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## Colombian peace process enters uncharted waters

Big gestures on either side have advanced the peace process between the Colombian government and the Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrilla group further than any previous effort in the history of the 50-year armed conflict. The government negotiating team in Cuba struck a deal with Farc counterparts on 7 March to work together to clear anti-personnel landmines and other improvised explosives placed by the guerrillas. In return for what he described as "a hugely important step", unprecedented indeed, President Juan Manuel Santos responded days later with three of his own gestures: he ordered the military to halt aerial bombing of Farc camps, the prelude to a bilateral ceasefire; he cancelled the extradition to the US of a guerrilla and a paramilitary; and he instructed the military to intensify attacks on other 'illegal armed groups'.

Every department in Colombia, except the San Andrés y Providencia archipelago, has some landmines and other explosive devices. "There are more hectares of landmines sown than coffee," President Santos said. In total it is calculated that anti-personnel mines pose a degree of risk in half of Colombia's 688 municipalities, 63% of national territory, claiming 11,043 victims dead and wounded over the last 15 years, 40% of them civilians. Only Afghanistan has a higher casualty rate from landmines.

Under the accord, unarmed Farc guerrillas, with temporarily suspended arrest warrants, will work with the army's humanitarian demining battalion (Bides) and local communities to locate and clear landmines, overseen by experts from the Norwegian People's Aid (NPA) to allay mutual suspicion. Work will start in areas of highest risk: Antioquia, Meta, Caquetá, Nariño and Norte de Santander. The army has 500 officials qualified to clear anti-personnel mines but, days earlier, retired General Rafael Alfredo Colón, director of the mine deactivation programme, said that 10,000 soldiers were being trained up. He said the whole process of freeing the country of mines could cost "more than US\$200m".

'Iván Márquez' (Luciano Arango Marín), the Farc's chief negotiator, said the accord sought "to eliminate the risks to the physical integrity of humble people working the land and [...] to advance towards de-escalating the conflict". Starting mine clearance before peace is struck means that some of those forced from their lands by the conflict will be able to return safely sooner. The objective of completing the job by 2025 is still optimistic though. For one thing, the Farc does not possess accurate maps marking the positions of all of the mines. The post-conflict minister, retired police general Óscar Naranjo, also conceded that some of the guerrillas who laid the mines have since died in combat.

## March for Life

President Santos took part in a “March for Life” on 8 March organised by his 2010 rival for the presidency, Antanas Mockus. Some 30,000 people took part in Bogotá, and thousands more in other cities in Colombia and around the world. But while social organisations joined centrist and leftist political parties in participating in the march, the right-wing Centro Democrático (CD), of former president Alvaro Uribe (2002-2010), and the Partido Conservador (PC) refused to take part, claiming that far from being non-partisan, the march had been co-opted and “paid for” by the government by means of a contract with an education foundation led by Mockus, whose integrity was staunchly defended by others.

Senator Armando Benedetti, of the Partido de la U, part of the ruling coalition, described the accord as crucial and predicted that “a bilateral ceasefire will swiftly follow”. Just three days later Santos gave a televised address during which he said he had ordered the defence ministry and military commanders to cease aerial bombings of Farc camps for one month, after which the measure will be evaluated. In practice this merely formalises something that has been happening since the Farc declared its unilateral ceasefire last December, but it is still a significant symbolic gesture. The bombings have put the Farc on the back foot in recent years, forcing them into smaller groups deeper in the mountains, where they are less able to coordinate successful offensives.

The government’s gestures did not end there. Describing the deal as confirmation that “we are moving the right way to end the ... [armed] conflict”, and, along with the Farc’s agreement to end the recruitment of minors, as evidence that the guerrilla group is committed to lowering the intensity of the conflict, Santos also promised to ratchet up the pressure on criminal neo-paramilitary groups known as Bacrim, as well as Colombia’s second guerrilla group, Ejército de Liberación Nacional (ELN).

The Bacrim announcement is another symbolic gesture to the Farc given its not unreasonable fears that if guerrillas agree to drop their guns and enter politics they could face the same fate as thousands of their forebears who formed the Unión Patriótica (UP) in 1985 as part of a previous failed peace process. The government preferred to point to the more successful 25th anniversary of the accord, which led to the demobilisation of the M-19 guerrillas in March 1990. Weakening the Bacrim would also leave Farc guerrillas who refuse to demobilise with fewer options. The government set in motion a strategy to hit the Bacrim harder last year: hundreds of Bacrim members have been captured in the last year and 200 groups dismantled, although really targeting them will require the political will to carry out a purge of the police, some of whom are complicit.

As for the ELN, Santos is clearly irked at what he sees as cavilling over the terms of peace talks, and signs that it has “increased its criminal activities”. It is also noteworthy that while the Farc has embraced US involvement in the peace process through its appointment of a special envoy [WR-15-09], the ELN issued a statement on 8 March arguing that the US should take part in the talks being “directly responsible for the war and its disasters”. The Santos administration could be calculating that if it focuses the full brunt of military force on the ELN it could drive it to the negotiating table. For one thing, it will know that a hostile ELN could seriously hamper demining activities given the contiguity of several Farc and ELN territories.

Santos did not mention during his address the third gesture he has made to the Farc in recent days – halting extraditions to the US. Santos denied the extradition of ‘Julián Bolívar Alzate’ (Rodrigo Pérez), a former commander of the paramilitary Autodefensas Unidas de Colombia (AUC) wanted by the US for links to drug-trafficking. In a resolution dated 6 March Santos said Bolívar had complied with the terms of the justice and peace law, and was “contributing to clarifying the truth and the right to compensation for victims, the principal objective of the process of transition and national reconciliation for peace to endure.” If the message was not clear enough for the Farc, Santos also blocked the extradition to the US of ‘El Cura’ (Eduardo Cabrera), the brother of the head of the Farc’s Bloque Sur, ‘Fabián Ramírez’ (José Benito Cabrera), who is on the Farc negotiating team in Cuba.

The sudden rush of gestures on both sides follows fast on the heels of the arrival in Havana of five active members of the military top brass to join a subcommittee charged with negotiating a bilateral ceasefire and discussing an eventual guerrilla disarmament and demobilisation [WR-15-09]. The head of the government negotiating team, Humberto de la Calle, was still keen to stress that while the military would take its foot off the throttle by ceasing aerial bombings, this did not constitute “a disguised bilateral ceasefire”.

**Maduro rallies the troops**

From his own perspective, it has been a fairly good week for President Nicolás Maduro, with the latest – Caracas-alleged – US efforts to isolate and topple the Bolivarian Revolution roundly backfiring. Maduro now has the full rhetorical support of the region, with the apparent US efforts to go it alone on Venezuela looking like a miscalculation. After Uruguay's new Vice-President got on the wrong side of Maduro with an arguably benign comment, it is very unlikely that any sitting regional leader will dare come off the fence in public. The beleaguered Venezuelan opposition, meanwhile, appears more abject and isolated than ever.

In issuing an executive order to implement and expand upon the Venezuela Defense of Human Rights and Civil Society Act of 2014, imposing sanctions on seven further Venezuelan government officials (this time publicly named), US President Barack Obama was legally obliged to declare “a national emergency with respect to the unusual and extraordinary threat to the national security and foreign policy of the United States posed by the situation in Venezuela”.

The US State Department and the White House must (or should) have been well aware that this would be a PR gift for the Maduro administration. Inevitably, Maduro and Venezuela's regional left-wing allies immediately reached for a literal interpretation, accusing the US of planning to invade Venezuela. Maduro compared Obama to the former US president Richard Nixon (1969-1974), who oversaw the US-backed military coup against Chile's leftist government in 1973, and called on Venezuela's Defence Minister Vladimir Padrino López to organise a defensive military exercise to prepare for any “military attack”. Ecuador's President Rafael Correa called the executive order “a joke in bad taste, recalling the darkest hours of our America, when we had invasions and dictatorships imposed by imperialism”. José Miguel Insulza, the outgoing secretary general of the Washington-headquartered Organization of American States (OAS), the main hemispheric bloc, also agreed that the language was quite harsh.

In the face of widespread national sentiment against the US move, the Venezuelan opposition Mesa de la Unidad Democrática (MUD) also quickly moved to distance itself from any association with it, stressing in a 10 March statement that while it welcomed the support of the international community, “we neither aspire to nor allow the international community, or any of its members, to take on obligations that are our own...Just as we reject the gross Cuban interference, we don't enable or accept any other. This is a fight of the Venezuelan people for Venezuela”. It is worth recalling that the MUD's internal divisions between radicals and moderates were publicly exposed in May last year, when it had to deny that some of its members [i.e. the moderate leadership] had asked the US Assistant Secretary of State for Western Hemisphere Affairs, Roberta Jacobson, to hold off on sanctions on Venezuelan officials. That incident prompted something of a coup in the MUD, with the radicals briefly ousting the leadership.

It was left to the US State Department spokesperson, Jen Psaki, to try to explain that the language of the executive order is a standard boilerplate attached to these kinds of measures and to stress that the sanctions are against named individuals the US considers guilty of human rights abuses; and explicitly are not against the country itself or the people of Venezuela. Psaki floundered, however, in trying to explain how sanctions on

**Unasur response**

Ernesto Samper, Unasur's secretary general, expressed outrage that the latest US move came just hours after he had led a Unasur delegation to Caracas to discuss the internal situation with the government and the opposition. “It is not a good sign that precisely before the Summit of the Americas, when we were preparing to celebrate the return of Cuba...that the US intervenes unilaterally in the internal affairs of Venezuela, undermining the efforts of the commission of foreign ministers from Brazil, Colombia and Ecuador, who after the visit of last Friday 6 March had opened paths towards political dialogue that had been closed for over a year”. Ecuador's President Correa suggested that the US could be in breach of the 2001 Inter-American Democratic Charter, which is based on the principle of non-intervention (but which also states that “the promotion and protection of human rights is a basic prerequisite for the existence of a democratic society”, something the US accuses the Maduro government of failing to uphold).

## Cuba makes a point

Some observers have suggested that Cuba might be able to mediate between the US and Venezuela. However, the state mouthpiece *Granma* was among the first to react to President Obama's executive order, calling it "arbitrary and aggressive" and "scarcely credible". It said it re-exposed US foreign policy as "interventionist" and expressed "unconditional support for the legitimate government of President Nicolás Maduro". A second statement, purportedly from Fidel Castro, congratulated Maduro for a "brilliant and brave speech in the face of the brutal plans by the United States government. Your words will go down in history as proof that humanity can and will know the truth". The US State Department later said that the Cuban comments would not affect the ongoing US-Cuba diplomatic talks.

Venezuelan government officials were not designed to "undermine" the Caracas government but, rather, to "persuade it to change its behaviour".

US-Venezuela tensions are now set to escalate further, just weeks before President Maduro is set to meet Obama at the Summit of the Americas in Panama. The more important fall out of all this megaphone diplomacy, however, lies inside Venezuela. The very day before President Obama issued his executive order, Venezuela's main moderate opposition leader and twice former presidential candidate, Henrique Capriles Radonski, had warned that Maduro might look for a pretext to cancel this year's midterm legislative elections, amid fears of a massive punishment vote against the ruling Partido Socialista Unido de Venezuela (PSUV).

However, the Chavista government has always made a big show of holding elections – constant electoral re-legitimation is part and parcel of the Bolivarian Revolution – and Maduro has insisted time and time again that the elections will take place no matter what ("come rain, hail or thunder"), making the very act of staging them an act of defiance against the alleged US-backed efforts to destabilise the country.

And Maduro has firm support on the need for democratic continuity from the Union of South American Nations (Unasur), which stressed following a visit to Caracas late last week that "solutions representing institutional rupture are not acceptable" and that "the electoral option is the way to solve the current political differences". As such, Unasur will send a technical mission to follow the entire electoral process, starting with the primary stages, scheduled for May (opposition) and June (PSUV). A statement from Brazil's Itamaraty (the foreign office) further noted that Unasur "is currently the only international organism which counts on the approval both of the government and of the opposition to further the promotion of dialogue among Venezuelans". The Venezuelan opposition might beg to differ with that in private (it argues that Unasur, as an inter-governmental group, is inherently biased), but in public Capriles is leading the MUD down the only road he can travel – the electoral one – urging voters to come out in force.

While the MUD knows that the electoral playing field in Venezuela is never a level one, it now has an additional concern, in the form of Maduro's broad new decree powers. Almost immediately requested in response to the "imperialist aggression", once approved these will give him a free hand over national security in the face of the alleged external threat. But more notably, they also appear to assign Maduro the ability to "improve the judicial power" and "protect the country" from "the fifth column" between now and September's legislative elections.

Capriles (and many others) claim that Maduro has simply seized upon the US moves as the perfect excuse to do what was already long intended in requesting a new 'enabling law', which activates presidential decree powers. It is worth pointing out that this is not a new tactic. Maduro's predecessor and mentor, Hugo Chávez (1999-2013), regularly requested decree powers, including prior to key elections, allowing him to bypass the opposition in the legislature if necessary. Maduro, who has been in office just two years, has already had decree powers from November 2013-November 2014 to tackle the economic 'war' he says is being waged against the country (also by the US).

Deputies elected in September are scheduled to take their seats in the national assembly in January 2016. That gives the outgoing assembly, controlled by the ruling PSUV (with the support of the also pro-government supreme court and attorney general's office), ample time to extend (and expand) the enabling law – which Maduro has requested for six months initially – should the opposition land a sharp blow on the PSUV in the upcoming polls.

## Dialogue process yields electoral reform

The government's second round of discussions with 15 of Peru's political parties resulted in changes to the electoral law and the promise of wide-ranging political reforms. The first such dialogue earlier this year had led to the decision to close down the state intelligence agency (Dini) for "reorganisation". A third round of talks will be held on citizen security and social policy in the near future. "Democracy without dialogue doesn't work," President Ollanta Humala said celebrating the success of the talks, although it is worth noting that the dialogue process in the palace was rendered necessary because the government's channels of communication to congress are so poor.

On 3 March the prime minister, Ana Jara, announced that an agreement on sanctions for acts of corruption had been sealed during the second round of talks in the presidential palace. Any politician sentenced for narco-trafficking, terrorism, money laundering or people-trafficking will be barred from seeking election and any political party that loses a congressional deputy in contravention of the law will lose the seat with no right to refill it. "This vacant seat must be a symbol of shame," Jara said.

The law is an attempt to respond to the rampant regional corruption, and narcopolitics, exposed in the run-up to last October's regional elections. The difficulty with the law, however, is that it relies on a firm sentence before it can take effect. While this is consistent with the presumption of innocence, the vast majority of cases of this sort prompt investigations but do not lead to firm sentences.

Peru's congress overwhelmingly voted on 5 March to bar regional presidents, mayors and councillors from seeking immediate re-election as part of the electoral reform. This was the second vote on the matter (after being approved in a first vote last October) and means the constitution will now be modified accordingly. Non-consecutive re-election, as with national presidents, will be permitted. Regional presidents will also henceforth be known as regional governors; there will be no change in their duties but the semantic change is clearly designed to signify a demotion. The changes will take effect from the next regional elections in 2018.

### Urresti accused of 27-year-old murder

Just as President Humala was preparing to celebrate the agreement between the government and 15 political parties on sanctioning any candidate convicted of acts of corruption, and their parties, he found himself facing the embarrassing news that one of his most prominent former ministers, Daniel Urresti, has been charged — not of corruption but of murder.

On 27 February the broadcasting station Ideeleradio (one of the media vehicles of the nongovernmental Instituto de Defensa Legal, IDL) announced that public prosecutor Luis Landa had filed a formal complaint against Urresti for command responsibility in the 1988 murder of a journalist — for which he requested a 25-year prison term and civil reparations amounting to the equivalent of US\$166,000.

At the time of the event Urresti, now a retired general, was an army captain in charge of intelligence at a counterinsurgency base in Castropampa, Huanta (Ayacucho). This, according to Landa, made him necessarily responsible for the murder of Hugo Bustíos, a correspondent for the newsmagazine *Caretas* in Ayacucho, by an army patrol.

### Fujimorismo joins dialogue process

The Partido Aprista Peruano (PAP) of former president Alan García (1985-1990, 2006-2011) was the only party to refuse to take part in the second round of talks, disagreeing with the agenda. But Fuerza Popular (FP), the party of Keiko Fujimori, did take part this time around.

## Reaction to murder charges

In his reaction to the news of the murder charges against Daniel Urresti, President Humala said that, beyond the former minister's registration as a member of the PNP, "the rest is the predicate added by the media". When Urresti was asked by journalists, he said, "I have had offers from several quarters".

The day the news was broadcast, Humala said the filing of charges by the prosecutor had taken him by surprise, and hinted at a political motivation by adding that it was "strange" that this had happened the day after Urresti had registered as a member of the ruling Partido Nacionalista Peruano (PNP), at a public meeting chaired by the party president (and First Lady) Nadine Heredia. Nonetheless, Humala said that Urresti "must abide by the law".

Investigations into Urresti's role in the 1988 case had been under way at least since mid-2014 [WR-14-27]. Humala said that he had discussed this matter with Urresti and that he had always insisted that he had had "neither art nor part" in the murder. "We must recall," Humala noted, "that this case was already tried in court and that three persons were convicted." In fact, the 20-year trial ended in the convictions of two persons. One of these had claimed that the order to ambush the journalist had come from an intelligence officer known only as 'Capitán Arturo' — who prosecutor Landa says was Urresti.

Urresti, who had come under attack from the opposition as responsible for the recent violent repression of protests at Pichanaki in the region of Junín, which claimed the life of one person [WR-15-08] was spared the embarrassment of being forced to resign by the broader cabinet reshuffle carried out by Humala on 17 February. At the time opinion surveys showed Urresti as the cabinet minister with the highest public approval rating (40%), and there was much speculation that he might become a good contender for the presidency.

### Humala ups the ante over Chile spying case

President Ollanta Humala has curtly dismissed a diplomatic note from the Chilean foreign ministry on 3 March responding to the spying accusations he levelled at Santiago in late February [WR-15-08]. Humala said the note was "insufficient". The note has not entered the public domain, but Humala is demanding a more detailed response from Chile to the specific claim that Chilean naval officials allegedly masquerading as Italian businessmen connected with the fishing industry paid three junior Peruvian naval officials for classified information.

Chile's foreign minister Hernando Muñoz tried to pour oil on troubled waters on 9 March by insisting, once again, that Chile "does not carry out spying". He expressed his hope that Chile and Peru, which managed a potentially incendiary maritime dispute before the International Court of Justice (ICJ) at The Hague (that concluded in January 2014) without affecting diplomatic or trade ties in forums like the Pacific Alliance, could resolve their differences quickly and move on.

Peru's foreign minister Gonzalo Gutiérrez told the country's congressional foreign relations committee, also on 9 March, that Peru had "mature relations" with Chile, adding however that he had thought relations were "so advanced there is no longer any space for this sort of practice".

The Chilean government has so far treated the issue with discretion; President Michelle Bachelet leaving Muñoz to deal with it. It is not being handled exclusively through diplomatic channels by Peru, the accuser. Humala has resorted to a degree of megaphone diplomacy. In time-honoured fashion he is trying to reap the dividends of being tough on Chile in the form of greater political unity, especially useful as he is engaged in a political dialogue process with the opposition, and any concomitant surge in nationalist sentiment can only benefit him as his approval rating languishes on 22%.

Despite Muñoz's claims to the contrary it is not clear that it is in Chile's interests to draw a line under the episode too swiftly either. Bachelet faces domestic political travails of her own with the opposition and the media fastening on to the scandal surrounding her son Sebastián Dávalos and his wife who stand accused of influence peddling and the use of privileged information to purchase real estate in O'Higgins region. A survey released this week by the local pollster Cadem showed that Bachelet's approval rating had taken a serious hit, dropping 18 percentage points over the course of the last year to 34%. Although this was actually up three points on the previous week, her disapproval rating reached its highest-ever level of 57%, up 37 points on a year earlier.

**Politicians implicated in Petrobras scandal named**

On 6 March Brazil's supreme court finally lifted the seal on the list of politicians whom the attorney general, Rodrigo Janot, wishes to investigate over the corruption scandal afflicting the State-owned oil company Petrobras. Forty-seven politicians, from six different parties, will face further scrutiny ahead of possible criminal charges. The worst offender, by some margin, was the Partido Progressista (PP), followed by the Partido Movimento do Democrático Brasileiro (PMDB) and then the ruling Partido dos Trabalhadores (PT). Dispiritingly, from the government's perspective, only one opposition senator from the Partido da Social Democracia Brasileiro (PSDB) was included on the list.

Two names were widely known in advance: Renan Calheiros, the senate president, and Eduardo Cunha, the speaker of the lower chamber of congress; both from the nominally-government allied PMDB. Both blame their inclusion on the justice minister, José Eduardo Cardoso (PT). In an interview with the Spanish daily *El País* on 10 March, Cunha accused the executive of orchestrating the investigation to undermine the legislature. It is hard to discern, however, how the government benefits from the decision. Certainly, in the short term, there is a risk of political gridlock, as a truculent congress repeatedly sends back government-proposed legislation.

Twenty-two current federal deputies will be investigated, along with twelve former deputies, 12 senators and a former governor. The PMDB has been hit hard by the accusations. Alongside Calheiros and Cunha, the former mines & energy minister, Edison Lobão; the former social development minister, Romero Jucá; and the former governor of Maranhão state, Roseana Sarney, were also listed. For the PT, Gleisi Hoffman, President Dilma Rousseff's former cabinet chief; Humberto Costa, a senator and former minister; and the treasurer, João Vaccari Neto, were among the six party members named.

There is still a long way to go before criminal charges can be applied. All of those to be investigated have been named by either Alberto Yousseff, a black-market financier, or Paulo Roberto Costa, a former director at Petrobras, both of whom have entered into a plea bargain agreement with prosecutors. Given the construction and engineering companies implicated in the corruption scheme at Petrobras are regular, legitimate and generous donors to political campaigns anyway, the challenge for the attorney general will be to prove that the politicians were aware that the money they received came from kickbacks at the oil firm.

But if the legal consequences are still a way off, the political and economic implications are already rocking Brazil. The country looks certain to enter recession this year. Despite largely disappointing macroeconomic data over the past few years, the government has always been able to point to low unemployment as a measure of success. However, Petrobras generates around 10% of Brazil's GDP, and with the uncertainty surrounding the company's situation, and that of its sub-contractors, many firms are now laying off workers in large numbers (*see next page*).

**CPI starts work**

On 10 March, the congressional inquiry (CPI) into Petrobras began hearing witnesses, but not before two of its members, both from the PP, stood down after they were named on Rodrigo Janot's list. In the first day of testimony, Pedro Barusco, a former director at Petrobras, claimed he personally handed US\$300,000 to the PT's treasurer for President Dilma Rousseff's 2010 election campaign.

## Dilma defends austerity

In a speech to mark International Women's Day, President Rousseff blamed the global financial crisis, as well as Brazil's severe drought, for the tough measures her government is having to take in 2015. To explain the increases in the prices of fuel, public transport and electricity, Rousseff said, "Last year the government absorbed all of the effects of the crisis. We took on all that burden for as long as we were able but now we have to divide that effort with other sectors of society."

In a speech to mark International Women's Day, Rousseff pleaded with Brazilians to be patient during the process of fiscal adjustment. She made only a fleeting reference to the Petrobras scandal. Opposition activists in most major Brazilian cities coordinated, filmed and uploaded themselves banging pots and pans in protest during her speech. At an official event in São Paulo, Rousseff was repeatedly booed. An anti-government march is planned for 15 March, with organisers hoping for attendance figures in the hundreds of thousands.

Some, though far from the majority, are calling for Rousseff's impeachment on the basis that she must have known about the Petrobras scandal. As yet there is no smoking gun. But this week Rousseff even referred to the possibility herself, by saying "you have to have reasons for an impeachment". Cooler heads in the opposition seem to prefer to watch her authority erode. One PSDB senator, Aloysio Nunes Ferreira, said he would prefer "to see her bleed".

## BRAZIL | ECONOMY

### Few reasons to be cheerful

**Brazil's official statistics institute (Ibge) released revised data on 11 March which showed that the economy grew more than initially thought in 2010 and 2011. It seems unlikely, however, that President Dilma Rousseff will receive much credit for this fact given the gloomy predictions for the year ahead.**

On 9 March, the central bank released its weekly poll of economists' forecasts. The median prediction of the 100 or so consulted was for the economy to shrink by 0.66% in 2015. While there remains an expectation that 2016 will see a return to growth, the economists shaved 0.1 of a percentage point off their earlier prediction of 1.5% growth for the year. Inflation, meanwhile, is expected to reach 7.77% in 2015, way above the government's target of 4.5% plus or minus 2%.

The Real continues its slide against the US dollar. On 9 March it closed trading at R\$3.12/US\$1, its lowest level since 2004. Unemployment, for a long time the one shining light amidst the gloom of other economic indicators, is starting to creep back up. It reached 5.3% in January, up from 4.3% in December. Many economists fear there will be a spike in February.

The Petrobras scandal is taking its toll. The oil and gas sector accounts for around 13% of Brazil's GDP, and is dominated by Petrobras. However, the uncertainty surrounding the State-owned company has prompted retrenchment. In early March Petrobras approved a US\$13.7bn divestment plan for 2015-2016. In a note accompanying its decision, Petrobras said that the cut in spending was part of its strategy to "reduce leverage, maintain its cash reserves and concentrate on its investment priorities". To take just one example of the impact Petrobras' problems are having on the jobs market, 13,000 workers have been laid off since January at Comperj, the petrochemical plant on the outskirts of Rio de Janeiro.

Petrobras is currently assessing the testimony of witnesses to calculate the total value of bribes paid to politicians and executives. It has set up a task force to determine the losses caused by the scheme. Unable to work out by exactly how much each contract was overcharged, Petrobras will take as a baseline the 3% surplus cited by former director, Paulo Roberto Costa, in his statement to the police.



## **Nisman's ex-wife alleges murder**

Alberto Nisman, the prosecutor in the Amia bombing investigation, did not take his own life, but was murdered, according to his ex-wife, Sandra Arroyo Salgado. Arroyo, a federal judge, said that a team of independent forensic experts had concluded that it was not possible that Nisman had shot himself. Viviana Fein, the prosecutor in charge of the official investigation, has said she will consider the report.

Petrobras needs to provide an accurate account of its losses to ensure that its auditors, PricewaterhouseCoopers (PwC), approve its accounts. Results are still pending for the third quarter of 2014, not to mention last year's annual results. Both must be published by 31 May or creditors could demand the early payment of dividends. According to the rating agency, Moody's, Petrobras could be obliged to pay out US\$110bn.

The construction and engineering companies implicated in the scandal are also experiencing a significant period of uncertainty, while they wait to find out whether punishment for wrongdoing will be limited to individual corrupt executives, or whether they will be prohibited from bidding on public tenders. On 11 March, Brazil's comptroller-general (CGU) announced that it would be initiating administrative proceedings against the 10 companies cited in the 'Operation Car Wash' investigation. "If they are held responsible, they may be prevented from seeking new contracts, or face fines or other penalties," the CGU office said in a statement.

While the economy is grinding to a halt, the government is attempting to push through a tough austerity programme in order to avoid a credit rating downgrade. However, with relations between the government and its allies poisoned by the Petrobras affair, it is having to make some significant concessions. Renan Calheiros, the president of the senate, threw out a government bill which would have increased the treasury's revenues from income tax.

To avoid a further defeat in congress, the government is now pushing forward with the idea of a sliding scale of income tax thresholds, the net result of which will be that the government receives less than it had hoped. "A little is better than nothing," was the response from the presidential palace press office.

## **ARGENTINA | POLITICS**

### **Gearing up for primary season**

**One month from now, on 12 April, the province of Salta will hold the first open, mandatory and simultaneous primaries (Paso) of the election season. Santa Fe and Mendoza will follow shortly after and on 26 April the city of Buenos Aires will hold primaries for the positions of mayor, deputy and city council. Last week, the election authorities announced the official closure of the period to register candidates for the city's primary. The outcome of Buenos Aires' mayoral election, due to be held in July this year, may help determine the general election results, by providing a boon to whichever party wins Argentina's second-most important elected post.**

Twenty candidates have been registered to run for the mayor's office, with some of the country's main political parties fielding more than one candidate. The ruling Frente para la Victoria (FPV) has registered five contenders, while the centre-right Propuesta Republicana (PRO), of the current mayor of Buenos Aires (and presidential hopeful) Mauricio Macri, is fielding three.

The Frente Renovador (FR), of Sergio Massa, an ex-Kirchnerista turned opposition leader also running for the presidency, is backing just one candidate, Guillermo Nielsen, an economist. A win in Buenos Aires for either Massa or Macri could provide a useful boost to their presidential campaigns.

## **Nin Novoa on Venezuela**

Uruguay's foreign minister Rodolfo Nin Novoa has already made his mark in his new role with some candid remarks that former president José Mujica (2010-2015) might have admired – except that he was on the receiving end of one of them. Nin Novoa said that he would not fall into the temptation of “prioritising politics over judicial matters”, arguing that in his point of view this is exactly what the Mujica administration did “to obtain a political solution to allow Venezuela's entry into Mercosur”.

At the top of the FPV's list is Mariano Recalde, currently the head of the State airline Aerolíneas Argentinas. Recalde's campaign received a boost this week, following the unveiling of the airline's new Airbus 330/200. President Cristina Fernández herself attended the ceremony to welcome the 70th plane in the airline's fleet, at Buenos Aires' Ezeiza international airport. Fernández declared herself “immensely proud” of the airline's achievements. Recalde's competition for the FPV nomination comes from four national FPV deputies.

### **Opposition candidates**

For the PRO, the three candidates are: Cristian Ritondo, currently a Buenos Aires city assembly member; Gabriela Michetti, a national senator; and Horacio Rodríguez Larreta, currently the cabinet chief for the city of Buenos Aires.

The Energía Ciudadana Organizada (ECO), a coalition of centre-left national opposition parties, has also registered three candidates. The remaining contenders are mainly from smaller, far-left parties.

Following the primaries, the first round of the mayoral election will be held on 5 July, with a second round run-off on 19 July.

## **ARGENTINA-URUGUAY | DIPLOMACY**

### **Nin Novoa tries to get ties back on track**

**Uruguay's new foreign minister Rodolfo Nin Novoa was received in Buenos Aires by his Argentine peer Héctor Timerman on 5 March. The meeting took place four days after the investiture of Uruguay's President Tabaré Vázquez. Argentina's President Cristina Fernández failed to show up for the ceremony.**

While President Fernández admittedly faces some political difficulties at home, it would not have been an arduous journey across the River Plate to attend the inauguration, and her no-show could well owe to rancour over Vázquez's admission in October 2011 (18 months after his first term in office ended) that he had considered war scenarios with Argentina when the dispute over the construction of a pulp mill on the Uruguayan side of the shared River Uruguay reached fever-pitch in 2007.

The Argentine foreign ministry released a statement highlighting the “traditional ties of friendship” between the two countries, but Timerman has helped these ties to spiral downwards in a succession of diatribes in recent years, including threatening to take Uruguay to the International Court of Justice (ICJ) at The Hague once again over the pulp mill.

Vázquez will not have to spend too much of his second five-year term dealing with Fernández, just the first nine months until she leaves office in December, when it is likely relations with Argentina will become less prickly.

But sensitive issues will remain, such as administration of the River Uruguay and the River Plate and Argentine trade protectionism, which has affected Uruguay directly and stymied any advance in talks between the Southern Common Market (Mercosur) and the European Union (EU) over a free trade agreement, an interminable soap opera without the drama.

**Former 'self-defence group' leaders released**

Hipólito Mora and Luis Antonio 'El Americano' Torres González are free again, barely two months after being imprisoned accused of instigating a shootout in December 2014 between former members of the 'self-defence groups' of armed vigilantes they led, outside the Michoacán town of La Ruana, that left 11 people dead. There are now concerns that tensions could once again rise across Michoacán, potentially putting the upcoming 7 June midterm federal legislative and state elections in jeopardy.

The La Ruana incident remains unresolved. What is known is that the armed clash came after a group of Torres's followers appeared in La Ruana, where Mora's followers are concentrated in Michoacán's Tierra Caliente region. Mora, one of the founding members of the Michoacán self-defence movement, and Torres, a former drug trafficker turned self-defence group leader, became bitter rivals after they exchanged accusations that the other was colluding with criminal groups. This translated into recurrent violent confrontations between their subordinates. The rivalry between the two leaders (and their followers) continued after the self-defence groups were formally disbanded and incorporated into the Fuerza Rural (FR) police force. Ahead of the La Ruana incident, Mora publicly denounced that his associates were being harassed and threatened by Torres's men.

The federal security forces failed to prevent the La Ruana clash despite Mora's warnings. However, the presence of the federal police (PF) in the area did help to contain the clash and identify those involved. After it became clear that the incident, in which one of Mora's sons was killed, was associated with a feud between the two former vigilante leaders, they were called in for questioning. Mora and Torres turned themselves in along with their associates involved in the incident. After taking their respective testimonies, the authorities charged Mora and Torres with inciting the violence and indirectly causing the deaths. The two men were taken to the 'Mil Cumbres' federal prison near Morelia to await trial.

**A perplexing ruling**

Although they agreed to collaborate with the authorities to clear the incident, both Mora and Torres denied being responsible, each accusing the other's associates of being the aggressors. After weeks of investigations, prosecutors were unable to determine the sequence of events in the La Ruana clash. And so, on 9 March, Michoacán's seventh penal court ordered that Mora and 26 of his followers be released after it ruled that there were insufficient grounds to charge them of a crime. A day later the court also ordered the release of Torres and nine of his detained colleagues on the same grounds (one Mora supporter and one Torres supporter remain in prison pending appeals against the court ruling presented by prosecutors).

In a statement the court explained that its decisions were based on three judicial principles:

- The social context in which the incident took place. The court said that it had taken into consideration the fact that the two armed groups had been formally recognised as legitimate by the authorities and incorporated into the FR, giving them the right to bear arms and carry out policing duties within their jurisdictions.
- The humanist argument. The court took into consideration the defence of the rights of those involved in the incident as spelled out in the precedents

**A Mireles to run for election**

On 10 March the leftist Movimiento Ciudadano (MC) party presented its list of candidates for federal deputies for Michoacán. Among those included in the list was Virginia Mireles Valverde, the sister of a prominent former 'self-defence group' leader, José Manuel Mireles. A charismatic local figure with a large following in Michoacán, José Manuel is currently serving a prison sentence for the illegal possession of firearms.

**AI deplors  
Mexico's official  
response**

The human rights NGO, Amnesty International (AI), issued a statement deploring the dismissive reaction of Mexican government officials to the latest UN report. AI said that “the Mexican government’s attitude towards international and regional human rights organisations is worrisome... the Mexican government cannot continue denying reality”. Erika Guevara Rosas, AI’s Americas director, added that “President Enrique Peña Nieto cannot possibly plead ignorance on this issue. Instead, he must accept and act on all the UN recommendations laid out in the Special Rapporteur’s report”.

set by the Inter-American Court of Human Rights, which has dealt with the right of self-defence groups to defend themselves from violent attacks.

- The state’s legal framework. According to the court, this clearly establishes an individual’s legitimate right to defend himself from violent attacks.

While the court conceded that the La Ruana shootout represented an “extraordinary and atypical” incident, it argued that it could be seen as a group of individuals sharing a common judicial status, all of whom resorted to their legitimate right to defend themselves “simultaneously and reciprocally”.

**Cue concerns**

While the decision to arrest Mora and Torres following the La Ruana incident was hailed by many as a wise one to help prevent further violent confrontations, the almost simultaneous release of the two has had the exact opposite effect, showing that law enforcement in Michoacán remains weak, with the authorities incapable of resolving such a sensitive case. In addition, the release of Mora and Torres has stoked concerns that violence could once again erupt in Michoacán’s volatile Tierra Caliente region in the run-up to the midterm elections.

Upon being released on 9 March, Mora remarked that if Torres was also released, the “state’s judiciary will come under question... because we did not provoke the attack”. Yet no less than 24 hours later, Torres was released and he has also returned to Tierra Caliente. Further exacerbating concerns about the risk that all of this could pose to the elections is the fact that even before his release, Mora had expressed his intention to run for one of Michoacán’s seats in the federal senate. Now that he is no longer in prison, there is nothing preventing Mora from doing so. If he does stand, Torres (and Mora’s other detractors) may feel inclined to try and stop him.

**MEXICO | HUMAN RIGHTS**

**Slammed by the UN over record yet again**

Just weeks after the United Nations Committee on Enforced Disappearances (CED) censured Mexico over its failure to address this issue, a second UN report has criticised the country’s failure to address another critical human rights issue - torture. According to a report by the UN Special Rapporteur on Torture, Juan Méndez, the torture and cruel treatment of individuals by law enforcement officials has become generalised as the government has done little to eradicate or even punish such practices.

Méndez, who carried out a fact-finding mission to Mexico between 21 April and 2 May, presented a report to the UN Human Rights Council on 9 March. He concluded that “torture and ill treatment in the moments after detention and before individuals are handed over to the judiciary is generalised in Mexico and occurs within a context of impunity”. Méndez said that this was a product of the Mexican authorities’ efforts to combat organised crime, which more often than not means that suspects are “detained to be investigated and not following an investigation”; and that torture including beatings, suffocation and rape is used to “punish or extract confessions or information”.

More worryingly, Méndez said that there was “evidence of the active participation [in torture] of all police and ministerial forces in almost all of the jurisdictions, as well as of the armed forces; but also of tolerance, indifference and complicity on the part of some doctors, ombudsmen, prosecutors and judges”. Thus while Méndez recognised that Mexico has taken some encouraging steps to bring its anti-torture legislation up to international standards, “safeguards are weak, particularly in the detection and prevention of torture... [and in] ensuring its prompt, impartial, independent and exhaustive investigation”. Méndez added that all of these factors lead to impunity

## Profepa fines

### Grupo México

On 2 March Mexico's federal environmental agency (Profepa) announced that the local mining firm, Buenavista del Cobre, would have to pay M\$23m (US\$1.5m) in fines for the environmental damage that the mine waste spill at its copper mine near Cananea in Sonora state produced on the Sonora and Bacanuchi rivers in August last year. The spill at the Buenavista del Cobre mine contaminated local drinking water supplies, putting thousands of people in Sonora at risk, and was adjudged the worst environmental accident in Mexico's mining sector in decades. In a statement Profeco said that it had found 55 irregularities at the mine and that fines were independent from the M\$2bn trust fund that the firm has set up to pay for the clean-up costs.

of torture in Mexico (according to the report, there have only been five convictions for torture in Mexico between 2005 and 2013).

As a signatory of the UN Convention against Torture, Mexico is obliged to take all the necessary measures to prevent the torture of individuals and ensure the investigation of all alleged cases. Méndez's report provides a series of recommendations for the Mexican government to tackle such impunity. These include to recognise publicly the extent of the problem and send a clear message to officials at all levels that torture will not be tolerated and all suspected cases investigated; to adopt further legislative reforms to ensure the effective prevention, investigation and punishment of acts of torture; and the "definite" withdrawal of the armed forces from policing and law enforcement duties.

But as they did with the CED's censure, Mexican government officials were dismissive of Méndez's report. The head of Mexico's permanent diplomatic mission in Geneva, Jorge Lomónaco, said that its conclusions "do not correspond to reality". Lomónaco insisted that Mexico has taken major steps to safeguard human rights, including the prevention of torture, in recent years. He also questioned the fact that although Méndez talked about torture being "generalised", he only presented 14 alleged cases. Foreign Minister José Antonio Meade Kuribreña said that "there are some incongruent asseverations in the report, which recognises the progress made by Mexico on this issue".

The problem for the government of President Enrique Peña Nieto is that the repeated questioning of its human rights record by international organisations, and its reaction to it, is affecting its image (*see sidebar*). This is also focusing attention back on the major challenges that Mexico still faces when it comes to imposing the rule of law as it continues to tackle criminality.

## TRACKING TRENDS

**MEXICO | Inflation rate hits eight-year low.** Mexico registered the lowest rate of inflation since May 2006 last February. According to the national statistics institute (Inegi), year-on-year inflation in February was 3%, much lower than the 4.23% recorded in February 2014. The inflation rate was 3.07% in January, and happens to be bang on the central bank (Banxico)'s official target.

In its monthly report Inegi said that the consumer price index had risen by 0.19% in February, primarily due to a rise in prices related to mobile phones and various foodstuffs, such as beef and potatoes. Inegi estimates that the underlying rate of inflation, which does not take into account the price of highly volatile goods, currently stands at just 0.34%. The increase in the underlying inflation rate was driven by a 0.59% jump in the prices of non-foodstuffs, which reflect the inflationary pressures resulting from the depreciation of the Peso.

The Peso has so far depreciated by 4.8% against the US dollar this year, but this has not yet translated into an inflationary risk. Indeed, Inegi's results show that the annual rate of underlying inflation stood at 2.40% in February, slightly up month-on-month but still lower than the 2.98% recorded in February 2014.

**MEXICO | Foreign investment.** On 10 March the Dutch brewer, Heineken International, announced plans to invest US\$474m in a new plant in the state of Chihuahua. The plant, which is slated to produce 5m hectolitres of beer a year, will be Heineken's seventh in Mexico. Construction of the plant will create 2,000 temporary jobs and, once it is completed, it will provide 500 permanent jobs.

Heineken's announcement came hot on the heels of another major investment by a multinational firm. On 6 March the German car manufacturer, Volkswagen, announced investment of US\$1bn to upgrade its vehicle manufacturing plant in Puebla state. The upgrade will allow the plant to start producing the new Tiguan sport utility vehicle. It will create 19,000 new jobs.

"More and more global companies are deciding to invest in our country," President Enrique Peña Nieto said at an event at the presidential residence, Los Pinos. "We want investments like these to keep happening in Mexico".

**Biden back in the region****New police chief**

On 9 March general commissioner Walter René Vásquez Cerón took over as director of Guatemala's national police (PNC), replacing Telémaco Pérez García. This is President Otto Pérez Molina's second major shake-up of the police leadership since taking office in January 2012. Pérez García, who has gone into retirement, had been in the post since the end of June 2013 when he replaced Gerson Oliva, who was reportedly dismissed after claiming that the PNC was "completely abandoned" and lacked weapons. At the time of his appointment Vásquez was the deputy general director of the PNC's criminal investigations unit.

US Vice President Joseph Biden paid a visit last week to Guatemala City where he met President Otto Pérez Molina along with his Northern Triangle peers, El Salvador's Salvador Sánchez Cerén and Honduras's Juan Orlando Hernández. The meeting was aimed at advancing implementation of the 'Alliance for Prosperity Plan (PAP)' which, launched in November 2014 in cooperation with the US and Inter-American Development Bank (IDB), seeks to tackle the root causes of the child migrant crisis which made international headlines last year. As well as unveiling concrete commitments vis-à-vis the PAP, Biden's visit also attracted attention due to remarks he made which reignited speculation regarding the future of the United Nations (UN)-backed anti-impunity commission in Guatemala (Cicig), whose mandate is due to expire in September.

According to a White House press release, the meetings, which took place on 2 and 3 March and were also attended by IDB President Luis Alberto Moreno among other top officials, provided "an opportunity for the leaders to discuss steps to stimulate economic growth, reduce inequality, promote educational opportunities, target criminal networks responsible for human trafficking, and help create governance and institutions that are transparent and accountable".

As regards efforts to make the sub-region more competitive and attract investment, the leaders agreed to hold advisory meetings by mid-2015 to promote private investment; to establish a government "single window" for foreign investors by December 2015; and to develop public investment plans for the areas of greatest economic need by April 2015, among other things.

Crucial to improving competitiveness is reducing energy costs and inefficiency and Northern Triangle countries agreed to diversify their energy matrix in 2015, to include the completion of a gas pipeline from Mexico to Central America, and to promote an integrated, efficient energy market by modifying the regulations governing the regional electricity market by 2016.

The PAP also aims to tackle crime and corruption which, as well as causing local inhabitants to flee their countries, is also considered a deterrent to investment. Along with country-specific commitments (*see sidebar*) the meeting yielded various regional agreements as regards this aim. These included holding a regional security dialogue in May 2015; for the Northern Triangle countries to expand centres in high-crime neighbourhoods for at-risk youth to acquire job and life skills; and to create independent governmental auditing mechanisms by the end of 2015 to help combat corruption. President Barack Obama made a 2016 fiscal year budget request for US\$1bn for Central America to help fund the PAP.

**Cicig controversy**

With tackling corruption and improving transparency a major objective of the PAP, Biden's visit also revived speculation regarding the future of Cicig whose mandate of identifying and helping to disband illegal security groups and clandestine organisations embedded in State institutions in Guatemala began in 2007. This, after the local press reported that Biden conditioned US support for the PAP on an extension of Cicig's mandate. Biden's remarks prompted a response from President Pérez Molina who said that his government was still evaluating whether or not to extend Cicig's mandate, but he would not accept any "impositions".

## Specific country commitments

The specific country commitments outlined in the Alliance for Prosperity Plan (PAP) include plans for Honduras to introduce a plan for police service reform by June 2015 and to recruit, train, and deploy an additional 6,000 police over the next three years; El Salvador to present a bill criminalising bulk cash smuggling by June 2015; and Guatemala to introduce legislation to transition from an inquisitorial to an adversarial judicial system by December 2015, and to create specialised anti-money laundering, asset forfeiture, and cybercrime units by June 2015.

Back in January Pérez Molina announced that a committee of representatives from the government and civil society would be set up to look into extending Cigig's mandate, the need for which was most recently illustrated by the deeply flawed September 2014 election of 13 new supreme court (CSJ) justices and 126 appellate court judges [WR-14-45].

### Portillo returns

The renewed focus on corruption comes days after populist anti-oligarchic former president Alfonso Portillo (Frente Republicano Guatemalteco, 2000-2004) returned to Guatemala after serving a 60-month prison sentence in the US for money-laundering. Portillo – who was acquitted in May 2011 of corruption in Guatemala despite Cigig's best efforts to bring him to justice – was convicted of laundering US\$2.5m from the Taiwanese government through US banks. The money was in exchange for Guatemala's diplomatic recognition of Taiwan.

The return on 25 February of Portillo – who despite the corruption scandals associated with his mandate remains popular – has sparked speculation as to whether he will participate in the general elections due in September. The 1985 constitution does not permit presidential re-election although Portillo can legally run for mayor or for a seat in the 158-member unicameral national legislature. Yet in the first press conference he gave upon his return, Portillo dropped hints about the need for constitutional reform (although not, he stressed, to allow for presidential re-election) albeit while remaining vague about his political intentions. He said that he was not “interested in any publicly elected post” but at the same time that did not mean that he “wouldn't participate”.

One surprising endorsement came from the indigenous leader and Nobel Peace Prize winner Rigoberta Menchú, who ran for the left-wing party Winaq in the last elections in 2011 taking just over 3% of the vote. Expressing sympathy for Portillo, whose populism riled the country's powerful business elite, Menchú told reporters that he had been targeted for political reasons, for stepping on the toes of the various powers that be. Local political commentators suggest that Portillo's involvement in the elections could prove most damaging for the current frontrunner, Manuel Baldizón of the main opposition Libertad Democrática Renovada (Lider) who is widely considered the latest incarnation of the anti-oligarchic populism promoted by the former president.

The most recent opinion poll, which was carried out by Borge y Asociados in November 2014 and published in the local press, showed Baldizón on 40% of voting intentions, up from 29.1% in July. In second place was Alejandro Sinibaldi, of the ruling Partido Patriota (PP) on 19.7%, up from 14.4% in July; while former First Lady (2008-2012) Sandra Torres, of the Unidad Nacional de la Esperanza (UNE), was on 10.3%, down from 11.8%.

## TRACKING TRENDS

**COSTA RICA | Bond issue.** On 5 March the Costa Rican government launched a US\$1bn 30-year bond issue at an annual rate of 7.158%. Finance Minister Helio Fallas Venegas said that the bond issue, which will be led by Deutsche Bank and HSBC, was an important step in maintaining stability of public finances in the short term. Costa Rica's head of public credit, Juan Carlos Quirós, said that he had received orders for more than US\$3.5bn.

On 6 March the international rating agency, Fitch, assigned a long-term foreign currency rating of 'BB+' to the bond issuance. On 22 January Fitch had revised Costa Rica's long-term foreign and local currency Issuer Default Ratings (IDRs) to negative from stable, a move which it said 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” [WR-15-05].

Costa Rica last entered the markets in April 2014, when it priced a US\$1bn bond due 2044 at par to yield 7%. On that occasion, Deutsche Bank and the Bank of America Merrill Lynch acted as leads.

## Quotes of the week

“The suspension of aerial bombing on Farc camps in no way affects operations against the ELN [...] I hope in truth that the ELN does not miss the train of peace.”

*Colombia's President Juan Manuel Santos.*

“Snipers aim at heads but the head of a squalid one [a member of the opposition] does not differ to that of a *Chavista* except in its content. There is much less sound produced by the head of a squalid one as the cranial cavity is empty.”

*Venezuela's ambassador to the Organization of American States (OAS), Roy Chaderton.*

“I am in my house with my family; if a handful of murderers drop by and start firing on me I am not going to leave with my hands up so that they kill me or leave them to kill my family.”

*Mexico's released former 'self-defence' group leader, Hipólito Mora.*

## Vázquez placates opposition but not FA radicals

Uruguay's President Tabaré Vázquez made a significant gesture this week to appease the political opposition but there are signs that radical parties within the ruling left-wing Frente Amplio (FA) coalition could quickly become disenchanted with his government.

Vázquez met deputies and senators from the FA, the centre-right opposition Partido Nacional (PN; Blancos), right-wing Partido Colorado (PC), centre-left Partido Independiente (PI) and the radical left-wing Unión Popular (UP) on 5 March to inform them of nine legislative initiatives his government is planning to send to congress. These include tweaks to the tax system; the creation of a national sports secretariat directly under the presidency; the decentralisation of the transparency and ethics council; and the creation of a national care system (SNC), setting out fundamental guidelines for the corresponding institutional framework, financing, regulation, training and services.

Vázquez promised the opposition before he took office that he would announce bills in advance so that there would be no “surprises” when they reached congress, with the aim of expediting their passage as well as keeping the opposition in the loop. Vice-President Raúl Sendic promised during the latest meeting that opposition parties would be informed at the same time as the FA, a gesture that was well-received.

The more radical parties in the FA, meanwhile, were getting restive even before Vázquez took power, putting forward their own candidate, Lucía Topolansky, for mayor of Montevideo in May's municipal elections in open defiance of Vázquez. They aim to keep the pressure up on the Vázquez administration to increase social investment, but Economy Minister Danilo Astori is intent on pursuing a fiscally conservative approach, informing the national daily *El País* in an interview on 7 March that “we will have to be very prudent with public spending”.

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