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## Fifa scandal exposes extent of regional corruption

It is hard to think of a US action more popular in Latin America than the Department of Justice's arraignment of top-ranking officials from the Fédération Internationale de Football Association (Fifa), the governing body of world football, last week. Of the 14 men named as defendants in the US-led investigation all but two are citizens of Latin America and the Caribbean. Nowhere is the grim satisfaction among the region's legion of football fans greater than in the two powerhouses of world football: Brazil and Argentina. Domestic probes into corruption in the game in both countries have failed to result in any of the game's top-ranking administrators facing charges for the widespread corruption afflicting the sport here. That may now be about to change, with public tolerance of corruption in the region at an all-time low.

The US indictment charged 14 defendants with racketeering, fraud, bribery and money laundering, among other offences. The US attorney general, Loretta Lynch, described the corruption as "rampant, systemic, and deep-rooted". The indictment went on: "Two generations of soccer officials abused their positions of trust for personal gain, frequently through an alliance with unscrupulous sports marketing executives who shut out competitors and kept highly lucrative contracts for themselves through the systematic payment of bribes and kickbacks [mostly] in connection with the commercialization of the media and marketing rights associated with various soccer matches and tournaments."

Swiss authorities in Zurich arrested seven of the defendants charged in the indictment ahead of a Fifa conference last week, including Eugenio Figueredo, a Fifa vice-president and former president of the Uruguayan football federation (AUF); Eduardo Li, the president of the Costa Rican football federation (Fedefut) and executive committee member of the Confederation of North, Central America and Caribbean Association Football (Concacaf); Julio Rocha, the president of the Nicaraguan football federation (Fenifut); Rafael Esquivel, the president of the Venezuelan football federation (FVF); and José Maria Marin, the former president of the Brazilian football confederation (CBF).

Since the indictment Fifa has been in turmoil. Despite being elected to a fifth consecutive term as president of the organisation just days later, Sepp Blatter, announced his resignation soon afterwards to take effect as soon as he can stage an extraordinary congress to elect his successor. Then, on 3 June, Jack Warner, a former Fifa vice-president and Concacaf president, and one of the 14 defendants, bought airtime to broadcast a remarkable pre-recorded television broadcast in Trinidad & Tobago entitled 'The Gloves Are Off' which sounded like an unofficial plea bargain.

## Nicolás Leoz

A member of Fifa's executive committee from 1998 until 2013 when he resigned amid a probe into World Cup kickbacks, Nicolás Leoz was identified during a Swiss criminal trial in 2008 as having received US\$130,000 from Fifa's former marketing partner ISL, which went bankrupt in 2001; the prosecution of agency executives shed light on the practice of buying influence from sports officials. Leoz admitted to receiving the US\$130,000 in the 1990s but insisted that the money went towards constructing four indigenous schools in the north of Paraguay.

Warner said he had an "avalanche" of evidence about corruption within Fifa and promised to tell all despite fearing for his life. He apologised for having "kept quiet, fearing this day might come". Warner also made the incendiary claim that he had amassed files showing that Fifa money influenced the 2010 general election in Trinidad & Tobago which brought the People's Partnership (PP) and Prime Minister Kamla Persad-Bissessar to power, earning him the position of security minister, before his resignation amid a fraud inquiry in April 2013.

On 1 June Nicolás Leoz, Paraguay's former president of the South American Football Confederation (Conmebol), also named in the US indictment, was placed under house arrest pending likely extradition to the US. Leoz, 86, had been admitted to the private hospital Sanatorio Migone in Asunción on 27 May suffering from hypertension on the same day that he learnt of the charges (see sidebar).

## Brazil

So far, the first Brazilian 'top hat', as the game's senior organisers are known, to face prosecution is Marin. With the US warning that its investigation is only just beginning, Marco Polo del Nero, Marin's successor at the CBF, did not hang around to find out what would happen at the next stage. He flew to Brazil, ostensibly to respond to the federal police investigation initiated by the justice ministry, and the congressional inquiry (CPI) kickstarted by Romário, Brazil's former World Cup-winning-footballer-turned-senator. The fact that the Brazilian constitution forbids the extradition of Brazilian nationals may also have played a part in this thinking.

Few Brazilians mourned the downfall of Marin. Appointed by the military dictatorship to the governorship of São Paulo, Marin is widely known for having publicly celebrated the death of the journalist Vladimir Herzog, whose crudely executed 'suicide' was clearly the work of the regime's agents. Among younger Brazilians, he is perhaps more famous for pocketing, on camera, one of the valuable winner's medals in a youth football tournament in 2012. A day after his arrest, Marin's name was removed from the headquarters of the CBF in Rio de Janeiro.

Marin became head of the CBF in 2012, after his predecessor, Ricardo Teixeira (1989-2012), resigned amid corruption allegations. According to the US indictment, Marin solicited bribes of around US\$1m per year. Much of the case against Marin is built on the testimony of José Hawilla, the owner of Traffic, one of Brazil's largest sports marketing companies, who has admitted paying Marin. Traffic owns the rights to the Copa do Brasil, an important domestic competition, as well as the rights to last year's World Cup, the Copa América (due to kick off in Chile on 11 June), and the continental club competition, the Copa Libertadores.

Traffic, and another sports rights company, Klefer, is likely to feature prominently in the CPI in the Brazilian senate. No less than 13 federal police investigations and two CPIs into Brazilian football have taken place since 2000. Although none of them have resulted in prosecutions, some important evidence has been unearthed which may prove useful to prosecutors in future. This time the public and international pressure for a different outcome will be very strong.

Parallel to the US investigations, on 1 June the magazine *Epoca* revealed that the federal police had spent two years building a case against Teixeira, which it had filed with the public ministry in January this year. Teixeira stands accused of money-laundering, tax evasion, forgery and the falsification of public documents relating to the R\$464.5m (US\$146m) that passed through his hands when he was head of both the CBF and Brazil's World Cup organising committee. It is now up to the public ministry whether to file charges. Like Del Nero, Teixeira has returned to Brazil, though he has yet to speak to the press.

## Football caudillos

It is perhaps no coincidence that those holding sway over many of the region's football federations for decades were first elected during military dictatorships, and went on to adopt the trappings of classic *caudillos*, amassing personal power and wealth and trampling institutions underfoot; power which they only relinquished upon their deaths, in the case of Argentina's Julio Humberto Grondona, or in their dotage. Rafael Esquivel, the president of the Venezuelan football federation (FVF) and one of the defendants in the US indictment, has been elected on 10 consecutive occasions and presided over the FVF for 30 years.

## Argentina

While the Brazilian government will to some extent have welcomed a corruption scandal unrelated to the ruling Partido dos Trabalhadores (PT), in Argentina there is more reason for unease among government officials. Questions have long been asked over the relationship between the administration of President Cristina Fernández and the Argentine football association (AFA), particularly over the wildly popular state-funded Fútbol para Todos (FPT) programme which broadcasts Argentine domestic football on public television.

The DOJ indictment stated that the president of the AFA accepted bribes in 2013, however it avoided mentioning the name of the holder of that office: Julio Humberto Grondona, whose iron grip over Argentine football began in 1979 during the dictatorship and ended with his death in July last year. He also served as Fifa's first vice-president and presided over the finance commission.

A recent draft report on irregular payments within the FPT programme by the national audit office (AGN) has been shelved, but there may now be calls to look at it again. Three sports marketing executives accused in the DOJ indictment are Argentine nationals: Alejandro Burzaco from the company Torneos y Competencias; Hugo Jinkis, and his son Mariano Jinkis, from Full Play and Datisa. Their whereabouts at present are unknown. On 2 June Interpol issued a red notice for two former Fifa officials and four sports marketing executives, including the three Argentines.

Just days after the DOJ's move, the Argentine tax authority (Afip) said that it had initiated charges against the three men. There are suspicions that Afip's case, however, against the three in Argentina could end up delaying or undermining the extradition request that the DOJ is now expected to file for them. José Ignacio García Hamilton, a legal expert, says that under the terms of the 1999 Argentina-US extradition treaty, "if a person is put on trial for the same crime in their own country, extradition does not apply".

Both Brazil's President Dilma Rousseff (reeling from a corruption scandal involving the state oil company Petrobras which has savaged her popularity) and Argentina's cabinet chief, Aníbal Fernández, have expressed their backing for an investigation into corruption in football at home but why did it take the US to start judicial proceedings for Latin American authorities to spring into action?

Ecuador's President Rafael Correa responded to the US indictment by saying it was "terrible and extremely painful... shameful for the region". Bolivia's President Evo Morales, a football fanatic, called for the issue to be discussed at the European Union-Community of Latin American and Caribbean States (EU-Celac) summit in Brussels on 10 and 11 June. Costa Rica's President Luis Guillermo Solís expressed "deep regret" at the arrest of Li, who was elected as Concacaf's representative on Fifa's executive committee last April, and expressed his hope that "the country's image will not suffer". The Costa Rican attorney general's office announced that it had opened an investigation into Li. But none of the numerous integration movements in Latin America and the Caribbean have taken any action on this point before, or included it on the agenda of their frequent summits.

The immediate future for Latin American football is also shrouded in uncertainty, with the imminent kick-off of the Copa América. The president of Chile's football federation (FFC), Sergio Jadue, responded to the indictment by saying he had not received any bribes in relation to television rights for the forthcoming edition of the tournament which Chile is hosting. Jadue insisted that if the US had anything on him his name would have appeared in the indictment. He admitted that US\$1.5m was transferred to him from Conmebol in late 2013 but he maintained that this constituted an advance on a contract for television rights during the Copa América and that it was in the FFC's current account.

## Slipping through the net

Martín Belaunde Lossio is the third high-profile wanted individual to have escaped from the Bolivian authorities in recent years, serving to reignite concerns about their competence. In August 2013 Bolivian opposition senator, Roger Pinto Molina, was smuggled out of Bolivia by Brazil's senior-ranking diplomat in La Paz, an incident that led to the resignation of Brazil's foreign minister, Antonio Patriota. Meanwhile US national, Jacob Ostreicher, a businessman jailed for 18 months without charge in Bolivia, managed to escape to the US in December 2013 having also been under house arrest. The Morales administration accused the US government of plotting Ostreicher's escape.

## ANDEAN COUNTRIES

### BOLIVIA-PERU | DIPLOMACY

#### Belaunde Lossio debacle prompts dismissals

Bolivia's President Evo Morales replaced his interior minister, Hugo Moldiz, and the chief of the national police, General Luis Cerruto last week. The changes came two days after the disappearance on 24 May of Peruvian businessman, Martín Belaunde Lossio, who had just lost his fight to avoid extradition to Peru to face corruption charges. A former adviser to Peru's President Ollanta Humala, Belaunde Lossio, who was picked up four days later in Magdalena, in the department of Beni near the Brazilian border, and has since been handed over to the Peruvian authorities by President Morales in person, had been held under house arrest in La Paz.

The Peruvian opposition alleged that Belaunde Lossio's escape had been agreed by Presidents Morales and Humala, given that his return to Peru could well cause some discomfort to Humala and First Lady Nadine Heredia, who have not denied links with him but deny involvement in any of his alleged illegal activities. Morales, however, blamed rogue police officers for the escape. This was echoed by Moldiz, who said that security officials had reportedly waited four-and-a-half hours before reporting that Belaunde Lossio was missing. Moldiz also revealed that Belaunde Lossio had paid his guards between B\$100 (US\$14) and B\$200 (US\$30) a day, which may have facilitated his escape.

Morales moved swiftly after Belaunde Lossio's escape exposed the corruption of Bolivia's institutions. He replaced Moldiz, who had been in the post since January, with one of his most trusted allies, Carlos Romero, who previously served as interior minister until he stepped down to run for a senate seat in last October's general elections. Romero named General Ramiro Téllez, a national police inspector, as Cerruto's replacement as head of the police.

Romero and Téllez accompanied Morales, Foreign Minister David Choquehuanca and Defence Minister Reymi Ferreira to Desaguadero, on the border between Peru's southern region of Puno and Bolivia's department of La Paz on 29 May to hand over Belaunde Lossio. "Where is Ollanta?" Morales apparently asked the welcoming party of junior officials and Interior Minister José Luis Pérez Guadalupe, dispatched to the border by Humala, according to Bolivia's interior ministry, which tweeted a blow-by-blow account of the handover. Humala tersely thanked Morales publicly two days later, indirectly questioning his showmanship.

The difference in personal style might account in part for why Morales is the most popular head of state in the region; Humala, the least. Indeed, Humala's approval rating sank eight percentage points to just 16% in May, according to a poll carried out in urban centres by GFK for the national daily *La República*, and his disapproval rating climbed to 77%. The pollster attributed the decline to the "mistakes" made by the government in its handling of the long-running strike in the southern region of Arequipa against the copper mining project 'Tía María' [WR-15-20].

The Belaunde Lossio case can only cause more damage to Humala's popularity. Humala insisted that he was not concerned about what Belaunde Lossio, his campaign coordinator in 2006, might say. He said Belaunde Lossio was being investigated for alleged embezzlement and illicit association not their past ties, but the opposition will seek to exploit the matter, fuelling tension with the government and making it even less likely that the powers to legislate by decree in certain areas sought by the prime minister, Pedro Cateriano, will ever be approved by congress.



## Justice

In March this year the Office of the United Nations High Commissioner for Human Rights in Bolivia (OHCHR-Bolivia) presented its annual report on Bolivia for 2014 – a year described by Denis Racicot, the UN High Commissioner for Human Rights in Bolivia, as “perhaps the worst” in recent memory for Bolivia’s justice system. The OHCHR report noted that the “main structural problems facing the administration of justice mentioned in past reports by the High Commissioner persisted and became more serious: low coverage, a large backlog of cases, impunity, low public confidence in institutions of justice, lack of access to justice, long delays in the delivery of justice, lack of independence of the judiciary, and obvious incapacity to guarantee due process. The budget of judicial institutions is insufficient. Furthermore, the sector is vulnerable to corruption and political influence.”

## Electoral tribunal in turmoil

In the latest sign of the perennial crisis facing Bolivia’s judicial institutions, last week the entire seven-member supreme electoral tribunal (TSE) quit. Unlike the other top courts, the TSE justices (six of whom are chosen by the legislature and the other by the president), were not elected in the unprecedented direct judicial elections in October 2011. In those elections voters selected 54 senior judges to sit on the constitutional court (TCP), the supreme court (CSJ), the council of magistrates (the judicial oversight body) and the environmental court (Tribunal Agro-ambiental [TA]). But the TSE crisis ups the pressure on the government led by President Evo Morales to address the continued problems afflicting Bolivia’s judicial institutions.

On 29 May TSE justice Irineo Zuna became the last of the seven judges to step down after the string of resignations which began on 25 May with TSE president Wilma Velasco. The court had already come under fire for its handling of the local and departmental elections on 29 March, particularly following its controversial decision to cancel the legal status of the Unidad Demócrata (UD) the party of the frontrunner for the gubernatorial vote in the (then) opposition stronghold of Beni, Ernesto Suárez, just nine days before the vote [WR-15-12]. This meant that Suárez, along with 227 other UD candidates, were barred from taking part, a situation flagged up by the Organization of American States (OAS)’s observer mission in its initial report on the municipal elections. These concerns were fanned further by subsequent TSE rulings like its decision to cancel the 3 May run-off in Chuquisaca department [WR-15-16].

With the TSE already facing criticism over its lack of independence, its future appears even less certain after recent evidence emerged appearing to link TSE justices to the ruling Movimiento al Socialismo (MAS). On 19 May Velasco announced that she was suspending two of the magistrates, Ramiro Paredes Zárate and Betzabé Zegarra Mamani, for “serious errors”. Zárate went after the media leaked photos and video footage of his birthday party in March, where TSE officials were shown sporting MAS jackets. Meanwhile Zegarra was suspended in line with a complaint filed by Luis Pedraza Cerda, a representative for the local Unidad Departamental Autonomista (UD-A) in Tarija, after Zegarra appeared in photographs together with Carlos Cabrera the former ruling party candidate for the governorship of Tarija. Since the collapse of the TSE, the legislature has acted swiftly, passing an institutional transition law on 1 June which paves the way for fresh appointments; on 7 June it is due to call for public applications for the vacant posts from which the legislature will make its choices. However there is no sign of the referendum on justice that President Morales promised upon taking office for a third term in January 2015 aimed at redressing other more general problems in the sector (*see sidebar*).

The collapse of the TSE comes just weeks after a revival of the debate regarding presidential re-election which will subject the judicial institutions to scrutiny again. This, after the regional branch of the MAS in Cochabamba department held its annual summit last month and announced plans to promote an initiative allowing Morales to seek a further five-year presidential term in 2019. The 2009 constitution allows for two consecutive presidential terms. Morales, who came to power in 2006 and then in 2009 was permitted to stand again in 2014 on the basis that he had served just one term under the new constitution.

Leonardo Loza, the Cochabamba departmental leader of the MAS – which, with 89 of 120 seats in the chamber of deputies and 25 of 36 in the senate, has the requisite two-thirds majority to approve a constitutional amendment – told reporters that Morales has not yet been consulted about the reform plans. Given Morales’s iron grip over the MAS, this seems unlikely. The UD – which has 32 deputies and nine senators – is in no doubt as to the MAS’s intentions; UD senate leader Arturo Murillo says the party will mount “fierce resistance”. The idea of changing the constitution to allow Morales to stand again was floated last July when MAS Deputy Edwin Tupa and MAS Senator Efraín Condori

## Hunger

In Rome, President Maduro will be feted at the United Nation's Food and Agriculture Organisation (FAO), for Venezuela "being the country that has done the most in the world against hunger", according to himself. "Rome capable of eating his story, but not Venezuelans," Henrique Capriles scoffed. "How can this man speak of nutrition? Venezuelans spend every day hunting for food in state and private supermarkets," he demanded. While one UN agency is honouring Venezuela, another, the Geneva-based Committee on Economic, Social and Cultural Rights, this week pointedly questioned a government delegation as to why there is insufficient maize in the country to make *arepas*, the daily staple.

revealed that talks were taking place within the party to remove the ban on term limits [WR-14-45]. But, in September, Morales maintained he was planning to step back from politics and open a restaurant (albeit while acknowledging the dearth of possible successors within the MAS who might take his place).

## VENEZUELA | POLITICS

### Pope Francis keeps the faith

**Venezuela's President Nicolás Maduro will meet Pope Francis in Rome on 7 June. This will be the second time Maduro has met the Pope. His audience this time may be a little awkward in light of the almost two-week-old hunger strike by jailed opposition politicians, including Leopoldo López, head of the radical party Voluntad Popular (VP). López began the strike on 31 May along with his colleague, the sacked former mayor of San Cristóbal, Daniel Ceballos; some 15 other jailed opposition activists are now also said to have joined in the protest, prompting renewed international focus on Venezuela.**

While President Maduro insists that there are no political prisoners in Venezuela, the Pope is expected to raise the question of the status of imprisoned politicians. At the very least, Maduro will need to reassure him that all are receiving proper treatment. As such, Venezuela's attorney general, Luisa Ortega Díaz, appeared across state media on 2 June to announce that she had ordered that sufficient medical attention be delivered to López (in response to a petition from the Red Cross). "The public ministry always stands ready to verify and guarantee the rights of persons deprived of their liberty, including seeing to it that they receive regular medical checkups", Ortega said. In a similar vein, the public ombudsman, Tarek William Saab, defended his work in monitoring the prisoners' welfare, saying that despite their public rhetoric, the families of the prisoners had expressed their gratitude to him in private for his labours.

Two former regional presidents, Jorge Quiroga of Bolivia (2001-2002) and Andrés Pastrana of Colombia (1998-2002), were denied entry to visit López and Ceballos (now in separate prisons) over the weekend of 30-31 May. Pastrana, who also tried to visit the pair in January, insisted that he would return again. Meanwhile, Spain's former prime minister Felipe González (1982-1997), who has offered to act as legal counsel for López in his trial, has suggested that he may seek to travel to Venezuela this weekend; even if allowed in, he can expect the same official reception.

Papal efforts to mediate in the bitter political polarisation between the Maduro government and the Venezuelan opposition have failed thus far. In April 2014 the Vatican's Secretary of State, Cardinal Pietro Parolín, previously stationed in Venezuela and so very familiar with the country, helped with Brazil-led efforts to forge a dialogue table between the Maduro government and the opposition in the wake of February-April protests that resulted in the deaths of over 40 people – to no avail.

### Opposition protests

There was a moderate turnout on 30 May in Caracas and other cities for anti-government protests called by López. Rather controversially, these were not backed by the main opposition coalition, Mesa de la Unidad Democrática (MUD), whose main moderate leadership represented by Henrique Capriles Radonski and Jesús 'Chuo' Torrealba failed to conceal its disgruntlement with López's latest moves. Increasingly, the MUD's calls for unity sound desperate, rather than encouraging, with critical supporters warning that the very apparent splits in the broad coalition (comprising some 29 parties from across the political spectrum) risks turning off voters.

One of López's key demands is that the national electoral council (CNE) set a definitive date for the legislative elections – which must be held by December and which must be called six months in advance. Maduro has released more senior officials to take part in the contest, including Elías Jaua (the minister for communes and social movements) and Ernesto Villegas (the head of government for the capital district). On that basis, a CNE announcement must be imminent.

## Cartes defends De Vargas

In a 23 May TV interview, President Horacio Cartes defended his interior minister, Francisco de Vargas, against the calls for him to assume political responsibility for the corruption uncovered at the national police and resign. However, Cartes said that De Vargas, who has long been criticised both by the opposition and members of the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC), had “done what needed to be done”. He added that “this government has shown that when something happens it reacts... we are for transparency... to those that call for his [De Vargas’s] head, I ask that rather than doing so irresponsibly, they come with [crime] statistics... [because] the statistics endorse his work. That is why the minister has my full backing

## BRAZIL & SOUTHERN CONE

### PARAGUAY | POLITICS

## Dual corruption scandals re-ignite public indignation

Two government corruption scandals have been causing waves in Paraguay since the second half of May. The scandals have produced such levels of public indignation that civil society organisations have once again begun staging spontaneous demonstrations to pressure the government led by President Horacio Cartes to take decisive steps to address the problem of corruption and punish those responsible.

The two scandals affect very different government institutions - the national police (PNP) and the comptroller general’s office (CGR). However, they both affect the heads of these respective institutions and appear to have resulted in the Paraguayan State incurring considerable financial damage.

The scandal affecting the national police emerged on 11 May when Interior Minister Francisco de Vargas revealed that preliminary internal investigations had discovered fraudulent operations to the tune of US\$230,000 related to the provision of petrol from the state-owned oil firm, Petropar, and other suppliers to the national police between 26 March and 26 April. De Vargas said that the preliminary investigations suggested that a corrupt network within the PNP had been feigning the purchase of fuel at Petropar and other suppliers’ petrol stations but receiving the money in cash themselves from petrol station workers; and he called for the attorney general’s office to launch an investigation.

On 19 May the attorney general’s office’s specialised anti-corruption and economic crime unit (Udea) presented formal charges of breach of trust and illicit enrichment against nine people, including a non-commissioned officer (NCO), Roberto Osorio, identified as the mastermind behind the scheme, and his superior, Commissioner Juan Mendoza, the PNP’s chief financial officer. However, Osorio told investigators that he had merely been acting on orders from Mendoza and the PNP chief commander, Commissioner Francisco Pastor Alvarenga.

With attention focusing on Alvarenga and his unexplained wealth, De Vargas announced that same day that Alvarenga and his deputies had all been relieved of their duties and put at Udea’s disposal. Commissioner Crispulo Sotelo was appointed to replace Alvarenga. Since then Udea has reported that US\$1.4m may have been embezzled from the PNP.

### ‘VIP Secretary’

Also on 19 May the Coordinadora de Abogados del Paraguay (Coapy) presented formal accusations of fraud, breach of trust, illicit enrichment and trafficking of influence against the head of the CGR, Oscar Rubén Velázquez, and his private secretary, Liz Paola Duarte, before the Udea. This came after the local press revealed finance ministry documents showing that Duarte, a former beauty queen with no university degree, had been receiving an inflated salary of G\$25m (US\$5,000) a month, equal to that of some government ministers.

Velázquez sought to justify the salary by arguing that Duarte’s salary included overtime pay and other benefits. But after the press revealed that the official documents also showed that Duarte had received overtime pay for supposedly working 27 hours a day (and even while on holiday out of the country), public opinion turned against Velázquez. The attorney general’s office launched an investigation but it cannot prosecute Velázquez as he enjoys immunity as comptroller general.



## **Brazil's congress approves end to re-election**

On 27 May Brazil's federal congress voted overwhelmingly in favour of scrapping the re-election of mayors, governors and the president of the republic. The bill easily passed the two-thirds majority needed for an amendment to the constitution. Congress will now vote on whether to extend the single term of office from a four-year period to a five-year period.

This prompted various politicians from the opposition as well as from the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) to call on Velázquez to resign and face investigation. While this pressure forced Duarte to resign, Velázquez has stubbornly refused to do so, maintaining that he is not guilty of any wrongdoing; and that he will fight the allegations from his post. National legislators such as Senator Eduardo Petta have reacted by calling for the launch of impeachment proceedings against Velázquez for dereliction of duty.

Meanwhile the civil society groups that organised the '#15Npy' demonstrations outside congress last year calling for the resignation of a number of national legislators implicated in the 'narcopolitics' scandal [WR-15-05], staged a '#ChauContralor' march to the CGR headquarters on 29 May demanding Velázquez's resignation. President Cartes has yet to comment publicly on Velázquez's case but if the public calls for Velázquez to resign intensify, Cartes may decide to ask the comptroller general to step down himself.

## **BRAZIL | POLITICS**

### **Cuts threaten Rousseff's education vision**

Upon taking office for the second time on 1 January this year, President Dilma Rousseff made clear her priority for the next four years: education. The slogan for her second term would be "Brazil: Patria Educadora". Despite government officials continuing to mouth the slogan, the austerity measures currently being implemented have resulted in cuts to the education budget. Over the past week teachers and university staff have staged large protests in cities across Brazil in protest at the cuts.

Speaking at an event held by the Organisation for Economic Co-operation and Development (OECD) in Paris on 3 June, the finance minister, Joaquim Levy, argued that education would be Brazil's principal weapon to tackle inequality. He said that while Brazil had decent primary education, its secondary education needed to be improved. However, he admitted that the R\$70bn (US\$22.3bn) cut from the annual budget would have an impact on education (the second-largest recipient of federal government funds, after health) but he insisted that "education is not just about spending". To further his argument he pointed to the government's relaunch of the national middle school exam (ENEM), and the technical training schools, known by the acronym Pronatec.

In spending terms, however, the education sector will be at least R\$9.4bn (US\$3bn) worse off than last year in terms of discretionary (non-payroll) funding, although still R\$15bn above the constitutionally mandated minimum. One of the additional worries for the sector is the non-direct cuts. By law, states and municipalities are obliged to spend 25% of their budget on education, but with cuts to the federal government's funding of state and municipal authorities the real-terms value of that percentage is shrinking. As a result, many teachers have complained about delays to their salaries, lack of funds for basic school maintenance (including lack of money to buy toilet paper) and delays to infrastructure projects.

At the end of May, teachers and technical staff from federal universities in eight states, including Rio de Janeiro and Minas Gerais, went on strike to demand higher pay. Middle school teachers in the state of São Paulo, meanwhile, have been on strike for over 80 days now. Although the industrial action appears to be losing momentum, with around 30% of the state's 230,000 teachers sticking to the walk-out, it still represents the longest teachers' strike in São Paulo's history. The teachers, who are demanding higher pay and the end to overcrowding in classrooms, accuse the governor of the state, Geraldo Alckmin, of failing to enter into dialogue with them over their demands.



## Prison stats

A survey released on 3 June by Brazil's Secretary General's office confirmed that the country's prison population grew by 74% between 2005 and 2012, totalling more than half a million detainees. Brazil today has the fourth largest prison population in the world only behind Russia, the US and China. The study released Wednesday, 'Mapa do Encarceramento: os Jovens do Brasil', shows that almost 38% of those incarcerated have not yet been tried.

## Paraná

The stand-off between state authorities and teachers is most intense in the southern state of Paraná. In late April, 200 people were injured in clashes with police in Curitiba, the state capital, during a protest over changes to pensions for state employees in Paraná. Many of the protesters were teachers. Beto Richa, the governor of the state, and like Alckmin from the opposition Partido da Social Democracia Brasileira (PSDB), has come in for withering criticism for his handling of the unrest in the state.

Two teachers are currently on hunger strike, demanding pay increases and the resignation of Richa. On 3 June state deputies agreed to fund a pay increase for all state employees, with the first rise in October, followed by a second in January next year. However, it is still not clear whether the state employees will all accept the deal.

## ARGENTINA | ECONOMY

### IMF gives Argentina more time over statistics

Speaking after a meeting of the executive board of the International Monetary Fund (IMF) on 3 June, Christine Lagarde said that despite the progress made by Argentina in the production of its inflation statistics, the country still has some way to go to comply with the IMF's criteria. The IMF's managing director said that Fund would give Argentina another year "to remedy the provision of inaccurate data". In a nationally televised speech broadcast later that day, President Cristina Fernández defended her government's economic policies, arguing that "no one can teach us how to make the economy grow".

Argentina and the IMF have a long, fraught history. In recent years, much of the mutual suspicion between the two has come about as a result of the way Argentina calculates inflation. In 2013, the IMF said that if the country failed to improve its methodology it could face official sanctions, such as losing its vote on IMF policies, as well as access to international funding.

In an interview on 2 June, Axel Kicillof, the economy minister, said that inflation this year would be around 18%. Private sector economists estimate that at present inflation is running at around 25%. Still, that marks considerable progress from last year, when at one point the non-official estimate was 40%.

## TRACKING TRENDS

ARGENTINA-BRAZIL | **Bilateral trade falls steeply.** May was the worst month for bilateral trade between Argentina and Brazil since 2009. Commerce between the two countries fell by 23.7% compared with the same month of 2014, dipping just under US\$2bn. Argentina's trade deficit with Brazil reached US\$246m in May, compared with US\$70m in April. Argentina is Brazil's fourth largest trade partner after China, the US and Germany. With the Brazilian economy now in recession, and the Brazilian congress approving an increased tax on foreign imports, the trend is likely to continue.

BRAZIL | **Copom raises interest rates to 13.75%.** On 3 June the monetary policy committee of Brazil's central bank (Copom) raised the benchmark interest rate, the Selic, to 13.75%. The 50 basis point increase was a unanimous decision by the committee. In the note accompanying the announcement, Copom indicated that further rises may be necessary in the months ahead. In recent testimony to congress, Alexandre Tombini, the central bank president, said that it was still the central bank's goal to bring inflation in line with its target of 4.5% with a 2% band of tolerance. Inflation is currently running at around 8%.

**Campaign rocked by violence and Iguala sequel****Electoral violence**

Electoral violence has been a disturbing feature of this campaign and it has not just been confined to Guerrero and other troubled states, such as Michoacán. Political murders have taken place in Tabasco, Oaxaca and San Luis Potosí as well as these two states, and electoral violence has been reported in 12 states, such as Morelos, where seven candidates for the right-of-centre opposition Partido Acción Nacional (PAN) abandoned the contest earlier in the campaign after receiving death threats.

Electoral violence in the run-up to the federal, state and municipal elections on 7 June has been the worst in Mexico's modern history. That was the blunt assessment of Lizbeth Rosas, a vice-president of the federal chamber of deputies and part of the bicameral national security commission. But while electoral violence is alarming, arguably more disturbing is the lawlessness in Chilapa in the state of Guerrero, where it has recently emerged that dozens of young men were abducted (and possibly murdered) in mid May by an armed gang which took charge of the city while the security forces looked on. This despite the gruesome precedent of Iguala, in the same state, where 43 trainee students 'disappeared' last September.

Deputy Rosas, a member of the left-wing opposition Partido de la Revolución Democrática (PRD), provided details of the electoral violence on 27 May. She said there had been 43 victims of electoral violence and seven murders (media reports put both figures higher) during the campaign.

But since Rosas presented these figures there have been a further two electoral-related murders. The very next day Israel Hernández Fabela, a campaign coordinator for the Partido Revolucionario Institucional (PRI) candidate in Azcapotzalco, one of the 16 boroughs (*delegaciones*) in Mexico City, was shot dead by unidentified gunmen. His body was found in the van of the PRI candidate, Aida Beltrán, outside the party's campaign headquarters in Azcapotzalco. And then, on 2 June, Miguel Ángel Luna Munguía, a PRD candidate for federal deputy, was gunned down in a flat doubling as his campaign HQ in Valle de Chalco, Estado de México.

The exact motives behind both murders are unclear. The PRI party president, César Camacho, perhaps conscious of the damage the electoral violence is doing to the (PRI) federal government of President Enrique Peña Nieto and concerned about negative repercussions for his party in the elections, said "we don't want this linked to politics as it seems it has nothing to do with it". This despite the fact Hernández's body was found covered in PRI electoral insignia. The PRD party president, Carlos Navarrete, by contrast, demanded "the swift clarification of the facts [behind Luna's death] and punishment for those responsible".

**Chilapa scandal**

One of the political murders during this campaign was the mayoral candidate in Chilapa, Guerrero, for the PRI-Partido Verde Ecologista de México (PVEM) alliance, Ulises Fabián Quiroz, who was gunned down by unidentified gunmen on 1 May. Subsequent events in Chilapa could be more serious than all of the electoral violence put together.

Up to 300 armed civilians masquerading as 'community police' marched into Chilapa on 9 May, disarming the municipal police on the grounds that the municipal authorities had been infiltrated by a local drug-trafficking organisation known as 'Los Rojos'. For six days they ran amok, breaking into houses and workplaces, and abducting some 30 young men. Details of this did not immediately emerge as many relatives were too afraid to report that their loved ones were missing. Neither the army nor the gendarmerie nor the state police force intervened, despite being present and witnessing a total breakdown of the rule of law, apparently to avoid triggering a violent confrontation.

The armed men belonged to a gang known as 'Los Ardillos' which has been fighting a turf war with 'Los Rojos' for control of the local marijuana and opium poppy growing area; both are splinters from the Beltrán Leyva drug

## Performance tests

A teacher's post in southern Mexico is coveted and associated privileges jealously guarded.

This has led to practices such as hereditary posts or allowing retiring teachers to sell their positions; practices which the Peña Nieto administration had promised to stamp out through a new 'professional teaching service' but which the CNTE argues will lead to mass dismissals of teachers.

trafficking organisation (DTO). After seeing two of his brothers taken, José Navarro Díaz, who has become the spokesman for the families of those abducted, claimed that the so-called community police were not 'arresting' criminals but rather kidnapping "police, bakers, tailors and poor workers". He added: "The law doesn't function here. Here the law of the most violent, the most cruel reigns".

Navarro Díaz alleged that 'Los Ardillos' enjoy "political protection": the gang is led by Antonio and Celso Ortega Jiménez, brothers of Bernardo Ortega Jiménez, a member of the PRD and the president of the commission of government in the Guerrero state congress. This is another damaging allegation against the PRD whose then-mayor of Iguala, José Luis Abarca, orchestrated the abduction and presumed murder of the 43 students last September. There are other disturbing parallels with Iguala, not least the serious mishandling of the episode by the authorities, and the discovery last week of the body of one of the youths reported missing in a shallow grave in the vicinity of Chilapa.

The armed gang withdrew from Chilapa after the state government struck an accord undertaking to arrest the leader of 'Los Rojos'; remove the municipal public security secretary and investigate the municipal government's alleged collusion with 'Los Rojos'. The governor of Guerrero, Rogelio Ortega, said the situation was "complicated" because "'Los Rojos' control the city and 'Los Ardillos' have a strong presence in outlying areas". Three days after the gang left Ortega received in the seat of the state government in Chilpancingo 14 municipal officials representing rural communities in Chilapa. He said they had told him that 'Los Ardillos' had entered Chilapa to take justice into its own hands because 30 people had disappeared at the hands of 'Los Rojos' in the last six months.

## MEXICO | POLITICS

### Education reform in tatters

President Enrique Peña Nieto signalled notice of his reforming intent when he took down Elba Esther Gordillo, the powerful leader of Mexico's main teachers' union, Sindicato Nacional de Trabajadores de la Educación (SNTE), on corruption charges shortly after taking office in December 2012. He then pushed through an education reform designed to improve the poor standard of teaching in Mexico dramatically. Peña Nieto might have emasculated the SNTE but the country's second largest union, Coordinadora Nacional de Trabajadores de la Educación (CNTE), staged a series of protests in Mexico City and its powerbase in southern Mexico. The federal government held strong then but now it has buckled, suspending tests to evaluate teachers which are the cornerstone of the education reform. Why?

On 29 May the education ministry announced the suspension of the teacher assessment programme until further notice. These performance appraisals are the aspect of the reform most vigorously opposed by the CNTE, which is entrenched in poorer, southern states (*see sidebar*).

The education ministry released a statement claiming that the suspension of teacher evaluations was due to "new elements" that would have to be taken into consideration. If this move was designed to appease the CNTE, which had urged people not to vote in the mid term elections on 7 June, it did not work. On 1 June teachers went on strike in states across southern Mexico, invaded offices of the national electoral institute (INE) and burnt ballot papers. Polling stations in the states of Puebla, Guerrero, Chiapas, Oaxaca, and Veracruz were attacked. Section 22 in Oaxaca, the most militant wing of the CNTE which spearheaded the disruptive protests in Mexico City for several months in 2013, promised to cause a major disturbance to the electoral process by preventing INE officials from entering schools where many polling stations are based.



## Good timing

Virgilio Andrade, head of the ministry of public administration (SFP in the Spanish acronym), said the new anti-corruption system came at a pivotal time for Mexico because “it is vital that the abuse of power is stopped so that human rights are not abused; and that the misuse of public resources is stopped so that social rights are not undermined”. He said the constitutional reform would strengthen the climate of legality in business dealings, investment and trade and consolidate the conditions of transparency in infrastructure development and the application of social programmes.

Chief among the CNTE’s demands is the annulment of the entire education reform. Opposition politicians argue that the education ministry’s suspension of the performance appraisals is tantamount to doing just as the fundamental purpose of the reform was to evaluate teachers in order to make a qualitative leap in poor education standards in Mexico. They also maintain that the suspension of these tests is “unconstitutional” because the secondary legislation enacting the education reform enshrined the independence of a newly created national institute for the evaluation of education (INEE) in the constitution.

There is more than just the education reform at stake. President Peña Nieto’s credibility is on the line along with his legacy as a great reformer given that he maintained at the time of its promulgation that the education reform was “the foundation for transforming Mexico”. If he is prepared to backtrack on this front, it will also provide encouragement for groups opposed to some of his other reforms, notably to the energy sector, to step up protests.

## MEXICO | POLITICS

### Corruption reform falls short

**There was an unmistakable irony when President Enrique Peña Nieto promulgated a constitutional reform creating an anti-corruption system last week. While Peña Nieto hailed the central objective of the reform being to root out impunity in public life he was surrounded by various senators, deputies and governors none of whom will be held accountable as the *fuero* conferring immunity from prosecution on elected officials was untouched.**

Presenting the new anti-corruption system in the national palace in Mexico City, President Peña Nieto said it represented a “genuine paradigm shift...an institutional change, a change in mentality and above all a change in culture”. The new multi-layered anti-corruption system [WR-15-19] will help to improve transparency and accountability for both public officials and private entities (see our latest *Mexico & Nafta* regional report for a detailed analysis of the reform), but the major shortcoming is that the *fuero* remains intact.

While other politicians were heaping praise on the reform, Miguel Barbosa, president of the senate and a member of the left-wing Partido de la Revolución Democrática (PRD), began his speech by quoting Cesare Bonesana-Beccaria, the Italian jurist, philosopher and 18<sup>th</sup> century Enlightenment thinker: “It is not the size of the punishment that prevents the crime, but the certainty of punishment.” The *fuero* remaining in place means that as long as elected politicians are serving in their posts they will continue to enjoy immunity from prosecution. Given that from the 7 June midterm elections onwards, federal deputies, state legislators, councillors and mayors will be able to seek re-election, and thus extend their protection under the *fuero*, this is an even more significant issue. “*Fuera el fuero*,” Barbosa concluded, adding that the issue could only be broached when there is “a more mature political balance”.

Others questioned Peña Nieto’s stated commitment to “combat bribery, extortion and influence trafficking in the public sector”. Conflict of interest allegations against First Lady Angélica Rivera, and the finance minister, Luis Videgaray, emerged last year and straight after Peña Nieto’s promulgation of this reform, Reuters ran a piece accusing him of misrepresenting to authorities the circumstances under which he acquired one of his properties. The news agency said that Peña Nieto claims in an asset declaration that he acquired land in Valle de Bravo, Estado de México, as a gift from his father when registry documents show he purchased it from a third party in 1988 for M\$11.2m (US\$5,000 at the time) but lists it as being valued at just M\$11,200 (US\$5 then).

**How genuine is Granger's call for unity?****Rodney's murder**

President Granger announced that his government would end further hearings by a commission of enquiry set up by the PPP/C in February 2014 into the killing of Dr Walter Rodney in June 1980. Rodney founded the Working People's Alliance (WPA), a party which provided credible opposition to the PNC/R government of the day. He was killed by a car bomb. The opposition accused then-president Linden Forbes Sampson Burnham (1980-1985) of being the intellectual author of Rodney's murder. Granger claimed "the commission has not performed adequately [and] a lot of time and money have been wasted".

President David Granger appealed for Guyana's multi-ethnic population to unite to help spur inclusive socio-economic development during his official inauguration on the 49<sup>th</sup> anniversary of Guyana's independence on 29 May. Just a day earlier former president Bharrat Jagdeo (1999-2011), a member of the opposition People's Progressive Party/Civic (PPP/C) which lost power after 23 years at the helm, was charged with inciting racial hatred for comments he allegedly made ahead of the 11 May general elections.

President Granger proclaimed openly his "determination to continue the task of working to achieve national unity...to pursue relentlessly the goal of inclusionary democracy and to reaffirm our respect for our constitution". He said that Guyana had been guided after gaining independence on 26 May 1966 by the national motto '*One People, One Nation, One Destiny*'. Granger expressed his commitment "to make that motto a reality". He said that "the results of the last two elections have made it clear that the majority of the Guyanese people yearn for national unity... People, increasingly, are abandoning the 'winner-takes-all' approach to governance and adopting the collective path to building 'One Nation'."

Granger promised to inculcate "inclusionary democracy" at the local, municipal and parliamentary level, before expatiating upon the scale of the challenge he had inherited by listing a series of areas facing "a crisis": youth; education; the hinterland west of the Essequibo River (where he said "Banditry is rampant; contraband smuggling is commonplace; disease is prevalent; poverty is pervasive and educational standards are among the lowest"); labour; public security; and public health. He offered little by way of an explanation for how his government would tackle these issues other than variations on the mantra "but there will be change". He concluded by stressing that "A united nation ought to be one in which cooperation prevails over confrontation and national integration over communal disintegration."

This was an indirect swipe at the Indo-Guyanese PPP/C government of the previous 23 years, and the day after one of that party's most senior politicians, former president Jagdeo, was summoned to court charged with inciting racial hatred. Despite the fact that Granger came to power at the head of Guyana's first multi-ethnic coalition, A Partnership for National Unity (Apnu) and Alliance for Change (AFC), the principal political force within it is the PPP/C's traditional Afro-Guyanese rival, the People's National Congress/Reform (PNC/R). Jagdeo championed a very robust campaign strategy, seeking to split the vote along customary ethnic lines by portraying the Apnu-AFC coalition as no more than a new guise for the PNC/R. Playing the race card met with some success because Apnu-AFC only won the slenderest of majorities in the national assembly, winning 33 of the 65 seats.

Jagdeo was accused by a PNC/R advocate, Chris Ram, of saying during a public rally on 8 March at Babu John, Corentyne, "The opposition consistently shout about the racism of the PPP but they practise racism. The opposition beat drums at six in the morning and say let us throw out those coolie people." If found guilty, Jagdeo, who will return to court on 23 June after being released on self-bail, could face two years in jail. The PPP/C is already citing the case as proof that Granger's rhetoric of national unity rings hollow, while some have accused his party of being behind Ram's "trumped up criminal charges" in an effort to silence one of its most formidable adversaries.

## Electoral contest starts taking shape

### Haitian economy

The IMF press release reported that “Real GDP [in Haiti] is projected at 3-4 percent over the medium term helped by the implementation of structural and institutional reforms addressing bottlenecks to growth and job creation, including improvements in the business environment and property rights, financial inclusion, and access to available and cheap electricity. Inflation is expected to be contained in the mid-single digits, reflecting prudent fiscal and monetary policies, while gross international reserves would cover between 4 – 5 months of imports.”

The picture is becoming clearer ahead of elections scheduled for two-thirds of the 30-member senate and the newly expanded 118-member lower chamber scheduled for 9 August and the presidential first-round on 25 October. While on 24 May the provisional electoral court (CEP) posted its “final” list of approved legislative candidates, the proposed presidential candidacy of former prime minister Laurent Lamothe (2012-2014), who is running for *Platfòm Peyizan* (President Michel Martelly’s former party *Repons Peyizan*), is fast becoming a major test for the CEP.

The final list of legislative candidates leaves *Verité*, the new party launched by former president René Préal (2006-2011) and former prime minister Jean-Max Bellerive (2009-2011), with the most candidates (115 in total) while President Martelly’s new party, *Parti Haïtien Tèt Kale* (PHTK), has 110. Meanwhile, *Fanmi Lavalas*, the party of the populist former president Jean-Bertrand Aristide (1991; 1994-1996; 2001-2004), which has been excluded from participating in past elections, has 99 legislative candidates in total.

One looming headache for the CEP is the proposed candidacy of Lamothe, who registered to run for the presidency on 20 May. A contentious figure who was unpopular with the legislature, Lamothe quit as prime minister in December 2014 [WR-14-50], after being in the post since 2012. His resignation was in line with one of the recommendations of a report released by a presidential commission tasked with coming up with ways of resolving the country’s political crisis caused by the delay in holding elections.

Lamothe’s proposed candidacy is controversial because he lacks a key document – known as a *décharge* – which is necessary to show that he did not misuse government funds while in office. Only parliament can grant a *décharge*, which is based on the findings of the superior court of auditors and administrative disputes (CSCCA). However, parliament has been paralysed since January after the terms of a further 10 senators expired, making this impossible.

The local and international press are reporting that Lamothe’s lawyers are set to argue that he should be allowed to register as a candidate even without a *décharge*, because it is not his fault that parliament is unable to grant him one. Lamothe has also reportedly called on Martelly to grant one to him – and other candidates in a similar situation – by decree.

### First Lady’s senate bid rejected

Meanwhile, Haiti’s national bureau of electoral disputes (BCEN) has rejected the candidacy of First Lady Sophia Martelly who was seeking to run for her husband’s PHTK for a senate seat in August’s legislative elections for Ouest department. According to the local press, the First Lady’s bid was rejected due to issues of nationality (she was born in the US) and ‘administrative clearance’.

As regards the former point, BCEN magistrates argued that Martelly had failed to complete the process of renouncing her US citizenship – a legal and constitutional prerequisite to enter the senatorial race. Like Lamothe, she also failed to present a *décharge* to show that she had not misused any of the public funds under her watch as the acting chairwoman of the presidential committee tasked with tackling hunger and malnutrition (Colfam).

### IMF approves credit line

The International Monetary Fund (IMF) has approved a three-year US\$69.7m arrangement under the Extended Credit Facility (ECF) for Haiti. According to an IMF press release, the approval enables the immediate disbursement of about US\$10m, while the remaining amount will be phased over the duration of the arrangement, subject to



## US embassy

Referring to one of the last sticking points in the talks to re-open embassies, the freedom of movement for US diplomatic staff in Cuba, Roberta Jacobson said, in congressional testimony, that US staff in Cuba would likely be required to provide advance notice of travel plans in the country. She stressed that this is not unprecedented: “There are a range of ways in which our embassies operate around the world. We expect that in Cuba, our embassy will operate within that range. It won’t be unique. It won’t be anything that doesn’t exist elsewhere in the world”.

semi-annual program reviews.

According to the same press release “The program aims at entrenching macroeconomic stability and at deepening structural reforms, to support sustained and shared growth. The program seeks to maintain buffers in the form of foreign reserves and bank deposits to reduce Haiti’s vulnerability to shocks, and to avoid stop-and-go growth dynamics.”

## CUBA | FOREIGN RELATIONS

### Nearly there...

**On 29 May the US State Department announced that Cuba had been removed from its list of countries that sponsor international terrorism, paving the way for the formal restoration of diplomatic relations and an exchange of ambassadors.**

A US State Department press release noted that “in December 2014, the President instructed the Secretary of State to immediately launch a review of Cuba’s designation as a State Sponsor of Terrorism, and provide a report to him within six months regarding Cuba’s support for international terrorism. On April 8, 2015, the Secretary of State completed that review and recommended to the President that Cuba no longer be designated as a State Sponsor of Terrorism...On 14 April, the President submitted to Congress the statutorily required report indicating the Administration’s intent to rescind Cuba’s State Sponsor of Terrorism designation...The 45-day Congressional pre-notification period has expired, and the Secretary of State has made the final decision to rescind Cuba’s designation as a State Sponsor of Terrorism, effective today, May 29, 2015”.

While the Republican-controlled US congress raised no objections during the 45-day period, given the narrowly defined parameters used by the State Department to justify Cuba’s removal, House Republicans wasted no time in moving to put obstacles in the way of the plans to exchange ambassadors with Cuba, a hugely symbolic move that would signal the culmination of the current talks to restore full diplomatic relations. Following a fourth round of high level talks between the US Assistant Secretary of State for Western Hemisphere Affairs, Roberta Jacobson, and her Cuban counterpart, Josefina Vidal (the director of North American affairs at the Cuban foreign ministry), the two women signalled that while a deal is not quite done yet, they expect final details to be ironed out in the coming weeks by their respective delegates.

In response, US legislators on 2 June tacked a provision into the House Appropriations Committee State and Foreign Operations Appropriations bill for Fiscal Year 2016 that would prohibit funds for a US embassy or any other diplomatic facility in Cuba beyond what exists already (i.e. an interests section). Provocatively, it would also increase “democracy assistance” and “international broadcasting” to Cuba and “provide direction to the State Department on denying visas to members of the Cuban military and the ruling Communist Party”. “We have a difference of opinion with the administration and we have a right to express it,” stated Kevin McCarthy, the Republican House Majority Leader.

Florida Senator Marco Rubio, a 2016 Republican presidential nominee, in a 1 June letter to the US Secretary of State John Kerry said that he would “block the White House efforts to pursue diplomatic relations with Cuba and name an ambassador to Havana” absent “substantive progress” by the Cuban government on four issues: “political reforms and progress on human rights; the continued harboring of known terrorists and other fugitives from U.S. justice; the outstanding American property claims and judgments against the Cuban government; and the limitations that continue to be placed on American diplomats working in Havana” (*see sidebar*).

## POSTSCRIPT

### Quotes of the week

“Not even death will stop the avalanche that is coming. The die is cast. There can be no turning back. Let the chips fall where they fall.”

*Trinidad & Tobago's Jack Warner, a former Fifa vice-president and Concacaf president, on the scandal enveloping the governing body of world football.*

“If President Evo Morales decided to be there [in Desaguadero] that's his decision. Here in Peru, presidents don't go to pick up prisoners.”

*Peru's President Ollanta Humala on his Bolivian peer's decision to return the fugitive Martín Belaunde Lossio in person.*

“Our land and sea space possess rich mineral resources including bauxite, diamonds, gold, manganese and petroleum...We are talented and resourceful. There is no reason for us to be poor. There is enough to satisfy everyone's need but not everyone's greed.”

*Guyana's President David Granger during his inaugural address.*

### Dominican constitution reformed to permit Medina's re-election

Dominican President Danilo Medina will be able to stand for re-election in 2016. In theory, the big hurdle blocking Medina's ambitions was a constitutional bar on consecutive re-election. In practice, however, everything hinged on the outcome of an internal power struggle within the ruling Partido de la Liberación Dominicana (PLD). Medina, comfortably the most popular politician in the Dominican Republic in the polls, managed to induce the party's *caudillo*, former president Leonel Fernández (1996-2000; 2004-2012), who hankered after a fourth term in power, to back the amendment (and indirectly his re-election bid) in exchange for a number of concessions. Once an agreement within the PLD was reached on 28 May, the party used its domination of both chambers of congress to reform the constitution accordingly within days.

The PLD announced the terms of a “historic” 15-point accord between the party's pro-Medina and pro-Fernández factions. Fernández and his faction opposed a constitutional amendment to allow consecutive re-election, which was barred when he drafted a new constitution in 2010 during his last term in power, without a national referendum. But the PLD hierarchy opposed a referendum given that the party could simply use its comfortable congressional majorities to effect the change. The senators and deputies loyal to Fernández were won over by a promise that they would be guaranteed the chance to seek re-election for their seats on the PLD ticket in the general elections in 2016.

Fernández himself won a few concessions. There will be two PLD campaign teams in 2016: one for Medina's presidential re-election campaign; the other, led by Fernández, for the bicameral congress. Fernández will remain party president, and his wife, Vice President Margarita Cedeño will be Medina's running mate once again in 2016. But while Fernández might take some solace from this, the accord confirms a fundamental power shift away from him to Medina. Within hours of the accord being struck, the PLD-dominated senate had voted in favour of the reform. The chamber of deputies followed suit on 2 June, with the PLD backed by the main opposition Partido Revolucionario Dominicano (PRD). This came the day after a poll by Penn, Schoen & Berland for the national daily *Hoy* showed that 91% of respondents felt the Medina administration has been ‘very good’ or ‘good’ (up from 69% a year ago) and 89% felt Medina had done a better job than Fernández.

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