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## Caracas mayor arrested, protester killed as Maduro's conspiracy claims grow

**Two events over the past week have exacerbated political tension in Venezuela: the arrest of the opposition mayor of Caracas, Antonio Ledezma, as an alleged party to a plot to stage a coup, and the death in the westernmost state of Táchira of a young protester at the hands of a police officer, against the backdrop of more claims by President Nicolás Maduro about a continually expanding conspiracy against his government.**

On 19 February agents of the state intelligence service (Sebin), raided the offices of Caracas Mayor Ledezma, a prominent figure in the more radical opposition faction La Salida ('The Exit') who just days earlier had been accused by President Maduro of involvement in a coup conspiracy [WR-15-07]. After a brief spell in Sebin's headquarters, Ledezma was transferred to the military prison of Ramo Verde, where La Salida leader Leopoldo López has been held for the past year. A *BBC Mundo* correspondent reported that according to witnesses Ledezma had been arrested without a court order, "a complaint made by other opposition mayors arrested during the protests against Maduro last year".

Addressing the nation in a radio and television broadcast, Maduro announced the arrest. "They call him the Vampire — not me but several generations of Venezuelans," he said; 'Señor Ledezma, Antonio Ledezma, who this day was captured by order of the public prosecution service and will be tried by the Venezuelan judiciary so that he answers all the crimes he has committed against the peace of this country, its security and the constitution.' Maduro added that he had obtained proof that the US embassy was involved in the coup conspiracy and that there were videos (which he did not produce) confirming the plans to oust him.

Days before his arrest Ledezma had dismissed Maduro's allegations about a plot against his government. "So far under Maduro there have been 12 alleged coup plots. Here the people who have coup-mongering in their bones are these gentlemen who are in the government. The government speaks of destabilisation but what destabilises the country is corruption."

Once in Ramo Verde, Ledezma smuggled out an open letter which the media picked up on 24 February. In it Ledezma said: "I ask the MUD [Mesa de la Unidad Democrática, the umbrella opposition coalition] to discuss the constitutional thesis of calling for Maduro's resignation, because that course of action is the exact opposite of a militaristic coup. I beg my comrades in the MUD not to allow the régime to divide us. This is a means, together with repression that this corrupt clique has left to head off the defeat that it fears [an allusion to the legislative elections due in September]. If you really want to give me solidarity and strength, go on consolidating a credible unity [in which] all the leaderships that interact within the MUD are recognised."

### **Armed repression**

Although armed repression is indeed forbidden in the 1999 constitution, the defence ministry recently announced a controversial protocol for military action in support of the police to maintain public order, which provides for “the use of potentially lethal force, with either firearms or other potentially lethal weapons” [WR-15-05].

The MUD has already started to gear up for the elections but despite frequent calls for unity of purpose it has been wanting. Ledezma’s arrest might just provide it. Ledezma insisted that protest actions against the government should continue, but peacefully. “We have to go on fighting on the streets, civically, with the constitution in our hand and reason as our banner, because they are the ones with the guns and we are the ones with the ideas that can unite Venezuelans. Resorting to violence is taking leaps into the dark which take us nowhere.”

### **Protester killed**

The same day that Ledezma’s letter became known, an event in San Cristóbal, the capital of Táchira, made a strong impact on both sides of Venezuela’s political divide: in the course of an anti-government protest a 14-year-old student demonstrator was killed by a rubber bullet fired by an officer of a mobile riot-control unit of the national police (PNB).

According to one version by a witness, the youth, Kluivert Ferney Roa, was dragged out from under a car where he had hidden, and was shot in the back of the head. The regional chief of public security, Ramón Cabeza, said that the student had been killed “after a violent confrontation in which protesters attacked the police and one of these had to respond with his firearm shooting towards the floor; one of these youths fell under a parked car and was taken by ambulance to a health centre, where he was found dead on arrival.”

In response, protesters set up barricades and lit piles of garbage in five different areas of San Cristóbal. Units of the Bolivarian national guard were deployed to clear the barricades and disperse the demonstrators. Throughout the country the opposition issued statements of condemnation. In an attempt to head off a repeat of the protest actions of early 2014, the government did likewise. Interior Minister Admiral Carmen Meléndez announced the arrest of “a PNB officer allegedly involved in the event who stated that he had fired at the student with a shotgun with rubber ammunition”, adding that he had been handed over to the public prosecution service “to determine responsibilities”.

President Maduro went further. Alluding to “an act of violence in which a group of hooded youngsters were protesting and generating violence”, Maduro said that “some police officers passed by and became embroiled in a scuffle”. He added that the police reported that they had been “surrounded, beaten and attacked with stones, and one of them fired his shotgun and *murdered* this youngster [our emphasis]”. Maduro noted that armed repression is forbidden in the 1999 constitution (*see sidebar*).

The day before the student was killed, Maduro had told a rally of supporters in the north-western state of Yaracuy that the opposition had been planning to create a situation of “major disruption” in January, and that when this had failed to materialise they had “activated a coup plan to generate death, and justify the US plan to intervene in Bolívar’s fatherland”. Maduro promised to act against this conspiracy with “an iron hand”.

The day Ledezma was arrested, Maduro had widened the scope of the conspiracy to include “a Madrid-Bogotá-Miami axis” devoted to “spreading lies about Venezuela”. On 25 February he added yet another new element. Addressing a gathering of workers in the south-eastern state of Bolívar, Maduro said he had ordered the defence minister, General Vladimir Padrino López, to “place all police and military forces on maximum alert because I have information that from Colombia they are trying to infiltrate a group of paramilitaries wearing civilian clothes” to stage acts of violence in the border states of Zulia, Táchira and Apure and then “infiltrate towards the centre of the country”.

## Humala accuses Chile of spying

President Ollanta Humala has accused Chile of spying on Peru. This is not the first time Peru has levelled this charge at Chile - and it met the same response: categorical denial. The timing of the spying allegation is almost suspiciously good for Humala. At a time when his own government has been accused of ordering illegal spying on opposition politicians, and even dissident members of the ruling Gana Perú coalition, there is nothing quite like a serious matter of State involving Peru's inveterate rivals to distract attention and to bring a snarling political opposition to heel, albeit temporarily.

The president of the military police court, Juan Pablo Ramos, confirmed on 19 February that three junior naval officials are being investigated for allegedly selling classified information to Chile. Two of them, Johnny Pilco and Alfredo Domínguez, face charges of treason, which carries a 20-year prison sentence, and disobedience. President Humala said that if the case against the three non-commissioned officers, who were arrested last year, was proven, it would be "very serious for bilateral relations with Chile". Humala said that spying constituted "an unfriendly and unacceptable act by a partner with whom we share forums like the Pacific Alliance and Unasur [Union of South American Nations]..."

On 20 February Humala invited former presidents Alejandro Toledo (2001-2006) Alan García (1985-1990; 2006-2011) and the leader of the main opposition Fuerza Popular (FP), Keiko Fujimori, to the presidential palace to inform them about the spying scandal. They all accepted. Despite months of bitter sniping with the Humala administration, García remarked that "Peruvians must present a united front to the world". It was García who, in November 2009, last accused Chile of spying. Back then Víctor Ariza Mendoza, a Sergeant in Peru's air force, was arrested on espionage charges (*see sidebar*).

Pilco and Domínguez are accused of selling intelligence to Chilean naval officials masquerading as Italian businessmen connected with the fishing industry. Peru recalled its ambassador in Santiago, Francisco Rojas Samanez, on 20 February. The next day Peru's foreign minister, Gonzalo Gutiérrez, said the Humala administration was awaiting "a constructive and urgent response" from Chile. His Chilean peer, Heraldo Muñoz, promised he would get it, while insisting that Chile "does not carry out spying activities in other countries". Muñoz stressed Chile's "interest in preserving the good direction of bilateral relations", adding that Chile was constructing "an agenda for the future with Peru".

It is interesting to note that Chile's foreign ministry took a more belligerent line over Ariza in 2009, arguing that Peru's domestic politics were driving its over-the-top reaction to the unmasking of the alleged spy. Chile's foreign ministry pointed out that when Chile had caught a serving Peruvian military officer spying on the Chilean navy in April 2009, it had simply expelled him from the country without making a big song and dance about it.

The latest spying allegations certainly benefit Humala given the turbulent state of Peru's domestic politics. As Humala's approval rating hits a fresh low, it is worth recalling that the zenith of his popularity followed his government's success against Chile in a maritime dispute before the International Court of Justice (ICJ) at The Hague in January 2014.

Winning opposition solidarity also comes at a time when the prime minister, Ana Jara, is trying to stage talks with opposition parties to improve governability in Peru for the remaining 18 months of Humala's tenure [WR-15-06].

### 2009 spying scandal

The Peruvian government claimed that Víctor Ariza Mendoza was recruited by Chilean intelligence agents while working at Peru's embassy in Chile in 2002, passing on State secrets about Peru's planned arms purchases to Chile. He was also accused of handing over names and codes of intelligence agents and photographs of military installations to Chile in exchange for payments of between US\$5,000 and US\$8,000.

## Pluspetrol protests

The Pichanaki protesters invaded an army base and Pluspetrol facilities to demonstrate against the Argentine company's exploration for natural gas in block 108, which began last year. Energy Minister Eleodoro Mayorga and Justice Minister Daniel Figallo (who were both replaced days later in the reshuffle) met representatives of the Frente de Defensa Ambiental de Pichanaki, who claim that the exploratory activities are damaging the environment and hurting farming. The protests were suspended after the ministers said that the government had requested that Pluspetrol, which also faces local protests in the northernmost region of Loreto, leave the country.

Both the Fujimoristas and García's Partido Aprista Peruano (PAP) refused to attend the first round of talks but they should attend the second after Humala conducted a cabinet reshuffle last week, jettisoning the ministers most censured by the opposition.

The most significant cabinet change saw José Luis Pérez Guadalupe, president of the national prison system (Inpe), come in for Daniel Urresti at the interior ministry. The opposition had also demanded the other replacements. Carmen Omonte, the minister for women and vulnerable populations, made way for Marcela Huaita, who worked for the council of ministers; Eleodoro Mayorga, the energy and mines minister, was replaced by Rosa María Ortiz, a lawyer and head of the national environmental certification service for sustainable investments (Senace); and Daniel Figallo, the justice and human rights minister, made way for Fredy Otárola, whose position at the helm of the labour and job promotion ministry was filled by Daniel Maurate, his deputy. Only the defence minister, Pedro Cateriano, remains from the list of ministers the FP and PAP had insisted must go.

Urresti has been a belligerent no-nonsense minister standing up to, and returning with interest, political attacks from all quarters. The opposition clamour for his removal was intensified after protests in Pichanaki in the region of Junín earlier this month were repressed by the police, leaving one dead and 30 injured (*see sidebar*).

Replacing Urresti is risky in the sense that he was the most popular cabinet minister in Humala's increasingly unpopular government, peaking with an approval rating of 47% in an opinion survey last month, more than twice that of Humala. But tactically it leaves the FP and PAP with no excuse but to take part in the dialogue process, as Urresti pointed out in a couple of parting shots at the two parties. It also clears the way for Urresti to run for the presidency in 2016. He promptly registered as a member of the ruling left-wing Partido Nacionalista Peruano (PNP).

PAP Deputy Mauricio Mulder, a fierce critic, acknowledged that the cabinet changes were "a step forward by the government" and that the PAP was ready to join the dialogue process "to generate confidence in the economic and political spheres". The FP spokesman, Héctor Becerril, congratulated the government for responding to the "public outcry", but was non-committal on the talks.

## COLOMBIA | CONFLICT, POLITICS & LAW

### Broader 'transitional justice' — but which way?

The negotiators in Havana have not yet begun to address the item of 'transitional justice' rules to be adopted after a peace agreement is reached, but former president César Gaviria (1990-94) has brought it to the fore with a proposal to widen their scope to include non-combatants involved in the conflict. Gaviria's proposal was welcomed by the Fuerzas Armadas Revolucionarias de Colombia (Farc) and also, for different reasons, by the defence minister — reasons that also led to an emphatic rejection by the guerrillas of the Ejército de Liberación Nacional (ELN) which is still fighting.

On 15 February, in a lengthy article published in the daily newspaper *El Tiempo*, Gaviria called for the notion of 'transitional justice' to be expanded to include "non-combatants from different quarters of society who in some way became financiers or auxiliaries of paramilitary groups or guerrillas, or negotiated agreements with them for electoral benefit or simple intimidation and with the purpose of furthering their proselytising task". Such people, he noted, were left out of the justice & peace law that governed the demobilisation of the paramilitary organisations and members of guerrilla organisations who surrendered — which left them at risk of facing stiffer penalties in the courts than the combatants.

## Chief negotiators respond

'Iván Márquez' (Luciano Marín Arango), the head of the Farc negotiating team in Cuba, told a TV interviewer on 24 February that he wanted "zero jail time for the guerrillas" as a result of the negotiations. "No peace process anywhere in the world," he said, "has ended with the leaders of an insurgency behind bars". Almost immediately the government's chief negotiator, Humberto de la Calle, responded by saying "What we want is for the Farc to accept categorically its responsibility to its victims [...] The government is not moving towards a general amnesty".

Before the week was out, two Farc negotiators, 'José Lisandro Lascarro' or 'Pastor Alape' (Félix Antonio Muñoz Lascarro) and 'Carlos Antonio Lozada' (Luis Antonio Losada Gallo) said in an interview granted to María Jimena Duzán of the Colombian weekly magazine *Semana* that while they did not agree entirely with Gaviria's proposals they welcome them because they "go beyond what is thought in Colombia, presenting the situation not as a process of subjection of some criminals but as an economic-political-social conflict".

This raised eyebrows because a key feature of Gaviria's proposals was that 'transitional justice' should "leave the public forces shielded [*blindadas*] so that Colombia does not repeat the vicissitudes suffered in other countries of the continent, where court proceedings were reopened after the military had been covered by pardons or 'full stop' measures [as in] Uruguay, Argentina, Chile and Guatemala." Gaviria added that, "the principle of maximum responsibility can be applied to the guerrillas, but should be applied only restrictively for the high-ranking officers of the public force."

Defence minister Juan Carlos Pinzón interpreted the proposal as advocating that members of the police and armed forces should be able to "settle definitively their accounts with justice" with the conclusion of the peace agreement. The ELN, in a communiqué entitled 'Eternal Pardon for State Terrorism', said it would "not accept total impunity" but demand "justice, reparations and truth".

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## TRACKING TRENDS

**COLOMBIA | Facing up to the inevitable, budget cuts ordered.** Colombia will delay expenditures worth US\$2.44bn, roughly 3% of the approved US\$88bn 2015 national budget, because of the sharp fall in forecast oil revenues this year. The cuts fall mostly on the investment side, with a reduction of US\$1.95bn in planned outlays, including much-needed infrastructure improvements, taking total planned investment down to US\$18bn in 2015. Another US\$488m will be shaved off administrative costs.

In a statement, the government said the decision was based on "new macro-economic and fiscal conditions, associated primarily with the fall in international oil prices". It stressed that spending on the most vulnerable citizens, including those displaced by the country's internal conflict, would be ringfenced. Colombia's fiscal income (including taxes and royalty revenues) has been hit hard by the 60% fall in global crude prices since June 2014. Oil is the country's biggest export and source of foreign exchange.

**VENEZUELA | Venezuela and Trinidad ink new energy deals.** Venezuela's President Nicolás Maduro inked new deals on 24 February with Trinidad & Tobago's Energy Minister Kevin Ramnarine and Prime Minister Kamla Persad-Bissessar for the joint production and development of oil and gas in the Manakin-Cocuina field, which spans the maritime border between the two countries. It is the second such gas-development agreement between the two Caribbean Sea neighbours. In September 2013, after 10 long years of negotiations, the two signed a preliminary agreement to exploit the offshore Loran-Manatee Field.

Under the latest deal Venezuela will also resume crude oil shipments to Trinidad & Tobago for refining, and will also export asphalt and jet fuel to its neighbour. Trinidad & Tobago in return will supply Venezuela with needed inputs including cement, gasoline and air conditioners, as well as consumer goods. Maduro, accompanied by seven cabinet ministers (and his wife) for the one-day trip, said the deal was a "win win" for both countries. The deals underline Venezuela's urgent need to boost its stagnant oil sector, with domestic refineries plagued by technical difficulties.

**Bachelet suffers popularity plunge****Bachelet**

President Bachelet insisted that she would be undeterred from pursuing a more just and equal society in Chile. Bachelet said her principal desire and that of the majority of Chileans was “to live in a country where everyone enjoys the same opportunities and everyone respects the law.” She added that she had taken a commitment to create an institutional framework that is capable of regulating in an efficient manner the public and private relations and also between politics and business.”

President Michelle Bachelet’s popularity fell nine percentage points this week days after allegations emerged that her eldest son, Sebastián Dávalos, benefited from privileged information and used his influence to win a bank loan for the small firm run by his wife. The allegations are damaging for Bachelet’s image as she has made a point of stressing her government’s top priority is reducing inequality of opportunities in Chile. They have also been pounced on by the ultra-conservative opposition, Unión Demócrata Independiente (UDI), to gain some respite from a campaign-finance scandal afflicting the party.

Dávalos secured a Ch\$6.5bn (US\$10.4m) loan from the Banco de Chile for the small business Caval Limitada 50% owned by his wife Natalia Compagnon for the purpose of acquiring rural land in the municipality of Machalí in the south-central O’Higgins region. He did so after meeting the bank’s vice-president Andrónico Luksic, one of the wealthiest men in Chile who assumed the position last March. The timing of this meeting gives the worst possible impression: the loan was approved the very day after Bachelet won the presidential elections on 15 December 2013. The loan was granted on the grounds that the rural land would be re-zoned for urban use, but it was sold earlier this month to a developer for a net profit of Ch\$3bn (US\$4.8m).

Dávalos protested his innocence but he wasted little time in resigning on 13 February (shortly after the loan story broke) as head of a socio-cultural charitable foundation customarily run by Chile’s First Lady. Bachelet, a single mother, had appointed him to the position of ‘First Man’.

**Survey setback**

The latest weekly Cadem survey showed Bachelet’s approval rating down nine points on 31%, while her disapproval rating increased by eight points to 54%. The vast majority of respondents (79%) suspected that Dávalos had used privileged information to purchase the real estate in O’Higgins region and had benefited from influence peddling. As many as 60% felt Bachelet knew all about the loan and its use and 63% that it would undermine her credibility and affect her image.

The UDI gleefully seized on ‘nueragate’ (*nuera*: daughter-in-law) as it was swiftly baptised in the latest demonstration of the Chilean media’s obsession with dubbing any scandal ‘gate’. The UDI was recently seriously rattled by a ‘gate’ of its own: ‘Pentagate’, a campaign-finance scandal that broke last October [WR-14-42]. The sincerity of the party’s professed contrition over this scandal has been somewhat belied by its determination ever since to prove that parties within the ruling left-wing coalition Nueva Mayoría were every bit as guilty of campaign-finance irregularities as the UDI. Most recently it seized on ‘yachtgate’, revelations last January of a fundraising meal for the Nueva Mayoría aboard a luxury yacht in New York in September 2013 in the middle of the general election campaign [WR-15-03].

**Bachelet breaks silence**

Returning from a three-week holiday on 23 February, Bachelet spoke for the first time about the allegations against her son, saying that she had endured “painful moments” as “a mother and a president” since finding out about the matter through the press. This did not satisfy the UDI. The head of the party bloc in the lower chamber of congress, Felipe Ward, accused Bachelet of

## Sebastián Dávalos

Speaking from the La Moneda presidential palace on 13

February, President

Bachelet's son

Sebastian Dávalos

denied any

wrongdoing but

admitted that, "I'm

aware of the

discontent this

situation has

generated and I

assume that (this)

has damaged the

presidency and

Chile's government.

For this reason I've

decided to step aside

and resign."

evasion and said the UDI would draw up a questionnaire for her by 3 March to ascertain whether she knew about the loan. Ward said her speech had failed to clear up doubts sufficiently.

On the surface 'nueragate' is much less serious than 'Pentagate'. It does not involve elected politicians and it has far fewer legal implications, but the political repercussions could be far greater. It involves the President's own son, and as such directly affects her image. It also damages her credibility. It will be much more difficult for her to sustain the campaign promise which swept her back to power - to create a meritocracy in Chile - when her own son appears to have enjoyed the sort of privileged access which would be a pipe dream for ordinary Chileans.

### Boon for the UDI

The UDI will not benefit from the scandal in terms of public support: it might feel some vindication that the party was not alone in abusing the system, although from the public's perspective the whole political class in Chile is tarnished. But where the UDI will benefit is in terms of the likely change in direction of the political debate.

The UDI ultimately lacks the power to block reforms as the Nueva Mayoría controls both chambers of congress but the upshot of 'nueragate' could be that Bachelet dilutes the more radical leftist reforms she plans to send to congress now. This is because the Nueva Mayoría's centre-left Democracia Cristiana (DC) will feel emboldened to challenge anything too radical sent down from the La Moneda presidential palace.

The DC has made no secret of the fact it feels uncomfortable with the presence of the Partido Comunista de Chile (PCCh) in the coalition and the radical reforms it advocates. Meanwhile, the PCCh will itself rebel if it feels Bachelet has become more timid. Either way any future indiscipline in the ruling coalition in congress, where its majority is slim, can only benefit the UDI and its junior partner the centre-right Renovación Nacional (RN).

## BRAZIL | POLITICS & ECONOMY

### Moody's downgrades Petrobras to junk

Despite a charm offensive by Joaquim Levy, the new finance minister, the credit rating agency Moody's decided to strip Petrobras of its investment grade status on 24 February. Levy had contacted the agency on 23 February to insist on the credit-worthiness of the state-backed oil company, but despite his credibility with the markets, the appeal did no good. Shares in the company slid and bond yields spiked as a result, with Moody's warning that further downgrades may follow. So far the other two credit rating agencies, Standard & Poor's and Fitch, have kept Petrobras at the lowest investment grade status.

In its explanatory note, Moody's cited the ongoing corruption scandal rocking the company, in which contractors are alleged to have colluded to overpay on Petrobras deals. With no clear figure as to the scale of the losses caused by the scheme, creditors are anxious to see last year's fully-audited results. Though the company has a 30 April deadline, it has already indicated it may be unable to produce the results until June. "Extended delay carried the risk that creditors could take actions that lead to a declaration of technical default, followed by payment acceleration," Moody's warned.

While the downgrade was expected, the government attempted to minimise its significance. "Petrobras has not arrived at the point that it should lose its investment status," Edison Lobão, the mines and energy minister, said. "This

## Collor accused

On 23 February, the federal senator and former president Fernando Collor de Mello (1990-1992) was publicly accused of accepting R\$3m (US\$1.05m) from BR Distribuidora, a subsidiary of Petrobras. Collor resigned in 1992 in an attempt to stop his impeachment over corruption charges. As such, his involvement is perhaps not surprising, but, as a senator from the Partido Trabalhista Brasileiro (PTB), the accusation helps the government's case that the Petrobras scheme benefitted parties other than the PT.

is a storm that the company is passing through and which it will overcome." Former president Lula da Silva (2003-2011) held a rally in support of Petrobras on the day of the downgrade, in which he recalled the company's achievements and urged President Dilma Rousseff to be bolder in her defence of the oil major.

For the opposition, however, the news was catnip. Aloysio Nunes Ferreira, from the Partido da Social Democracia Brasileira (PSDB), said Moody's decision showed the size of the hole Petrobras was in. "It is yet another consequence of the tragedy in which the PT (the ruling left-wing Partido dos Trabalhadores) staffed Petrobras with a gang of thieves." Ferreira added that the consequences of Moody's decision went beyond the company itself, to affect the Brazilian economy as a whole. "The oil and gas sector in Brazil provides 13% of GDP. It's a sector already in recession, and now it has been hit again."

## Politics

Though the economic impact of Moody's decision may take a while to be felt, the political consequences of the scandal are just around the corner. Later this week, the attorney general, Rodrigo Janot, is due to announce the names of those politicians he wishes to see charged, or investigated further, over their involvement in the scheme.

For the government, the best possible outcome is that all parties stand accused. So far, the spotlight has been on the PT and its allies. The justice minister, Jose Eduardo Cardozo, is under pressure for meeting with the legal team of one of the construction companies implicated in the team. Allegedly, he told one of UTC's lawyers that the construction company's chief executives had little to fear as the police investigations would implicate all political parties equally.

The latest congressional inquiry (CPI) into the scheme is already beset by credibility problems before it has even begun work. Most of the deputies on the inquiry panel have received substantial election campaign donations from the very companies accused of participating in the scheme. The president of the CPI, Hugo Motta, who belongs to the PT-allied Partido do Movimento Democrático Brasileiro (PMDB), received 60% of his funding from companies under investigation.

As for the companies themselves, their lawyers have been arguing strongly that any systematic attempts at punishment could grind Brazil's struggling economy to a halt. As Elio Gaspari, a columnist writing for *O Folha de São Paulo* put it, their argument echoes those of slave traders in the 19<sup>th</sup> century. "The law may forbid it, but if the law is applied, the coffee plantations will fail. But there is one big difference: Dom Pedro II did not take donations from the slave owners."

## BRAZIL | POLITICS & PROTEST

### Government seeks swift resolution to truckers' strike

Industrial action by truck drivers in at least 12 states over the past week has impacted food production, exports and fuel supplies. Major roads in Pará, Ceará, Mato Grosso, Bahia, Goiás, Mato Grosso do Sul, Minas Gerais, Espírito Santo, São Paulo, Paraná, Santa Catarina and Rio Grande do Sul have been blocked by the truckers, who are demanding cuts in the prices of diesel and road tolls. The protesters also want President Dilma Rousseff to veto recent legislation that allows for variable shift patterns for drivers. Though the government is anxious to end the strike as soon as possible, the task is complicated by the lack of leadership among the drivers.

## Odebrecht and HSBC

Brazilian investigators believe the construction company Odebrecht, one of those under investigation for its role in the Petrobras scandal, paid bribes through bank accounts in the Swiss branch of HSBC bank. One of the State's witnesses in the case, former Petrobras director Pedro Barusco, said he had 19 accounts in Swiss banks to receive kickbacks, totalling at least US\$6m. As much as US\$110m may have been deposited in HSBC accounts in Geneva by 11 people cited as having bribes in the investigation.

Around 58% of all Brazilian goods are transported by lorry, according to the ministry of transport. That percentage is even higher for agricultural goods. In 2013, 65% of the country's soya was transported by road. Brazil is currently in the middle of the soya harvest. In Paraná and Santa Catarina, JBS, the meat wholesalers, has shut down eight production units, of fowl and pigs, as it is unable to guarantee the supply of feed for its animals. In some states, local courts have ordered the strikers to go back to work, on pain of severe financial penalties, but the drivers have yet to abandon their picket lines.

In some senses, the government has become a victim of its own success. While Brazilian infrastructure remains disappointing by most global comparisons, there have been some improvements over the past few years. In particular, waiting times on the access routes to the ports of Santos and Paranaguá have been much reduced, largely thanks to a new electronic booking system that assigns lorries particular time slots. As a result of this, and improved storage facilities for agricultural goods, freight costs have come down. This has attracted new players into the freight business, lowering the costs yet further.

As a result, the business is now fiercely competitive, meaning the truckers' margins have been squeezed. The recent increase in the cost of diesel and road tolls has piled on even more pressure. According to the most recent data available, there are over 1m freight operators in Brazil, and 860,000 of them operate independently. If the strike continues, the truckers could easily clog the main transport arteries of the country. The government arranged its first meeting with the truckers and transport firms in the presidential palace on 25 February.

### Brazil's Swiss bank accounts

According to the campaign group, Tax Justice, Brazil comes second in the world rankings for tax evasion, behind only Russia. Around US\$280bn escapes the clutches of the Receita Federal each year, an amount which corresponds to 13.4% of Brazil's GDP. It is perhaps unsurprising then that Brazilians should feature prominently among the individuals helped by the Swiss branch of HSBC to avoid taxes [WR-15-06].

The leak from the International Consortium of Investigative Journalists shows 6,606 bank accounts at HSBC linked to Brazilians, with a total amount of money deposited of US\$7bn. Among the few names cited were Edmond Safra, the deceased banking mogul; the Steinbruch family, owners of the textile industry Vicunha and 11 people linked to 'Operation Car Wash', the investigation into the corruption scheme at Petrobras, including eight members of the Queiroz Galvão family.

Also named were 31 Brazilians linked to the companies which control Rio de Janeiro's buses. Jacob Barata, 83, the "bus king", who owns part of 16 different bus companies in the city. Between 2006 and 2007, Barata, together with his wife and children, kept US\$17.6m in a Geneva branch of HSBC. After that period the money was transferred to a company called Bacchus Assets Limited, based in the British Virgin Islands, a well-known tax haven.

## ARGENTINA | POLITICS

### Fernández tunes up for her swan song

On 1 March President Cristina Fernández will give her last state-of-the-nation address to the Argentine congress. It is expected to be a longer speech than in previous years as she reflects not only on her own record in office, but also that of her late husband, Néstor Kirchner (2003-2007), for the term prior to hers. But with just months remaining in power, her recent pronouncements on the massive 18 February ('18F') march to commemorate the death of the federal prosecutor, Alberto Nisman, show the President, and her government, still relish confrontation.

## Stiuso accused of smuggling

Antonio “Jaime” Stiuso, the former director of intelligence believed to have supplied Alberto Nisman with much of the information that led to his accusations against the government, was accused of smuggling by the security chief on 25 February. Oscar Parrilli, the new head of Side, the intelligence secretariat, said that Stiuso effectively operated a parallel institution inside the agency. Stiuso was ousted from office in a government-mandated shake-up in December. His lawyer says he has left the country after threats against his life.

Though President Fernández did not address at the time the hundreds of thousands of demonstrators who took to the streets last week, she did refer to the protests in a ‘reflection’ published over the weekend. Despite the organisers’ attempts to make the silent march politically neutral (politicians were prohibited from giving speeches), Fernández described the event as the public debut of the ‘Party of the Judiciary’. It was, she wrote, “an opposition march, convened by prosecutors, and supported by judges and the whole spectrum of the political opposition”.

Individual members of government are currently facing an impressive array of charges. Fernández herself faces accusations of money-laundering over her family’s hotel interests, while the federal planning minister, Julio de Vido; the justice and human rights minister, Julio Alak; and Vice-President Amado Boudou all face charges of illicit enrichment. Meanwhile, the federal prosecutor who has taken over from Nisman, Gerardo Pollicita, has decided to reinstate Nisman’s charges of aggravated concealment over the bombing of the Jewish mutual centre (Amia) in Buenos Aires against Fernández and the foreign minister, Héctor Timerman.

Relations between the executive and the judiciary are thus at rock bottom. While the opposition fears that the long-term strategy of the Kirchneristas is to ensure a grip on power post-Fernández by steadily taking over the judiciary, there are still plenty of independent-minded judges willing to take on cases against the government. As a result, the government repeatedly accuses the judiciary of being controlled by the opposition, interested only in challenging the administration and not Argentina’s major corporations.

In its response to Fernández’s comments, the Asociación de Magistrados y Funcionarios de la Justicia Nacional stated that the only party it belonged to was the “party of the constitution”. It added: “The judiciary is not a party but a power of the State”.

### Opinion polls

The as-yet-unexplained death of Nisman has had a small, but significant effect on the President’s opinion poll ratings. Management & Fit put Fernández’s approval rating at 30%, down from 33% in January. Though hardly a collapse, all polling firms had Fernández’s approval rating rising in December. The incident has also had a small, but perceptible impact on the approval ratings of Daniel Scioli, at present the leading Kirchnerista candidate for October’s presidential elections.

Management & Fit put Mauricio Macri, the mayor of Buenos Aires for the centre-right opposition Propuesta Republicana (PRO), on 28%, with Scioli on 24% and Sergio Massa, an ex-Kirchnerista now running as presidential candidate for the dissident Peronist Frente Renovador (FR), on 19%.

A poll by González y Valladares came up with a rather different set of numbers: Massa on 31%; Scioli on 25%; and Macri on 23%. Over the weekend, however, Macri received a significant boost when Carlos Reutemann, the influential former governor of Santa Fe (1991-1995) and at present a federal senator representing the province, switched his support from Massa to Macri. Reutemann explained his decision by saying that he thought Massa was best placed to beat the Kirchnerista candidate in the legislative elections in Buenos Aires in 2013, but that now it was time to put “heart and head” in order.

What is clear is that many voters have yet to turn their thoughts to October’s general elections. But for the government, it must decide whether to fully endorse Scioli, who it tends to alternately embrace and cold-shoulder, or opt for another candidate, such as Florencio Randazzo, the interior and transport minister.

## Polls suggest dim prospects for PRI in June

Out of every 10 Mexican voters six would prefer to see the ruling Partido Revolucionario Institucional (PRI) without a majority in the lower chamber of congress as a result of the legislative elections on 7 June. That, at least, is what they told pollsters earlier this month. To judge by their voting intentions there does not seem to be much of a chance that the PRI could win a majority; indeed, it is possible that it could find itself having to struggle to retain a plurality. Its biggest hope is that the main political opposition parties have internal problems and are also unpopular.

A survey conducted by Buendía y Laredo for the newspaper *El Universal* showed 60% of the respondents stating that they would rather the PRI did not win a majority, against 31% preferring the opposite. The PRI attracted 30% of 'effective' voting intentions (a comparison that leaves out those not responding or adopting a 'none of the above' stance) — which is 12 percentage points lower than last November. Reinforcing the trend is the finding that 43% of respondents have a negative view of the PRI.

Ranking second in voting intentions is the right-wing Partido Acción Nacional (PAN). It attracted 26%, or three percentage points more than in November. Third comes the left-wing Partido de la Revolución Democrática (PRD), with 13% of voting intentions (and 33% of negative views).

The Movimiento Regeneración Nacional (Morena), the splinter of the PRD led by twice former presidential candidate Andrés Manuel López Obrador, has gained five percentage points since November, rising to attract 9% of voting intentions — a couple of points less than the Partido Verde Ecologista de México (PVEM).

It is worth noting that the findings of the Buendía y Laredo survey are almost identical to the virtually simultaneous poll conducted by Parametría (see the table on page 12) regarding the five leading parties, which suggests that a fairly accurate picture of the public mood has been presented.

The outcome of the federal legislative elections will be influenced by the elections to be held, also on 7 June, in nine states — Baja California Sur, Campeche, Colima, Guerrero, Michoacán, Nuevo León, Querétaro, San Luis Potosí and Sonora — plus another, Chiapas, a month later.

At the attorney general's office (PGR), Santiago Nieto Castillo, the new head of the specialised unit for electoral crimes (Fepade in the Spanish acronym) only reluctantly yielded on 21 February to the insistence of an interviewer, conceding obliquely that in two states, Guerrero and Michoacán, the June elections will take place in "complex" circumstances.

Guerrero is not only feeling the impact of the mass abduction (and presumed massacre) of 43 students last September, with the associated revelations about the extent of corruption by organised crime of police forces and municipal authorities, but also of the failure by federal authorities to eradicate violence from much of the state.

Although the number of homicide cases in Guerrero has been falling steadily over the past three years, it is still among the highest in the country, ranking fourth in absolute terms and first in relative terms (the rate per 100,000 inhabitants in 2014 was 44.7, more than four times higher than the conventional 'epidemic' threshold). In an area that straddles much of five of the

“The Movimiento Regeneración Nacional (Morena), the splinter of the PRD led by twice former presidential candidate Andrés Manuel López Obrador, has gained five percentage points since November, rising to attract 9% of voting intentions — a couple of points less than the Partido Verde Ecologista de México (PVEM).”

“Hanging over the PRI’s prospects for the June elections is the verdict on its handling of the Iguala case that is scheduled to be delivered before polling day by the international ‘interdisciplinary group of independent experts’ which was set up under an agreement between the Mexican government and representatives of the abducted students.”

state’s seven regions the presence of the military and federal police is largely confined to major municipalities, and in some of the main highways it is drug-gang gunmen who man checkpoints.

Voter preferences in February		
‘Effective’ choices <sup>1</sup>		
Party	Parametría	Buendía y Laredo <sup>2</sup>
P. Revolucionario Institucional (PRI)	32	30
P. Acción Nacional (PAN)	26	26
P. de la Revolución Democrática (PRD)	13	13
P. Verde Ecologista de México (PVEM)	11	11
Mov. Regeneración Nacional (MORENA)	9	9
Others (5 parties)	7	10
<sup>1</sup> Excluding ‘none’, ‘don’t know’ and ‘no reply’. <sup>2</sup> For <i>El Universal</i> .		

Much of this area is devoted to the cultivation of a drug crop, opium poppy, that is expanding due to the growth of demand in the US and the parallel decline in the demand for cannabis. At least 10 different gangs, most of them splinters of the once powerful Beltrán Leyva drug trafficking organisation (DTO), are fighting for control of this area, first and second stages in a production chain that delivers heroin to US consumers. At the northern end of this area Iguala, notorious for the September mass abduction, is reputed to act as the main stockpiling centre for opium gum.

Apart from the high homicide rates in this part of Guerrero, one effect of the inter-gang wars has been the forced displacement of hundreds of villagers. The state government has reported the displacement of 2,897 persons statewide between January 2013 and July 2014. The news agency *Quadratín*, however, has picked up reports of at least another 1,714 in that period.

In neighbouring Michoacán, where federal intervention was strengthened in early 2014, the number of homicides rose by 7%, dimming the government’s boast that in 2014 it had been able to bring down by 20% countrywide the overall rate of the five so-called ‘high impact crimes’: extortion, homicide, kidnapping, armed violent robbery and non-armed violent robbery [WR-15-07].

### The Iguala case

Hanging over the PRI’s prospects for the June elections is the verdict on its handling of the Iguala case that is scheduled to be delivered before polling day by the international ‘interdisciplinary group of independent experts’ which was set up under an agreement between the Mexican government and representatives of the abducted students. This group’s mission is to formulate plans for the search of the disappeared students, the technical analysis of the investigation with a view to determine penal responsibilities, and the technical analysis of the government’s plan of assistance to the victims.

In other words, it will test the accuracy of the version of events made by the federal attorney general, Jesús Murillo Karam, and challenged by the relatives of the victims, namely that the 43 abducted students were murdered by members of the Guerreros Unidos gang and that their remains were incinerated at a rubbish tip in Cocula and cast into the San Juan river.

This account has already been largely discredited by a report from the Argentine Team of Forensic Anthropology (EAAF in the Spanish acronym), at least inasmuch as it claims to demonstrate that there is no scientific support for it.

## Varela marks another difference with his predecessor

Earlier this month the Partido Panameñista (PPA) government led by President Juan Carlos Varela announced the suspension of the Barro Blanco hydroelectric dam project for failing to meet requirements under its environmental impact assessment (EIA). Located in the Ngäbe Buglé Comarca (an indigenous political administrative region), the dam was 95% complete and had been a major bone of contention between indigenous groups and Varela's predecessor, Ricardo Martinelli (2009-2014), whose insistence on pursuing unpopular mining and hydroelectric projects had resulted in clashes – at times bloody – particularly during the first part of his mandate. With local indigenous groups calling for the dam's complete cancellation, the latest move nonetheless suggests that the current administration, which took office in July 2014, is likely to pursue a less confrontational course than its predecessor.

On 9 February Panama's environmental regulatory authority (Anam) announced the suspension of work on the dam which is located on the Tabasará River, Chiriquí province and is being carried out by Generadora del Istmo, S.A. (Genisa), a Central American company. This, after a high-level governmental commission headed up by Vice-President Isabel Saint Malo de Alvarado and Mirei Endara, the head of the national environment agency, travelled to the area on 29 January on a fact-finding mission.

In a subsequent report, the government delegation recommended the suspension of the project, which began in 2008 and was expected to add 28.84MW of installed electricity production capacity to Panama's grid. According to a presidential press release, the reasons were various, ranging from the lack of agreements with local communities affected; a lack of an archaeological management plan approved by the national institute of culture (Inac) to protect petroglyphs and other archaeological findings; and a lack of coordination with the national civil protection system (Sinaproc) regarding control of explosives.

Calls for the project to be suspended grabbed attention in 2012 as one of the bargaining chips used in discussions with Martinelli after he was forced to the negotiating table with indigenous groups. This, after reneging on a promise not to open up the mining sector to foreign government investment that resulted in clashes which left two dead and made international headlines [WR-12-07]. Yet despite this, works on the project continued.

Meanwhile the Changuinola I (or Chan-75) hydroelectric complex built by AES Panamá was inaugurated the same year. With a capacity of 223MW, the dam, which was built on the Changuinola river in the province of Bocas del Toro, was hailed as the most important electricity generation project in 30 years; on its own it will provide 15% of Panama's electricity consumption.

The decision to suspend the Barro Blanco project has been hailed as a step forward by indigenous groups along with environmentalist organisations like Centro de Estudios y Acción Social Panameño (Ceaspa) and the Centro de Incidencia Ambiental (Ciam). Yet pressure remains on the government to cancel the project altogether and, on 21 February, official talks began, involving representatives of the United Nations (UN), a high-level government committee led by Saint Malo and local indigenous organisations like Movimiento 10 de Abril regarding the future of the project. Genisa was not present, claiming that it had not been invited, although Saint Malo has said that the company will be invited to join talks "at some point".

## Former top judge makes guilty plea in Panama

Alejandro Moncada Luna, the former supreme court (CSJ) magistrate suspended in October 2014 so that he could be investigated for corruption [WR-14-46], this week admitted to two of the four charges against him (illicit enrichment and falsifying documents) as part of a deal struck between his defence team and the prosecution. An ally of former president Ricardo Martinelli (2009-2014), who appointed him to a 10-year term in 2010, Moncada's guilty plea is the latest setback for the former president who currently remains out of the country. Moncada is the latest in a string of Martinelli associates to admit to or be investigated for corruption.

## Electoral Law revision

Cuba's ruling Communist Party (PCC) has also signalled that the 1992 Electoral Law may be replaced by a new one, but has not yet provided any details. The next elections for provincial assemblies and the national parliament are due in 2017.

### Energy shortfall

The suspension of the Barro Blanco dam project coincides with pressure on the government of President Varela to find alternative sources of energy. Varela's predecessor notably came under fire for failing to address a looming energy crisis due to Panama's overdependence on hydroelectric energy sources, as highlighted by droughts.

This all came to a head in May 2013 when schools and universities were forced to shut for four days due to power shortages and the Martinelli government declared a state of emergency in the western provinces of Coclé, Veraguas, Los Santos and Herrera, due to the lack of rain. According to the most recent (January 2015) report by the national dispatch centre, Centro Nacional de Despacho (CDN), hydroelectric energy accounted for nearly 70% of the 825MW/h generated in January 2015.

In December 2014 the International Finance Corporation (IFC), a member of the World Bank Group, announced it had completed a US\$300m financing package for the construction of Phase II and III of the Penonomé wind power plant, the largest wind farm in Central America, which is located 150km from Panama City.

According to an IFC press release, once operational, the 86 wind turbines with an installed capacity of 215MW are expected to generate 448 GWh of energy per year, roughly equivalent to 5% of Panama's total energy demand. Phase II and III were acquired by InterEnergy Holdings, a private company majority shareholder of UEP Penonomé II, SA, a company created to operate this project in Panama. The same press release cites Panamanian government estimates that the country's energy demand will increase by up to 8% annually, with rising demand requiring investments of around US\$3bn over the next decade to keep up with energy needs.

## CUBA | POLITICS

### Discord in the Damas

**The Damas de Blanco, so emblematic of the struggle for political freedom and democratic reform in Cuba, are having a little trouble with their own internal politics, with the original Damas founder accusing the collective's current president, Berta Soler, of dictatorial tendencies. Following weeks of mutual accusations and recriminations, Soler has announced that she will submit herself to a recall referendum in mid-March.**

The Damas' dirty laundry was aired in public in late January, when video footage emerged showing the founder of the group, Alejandrina García de la Riva, surrounded in her living room by angry colleagues accusing her of being a traitor as she tried to argue her case. "Down with the traitors! She needs to go! We don't want to hear her!" the women shouted. The daughter of the former Damas leader, Laura Pollán (who died in 2011), intervened to rescue García de la Riva. At the heart of the argument appears to be something of a power struggle between García de la Riva and Soler, who took over after Pollán's death (she had been her close number two). "Berta is destroying the movement with her attitude of not listening or tolerating any criticism; she's turned into a dictator," García de la Riva reportedly said in the same video.

Soler suspects the hand of Cuban state intelligence agents, well known for infiltrating dissident groups in a bid to undermine them. Led by Soler, the Damas have opposed the historic rapprochement between the US and Cuba and Soler claims that the Cuban government is bent on removing it as an 'obstacle' to the process. In testimony on 3 February to the US Senate Foreign Relations subcommittee on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights and Global Women's Issues (chaired by the Republican senator and fierce Cuba critic Marco Rubio), Soler accused the Cuban government of systematic human rights violations and called for free multi party elections.

## Regional remittances

The rebound in remittances is regional. Last year remittances to Guatemala rose by 8.6%, while flows to Honduras grew by 11%. Meanwhile transfers to Mexico, which has the most migrants working in the US, were up 7.8%.

Former Damas now living in the US have also been critical of Soler's leadership, calling for a change of direction in the wake of the video, and also in light of the shifting political waters between the US and Cuba.

The recall process has been tentatively scheduled for 16 March, with 260 members of the collective invited to voice their opinion. Soler, however, was clear the process is an internal one, with ex-pat Damas only eligible to be heard if they get on a plane and come back to Cuba to participate.

The Damas were founded in 2003 by the wives and relatives of 75 dissidents rounded up and jailed by former president Fidel Castro in a heavy crackdown known as 'The Black Spring'. Ángel Moya, Soler's husband, was among the detainees. García de la Riva is married to Diosdado González Marrero, another dissident, who is still serving a 20-year sentence for political activities.

### Municipal election process gets underway

As the Damas prepare for their internal vote, Cuba's national electoral commission (CEN) launched the process to nominate candidates for the 19 April municipal elections, in which Cuba's registered 8.1m voters will choose 14,537 councillors for the country's 168 municipalities. Municipal elections are held every two-and-a-half years.

The ruling Communist Party (PCC), the only legal political party in the country, does not officially field the candidates, nevertheless it closely oversees the process. Candidates are chosen by a show of hands in neighbourhood assemblies. The selection process will end on 25 March.

## TRACKING TRENDS

**COSTA RICA | Getting the country moving.** On 23 February President Luis Guillermo Solís signed a law approving funds for the expansion of the San José-San Ramón national highway. On 5 February the legislature had approved a trust to provide the necessary funds (US\$473m) for the highway scheme, a key project under the new government's development plan. Other infrastructure projects are also being readied. This should boost the position of the centre-left Partido Acción Ciudadana (PAC) government at a time when the private sector is raising concerns about job losses, continued high electricity costs and the entrenched fiscal deficit, which was 5.6% of GDP in 2014.

The San José-San Ramón project is expected to take four years. A US\$524m contract for the works had been awarded to Brazil's OAS, but in 2013 it was cancelled over alleged irregularities by the government led by Laura Chinchilla (2010-2014). In March 2014 OAS agreed to US\$35m in compensation.

The legislature has also approved a US\$395m loan from the China Harbour Engineering Company (CEHC) to fund the US\$465m expansion of Costa Rica's Route 32, the main highway connecting San José and the Caribbean province of Limón, with the remaining US\$70m to be funded by the government.

Finally, a US\$1bn contract for a new terminal at the Puerto Limón/Moin complex, awarded in 2011 to the Dutch firm, APM Terminals, is also going ahead after clearing legal hurdles. On 18 February, the national council for concessions (CNC) confirmed that the company had all the necessary permits to begin work.

**EL SALVADOR | Remittances bounce.** The estimated 2.5m Salvadoreans living in the US, both illegally and legally, sent home over US\$4bn in remittances for the first time in 2014. The growth trend continued in January, with inflows up 2.7% year on year, according to El Salvador's central bank, which noted that unemployment among Latinos in the US dropped to 6.5% at end-2014, down from 8.3% at end-2013.

The inflows are a key source of liquidity to dollarised El Salvador.

### Quotes of the week

“We will stay on the democratic path: peace, elections and the constitution; nobody will push us off this path.”

*Venezuela's President Nicolás Maduro.*

“Integration requires leadership, and this leadership comes from Brazil but Argentina must accompany it, and it isn't doing a damn thing; quite the contrary, it is as if Argentina has gone back to a 1960s vision.”

*Uruguay's President José Mujica, poised to leave office, speaks even more plainly than usual.*

“If you become President will you resign by Fax or Twitter?”

*Peru's replaced interior minister Daniel Urresti's acerbic rhetorical attack on Keiko Fujimori, the daughter of former president Alberto Fujimori, who famously chose the former option in 2000.*

### Opposition ends Douglas dominance in St Kitts

The opposition alliance Team Unity led by Timothy Harris won the general elections on 16 February, ending two decades of rule by Prime Minister Denzil Douglas and his St. Kitts-Nevis Labour Party (SKNLP). This, despite the two-island country (pop. 54,191) registering the fourth highest level of growth in the Caribbean on preliminary estimates from the United Nations Economic Commission for Latin America & the Caribbean (Eclac).

Team Unity, which comprises the People's Action Movement (PAM), the Concerned Citizens' Movement (CCM) and the Peoples' Labour Party (PLP), won seven of the 11 seats contested in the 15-member parliament. The remaining four went to the SKNLP and the Nevis Reformation Party (NRP).

While the December 2014 Eclac report put GDP growth at 1.7% in 2014, above the (admittedly meagre) 1.2% regional average, Douglas had spent the last two years avoiding a no-confidence vote that he would have lost, while his last-minute efforts to change the electoral system, via boundary changes proclaimed on 16 January 2014, arguably backfired. Four days before the vote, he received a major setback after the London-based Privy Council ruled against the changes. This, in response to a legal complaint filed by the opposition, which argued that the proclamation was not correctly gazetted and the new boundaries would have afforded the official candidates an unfair advantage.

The electoral process was still not without controversy, not least due to the delay in announcing the official result: more than 12 hours after polls closed, there was no information on the outcome. As well as regional leaders like Trinidad & Tobago's Prime Minister Kamla Persad-Bissessar, who expressed concern about the delay, noting that the “region's reputation for democracy and for free and fair elections will be under threat as long as this issue ...remains unresolved”, the Organization of American States (OAS) observer delegation, noted that “the counting and transmission of results was extremely slow, stemming from a series of procedural difficulties.”

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