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Pope Francis and Giuliani vie for influence in El Salvador

Pope Francis is at it again. The Holy See played an integral part in brokering the accord between the US and Cuba to take a historic step towards renewing diplomatic relations. Now it could be poised to take a decisive role in El Salvador. The Pope has instructed the Roman Catholic Church in the country to set aside religious differences and embrace the 'Pastoral initiative for life and peace' (Ipaz) of El Salvador's Protestant churches to hold a dialogue with rival *mara* gangs. With El Salvador close to reclaiming the unwanted tag of the world's most violent country from Honduras, *mara* gangs revealed a unilateral truce in late January after Ipaz leaders visited imprisoned leaders. Meanwhile, pursuing a decidedly different approach, El Salvador's private sector has hired the tough-talking former mayor of New York City, Rudy Giuliani, as a security consultant to come up with a plan for reducing violence in the country.

Following Mass on 1 February, the auxiliary bishop of San Salvador, Gregorio Rosa Chávez, announced that Ipaz "has the approval of the Pope. He told us to get in there and work for youth to have opportunities and a chance to dream." The leaders of nine ecclesiastical denominations, including Lutheran and Anglican bishops Medardo Gómez and Martín Barahona respectively, and Bishop Fabio Colindres who played a key role in the mediation which led to the first (failed) gang truce in 2012, presented Ipaz last April. It advocated reactivating the gang truce and stopping the escalation in violence through three mechanisms for dialogue: inter-gang talks; talks between gangs and civil society; and talks between civil society and the State.

El Salvador's Roman Catholic Church leadership had distanced itself from the initiative but chivied along by Pope Francis announced that it would join the Protestant churches. Rosa Chávez said gang members in El Salvador "have a right to be included, to be heard, for they are persons and they have families".

"The word negotiation isn't involved here," Rosa Chávez stressed. "We're talking about dialogue, which means to listen and give people opportunities. With dialogue, we can reach the grass roots, the youth in the poor neighborhoods who want to be listened to, and give them opportunities to leave the gangs." He is understandably cautious about any ecclesiastical entanglement in the matter given recent precedents. Bishop Colindres has been widely pilloried in the local press for his role in the first truce and Spain's Antonio Rodríguez, a Catholic priest known as Padre Toño, who later sought to mediate between the government and the gangs, was arrested last July on suspicion of smuggling phones into prisons to *mara* leaders and left El Salvador two months later to avoid being imprisoned.

Oscar Romero

The *mara* gang conundrum is not the only divisive political issue Pope Francis is wading into in El Salvador. On 3 February he declared Archbishop Oscar Romero to be a martyr, which means he can be beatified without the need for a miracle to be attributed to him. Romero, the champion of the poor who was assassinated while giving mass in 1980, has been even more politicised in the run-up to March's legislative elections than usual. The outgoing right-wing Arena mayor of San Salvador, Norman Quijano, courted controversy by revealing he would rename a street after Arena's founder Roberto D'Aubuisson, suspected of being the intellectual author of Romero's murder. Edwin Zamora, chosen by the Arena party hierarchy to run instead of Quijano, is promising to erect a bust to Romero.

Rosa Chávez's announcement is significant not just because it heralds the involvement of the Roman Catholic Church but also because he sits on the national council for citizen security (CNSCC), created by the government of President Salvador Sánchez Cerén at the tail end of last year to discuss gang-related issues. It comprises representatives of the Church, municipalities, the media, the private sector, political parties, civil society groups and the international community.

On 26 January, just after Ipaz leaders began meeting gang leaders in prison, the leaders of Mara Salvatrucha (MS-13) and Barrio 18 released a statement saying that a week earlier they had agreed "a unilateral gesture of goodwill" designed to "reduce the violence". The 23 January was the first day without a homicide for over a year. The statement added that "the difficult situation the country is going through requires proactive steps and messages in support of peace, not desperate steps that only bang the drums of war and thus fan the flames of violence".

Sánchez Cerén knows how much public resentment there was about the previous gang truce in 2012 that led to a dramatic fall in inter-gang murders but no commensurate decline in *mara* crimes like extortion, which affect the public. Determined not to be outmanoeuvred by the right-wing opposition Alianza Republicana Nacionalista (Arena) in the run-up to legislative and municipal elections on 1 March, Sánchez Cerén's office responded to the truce by announcing that the government "does not negotiate, nor will it negotiate with criminal groups of any kind". The justice and public security minister, Benito Lara, made it clear that the government had authorised the entry of representatives of the Church to prisons to meet *mara* leaders purely for the purposes of "pastoral work".

Rosa Chávez questioned this attitude, pointing out that the country's bloody civil war (1980-1992), with which Sánchez Cerén as a former guerrilla leader has first-hand experience, was solved by dialogue. "When one wants to find solutions to violence by using more violence, it won't work," Rosa Chávez said. "Why can't we overcome violence today by following the same path?" If Pope Francis intensifies his involvement, the government might start to look more favourably on the initiative - but not until the elections are over.

Right now the Sánchez Cerén administration seems much more receptive to the strategy advocated by the Arena-affiliated powerful private business association (Anep). Anep has hired Giuliani to come up with solutions to crime. He sent a team of experts from the security consulting firm he founded in 2002, Giuliani Partners LLC, on a week-long fact-finding mission to El Salvador on 18 January. Within the next two months they will draw up a report for the CNSCC, which itself presented a five-year plan in mid January, with the usual mix of repression, prevention and rehabilitation. In an interview with the national daily *La Prensa Gráfica* on 19 January, Giuliani said that his company's report would broadly replicate the approach he adopted in New York with *mara* gangs being "the main targets among the people you arrest [and] take off the streets. If you do, on a social level, a point could be reached where they may want peace." The report will need to contain something more innovative than this if it is to have any impact.

It could just be Washington rather than New York, or even the Vatican, which does most to help solve the *mara* problem. Concerned by the child migrant crisis last year, US President Barack Obama has asked Congress to provide US\$1bn to the three Northern Triangle countries of El Salvador, Guatemala and Honduras. In an op-ed in *The New York Times* on 30 January entitled, 'A Plan for Central America', Vice-President Joe Biden wrote that this financial assistance would "help Central America's leaders make the difficult reforms and investments required to address the region's interlocking security, governance and economic challenges".

Main opposition on the ropes

Colombia's main political opposition, the right-wing Centro Democrático (CD), is reeling from illegal spying allegations related to the peace talks with the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Cuba. Meanwhile, the party's founder, former president Álvaro Uribe (2002-2010), could soon be personally embroiled in a separate illegal spying scandal. María del Pilar Hurtado, the former head of Colombia's discredited former national intelligence agency (DAS, 2007-2009), turned herself in to the Colombian embassy in Panama at the weekend and was promptly flown back to Colombia. Among other criminal charges Hurtado stands accused of 'illicit violation of communications', specifically spying on magistrates, journalists, human rights activists and Uribe's political adversaries.

The attorney general's office questioned Óscar Iván Zuluaga about his alleged ties with Andrés Sepúlveda, the hacker who was accused last May of attempting to sabotage the peace process with the Farc and using the material he obtained to try and undermine the re-election campaign of President Juan Manuel Santos. Zuluaga's son, David, who is studying for a doctorate in the US, is also testifying in the Colombian consulate in New York on 5 and 6 February. Meanwhile, Zuluaga's campaign manager, Luis Alfonso Hoyos, believed to have recruited Sepúlveda and orchestrated the illegal spying activities, has disappeared without trace and missed a scheduled appearance before the attorney general's office.

The CD organised a protest outside the attorney general's office to accuse its chief, Eduardo Montealegre, of "inciting hatred and stigmatising our party". The CD even released a statement entitled 'Colombia heads towards dictatorship' in which it insinuated that the government was manipulating state institutions to subject "Colombia's main political opposition to political and judicial persecution" and, as such, was "heading in the same direction as Venezuela". The Santos administration has kept a studied silence.

Uribe had a vexed relationship with the judiciary while he was in power, accusing the supreme court of practicing 'selective justice' and having an ideological bias in favour of the country's guerrilla groups. The supreme court, for its part, accused Uribe of trampling on the separation of powers, trying to browbeat the judiciary, and spying on magistrates. Hurtado's return to Colombia could shed some light on this murky issue.

Montealegre reached out to Hurtado, who spent more than four years in Panama seeking permanent political asylum, upon her return. He said that it was not too late to "initiate collaborative mechanisms", a recondite way of saying "tell all and you could enjoy house arrest under a reduced sentence". A president of the supreme court when Uribe was in power, César Julio Valencia, told the weekly current affairs magazine *Semana* this week that he was in "no doubt that the orders to spy on me came from the Uribe government". Valencia alleged that spying on supreme court magistrates began in 2006 after they began unravelling the "sinister links" between various members of congress, principally *Uribistas*, and paramilitaries in the so-called 'parapolitics scandal'.

Uribe reacted to Hurtado's being taken into custody in Colombia by accusing the Santos administration once again of political persecution. Both his credibility (and enduring popularity) and that of his CD, however, are on the line in the separate cases against Zuluaga and Hurtado for illegal spying.

Peace talks

Peace talks between government and Farc negotiators got underway on 2 February for the first time in 2015.

President Santos has publicly called on the Farc, yet again, to help accelerate the peace process, while dangling the prospect of an imminent bilateral ceasefire as an incentive. The Farc, nonetheless, made it clear it was in no hurry.

Military investigation

Colombia's military inspector general, Rear Admiral César Augusto Narváez, said that a total of 268 polygraph tests had been carried out on members of military intelligence and members of other divisions of the armed forces as part of the military investigation into illegal spying.

Santos, meanwhile, is standing by and allowing the judiciary to get on with it. If the image of Uribe and the CD is severely tarnished it can only be beneficial for Santos. Uribe is his most strident critic, regularly taking to Twitter (on which he has a significant following) to criticise government policy, especially in relation to the peace process with the Farc. The CD lacks sufficient seats in either chamber of congress to thwart Santos when it comes to approval of peace-related legislation, but it has the potential to make its presence felt on the streets to discourage the public from backing an eventual referendum on any peace accord struck in Cuba between the government and the Farc.

Military takes action over spying scandal

While the attorney general's office is progressing with its investigation into the spying scandal centred around the hacker Andrés Sepúlveda, the military is conducting its own probe into illegal spying.

The military inspector general, Rear Admiral César Augusto Narváez, confirmed on 25 January that five members of the armed forces had been dismissed and a further 20 removed from their current duties for alleged involvement in spying on the peace process (*see sidebar*).

The disciplinary action announced by Narváez refers to 'Operación Andrómeda', which was first reported in *Semana* on 3 February last year. Narváez said that the operation, which was run from the back of an Internet café in Bogotá by army intelligence officers, was legal in itself, its activities since 2012 having been audited and verified. But Narváez admitted that illegal spying activities, mainly on peace negotiators, had gone on there due to a fundamental lack of "control".

Narváez also revealed that the military investigation had found that two non-commissioned officers (NCOs) and a national police patrolman had handed over "classified information directly or indirectly to Sepúlveda, prompting the attorney general's office to issue a warrant for their arrest". Narváez refused to comment on whether any of the 25 members of the armed forces disciplined had passed on information to former president Uribe.

VENEZUELA | POLITICS

Maduro warns of "an international attack"

It has been yet another tricky week for US-Venezuela relations, but the US government is clear that the beleaguered Caracas government is looking for any excuse to deflect from the serious internal crisis in Venezuela.

President Nicolás Maduro's reaction to the US State Department's imposition of sanctions on an additional (unidentified) number of current and former Venezuelan government officials "believed to be responsible for or complicit in human rights abuses" was all too predictable. These kinds of US moves give Maduro all the fuel he needs to feed his argument that shadowy conservative forces, financed and assisted from the US, are engaged in a sustained triple-pronged war of attrition – economic, financial and political – designed to topple Venezuela's left-wing Socialist government.

For over a decade now, Venezuela's petro-largesse and its very successful push for a distinctly 'anti-imperial' brand of regional integration has weakened US relations with Latin America. At the same time the US was preoccupied with other areas and took the attitude that Latin America needed to stand on its own two feet. (This *laissez faire* attitude also threw down the gauntlet to the likes of Brazil, which had long pushed for US recognition of its regional stature; arguably, Brazil has failed to live up to that leadership expectation.)

Now that Venezuela is in crisis, Caracas suspects Washington of seeking to reassert its traditional 'hegemony' in places like the Caribbean; Maduro's

DIA's 'script'

"Venezuelan President Nicolás Maduro has not resolved the factors that contributed to nationwide anti-government protests in 2014, including a poor economy, shortages of basic goods, unchecked violent crime, and the government's authoritarian tactics against the political opposition. We anticipate student organizations and the political opposition will stage protests in the months leading up to 2015 legislative elections. Military leaders have remained loyal and will continue to quell anti-government protests. We anticipate security forces occasionally will use heavy-handed tactics to restore order."

- US DIA Worldwide Threat Assessment, 3 February 2015.

latest accusations against US Vice President Joe Biden being a case in point. Maduro complained that Biden was plotting against the Venezuelan government at a Caribbean energy summit Biden recently hosted in Washington.

According to Maduro, Biden told Caribbean heads of state that the Bolivarian Revolution's days were numbered and that it was time they abandon their support. Maduro can claim some 'evidence' for this – more than one US think-tank, including the Atlantic Council, has examined the prospects for US relations with the Caribbean in a post-PetroCaribe scenario.

Maduro's call on the Union of South American Nations (Unasur) – now led by the left-wing (and patently partisan) former president of Colombia Ernesto Samper (1994-1998) – to mediate with the US is an obvious defensive move, as the ideologically-sympathetic Unasur, due to hold a foreign ministers' summit next week – will make a point of expressing its support for a democratically-elected government and denouncing any suggestion, imagined or real, of external interference.

The new Community of Latin American Nations (Celac), which excludes the US and Canada, now under the stewardship of left-wing Ecuador, will do likewise. None of this megaphone diplomacy will do anything to resolve the genuinely severe political and economic crisis in Venezuela, but serves Maduro's purpose of providing a distraction from it – with every week that passes, the country appears to be slipping closer towards the edge, with growing concern about an internal 'reckoning' of some kind.

Ultimately, the US is in an invidious position. In the worst case scenario, for example, a rupture in the constitutional order, Venezuela's left-wing allies would either accuse the US of instigating the rupture, or be the first to call it out for not doing more, as hemispheric leader, to protect democracy in the region.

Maduro accuses US of "dirty war script"

On 4 February ceremonies at the military academy in Caracas to commemorate the 1992 military rebellion led by the late Hugo Chávez (1999-2103), President Maduro railed against the new director of the US Defense Intelligence Agency, Vincent Stewart who, in testimony to the congressional Armed Services Committee on 3 February anticipated that "[Venezuelan] student organizations and the political opposition will stage protests in the months leading up to the 2015 legislative election" (see sidebar).

Maduro, in response, accused the US of wanting to "burn" Venezuela (by instigating unrest and violence) and said that Stewart was brandishing about a "dirty war script" in the US Congress. He accused him of "interference" and repeated his "international public call" on President Barack Obama to "stop his madness" and urged him not to "go down a cul de sac".

Latest security measure prompts alarm

On 27 January the Venezuelan defence ministry published a new protocol for military action to "to use progressive and differentiated force" to maintain public order, which includes "the use of potentially lethal force, with either firearms or other potentially lethal weapons".

Opposition media and politicians have said that this breaches Article 68 of the 1999 *Chavista* constitution, which explicitly bans "the use of firearms or toxic substances for the control of peaceful demonstrations". They have also noted that the new protocol is intended for use by all the armed forces, when the constitution allows only the Bolivarian national guard (GNB) to use it for the maintenance of public order, and that only when the capabilities of the police are overwhelmed.

The opposition also questioned the legality of the defence ministry-issued protocol, suggesting that such amendments, whether to ordinary laws or to the constitution, can only be issued by the national assembly.

TRACKING TRENDS

COLOMBIA | **Responding to low oil prices.** President Juan Manuel Santos sought to assuage concerns this week about the declining price of oil. President Santos said that his government would focus on propelling the construction and housing sector to try and mitigate the impact on the economy of the fall in the price of oil and keep down unemployment, which closed 2014 at 9.1%, the lowest level for 14 years, according to the national statistics department (Dane).

Speaking on the state television programme *Agenda Colombia*, Santos conceded that the economic scenario over the coming years was “not so buoyant” as in recent years and that the fall in the price of oil would have an impact, especially on investment.

“What we are doing is seeing how to neutralise those negative aspects with a greater dynamism in sectors like construction and housing,” said Santos. He argued that Colombia still had “room for manoeuvre” because public finances had been handled responsibly, and that his government would strive to keep down unemployment, maintaining that during his first term (2010-2014), the goal of creating 2.5m jobs was met, with around three-quarters of these being in the formal sector.

Santos was responding to the somewhat bleak prognostication of the central bank, Banco de la República, which confirmed last week that the current price of oil was “more than 50% below the level in mid 2014”, resulting in “a fall in national earnings, with repercussions for the trade balance and public finances”. It predicted that the economy would grow by 3.6% in 2015, lower than the government’s forecast of 4.2%.

ECUADOR | **Rodas and Correa scramble to deliver the Quito metro.** Mauricio Rodas, the opposition mayor of Ecuador’s traffic-congested capital, has announced that the longstanding project to build an underground metro in Quito will go ahead.

Upon taking office in May 2011, Rodas, who belongs to the opposition Sociedad Unida Más Acción (Suma), got into a major funding row over the metro with President Rafael Correa. Correa had pledged to put up half the money for the scheme, which was originally costed at US\$1.5bn by Rodas’s predecessor, Augusto Barrera of Correa’s ruling Alianza País (AP). Barrera had (controversially) paid the Spanish metro company Metro de Madrid US\$29m for that cost estimate.

Ahead of his (failed) bid for re-election as mayor in February 2014, Barrera began initial construction works for the two main stations without waiting for the main tender, with the ever-worsening congestion a key issue in the Quito contest. However, the four bids submitted to the new municipal administration for the main project in July 2014 came in well above US\$1.5bn (ranging between US\$1.7bn and US\$2bn), shrouding the project in uncertainty and prompting Rodas to ask Correa to help make up the shortfall (Rodas more or less accused Barrera of incompetence).

With central government finances under pressure from falling oil prices, however, Correa declined and retorted that the municipality would have to find the funds itself.

However, with one eye on the presidential election in 2017, in which both men are expected to compete (Correa, pending final congressional approval of a constitutional amendment to allow him to do so; and Rodas for the second time, having placed a distant fourth in the 2013 contest), it is in their mutual interest to get the project up and running.

On 2 February Rodas said the municipality was willing to assume close to US\$500m in additional debt from multilateral lenders to finance the project. Correa, for his part, agreed to sign off on a guarantee for the increased municipal debt.

Rodas will now begin negotiations with the most competitive bidder, a consortium comprising Brazil’s giant Odebrecht and the Spanish engineering firm, Acciona.

Rodas also recently announced the construction of several cable car systems for Quito, similar to those in La Paz (Bolivia) and Medellín (Colombia). These are due to be finished before the metro, which is scheduled to take 42 months in all, and should allow him to stake a legacy claim as the man that revolutionised public transport in the capital, the country’s largest electoral district.

Quito metro

Officially known as the ‘Quito Metro Line One Project’, the scheme envisages a 23-km metro running north-south through Ecuador’s capital, with 15 stations in total, six of which will be integrated with the metropolitan bus service.

CEO and five directors quit Petrobras

Friday 6 February will be the last day in the office for Maria das Graças Silva Foster, the CEO of Petrobras, the state-run oil company, and five of its six directors. In a note to the stockmarket and the securities commission, the company confirmed the rumours that had followed Silva Foster's two-hour meeting with President Dilma Rousseff on 3 February. For the third time in the last two months, the CEO had presented her resignation to the President; this time, Rousseff finally accepted.

According to local press reports, Silva Foster told President Rousseff, a close personal friend, that she could no longer carry on as chief executive of the scandal-hit firm. Appointed by Rousseff to the job in 2012, during Silva Foster's three years at the top of the firm she joined as an intern in 1979, Petrobras shares fell by more than 60% and the company shrank by R\$225bn (US\$82bn). Although Petrobras's problems clearly predate Silva Foster's tenure, it was on her watch that the largest corruption scheme in Brazilian history was discovered.

It appears the final straw for Rousseff came last week. After months of delay, Petrobras finally released its results for the third quarter of 2014, but without including an assessment of the losses caused by the corruption scheme operating at the company. It appears the government representatives on the board, including the former finance minister, Guido Mantega, and the former planning minister, Miriam Belchior, refused to approve the publication of the estimated losses presented to the company's directors. As a result, Price Waterhouse Coopers (PwC), Petrobras's auditors, refused to sign off on the results.

As the majority shareholder, the government had the right to do so, but the decision left Silva Foster, and five of the company's six directors, fuming. Only one, José Eduardo Dutra, a former president of the ruling left-wing Partido dos Trabalhadores (PT), backed the government's decision.

Subsequently, Silva Foster gave an interview in which she publicised the estimated losses presented to the board: R\$88.6bn (US\$32.5bn). She also said that oil exploration would fall to "the minimum level necessary" and that the company would be cutting back on investments and slowing down projects.

On 3 February, Silva Foster went to Planalto, the presidential palace, and presented Rousseff with her own resignation letter, and those of five of the directors (*see sidebar*).

As the rumour of Silva Foster's resignation started to spread, shares in Petrobras rose dramatically, up to 15% on 3 February, their highest one-day rise since 1999. Since then, however, the shares have started to fall again, as uncertainty over the future of the company grows.

Rousseff had asked Silva Foster to delay her departure to give the government time to find a replacement. The directors, however, wanted to stand down immediately. In the end, a compromise was reached. On Friday 6 February the board will meet to elect new members.

Now the government has the difficult task of finding a credible manager willing to take on such a poisoned chalice. Among the names mentioned in

Petrobras resignations

The five directors of Petrobras to hand in their resignations to President Rousseff were José Miranda Formigli (exploration and production), Almir Guilherme Barbassa (finance), José Alcides Santoro Martins (gas and energy), José Carlos Cosenza (supply), and José Antônio de Figueiredo (engineering).

PT battles

Following the defeat in the elections for the president of the lower chamber of congress, the federally ruling PT is now embroiled in a public internal dispute. The so-called 'Construindo um Novo Brasil' (CNB) faction, of which former president Lula da Silva (2003-2011) is a part, is furious at the failure of Pepe Vargas, the institutional relations minister, from the Democracia Socialista (DS) wing of the PT, to secure Arlindo Chinaglia's election. President Rousseff, however, shows no signs of firing Vargas, who is considered part of her personal political bodyguard.

the Brazilian press are Henrique Meirelles, the former central bank president; Rodolfo Landim, the former president of BR Distribuidora (petroleum derivatives and biofuels distributor), who also worked with the Brazilian oil tycoon, Eike Batista, at his oil firm (OGX); and Roger Agnelli, the former president of mining giant Vale.

While Silva Foster was talking to Rousseff, Carlos Sampaio, an opposition congressman from the Partido da Social Democracia Brasileira (PSDB) was busy gathering signatures from his fellow deputies to launch another parliamentary inquiry (CPI) into the corruption at Petrobras. By 4 February, he had already gathered a sufficient number to authorise the inquiry, and Eduardo Cunha (*see box*), the newly-elected president of congress, has said he wants the CPI to begin work soon.

Any new CEO of Petrobras, and any new director, will be immediately immersed in the tide of accusations flooding the company. With the public ministry due to file charges against politicians accused of involvement in the scheme by the end of the month, the company needs someone with extensive experience of crisis management.

Government irritant becomes new president of congress

Added to the government's economic and infrastructure problems, such as water shortages, power outages, spiralling inflation, lower growth, and higher taxes, its political leverage has now taken a blow with the election of Eduardo Cunha to the presidency of the lower chamber of congress.

Although Cunha is a member of the nominally PT-allied Partido do Movimento Democrático Brasileiro (PMDB), the government did all it could to stop his candidacy, concentrating its resources on attempting to secure the election of Arlindo Chinaglia of the PT. But Cunha won by 267 votes to Chinaglia's 136 (Júlio Delgado, supported by the PSDB, came third with 100 votes), and now the PT does not even have a single representative on the governing board of the lower chamber of congress.

Cunha was relatively magnanimous in victory, lamenting only the executive's "interference" in the election, and promising "no retaliation". After refusing invitations to dine with President Dilma Rousseff during the election campaign, Cunha accepted a congratulatory phone call from her, and went for lunch with Vice-President Michel Temer, of the PMDB.

Nevertheless, Cunha's stated agenda as president of the lower chamber of congress is bound to give the government a headache. One of his major priorities is changing the way budgets are decided, so that congress, rather than the executive, has the final say.

The government fears this could undermine the austerity programme that its new-look financial team is trying to roll out. Cunha is also determined to push ahead as soon as possible with another congressional inquiry (CPI) into Petrobras.

To combat Cunha's influence, the government has been completely open about its willingness to trade jobs for loyalty. Aloizio Mercadante, the cabinet chief, has said the allocation of junior ministerial jobs and directorships at state-led companies "will depend on a mixture of technical ability and the political criteria of support in congress".

Among the jobs still to be handed out are senior positions at electric utilities company, Eletrobrás; the superintendency for the development of the northeast (Sudene); Banco de Nordeste; the electricity transmission and generation company, Furnas; Banco da Amazônia; and the national department for works against drought.

In better news for the government, in the federal senate, Renan Calheiros was re-elected by 81 votes to 49, beating his colleague, Luiz Henrique, also from the PMDB.

Since he was first elected in 2012, Calheiros has largely defended the government's interests, and Rousseff was quick to offer him her congratulations. While the fact that Henrique ran at all demonstrates the fault lines that exist within the PMDB even in the senate, at present the party's dissatisfaction in the upper house appears manageable.

Pressure and incompetence mar Nisman probe**Opposition responds**

While the opposition has stayed away from congress, it has been organising a “public debate” to discuss the death of Alberto Nisman. Next Wednesday 11 February leaders of all the main opposition parties have invited representatives from Amia, Daia, the magistrates’ association and other civil society experts to take part in the discussion. Dario Giustozzi, from the dissident Peronist Frente Renovador (FR), dismissed the government’s plan to reform the intelligence services as a “false debate, a manoeuvre designed to distract”.

In an elaborate and menacing piece of political theatre, Jorge Capitanich, the cabinet chief, tore up a copy of the *Clarín* newspaper live on television on 2 February. The newspaper had published a report that investigators had found a draft copy of an arrest warrant for President Cristina Fernández in the rubbish outside the apartment of the prosecutor Alberto Nisman. Viviana Fein, the prosecutor in charge of the investigation into Nisman’s death, denied the report, prompting Capitanich’s stunt. A day later, Fein retracted her statement saying that it was an honest mistake. Capitanich then claimed he had been deliberately fed false information as part of a plot to discredit the government. Perhaps unsurprisingly, the supreme court has let it be known that it is worried Fein’s investigation “lacks direction”.

Over the weekend, *Clarín* had run a story suggesting Nisman had considered issuing an arrest warrant for both President Fernández and the foreign minister, Héctor Timerman, for covering-up Iran’s involvement in the 1994 bomb attack on the Amia Jewish centre in Buenos Aires. Despite Capitanich’s and Fein’s initial denials, it turns out much of the substance of the story was true. Nisman was found dead in his apartment in central Buenos Aires on 18 January, with a single gunshot wound to the back of his head, a day before he was due to brief congress about his accusations against Fernández.

In the first meeting of the year for Argentina’s supreme court justices, Nisman’s death was the main topic of discussion. Speaking anonymously to the *Buenos Aires Herald*, one of the judges was critical of Fein’s handling of the case. “The prosecutor has to specify which line of investigation she is following. She cannot continue like this forever.”

Remarkably, Fein had said she intended to take up a long-planned vacation on 18 February, and leave the case in the hands of her deputies. On 4 February, she backtracked on this as well. Julio Schlosser, the head of the delegation of Argentine-Israeli associations (Daia) said that Fein had made the decision “without any sort of pressure”.

Meanwhile, Nisman’s case against Fernández, Timerman and other senior officials has been allocated to Judge Daniel Rafecas. The next step for the judge is to decide whether to ask for further evidence from Alberto Gentili, the prosecutor who has replaced Nisman, or whether to dismiss the case. Clearly, his actions will be closely scrutinised, not only by the government, but also by the intelligence services, whose future is very much at stake in the wake of Nisman’s death.

The government is proposing scrapping the intelligence secretariat (SI) and replacing it with a federal intelligence agency (AFI), but so far the opposition has boycotted all the congressional sessions held to discuss the issue. Speaking to a house full of government loyalists, Carlos Zannini, the legal secretary, defended one of Fernández’s most controversial proposals: that wiretaps should only be authorised by the attorney general’s office.

Most of Nisman’s case against Fernández was based on phone intercepts given to him by intelligence agents. The opposition argues that allowing the attorney general to decide exposes the process to political interference; Zannini said that if, as the opposition wishes, the supreme court authorises wiretaps, it would be a potential conflict of interest for the court to rule on cases involving phone tap evidence.

A safe drug trafficking route

On 15 January the head of Paraguay's anti-drugs agency (Senad), Luis Rojas, said that in recent years Senad has seen a significant increase in drug trafficking activity in Paraguay, to the point that it is now recognised as the main drug trafficking route in the Southern Cone. Rojas explained that this was due to the fact that a lack of effective air traffic and border controls and the "terrible corruption problems" in the local judiciary and law enforcement systems made Paraguay "the safest and cheapest drug trafficking route". Rojas went on to say that the more recent phenomenon of the rise of narcopolitics only made fighting drug traffickers in Paraguay more challenging.

Missing cocaine fuels 'narcopolitics' concerns

The case of the 252kgs of cocaine that went missing from a police station in Pedro Juan Caballero (PJC), the capital of Paraguay's north-eastern Amambay border department, has once again raised questions about the extent to which drug trafficking organisations (DTOs) have infiltrated local institutions. Last year's murder of journalist Pablo Medina [WR-14-45] had sparked serious concerns about the prevalence of 'narcopolitics' - the apparent close links that drug traffickers had managed to forge with local politicians including national legislators. The latest case exposes the serious risks that these links represent both for Paraguay and its neighbours.

The case began on 10 January when anti-narcotics police in Amambay seized a sizable cocaine consignment in an operation carried out at the Zanja Pytá district of PJC. The police said that after tracking a group of suspected drug traffickers it had discovered that these used light aircraft to fly over the area and drop cocaine shipments (presumed to be coming in from Bolivia) in a clearing 30km away from a main road for these to be picked up by their associates. Although the operation led to no arrests, the authorities pointed out that it was the biggest drug bust of 2015 so far and that the estimated value of the consignment was US\$1m.

The drugs were taken to the PJC police station, but did not remain there long. By 18 January the authorities discovered that the cocaine had vanished. The acting prosecutor in the original case, Juan Carlos Blanco, immediately suspected an inside job. Blanco brought in the 17 police officers that stood guard at the police station over the 16-18 January weekend for questioning. By 23 January Blanco presented charges against three for the robbery of the cocaine, after another confessed that his colleagues had taken the drugs and delivered them to a group of men. The witness said that he tried to stop his comrades but that they put a gun to his head and threatened to kill him if he told on them. The witness also revealed that he believed that the drugs had been delivered to a local drug kingpin, Clemencio 'Gringo' González Giménez, in exchange for cash.

Blanco then revealed that he was also investigating the potential involvement of two local departmental legislators, José Bogado and César Quevedo, respectively of the nationally ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) and the main opposition Partido Liberal Radical Auténtico (PLRA), in the case. According to Blanco the two have close links to González Giménez, who despite facing several drug trafficking charges has repeatedly managed to avoid prosecution thanks to the "political support" he enjoys in Amambay. Both men denied any such links but they were placed under preventive detention.

Political recriminations

The accusations levelled against Bogado and Quevedo have led to mutual recriminations between politicians from the two main parties about the other's involvement in drug trafficking. This prompted Interior Minister Francisco de Vargas to remark that in his view the incident was part of a "counteroffensive" launched by politicians with drug trafficking links (*narcopolíticos*) operating in the border areas with Brazil following the investigations into the narcopolitics allegations. De Vargas said that the objective was to discredit and undermine the departmental and national authorities, including the police.

PLRA Senator Robert Acevedo shot down De Vargas's view in a 25 January interview. Acevedo, a former Amambay governor and current head of the senate anti-drugs commission, said the incident only confirmed the level of influence that drug traffickers had attained in Amambay. Acevedo blamed this on the inability of local and national authorities to tackle the spread of organised crime. He accused the incumbent PLRA governor of Amambay, Pedro González Ramírez (no relation), of being involved with drug trafficking

Another case

On 10 January Patricio Estigarribia, a Partido Liberal Radical Auténtico (PLRA) councillor for the town of Villa Ygatymi in Canindeyú department, was arrested in possession of one tonne of marihuana. A statement by the national anti-drugs agency (Senad) said that agents arrested Estigarribia during a raid on his home located in the Tacuati area of Yby Pytã district.

himself. González Ramírez is a close political ally of Quevedo. Governor González responded by accusing Acevedo of links to González Giménez.

Meanwhile the local press linked González Giménez to prominent ANR-PC party member, Zuni Castiñeira. Castiñeira has admitted meeting González Giménez after pictures of the pair circulated in the local press, but she denies being involved in any business activity with him. This has not stopped speculation that given Castiñeira's position within the ANR-PC, González Giménez may have influential friends within the party.

Beyond the various accusations being bandied about, what is clear is that the influence of drug traffickers is spreading across Paraguay's border areas, already considered a major regional drug trafficking conduit (*see sidebar*). With municipal elections in November the concern is more *narcopolíticos* could be elected, making Paraguay's borders even more porous for drug trafficking. The threat this represents was highlighted by the case of Virgilio Portillo, the incumbent PLRA mayor of Yby Pytã, in the border department of Canindeyú. After Portillo's brother, Enrique, was arrested in the possession of 156kg of marihuana on 16 January, the local press recalled that Virgilio had also been arrested by the police in the possession of eight tonnes of marihuana back in 2008. However, this did not prevent him standing for election for the newly created municipality in 2013. After the press requested a copy of Virgilio's case file from the attorney general's office, it was discovered that it had gone missing. The attorney general's office has launched a full investigation and suspended three prosecutors that handled Virgilio's case for "serious administrative misconduct". Virgilio remains free and in his post.

TRACKING TRENDS

ARGENTINA | **Fernández in China.** Despite the furore surrounding the death of the prosecutor Alberto Nisman, an ankle injury, and a propensity to keep long-haul flights to an absolute minimum, President Cristina Fernández said "nothing would stand in the way" of her State visit to China this week.

Successive Latin American heads of state have undertaken the pilgrimage to China since the start of the year, looking for large loans and big investment. Details of the exact accords struck have often been thin on the ground, but they all left claiming their visits were a resounding success. Fernández met China's President Xi Jinping, with whom she ratified 20 bilateral deals signed in July and started work on 15 new agreements, including Chinese investment in Argentina's oil and gas sector, and financing for new dams and a fourth nuclear power plant.

Given Argentina's perennially problematic economic situation and the urgent need for the scale of external assistance that only China seems willing or able to provide right now, Fernández made a remarkably ham-fisted attempt at humour during one of her frequent forays onto social media. Her *tweet* crudely mimicking Chinese accented Spanish garnered far more attention during the trip than any accords she signed, and suggests that the Nisman affair has, at best, clouded her judgement.

Alluding to the 1,000 members of an audience she addressed at a conference, Fernández *tweeted*, roughly translating, "Did they only come for lice [rice] and petioleum [petroleum]?" She compounded this racially offensive *tweet* with a *tweeted* apology that was scarcely any more diplomatic: "Sorry, the levels of ridiculousness and absurdity are so high they can only be digested with humour."

Attempts were made to downplay the significance of the *tweet*. The executive director at the Argentine China chamber of commerce told *Bloomberg* that he did not "believe the Chinese are reading our President's tweets all day", as if they had not been picked up by pretty much all of the international media as a way to spice up reporting of yet another presidential foreign tour.

China is unlikely to base its foreign trade and investment policy on a *tweet*. China has shown considerable flexibility with Venezuela failing to pay on time, for instance, which is a much more significant issue. But this sort of faux pas, insulting Argentina's second biggest trading partner after Brazil, does raise serious questions about Fernández's leadership. Opposition presidential candidates will seek to exploit this in the run-up to general elections on 25 October, by arguing that *Kirchnerismo* is a busted flush that urgently needs replacing in an attempt to undermine the bid of whichever candidate Fernández, who cannot stand for re-election, backs to succeed her.

Morena in the senate

The PRD president, Carlos Navarrete, accused Senator Alejandro Encinas of not having the courage of his convictions, quitting the party but retaining his position on the PRD bench. This is somewhat confusing. The PRD president of the senate, Luis Miguel Barbosa, sought to elucidate the confusion by explaining that it was not “juridically possible” for a Morena bench to be forged out of PRD dissidents quitting the party because Morena did not exist at the time of the senate elections. Barbosa also tried to downplay the PRD’s difficulties, saying it was facing a (somewhat oxymoronic) “small crisis”.

Will mid-terms bring a realignment of the Left?

With four months to go until Mexico’s mid-term elections, the radical left-wing Movimiento Regeneración Nacional (Morena) is confident of laying down a significant marker. Led by Andrés Manuel López Obrador, the maverick twice former presidential candidate of the left-wing Partido de la Revolución Democrática (PRD), Morena has a long way to go before displacing the PRD as the main political force on the Left, but it is benefitting from the steady defection of PRD politicians, including some bigwigs. Opinion polls are already suggesting that it will take a chunk of the PRD’s support in the 500-seat federal lower chamber, and in local elections in the PRD’s traditional stronghold, the Distrito Federal (DF).

Martí Batres, Morena’s national director who left the PRD shortly after López Obrador in the wake of the 2012 presidential defeat, sent a direct message last week: “The invitation is there for those *perredistas* with principles; Morena’s doors are open to participate”. Batres was attempting to court Senator Alejandro Encinas, who quit the PRD on 22 January, and to lure other disgruntled members of the PRD to Morena.

Encinas lacks the stature of Cuauhtémoc Cárdenas, the PRD’s ‘moral’ leader and founder who left the party last November, but he is a heavyweight politician nonetheless, briefly serving as head of government in the DF in 2006. Encinas left acrimoniously. In a lacerating critique, Encinas accused the PRD of having “abandoned its democratic vocation to become practically kidnapped by interest groups, which are united not by a political cause but by who controls the party apparatus and how the leadership positions and candidacies are distributed.” This was a calculated swipe at the party leadership, exercised by the moderate Nueva Izquierda faction (dubbed ‘Los Chuchos’). Encinas said he felt “disillusioned, indignant and even ashamed of the decomposition of the PRD”, which he said no longer provided a counterweight to the federal government of President Enrique Peña Nieto and had been irrevocably scarred by the shameful events in Iguala, the Guerrero municipality run by the PRD from which 43 trainee teachers disappeared.

Encinas’s broadside left the president of the PRD, Carlos Navarrete, fuming. Anticipating his departure in a letter, Navarrete reproached Encinas for abandoning the PRD when it faced difficulties rather than assisting in finding a solution to them. He added that, “The rhetoric and language used by this ‘new’ Left brings to mind the arguments put forward by the Stalinist Left in the 1950s, maintaining that the purging of the party would strengthen it”.

Navarrete’s fury was understandable, as Encinas could not have chosen a much more damaging time to quit and publicly air his grievances with the party. The piecemeal defection of PRD politicians (Senator Mario Delgado quit the PRD for Morena on 7 January) each twisting in the knife before departing, is very damaging for the party, especially with elections to the federal lower chamber taking place on 7 June, along with the DF deputy elections and the mayors of the 16 *delegaciones* (boroughs) in Mexico City.

The PRD has ruled Mexico City uninterrupted for 17 years and controls 14 of the 16 boroughs. The mayoralty is not being contested this June, having been won by the PRD’s Miguel Ángel Mancera in 2012 but Morena is looking to seize control of the DF congress and several of the boroughs. So far household surveys carried out in 13 of the 16 boroughs by the daily *El Universal* put the PRD in pole position in 10 of these. On 2 February it published its latest poll in the borough of Azcapotzalco, putting the PRD comfortably in front on 42.3% of voting intentions and Morena a distant fourth on 7.1%. But

Monreal

“Morena will become one of the most important forces on the Left but we don’t want to become the most important force on the ruins of other leftist parties and we get no pleasure from the collapse of traditional historic parties,” Ricardo Monreal said this week. Monreal, who started off his political life in the Partido Revolucionario Institucional (PRI) before moving on to the PRD, is seeking election for Morena this June.

Morena is hopeful of winning the boroughs of Cuauhtémoc and Iztapalapa (the most populous in the capital) where it is fielding strong candidates: Ricardo Monreal, a former PRD federal senator and ex-governor of Zacatecas, in the former (*see sidebar*); Clara Brugada, ex borough chief of Iztapalapa for the PRD (2009-2012) in the latter.

Morena is also expected to win seats at the expense of the PRD in the federal lower chamber elections, and in local assembly elections in the DF – and the better it does, the more likely other PRD politicians might decide to defect.

It is worth noting that Encinas, like Cárdenas, did not actually commit to joining Morena. Instead, he maintained that he needed time for “profound reflection”, although he said Morena had “a very important role to play in the immediate future”. Encinas argued that it was important to look beyond the elections and “rethink the Left going forward”, proposing “the construction of a great movement”, along the lines of Uruguay’s ruling Frente Amplio (FA) coalition, out of a network of parties, organisations and leftist intellectuals, to represent the social causes of the Left and recover its identity. This vague, far-reaching, objective is not dissimilar to what Morena claims to be setting out to do.

Peña Nieto seeks to clear his name

President Peña Nieto this week appointed a new federal comptroller general, a position which had been vacant since he took office in December 2012. Peña Nieto immediately tasked Virgilio Andrade Martínez with carrying out a thorough investigation into the purchase of luxury houses by himself, his wife First Lady Angélica Rivera and his finance minister, Luis Videgaray, from construction firms which won hundreds of millions of dollars of public work contracts [WR-15-04].

Peña Nieto insists there was no conflict of interest but the allegations have been damaging. By naming Andrade to the position on television, Peña Nieto showed his determination to absolve himself, his wife and his closest political ally from any wrongdoing. Whether he will succeed is a moot point. Peña Nieto called for the investigatory team to be composed of independent experts to ensure unimpeachable transparency. But detractors argue that the federal comptroller’s office is toothless and that Andrade will feel beholden to Peña Nieto for having appointed him and will not bite the hand that feeds him.

TRACKING TRENDS

MEXICO | Widening trade deficit. Mexico’s national statistics institute (Inegi) released its latest economic figures last week showing that the country posted a trade deficit of US\$2.44bn in 2014, 106% higher than the US\$1.184bn deficit reported a year earlier.

An Inegi report notes that the negative result came on the back of a 4.9% increase in total imports to US\$399.97bn and a 4.6% increase in total exports to US\$397.55bn. It was mostly attributed to a sharp fall in the country’s oil and its derivatives trade surplus, which decreased from US\$8.62bn in 2013 to US\$1.49bn last year on the back of lower value exports. According to Inegi’s figures, Mexico’s 2014 oil sales totalled US\$42.97bn, 13.2% less than in 2013. Of this US\$2.46bn were exports, a 43.7% drop.

The lower value of the oil exports thus offset the narrowing of the deficit in the trade of non-oil products, which fell from US\$9.8bn in 2013 to US\$3.93bn in 2014. Indeed Inegi figures show that Mexican exports of non-oil products increased by 7.3% to US\$354.55bn last year. But this increase was clearly not enough to overcome the fall in oil sector exports.

The 2014 trade balance results make for worrying reading for the federal government led by President Enrique Peña Nieto, which is banking on its flagship energy sector reform, which opened up oil production for private firms, to help boost Mexico’s domestic economy. With international oil prices still falling, the value of Mexico’s prospective oil exports will be lower than originally hoped

Solís struggles with key pledges

President Luis Guillermo Solís is facing the biggest test since his centre-left Partido Acción Ciudadana (PAC) government took office in May 2014. Allegations of official corruption which broke last month have already forced out one senior official, Daniel Soley, a deputy minister of the presidency, while Soley's boss, Melvin Jiménez – Solís's right-hand man - is also facing calls to resign. With his approval ratings at an all time low, Solís is under pressure to make good a chief campaign pledge – cracking down on official corruption. Transparency concerns were a major factor in the perennial unpopularity of his Partido Liberación Nacional (PLN) predecessor, Laura Chinchilla (2010-2014) and combating corruption was the PAC's founding principle.

The Soley scandal broke over the weekend of 17-18 January when the national daily *La Nación* reported that the now former deputy minister of the presidency had held a meeting with prosecutor general (PGR), Ana Lorena Brenes, on 6 January in which he offered Brenes a future ambassadorial post. The offer – which Soley initially confirmed that he made but then subsequently denied - was widely considered an attempt to buy the favour of Brenes's office.

Brenes, who was ratified by the legislature for a second six-year term in 2010, has had several bones of contention with the new PAC administration. Most recently, she raised objections to President Solís's decision last month to lift a veto decreed by his predecessor relating to the country's labour code – a move which has since caused him problems on various fronts (*see page 15*).

The two also reportedly clashed over Solís's 31 July decision to lift a presidential veto issued in 2009 by Óscar Arias (PLN, 1986-1990; 2006-2010). The 2009 veto had prevented implementation of a law legalising the right of traditional artisanal market traders to use a street in the capital, San José (Calle 13), to sell their goods. The first point of contention emerged shortly after the PAC government took office after doubts emerged as to the legality of Jiménez's appointment: he is a Lutheran bishop and Costa Rica's 1949 constitution states that cabinet ministers must "have [a] secular status". While this was reportedly a concern for Brenes, in November 2014, the constitutional chamber (Sala IV) of Costa Rica's supreme court found in favour of Jiménez on the grounds that the constitutional article only applies to Roman Catholics.

With Soley already having stepped aside, doubts are building over the future of Jiménez, who has the crucial role of acting as go-between the executive and the 57-member unicameral legislature – which, with nine different parties represented, is the most fragmented in the country's history. This, after a seven-member congressional committee voted by four to three on 30 January to censure Jiménez's actions in relation to the case, despite the fact that he has denied playing a part in Soley's alleged offer to Brenes, insisting Soley acted independently.

How long Solís is able to keep his ally in the post is currently a source of media speculation, particularly as Jiménez's presence would appear to be one of various factors exacerbating existing divisions within his own PAC: the four congressional committee members who voted to censure Jiménez included the PAC's Epsy Campbell as well as party founder, Ottón Solís (who has criticised his namesake on various occasions). Jiménez's continuance in his post is also one of various sources of complaint for the Partido Unidad Social Cristiana (PUSC) which, ahead of Solís's assumption of office, forged a deal of sorts with the PAC, which has just 13 seats in the legislature (while the PUSC has eight). Those calling for Jiménez to step down include PUSC deputy, Rosibel Ramos.

Slump in approval

According to a poll published by CID Gallup in the local media on 23 January President Luis Guillermo Solís currently has an approval rating of just 30%, down from 43% in September. The survey, which was carried out in the first two weeks of January, interviewed 1,212 people across the country and had a 2.8% margin of error.

Growth

In a report issued on 31 January, Costa Rica's central bank put GDP growth at 3.5% in 2014, slightly higher than the 3.4% registered in 2013. In the same report the bank forecast 3.4% growth for 2015 and 4.1% growth for 2016.

Other causes of conflict

With Solís's popularity already on the slide (*see page 14 sidebar*), a further source of complaint and division between the PUSC and the PAC was the President's 12 December decision to lift a veto signed by Chinchilla on a bill to reform the country's labour procedures law. The initiative includes provisions to speed up labour disputes and provide greater protection for pregnant women and vulnerable workers. When it was originally approved by congress in 2013, Chinchilla justified her veto by saying the bill would create a loophole for legalising strikes in essential services, such as public health care, public security and transportation. President Solís has sought to deflect these concerns with an executive decree issued on 18 December reiterating his administration's pledge to ensure essential services are maintained. He also pointed out that the bill would not become law until May 2016, giving legislators ample time to make sure that it was fit for purpose.

However Solís's assurances have failed to wash with the opposition or the private sector. With the umbrella private sector lobby, Unión Costarricense de Cámaras y Asociaciones del Sector Empresarial Privado (UCCAEP), raising concerns about its impact on investment and job creation, on 20 December 21 legislators from the PLN, the PUSC and the smaller Movimiento Libertario, Restauración Nacional and Alianza Demócrata Cristiana (ADC) presented a constitutional appeal against the move on procedural grounds.

Other private sector concerns

The private sector is disillusioned with the government which came to power pledging to boost competitiveness, create jobs and attract investment. As well as continued concerns over high electricity costs and the failure to tackle the rising fiscal deficit (which reached 5.6% of GDP in 2014 on preliminary official figures, up from 5.4% in 2013), the UCCAEP is now demanding that Solís address the loss of jobs – a situation that it described as a “national emergency”.

In a press release issued on 27 January the UCCAEP pointed to the loss of 26,000 jobs in the last quarter of 2014 deriving from layoffs across various sectors as a cause for concern. The private sector lobby also flagged up the results of its latest (November 2014) business confidence survey which found that 28% of respondents (460 directors of small, medium and large companies) had been forced to lay off staff during 2014 while 61% ruled out taking on new employees in 2015. The survey showed a 5% fall in confidence from the same period of the previous year. It is also worth pointing out that the December 2014 report by the United Nations Economic Commission for Latin America and the Caribbean (Eclac), put Costa Rica's average unemployment rate at 9.6% for the first three quarters of 2014, unchanged since that registered during the same period in 2013. In his 2015-2018 national development plan (PND), unveiled in November 2014, President Solís pledged to create 217,000 new jobs, cutting the unemployment rate to 7.0% by 2018.

Costa Rica downgraded

On 22 January the international ratings agency, Fitch, revised its outlook on Costa Rica from stable to negative. In a press release, Fitch said its decision to revise Costa Rica's long-term foreign and local currency Issuer Default Ratings (IDRs) to negative from stable reflects “Costa Rica's high structural fiscal deficits” – which it expects to remain “elevated at 6% of GDP in 2015-2016 in the absence of material progress on tax-enhancing measures”. It also cites slower economic growth (*see sidebar*) and “difficulties in implementing tax reforms over the last decade [which] have led to worsening debt dynamics”. As regards the latter, Fitch notes that “as with various unsuccessful attempts over the last decade, congressional gridlock and adverse court rulings could delay, dilute or block fiscal reform. The new composition of the legislative assembly is more fragmented than in the past, increasing the challenges to secure the passage of a tax reform.”

Quotes of the week

“Forgive me for being a bit radical but I think the time has come to change focus, to change perspective, to pursue a different angle ... an angle that gives every human an opportunity.”

El Salvador's Gregorio Rosa Chávez, the auxiliary bishop of San Salvador, on the country's mara gangs.

“I ask God not to allow Colombia to fall into the criminalisation of opposition political parties while promoting all kinds of benefits and concessions for the terrorists that have caused so much pain and death in our country.”

Colombia's former presidential candidate for the opposition Centro Democrático, Óscar Iván Zuluaga, in a letter to colleagues in his party before appearing before the attorney general's office in relation to an illegal spying scandal.

“Peace done badly is worse than war, because it generates the social consequences and institutional consequences that we have suffered from so often before.”

Colombia's prosecutor general, Alejandro Ordóñez.

Chile and Dominican Republic ignite abortion debate

The presidents of Chile and the Dominican Republic, Michelle Bachelet and Danilo Medina respectively, instructed congress in recent days to legalise therapeutic abortion. The conservative opposition in both countries, supported by the Roman Catholic Church, is attempting to derail the legislative initiatives, which have already had political repercussions. El Salvador, Honduras and Nicaragua are the other three countries in the region where an outright ban on abortion is enforced.

President Bachelet signed the abortion bill to legalise abortion in the case of rape, when the life of the mother is in jeopardy, or the foetus is unviable, on 31 January. Congress will begin debating it on 3 March after recess. Bachelet is acutely aware of how sensitive the issue is having jettisoned her health minister, Helia Molina, last December for unequivocally stating that abortion was a matter of class in Chile with “most conservative families” using “up-market clinics” while the poor had to rely on dangerous backstreet operations [WR-15-01].

“This is a difficult situation which we must confront as a mature country,” Bachelet said, speaking from the presidential palace. “We love life and nobody wants to interrupt it, least of all a mother. But when your life is at risk, or the life of a foetus is unviable or the result of rape, ethical principles and rights come into play.” The following day, the rector of the Universidad Católica (UC), Ignacio Sánchez, warned that no doctor from the Red de Salud UC, Chile's largest private healthcare group, would carry out an abortion: “our principles and values aren't going to change because of a law,” he said. The justice minister, José Antonio Gómez, said that a doctor could make a “personal” decision not to perform an abortion but this was not “institutional” and there would be “an obligation to take the person [seeking an abortion] somewhere else”.

President Medina also urged lawmakers to amend the penal code to allow abortion in the same three cases and due to incest, on the grounds that the current law “violates a woman's right to life, health and autonomy”. The bill will be debated this month. The debate has become decidedly political, however, with the Church responding to Medina's move by opposing any constitutional reform to allow him to seek re-election in 2016. The ruling Partido de la Liberación Dominicana (PLD) is split over whether to push for such a reform or to rally behind former president Leonel Fernández (1996-2000; 2004-2012) who could constitutionally stand for re-election next year as it would be non-consecutive.

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