed bilateral tension.

This stems from US President Barack Obama's 17 January promulgation of the Consolidated Appropriations Act of 2014, which states that US programmatic support to the Guatemalan army will only be made available if the US Secretary of State certifies the Guatemalan government is taking "credible steps" to implement a US\$154m reparations plan, agreed in April 2010 under the Colom government, for damages suffered by communities affected by the construction of the US\$944m Chixoy dam in the 1970s and 1980s. According to a local human rights NGO, Coordinadora de las Comunidades Afectadas de la Hidroeléctrica Chixoy (COCAHICH), more than 3,500 indigenous Maya Achí were displaced and 444 were killed in massacres in 1981 and 1982 to make way for the dam, the country's biggest, providing 300MW of energy, some 18% of local demand, which was co-financed by the World Bank and Inter-American Development Bank (IDB).

The Act, which was hailed as a significant step forward by COCAHICH, as well as organisations like the US-based NGO International Rivers, prompted President Otto Pérez Molina, who has also had differences with the US over his call to decriminalise drugs, to complain publicly of pressure exerted on his government by the US and to lash out at an advisor on the US Senate Appropriations Committee, Timothy Rieser. Since then, however, on 11 February President Pérez Molina announced that he will present a second proposal to implement a reparations plan to 33 communities, having presented his first one in October 2013. According to a presidential press release, the settlement will most likely take the form of an initial payment of US\$25.7m in the first year, US\$19.3m in the second year and then eight annual payments of US\$13.7m.

More worrying signs

The move against Paz y Paz comes amid recent worrying signs regarding the protection of human rights defenders in Guatemala. On 11 February the NGO Reporters Without Borders released its World Press Freedom Index which, along with the US, singled out Guatemala for the Americas, noting the country's "dizzying plunge", down 29 places to 125th (out of 180 countries) due to a sharp decline in the safety of journalists, with four murders and twice as many attacks as the previous year. This is second only to Honduras (129) which dropped two places.

Meanwhile, in a June 2013 report on trade union rights violations, the International Trade Union Confederation (Ituc), the world's largest trade union federation, noted that Guatemala (where current union membership stands at just 1.6% of the working population) has become the most dangerous country in the world for trade unionists. The report found that at least 53 union leaders and representatives have been killed in the country since 2007 and there have been "numerous acts of attempted murder, torture, kidnapping, break-ins and death threats".

No Sunday-night drinking

President Hernández has also ordered a ban on the sale of alcohol between the hours of 5pm and 6am every Sunday evening through to Monday morning, a peak time for homicides in the country. Ricardo Cardona, the head of the telecoms regulator, Comisión Nacional de Telecomunicaciones (Conatel), has also been instructed to enforce a law blocking mobile signals in the country's 23 prisons. After people and businesses in the vicinity of prisons (often urban-based) complained that they too were suffering from the measure, already in effect in San Pedro Sula, local mobile carriers, including Tigo and Claro, have been given 15 days to work on a solution that does not affect the general public.

Hernández celebrates progress in less than a month

The Observatorio de la Violencia de la Universidad Nacional Autónoma de Honduras (UNAH) released its annual homicide figures for 2013 this week. While Honduras still has the highest homicide rate in the world, the UNAH report notes that the first "significant" decline to date was registered in 2013, with the rate down 5.8% to 79 per 100,000 inhabitants, from 85.5 in 2012.

The 2012 figure was also down, but only slightly on the record 86.5 registered in 2011. The new government led by President Juan Orlando Hernández (Partido Nacional [PN]), which took office on 27 January, sees this as evidencing the success of the increasingly militarised security policy being applied in Honduras. As head of congress under former president Porfirio Lobo (PN, 2010-2014), Hernández keenly advocated this policy.

However, there are questions over the latest figures. In December 2013 the UNAH complained that for the first time it was not provided with the latest homicide statistics produced by the national police (PN). Prior to that, it had also raised questions as to the way in which the official figures were being compiled under Arturo Corrales, who moved across from the foreign ministry to become Lobo's third security minister in May 2013; and who has been retained in his post by Hernández. Based on new methodology introduced by Corrales, the PN's homicide tally for 2013 was 6,427, a rate of 75.1 per 100,000 inhabitants.

UNAH puts the registered total in 2013 a bit higher at 6,757, down from 7,172 in 2012. This brings the total number of registered homicides between 2004 and 2013 to 47,862. Of this, 4,572 were registered in the last two years of the PN government led by Ricardo Maduro (2002-2006), 16,018 under the deposed president Manuel Zelaya (Partido Liberal, 2006-2009), and a shocking 27,272 under Lobo (2010-2014). The department of Cortés on the northern Atlantic coast is the most dangerous zone in the country, with a homicide rate of 133.3 per 100,000. (The capital of Cortés, San Pedro Sula, suffers the ignominy of being the most dangerous city in the world, inclusive of war zones). Cortés is followed by Atlántida, on the northern Caribbean coast, with a rate of 115.1.

Migdonia Ayestas, the director of the UNAH's Observatorio, told *Reuters* that the institute had recorded an "increase in the number of atrocious crimes, including mutilations and decapitations, with bodies thrown into the street, which cause terror in the population". This extreme violent crime, formerly typical of some drug-war-afflicted Mexican states, is linked by most observers to increased activity by transitional drug-trafficking gangs in Honduras.

Operación Morazán

While the use of the military for policing remains controversial, President Hernández's first act upon taking office was to launch a new national security operation, 'Morazán'. Backed by the public ministry, the attorney general's office and judges, this comprised 10,000 officers from the PN and the military, including the two new military-police forces approved by congress last year, the Tigres rapid-response unit and the Policía Militar de Orden Público (PMOP).

On 19 February, President Hernández announced in a large press conference accompanied by Corrales, Defence Minister Samuel Reyes, Police Commissioner Ramón Sabillón, PMOP head Gustavo Paz Escalante, and Military Commander General Fredy Díaz, among others, that the operation had resulted in more than 200 arrests and the seizure of two tonnes of cocaine, as well as a "substantial" reduction in homicides in various regions of the country (without specifying numbers).

Quotes of the week

“We urge the government and the opposition to talk without looking back so that there can be a hint of political reconciliation. These are moments to show restraint in rhetoric as well as political action.”

Colombia's President Juan Manuel Santos responds to the violent protests in Venezuela.

“If a march is convened in Bogotá by an opposition leader, President Santos, and he says he is going to the Palacio de Nariño to remove you from power, what would you do? Defend the Colombian State or hand over power to the rebel?”

Venezuela's President Nicolás Maduro responds.

“In Venezuela the format of a continuous coup is being applied, to generate a spiral of hatred and to justify foreign military intervention. To bring the country to economic and military chaos.”

President Nicolás Maduro.

POSTSCRIPT

Brazil defectors spotlight Cuba's medical exports

Brazil's foreign minister, Luiz Alberto Figueiredo, was in Havana on 13 February for talks with his Cuban counterpart Bruno Parrilla over the recent desertions of Cuban doctors from the 'Mais Médicos' scheme, under which just over 5,700 Cuban medics have been imported to work in remote regions of Brazil where there is an acute shortage of local medical personnel.

Brazil does not want the issue to become a diplomatic incident between the two allies. On some accounts, between four and 10 doctors have now abandoned the scheme, which is being sponsored by the Pan American Health Organisation, complaining that they are being given only a slither of their monthly salaries by the Cuban health ministry, with most of it withheld in Cuba. According to Brazil's foreign ministry (Itamaraty) sources, Figueiredo was hoping for an agreement with Parrilla perhaps to improve the remuneration terms slightly. The Cuban doctors are paid US\$1,000 a month (or roughly R\$2,400), of which US\$400 is paid into a bank account in Brazil and the rest into an account in Cuba. However, cash-strapped Cuba, which has long depended for crucial foreign exchange on its exports of medical services, may be reluctant to contemplate that. Cuba stands to bank almost US\$300m a year from the *Mais Médicos* scheme, according to estimates by Brazilian economists.

According to the Cuban health ministry, 38,868 Cuban medical workers, including 15,407 doctors, were working in 66 countries in 2013. An estimated 30,000 medical professionals are in Venezuela alone, which in return provides Cuba with about 92,000 barrels of oil a day, worth an estimated US\$3.2bn a year. Guatemala's conservative president Otto Perez Molina and his foreign minister Fernando Carrera recently publicly acknowledged the work of the Cuban medical personnel in the country since 1998, with just over 35m patients attended to as of January 2014, according to Cuban state media reports. In all, exports of medical services generate an estimated US\$6.0bn a year for Cuba, more than tourism for example (worth US\$1.8bn in 2013, on official data, down from a peak of US\$2.5bn in 2011). Assuming total nominal GDP of roughly US\$68bn (on United Nations [UN] 2011 estimates), that amounts to almost 9% of GDP. In soft diplomacy terms moreover, the value to Cuba is infinite, securing it vital and longstanding support in forums like the UN, for instance.



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