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Ecuador's Correa feels the heat over inheritance tax

Ecuador's President Rafael Correa has challenged the political opposition to call a recall referendum on his mandate after more than a week of protests rather than resort to violence to oust him. This is a stock response from Correa: raise the stakes; categorise legitimate protests as a cover for a coup conspiracy; and divert attention away from one specific issue of discord to his whole record in government. Correa was sufficiently concerned, however, to suspend temporarily the issue which provided the catalyst for the protests: a bill to introduce a graded inheritance tax.

"I really hope that one day they dare to go for a [recall] referendum...to beat them again at the polls," President Correa said in a public address from the balcony of the Carondelet presidential palace on 15 June upon his return from Europe where he attended the European Union-Community of Latin American and Caribbean States (EU-Celac) summit in Brussels and the Expo 2015 in Milan. Correa insisted that his proposed tax reform was designed to spread social justice and that he would not cave in to the pressure of "foolish and irresponsible people...promoting violence and looking for deaths...and intent on promoting another 30-S", a reference to the police mutiny on 30 September 2010 which saw Correa briefly holed up in a military hospital in Quito before being rescued by special forces, which he classifies as a coup attempt.

Nonetheless, Correa did back down – at least in the short-term – by withdrawing the bill from the national assembly until after a "great national debate" can be staged involving legislators, academics, students and the general public on the tax proposals and "the type of country that we want". Correa added: "We want debate not shouting; we want arguments not manipulation". He said that withdrawing the bill was also designed to preserve the peace ahead of the visit of Pope Francis between 5 and 8 July. Thousands of protesters have gathered on Los Shyris, a busy straight in the commercial centre of Quito, for over a week now, separated from pro-Correa supporters by a strong police presence. There have been similar protests in the coastal city of Guayaquil, and from cities as geographically dispersed as Manta and Esmeraldas in the north, Taisha in the south and Cuenca and Ambato in the central highlands.

The opposition accuses Correa himself of manipulation, insisting the new inheritance tax will affect far more than 2% of the population as he claims. Correa responded that, "I will personally archive these laws if they prove this but they will not be able to because they are lying". Guillermo Lasso, who finished second in the February 2013 presidential elections, picked up the gauntlet. Lasso said on Twitter that he would be happy to appear before the national assembly to explain just how the middle class would be affected.

Tax on real estate profits

The proposed bill also includes a second tax reform – a tax on real estate profits. Especially earnings from revaluations linked to speculation or sudden windfalls due to nearby public investment projects. President Correa cited as an example properties located near the newly erected headquarters of the Union of South American Nations (Unasur) in Ciudad Mitad del Mundo near Quito which have leapt in value.

Details of the proposed tax

In his *Enlace Ciudadano* broadcast in Quito on 6 June, Correa discussed the inheritance tax reform in detail. He said it was designed to attack “anachronistic capitalism concentrated in a few groups of families [as] all excessive accumulation of capital is unjust”. He blamed “sons of the bourgeoisie” for protesting in defence of the vast sums they are going to inherit. Under the proposed reform the inheritance tax threshold for direct beneficiaries would be lowered from US\$66,000 to US\$35,400. It would then be graded: from US\$35,400-US\$70,800 would be taxed at a rate of 2.5%; from US\$70,800-US\$141,600, 7.5%; US\$141,600-US\$283,200, 17.5%; US\$283,200-US\$566,400, 32.5%. Correa said he knew of five Ecuadoreans who had inherited more than this and they would pay 47.5% tax because “there can be no privileges from the cradle”. The top rate for direct beneficiaries is currently 17.5%.

Correa argued that only three in every 100,000 Ecuadoreans (0.003%) inherited more than US\$50,000, and that anyone who earned exactly this figure would only pay US\$365. He said that in the event of inheriting property, the tax would only kick in at the level of US\$70,800. In his own case, Correa said he had bought a house for US\$140,000, now valued at US\$200,000. Assuming his three children inherited this they would not pay anything at all because they would each be entitled to US\$66,666 of the property. Correa also denied the tax would punish hardworking owners of small and medium sized companies, maintaining that only big companies in the hands of 2% of Ecuadorean families would pay. He even contended that the tax would benefit the wealthy as they would live in a more just society and would not need to build walls to protect their mansions.

The opposition mayor of Quito, Mauricio Rodas, expressed “deep concern” over the bill. Rodas said that 70% of businesses in Quito were family initiatives and the inheritance tax would “affect the aspirations of thousands of families”. Rodas said that redistributing wealth would be better achieved by creating opportunities for those that lack them and providing training: “it is not possible to obtain sustainable equality, the peaceful and harmonious co-existence of a society in the long-term, by means of state appropriation of an important proportion of assets acquired through risk-taking and great effort over a lifetime”.

The opposition mayor of Guayaquil, Jaime Nebot, did not mince his words either. “We have a country convulsed, [Correa] speaks of one man and his dog... but how is it possible that if just 2% of the wealthy are affected, the country has erupted like this.” Nebot refused to rise to the bait of a recall referendum, arguing that this was not the issue at stake: “the president has a mandate and nobody wants to stage a recall”. Nebot also accused Correa of using the Pope’s visit as a ploy. He said Correa was trying to take the steam out of the protests by withdrawing the bill now to preclude demonstrations before the pontiff’s arrival, while he prepared for a big push afterwards. Adding that “we will not fall into that trap”, Nebot called for a big march in Guayaquil on 25 June.

Correa knows how to play the long game. For someone so sure of his popularity, he is very careful when confronted with protests; when the whole indigenous movement united to oppose his proposed ‘water law’ in 2010 – the one occasion when his divide and conquer strategy had not worked with Ecuador’s indigenous – Correa sensed a genuine threat and put the bill on the backburner. He then spent several years winning over the indigenous organisations, Fenocin and Feine, with various sops, and isolating Conaie. The ‘water law’ was eventually approved in July 2014.

Correa is likely to take a similar approach now, a cooling off period, followed by measures to soften the blow of the inheritance tax, and then go again. What is eye-catching is that he felt the need to resort to such a contentious course. Has declining oil revenue depleted state coffers to such an extent that maintaining public spending requires jeopardising his popularity in this way?

Guyana 1: Venezuela 0

British response

The UK's High Commissioner to Guyana, James Gregory Quinn, was dismissive of the Venezuelan decree. "The UK is clear that the Venezuela-Guyana land border is, and should be, as agreed under the 1899 Arbitration Agreement," he stated in Georgetown. Quinn reiterated that under the Geneva agreement: 'No new claim, or enlargement of an existing claim, to territorial sovereignty ... shall be asserted while this Agreement is in force, nor shall any claim whatsoever be asserted otherwise than in the Mixed Commission'. "Connected to this we see no grounds in international law which would justify recent Venezuelan claims to what we consider to be Guyanese territorial waters," Quinn emphasised.

Guyana's new president David Granger may not have much of a navy to call upon in defence of his country's maritime territory, but he wasted no time in calling in the big guns in response to a controversial decree issued by Venezuela's President Nicolás Maduro, which claimed for Venezuela all of Guyana's maritime waters, leaving the former British colony completely landlocked. After Guyana appealed to the United Nations (UN) to intervene in support of a "judicial settlement", Venezuela appeared to backtrack a little on 8 June, citing "faults in the original" decree published in the official gazette on 27 May and noting that there was "still a sea area to delimit". Venezuelan blogspot *Caracas Chronicles* was among several critics to accuse Maduro of propagating "a real economic war...bullying and intimidating a smaller, poorer neighbour for the purpose of spooking away foreign investors and preventing it from carrying out strategic investments".

That Granger appealed directly to the UN first over say, the Organization of American States (OAS), was unlikely a coincidence. The UN secretary general, Ban Ki-Moon, is due to attend a heads of state summit of the Caribbean Community (Caricom) on 2 July. Despite Venezuela's regional oil largesse, Caricom has always supported Guyana in its dispute with Venezuela, most recently in March, after Venezuela suddenly reiterated its longstanding position that the "Arbitral award of 1899, which definitively settled the boundary between the two countries, is null and void".

"The Caribbean Community reiterates its firm, long-standing and continued support for the maintenance of the sovereignty and territorial integrity of Guyana and for the unhindered economic and social development of all of Guyana," Caricom responded in an official statement. The Caricom statement took note of the fact "that Guyana has commenced a review of the options available under Article 33 of the United Nations Charter, as provided by the 1966 Geneva Agreement". This agreement, the statement noted, includes "the judicial option, that could serve to bring an end to the controversy and ensure stability in the relations between the two countries, relations that in recent years have seen positive progress through high-level political consultations and mutually beneficial programmes of functional cooperation".

The Geneva Agreement

A two-day conference on the Guyana-Venezuela border issue was held in Geneva on 16 and 17 February 1966. The subsequent Geneva Agreement specified that a 'Mixed Commission' of Guyanese and Venezuelan representatives would be set up to seek "satisfactory solutions for the practical settlement of the controversy between Venezuela and the United Kingdom which has arisen as the result of the Venezuelan contention that the Arbitral Award of 1899 about the frontier between British Guyana and Venezuela is null and void". The agreement also stated that "no new claim or enlargement of an existing claim to territorial sovereignty in these territories (of Venezuela and British Guyana) shall be asserted while this Agreement is in force, nor shall any claim whatsoever be asserted otherwise than in the Mixed Commission while that Commission is in being". The British Government, as stipulated in the Agreement, would remain as a party to it even after Guyana achieved independence.

Venezuela subsequently interpreted the Geneva Agreement as the reopening of the border dispute, with a view to having the 1899 decision reconsidered. This position was firmly rejected by both the British and Guyanese governments, who insisted that the controversy was solely over the Venezuelan contention that the 1899 Award was null and void, and that the Agreement was not aimed at cancelling the Award or revising the boundary. Legal experts have long maintained that should the case ever go to the International Court of Justice at The Hague, Guyana almost certainly would win. (It is worth noting that for a full 60 years after the 1899 award, Venezuela accepted it, including on its own maps, having participated in the demarcation of the boundary line in 1905). For that reason, critics accuse Venezuela of bluster over the issue, typically for domestic political motives.

Venezuela at risk of 'a solvency surprise'

With reserves down to US\$16bn and the President Maduro's government again drawing down on its International Monetary Fund (IMF) reserves, something that even Greece has avoided to date, Venezuela may see a forced restructuring of its domestic debt in the next year or so, David Rolley, co-head of global fixed income at Loomis Sayles, told *Bloomberg* on 9 June. "The most problematic sovereign in South America today is Venezuela. I think that there is a non-trivial risk of a solvency surprise," he said. The parallel exchange rate, seen as an indicator of the depth of the economic crisis, was trading at BF431.5/US\$1 on 18 June, according to websites that publish the (illegal) rate. Local currency money supply continues to soar, suggestive of a pre-electoral spending binge by the government. According to recent apparent leaks from disgruntled central bank employees, inflation is running at 140%.

Guyana said it was "extremely perplexed" by the sudden Venezuelan statement in March. However, it is the case that under President Maduro, who took office in April 2013, Venezuela has moved away from the conciliatory stance towards Guyana advocated by his late predecessor Hugo Chávez (1999-2013), who forged a relationship with the longstanding previous People's Progressive Party/Civic (PPP/C) under the auspices of his bid for Latin American regional integration, Bolivarian-style, and sold Guyana fuel on preferential terms under Venezuela's regional discount oil initiative, Petrocaribe. In part, the change of tone towards more of an aggressive stance has suited Maduro for domestic political purposes, as he seeks to deflect attention from mounting problems on the home front, including violent social unrest and a rapidly deteriorating economy.

In October 2013, for example, the Venezuelan navy detained an oil research vessel operating under contract for the US firm Anadarko Petroleum, saying that it was carrying out exploration activities in its waters without authorisation. Guyana insisted that the ship was operating in its territory, in the offshore Roraima block. Having declared the 1899 award null and void in March, in April Venezuela's foreign minister, Delcy Rodríguez, wrote a letter to ExxonMobil's Guyana country manager, Jeff Simon, stating that Venezuela would not accept the incursion or interference of any multinational company in the territory disputed by Venezuela and Guyana. Despite the 1899 award, Venezuela has long claimed about two-thirds of Guyana's territory west of the Essequibo River, as well as offshore maritime waters. The land area, rich in gold, diamonds and bauxite, is denoted on Venezuelan maps as a 'reclamation zone'.

The latest decree (no 1.787) to expand Venezuela's 'integral maritime and island defence zone (ZODIMAIN)' was issued by Maduro on 26 May in apparent response to a week-earlier announcement by Guyana and the US oil firm ExxonMobil of a significant oil discovery in the area. As per the decree, which extends Venezuela's so-called 'Atlantic Façade', Guyana would be left without direct access to the Atlantic Ocean. Notably, the extension of the ZODIMAIN would allow the Venezuelan navy to patrol and conduct military operations in the area, which could threaten oil companies operating in the zone. Some local analysts suggested that this 'Maduro Line' may also cross into waters assigned to Suriname and French Guiana, including the maritime border between Guyana and Suriname delimited by the International Court of Justice (ICJ) at The Hague in 2007.

The Granger government's response was strongly worded. A statement from the ministry of foreign affairs accused Venezuela of posing a "threat to regional peace and security". It called the decree a "flagrant violation of international law" and said that it was "inconsistent with the principle that all States should respect the sovereignty and territorial integrity of other States". It stressed that any attempt by Venezuela to enforce its claims would be "vigorously resisted" and brought to the attention of the international community.

"Guyana rejects this illegality, which seeks to undermine our development through the exploitation of our natural resources offshore," the statement added. Granger, who took office on 16 May, having ousted the PPP/C after 23 years in power, told international media shortly after his election: "I am convinced that the site which they [ExxonMobil] are drilling is well within our exclusive economic zone. It's our territory. I don't see that Venezuela, of all the countries on the continent, should oppose the extraction of petroleum from one of our sites".

ExxonMobil, which first inked a contract with the Georgetown government way back in 1999, is drilling in the Stabroek Block, about 190kms off Guyana's coast. In a statement to *Reuters*, the company said that its policy was to follow host countries' and international law, and that border disputes are a matter for governments. "We are operating the Stabroek Block offshore Guyana under license from the government of Guyana," spokeswoman Lauren Kerr said. ExxonMobil has yet to announce whether the latest find (of valuable light sweet crude of the kind that Venezuela does not have) is commercially viable. Relations between the Venezuelan government and Exxon ended bitterly in 2007, when Chávez ordered the expropriation of its local assets. In October 2014, the World Bank's International Centre for Settlement of Investment Disputes (Icsid) ordered Venezuela to pay Exxon US\$1.6bn in compensation. As part of his belated effort to defuse the row over the decree, Maduro opted to blame Exxon for the whole thing, advising Guyana "not to take bad advice from ExxonMobil or from (local officials) bribed by Exxon Mobil". "With dialogue and diplomacy we should be able to iron out these historical differences," he added.

Political corruption

The Ipsos Perú poll also found that the majority of Peruvians believe that the country's leading politicians all rely on ill-gotten funds for their personal expenses. According to the poll, 46% of respondents believe this of President Ollanta Humala; 59% of First Lady Nadine Heredia; 51% of former president Alejandro Toledo (2001-2006), of Perú Posible; 45% of former president Alan García (1985-1990; 2006-2011), of the Partido Aprista Peruano; 29% of Keiko Fujimori, the leader of the main opposition Fuerza Popular; and 11% of Pedro Pablo Kuczynski, the leader of the Peruanos por el Cambio (PPK) opposition party. This shows just how discredited Peru's politicians and leading presidential hopefuls have become ahead of next year's general elections.

Continued protests savage Humala's popularity

President Ollanta Humala faces a tough ride in his final year in office ending in July 2016. In response to continued anti-mining protests in different areas of Peru, Humala has extended the military intervention he ordered in three separate regions in May to maintain order and reinforce public security. But this may make an already unpopular government, also confronting a string of corruption and political scandals, even more unpopular in the run-up to general elections next April.

President Humala deployed the military to the southern regions of Arequipa, Puno and Madre de Dios after the long-running protests against the 'Tía María' copper mining project in Arequipa once again claimed lives [WR-15-19]; and the clashes between law enforcement officials and illegal miners became more frequent. But while this brought a degree of control, it did not put an end to the unrest. The disruptive protests in Arequipa (where a state of emergency has also been declared, temporarily suspending certain civil liberties), in particular, show no sign of abating. As long as the unrest simmers there is a latent risk that, as tends to be the case in Peru, discontent in other areas with long standing mining-related conflicts could break out.

On 14 June the Guardianes de las Lagunas de Conga group of 'Rondas Campesinas' ('peasant patrol') vigilantes in the northern region of Cajamarca announced plans to stage a strike on 22 June in rejection of the new penal code currently being debated in congress. The Guardianes say that the initiative seeks to undermine the ability of the Rondas to administer justice by introducing tougher punishment for vigilantism. They also say that they will not be deterred from continuing to protect the local Andean lagoons and oppose any efforts to resume works on the Conga copper and gold mining project. The violent anti-Conga protests across Cajamarca in 2011-2012 produced the first major crisis for the Humala government until it decided to suspend the project indefinitely. Resistance remains strong with those opposed demanding its cancellation.

Discouraging further anti-mining protests seems to be the reason why Humala decided to extend the two-month military intervention for another month until 15 July. A decree published in the official gazette on 15 June said that Humala had ordered the extension so that the armed forces can continue to support the police in their objective of "ensuring internal control and preventing violent acts in mobilisations promoted by illegal mining". But the Humala administration's handling of the protests has been widely criticised, contributing to a sharp fall in his approval ratings. Humala's approval rating has consistently fallen since the Tía María protests intensified and it reached a new low of 17% in an Ipsos Perú poll published on 14 June on the back of the latest corruption accusations surrounding First Lady Nadine Heredia.

Heredia

The poll primarily attributed the four-percentage point fall in Humala's approval rating from May to June to the accusations made by the political opposition against Heredia, the current president of Partido Nacionalista Peruano (PNP), linking her to the arrested businessman, Martín Belaunde Lossio [WR-15-22]. These were so forceful that the attorney general's office decided to re-open a money laundering investigation launched against Heredia in 2006 (and shelved in 2010) related to the funding of Humala's failed 2006 presidential campaign.

The Ipsos poll found that 67% of respondents believe that Heredia was involved in dodgy business dealings with Belaunde Lossio. Her approval rating fell by six percentage points to 15%; the previously popular Heredia now dragging down her husband's approval rating.

Revival of an old battle

Alex Ferrier, the new governor of the eastern department of Beni, announced last week that he would promote the Villa Tunari-San Ignacio de Moxos highway through a local indigenous territory and national park, Isiboro Sécure (Tipnis) linking Beni and Cochabamba department. The announcement by Ferrier, who won an unprecedented victory in the 3 May run-off for President Evo Morales' Movimiento al Socialismo (MAS) in what was traditionally an opposition bastion [WR-15-19], came days after Morales said that the project would be going ahead. This would appear to reignite what has been a major source of unrest for the MAS government.

The 300km road is split into three tranches – the second of which runs through the Tipnis area. While work has begun on the first and third tranches, the second one was suspended in 2011 after unrest led the MAS government to carry out a public consultation (*consulta*) between the end of July 2012 and early December 2012 asking local communities whether the road should go ahead and whether an October 2011 law ('Law 180') declaring the area "untouchable" should be repealed [WR-12-50]. In early January 2013 the supreme electoral court (TSE) presented its report on the *consulta*. It pointed to overwhelming backing for the road, although this was challenged by some groups. At the time the TSE said that 58 of 69 Tipnis communities participated in the *consulta*, while 11 boycotted the process. Of the 58 communities that took part, 55 backed the proposed road, while 57 backed the repeal of Law 180. The project remained highly contentious, however, and work remained suspended.

On 5 June, five days after Ferrier and the other new governors and local officials elected in the recent elections were sworn in, President Morales announced that the Tipnis road would be built, a project that both Ferrier and Iván Canelas, the new MAS governor of Cochabamba, have indicated will be a priority. On 28 April, six days before the 3 May run-off took place in Beni which produced the victory for Ferrier, Morales had said that "whether people accept it or not, sooner or later" the highway will be built. Ahead of the October 2014 general elections, the initiative also featured in the MAS manifesto as one of 22 road infrastructure projects to be carried out between 2015 and 2020.

Since Morales' latest insistence that the project will go ahead, the public works minister, Milton Claros, has pointed out that 'Law 180' is still in place. Yet the opposition has been quick to warn of unrest if the project does go ahead. Jeanine Añez, a senator for Beni from the opposition Unidad Demócrata (UD) denounced the plans, calling on "the whole country to resist as we have done in the past in a democratic manner, to defend nature and principally a protected zone." Her call was echoed by other local resistance leaders like Fernando Vargas, the president of the Tipnis Subcentral (the legal owner of the Tipnis) who ran as presidential candidate for the environmentalist Partido Verde de Bolivia – Instrumento de la Ecología Política (PVB-IEP) in the 2014 election. Vargas confirmed that a march will take place to the Inter-American Commission on Human Rights (IACHR) in Washington to defend natural parks in Bolivia. Vargas said that the march, which had been planned in 2012 before plans to build the highway were suspended, will take place later on this year with the support and participation of indigenous communities from Brazil, Peru and Argentina.

Re-election

Last week the local media published a poll by Captura Consulting for the Santa Cruz-based opposition daily *El Deber* in which 52.6% of respondents said they opposed changing the constitution to allow President Morales to run again. The re-election debate was reignited last month [WR-15-22], when the regional branch of the MAS in Cochabamba held its annual meeting and announced plans to push for Morales to stand for another five-year term in 2019. The constitution currently allows for two consecutive presidential terms. First elected in 2005 and again in 2009, Morales was permitted to run again in the 2014 election (where he managed 61% of the vote) on the grounds that he had only served one term under the new constitution. The poll was carried out in Bolivia's four biggest cities – Santa Cruz, El Alto, La Paz and Cochabamba (see sidebar). Given that traditionally Morales's support is stronger in rural areas, the poll should be taken with a pinch of salt.

Regional breakdown

According to the Captura Consulting poll, respondents in the city of Santa Cruz were most opposed to President Evo Morales's re-election (with 58.7% saying they did not favour it), followed by La Paz (49.5%), El Alto (48.5%) and Cochabamba (48%).

Schengen visa exemption

On 10 June Colombia's President Juan Manuel Santos and his Peruvian peer Ollanta Humala signed the agreement guaranteeing the visa exemption for Peruvian and Colombian citizens that wish to visit the European Union (EU) for a period of up to 90 days in a ceremony in Brussels, Belgium. The negotiations between the EU and the two Andean countries over securing a visa exemption for the Schengen Area, which comprises 22 EU member states plus Norway, Iceland, Switzerland and Liechtenstein, started in May 2015 and, following the signing of the agreement, is due to come into effect in the coming months. President Santos said that the agreement would have a "very positive" impact on trade and investment ties between Colombia, Peru and the EU.

TRACKING TRENDS

COLOMBIA | Slowing growth. Colombia's national statistics agency (Dane) revealed on 14 June that the country's GDP had increased by 2.8% in the first quarter of 2015. This represents a 3.7-percentage-point decrease compared with the 6.5% growth registered in the first quarter of 2014. According to Dane, seven economic sectors registered growth in the first quarter, and that growth in "five of them was above 2.8%". The sectors that drove the growth were trade (which increased by 5%), construction (4.9%), and financial & real estate (4.4%). The sectors that performed less well were manufacturing (-2.1%) and mining (-0.1%).

Despite the fact that this year's first quarter growth rate was lower than in 2014, Finance Minister Mauricio Cárdenas revised up his growth forecast for the year by 0.1 of a percentage point to 3.6%, arguing that economic activity will pick up in the coming months. Last year Colombia registered GDP growth of 4.6% but since then economic activity has slowed down primarily as a result of lower exports from the country's oil and mining sector due to the fall in international oil prices. This led the finance ministry to revise down its 2015 growth forecast from 4.2% to 3.5% at the start of the year.

However, Cárdenas pointed out that Colombia's 2015 first quarter growth was still higher than that of the region's largest economies, with Brazil posting growth of 1.6%, Peru 1.7% and Chile 2.5%. Indeed Cárdenas added that, according to his projections, Colombia may close 2015 with the second fastest economic growth rate among the region's largest economies behind Peru (4.3%) and followed by Chile (2.9%), Mexico (2.8%), Argentina (-0.6%) and Brazil (-1.1%).

But not everyone is as optimistic about Colombia's economic prospects this year as Cárdenas. In its latest economic outlook, released on 3 June, the Organisation for Economic Co-operation and Development (OECD) cut its Colombia growth forecast from 4.4% to 3.3%. The OECD report pointed out that it expected Colombia's growth to diminish this year as a result of "the gradual readjustment of investment and exports due to weaker commodity prices in 2015".

PERU | Growth starts to pick up. Peru's GDP increased by 4.25% in April compared with the same month in 2014, Peru's national statistics institute (Inei) revealed in its latest economic growth figures released on 15 June. This is the highest monthly growth rate registered by the Peruvian economy since the start of the year, suggesting that domestic economic activity is starting to pick up after suffering a marked slowdown since mid-2013.

The April figure does not only mean that Peru has now posted 69 consecutive months of economic growth, but it also brings the cumulative growth rate for the past 12 months to 1.74% and to 2.39% so far this year. The accompanying Inei report highlighted the fact that the increased growth came on the back of a recovery in activity in sectors such as mining, fishing and manufacturing. In particular the Inei report points out that metallic mining activity increased by 18.15%, the highest rate since 2008. Activity in the manufacturing sector posted an increase of 6.10% after 11 months of negative growth. On the downside, activity in the construction sector contracted by 8.57%.

Despite the positive results for April, Peru's central bank has not yet revised up its conservative 2015 growth forecast of 2.36%. In its latest Global Economic Prospects report, published on 10 June, the World Bank (WB) cut its economic growth forecast for Peru for this year by 0.9 of a percentage point to 3.9%. The WB attributed its decision to the fall in commodity prices in international markets. However, the WB's Peru forecast remains one of the highest for the region behind Panama (6.2%), Bolivia (4.8%) and Guatemala (4%).

BOLIVIA | Total investment. On 11 June Bolivia's hydrocarbons & energy ministry announced that French oil firm, Total S.A., has pledged to invest US\$980m in the second stage of natural gas prospecting in the Incahuasi field located in the eastern department of Santa Cruz. A ministry statement said that the firm's pledge came after a meeting that Hydrocarbon & Energy Minister Luis Alberto Sánchez held with Total's CEO, Patrick Pouyanné, in Belgium.

The statement adds that Total's investment will guarantee the coming on stream of the Incahuasi field in 2016, which will help to increase national natural gas production by 6.5m cubic metres per day. Bolivia currently produces 60.3m cubic metres of natural gas a day. Pouyanné and Sánchez also evaluated the possibility of Total working in a solar energy generation project in the south-eastern department of Potosí.

Supreme court overturns biography ban

On 10 June the Brazilian supreme court ruled unanimously that a law which allowed the subjects of unauthorised biographies to block publication was “unconstitutional”. In 2007 the musician Roberto Carlos had successfully sued to have a book about his life banned, citing an article of Brazil’s civil code which allows individuals to prohibit publication of writings or images that violate their honour. Since then, various books have been banned, including a biography of Brazil’s most celebrated philanthropist, Lily Safra and the life story of the former Fédération Internationale de Football Association (Fifa) president, João Havelange.

Congress votes to extend mandates

In the latest development to shake up Brazil’s political system, federal congressional deputies voted by 348 votes to 110 to set the term limit for all publicly elected offices at five years, rather than the current four. In part, this would offset the lower chamber of congress’s earlier support of a bill to end re-elections. The measure would apply to all elected officials, from president down to city councillor. It is the latest in a long line of political reform measures. Those approved will require a second reading in the lower chamber before being voted on in the senate.

Under the bill voted through by the lower chamber on 10 June, the changes will begin to take effect at the municipal elections of 2020, and the national elections of 2022. There is one exception to the rule: senators elected in 2018 will serve for as long as nine years, but by 2027, all elected officials will serve only five. Both the ruling left-wing Partido dos Trabalhadores (PT) and the opposition Partido da Social Democracia Brasileira (PSDB) supported the measure. On the same day, the lower chamber rejected a proposal to synchronise elections, so that Brazilians would vote only once every five years rather than once every two. The lower chamber also voted against an end to compulsory voting.

In May, the lower chamber rejected a proposal to alter Brazil’s electoral system, which currently consists of open list proportional representation with party coalitions. Many elected politicians in Brazil are not voted for directly, but benefit from the popularity of a particular candidate on their party list. The nominally government-allied Partido do Movimento Democrático Brasileiro (PMDB) tried to push through a bill to create large electoral areas, known as *distrito*, in which candidates receiving the most votes, regardless of party, would be elected. This was rejected by 267 votes to 210, in a significant defeat for the (PMDB) lower chamber speaker, Eduardo Cunha. A proposal to prohibit coalitions for state and federal deputies and city councils (while permitting them for president, governor, mayor and senator) was also rejected.

Regarding campaign finance, another measure voted on in May, the PT lost out on its proposal to limit its financing to public sources. Instead, the lower chamber approved a bill to allow private sector companies to contribute to parties, rather than individuals. However, the question of private sector contributions has also been challenged at the supreme court and may be rejected as unconstitutional.

The *fundo partidário*, a public fund that supplements the private sector funding of political parties’ campaigns, will continue to exist, but the lower chamber has approved a new threshold barrier. Parties seeking election must have one elected deputy or senator in order to access the fund and to have the right to free radio and TV airtime. Over the next few weeks, the lower chamber is also expected to vote on other political reform measures. Among the proposals due to go before the chamber are a bill to reduce the minimum age for a senator from 35 to 29, and that of a governor from 30 to 29.

Another item to be discussed is whether any popular initiative that attracts more than 500,000 signatures should be debated in congress. At present the threshold is 1% of the electorate, distributed across five states. Finally, one bill proposed moving the inauguration date for Brazil’s presidency. It currently takes place on New Year’s Day, which is often inconvenient for foreign dignitaries.

Rousseff called to explain accounts

In an unprecedented move, Brazil's financial ombudsman, the Tribunal de Contas da União (TCU), has postponed its decision on whether to approve the government accounts in order to allow 30 days for President Dilma Rousseff to explain certain irregularities. Rousseff must respond in writing to 13 queries about the government's books for 2014. In particular the TCU wants Rousseff to explain the government's decision to delay payments to banks in order to enhance its fiscal position artificially.

The TCU analyses the government accounts to ensure they comply with the *Lei Orçamentária* (Budgeting Law) and the *Lei de Responsabilidade Fiscal* (Law of Fiscal Responsibility). These laws, introduced during the mandate of Fernando Henrique Cardoso (1995-2003), essentially set limits on government spending, at federal, state and municipal level, to ensure it is in line with revenue. Accounts can be approved, approved with reservations, or rejected. After the TCU decision, the accounts are sent to the federal congress for approval or rejection, but the legislature has not scrutinised the executive's books since 2002.

Questions over the government's methods for financing spending first arose in December 2013, when a number of the technical staff at the treasury went public with their disquiet over so-called "fiscal manoeuvres". Up to R\$251bn (US\$80bn) in hidden debts accrued between 2010 and 2014 have now been uncovered by the TCU. The government had been warned by the ombudsman that it needed to rein in spending, but with the general elections due in October 2014 it appears the Rousseff administration did not pay heed.

When it became obvious that a majority on the nine-strong TCU wished to reject the government accounts, the lead member of the body, Augusto Nardes, proposed allowing Rousseff to explain the apparent discrepancies in order to avoid a legal challenge to its decision. Speaking on 17 June, Nardes explained, "the accounts are not in a condition to be approved because of the indications of irregularities. Legal principles and constitutional rules were not faithfully observed."

Rejection of the government accounts would be a serious blow to Rousseff's credibility among investors. However, given her previous finance minister, Guido Mantega, was widely suspected of indulging in dubious accounting practices by many, it may be less of a hammer-blow than the opposition clearly hopes. Aécio Neves, the senator from the Partido da Social Democracia Brasileira (PSDB) defeated in the presidential election in October, has indicated that breaking the law of fiscal responsibility could be grounds to initiate impeachment proceedings against Rousseff.

PMDB-PT rapprochement over

The knives are out once more between the nominally allied ruling Partido dos Trabalhadores (PT) and Partido do Movimento Democrático Brasileiro (PMDB). In April, the PT's Pepe Vargas was forced out of the institutional relations ministry; the PMDB's Michel Temer, the vice-president, was given the job of restoring relations between the two parties. He was faring well, until a few weeks ago when Aloizio Mercadante, the PT cabinet chief, indicated that someone from his party should take over that ministry soon. The PMDB reacted by summoning a close ally of former president Lula da Silva (2003-2011) for questioning at the congressional inquiry into alleged graft at the state oil company Petrobras. An irate Lula lambasted Temer for the decision. Then, at the PT's conference in Salvador, Bahia, Eduardo Cunha, the PMDB leader of the federal lower chamber, was booed and branded an "opportunist". He responded by expressing doubt that the PT-PMDB alliance would be renewed ahead of the 2018 elections. Aware of Cunha's influence, the PT has been attempting to calm the row in recent days.

Deal over criminal responsibility

The local press reports that the PMDB and the PSDB have done a deal to work together to support the bill to lower the age of criminal responsibility from 18 to 16. The PT is against such a move, and has proposed an alternative bill which would increase the maximum amount of time juveniles are kept in detention, from three years to 10. A vote on the issue is expected in the federal lower chamber of congress next week.

Scioli picks an ultra-Kirchnerista as running mate

“Scioli together with a thoroughbred penguin” was how the pro-government daily *Página/12* headlined the decision by Daniel Scioli, the governor of Buenos Aires province, to pick Carlos Zannini, the government’s legal and technical secretary, as his running mate in the upcoming presidential elections. The leading candidate for the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronist), Scioli has never been entirely trusted by President Cristina Fernández’s inner circle. But with the choice of one of her most longstanding confidants as his running mate, Scioli elicited a wave of enthusiasm from Kirchnerista die-hards.

In a brief TV interview on 16 June, Scioli confirmed that he had made the choice after speaking with President Fernández. “I said I wanted someone who would complement me with experience,” he explained, adding that Fernández was “pleased” with his decision. A day later, Zannini confirmed he had accepted Scioli’s offer. All eyes are now on Florencio Randazzo, the interior and transport minister and the other potential contender for the FPV presidential nomination. Randazzo spent two hours at the Casa Rosada on 17 June, but left without speaking to the press. Many expect him to bow out of the race.

Zannini has held the same job in government since Néstor Kirchner was sworn in as president in 2003. He has been involved in much of the government’s key legislation, such as the sovereign debt law. Aníbal Fernández, the cabinet chief, described him as “one of the most important people when it comes to decisions within our movement”. Though originally from the province of Córdoba, ‘El Chino’, as Zannini is known, due both to his appearance and his flirtation with Maoist groups as a university student, spent many of his formative political years in the southern Patagonian province of Santa Cruz, as a loyal lieutenant of the Kirchners. (Hence the ‘penguin’ of *Página/12*’s headline.)

Scioli’s selection of Zannini, according to Mauricio Macri, the Buenos Aires mayor and presidential candidate for the centre-right Propuesta Republicana (PRO), “clarifies” the political scenario ahead of October’s elections. “Either we choose to continue with this idea of a country or we choose the change that we are proposing,” he said. A prominent opposition deputy, Elisa Carrió, put the choice facing the Argentine electorate more starkly: “a democratic republic or a Stalinist dictatorship”. Opinion polls suggest that the two are evenly matched, though Scioli appears to have a slight lead. Zannini himself, on taking up Scioli’s offer, described the joint ticket as representing “continuity of direction”. While Kirchner loyalists are delighted, it remains to be seen whether more moderate, centrist, voters are deterred. Macri is expected to make a decision on his vice-presidential candidate over the next few days; following Scioli’s decision, he could opt for a candidate liable to attract more of the middle ground.

Nail-biter in Santa Fe

Voters went to the polls in the electorally significant province of Santa Fe over the weekend and produced a result close to a three-way tie in the race for the governorship. Miguel Lifschitz, the incumbent from the Partido Socialista-led Frente Amplio Progresista claimed victory with 30.69%, but the PRO candidate, Miguel Sel won 30.58% and Omar Perotti, of the FPV, won 29.25%, leading to calls for a recount. A vote-by-vote recount was rejected by the province’s supreme court; instead there will be a recount of the votes in 304 contested polling booths. An official result may take up to 15 days.

Elsewhere, the smaller Patagonian province of Rio Negro returned its governor, Alberto Weretilneck, to power. A former member of the FPV, Weretilneck broke away to form his own local party. He says he does not plan to endorse either Scioli or Macri as he does not identify with either of them.

Deadline approaches

The deadline for the registration of candidates in Argentina’s open, simultaneous and obligatory primary elections (Paso) expires on 20 June. President Fernández and her son Máximo are rumoured to be considering running as legislators for Buenos Aires province. Primary elections will be held on 9 August with a nationwide vote on 25 October.

Nike

Brazil's relationship with Nike, the sports apparel company, is likely to come under scrutiny again.

Following Brazil's defeat to France in the 1998 football World Cup, the Brazilian congress launched an inquiry to determine whether Nike, the national team sponsors, had put undue pressure on Brazil to play Ronaldo, despite the fact he was clearly unfit. No smoking gun was ever found, but the US company's relationship with the Brazilian football team, which has been extended to all Brazilian athletes (minus the volleyball team) competing at the Rio 2016 Olympic Games, will certainly be a subject of close interest to both Brazilian and US authorities.

Vázquez makes gesture to unions

President Tabaré Vázquez is taking an entirely different approach to dealing with Uruguay's most powerful lobby from that pursued by his predecessor José Mujica (2010-2015). While Mujica did not hesitate to cross swords with the umbrella trade union, *Plenario Intersindical de Trabajadores-Convención Nacional de Trabajadores (PIT-CNT)*, a hectoring ally of the ruling left-wing *Frente Amplio (FA)* coalition, Vázquez, as with his government's foreign policy, has opted for a more diplomatic course. On 15 June Vázquez became the first sitting head of state in Uruguay's history to attend the PIT-CNT's annual congress, four days after the union staged a four-hour general strike to mark the end of his first 100 days in office.

Some 40,000 workers participated in a general strike on 11 June to protest against any public spending cuts mooted by the austerity-minded economy & finance minister, Danilo Astori. The strike came days before a new round of collective salary negotiations, and ahead of Astori's presentation of the government's five-year budget to congress before 31 August. The participants marched to congress in Montevideo to insist that this budget entrench the gains of recent years but also improve neglected areas such as education (in particular teachers' salaries) something promised but never delivered by the Mujica administration, and investment in health, housing and productive infrastructure.

The appearance of Vázquez at the PIT-CNT summit four days later was clearly designed as a symbolic gesture to the union, but there was little of substance in his address. The loudest applause was reserved for his assertion that "I haven't forgotten where I come from", reminding the audience of his humble origins as a worker selling newspapers on the bus before eventually going on to become a doctor and enter politics. Vázquez ducked out of discussing his government's five-year budget by saying that was for his labour minister, Ernesto Murro.

Fernando Pereira, the PIT-CNT coordinator, took to the stage next. He praised the FA for its achievements over the last 10 years in government, dwelling on public spending initiatives, but he insisted that salaries must grow above inflation, just as GDP is projected to do over the next five years. He said it was unacceptable that 600,000 Uruguayans still earned less than Ur\$15,000 (US\$560) a month and that the minimum wage should jump from Ur\$10,000 to Ur\$15,000 funded through income redistribution, or as he put it "the excessive earnings of the rich".

TRACKING TRENDS

BRAZIL | Jobs and wages. The statistics institute (Ibge) announced that Brazil's unemployment rate reached 8.0% in the period February to April. This was the highest rate since the 7.98% posted in the first quarter of 2013. In the same period in 2014, the rate was 7.1%. This result was lower than the 8.2% forecast by nine economists surveyed by *Bloomberg News*. Average wages were down to R\$1,855 (US\$594) for the quarter ending in April 2015, from R\$1,862 (US\$596) in the same period in 2014.

BRAZIL | OECD membership. After refusing many invitations to join the Organisation for Economic Co-operation and Development (OECD), Brazil is moving closer to full membership. The foreign minister, Mauro Vieira, and the finance minister, Joaquim Levy, have signed a cooperation agreement with the OECD together with its secretary general Angel Gurría. In the past, Brazil kept a certain distance from the OECD due to its perceived attitude towards liberalising the Brazilian economy.

Vote split

The PRI-PVEM-Panal won 15.9m votes altogether; the PRI did lose some of its share of the vote to the PVEM but remained by far the largest party with 11.64m votes. The PAN won 8.38m, followed by the PRD with 4.33m and Morena, 3.35m. This left 5.70m voters who cast their ballots for the MC, the PT, the PES and the PH. This is practically half of the PRI's total vote. It does show that the PRI and the PAN are dropping in their percentage of the national vote but this trend would need to be felt for years to come for the effects to be felt at federal congressional level. Null and void votes totalled 1.90m.

Real political change still distant

Mexico is not undergoing a political earthquake. While some tremors were definitely felt by the country's established parties after the 7 June federal legislative, gubernatorial, state and municipal elections (most conspicuously the emphatic victory of the independent candidate, Jaime 'El Bronco' Rodríguez, running for governor of Nuevo León) this was no Greece and cannot be classified as indicative of a historic change in political direction as portrayed by some commentators. At least not yet. The final results of the elections to the 500-seat federal lower chamber of congress are a case in point. Here the ruling coalition behind President Enrique Peña Nieto actually slightly increased its majority.

The final results of the federal legislative elections showed the Partido Revolucionario Institucional (PRI) with 203 seats, four fewer than it obtained in 2012. But this loss was offset by the gains made by its close ally, the Partido Verde Ecologista de México (PVEM), which finished with 47 seats, 14 more than its 2012 haul. Added to the 10 seats retained by a less stalwart ally, the Partido Nueva Alianza (Panal), this leaves President Peña Nieto with the backing of 260 federal deputies, more than the simple majority he enjoyed upon taking office in 2012. This could be whittled away slightly after various legal challenges are resolved by the electoral tribunal (TEPJF) – but not eliminated.

The right-wing opposition Partido Acción Nacional (PAN) lost a bit of ground, finishing with 108 seats, down six on 2012. But this was primarily due to the fact that a new centre-right socially conservative and overtly Catholic party, the Partido Encuentro Social (PES), carefully exploited public concerns about same-sex marriage and abortion, to win eight seats. The PES registered as a national party in 2014, along with the Partido Humanista (PH), which lost its registration after failing to win 3% of the national vote, and the Movimiento Regeneración Nacional (Morena).

Morena made by far the biggest impact of the new parties, winning a total of 35 seats in its first-ever federal legislative contest. But Morena is not really a 'new' party. Established by the maverick leftist veteran presidential candidate, Andrés Manuel López Obrador, Morena is primarily composed of dissidents from the main left-wing opposition Partido de la Revolución Democrática (PRD), including some big hitters, who followed López Obrador out of the PRD in 2012. While Morena's performance was impressive, it did not break new ground for the Left; it merely took seats from the PRD, which ended with just 56 deputies compared with 101 in 2012.

The new-look federal chamber of deputies

	2012	2015	+/-
Partido Revolucionario Institucional (PRI)	207	203	-4
Partido Acción Nacional (PAN)	114	108	-6
Partido de la Revolución Democrática (PRD)	101	56	-45
Partido Verde Ecologista de México (PVEM)	33	47	14
Movimiento Regeneración Nacional (Morena)	-	35	35
Movimiento Ciudadano (MC)	16	26	10
Partido Nueva Alianza (Panal)	10	10	=
Partido Encuentro Social (PES)	-	8	8
Partido del Trabajo (PT)	19	6	-13
Independents	-	1	1
TOTAL	500	500	

Colima

The PAN complained that the Colima state electoral council had released different results on five of the six days after the elections, although it should be noted they all showed the PRI's Ignacio Peralta as the victor. The two candidates did not fit the PRI-PAN stereotypes. Peralta has a degree in economics from the Instituto Tecnológico Autónomo de México (Itam), an MA from the University of Essex in the UK, and is part of the Forum of Young Global Leaders of the World Economic Forum (WEF). Peralta also served as mayor of the eponymous state capital of Colima. The PAN's Jorge Luis Preciado, by contrast, is more of a bruiser. He was a PRI youth leader while studying at the Universidad de Colima, before joining the PAN in 1996. He went on to become a coordinator of the PAN senate bloc.

Another former PRD ally, Movimiento Ciudadano (MC) also gained at the PRD's expense, increasing its presence in the federal lower chamber by 10 seats to 26. Meanwhile, the Partido del Trabajo (PT) suffered for its continued alliance with the PRD, tumbling from 19 seats to just six and falling beneath the 3% threshold required to retain its registration. Taken as a whole, the Left lost some ground on 2012, winning a total of 123 seats, down 13. Only now the Left has been totally fractured, with Morena intent on usurping the PRD's role as the principal flagbearer rather than cooperating with it. By contrast, while the PAN has internal differences, it still remains a coherent party.

Municipal elections

It could be argued that the last place new parties and independents can expect to make an impact is on the biggest stage – federal elections. They are starting to make an impact on the smallest stage, the municipal level, and it is here where they are likely to make the greatest impact in the shortest space of time. But even here 80% of the mayoralties contested were won by the big three: PRI-PAN-PRD.

The municipal results are not yet final, and legal challenges are already underway, but it seems that the PRI lost 88 of the 393 mayoralties it held in the 14 states holding elections to finish with 305; while the PAN lost 13 to finish with 178; and the PRD seven to be left with 111. The PRI lost 18 mayoralties in the western state of Michoacán and 10 in the northern state of Nuevo León. The PAN also took a drubbing in Michoacán, losing 17 to finish with just nine mayoralties. And in the northern state of Sonora, where its governor's mishandled the fallout from a serious toxic spill [WR-15-23], the PAN fell from 45 to 24 mayoralties. The PAN did pick up 14 municipalities in Querétaro and Jalisco. The PRD mainly compensated for its losses by gaining 20 mayoralties in Michoacán to take 49 here.

The PRI's losses were mitigated to some extent by the additional victories of the PVEM, which jumped from just nine to 23 of the mayoralties contested. The big winner was the MC, which quadrupled its haul to finish with 44, notably winning in Guadalajara [WR-15-23]. Morena picked up six, a modest achievement given the scale of its gains at other levels of government.

PRI triumphs in violent areas

The big winners in the most violent areas of the country were the PRI and the PVEM. The PRI won the mayoralty of Apatzingán, the bastion of the drug-trafficking organisation Los Caballeros Templarios (LCT) in the Tierra Caliente region of Michoacán. It also won the federal deputy seat here. Hipólito Mora, the former 'self-defence group' leader, finished a distant fourth here, and used his Facebook page to denounce "vote buying". In Tamaulipas, the PRI had a clean sweep ('*carro completo*'), including the most violent municipalities of Nuevo Laredo, Reynosa, Matamoros and Tampico. In the state of Guerrero, the PRI won the mayoralties of Iguala and Chilapa, at the centre of the abduction and presumed murder of 43 trainee students last September. The PRI-PVEM even won comfortably in Tlatlaya in the Estado de México where the army killed 22 civilians in June 2014.

Close Colima count

Colima, one of the states which has still never experienced executive alternation of power, was once again won by the PRI. There have been some very close gubernatorial elections in Colima this century but nothing as tight as this. The PRI's José Ignacio Peralta won by just 506 votes in more than 238,000, just 0.17 of a percentage point separating him from the PAN's Jorge Luis Preciado.

Preciado said the PAN would not only mount a legal challenge in Colima but also stage peaceful resistance, with demonstrations on the Colima–Manzanillo highway. The PAN party president, Gustavo Madero, also denounced the explicit intervention of the PRI state governor in favour of Peralta, and the use of state social programmes to benefit his candidacy.

Medina re-election redraws political fault lines

President Danilo Medina delivered a live broadcast to the nation on 17 June to announce that he will seek re-election in May 2016. The lightning speed with which the bicameral legislative assembly amended the constitution to allow Medina to run again is testament to the predominance of the ruling Partido de la Liberación Dominicana (PLD) and Medina's popularity. But it has also realigned Dominican politics as the main opposition Partido Revolucionario Dominicano (PRD) supported not just the constitutional change but also Medina's re-election bid. This leaves a PRD splinter group as the only viable opposition. Absent from Medina's address was mention of the fact that 17 June was the deadline to register for the controversial immigrant regularisation programme which could lead to the deportation of thousands of people to Haiti.

President Medina informed the Dominican public in his 15-minute address that four years was insufficient to carry out the profound changes his government has undertaken, such as lifting 500,000 people out of poverty over the last three years; surpassing the target of creating 100,000 jobs a year; and improving education. He also set the goal of attracting 10m tourists a year (from 5.14m in 2014). Medina said that his high approval rating had convinced him that the public wanted him to complete the job he had started.

A more remarkable live broadcast was delivered on 15 June by the PRD leader and presidential candidate, Miguel Vargas Maldonado. Vargas said the PRD had always supported reforms to improve the quality of life of Dominicans but that "given the dispersion of the opposition forces, and the knowledge that in the current electoral scenario a victory would be very difficult [polls indicate that he would have no chance of defeating Medina]" he had withdrawn from the race, striking a deal with Medina to form a 'government of national unity' in exchange for supporting his re-election bid.

Some PRD politicians will hope that an alliance with the PLD will give the party some power and influence, especially those hoping to retain their seats in the legislature. But the terms Medina offers are unlikely to be too generous; he has such a strong hand, he barely needs PRD support. Others interpreted the move as a betrayal of the PRD's principles and, unable to stomach an alliance with the enemy, could leave in droves. Their destination, like thousands of disillusioned PRD supporters, will be the Partido Revolucionario Moderno (PRM), a PRD splinter that proclaimed its presidential candidate, Luis Abinader, on 14 June.

Deportations set to commence

Haiti's Prime Minister Evans Paul says his government will put measures in place to receive undocumented Haitian workers or Dominican-born Haitians deported after the deadline for 'regularisation' expired on 17 June. But Paul admitted he was unsure what to expect as Haiti had received "mixed signals" about the number involved. The Dominican interior and police minister, José Ramón Fadul, said that 275,000 'foreigners' had so far registered in "the most ambitious...open and transparent...plan ever". These applications will be reviewed over the next 45 days, but in the meantime at least as many people again (undocumented and mainly of Haitian-descent) face becoming stateless and being deported. The Inter-American Court of Human Rights has taken a robust stance on the matter but the Dominican government, buoyed by broad popular support, is resolute.

Re-election

"[We have] strengthened institutions and a political balance free of traumas and dark shadows so re-election, far from a backwards step, constitutes an advance... allowing good governments to take advantage and bad ones to be punished," President Medina said, while pledging to stay for "eight years and no more". Opposition leader Luis Abinader argued that changing the constitution regarding re-election to suit the whim of every sitting president was fundamentally wrong, while others contended that Medina would now use and abuse State resources over the next 11 months to retain power. Abinader is unlikely to win in 2016 but he will emerge as the main opposition figurehead and be in a strong position in 2020 – unless Medina decides to amend the constitution to run again.

And then there were 58...**Minustah backing**

On 12 June Sandra Honoré, the Special Representative of the UN Secretary General in Haiti issued a press release noting that the UN, along with the members of the international community in Haiti represented by the “Core Group” (the Ambassadors of Brazil, Canada, France, Spain, the US, the European Union and the Special Representative of the Organization of American States) “take note of the publication of the list of presidential candidates by the Provisional Electoral Council (CEP) on 12 June 2015” which she describes as “an important step in the implementation of the electoral process.”

Haiti’s provisional electoral council (CEP) has published its final approved list of 58 candidates who will take part in the first round of presidential elections scheduled for 25 October. The move has been hailed by international figures like Sandra Honoré, the head of the United Nations (UN) Stabilisation Mission in Haiti (Minustah). However the exclusion of high-profile figures like former prime minister, Laurent Lamothe (2012-2014), who was hoping to run for President Michel Martelly’s former party *Platfòm Peyizan* (formerly *Repons Peyizan*) has proven highly controversially, laying the CEP open to accusations of political manoeuvring.

The CEP, which announced its final decision on 11 June, argued that Lamothe failed to provide a key document – known as a *décharge* – confirming that he did not misuse public funds while in office. Only the national 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 10 senators expired, making this impossible. After the CEP announced its preliminary decision on 5 June, Lamothe complained that 90% of presidential candidacies with no *décharge* were accepted while in response to its final decision he went on to accuse the electoral authorities of “violat[ing] the electoral decree and the amended constitution of the country”.

According to the international media, Martelly and Lamothe (previously considered one of the President’s closest allies) have been at odds since the May 2014 arrest of a suspected drug trafficker and kidnapper, Woody Ethéart, who has close ties to Martelly’s relatives. Lamothe has yet to indicate what action he will take but his response will be studied by other high-profile figures left off the final list, such as former interior minister (2011-2012) Thierry Mayard-Paul (Union Nationale des Démocrates Haitiens), and former foreign minister (2014-2015), Pierre Duly Brutus (Consortium National des Partis Politiques).

Meanwhile noteworthy contenders to have been given the all clear include: Jude Célestin (Ligue Alternative pour le Progrès et l’Emancipation Haïtienne), the former head of the state-owned construction company, Centre National des Équipements (CNE), who ran in the 2010 contest for then-president René Préval’s *Inité* party before being controversially excluded from the second round; and Maryse Narcisse, a close ally of former president Jean-Bertrand Aristide (1991; 1994-1996; 2001-2004), who is running for Aristide’s *Fanmi Lavalas* (FL) party. Other familiar faces include Charles Henry Baker (*Respè*), a prominent industrialist who ran in the 2006 and 2010 presidential elections, taking less than 3% of the vote in 2010.

That the US is keeping a close watch on the electoral process was suggested in a 9 June report by *The Miami Herald*, which states that the US Senate Foreign Relations Committee has passed several Haiti election-related motions, sponsored by Senator Marco Rubio (R-FL), that condition the release of US funds for Haiti on the US State Department’s reporting of whether the elections are free, fair and responsive to the people of Haiti, and on descriptions of “attempts to disqualify candidates” from office for “political reasons”.

Other electoral concerns

Haiti’s leading human rights group, Réseau National de Défense des Droits Humain (RNDDH), has criticised the CEP for turning a blind eye to criminal allegations surrounding some of the candidates that it has allowed to take part in the first round of legislative elections on 9 August. In a 2 June press release, the RNDDH notes that four candidates for the senate and 31 for the lower chamber are accused of various crimes, from murder and kidnapping to rape and drug trafficking. Those accused of murder include senate candidate, Emmanuel Tinord (*Konvansyon Inité Demokratik* [KID]), and lower chamber candidates, M’zou Naya Belange (*Platfòm Peyizan*) and Henry Sauveur (*Adrena*). The RNDDH press release also highlights the fact that two deputy candidates had been deported from the US “because of their involvement in wrongdoing” – Lorigene Jean Baptiste (*Union Des Patriotes Pour l’Avancement National* [Upan]), who was deported in 2012 for corruption and obstruction of justice, and Adelin Jules (*Plateforme Jistis*), deported that same year for aggression and assault with a dangerous weapon.

POSTSCRIPT

Quotes of the week

“We underestimated the concentration of businesses in the hands of a few families. We knew we were touching a sore spot, we didn’t know we were burning it.”
Ecuador’s President Rafael Correa on protests following his government’s proposed inheritance tax.

“...I have decided to postpone for now my aspirations in the interests of making the national agenda we are presenting to the country a reality.”
The presidential candidate for the main Dominican opposition PRD, Miguel Vargas Maldonado, withdraws from the 2016 race to support President Danilo Medina’s re-election bid in “a government of national unity”.

“What a shame that the Venezuelan team play so dirty. It’s as if Maduro was training them.”
Mexico’s former president Felipe Calderón (2006–2012), later declared persona non grata by Venezuela’s national assembly for insulting President Nicolás Maduro and the national football team, to which he tweeted “Coming from him that’s an honour; it would be serious to be grata by a despot”.

More interest in events off the pitch than on it

The premier football tournament for South American national teams got underway on 11 June under the cloud of corruption hanging over the beautiful game. On the very same day as the tournament hosts Chile defeated Ecuador 2-0 in the opening game of the Copa América, Paraguay’s senate voted to lift the immunity enjoyed by the South American football confederation (Conmebol) amid the US-led investigations into the world governing body, Fédération Internationale de Football Association (Fifa). The Vatican decided to suspend a charity partnership with Conmebol over the corruption scandal. And the Brazilian football confederation (CFB) also chose this day to impose a cap of two four-year terms on future presidents of the organisation, and to forge an ethics committee to address corruption in football.

There was a certain irony to Chile’s President Michelle Bachelet seeking selfies with Chilean football players in an attempt to latch on to some of the ‘feel good factor’ from hosting the Copa América, and gain some respite from unremitting corruption scandals afflicting the political class in Chile, savaging her approval rating. Paraguay’s senate struck down a 1997 law which conferred the same level of immunity enjoyed by foreign embassies on Conmebol headquarters, constructed in Luque, on the outskirts of Asunción, in 1998. The senate did not pull any punches, describing the law “granting a private entity the possibility of operating in our country outside the national justice system” as “an outrage”. As soon as President Horacio Cartes promulgates the new law, which is just a matter of time as he promoted it, local investigators will be able to enter and search Conmebol HQ, including data and documents.

The Paraguayan president of Conmebol for 20 years until his resignation in April 2013, Nicolás Leoz, was placed under house arrest in Asunción on 1 June, one of 14 officials on the US Justice Department indictment [WR-15-22]. Alejandro Burzaco, the president of the Argentine sports marketing firm Torneos y Competencias, also on the US list, turned himself into police in Italy on 9 June. Burzaco was apparently at the hotel in Zurich when the police raid took place, but avoided detection. Interpol had issued an alert requesting his arrest. Two other Argentine sports executives, Hugo and Mariano Jinkis, father and son, are also wanted for questioning. Their whereabouts are unknown.

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