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El Salvador under siege as maras go on killing spree

El Salvador's deteriorating public security situation is taking a sharp turn for the worse. In the course of 72 hours this week *mara* gang members murdered seven bus drivers and paralysed public transport in and around the capital San Salvador with an enforced strike, in order to ratchet up the pressure on the government led by President Salvador Sánchez Cerén. As the number of homicides has spiralled in recent months to levels not seen since the country's brutal civil war (1980-1992), the government has refused to hold talks with the *maras*. It remains defiant. Sánchez Cerén is promising to pour more military on to the streets to support the police, while he and other senior officials in the ruling left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) are making increasingly wild claims of a multifaceted destabilisation campaign orchestrated by the main right-wing opposition Alianza Republicana Nacionalista (Arena).

As a prelude to the string of murders, two minibuses were set ablaze over the weekend in a suburb of San Salvador, Ciudad Delgado, where the government launched its 'Plan El Salvador Seguro' ('Plan for a Safe El Salvador') just days earlier [WR-15-29]. Five bus drivers and a transport worker were then murdered by the early hours of 27 July. Private bus companies reacted by staging a 'strike', calling on the government to take urgent steps to improve the security situation. Transport chaos ensued in metropolitan San Salvador. Bus companies, transport authorities and government ministers gave differing figures of just how many bus routes were affected but in the region of 1,000 buses on 40 bus routes in greater San Salvador did not run. A further bus driver was killed for 'defying' the strike on 29 July.

The trade and industry chamber (Camarasal) appealed to the government to "redouble public security and provide guarantees for members of the public who use public transport on a daily basis to go to work and return home". The deputy director of the national police force (PNC), Howard Cotto, said that all leave had been cancelled, and the government promised to provide police or military protection for buses that kept operating. It rolled out a contingency plan in San Salvador, involving more than 100 vehicles scratched together, ranging from minibuses and lorries to PNC and military vehicles, but this was insufficient to make up for the loss of so many bus services, affecting an estimated 1.3m people.

With the president of the chamber of commerce, Luis Cardenal, saying that the commercial sector was suffering losses of US\$20m a day due to lost sales and additional transport and security costs, and the transport sector losing an estimated US\$500,000 a day, President Sánchez Cerén delivered a televised and radio address on 28 July, insisting that criminal groups were trying to "sabotage" public transport, bringing the country to its knees to demand talks along the lines of the aborted 2012 gang truce. "Our government will

Sánchez Cerén flown to Cuba

Doubt surrounds not just whether the government of President Salvador Sánchez Cerén is equal to the task of dealing with the parlous state of security in El Salvador but also whether he personally can manage. In the midst of the 'strike' crisis on 29 July, Sánchez Cerén was whisked off to Cuba for yet more medical treatment. The government is refusing to identify what is wrong with Sánchez Cerén but the whole episode is beginning to bear an eerie resemblance to the toing and froing of Venezuela's late former president Hugo Chávez (1999-2013).

not negotiate with these criminals. We will pursue them, capture them and bring them to justice," he said.

Sánchez Cerén said that the 'Revolucionarios' faction of the *mara* gang Barrio 18 was behind the violence. He said two imprisoned leaders of this faction, Carlos Eduardo Burgos Nuila and José Carlos Hernández Mauricio, believed to have masterminded the strike, had been transferred to the maximum security prison Zacatecoluca. (A day later the attorney general, Luis Martínez, said that another senior member of the faction thought to be behind the murders, César Vladimir Montano Clímaco, 'Saylor', had been captured.)

The defence minister, David Munguía Payés, said 100 soldiers had augmented the 200-strong force already providing support to the police, along with four armoured cars in greater San Salvador. Eugenio Chicas, the communications minister, said that if necessary the entire army would be deployed. Sánchez Cerén appealed to political parties to support the military deployment. In theory this should not be difficult. Arena sees eye to eye with Sánchez Cerén over the need to combat the gangs. But there is considerable enmity between the government and the country's main opposition party right now.

The government and FMLN officials have accused Arena of being behind a destabilisation campaign [WR-15-29]. And on 28 July Sánchez Cerén alleged that Arena was fomenting unrest in the armed forces: 14 members of the military were arrested and accused of 'sedition during times of peace' after seven of their number, hooded and armed, tried to march in San Salvador on 24 July to demand a bonus, 'danger money', enjoyed by the police for combating the *mara* gangs.

"I publicly call on [Arena president Jorge] Velado to stop his actions of destabilisation," Sánchez Cerén said. Meanwhile, the secretary general of the FMLN, Medardo González, said he was convinced that the timing of the strike, the military protest, the call for an international commission against impunity (like Cigig in Guatemala), and the constitutional court's recent decision to freeze the issuance of US\$900m of bonds by the government was not one big coincidence but part of an overarching strategy to pull off "a soft coup".

Velado dismissed the allegations as "ridiculous" and "a smokescreen". The president of the Asociación de Empresarios de Autobuses Salvadoreños (AEAS), Genaro Ramírez, also took umbrage, accusing the government of "lying" to the people by implying that the bus companies were complicit in destabilising the country. He said companies had been forced to take buses off the streets. "We don't murder our own employees," he said. Buses have long been an extortion target of the *maras*, with private bus operators compelled to pay out thousands of dollars each month, and it is noteworthy that even when the 2012 gang truce saw the number of homicides cut in half, it failed to gain much public support because gang extortion continued unabated. Bus companies have factored these financial losses into their accounts – but not fatal losses.

The government is demanding that the bus companies run normal services again on 30 July, insisting that the requisite security protection is now in place. But if one faction of one *mara* gang can bring the capital to a standstill what would happen if the country's gangs buried the hatchet and staged coordinated action as some are speculating? One of the mediators of the gang truce, Raúl Mijango, said the gangs had demonstrated "the strength and power they have accumulated".

Mijango wrote a letter to the *maras* calling for them to "desist from violence and threats" and lift the strike as "nothing justifies the violence". He added that the gangs felt "defrauded" by the government, which has "stubbornly refused dialogue". A letter from the main gang leaders was made public on 15 July in which they called for a "mechanism" to permit dialogue and peace.

Hernández tours Asia

President Juan Orlando Hernández escaped the ongoing anti-government protests at home for an inaugural tour of Asia that took him to South Korea, Japan and Taiwan. The rather ambitious aim was to promote Honduras as the main gateway for Asian trade with the Americas. More pragmatically, Hernández was also in search of development cooperation, financing and investment, including for the government's proposed new Zones for Employment and Economic Development (Zedes), the first of which is slated for development with the help of the Korean International Cooperation Agency (KOICA) at the Pacific Honduran port of Ampala (located on El Tigre Island, in the Gulf of Fonseca).

KOICA was due to have submitted a feasibility study and development proposal for the Pacific port Zede earlier this year, but it remains unclear what the exact status of the project is. Honduran media suggested that Hernández only received the feasibility report whilst in South Korea.

However, while in the country, he also inked an MOU with the Port of Busan on cooperation in port development and management. Declaring an ambition to develop trade and commerce links between South Korea and Honduras, Hernández also touted an aim to establish Honduras as a major shipping logistical centre. He also signed energy and climate change cooperation agreements with the South Korean government led by President Park Geun-Hye. The agreement included a deal for Korea to supply electric cars to Honduras, along with a network of charging stations. Korea will also invest in the Honduran electricity supply and distribution network.

In Japan, Hernández sought investment support from the head of the Japanese International Cooperation Agency (JICA), Akihiko Tanaka, for infrastructure, education and national security programs, notably including a request for funding for a bridge from Ampala to the mainland. Hernández stressed that Ampala – which in a past life was indeed a thriving port but now is rundown and neglected, with a small population of about 11,000 – had sufficient maritime depth to take deepwater Panamax vessels. Hernández's vision also includes a 'dry canal', a major new highway to connect the country's Pacific and Caribbean coasts, which would facilitate trade and economic development. With Mexican and Brazilian investment, this project is already underway, with a target for completion in 2017, but the project reportedly needs some US\$30m in additional capital. The JICA reportedly agreed to stump up US\$135m to upgrade and increase capacity at two hydro plans, Rio Lindo and Cañaveral. There was no firm commitment to either the Ampala bridge or the dry canal however. Finally, in Taiwan Hernández pitched Honduras as a trade gateway, emphasising its membership of the US free trade agreement with Central America and the Dominican Republic (CAFTA-DR), but there were no major cooperation announcements.

WTF

While in South Korea, Hernández visited the World Taekwondo Federation (WTF), where he urged the WTF to send taekwondo teachers to Honduras to train children, as part of a development cooperation proposal pitched to the KOICA. The WTF runs a 'Taekwondo Peace Corps' which goes around the world teaching the discipline. Hernández, apparently through his predecessor Porfirio Lobo (2010-2014), believes that taekwondo can help promote social peace. Lobo, apparently, is a 3rd Kukkiwon Dan certificate holder, while the current Honduran ambassador to South Korea, Michel Idiaquez Baradat, is a 4th Kukkiwon Dan certificate holder. "Violence is one of the serious social problems facing Latin American countries, and I think taekwondo is the most effective tool to solve the issue," Hernández said after a meeting with the WTF's president, Chungwon Choue. Arguably, getting guns and drugs off the streets of Honduras might be more immediately effective.

Zedes

Legislation approved in Honduras in 2013 envisages a dozen different types of 'Zedes', including international financial centres, autonomous cities, special economic zones, agri-industrial zones, tourist zones and mining zones. They will be "autonomous entities" with their own laws and tax system. They will remain under the sovereignty of the State but there are concerns that overlapping competencies could cause considerable tension with local authorities.

Bilateral tensions rumble

Haiti's ambassador to the Dominican Republic (DR), Daniel Supplice, has been removed after less than six months in the job. The government led by President Michel Martelly failed to provide much by way of official explanation, but Supplice's departure underlines the ongoing sensitivities surrounding efforts to regularise the status both of Haitian migrants in the DR and returning migrants to Haiti.

Supplice had made disparaging remarks about the Martelly government's Identification and Documentation Program for Haitian Immigrants (PIDIH). The PIDIH was launched in July 2014, in line with the DR's migrant regularisation plan. The DR plan aimed to deal with international concerns raised about a controversial September 2013 DR constitutional court (TC) ruling that the children of foreign nationals born in the DR before 2010 did not have an automatic right to claim DR citizenship. With concerns ongoing regarding the situation of Dominican-born individuals of Haitian descent following the closure of the DR's regularisation programme last month [WR-15-25], Supplice's successor faces a complex task.

A former minister of social affairs under the regime led by Jean-Claude 'Baby Doc' Duvalier (1971-1986), Supplice, a close Martelly ally, previously had served as the 'Minister for Haitians Living Abroad' (2011-2013), before stepping in as ambassador to replace Fritz Cinéas. (Cinéas quit in February, after Haitians both at home and in the DR complained that he had hindered efforts to access the DR's regularisation programme.) In declarations made to local media on 25 July, Supplice described the PIDIH as a failure, noting that to March 2015 only 2,000 people, of 300,000 applicants, had been registered under the Haitian scheme.

The removal of Supplice, whose permanent replacement has yet to be named, comes as bilateral tensions remain high. On 20 July, before representatives of the Latin American and Caribbean Group (GRULAC), a United Nations (UN) regional group, the DR's foreign minister, Andrés Navarro, called on the Haitian authorities to "stop promoting a negative campaign against the DR". Navarro noted that the DR's regularisation programme, set up by the government led by President Danilo Medina, had enabled "over 288,000" to register to regularise their status.

With a UN panel raising concerns about deportations following the closure of the scheme (*see box*), on 21 July Haiti's Prime Minister Evans Paul – who earlier had told reporters that the DR was creating a humanitarian crisis with its crack-down on migrants – said that his government would not apologise for its criticism of the DR's migration policy. This was in the context of Medina government complaints about remarks made by Martelly and his foreign minister, Lener Renauld, to an Organisation of American States (OAS) mission sent to Hispaniola in mid July to review the situation. The Haitian officials reportedly called for international intervention to "force the Dominican Republic to listen to reason and give a more humane treatment to Haitian migrants".

On 28 July the UN Working Group of Experts of People of African Descent issued a statement calling on the Medina government "to take steps to prevent arbitrary deportations and to adopt measures to address allegations of racial profiling during deportations of people of Haitian descent". According to the UN group, some 19,000 people may have left the DR for Haiti since 21 June "due to fear and amidst concerns that there will be violations when deportations officially start in August".

According to Mireille Fanon Mendes-France, the head of the expert panel, "No one should be deported when there are legal and valid reasons to stay. . . Migrants are entitled to protection and Dominicans of Haitian descent have the right to reside safely in the territory, as well as children born in the Dominican Republic who are legally registered. The Dominican Republic cannot violate international norms or those of the Inter-American system of human rights protection, and especially not violate its own Constitution".

UN panel criticism

Mireille Fanon

Mendes-France also

warned that "the

difficulties in

obtaining necessary

documents to

register for the

naturalization and

regularization

process, the lack of

information on the

deportation plan, and

the deportations have

instilled fear, resulting

in a situation whereby

people of Haitian

descent without

documents are also

leaving to avoid

abrupt deportations."

On Chávez's 61st birthday, Venezuela is not a happy place

A damning report on the parlous state of Caracas hospitals broadcast on 29 July by the UK's award-winning *Channel 4 News*, not exactly known for its sympathies with the Right, doubtless would be received with scorn by President Nicolás Maduro as part of the international conspiracy against the country with the largest oil reserves in the world after Saudi Arabia. It is difficult to know how his revered late predecessor, Hugo Chávez (1999-2013), who on 28 July would have turned 61, would have responded to such damaging global images of his homeland. Harder still is to guess at how Venezuelan voters will act in the forthcoming midterm legislative elections on 6 December next.

A new Venebarómetro poll released this week put support for the Maduro government at just under a quarter of national voters (24.7%), while a full 84% said the domestic situation was negative (aggregating 'regular/bad', 'bad' and 'very bad'). Three quarters of the 1,200 respondents, interviewed in their homes between 28 May and 11 June, said that supply shortages and insecurity were the main problems facing the country, followed by the high cost of living (cited by 43%), unemployment (20%) and the health service (8%) – notably these were cited as issues by similar proportions of opposition and government supporters across the country and with little variation by income decile. In other words, these are problems running across the country and throughout all households, albeit with lower-income households the worst affected.

Over four fifths (82%) of respondents said their household budget was insufficient to cover food, medicine, clothing, transport, and other basic costs in the previous month. Over half – 57.6% – blamed the Maduro government for the continuing shortages of basic goods, while 31.5% blamed retailers and/or producers. Meanwhile 71.2% rated the government's performance negatively (again aggregating 'regular/bad', 'bad' and 'very bad'). Over three quarters (76.1%) said they felt that Maduro government was "removed" ('alejada') from them.

Given the domestic economic crisis, these findings are hardly all that surprising. The government regularly contests the impartiality of polling companies, and there is a longstanding trend of certain companies finding very much in favour of the government and others coming up with a strong pro-opposition bias. However, IVAD, which carries out the Venebarómetro survey and might be considered more pro-opposition, found that support for main opposition alliance, Mesa de la Unidad Democrática (MUD) was middling at best; 48% rated it positively and 46% negatively, hardly a ringing endorsement. Interestingly, the student movement was considered the group working best 'for the wellbeing of the country' by 72.8% of respondents, followed by the Catholic Church (64.4%). Again, the MUD was well down at 40%, while the national assembly was second to last, with only 32.1% saying it was acting positively; 62.8% negatively (In last place was the ruling Partido Socialista Unido de Venezuela [PSUV] with 27.6%).

Ahead of the mid-term legislative elections, 67.4% said they intended to vote, (down a little from 68% in May). Of these, 40.5% were inclined towards opposition candidates, 22.2% towards government candidates and a not-insignificant 27.6% towards independent candidates. This is interesting, as there are not many independent candidates/parties in this bitterly polarised country, and it suggests that people would like 'a third way' option, if one were available. Voter apathy thus may become a serious issue for both sides. Moreover, when asked to self-define their political leanings, 36% said they were independent, up from 24% in April, while 36% said they were MUD-leaning, down from 40% in April (government supporters fell to less than 30%). These numbers simply are not going to get the MUD the congressional majority it is aiming for.

MUD

The Mesa de la Unidad Democrática (MUD)'s message is either not appealing, or – as is more likely – is simply too ill defined to have any resonance. Venezuelan voters want more than to simply lodge a protest vote against the Maduro government and the ruling Partido Socialista Unido de Venezuela (PSUV), they want hope. As yet, the MUD is not offering that.

Morales faces regional unrest

The Movimiento al Socialismo (MAS) government led by President Evo Morales is facing its first episode of serious regional unrest since the March gubernatorial and local elections. Since the start of July, representatives from the Comité Cívico Potosinista (Comcipo), a civic group in south-western Potosí department, one of Bolivia's poorest departments despite rich mineral resources, and long a MAS stronghold, have been spearheading a region-wide strike, insisting that President Morales meet 26 demands. The big problem for the MAS government is that the action is badly affecting the mining sector.

Among other things, Comcipo is calling for: the construction of a hydroelectric plant, three hospitals and two dams; the development of road projects and an international airport; and the preservation of the historic Cerro Rico lead-silver-zinc mine, which reportedly is on the verge of collapse. However, the government has continued to dismiss complaints about a lack of investment. On repeated occasions, government officials have said that between 2005 (the year before the MAS administration first took office) and 2014, public investment grew from B\$405m (US\$58m) to B\$3.75bn (US\$543m). President Morales has also pointed to other projects designed to benefit the department, such as the recently-signed contract between the state-owned Gerencia Nacional de Recursos Evaporíticos (GNRE) and a Chinese firm, Camc Engineering Co. Ltd., to build a lithium processing plant in the Uyuni salt flats, located in Potosí [WR-15-28].

With no definitive agreement despite talks between Comcipo representatives and top government officials including the minister for the presidency, Juan Ramón Quintana, and the interior minister Carlos Romero, there is strong concern about the impact on the mining sector, which already has been hit hard by the drop in international commodity prices (*see box*). On 20 July, Mining Minister César Navarro told reporters that the strike had caused losses of some US\$5m to the mining sector and US\$1m in mining royalties for the region. Navarro warned that the San Bartolomé silver-lead-zinc mine, Empresa Minera Manquiri S.A., the local subsidiary of the US company Coeur Mining Inc., was "on the verge of declaring bankruptcy and closing operations", with other mines such as the state-owned Sinchi Wayra zinc and tin mine, and the San Cristóbal silver mine owned by Japan's Sumitomo Corporation, Bolivia's largest silver mine, also affected.

Sector on the slide?

According to new figures from the private sector trade lobby, Instituto Boliviano de Comercio Exterior (IBCE), Bolivia's total exports (of which minerals account for 32% and hydrocarbons 50% in value terms) amounted to US\$3.8bn in the first five months of 2015, down 30% in value terms and 4% in volume terms year on year. Of the latest total, minerals were valued at US\$1.2bn, down 26% in value terms year on year, but with sales up by 5% in volume terms.

A central bank (BCB) on 26 May estimated foreign direct investment (FDI) in the mining sector at US\$45.4m in the first quarter (12.8% of the total inflow), up from US\$32.8m in the same period of 2014. Total FDI for the first quarter of the year was US\$354m, down 37% from US\$566m in the year-earlier period. The fall was directly attributed to the drop in inflows to the hydrocarbons sector, which last year accounted for 59% of Bolivia's total annual FDI (*see sidebar*). The latest annual FDI report from the United Nations' Economic Commission for Latin America & the Caribbean, released in May, indicated that FDI to Bolivia fell by 63% in 2014 to US\$648m.

Hydrocarbons FDI
According to BCB, FDI in Bolivia's hydrocarbons sector was US\$209m in the first quarter of 2015, down from US\$401m in the same period of 2014.

Tax reform in Colombia

On 24 July the national business association (Andi) held a general assembly. The president of Andi, Bruce Mac Master, expressed his concern at what he called “persistent uncertainty” for the industrial sector, as its exports decreased by 16.4% in the first five months of 2015. Mac Master, while praising the measures taken by President Santos to respond to the challenging economic scenario confronting Colombia, called for the government to carry out a deep, structural fiscal reform that would “achieve a more equal and efficient system” to attack tax evasion and ensure “long-term stability for local and foreign investors”.

TRACKING TRENDS

BOLIVIA | Alternative energy plants. On 27 July the Bolivian government through the national electricity company (Ende) committed to implement 11 renewable energy projects in the country by 2020, which will generate approximately 400 MW with an investment of at least US\$600m.

These projects will allow Bolivia to increase the proportion of its wind, solar, geothermal and biomass energies from 1% to 4% of total energy production.

The government predicts that thermoelectric production will decrease from 65% to 26% and hydroelectric production will double from 35% to 70% by 2025. “We plan to have a surplus of 2,500 MW by 2020 and of 10,000 MW by 2025,” the minister of energy and hydrocarbons, Luis Alberto Sánchez, said on 27 July.

The Movimiento al Socialismo (MAS) government announced that the electricity produced from alternative sources will satisfy internal demand, while the electricity produced by gas or water will be primarily used for export.

VENEZUELA | Price of basic goods soars. The price of the basic basket of goods increased by 163.6% between June 2014 and June 2015 in Venezuela, according to a report published by the centre for documentation and social analysis for workers (Cendas) on 20 July.

This increase is far faster than the rise in salaries, meaning that the purchasing power of Venezuelans is being seriously eroded, Cendas concluded. Cendas said that an average family now requires almost eight minimum wages in order to cover its needs.

The basic basket of goods cost Bs.54.204,69 (US\$8,604 at the official exchange rate of Bs.6.30/US\$1) in June, an increase of Bs.11.357,78 (26.5%) on the previous month. This is hyperinflation in action and goes some way to explain why the central bank has stopped releasing monthly economic data, as required by law.

PERU | Agrarian exports. Agrarian exports for the first five months of the year reached US\$1.78bn, a 0.1% increase compared to the same period in 2014, Peru’s minister of agriculture and irrigation, Juan Manuel Benites, reported. According to the data presented by Benites, non-traditional exports made up 95% of total agrarian exports, with bananas accounting for 30%, frozen mangos (29%) and fresh mangos (26%).

Peru registered an agrarian trade surplus in the five first months of the year (US\$132m). The main recipients of Peruvian products were the US (25% of the total), the Netherlands (14%), Ecuador (6%), Spain and China (both with 5%).

COLOMBIA | Plan to boost non-metallic exports. President Juan Manuel Santos boldly stated this week that Colombia would double its non-metallic exports by 2018 when he leaves office. He set the “ambitious goal” of US\$30bn, during a council of ministers in Barranquilla on 24 July.

Santos presented an employment and productivity plan as part of his government’s strategy to “invigorate the economy and mitigate the impact of the global economy slowdown,” in particular the fall in oil prices which has adversely affected Colombia’s trade balance: for each dollar that the price per barrel of oil falls, the Colombian treasury is deprived of an estimated Col\$420bn (US\$154m).

Santos said his government had set aside Col\$16.8 trillion (US\$6.2bn) to implement the plan and hoped to generate an additional 320,000 jobs. According to a report by the ministry of commerce, industry and tourism, non-metallic exports grew by 19% in the 2010-2014 period, from US\$11.8bn to US\$14.1bn.

Colombia posted a trade deficit of US\$5.9bn in the first five months of the year, according to a report published by the national statistics agency (Dane). From January to May this year, exports totalled US\$16.01bn, while imports amounted to US\$21.94bn. The trade deficit with China jumped by US\$1.53bn to US\$3.13bn due to a sharp fall in the value of oil exports.

Rousseff's advisers plan 'humanisation' strategy

Protest rallies against the government, and in particular President Dilma Rousseff, will take place on 16 August. Already, the main opposition Partido da Social Democracia Brasileira (PSDB) has been using a series of thirty-second advertisements on evening TV to emphasise unity and to highlight the many serious economic problems the country is facing. The last major anti-government rally was held in March. Given that both Brazil's economy and Rousseff's approval ratings have declined since then, the protest is expected to be significant. In an attempt to counteract some of the negativity surrounding Rousseff's mandate, her advisers are now embarking on a strategy to "humanise" the president.

Over the coming weeks, President Rousseff is due to appear on more daytime TV shows, talking about some of her flagship social programmes in informal settings. Advisers reference her 2011 performance on the mid-morning programme *Mais Você* in which she shared her omelette recipe, as a template for future media appearances. It is a potentially risky strategy: in May, Rousseff cancelled her annual May Day speech for fear of attracting a *panelaço*, the banging of pots and pans that have accompanied most of her TV appearances since January.

Rousseff, who never ran for election before becoming president, also lacks the natural charisma of her predecessor, Lula da Silva (2003-2011). This is a problem in her dealings with congress, just as much as it is in her dealings with the populace. Suspected of having a facelift ahead of her first election, a widely circulated joke questioned whether her personality would also benefit from a surgical intervention.

Nor is Rousseff a particularly gifted orator. In recent weeks, she has been roundly mocked for a bizarre impromptu paean to the cassava plant and her invention of a new evolutionary category: '*mulher sapiens*'. In a democracy notably short of female politicians, Rousseff also suffers widespread popular abuse due to her gender. But with her approval ratings at just 7.7%, it is hard to see how much harm greater exposure could do to her image.

Lava Jato hits the electricity sector

But the latest measures bear some resemblance to deck-chair shuffling on the Titanic. 'Operation Lava Jato' continues to dominate the headlines, and while there is still no 'smoking gun' linking Rousseff with the corruption at the firm, the investigation is adding to the country's sense of gloom.

In the 16th phase of the operation, on 28 July, federal police arrested the president of Electronuclear, Othon Luiz Pinheiro da Silva, the 'father' of Brazil's atomic programme, over a suspected R\$4.5m (US\$1.3m) bribe in the construction of the Angra 3 reactor. Electronuclear is one of the smallest of the 15 state-run companies that make up Eletrobras, which is responsible for one third of Brazil's energy generation.

Over the past decade the command of Eletrobras has alternated between the ruling left-wing Partido dos Trabalhadores (PT) and its restive ally, the Partido do Movimento Democrático Brasileiro (PMDB). Pinheiro da Silva, a retired navy admiral who studied in the US, was named as chief executive of Electronuclear in 2005, during the administration of Lula. "Corruption in Brazil is endemic and is in the process of metastasis," Athayde Ribeiro Costa, a public prosecutor, told reporters after his arrest.

Dialoga Brasil

On 29 July, President Rousseff unveiled a new website, *Dialoga Brasil*, which invites Brazilians to comment on and suggest government policy. While this experiment in e-Democracy is likely to be mocked by opponents, one of the most internationally significant and respected pieces of legislation passed in Rousseff's first term was the *marco civil*, a civil rights framework for the internet, drafted after extensive popular consultation.

Real falls further on credit rating warning

Standard & Poor's, the credit ratings agency, revised Brazil's outlook from stable to negative on 28 July and warned that it may cut its rating to junk. The Real, which has already fallen 22% since the start of the year, slumped to R\$3.43 to the US dollar. Brazil is still considered an investment-grade country by the big three rating agencies: S&P, Moody's and Fitch, but on 23 July Austen Rating, a local firm, stripped the country of its investment grade. Without a sudden, and unexpected, reversal in Brazil's economic fortunes, an across-the-board downgrade seems increasingly likely.

Very little is going right for the government. On 22 July, it was forced to slash, drastically, its primary fiscal surplus target for this year from 1.2% of GDP to 0.15%. The government also revised its goals for the next few years. In 2016, the administration aims to post a primary fiscal surplus of 0.7% of GDP; in 2017, 1.3%. By 2018, the government expects to post a surplus of 2%; until recently, it regularly posted 3%. Joaquim Levy, the economy minister, attempted to minimise its significance, by arguing that the reduction did not represent a relaxation of fiscal discipline, but rather a "realistic" assessment of the economy.

Tax revenues have collapsed as the economy shrinks faster than anticipated. Analysts surveyed by the central bank expect a recession of 1.8% this year; more bearish banks are putting the contraction at over 2%. For 2016, of all Brazil's major banks, only Banco Santander Brasil believes the economy will grow, and that by just 0.1%. Bradesco expects the economy to flatline; Itaú foresees a contraction of 0.2%. Almost all economic indicators are flashing red: 12-month inflation is running at 9.25% and unemployment has been rising for the last seven months (with 111,199 jobs lost in June alone).

Political paralysis

With the Chinese economy in difficulty and the price of commodities, especially iron ore and oil, running low, it is difficult to see from where growth is going to come. Added to this, and a key factor in S&P's latest decision, is the political crisis that is causing paralysis in Brasília and undermining the executive's austerity plans. In the short-term, the credit ratings agency sees a reduction in political coherence which could present a material risk of a downgrade due to the increase in "ineffective policy-making". A number of the government's plans to cut spending and raise taxes have been watered down by a largely hostile congress.

Noting the recent deterioration in relations between the ruling Partido dos Trabalhadores (PT) and its principal ally, the Partido do Movimento Democrático Brasileiro (PMDB), the agency notes the government's "less consistent support in congress to approve the necessary measures of fiscal adjustment". The agency stated that it is not working on a scenario in which President Dilma Rousseff is impeached.

Petrobras scandal

Along with the political crisis, the ever-expanding investigation into corruption at the state-run oil firm, Petrobras, is complicating any hopes of recovery. On 27 July, Rousseff told a cabinet meeting that 'Operation Car Wash' had already sliced one percentage point off Brazil's GDP.

Over the past week, the presidents of Odebrecht and Andrade Gutierrez, two of the biggest construction companies in Latin America, were accused by

Accusations

become charges

Marcelo Odebrecht, president of Odebrecht, and Otavio Marques de Azevedo, the president of Andrade Gutierrez, will now face formal charges over their involvement in the corruption scheme at Petrobras, along with a several other top executives at both firms. Sérgio Moro, the presiding judge, confirmed the decision on 29 July, and restated the men's preventative detention.

Economic recession

In yet another sign of Brazil's economic recession, the central bank released data on 22 July showing that spending by Brazilian tourists overseas was down by 23.4% in the first half of 2015 compared with the same period in 2014: US\$ 9.9bn versus US\$12.4bn.

federal prosecutors of active involvement in the corruption scheme. Both deny the accusations. Though they are in preventative detention no charges have yet been filed. Last week, three executives from another construction company, Camargo Corrêa, were the first to be sentenced over the kickback scandal.

In the latest phase of the investigation, which began on 28 July, police turned their attention to contracts signed between Brazil's major construction firms and Electronuclear, the state-run nuclear energy company.

ARGENTINA | POLITICS

New poll confirms Macri's stalling momentum

Mauricio Macri, the presidential candidate for the centre-right opposition Propuesta Republicana (PRO), put a brave face on his party's disappointingly narrow victory in the race for the mayoralty of Buenos Aires, its electoral heartland. But the fact his chosen candidate, Horacio Rodríguez Larreta, only won the run-off by three percentage points spooked his party and his potential coalition allies. An opinion poll published on 26 July, showing Daniel Scioli, the *Kirchnerista* presidential candidate, with an 11.4-percentage-point lead over Macri, will have done little to calm their nerves.

The poll, by the Centro de Estudios de Opinión Pública (CEOP), surveyed 1,500 people across the country by telephone. Scioli, the governor of Buenos Aires, and his running mate, Carlos Zannini, the government's current legal and technical secretary, polled at 38% of voting intentions. Macri, the mayor of Buenos Aires, and his running mate, Senator Gabriela Michetti, came second with 26.6%. Previous polls had shown the gap between Scioli and Macri as much narrower.

Still, there are important caveats to the poll. While Scioli now has the nomination for the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists) sown up; Macri is due to face a primary election on 9 August, running against Ernesto Sanz and Elisa Carrió for the backing of the Cambiemos coalition. Both are polling in the low single figures and do not represent much of a challenge to Macri, but as both style themselves as implacable opponents of *Kirchnerismo*, their supporters are likely to vote for the candidate most likely to beat the FPV.

Another important factor is Sergio Massa, the third-placed candidate from the Frente Renovador. The CEOP poll put Massa on 12% of voting intentions, well ahead of his primary rival, José Manuel de la Sota, on 5.2%. As a former *Kirchnerista*-turned-opponent, it is not clear that Massa's supporters would automatically migrate to Macri. In an attempt to ensure they do, however, Macri has tacked to the centre, while Scioli, long regarded with suspicion by die-hard government sympathisers for his support of conservative Peronist, former president Carlos Menem (1989-1999), has moved left.

Even before the latest poll, Macri had promised to continue with several flagship *Kirchnerista* policies, such as the re-nationalisation of the state airline, Aerolíneas Argentinas; the oil company, YPF, and the universal child benefit programme. Certainly compared with Sanz and Carrió, Macri has moderated considerably his criticism of the government, declaring that he is not "anti-government, or anti-anything" but seeks pragmatic solutions to the country's problems. In campaigning this week, he criticised the government's failure to grow the economy over the past four years and expand the jobs market. "The only ones who have managed to find a job are the boys from La Cámpora," he said.

Welsh community celebrates

Carwyn Jones, the First Minister of Wales travelled to the Patagonian town of Trelew, in the province of Chubut on 26 July to celebrate the 150th anniversary of the arrival of Welsh settlers in Argentina. While other Welsh expatriate communities in the US and Canada have lost their language and customs, Trelew remains Welsh-speaking. Jones is the first senior British official to visit Argentina for 10 years.

La Cámpora is the radical youth wing of the FPV, led by Máximo Kirchner, the son of President Cristina Fernández, which Scioli has been assiduously courting. Since selecting the loyal *Kirchnerista* Zannini as his running mate, Scioli's campaign has taken a populist turn. Last week, the Buenos Aires governor travelled to Cuba for a meeting with President Raúl Castro, whom he described as a "positive influence". On 27 July he proposed creating a people's economy ministry "to fulfil the dreams of Pope Francis for housing, land and work". In the same speech he criticised private banks for failing to provide sufficient credit for families.

To heal the divisions caused by the FPV's candidate selection process, Scioli also indicated he would be willing to invite Florencio Randazzo, the transport and interior minister who had sought the party's nomination, into his cabinet. Should Scioli win, the key question will be how much influence President Fernández will retain. The CEOP poll found 52% of Argentines had a positive image of her. There would be no constitutional bar on her running for a third term of office, in 2019.

Argentina seeks clarity over Iranian sanctions lifting

In an open letter published on 29 July, Argentina's foreign minister, Héctor Timerman, said that he was concerned the recent deal reached between the G5 + 1 and Iran over its nuclear programme could see the former Iranian defence minister, Ahmad Vahidi, removed from its sanctions list. Argentina has long sought Vahidi over his alleged involvement in the bombing of the Amia Jewish community centre in Buenos Aires in 1994.

President Cristina Fernández offered her own take on the matter on Twitter. "This is how nations and interests work," she wrote. "This is what some in our country seem to ignore or refuse to admit. Or even worse, they are fully aware and keep mum. They are aware but they lie." Fernández also attacked those who had accused her and her administration of attempting to cover up Iran's involvement in the Amia bombing case. Argentina's Jewish community have backed Timerman's letter.

According to the *Wall Street Journal*, Vahidi is among a group of Iranian military officers, nuclear scientists and defence institutions set to be removed from the sanctions list as a result of the agreement signed in Vienna. At the time of the Amia attack, Vahidi was the commander of Iran's elite overseas military unit, the al-Quds force. He subsequently went on to become the deputy minister of defence in 2005, and he was appointed the actual minister four years later, holding the post until August 2013.

In 2006, the Argentine judge Rodolfo Canicobra Corral requested the arrest of Vahidi and other Iranian officials over their suspected involvement in the bombing.

TRACKING TRENDS

ARGENTINA | Minimum wage up. Argentina's wage council increased the minimum wage by 28.5% on 21 July, pushing it from Ar\$4,716 to Ar\$5,588 (US\$515 to US\$610, at the official exchange rate). The increase is in line with what most trade unions were expecting. It means that Argentina now has a higher minimum wage than Uruguay, Chile and Brazil. Around 113,000 workers are paid the minimum wage each month, according to the national statistics agency (Indec).

BRAZIL | Government cuts fiscal surplus target. On 22 July the Brazilian government reduced its primary fiscal surplus target for 2015 from 1.2% of GDP to 0.15%. Until recently, Brazil maintained primary surpluses above 3% of GDP, but with tax revenues falling sharply, the government's goal for this year is now just R\$8.7bn (US\$2.7bn), down from R\$66.3bn. Tax revenues in 2015 are expected to be R\$46.7bn down on those originally forecast. Spending, meanwhile, is R\$11.4bn more than anticipated.

Codelco

A mining contract worker was shot dead on 24 July, the fourth day of a strike against Chile's state mining giant Codelco to demand wage increases. Nelson Quichilao was shot in the leg by riot police while protesting near Codelco's Salvador mine (which produces just 1% of the company's total output) in the northern region of Atacama. He later died of a heart attack. The confederation of copper workers union blamed heavy-handedness from the police who were sent in to clear roadblocks erected by the strikers. The police report claimed that shots were fired only after protesters attempted to drive heavy equipment towards an officer lying on the road.

Congress ushers in new political era

In a sign of just how much the wide-ranging campaign finance scandal has shaken the foundations of Chile's political institutional structure, the presidents of the lower chamber of congress and the senate delivered a working report last week for the first time since congress was created in July 1811. They both promised a profound and radical change to how politics is conducted in Chile, with greater probity and transparency and private financing eradicated. With her popularity in free fall, President Michelle Bachelet announced new legislation last month to try and restore public confidence not just in her government but the political class as a whole.

The tone of the addresses by the president of the lower chamber, Marco Antonio Núñez, of the Partido por la Democracia (PPD), and the president of the senate, Patricio Walker, of Democracia Cristiana (DC), both in the ruling Nueva Mayoría coalition, was contrite. The two men gave fairly extensive *mea culpas* and promised to recover shattered public confidence. "On many occasions we have not met the standards demanded of us by the public," Walker confessed. "We have to take advantage of this crisis of confidence as an opportunity to make important changes," Walker added.

Walker went on to explain that greater control needed to be exerted over parliamentary ethics, although he said that expenses, which stand at US\$20,000 per month for a member of congress, should be frozen but not eliminated. He also said that members of congress would have to devote all of their time to the job, ruling out the provision of paid advisory service to companies, not least because of potential conflict of interest issues.

Núñez called for electoral campaigns to be funded exclusively out of public money. He said that serious misuse of public resources should result in "the loss of a seat or position of popular representation". He said that public trust had been seriously damaged by the campaign finance scandal involving the financial firm Penta and the mining firm Soquimich, but he stressed that "It is never too late when probity, justice, well-being and equal opportunities are at stake."

Walker and Núñez said that both chambers of congress would form a bicameral commission of academics and jurists to spend three months drafting a set of proposals to modernise the process of generating legislation in Chile. The independent input is clearly calculated to reassure a sceptical public that congress is genuinely intent on reform.

The interior minister and cabinet chief, Jorge Burgos, praised the congressional authorities for "addressing public disenchantment" through these initiatives. Burgos added that, if necessary, it should "build a Great Wall of China" to separate private money from politics.

The addresses by Núñez and Walker follow the approval by congress on 13 July of a new law requiring the leadership of both chambers of congress to present an annual report in the interests of public accountability. The congressional presidents also promised that they would move to expedite bills sent by President Bachelet in relation to her 'agenda for transparency and probity in politics and business' launched last May. Since then Bachelet has sent a series of anti-corruption bills to congress which aim, inter alia, to regulate conflicts of interest better and to establish stricter penalties for corruption cases embroiling lawmakers.

The battle for the Right

Depreciation no problem

The finance minister, Luis Videgaray, argued last week that the diversification of Mexico's debt meant that the depreciation of the peso against the US dollar did not pose "the slightest risk" for the country's macroeconomic stability. In contrast to previous years, Videgaray said, the majority of Mexico's debt (78%) was now denominated in pesos and "not all of the rest is in US dollars". He said that Mexico had recently released 100-year bonds denominated in euros, for instance, which have also depreciated against the US dollar.

After a poor showing in the mid-term congressional elections held on 7 June, Mexico's second largest political party, the right-wing Partido Acción Nacional (PAN), faces a leadership contest with some 477,000 party members set to vote on 16 August in a two-horse race between Ricardo Anaya and Javier Corral for the position of party president. At issue is the party's future strategy ahead of a significant number of gubernatorial elections in 2016, and the next presidential contest, which is coming up in 2018.

Many say that the PAN – which ruled Mexico for two successive six-year presidential terms between 2000 and 2012 – has lost its mojo. The PAN came third in the 2012 presidential race, and was the second largest party in the federal congress, with 114 seats out of 500 in the chamber of deputies. In the three years since then, things have been tough. The party joined the Pacto por México, the three-way alliance between the ruling Partido Revolucionario Institucional (PRI) – the party of government – and the left-wing Partido de la Revolución Democrática (PRD).

The Pacto supported President Enrique Peña Nieto's far-reaching programme of structural reforms. But while the reforms were very close to the PAN's traditional free-market principles, Peña Nieto effectively stole the party's banners. The political dividend from the reforms has been neutral or negative for the party; it has seemed that where the PRI has led, the PAN has been left simply to follow.

In last June's mid-term elections while Mexico's top three political parties remained the largest in the country they were each punished by the voters, amid general disillusionment with the political system. The exercise was painful for the PAN. It saw its share of the congressional vote drop by nearly five percentage points, from 25.9% down to 21.0%. In the federal chamber of deputies it lost six seats down to 108. This was its worst performance in 25 years.

Anaya holds advantage

While some in the PAN attribute this fallow period to the tight control exercised by the party president, Gustavo Madero, it appears that the youthful (35-year old) Ricardo Anaya, Madero's chosen successor, has started out ahead. Anaya, a former president of the federal chamber of deputies, has already deputised for Madero at the head of the party when the latter took leave of absence to run for congress.

According to a telephone poll carried out by Parametría on 13 June, Anaya was at that point ahead with the support of 58% of the PAN membership. He also has the backing of some party grandees, such as Santiago Creel (the interior minister under the presidency of Vicente Fox between 2000 and 2006), who said the candidate represented "a path of unity, of reconciliation, an opening up of the party to those who want to welcome modern ideas".

In contrast the Parametría poll had only 18% of the party membership supporting Javier Corral, an experienced and long-serving federal senator from the north-western state of Chihuahua. But Corral appears to relish the role of underdog. The challenger is calling for a "grass roots rebellion" in the party, and wants it to return to a much sharper opposition role. A powerful orator, Corral has not held back in his criticism of the leadership.

Mexico wins Gold Cup

Mexico has won the football Gold Cup for a record seventh time defeating Jamaica 3-1 in the final. The Gold Cup is contested by football teams from North and Central America and the Caribbean. Two days after winning, the Mexican football federation promptly sacked the national football team's manager, Miguel Herrera, after he allegedly punched a reporter in the neck. The incoming head of the football federation, Decio de María, said the incident was incompatible with "the spirit of fair and respectful competition".

"The PAN has been weakened by corruption, ineptitude, and 'godfatherism' (*compadreo*)," Corral said recently, adding "we need to untie the party from the government of Enrique Peña Nieto, which has made it indifferent to the corruption which surrounds the President". This is close to the bone, as Corral has also suggested that Madero's group is tainted by the 'los moches' scandal, a corrupt influence-peddling network where party deputies are alleged to have received kickbacks on municipal works contracts.

Corral's strategy is to hope that he can come from behind to win, capitalising on general disillusionment with the established leadership. In a recent interview with *El Financiero* newspaper, Corral criticised the PAN's demand that the interior minister, Miguel Ángel Osorio Chong, resign after the recent escape from a maximum security prison by the leader of the Sinaloa drug-trafficking organisation (DTO), Joaquín 'El Chapo' Guzmán [WR-15-28]. "What's the point of demanding that Osorio Chong resign, if the PAN isn't prepared to say what it will do if he doesn't resign? This is just short-term posturing, an attempt to look good in the eyes of public opinion," Corral said.

Crucial vote for upcoming elections

The results of the PAN's internal elections could have big consequences. The Peña Nieto administration is approaching its mid-term point (in December it will have been in office for three of its six years). Next year there are gubernatorial elections in 16 states (half of the country's total) – and plans are beginning to be laid for the 2018 presidential race.

Already Margarita Zavala, the wife of former president Felipe Calderón (2006-2012) of the PAN, has declared her intention to run (she and other *calderonistas* have been shunned by Madero's group). Given the success of some independent candidates last June (such as Jaime 'El Bronco' Rodríguez, who won the gubernatorial race in the state of Nuevo León) many on the Right – both inside and outside of the PAN – may be considering new strategies to try and capture the electorate's imagination.

MEXICO | SECURITY

Two decisions highlight femicide issue

Two separate decisions in the same week have highlighted the long under-reported issue of femicide (usually defined as the murder of women because of their gender) in Mexico. Campaigning organisations nevertheless say that a lot more needs to be done.

In the first of the two decisions a court in the north-western state of Chihuahua sentenced five men to an unprecedented 697 years in prison for the murder of 11 women. According to the state attorney general's office, the men "used ploys to recruit young women into prostitution and drug distribution. Then, when they were no longer 'useful', they took their lives and threw their bodies in the Navajo Arroyo, in the Valley of Juárez".

Ciudad Juárez, the capital of Chihuahua, has been notorious since the 1990s for the disappearance and murder of women, often in connection with organised crime, prostitution, and people trafficking. In 2010 it was estimated that a woman was killed every 20 hours in the state capital. The trial and sentencing of the five men, which was conducted by three female judges, is being referred to as the '*megajucio*' or mega-judgement, because it is viewed as a potential landmark case.

A second, and potentially equally significant decision came in Estado de México (Edomex), where governor Eruviel Ávila declared 11 municipalities

Uber protests
Licensed taxi drivers demonstrated in Mexico City on 29 July, attacking Uber drivers, and demanding “a total halt” to app-based rideshare services in the capital. “What happened is a very grave attack on everyone’s freedom and right to make a living in a dignified manner,” Uber said in response to the attacks. “Incidents like this are unacceptable and we trust that authorities will act so that justice is done.”

to be on a “gender alert”, an administrative move which allows issues of gender-based violence to be given higher priority. A similar measure had been taken previously in Ciudad Juárez, but Edomex had until this week refused to acknowledge the seriousness of the issue.

Ávila said, “the alert will allow us to strengthen public policy in favour of women and obtain additional resources”. One of the municipalities involved is Ecatepec, which is said by local reporters to be experiencing levels of gender violence associated with Ciudad Juárez.

Acute problem in Mexico

Data on violence against women is incomplete, but everything indicates that the problem is particularly acute in Mexico. Government statistics suggest that the female murder rate rose sharply between 2007 and 2013, reaching 4.4 per 100,000 women – double the global average.

The United Nations says Mexico is among the world’s 20 worst nations for female-targeted violence. According to the Observatorio Ciudadano Nacional del Femicidio (OCNF), a lobby group, 2,300 women have been killed in Edomex over the last nine years. Andalusia Knoll, a journalist based in the southern state of Guerrero, says “in the majority of femicide cases in Mexico... the victims are killed often by their boyfriends, by their father-in-laws, by their ex-husbands or by their husbands”.

Legally, all Mexican states with the exception of Chihuahua now list femicide as a crime, but according to the OCNF there are technical difficulties in categorising it in 17 states. And – in common with the murder of men – Mexico has an extremely low clear-up rate. The OCNF says that of 3,892 murder cases in 2012 and 2013, where the victims were female, only 613 were investigated and in only 1.6% of the total number of cases were the perpetrators sentenced to imprisonment.

TRACKING TRENDS

MEXICO | Oil exports tumble. Mexico’s oil exports fell by 44.2% to US\$12.83bn in the first half of 2015 compared to the same period last year, according to the national statistics institute (Inegi), as a result of the precipitate fall in the price of oil. Non-oil exports compensated for some of the loss by increasing over the same period by 3.6% to US\$175.71bn, meaning total exports amounted to US\$188.54bn. Imports fell by 0.2% year-on-year to total US\$192.59bn. This all left Mexico posting a trade deficit of US\$4.05bn in the first half.

Mexico registered a trade deficit of US\$2.44bn in 2014 as a whole, up 106% on 2013.

MEXICO | Poverty increasing. Poverty increased by 2m to 55.3m, the equivalent of 46.2% of Mexico’s population, in the two years to 2014, according to a survey carried out by the national council for the evaluation of social development policy (Coneval).

President Enrique Peña Nieto responded by saying that the government would have to “redouble its efforts”. Peña Nieto argued that his government’s social policy had succeeded in containing poverty but had failed to reduce poverty levels.

One small crumb of comfort seized upon by the social development minister, Rosario Robles, was that extreme poverty, or indigence, fell from 9.8% to 9.5% between 2012 and 2014.

Quotes of the week

“We have shown that this people does not yield to fear and terror.”

El Salvador's President Salvador Sánchez Cerén.

“You don't have to believe everything either the government says or the papers. Nobody pisses holy water.”

Argentina's economy minister Axel Kicillof.

“President Dilma [Rousseff] is paying the price for her integrity and honesty.”

Brazil's justice minister, José Eduardo Cardoso.

POSTSCRIPT

Paraguay's Cartes takes another step towards re-election

The victory of Pedro Alliana in the internal elections of Paraguay's ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) is another step along the road of lifting the bar on presidential re-election in Paraguay, principally for the benefit of the incumbent, Horacio Cartes. Alliana, a hitherto obscure deputy, beat his rival Mario Abdo Benítez, an ANR-PC senator, by 10 percentage points to become the new party president. Alliana enjoyed substantial financial backing from Cartes. Though Alliana's campaign made little reference to the idea of re-election, he is known to support the idea.

President Cartes is one of the richest men in Paraguay, head of a conglomerate that produces drinks, cigarettes, clothes and meat. Following Alliana's victory, Cartes promised that he will “wipe the board” in the municipal elections on 15 November this year by funding further candidates sympathetic to his ‘Honor Colorado’ political project. Other factions within the ANR-PC may struggle for dominance following Abdo Benítez's defeat. The losing candidate is head of the G-15, a party faction comprising 15 of the 19 Colorado members of the senate who broke away from Cartes at the start of the year.

On 28 July, two days after the election, Cartes once again claimed that he was not seeking re-election. However, he has done little to stop loyal lieutenants making the argument for him. The vice-president, Juan Afara, said, “it is very short the time he has [...] it seems to me that President Cartes is an excellent manager, and I am someone who sees him at work every day.” The current president of the ANR-PC, Lilian Samaniego, even suggested that Abdo Benítez had privately told her he supported such a move. Alliana, himself, meanwhile, has expressed support for the idea of allowing re-election across the board, including for governors.

It is not just Cartes's loyalists interested in the idea. The Frente Guasu, the left-wing alliance led by the former, impeached, president Fernando Lugo (2008-2012), has expressed support for the idea. Senator Esperanza Martínez indicated that the party's backing could depend on Lugo being allowed to run for the presidency in 2018.

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