

latin american weekly report

14 May 2015, WR-15-19

ISSN 0143-5280

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This edition of *Latin American Weekly Report* has been produced for Canning House Corporate Members by LatinNews (www.latinnews.com).

Latin American Newsletters since 1967

Bachelet, unlike Rousseff, tries to grasp the nettle

Pushed against the ropes, Chile's President Michelle Bachelet has come out swinging, replacing her most senior cabinet ministers, announcing plans for a constitutional reform and rushing out an anti-corruption initiative. Bachelet could never have predicted such a precipitate fall in popularity, to just 29%, barely a year after taking office with an emphatic 62% of the vote to secure a second term. Bachelet's proactive response stands in stark contrast, however, to that of Brazil's President Dilma Rousseff, who is suffering a similar fate – a sharp decline in popularity in the wake of a serious corruption scandal and being beset by economic and political difficulties – but has looked paralysed.

President Bachelet's approval rating fell nine percentage points to 29% in the latest survey by Chile's most prestigious polling firm, Centro de Estudios Públicos (CEP), down nine percentage points on the previous CEP poll last November and far lower than anything she experienced during her first term in power (2006-2010). Bachelet's disapproval rating jumped to 56%, up 13 points. Crime was adjudged to be the principal public concern on 46%, followed by health on 45% and education on 40%, but the fastest-growing concern was corruption, which climbed 19 points on the previous poll to 28%. This, in a country which regularly tops a regionalised table of the annual corruption perceptions index (CPI) compiled by the Berlin-based NGO Transparency International.

Despite the brunt of the campaign financing scandal falling on the ultra-conservative opposition Unión Demócrata Independiente (UDI), the fact that fake receipts used by the owners of the financial firm Penta to duck taxes were used to make illegal campaign finance contributions rocked the whole political system and shook public confidence. As such when Bachelet's son Sebastián Dávalos and his wife Natalia Compagnon were embroiled in a scandal of influence peddling and benefitting from privileged information it could not have come at a worse time for Bachelet, appearing to confirm the public's growing suspicions of the establishment.

Bachelet was slow to react to the unfolding scandals but at the end of April she announced an anti-corruption plan, including some "severe" but "necessary" measures to remove the influence of money on political parties and electoral campaigns and make everything more transparent, such as financing being restricted exclusively to the State. Bachelet confidently asserted that the reform would "mark the legacy of my government, and I'm going to lead it personally". She also said that these measures would complement a drive by her government in September to draft a new constitution of strictly democratic content to supersede the present *magna carta*, which was drawn up under the dictatorship of General Augusto Pinochet (1973-1990), to try and placate a public disillusioned with the present system.

Bachelet's cabinet changes

Jorge Burgos

Interior

Rodrigo Valdés

Finance

Marcos Barraza

Social development

Ximena Rincón

Labour

Javiera Blanco

Justice

José Antonio Gómez

Defence

Marcelo Díaz

*Spokesman and
secretary general*

Jorge Insunza

*Secretary general to
the presidency*

Ernesto Ottone

Culture

Key cabinet changes

After these two significant announcements, Bachelet admitted in a television interview late on 6 May that she had made “important mistakes” in response to the “reckless” behaviour of her son. She then announced that all of her ministers had been asked to resign before a 72-hour conclave to discuss the composition of a refreshed cabinet. This was a strange way of proceeding, inaugurating a tortuous period of speculation as she negotiated with the leaders of the parties that make up the left-leaning Nueva Mayoría coalition rather than presenting the cabinet reshuffle as a *fait accompli*.

After an agonising wait while she carried out a complex balancing act, given the heterogeneous parties in the coalition all keen to maintain their quotas of representation, Bachelet then confounded predictions by the opposition that she would make largely cosmetic changes by replacing her two most senior ministers: the interior minister and cabinet chief, Rodrigo Peñailillo, a close ally; and the finance minister, Alberto Arenas. Days earlier, Peñailillo had been linked indirectly to a company investigated for illegal campaign financing, making him a potential liability. Arenas, meanwhile, earned the unenviable distinction of becoming the first finance minister to be replaced mid-term since the return to democracy in 1990. Arenas, a member of Bachelet’s own Partido Socialista (PS), was made a scapegoat for some of the unpopular economic reforms, particularly to the tax regime, which she promised during her campaign and delivered.

Peñailillo made way for Jorge Burgos, a veteran politician from Democracia Cristiana (DC) who had been serving as defence minister. Arenas was replaced by Rodrigo Valdés, an economist and graduate of the Massachusetts Institute of Technology (MIT) and member of the Partido por la Democracia (PPD), who had been serving as president of the Banco del Estado.

The two changes spoke volumes. With her loss of popularity and Chile’s underwhelming economic performance, Bachelet has been forced to tack more to the centre. DC is the most centrist party in the ruling coalition and the most capable of striking deals with the right-wing opposition coalition Alianza, which will be important as one of the remits of Burgos’s job is to act as the go-between with congress.

Valdés, meanwhile, has an excellent relationship with both the business community and the markets. This relationship had become deeply strained under Arenas, who was viewed as uncompromising, leading private sector lobbies such as Confederación de la Producción y del Comercio (CPC), which groups together businesses in the industrial, mining, banking, agricultural and retail sectors, to express grave concerns about the government’s tax and labour reforms and to call for it to clear up uncertainties rather than create more, affecting investment. Healing the rift with the private sector will be the main objective Bachelet sets Valdés.

Bachelet made nine changes to her 23-strong cabinet in total but these were the two that really mattered. The other changes were largely a reshuffle. José Antonio Gómez, the former presidential candidate of the Partido Radical Socialdemócrata (PRSD), replaced Burgos at the defence ministry. This switch excited the Chilean press, which immediately cited a comment Gómez made in 2013 when he argued that it would be in Chile’s interests to give Bolivia “access to the sea, with sovereignty”, although Gómez had stressed that this should not cut Chile in two but rather run along the border with Peru. Javiera Blanco picked up the justice ministry from Gómez; Ximena Rincón replaced Blanco at the labour ministry; and Rincón was superseded by Jorge Insunza, as the minister secretary-general of the presidency.

Suplicy resigns from PT

Marta Suplicy left the PT accusing it of “abandoning its principles” and “completely renouncing” its party programme. Suplicy had already resigned from a cabinet position last November. The PT issued an acerbic note saying it had received Suplicy’s resignation letter with “indignation”, accusing her of “opportunism”; leaving to fulfil her electoral ambitions; “lacking ethics and making unfounded allegations”; “betraying the party grassroots”; and “renouncing [her] own history and dishonouring her mandate”.

Female quota down

In a bid to try and offset her perceived drift to the centre, President Bachelet replaced María Fernanda Villegas, the social development minister, with her deputy, Marcos Barraza, who becomes the second cabinet minister from the Partido Comunista de Chile (PCCh). This social spending ministry was coveted by the radical left-wing PCCh. Until now the PCCh had just the women’s minister, Claudia Pascual, in the cabinet. The greater responsibility conferred on the party with the social development ministry is perhaps a reward for staying loyal to Bachelet’s government through some tough times in the first 14 months of her second mandate.

The other changes saw Ernesto Ottone replace Claudia Barattini at the culture ministry and Marcelo Díaz, Chile’s ambassador to Argentina, replace Álvaro Elizalde as the government spokesperson (minister secretary general). With the departures of Villegas and Barattini and their replacement by men, Bachelet now has just seven female ministers, 30% of her cabinet. And this after Bachelet publicly lamented the fact that she had been unable to impose gender equality on her cabinet, as she had suggested during her campaign, when she took office.

Rousseff’s inaction

While Bachelet has been exuding this frenetic energy, President Rousseff has been motionless in Brazil, seemingly hoping that time rather than any decisive action on her part will eventually win over a deeply disillusioned public. Facing a political, economic and ethical crisis of greater proportions than Bachelet, Rousseff has played deaf to the cries of ‘Fora Dilma’ from the streets. This could have important political repercussions for her government and the ruling left-wing Partido dos Trabalhadores (PT).

The PT’s main coalition partner, Partido do Movimento Democrático Brasileiro (PMDB), is exploiting Rousseff’s weakness and indecisiveness in the federal congress, and two left-wing parties have seized the opportunity to unite in a bid to outflank the PT on the Left of the Brazilian political spectrum.

The Partido Popular Socialista (PPS) and the Partido Socialista Brasileiro (PSB) announced last week that they would merge over the next two months. Together they will make a pretty potent force with seven senators and 44 deputies, creating the fourth largest party in the 81-seat federal senate and the 513-seat federal lower chamber of congress. By comparison the PT only has 12 federal senators and 70 deputies itself. The PPS-PSB also controls four governorships, 92 state deputies, 588 mayors and 5,831 municipal councillors.

With the PT tainted by the ever-deepening corruption scandal surrounding the state oil company Petrobras, the president of the PPS, Deputy Roberto Freire said the two forces had decided “to create a new genuinely left-wing party”. He added: “Brazil is enduring a serious crisis and is searching for alternatives”. The president of the PSB, Carlos Siqueira, said they were offering Brazilian society “a new democratic, progressive force on the Left”.

The PPS has consistently provided opposition to the PT administrations of Lula da Silva (2003-2011) and Rousseff, but the PSB had been an important ally and held various cabinet ministries. The PSB’s presidential candidate, Eduardo Campos, had performed well in the polls last year before he died in a helicopter crash and the PSB had to enter into an uncomfortable eleventh-hour alliance behind his running mate Marina Silva.

The PPS-PSB will announce a new name in June, and hopes to compete under the same banner for the first time in municipal elections in 2016. It could even pull off a stunning coup by winning São Paulo. Siqueira announced that Senator Marta Suplicy would run as its candidate in São Paulo (see sidebar). Suplicy is a former culture and tourism minister and mayor of São Paulo from 2001-2004, whose decision to quit the PT, a party she helped form, after 33 years because of the corruption scandals afflicting it, coincided with the formation of the new party.

Opposition shows green shoots of recovery

The new opposition coalition Partido de la Concertación made a creditable showing in the regional and municipal elections on 10 May. Although the coalition, comprising the country's two traditional parties, Partido Nacional (PN; Blancos) and Partido Colorado (PC; Colorados), failed to dislodge the ruling left-wing Frente Amplio (FA) coalition from its stronghold in Montevideo, it performed well and made significant inroads by securing two of the eight Montevideo municipalities. President Tabaré Vázquez will also be content with the electoral results, as his preferred candidate, Daniel Martínez, emerged triumphant in the mayoralty of greater Montevideo, beating off a challenge from the radical wing of the FA as well as the opposition.

Although the FA extended a hegemony over the mayoralty of greater Montevideo which dates back to 1990, the Partido de la Concertación made a decent fist of it. Martínez won with 32% of the vote but Edgardo Novick, an independent running under the opposition coalition banner, finished second with 21% of the vote, pushing Lucía Topolansky, the wife of former president José Mujica (2010-2015) who was running for the more radical wing of the FA spearheaded by the Movimiento de Participación Popular (MPP), into third on 17%. Splitting the vote was a risky exercise for the FA but it worked well for President Vázquez as Martínez, the more moderate FA candidate, triumphed, ensuring that FA radicals will not be in a position to dictate terms to the government through their control of the country's second most important elected post.

The Partido de la Concertación took the municipalities CH and E in the department of Montevideo, through PN mayoral candidates, Andrés Abt and Francisco Platero, respectively. These were significant gains because the FA has monopolised control of Uruguay's populous urban areas for many years, effectively banishing the opposition into the rural hinterland.

The PN had not won in the capital for more than half a century, and it is worth noting that the combined population of CH and E is in excess of 300,000 inhabitants, more than twice as many as any of the 12 departments the party won. As such it was no surprise that Luis Alberto Lacalle Pou, the defeated PN presidential candidate last year, should have *tweeted* about the importance of the result, or that others should have called for the Partido de la Concertación to compete in national elections. Conspiring against this is that the PC has plunged into lugubrious introspection after winning just one department, Rivera. Traditionally the bigger of the two opposition parties, the PC finds the tag of junior coalition partner unpalatable.

Despite some setbacks the FA will be content with winning six departments (one more than in 2010) as it retained control of Montevideo and Canelones, by far the largest two. The PN will be encouraged, however, by Vázquez's commitment to greater decentralisation. Speaking on 19 April during a cabinet meeting open to the public in the town of Melo in the department of Cerro Largo bordering Brazil, Vázquez said that "historically and culturally speaking" Uruguay had been a "centralising country" but that he was determined to change that. This would give the opposition-run authorities the opportunity to demonstrate that they can run public services more efficiently and roll out more adventurous social policies.

Infant mortality

The Cerro Largo cabinet meeting, the second to be held outside Montevideo since the new government took office, allowed ministers to meet up with institutional, business and social representatives in the department, as well as directly informing the public of important developments. Perhaps foremost among these was the announcement by the public health minister, Jorge Basso, that infant mortality reached 7.78 per 1,000 births in 2014, the lowest figure in Uruguay's history, and one of the lowest figures in the whole of Latin America. Of the 48,309 births, there were 376 deaths, the vast majority of which, Basso said, were during the neonatal stage (the first month after birth) and could be attributed to premature birth, congenital malformation, genetic disorders, and the consumption of drugs, including cigarettes and alcohol, by the mother.

Rousseff's supreme court appointee faces scrutiny

Describing himself from the outset as a “survivor”, Luiz Edson Fachin, President Dilma Rousseff’s nominee to the federal supreme court (STF), successfully negotiated over 11 hours of grilling by the senate justice and constitution committee (CCJ) on 12 May. Approved by 20 votes in favour and seven against, Fachin’s appointment now faces a secret vote in the senate plenary, possibly as early as next week. Despite the poor state of relations between the executive and the legislature, it now seems likely that Fachin will be approved.

Media campaign

Given his endorsement by President Rousseff, it was inevitable that Fachin would face a campaign against him. #FachinNao became a trending topic on Brazilian social media, after activists unearthed video footage of the law professor endorsing Rousseff for election in 2010, as well as evidence of his support for agrarian reform.

Still, the loudest complaints against Fachin’s nomination came from outside the federal senate, in particular from the influential evangelical pastor Silas Malafaia. Aécio Neves, the Partido da Social Democracia Brasileira (PSDB senator and losing presidential candidate in 2014, claimed Fachin’s appointment was “extremely worrying”, but not, apparently, sufficiently worrying for him to cancel a trip to New York and send a substitute to represent him on the CCJ.

Over the weekend, Fachin employed a network of professional PR agents, students, friends and colleagues to launch a #FachinSim campaign. In a series of Youtube videos Fachin rehearsed the arguments he would use in front of the senate committee. Eminently well-qualified, as a former public prosecutor and a professor of law, there was only one significant technical argument against Fachin’s appointment. A report by the senate research service had argued that Fachin had violated the Paraná state constitution by continuing to practice law privately after he was appointed as a public prosecutor. Fachin countered that his decision to do so had been approved by both the state’s attorney-general and the Order of Brazilian Lawyers (OAB).

On the question of his politics, Fachin said that he had supported candidates from various different parties during his career, but that he had never joined a political party. He was also adamant that whatever his personal politics, they would have no impact whatsoever on his capacity to pass judgement over members of any political party.

To this end, Fachin cited the example of Joaquim Barbosa, the STF member he is set to replace, who was appointed by former president Lula da Silva (2003-2011), but who became the scourge of the ruling left-wing Partido dos Trabalhadores (PT) through his work on the *mensalão*, cash-for-votes investigation. Though Renan Calheiros, the senate president representing the nominally government-allied Partido do Movimento Democrático Brasileiro (PMDB), is believed to be agitating for Fachin’s rejection, he has been careful to do so from behind the scenes. If appointed, Fachin may end up passing judgement over Calheiros, who has been implicated in the scandal swamping the state oil company Petrobras.

Fachin was also careful to pay his respects to the separation of powers. Asked about abortion, the possible impeachment of President Rousseff and election campaign finance reform, Fachin said they were all within the purview of congress and that the STF “should not cross that road”. On social issues, Fachin declared himself a supporter of gay rights, but not of gay marriage. (A

Supreme court rejection

In the 125-year history of Brazil as a republic, its federal senate has only ever rejected five presidential nominations to the federal supreme court (STF), all during the government of President Floriano Peixoto (1891-1894).

IMF praises Bolsa Familia

The IMF was unstinting in its praise of the conditional cash transfer programme, Bolsa Familia and Brasil Sem Miséria, which have become hallmarks of the governments of both Lula da Silva and Dilma Rousseff. The report noted that the schemes reached around 25% of the Brazilian population while only costing the country 0.6% of GDP. The IMF said the schemes had helped to lift around 22m people out of extreme poverty.

federal court ruling in 2013 obliging notaries to recognise gay marriage is currently on appeal at the supreme court).

Fachin was also forced to defend himself against charges he supported polygamy, based on the fact he had written the foreword for a book by a former student which discussed the rights of children born by the lovers of married couples. On the question of his support for agrarian reform, which many opposition activists had conflated with wholehearted support for the radical Movimento Sem Terra (MST) landless movement, Fachin insisted that the Brazilian constitution was clear on the right to private property and that he in no way endorsed the tactics of violent land seizures.

BRAZIL | ECONOMY

IMF warns Brazil to stick to its targets

Following consultations with the Brazilian government in March, the International Monetary Fund (IMF) published a report on 12 May in which it praised the government's fiscal consolidation efforts, but warned of the need to stick to its targets to restore investor confidence. The finance minister, Joaquim Levy, wants a primary budget surplus of 1.2% of GDP in 2015, and 2% in 2016. "Fiscal consolidation should proceed without delay along the announced lines, while monetary policy should remain tight to bring inflation to target," the report said.

In its analysis of the targets, the IMF noted that the 2% goal would start to reduce Brazil's levels of public debt. Though Brazil's public debt is lower than many European countries, the very high level of interest rates in the country makes its debt extremely burdensome. A paper by Moody's, the credit ratings agency, published in December 2014, argued that Brazil's public debt is equal to 100% of GDP when indirect debt, such as that from pension schemes or guarantees for state-owned banks, is taken into account.

Along with most Brazilian economists, the IMF is predicting that the country's GDP will contract this year, by 1%; but it expects modest growth of 0.9% in 2016. "Brazil is in a tough spot," the report stated. "A new economic-policy team is faced with the challenge of restoring policy credibility and bolstering confidence in economic decision-making, notably in the context of a weakening domestic and external environment." Slower economic growth in China, Brazil's main trading partner, and possible monetary tightening in the US, which could hamper the flow of dollars to Latin America's largest economy, are among the external problems the South American country faces, the IMF said.

The report argued that Brazil needed to push ahead with further structural reforms to reduce the cost of doing business in the country and to increase productivity. Last week, in a tight vote, the federal lower chamber of congress did finally approve part of the finance minister's spending cuts' bill. Initially proposed in December, the bill cuts some unemployment benefits and workers' bonuses. According to the treasury these changes will save the public purse some R\$18bn (US\$6bn) annually. The lower chamber still needs to debate another bill that would save money by restricting social security benefits for workers.

On Brazil's labour market, the report said that despite the significant reduction in unemployment over the past decade, from 11.7% in 2002 to 4.5% in 2014, there were now signs of weakness. Unemployment has risen to 5.4% this year, and the IMF expressed concern that the contraction in liquidity in the construction and industrial sectors would result in lay-offs. In particular, the labour market for young people appears to be shrinking, although the government argues that this is more to do with 18-24 year olds staying in education.

Government takes on the supreme court, again

With the end of Kirchnerismo now in sight, the government is making a renewed push to ensure the movement's influence, particularly within the country's judiciary, continues beyond 2015, regardless of who wins the elections in October. In the latest skirmish, the impeachment commission of Argentina's chamber of deputies, which is dominated by pro-government politicians, voted in favour of opening an investigation process into the fitness for office of Carlos Fayt, the 97-year-old supreme court judge.

Unhappy at the re-election of the independently-minded supreme court president, Ricardo Lorenzetti, for the 2016-2019 term, and his deputy, Elena Highton de Nolasco, the government is now questioning whether the correct procedure was followed in his election. Last week, Fayt's lawyer confirmed reports that he was not actually present in the courthouse when Lorenzetti was re-elected by the court on 21 April. Horacio Verbitsky, a journalist for the pro-government *Página/12*, which first broke the story, argued that Fayt's health was so poor he could no longer recognise his secretaries.

This prompted a move by deputy Anabel Fernández Sagasti, from the ruling Frente para la Victoria (FPV) faction of the Peronist Partido Justicialista (PJ), to question whether Fayt was fit to continue. In her argument to the impeachment commission, she said an investigation was necessary not to question Fayt's record but to "corroborate his capabilities". It wants to hear testimony from a number of court employees who work with him, from his driver, and from journalists who interviewed him last week. In that interview Fayt had said he had been suffering from the flu and a sore throat, but "I am well and, as always, working".

In order to dispel doubts about the legitimacy of Lorenzetti's re-election, the court met on 12 May to confirm their decision. But this only generated further controversy when Fayt, whose presence had been expected, failed to turn up. The supreme court then met again on 13 May, this time with Fayt in attendance, and issued a resolution in which it confirmed the original resolution appointing Lorenzetti with a line noting that "the place in the city of Buenos Aires where it was definitively signed by the ministers being irrelevant". Still, the apparent contradiction between the supreme court's words and actions did not go unnoticed by government sympathisers.

The opposition argues that the case against Fayt is politically motivated. Deputy Pablo Tonelli of the centre-right Propuesta Republicana (PRO) said, "it is a political attack to undermine Dr. Fayt's resolve, it is an attack on the independence of the supreme court". Other members of the opposition argued that the impeachment commission can only, as the name implies, decide to open impeachment proceedings, and not carry out "investigations" of the type it proposes. The FPV lacks the two-thirds majority on the commission needed to recommend impeachment.

FPV candidate for Buenos Aires province bows out

With the province of Buenos Aires arguably the most Peronist area of Argentina, whoever wins the primaries for the ruling FPV faction of the PJ stands a strong chance of replacing the current incumbent, and presidential hopeful, Daniel Scioli. However, with 10 candidates in the race, President Cristina Fernández has called for the party to reduce its number of contenders to avoid weakening its chances. On 13 May, one of those candidates, Carlos Castagneto, the deputy minister for social development, heeded that call. "I deeply believe that the true candidate is our political project, so I withdraw my candidacy for governor, and will keep on supporting the policies that bring joy to our people with commitment, love and work," Castagneto wrote on his social media accounts.

Randazzo still in the race

Florencio Randazzo, the interior and transport minister, has confirmed his intention to stand against Daniel Scioli in the FPV's primaries to determine who will be the party's candidate for the presidency in October's elections. So far Scioli has dominated the field of FPV candidates, and is polling well in comparison with the opposition candidates, Sergio Massa and Mauricio Macri. However, support for Scioli's candidacy remains lukewarm within the party, meaning Randazzo is still in with a chance.

Another challenged victory for the MAS

“Beni’s history will begin to change,” was the response by Juan Ramón Quintana, Bolivia’s minister for the presidency and a close ally of President Evo Morales, to the result of the 3 May gubernatorial run-off in the eastern department where the Movimiento al Socialismo (MAS) notched up an unprecedented victory. It is worth recalling that Beni was the only one of Bolivia’s nine departments where Morales failed to win a majority vote in the October 2014 general elections. The narrow scale of the MAS victory – with just 789 votes in it – has reignited concerns regarding the electoral authorities which had already come under fire for various decisions ahead of the first round of gubernatorial and local elections on 29 March. Less surprising was the result of the other 3 May run-off in gas rich Tarija which produced a convincing victory for the local opposition.

On 8 May Beni’s departmental electoral court (TED) announced that Alex Ferrier, the MAS candidate, had defeated Carlos Dellien of the local outfit, Nacionalidades Autónomas por el Cambio y el Empoderamiento Revolucionario (Nacer) by 50.23% to 49.77% of the vote. The narrowness of the victory for Ferrier – who had defeated Dellien by 41% to 31% in the first round – suggested that it had achieved some degree of success in its efforts to rally support from the Movimiento Nacionalista Revolucionario (MNR) of former president Gonzalo Sánchez de Lozada (1993-1997, 2002-2003) – which came third in the first round on 28%. It also raised fresh concerns about the electoral authorities, prompting Nacer to moot legal action against the TED. The TSE’s independence was questioned after it cancelled the legal status in Beni of the opposition Unidad Demócrata (UD), whose gubernatorial candidate at the time, Ernesto Suárez, had been ahead in the polls.

Meanwhile the result in Tarija – where in the first round, Adrián Oliva of the local outfit Unidad Departamental Autonomista (UD-A) had defeated the MAS candidate Pablo Canedo by 45% to 36% - stemmed from a deal between Oliva and the third-placed candidate, Luis Alfaro, of the MAS dissident group Tarija para Todos, who took 14% in the first round. It is worth pointing out that in the October 2014 general election, Tarija backed Morales – once again indicative of the way in which his enduring popularity does not necessarily translate into support for the party at a local level. However, the gubernatorial result was more in line with precedent. In the previous April 2010 gubernatorial election, Mario Cossío of the local opposition outfit, Camino al Cambio, emerged triumphant but was subsequently ejected in December 2010 for alleged corruption – charges he maintained were politically motivated. The post was then held on an interim basis by a *MASista*, Lino Condori, whose election in 2011 by the regional assembly owed to a deal between the MAS and another regional outfit, Poder Autonomico Nacional (PAN) [WR-11-01].

The results of the run-offs thus mean the MAS will now control the governorships of six of Bolivia’s nine departments (the same number won in 2010). As well as Tarija, La Paz and Santa Cruz are in opposition hands. La Paz went to the newly launched left-wing Soberanía y Libertad (Sol.bo) of La Paz mayor Luis Revilla, and Santa Cruz, to Movimiento Demócrata Social (MDS) of Morales’ long-time rival and re-elected incumbent, Rubén Costas [WR-15-13]. Again it is worth reiterating that the MAS remains the only national party; Sol.bo, MDS and UD-A are all local opposition outfits.

More electoral concerns

Bolivia’s national human rights ombudsman released a statement on 30 April expressing concern that the national executive and legislature had carried out campaigns in favour of ruling party candidates in both departments, in breach of electoral rules.

Mining protests turn violent

Peru is once again in the grip of a serious anti-mining protest. Protests against the Tía María copper mine in Islay province in Peru's south-eastern region of Arequipa have been simmering for months, but they came to the boil this week with violent clashes between police and protesters. So far three protesters have been killed and scores of people injured, including a dozen police officers. The protests received wider support in Arequipa in the form of a strike declared by indignant trade unions and civil organisations on 12 May after the government announced that it was breaking off talks with Southern Copper, which owns the mine, amid allegations that it had sought to bribe demonstrators to call off their protests.

The indefinite strike by protesters in Islay has now endured for more than 50 days. President Ollanta Humala is resolutely refusing to meet the demonstrators, pleading more pressing engagements, but with the protests grabbing media headlines on a daily basis this looks more like hardball from a government that has caved in to the demands of a series of social protests against extractive industries in recent years while busily amending legislation to loosen environmental safeguards in a bid to attract more investment to the mining sector.

In the meantime, the Tía María protests are becoming more serious. After a unit of 100 police officers broke up a roadblock into the municipality of Cocachacra, the epicentre of the protests in Islay, protesters peppered the police with stones and sticks of dynamite, seriously injuring seven officers, according to a police report. While the government extended the deployment of the armed forces to bolster the police, due to expire on 20 May, until 15 June, the umbrella Confederación General de Trabajadores del Perú (CGTP) joined local trade unions and civil groups in the regional capital of Arequipa to strike in solidarity with the protesters. This came after the government suspended talks with Southern Copper until the mining group clarifies a compromising audio suggesting that it has been negotiating with the leader of the local protest group Frente de Defensa del Valle de Tambo, Pepe Julio Gutiérrez, to lift the strike in exchange for cash.

The energy and mines minister, Rosa María Ortiz, sought an explanation from Southern's owner, Germán Larrea, after a local television station, *Willax TV*, broadcast a recorded phone conversation in which Gutiérrez can be heard instructing his lawyer to contact Southern representatives about appropriate compensation for ending the protest. Southern gave an oblique response, referring to "a mistake involving third parties", while insisting that it was committed to abiding by Peru's legislation and code of ethical conduct. Ortiz said the government could take legal action against the company; she instructed the justice ministry to investigate whether it was guilty of covering up extortion.

TRACKING TRENDS

COLOMBIA | Ambev acquires BBC. The world's largest brewer and the largest drink's manufacturer in Latin America, Brazil's Ambev, has reached an agreement to acquire Colombian craft brewery, Bogotá Beer Company (BBC). An Ambev statement said that the deal would help to "boost the growth and innovation plans of BBC in the medium and long term in Colombia, one of the most vigorous economies in Latin America".

Despite a lack of details in the released information, the acquisition includes BBC's brewery, located 20km from Bogotá, and its 27 points of sale. BBC was founded in 2002 and since then it has developed 13 craft beers "inspired by classic European styles and with traditional and natural ingredients".

Bank accounts frozen

The finance ministry has blocked the bank accounts of the opposition-controlled provincial municipality of Islay, and district municipalities of Punta de Bombón, Dean Valdivia and Cocachacra after the controller general's office said there was a "risk they could finance the strike against the mining project".

Dodgy dealings

In the recorded phone conversations between OHL representatives and Estado de México government officials, they agree to increase the tolls charged at highways managed by OHL in the Estado by 30% in lieu of advance payment for the construction of other highways. Pablo Wallentin resigned on 11 May after he was identified as the OHL representative in the recordings, in which he is conversing with the Estado de México's Communications Minister Apolinar Mena, who appears to have been the OHL's main contact in the state government. Mena has admitted that he is the person in the recordings but denies any wrongdoing. The Estado's governor, Eruviel Avila, has ordered a full investigation into the incident and into all of OHL's contracts with the Estado.

MEXICO & NAFTA

MEXICO | POLITICS

PRI leads polls after a month of campaigning

Mexico's nationally ruling Partido Revolucionario Institucional (PRI) continues to lead voting intentions ahead of the 7 June federal legislative, state and municipal midterm elections, according to the latest polls published in the local media. This suggests that despite being the target of attacks by the political opposition on the Left and Right, and the significant socio-political challenges that the federal government led by President Enrique Peña Nieto has faced since coming to power in late 2012, the PRI is still on course to retain its dominant position in the 500-seat federal chamber of deputies; and that it may even secure the majority of the nine gubernatorial seats up for grabs.

The BCG poll, published in the national daily *Excélsior* on 11 May, found that 33% of the electorate intends to vote for the PRI in the upcoming elections. This was a three-percentage-point fall on the previous poll released in March. But the PRI is still significantly ahead of the 25% of voting intentions for the right-wing opposition Partido Acción Nacional (PAN); the 14% for the main left-wing opposition Partido de la Revolución Democrática (PRD); the 9% for the PRI-allied Partido Verde Ecologista de México (PVEM); and the 8% for Movimiento Regeneración Nacional (Morena), the radical left-wing opposition party (no other party obtained more than 3% of voting intentions in the poll).

The voting intentions for the PAN were up three percentage points on the previous poll, while the voting intentions for the PRD remained largely unchanged. While this may be positive for the PAN, with less than a month left before the elections and if the BCG poll is accurate, it is unlikely that the PAN will obtain sufficient additional support to secure a greater number of federal deputies than the PRI. In the 2012 general elections, the PRI obtained 38.2% of the vote, giving it 212 federal deputies (this increases to 241 if PVEM deputies are also counted) compared to 114 for the PAN (25.1% of the vote) and 104 for the PRD (31.6%).

The PRD's low level of support confirms that it has suffered from the internal split that led its two time former presidential candidate, Andrés Manuel López Obrador to leave the party to found Morena. The end result of all of this may be that the Left obtains a slightly larger but less unified representation in the federal chamber of deputies. This disparate leftist bloc is highly unlikely to be able to provide an effective opposition to the PRI. It is worthwhile pointing out that the PRI has been able to maintain a working relationship with the PAN in the federal congress.

The results of the findings of the BCG poll are not too dissimilar to those of another poll, also released on 11 May, by pollster Consulta Mitofsky. The Mitofsky poll gives the PRI 22.3% of voting intentions (practically unchanged from the previous month) compared to 16.9% for the PAN (up 1.6 percentage points), 12.6% for the PRD (up 2.2 percentage points), 7.6% for Morena (relatively unchanged) and 4.5% for the PVEM (relatively unchanged). However, when the Mitofsky poll discounts the 28.4% of respondents that said that they were undecided the 'effective' voter intentions of the parties are as follows: the PRI, 31.1%; the PAN, 23.6%; the PRD, 17.6%; Morena, 10.7%; and the PVEM, 6.3%.

Sonora campaign

On 6 May the nationally ruling PRI, the PRI-allied PVEM and the leftist opposition Partido del Trabajo all called on the national electoral institute to monitor the electoral process in Sonora closely. The three parties accuse the incumbent Sonora governor, Guillermo Padrés, of the right-wing PAN, of using state resources to campaign unlawfully in support of the PAN gubernatorial candidate, Javier Gándara. Among the complaints presented by the parties was that Sonora's security minister, Ernesto Munro Palacio, had ordered the arrest of two police officers for detaining people distributing "negative electoral propaganda" against the PRI gubernatorial candidate, Claudia Pavlovich.

Gubernatorial races

The Mitofsky poll also includes results in three of the nine gubernatorial races - Baja California Sur (BCS), Querétaro and Sonora. These three races are relevant because they are among the few Mexican states that at some point have been run by a party other than the PRI (as are the troubled states of Guerrero and Michoacán, which are also holding full gubernatorial elections on 7 June). The poll shows that the PRI is leading voting intentions ahead of the PAN in Querétaro (45% to 39%) and Sonora (46% to 42%), and trailing 10 percentage points behind the PAN in BCS (42% to 32%).

Sonora and BCS are currently governed by the PAN. Querétaro is currently governed by the PRI but was run by the PAN for two consecutive periods from 1997 to 2009 when it was considered a PAN stronghold. If the polls prove to be correct and the PRI retains Querétaro and wins in Sonora, it would be a boon for the nationally ruling party and a sensitive blow for the PAN.

Voter apathy

The generally low level of support for the three main parties exhibited in the BCG poll prompted local political analysts to suggest that there is currently a high level of voter apathy in Mexico. This, they argue, stems from the fact that politicians from the main political parties and government officials have all been affected by various corruption scandals in the last couple of years (*see box*). In fact, the main political parties all have relatively high disapproval ratings (of over 30%). The Mitofsky poll found that the PRI has a disapproval rating of 44.1% followed by the PAN with 36.6%, the PRD with 35.3% and Morena with 33.1% (the PVEM is on the lower end of the scale with a 27.9% disapproval rating).

The general dissatisfaction with the political class could result in a significantly lower turnout in the midterm elections than the record 63.14% recorded in the 2012 general elections. This could represent a major problem for Mexico and the federal government down the line should it lead to increased levels of social discontent.

Peña Nieto address corruption at WEF

President Peña Nieto attended the second day of the 10th annual World Economic Forum (WEF) on Latin America, held at the Mexican Caribbean tourist district of Riviera Maya between 6 and 8 May. Peña Nieto addressed the issue of official corruption and the negative effects that this can have on economic development, during his appearance.

At the tail end of last year, Peña Nieto and members of his inner circle, including Finance Minister Luis Videgaray and First Lady Angélica Rivera, were implicated in alleged influence trafficking and conflict of interest cases. Since then the Peña Nieto government has been promoting a series of initiatives designed to increase government transparency and tackle corruption. However, Peña Nieto said at the forum that none of these efforts will succeed in eradicating corruption in Mexico unless there is as cultural change in society against corrupt practices.

"If a society is not determined to change for good and be part of a new culture that favours legality, these efforts will not be enough," Peña Nieto remarked. Problematically for Peña Nieto, official corruption scandals continue to be the order of the day.

The latest scandal emerged on 6 May when the media divulged recorded phone conversations between officials of the Estado de México state government and representatives of the local branch of the Spanish construction firm, OHL México, in which they discuss dodgy business dealings (*see sidebar*). The scandal has already led to the resignation of OHL México's executive, Pablo Wallentin, while the federal senate has called for a full investigation to determine the responsibility of any Estado de México government officials.

All roads lead to Rome, or is it Havana?

Cuba's President Raúl Castro is clearly enjoying his new 'celebrity' status. But Pope Francis is sufficiently impressive to turn practicing Communists to Catholicism, a jovial Castro quipped following a 50-minute private audience with the Argentine pontiff in the Vatican on 10 May. "I promise to go to all his Masses, and with satisfaction. I read all the pope's speeches and commentaries, and if he continues in this way, I will go back to praying and return to the church. I'm not joking!" he twinkled.

On a more serious note, President Castro also signalled that more freedom would be given to the Roman Catholic Church in Cuba, where it is allowed to practice under strict conditions (including the stipulation that it be confined to the inside of churches). This will have been an important Vatican demand in return for the historic papal ministering to the Cuba-US relationship, which will culminate in September with a twin trip by Pope Francis to Cuba, where he can expect a rapturous reception, and on to the US, where likewise his 'miraculous' diplomacy will be celebrated both by the White House and at the UN's Annual General Assembly.

Meanwhile, Havana officials are becoming very adept at rolling out the welcoming committee for the glittering array of international guests queuing up to visit the island. This week the red carpet at José Martí airport was freshly vacuumed for President François Hollande, who became the first French president to visit Cuba since it became independent in May 1902. Hollande, who met both Castros and said he found Fidel "physically deteriorated" but mentally sharp, brought with him a string of executives, including five ministers and nearly two dozen French executives, including representatives of the drinks company Pernod Ricard, the hotel company Accor, the national carrier Air France, the supermarket Carrefour and the telecoms company Orange.

Hollande, who called for an end of the US embargo and said that France would be "a faithful ally" to Cuba as it navigates through a sensitive process of liberalising economic reform, followed on the heels of other senior European officials in the past six months (including the Spanish, Dutch and French foreign ministers, as well as government delegations from Italy and the UK), all intent on copper-fastening their business and commercial relationship with the Caribbean's largest market before it 'returns' to the US fold.

Total goes back into Cuba

According to Cuban state media, France's oil major Total signed a new agreement to explore for offshore oil with Cuba's state oil company CubaPetróleo (Cupet). If confirmed, this will mark Total's return to Cuba after 20 years. The company previously explored in waters close to shore, drilling two wells in the early 1990s. They came up dry and Total left the country in 1995. It now appears interested in exploring Cuban deepwaters.

Cuba continues to insist that its exclusive economic zone off the country's north-west coast holds more than 20bn barrels of deepwater crude. It recently published new data to this end, which disputes US Geological Survey data putting potential reserves in the area at a smaller 5bn-7bn barrels. A dozen or so foreign companies have explored the area in the past decade, sinking four wells, all coming up dry. According to Roberto Suárez Sotolongo, Cupet's co-director, Venezuela's state oil firm Petróleos de Venezuela (Pdvs) and Russia's state-run Zarubezhneft still retain exploration rights. The discovery of commercial oil quantities would go a long way towards Cuba's economic rehabilitation, freeing it in particular from its existing fuel reliance on Venezuela.

EU urgency

With Spain pushing hard, the EU is now urgently seeking to finalise a new political dialogue and cooperation agreement with Cuba by year-end. The two sides recently agreed to set up a "structured human rights dialogue", which will run in parallel with the talks on the main agreement. The EU is Cuba's second economic partner, with annual bilateral trade of about US\$4.7bn, with a sizeable stock of foreign direct investment held by European companies in Cuba. The EU is hoping for fresh progress with the Cuban delegation on the margins of the EU-Community of Latin American and Caribbean Nations summit in Brussels on 10 and 11 June.

AirBnB hearts Cuba

AirBnB's founder and CEO, Brian Chesky, told *Bloomberg TV* that Cuba is the company's fastest-growing market ever. "Forty days ago we launched in Cuba, we launched with 1,000 homes in Cuba - today we now have 2,000 homes. I don't think we've ever had a market grow as fast as Cuba...President Obama has a desire to bring these two communities together, Americans and Cubans. What better way to bring them together than actually in their homes?" Chesky said, adding that AirBnB was proud to help the Cuban owners of the 'Casas Particulares' now listing on AirBnB become "micro-entrepreneurs". Cuba was a "huge opportunity" for AirBnB, he stressed. The White House has named Chesky 'a presidential ambassador for global entrepreneurship'.

Seeing off Hollande from the airport, Castro was upbeat about the progress in talks with the US on the restoration of full diplomatic relations, suggesting that the interests sections of the two countries could be restored to full embassy status as soon as Cuba is officially removed from the US list of state sponsors of terrorism on 29 May. He cautioned, however, that Cuba remained unhappy at some of the activities going on at the US interests section in Havana, long accused of interference by the Communist government.

Castro said he had made his complaints directly to President Barack Obama. "What I told them, concretely to the president, what most concerns me is that they continue doing illegal things ... for example, graduating independent journalists.... They give them I don't know how many classes, on screen, in teleconferences from the United States. I don't know if they give them a diploma and of course they give them their corresponding monthly payment," he asserted.

According to a Reuters report, "the U.S. interests section offers free classes in journalism, English and information technology, but students are not paid". Nonetheless Cuba sees such activities as internal interference "and a violation of international conventions on diplomacy". Cuba does not accredit independent journalists, and seeks to block their websites and blogs. (The irony was lost on no-one when Fidel Castro reportedly told the visiting Hollande that he used the Internet for research. A high speed fibre cable from Venezuela to Cuba was completed to official fanfare a few years ago. It is unclear whether it is up and running, but as yet, no ordinary Cubans have access to high speed internet).

The US State Department is being a good deal more cautious about the progress of the talks, with the US Secretary of State John Kerry stressing on 12 May that restoration of relations will be "a slow process". A key stumbling block for the US in the talks to re-open the embassies, for instance, is the efforts by Cuba to limit the freedom of movement for embassy staff and diplomats. Nonetheless, the White House press secretary Josh Earnest stressed that the momentum is being kept up, with additional conversations planned in coming weeks.

"We are going to continue to advance this process," Earnest stated, before acknowledging that President Obama may already have some ambassadorial candidates in mind. He also suggested that the door is open to a future trip by Obama to Cuba before his terms ends. "I think the President has indicated that he does not envision a trip to Cuba anytime in the near future. But I certainly wouldn't rule it out over the course of the next year now," Earnest stated on 11 May. One major problem, of course, is that the US congress has vowed to block all potential White House nominees for the Cuba ambassadorial position.

Latest travel updates

The US low-cost airline JetBlue has announced details of its new direct service to Cuba from New York; it will begin weekly flights from JFK to Havana from 3 July, with passengers required to book through the authorised travel agency Cuba Travel Services. JetBlue already operates two routes out of Tampa and Fort Lauderdale, in conjunction with a Cuban charter operator.

Meanwhile José Cabañas, head of the Cuban interests section in Washington, put a slight dampener on the prospects for new US-Cuba ferry services, stressing that it will take time, with each of the US companies newly awarded operating licences by the US Treasury Department's Office of Foreign Assets Control required to submit proposals to the Cuban authorities for approval. The approvals process will not be "an overnight thing", he warned. "Some of them we already know. But they are not all equal. Some of them have just a license, not the capital, and not the ships," he said at a Florida conference.

French funding for Haiti

President François Hollande said that France would expand its financial aid to Haiti beyond education funding in the coming year. Hollande said that France would provide Haiti with €130m (US\$146m) over the course of the next five years.

France promises Haiti 'moral debt repayments'

President François Hollande became just the second French head of state to visit Haiti on 12 May. As part of a wider trip to the Caribbean, Hollande recognised France's "huge moral debt" with Haiti during his seven-hour visit. He promised "friendship and solidarity" and to move on from "a painful past": "we cannot change history but we can change the future", by helping with Haiti's development, he said.

Speaking on 10 May in the French overseas département of Guadeloupe, where he helped inaugurate a US\$93m slavery memorial, Hollande stressed that France would provide moral rather than financial compensation for Haiti, which was encumbered with crippling 'compensation payments' to France by means of gunboat diplomacy some 20 years after Haiti declared its independence in 1804.

Hollande picked up from where his predecessor, Nicolas Sarkozy, left off. Sarkozy, who became the first French head of state ever to visit Haiti in February 2010 in the immediate aftermath of the devastating earthquake to strike the country, had acknowledged the "wounds of colonization", adding that "I know well the story of our countries on the question of debt". Sarkozy cancelled Haiti's €56m (US\$64m) debt to Paris and promised €270m (US\$308m) in reconstruction aid, but steered clear of any suggestion that France's moral debt imposed a financial obligation on the country to atone for past sins.

Just as they demonstrated against Sarkozy then, university students and other protesters gathered in a central square in Port-au-Prince waving placards emblazoned with the message: 'Hollande: money, yes; moralism, no'. Haiti's President Michel Martelly was more diplomatic. "Haiti has not forgotten, but Haiti is not stubborn," Martelly said, while thanking Hollande for €50m (US\$56m) of aid to finance his government's free and obligatory education programme, dubbed by Martelly his "Marshall plan for education".

"In a country where 70% of the population was unemployed and 85% of schools were private when I came to power, the solidarity of France will allow practically all Haitians to have access to education," Martelly said.

GUATEMALA | POLITICS

Vice President quits as political crisis intensifies

It was arguably just a matter of time. In a move unprecedented in recent years, Guatemala's Vice President Roxana Baldetti handed in her resignation last week, bowing to pressure stemming from her suspected involvement in the corruption ring uncovered last month at the national tax authority (SAT) [WR-15-16]. Her departure has done little to assuage public concerns regarding President Otto Pérez Molina's Partido Patriota (PP), which is also facing an unprecedented crisis, suggesting that, in accordance with custom in Guatemala, the ruling party stands little chance of securing re-election in general elections on 6 September this year.

Vice President Baldetti stepped down on 8 May, two days after the 13-member supreme court of justice (CSJ) unanimously voted to accept a complaint lodged by Amílcar de Jesús Pop of the small indigenous opposition party Winaq. Pop called for Baldetti and President Pérez Molina to be stripped of their immunity so that they could be investigated for illicit enrichment and association in relation to the corruption case, which was uncovered by the United Nations (UN)-backed International Commission against Impunity in Guatemala (Cicig) and the attorney general's office (AG). The CSJ rejected the complaint in Pérez Molina's case, but found that there were "sufficient grounds for suspicion" in the case of Baldetti. Her resignation was subsequently ratified by the 158-member unicameral legislature and the next day a prosecutor ordered that Baldetti be barred from leaving the country as investigations continue.

With her former private secretary Juan Carlos Monzón Rojas (who remains at large and is believed to be hiding in Honduras) accused of leading the

Replacement for Baldetti

President Otto Pérez Molina presented his shortlist of three candidates to fill the vacant post of vice-president to congress on 11 May. The three names included are: Labour Minister Carlos Francisco Contreras; Adrián Zapata, a presidential adviser on rural development issues; and Adela Camacho de Torrebiarte, a former interior minister under the previous Alvaro Colom government (2008-2012), who is currently a presidential commissioner for police reform. The following day, however, the President announced he was replacing Contreras with PP deputy Oliverio García Rodas, for legal reasons; Art. 186 of the constitution prohibits anyone from holding the post if they have served as a State Minister at any point in the six months prior to the election.

corruption ring known as La Línea, Baldetti is suspected of being “la 2” and “la señora” referred to in telephone conversations which formed part of the investigation by Cicig and the AG. Her position had also looked increasingly untenable following unprecedented public protests at the end of last month [WR-15-17], while this month, on 6 May, the influential local private sector lobby, Cacif, issued a statement calling for Baldetti’s resignation amid what it described as a political crisis “unprecedented” in recent years.

Pérez Molina announced a shortlist of replacements for Baldetti (from which congress will make the choice, as per Article 192 of the 1985 constitution, see sidebar). The PP has also yet to name a replacement for Alejandro Sinibaldi, who quit as the party’s presidential candidate on 24 April.

With Sinibaldi still mooting a possible deal with the smaller, neo-liberal Movimiento Reformador (MR), the defections from the PP continue thick and fast. Last week a further three national deputies resigned from the party: Edwin Martínez Herrera, Pedro Muadi and Juan José Porras, bringing the total number of defections since the scandal broke to five. This leaves the PP with just 35 seats in congress, allowing the main opposition Libertad Democrática Renovada (Líder) led by Manuel Baldizón, which has 56 seats, to strengthen its advantage.

Meanwhile, last week saw the release of the first electoral survey of the campaign ahead of the 6 September contest. The survey, by pollster Prodatos, which was published by the leading daily *Prensa Libre* on 4 May, gave Baldizón 30.1% of voting intentions, well below the 50% plus one necessary to avoid a second round. Sinibaldi and former First Lady Sandra Torres of the Unidad Nacional de la Esperanza (UNE) - which has 20 congressional seats - are tied in second place on 14.7%. Mario Estrada of the Unión del Cambio Nacional (UCN), which has one seat, is on 5.2%, while Zury Ríos, the daughter of former dictator Efraín Ríos Montt (1982-1983), who is running for the Visión con Valores (Viva) which also just has one legislative seat, is on 3.7%. The survey, which was carried out between 15 and 21 April - just as the scandal was breaking - has a 2.8% margin of error.

Baldizón

While the La Línea scandal continues to prove highly damaging for the government and PP, it is worth recalling that Manuel Baldizón – who President Pérez Molina defeated in the November 2011 second round run-off – is himself not free from transparency-related concerns.

For example, a 2010 report by the Dutch think-tank Clingendael Institute notes that his home department of Petén, on the border with Mexico and Belize, is “generally viewed as the nerve centre of narco-trafficking in Guatemala”, and cited “suspicions” over the source of Líder’s funds and “particularly on [Baldizón’s] business activities”.

Meanwhile, a 2010 cable from the US embassy released by *Wikileaks* notes that “In Congress, deputies are switching parties in hopes of improving their re-election chances and, in the case of those switching to Baldizón’s LIDER bench, for a \$60,000 check.”

TRACKING TRENDS

PANAMA | **Diamond Exchange.** The Panama Diamond Exchange (PDE), Latin America’s first ever diamond bourse, has formally begun operations. The PDE opened following a US\$200m investment in the construction of the World Jewellery Hub (WJH) in Panama City, which will house the new diamond bourse and act as a jewellery Free Trade Zone (FTZ).

The opening of the WJH was attended by President Juan Carlos Varela, who said that it would mark a “turning point” in the global jewellery trade. According to a PDE statement, the WJH will increase Panama’s GDP by 3% and create 3,000 direct and indirect jobs. The PDE is expected to help the US\$8bn fine jewellery retail business in Latin America grow to more than US\$10bn by 2017.

Quotes of the week

“Chile needs ministers that listen, that dialogue, that take decisions, this is the time for conversing and listening; the time for answers will come [afterwards]... The process of reforms can be gradual and handled prudently; these are not antonyms.”

Chile's new interior minister and cabinet chief Jorge Burgos.

“No negotiation, no compensation can repair the wounds of history that still mark us today.”

Haiti's President Michel Martelly during the official visit of French President François Hollande.

“If we want true changes in Latin America we will have to change this media power for the common good, so that it informs and doesn't manipulate, so that journalists fulfil their duty as journalists not as petty politicians masquerading as journalists.”

Ecuador's President Rafael Correa.

POSTSCRIPT

Colombia ends controversial use of glyphosate

Colombia's President Juan Manuel Santos announced on 9 May the definitive suspension of aerial crop spraying with glyphosate. Santos heeded a warning from the World Health Organization (WHO) that glyphosate could cause cancer. The announcement triggered a spat between the health ministry and the prosecutor general, Alejandro Ordóñez, who said that it would lead to “the definitive dismantlement of [Colombia's] anti-drug policy”, and questioned the timing of the decision amid peace talks with the Fuerzas Armadas Revolucionarias de Colombia (Farc) in Cuba.

President Santos said that Colombia's national drug council would confirm the suspension at a meeting on 14 May and begin evaluating alternative strategies for combating coca production after a report published by the WHO in late March warned that glyphosate could be associated with the development of cancer in humans. Ordóñez, meanwhile, argued that rather than the risk of cancer the end of aerial spraying would produce “harmful and terrible effects for society, with more microtrafficking and crime related to [drug] consumption and more financing for groups who profit from illicit crops”. He added: “Let's not forget that the Farc wanted to suspend crop spraying and there is a strange coincidence with the [health] ministry's recommendation”. The health minister, Alejandro Gaviria, accused Ordóñez of “intellectual dishonesty”.

Senator Álvaro Uribe, of the right-wing Centro Democrático (CD), a close ally of Ordóñez, said that if the government ended the use of glyphosate without introducing a replacement herbicide it would lead to “the advance of illicit crops”. Santos fiercely denied accusations that his government was “diminishing the intensity of the fight against narco-trafficking”. He added that the effectiveness of glyphosate was not all it was cracked up to be. While he stressed that the decision was entirely in the Santos administration's hands, the US ambassador to Colombia, Kevin Whitaker, demurred. He said glyphosate had been effective and US studies had shown it was safe. For his part Ecuador's President Rafael Correa celebrated Santos's announcement as “great news” for his country, which waged a long campaign against Colombia's use of glyphosate along the shared border of more than 700km because of health concerns before reaching an accommodation with its northern neighbour in 2013.

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LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, 61 Old Street, London EC1V 9HW, England. Telephone +44 (0)20 7251 0012, Fax +44 (0)20 7253 8193 Email: subs@latinnews.com or visit our website at: <http://www.latinnews.com>

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