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Chile's Bachelet in fight-back mode

Chile's President Michelle Bachelet, struggling with low opinion poll ratings, concern over corruption, and a weaker-than-expected economy, is trying to get back on track and get the balance right between adjusting her policies where necessary, on the one hand, and sticking to her guns, on the other. The government's slogan of the moment is 'realismo sin renuncia'. This can be roughly translated as 'realism without surrender'. The big problem for Bachelet is that not all parties within the ruling Nueva Mayoría coalition have interpreted its meaning in the same way.

One sign of the government's willingness to make some limited concessions to its critics was an announcement that last year's tax reforms – designed to raise annual government revenues equivalent to 3% of GDP to fund health and education reforms – are being simplified. After a series of meetings with congressional business leaders the government says it will now submit a new bill simplifying tax assessment, particularly for small and medium sized enterprises (SMEs). Finance Minister Rodrigo Valdés said "This isn't a reform within the reform. It is just the culmination of a process. We don't want to open more discussions on tax, we just want simplifications."

In an interview with the national daily *La Tercera*, President Bachelet tried to explain the 'realismo sin renuncia' slogan intended to cover the second half of her 2014-2018 term in office. Her government, she said, remained committed to introducing universal free education, as promised in the election campaign: but because of the weaker economy it might take "more than the six years that we said would be needed to achieve it". In terms of the health reforms it might involve making changes in a group of 20 hospitals first.

Questioned over whether Valdés and Jorge Burgos (appointed to head the finance and interior ministries respectively in a May cabinet reshuffle) were trying to move the government onto a more centrist political course, Bachelet insisted that "those who think Burgos and Valdés have come to change our direction... have interpreted things incorrectly". Her explanation was that both were implementing her policy of greater realism. She also described talks of a move to the centre as "wishful thinking". She then flew to El Salvador and Mexico on an official visit (*see box below*).

During Bachelet's absence, her parting comments unleashed tension that had been building within the Nueva Mayoría coalition. Jorge Pizarro, the president of Democracia Cristiana (DC), the coalition's most centrist party to which Burgos belongs, described Bachelet's comments as "confused", adding that "if she makes a profound change to her political team in these ministries it is for a reason. I don't think it can have been because things were fantastic, she did it because things were not good."

Economy faces “many challenges”
“In this second phase of the government we are working to prioritise the most important things,” Finance Minister Rodrigo Valdés said this week. Valdés said that Chile was well equipped to weather adverse external developments, such as the fall in copper prices, and remained a very attractive country for investors, but the economy faced “many challenges”. He admitted that it would be very difficult for the government to meet President Bachelet’s electoral manifesto promise to deliver 5% average GDP growth for her term in office. Chile grew 1.9% year-on-year in the second half of 2015, according to figures released by the governor of the central bank, Rodrigo Vergara, this week. Vergara recently cut the annual growth forecast a quarter of a percentage point to a range of 2.25%-3.25%.

Pizarro’s predecessor Senator Ignacio Walker was even more candid. “It is difficult to understand,” Walker said. “Nobody saw it as a cosmetic change but as a profound change. It is important for ministers to feel the president’s support”. He went on: “We have to recognise that there is a *non-presidential leadership* [our italics] and empower the interior and finance ministers... improve coordination between the government, congress and parties to ensure the principle of good governance which is what is really at stake”. Walker concluded: “Clearly a 70% disapproval rating means that the key to ‘realismo sin renuncia’ is rectification not reaffirmation.”

Francisco Vidal, a former secretary general with ministerial rank under Bachelet (2007-2009), accused the DC politicians of making “disloyal” comments and “lacking in respect”. Vidal said that when Bachelet enjoyed a 64% approval rating everyone was fawning on her; now that it had fallen to 22% they were tearing into her.

Put in awkward positions, Valdés and Burgos gave several media interviews while Bachelet was away in which they denied any cabinet divisions over the government’s direction. In interviews with *La Tercera* and *El Mercurio*, Valdés admitted that Chile was in a cycle of deceleration (*see sidebar*), telling the former that the government would “not abandon the agenda of transformations that Chile needs” but conceding to the latter that “growth has to take precedence each time that we design reforms”. For his part, Burgos was widely quoted in the press after telling Radio Duna that the idea that he and Valdés were a duo running the show was “an urban myth” and that the cabinet was a united team.

Bachelet made the idea of ‘realismo sin renuncia’ the cornerstone of her government’s much-heralded ‘second phase’ but differing interpretations mean that rather than refining her political strategy it has resulted in mixed messages being sent to, for instance, the business community, which the government is trying to encourage to boost investment after having been unsettled by its far-reaching reform agenda, and trade unions, which are holding out for a transformational reform of the labour code. The infighting in the ruling coalition is a massive boon to the Right, which was most heavily implicated in the damaging corruption and campaign finance irregularities of recent months.

Bachelet’s foreign travels

President Bachelet travelled to El Salvador and Mexico on an official visit, clearly with some domestic political preoccupations still on her mind. Speaking at El Salvador’s national university, Bachelet said the Chilean education reform process had required structural changes that had not been easy, and which had come up against a series of “blockages”. She also noted citizens in general had begun to trust their governments much less than in the past, and this had led her administration to try and pursue higher standards of integrity and transparency through a series of new laws.

The main focus of the visit to both countries was economic, with a number of business leaders accompanying Bachelet and seeking to develop trade. In El Salvador Bachelet met President Salvador Sánchez Cerén and took part in a bilateral trade and investment seminar. She then travelled on to Mexico for a two-day State visit to meet President Enrique Peña Nieto.

Officially Bachelet’s visit to Mexico was to commemorate the 25th anniversary of the re-establishment of bilateral diplomatic relations. But the two leaders oversaw the signing of bilateral cooperation agreements in numerous areas. Bachelet also held meetings with local business representatives to discuss the opportunities offered by the two member countries of the Pacific Alliance trade bloc. Chile is Mexico’s third most important trade partner in South America after Brazil and Colombia. Mexico-Chile bilateral trade reached US\$3.54bn last year and Chile is currently the fourth largest regional investor in Mexico.

Political pressure recedes for now

While the government was surprised by the major demonstrations in March this year, it was braced for a huge mobilisation on 16 August. The number of people who took to the streets was significant: the military police estimated the total number, nationwide, at upwards of 850,000 in over 200 cities. While the police have a history of overstating numbers, Datafolha, the polling institute, put the numbers on São Paulo city's Avenida Paulista alone at 135,000. Both figures represent a fall on March's protests, though more than in April. But people power may be of less immediate concern to President Dilma Rousseff than her alliances with politicians. After investing effort in charming Renan Calheiros, the president of the federal senate, and seeing her most powerful opponent, Eduardo Cunha, the president of the federal lower chamber of congress, face charges from the federal public ministry, Rousseff may feel the pressure is off, at least for the time being.

It is worth noting the make-up of Sunday's protesters. Carta Capital, one of the few mainstream publications broadly sympathetic to the government, published its initial findings a few days after the march. Based on a survey of those in the city of São Paulo (admittedly an opposition stronghold) it found that 57.3% of the demonstrators were men, 73.6% were white, 65.4% had completed university education and 70.9% had a monthly income greater than R\$3,940 (US\$1,133). The average monthly income was three times the average monthly income for the state's residents as a whole.

As such, government supporters' claims that the march was "elitist" have some basis in fact. However, demonstrators argued that President Rousseff's incredibly high rejection ratings show that it is not just the middle classes opposed to her. Indeed, a recent survey found that working class voters were more likely to favour impeachment, than middle class ones. It must also be remembered that most of the demonstrations took place in middle class areas and that public transportation on a Sunday is sub-optimal.

Government response

After the march, anonymous official sources briefed the local press that there was "relief" in the government that the turnout had not been higher. Officially, the government reacted to Sunday's protests by insisting it "respected" the opinions of the demonstrators. According to Edinho Silva, from the social communications ministry, Rousseff will continue to travel the country to intensify her dialogue with Brazilians. He asked for optimism, and for his fellow citizens to believe in "the strength and potential of Brazil".

One cause for concern, however, was the tightening focus of the demonstrators. While previous demonstrations expressed indignation against corruption in a more generalised fashion, Sunday's marchers were clear that the root of the problem was the ruling left-wing Partido dos Trabalhadores (PT) and, in particular, Rousseff and former president Lula da Silva (2003-2011). Indeed, a giant inflatable doll of Lula in a prison uniform floating around the Praça dos Três Poderes in Brasília was, arguably, the symbol of the protests.

Also new was the open presence of many supporters of the main centre-right opposition Partido da Social Democracia Brasileira (PSDB). While many of the protesters dressed in the yellow and green of Brazil's national colours, the blue of the PSDB was highly conspicuous. For the first time Aécio Neves, the losing presidential candidate from the PSDB, joined the demonstrators in his home city of Belo Horizonte and even addressed the crowd, albeit briefly. After the march, Neves gave an interview to Broadcast Político, a

Cardoso calls for Rousseff to go

Fernando Henrique Cardoso, the former president (1995-2003) from the PSDB, said that it would be a "gesture of magnanimity" if President Rousseff resigned, describing her government as "legal, but illegitimate" and "without a moral foundation". During his tenure, Cardoso faced similar calls to stand down from Lula da Silva.

Not all negative

Earlier last week, the Brazilian central bank lowered its growth forecast again for 2015. It now expects the economy to shrink by 1.97%.

There are some, though, who believe that the worst may now be over for the Brazilian economy. In an interview with Bloomberg, Bryan Carter, a portfolio manager who oversees US\$360m worth of emerging-market debt at Acadian Asset Management in Boston said he was “baffled” as to why the market is punishing Brazilian assets so much. “The headlines don’t read well,” he said. “But at the end of the day, they still make money in São Paulo and go to the beach in Rio. The country is not falling apart.”

website, saying that the PSDB was now “in harmony” with the protesters on the streets. For Neves there are three ways out of the current crisis: for Rousseff to resign, to be impeached or to be stripped of her mandate by the supreme electoral court. In the days following the march, the PSDB positioned itself more clearly in favour of impeachment. Aloysio Nunes, an influential PSDB senator, said the party would support impeachment proceedings if Cunha tabled them.

Ahead of the march, the mood in government had already taken a turn for the better. Not only did Brazil avoid losing its investment grade credit rating status, as some had feared (see box below) but also Rousseff’s attempt to build bridges with Calheiros, of the Partido do Movimento Democrático Brasileiro (PMDB), was showing signs that it would pay off. After Rousseff greeted his ‘Agenda Brasil’ proposals for economic growth with enthusiasm, Calheiros gave an interview in which he said that impeachment should not be a priority for congress.

Better news was to come on 19 August, when it emerged that Cunha, long the government’s bête noire, will face corruption and money-laundering charges from the federal public ministry. The supreme court now has to decide whether there is enough evidence to try him. The charges relate to evidence given by Júlio Camargo, a former lobbyist convicted of corruption in the Petrolão scandal, who claimed that Cunha took a US\$5m bribe for his role in mediating the purchase of some drilling ships for the state oil company Petrobras. According to prosecutors, they have found evidence from Swiss bank accounts that back up Camargo’s claim.

Cunha claimed to be “absolutely calm” about the charges, and said that he had no intention whatsoever of standing down from his role as speaker. While most analysts suggest that this is good news for the government, as it weakens and isolates Cunha yet further, others suggested that he might lash out, fearing his days in office are numbered. David Fleischer, a professor at the University of Brasília, argued that Cunha was likely to continue commanding congress with more anger and more vigour. “The level of hatred he has for the government is going to rise. We can expect more ‘fiscal bombs’,” he said. Even after the news was announced, Cunha succeeded in inflicting a defeat on the government with the second passage of the bill to reduce the age of criminal responsibility.

Moody’s lower-than-expected downgrade welcomed

In the context of the deteriorating prospects for the administration of President Rousseff, Moody’s decision to downgrade Brazil’s credit rating on 11 August was surprisingly welcome. Though Brazil is now Baa3, down from Baa2, its outlook was altered from “negative” to “stable”. More importantly, its status is still at investment grade. Ever since the government lowered its primary fiscal surplus target for this year, from 1.1% to 0.15% of GDP, it had feared being downgraded to junk.

In the report accompanying its decision, Moody’s expressed concern that debt levels will keep rising, probably to about 70% of GDP by the end of Rousseff’s term, but that a flexible exchange rate and plenty of reserves mean a cut to below investment grade is not imminent. Sources at the presidential palace told the local press that they believe Moody’s decision has given them six to nine months to improve the outlook for the economy to avoid a further downgrade to junk.

Mauro Leos, the sovereign analyst for Brazil at Moody’s said that the country’s external balance sheet is “manageable” and that its deficit is mostly balanced by foreign direct investment. “For each dollar Brazil has to pay, you have four dollars of reserves. In the case of Turkey, for example, it has 90 cents for each dollar of debt,” he said. The news had a positive effect on the currency, which has lost 24% of its value since the start of the year. Futures on the Ibovespa stock benchmark also jumped by as much as 1.5%. Fixed-rate government bonds in reais rose to their highest level in a week.

Floods prompt accusations of dirty tricks

In the province of Buenos Aires, thousands have been forced to flee their homes due to floods. With around one third of the Argentine electorate based in the province, and just two months to go until the general elections, the natural disaster has unsurprisingly become an issue in the presidential race. Daniel Scioli, the frontrunner and candidate for the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists), is also the governor of the province. On 12 August, pressure from the opposition candidates forced him to cut short a trip abroad to attend to the situation.

Just two days earlier, Scioli had set off for Italy, not for a holiday, he claimed, but for work on his prosthetic arm (the former motorboat racer lost his arm in an accident.) Mauricio Macri, the presidential candidate of the centre-right opposition Propuesta Republicana (PRO) and the mayor of the city of Buenos Aires, noted that his administration was coordinating much of the emergency relief work and that provincial leaders were complaining of “a certain absence”. Sergio Massa, the third-placed candidate from the dissident Peronist Frente Renovador (FR), described Scioli’s trip as “inopportune”. Even some in Scioli’s own party were surprised by the timing. Aníbal Fernández, the cabinet chief, said that he had no idea the governor was planning a trip abroad. “It’s not my job to make a value judgment about this,” he said, pointedly.

Macri also sought to exploit questions over the province’s contingency planning raised by the flooding. “The only solution is infrastructure works; it’s not magic,” he said. “If the Buenos Aires provincial government had delivered on its promised water works, things would have been better.” While Macri enjoys robust support in the city of Buenos Aires, he desperately needs to expand his appeal in the province, traditionally a Peronist stronghold, to defeat Scioli in the elections.

On returning to Argentina, Scioli immediately declared a state of emergency, freeing up federal funds for assistance. He claimed that throughout his trip abroad he had been in constant contact with the emergency authorities. He also accused his rivals of politicising the issue. “The adversary is climate change,” he said. “I don’t look at this in political terms and I’m sorry about those who want to look at it in this way.”

Dirty tricks

Over the weekend, Scioli’s mood soured. Periodismo Para Todos, an investigative television programme that has frequently targeted the administration of President Cristina Fernández, broadcast on Sunday night an image that had gone viral on social media. It purported to show Scioli relaxing and enjoying a cigar at a luxury European hotel, while floodwaters rose back in Buenos Aires. The Scioli campaign not only denounced the photo as being four years out of date but also stated its intention to seek legal redress for a dirty tricks campaign being carried out on social media, orchestrated by Macri.

Alberto de Fazio, an FPV senator, said the government would file charges against the opposition Cambiemos coalition. He added that around 35% of Macri’s followers on social media were fake accounts broadcasting false information. “It is not about censorship,” he said. “It is about accounts which are not real. This is a dirty campaign, not valid criticism.” In a radio interview on 17 August, Scioli said that the social media campaign was symptomatic of their weakness and his strength. “They feel helpless when they realise people backed us with 40% of the vote, with a difference of 15 percentage points, or more than 3m votes,” he said, exaggerating the numbers slightly.

Unity ticket

Daniel Scioli has lambasted rumours in the local media that Mauricio Macri and Sergio Massa are planning on uniting to defeat him. Combining the results of the two opposition candidates from the primaries would see them beat Scioli – just. But the electoral authorities have made it clear that a joint ticket would not now be permissible. “The law is clear. Candidates running in the general election should be from the same party lists that ran in the primaries,” Alejandro Tullio, the national electoral director, said.

Correa confronts protests and strike

“Democracy has prevailed,” President Rafael Correa said after a day of protests and a general strike on 13 August. **“They failed and they will continue to fail because they don’t have popular support,”** Correa said in reference not just to the organisers, the trade union Frente Unitario de Trabajadores (FUT) and indigenous group Conaie, but also the right-wing groups whose dirty work he insists they were doing.

President Correa pointedly refused to allow the day of the strike to disrupt his commitments, flying to Paramaribo to attend the inauguration of Suriname’s President Desi Bouterse a day earlier on 12 August. But by his own estimation this was the most serious protest against his government since he came to power in 2007 and the biggest challenge to his authority since ‘30-S’, the police mutiny on 30 September 2010 he claims was a coup attempt. **“This is the most difficult political crisis, comparable only with the 30 September [2010]. We had 70% support for the President’s work and in a few days this fell to 59%,”** Correa said [45% if July’s poll by Cedatos is to be believed].

Correa needed to exaggerate the scale of the threat in order to mobilise supporters to demonstrate in favour of his ‘Citizens’ Revolution’ throughout Conaie’s 11-day march from the southern province of Zamora Chinchipe through the highlands, but principally to gather in the square in front of the presidential palace in Quito on 13 August. With the square cordoned off by some 5,000 police officers, Correa duly belittled the protests he had previously described as such a threat, describing them as **“a massive failure”**.

Correa claimed that only 200 indigenous marchers made it to Quito. But tens of thousands joined a popular protest in the capital – FUT members, students, medical workers and members of the public incensed by a proposed increase in inheritance tax. Outside Quito, the Pan-American highway was blocked in at least six of the country’s 24 provinces, as well as other roads. The interior minister, José Serrano, flew by helicopter to appeal to protesters in El Chasqui, Cotopaxi, where he said police had been injured trying to break up a roadblock.

Correa said **“the same elites as always – indigenous, unions”** (not customarily seen as ‘elites’) had organised protests to serve **“the destabilising interests of right-wing groups”** conspiring to topple ‘progressive’ governments across Latin America. Correa warned of a **“new Cold War... to annihilate us. It is no coincidence. It is the attack of the conservative restoration...an economic and psychological war. We are confronting a new Right articulated nationally and internationally with the complicity of the supposed extreme Left...infiltrated by foreign intelligence agencies. Let nobody be in any doubt. We have evidence of this,”** he said. Correa’s Venezuelan peer Nicolás Maduro shares his Manichaean world view and also frequently claims to possess similar ‘evidence’. It has never been produced.

Both the FUT and Conaie denied having any destabilising intent and accused Correa of stigmatising legitimate protests. It was noteworthy that another protest march took place in the coastal city of Guayaquil attended by the opposition mayor Jaime Nebot and the leader of the right-of-centre Creando Oportunidades (Creo), the former banker Guillermo Lasso, who described all the protest marches as a legitimate expression of discontent with **“the Correista State”**.

The one common thread linking all of the opposition is a conviction that Correa is authoritarian and that his re-election must be stopped. But the

Cotopaxi erupts

The day after the social eruption in Quito on 13 August there was a volcanic eruption, with ash billowing out and some lava flowing from Cotopaxi volcano outside the capital. President Correa issued a decree declaring a nationwide state of exception, and ordered the country’s **“entire armed forces and police”** to be put on heightened alert. The decree allows all funds except those for education and health to be accessed to confront a potential natural disaster. It also means that, for up to 60 days, the government can suspend constitutional rights such as inviolability of the home (meaning police can search and enter), freedom of movement, freedom of association and freedom of assembly. This could be (mis)used in response to the current protests in Ecuador.

Manuela

Lavinas Picq

The foreign ministry sought to deport the Franco-Brazilian journalist, Manuela Lavinas Picq, after her arrest during the protests in Quito. The ministry decided to revoke her visa, which ran until 26 August, because of her participation in “protests disturbing the peace”. Picq is the partner of Carlos Pérez Guartambel, the president of Ecuarrunari, the quichua affiliate of Conaie, who was also arrested. Quito Judge Gloria Pinz rejected Picq’s deportation, citing “anomalies in the case”. Pinz said there was no motive for Picq’s arrest and called for the attorney general’s office to investigate the police who ordered it and the foreign ministry officials who revoked her visa.

motives for the protests are varied and this plays into Correa’s hands as there is no chance of a unified opposition movement, with a coherent agenda, coalescing. Nebot and Lasso, for instance, represent a middle class stirred up to protest over inheritance tax; Conaie is demanding an end to large-scale mining activities and negotiations with the European Union (EU) over a free trade agreement, both of which Nebot and Lasso support; the FUT, meanwhile, resents a new labour code that constrains freedom of association and protest.

The indigenous and labour movements are not united among themselves either, having been successfully split by Correa, who will seek to preserve this disunity by rewarding the trade unions and indigenous organisations that did not participate in the protest and strike. Correa insists that he will not include the FUT or Conaie leadership in a proposed dialogue process because it would set a negative precedent if he gave ground to groups responsible for violent protests.

Correa and his cabinet have provided frequent updates on the number of police officers and military injured in clashes with the protesters. In some of the most serious incidents reported, 12 soldiers were injured on 15 August in Macas, the capital of the Amazonian province of Morona Santiago, after encountering “extreme violence” trying to break up a roadblock. Correa said a police officer had been kidnapped in Saraguro in the southern province of Loja on 17 August; according to a *tweet* by the governor of Loja, Johanna Ortiz, of the ruling Alianza País (AP), the officer “was not handed over but MANAGED TO ESCAPE! Incredible!” A further eight police officers were injured in Macas, the interior ministry reported on 19 August, after coming under attack from 100 members of the Achuar indigenous people, bringing the total number of members of the security forces injured to 104.

The government has not released any figures for the number of protesters injured in these clashes with the security forces, although 102 people have apparently been arrested. Luis Macas, a veteran indigenous leader and one of 35 people arrested in Saraguro, denounced “a lot of repression” and “a police and military ambush”. The president of Conaie, Jorge Herrera, is continuing to lead peaceful (and much smaller) daily marches in Quito. Addressing marchers in Latacunga, the provincial capital of Cotopaxi, on 10 August to coincide with the 206th anniversary of Quito’s independence, Herrera officially announced a nationwide *levantamiento* against Correa. Widely translated as ‘uprising’ this is Conaie’s preferred nomenclature for ‘an active protest’ rather than ‘an armed revolt’, and would normally keep running until called off. With Herrera refusing to leave Quito “empty-handed”, and Correa refusing to have anything to do with him, something will have to give.

COLOMBIA | POLITICS & SECURITY

Santos and Farc proposals incite criticism

Two of the main protagonists in the peace process being conducted in Cuba have excited controversy in recent days with their respective proposals for how to bring matters to a successful conclusion. President Juan Manuel Santos got the ball rolling by mooted the creation of a ‘congresito’ (‘mini congress’) to implement the eventual peace accords, seeming to sidestep the need to win public approval for them via a referendum. One of the senior members of the Fuerzas Armadas Revolucionarias de Colombia (Farc) negotiating team, Rodrigo Granda (‘Ricardo Téllez’), then called for guerrilla prisoners to be released en masse to seal any deal. This provided further evidence that the Farc has simply failed to grasp the fact that wiping the entire slate clean is neither legally nor politically viable.

The implementation of an eventual accord is a big bone of contention. President Santos ruled out a constituent assembly, a longstanding demand of the Farc to accomplish this end, arguing that it could unpick all the hard

Meeting Timochenko

President Santos expressed his willingness to hold face-to-face talks with the Farc leader, Timochenko ('Rodrigo Londoño'), in the interest of expediting the peace process. "I want to bring this conflict to an end as soon as possible, for which reason I'm ready to meet under any circumstance," Santos said. Santos added that he had not authorised any more foreign trips by Timochenko. Santos admitted that the head of the government's negotiating team in Cuba, Humberto de la Calle, had met the Farc leader on two occasions since the peace process began in late 2012.

work carried out in Havana. Santos also maintained that a referendum on the matter would not be "suitable". He said the third way would be to create a so-called 'congresito'.

Santos first raised the possibility of 'congresito' in an interview with the Colombian magazine *Semana* on 8 August. He fleshed out the proposal over the ensuing days. In practice it would amount to congress appointing a special legislative commission, comprising Farc peace delegates and senators and deputies from the national congress, who would harmonise any accord struck in Cuba with the constitution.

Given that Santos's ruling coalition holds a majority in congress, his opponents fear that the 'congresito' would push through some under-the-table deals. Senator Alvaro Uribe (president from 2002-2010), the leader of the right-wing Centro Democrático (CD), pounced on the suggestion of a 'congresito', insisting that "this is not just about the Farc and the government; the Colombian people have the right to decide in a big debate whether they accept or reject the accords".

Santos did acknowledge that it was important for the public to have the chance to express its opinion on the peace accords and that it was necessary to agree upon "what kind of mechanism to put this question to the people", but this strongly suggests that the public would not have a *decisive* say. Santos had always suggested that a popular referendum would be held on an eventual accord, and Uribe was not the only detractor to accuse him of deciding against this option because public support for the peace process has waned and there is a very real possibility that an accord struck in Cuba would be rejected.

Farc impunity

One reason why the public might reject an accord is the issue of Farc impunity. There is a firm belief that Farc commanders should face some time in prison even if they only receive lenient sentences, but they are adamant that they will not serve "even a single day" behind bars. This is the most insoluble outstanding issue for the negotiating teams in Cuba. As if this were not enough, on 16 August Granda, a senior Farc negotiator, conditioned the "stability and durability" of peace on the release of some 12,000 imprisoned guerrillas, including Simón Trinidad (Juvenal Ovidio Ricardo Palmera Pineda'), the guerrilla leader extradited to the US in 2004 and serving a 60-year sentence. "All our prisoners, all, without exception, must recover their freedom," Granda said.

It was noteworthy that three days earlier, during an annual meeting in Cartagena of judges and public prosecutors from across Colombia, Santos had let it be known that the final obstacle to a bilateral and definitive cease-fire would be removed if the Farc struck an accord with government negotiators over transitional justice as it would mark "a point of no return" in the peace process.

During the meeting, Santos won the strong backing of the president of the supreme court, Leonidas Bustos. "The supreme court, and Colombia's justice system as a whole, believes in peace and trusts in your wise judgement," Bustos said. "The war has been the principal cause of the negation of human rights [for 50 years]," Bustos went on, adding that transitional justice was needed to end the war "reincorporating combatants to civil life and, of course, dignifying the victims".

Crucially, Bustos argued that "juridical forms cannot be an obstacle for the sovereign definition of the nation's destiny...the law must serve the ultimate end of achieving and maintaining the country's peaceful co-existence". It is the supreme court that would resolve the length of prison sentences for Farc commanders accused of war crimes and human rights abuses. Bustos's comments strongly suggest that he would be prepared to be very flexible on this front in the interest of peace.

Rubén Espinosa

Rubén Espinosa had taken compromising pictures of Veracruz governor, Javier Duarte, a member of the ruling Partido Revolucionario Institucional (PRI), that were published alongside a report accusing the governor of using the state police force to do his bidding rather than provide effective public security. Following the release of the report, Espinosa said that Governor Duarte tried to stop it from being published by offering a bribe to him and his fellow journalists. Later Espinosa denounced that he had received death threats and with the help of a local human rights NGO, he was moved to a 'safe house' flat in Narvarte. Veracruz is one of the most dangerous states for journalists: 13 murdered since 2010 (when Duarte assumed office); five 'disappeared'.

MEXICO & NAFTA

MEXICO | POLITICS & SECURITY

Stung into action by human rights criticism

A letter from the PEN Club International, the world's largest association of writers, which criticises the lack of protection offered to journalists and human rights activists in Mexico, this week drew an immediate response from the government led by President Enrique Peña Nieto. In an official statement, Roberto Campa, the deputy interior minister for human rights, sought to counter this criticism as well as the latest concerns regarding the defence of human rights in Mexico voiced by the Inter-American Commission on Human Rights (IACHR). Meanwhile a federal court has issued a landmark ruling in a human rights case.

PEN Club International published its open letter, addressed to President Peña Nieto and signed by 400 world-renowned intellectuals, on its website on 17 August. This came in response to the 30 July murder of Rubén Espinosa, a Mexican photojournalist killed along with four other people (including a human rights activist) in an armed attack that had all the hallmarks of an organised crime 'hit' [WR-15-31]. The 'Narvarte murders', as the case has been named after the neighbourhood in which the flat is located, has caused shockwaves not just due to the profile of the victims but also due to suspicions that Veracruz state government officials may have been involved in it (*see sidebar*).

The PEN Club International letter calls on Peña Nieto to "guarantee the immediate and effective investigation of the assassination of Rubén Espinosa and the shameful number of journalists in Mexico that have met the same fate..." The letter also urges Peña Nieto to "undertake an immediate review of procedures established to protect reporters' lives and to make a swift and effective commitment to guarantee and protect freedom of expression in Mexico".

IACHR chimes in

The same day that PEN Club International published its letter, the IACHR issued a statement condemning the 8 August murder of Miguel Angel Jiménez Blanco, a Mexican human rights activist. Jiménez, a member of a local 'self-defence group', was shot dead in Guerrero state. The IACHR said that Jiménez had been taking part in the search for the 43 trainee teachers abducted from the Guerrero town of Iguala in September last year and whose fate remains unknown – a case that the IACHR is helping to clear up in line with a demand by the victims' relatives, who accuse the Mexican authorities of, at best, dragging their feet over the investigation and, at worst, of attempting to cover up the army's suspected involvement. The IACHR called on the Peña Nieto administration to launch an investigation to find those responsible for Jiménez's death; and also urged it to adopt "the necessary measures" to ensure the protection of human rights activists in Mexico.

In addition, that same day, the commission of IACHR experts sent to Mexico to help with the Iguala investigations rejected the Mexican army's decision only to allow them to submit a written questionnaire to the members of its 27th battalion stationed at Iguala. The relatives of the Iguala 'disappeared' believe that members of the 27th battalion had been aware of the plans to abduct the trainee teachers but did nothing to prevent it; and there are suspicions that some may even have been directly involved in it. The army maintains that under Mexican law, its members can only be interrogated by a military court. The IACHR commission initially agreed to prepare a written questionnaire but asked if it could be allowed to administer it and ask follow up questions on the spot if necessary. This was formally rejected by the army on 16 August.

Dayán's criticisms

Freedom House's representative in Mexico Jacobo Dayán said that the 'mechanism to protect human rights defenders and journalists' was not working because its implementation at state level had been "very weak". In fact, Dayán said that the murder of Rubén Espinosa was a case in point, noting that Espinosa had been advised to seek government protection but that "he did not do so due to a lack of trust, because there is no trust in the government in general". Dayán also criticised Roberto Campa's statement for "providing a response to the [PEN Club International] letter... but not to its demands".

Campa's response

The Peña Nieto government, which is struggling to contain the violence linked to drug trafficking activity and the security forces' efforts to combat it, has been under constant international pressure in the past few years to improve the domestic human rights situation. Improving Mexico's negative international image has become a major foreign policy objective for the government, which is determined to counter these criticisms by highlighting its commitment to human rights even as it continues to fight criminality.

This helps explain why Campa issued an official response to the PEN Club International letter on 18 August. In his statement, Campa said that the Mexican government "categorically rejects any aggression or attacks targeting journalists and human rights activists". Noting that he has received "instructions from the President to personally deal with this matter", Campa stresses that the government is "collaborating with all the competent authorities" to clear up the Narvarte case as well as other attacks against journalists. He pointed out that Veracruz governor Javier Duarte and a number of other Veracruz state government officials have already been quizzed by investigators in relation to the Narvarte deaths. Campa also said that the government's commitment to freedom of expression "is on display everyday... [the government] respects public criticisms which are not censored in the country and shares the concerns for attacks targeting the physical integrity of any journalist".

Campa also noted that the government continues to work with local civil society organisations and, in particular, the human rights NGO, Freedom House, to reinforce the 'mechanism to protect human rights defenders and journalists' created by the government in 2012 to protect these individuals. According to Campa, this mechanism currently provides special protection to 247 human rights activists and 172 journalists.

Campa's statement prompted an immediate response from Jacobo Dayán, Freedom House's representative in Mexico. While Dayán acknowledged that Freedom House and other civil society organisations actively collaborate with the Mexican government in the 'mechanism to protect human rights defenders and journalists', he said that this federal initiative has not worked adequately in all 31 states (*see sidebar*).

Historic conviction

While the effectiveness of the Peña Nieto government's effort to protect journalists and human rights activists may be questionable, the international pressure on the government to improve the defence of human rights is clearly starting to produce some results. The very same day that Campa's statement was released, the federal judicial council (CJF) said that it had issued the first conviction for 'enforced disappearance' under new legislation typifying this crime. The new legislation was incorporated into Mexico's federal penal code in April after the lack of such legislation was criticised by the United Nations Committee on Enforced Disappearance during the hearings on the Iguala disappearances held by the Committee in February [WR-15-07].

The CJF said in an official statement that Judge Eustacio Esteban Salinas had sentenced an (unnamed) army sub-lieutenant to 31 years and three months behind bars after finding him responsible for the disappearance of an (also unnamed) individual who was taken into army custody in the Los Herreras municipality of Nuevo León state back in May 2012. The CJF said that Judge Salinas had found that the federal attorney general's office (PGR) had presented sufficient evidence to establish that the victim had been illegally detained by the sub-lieutenant, who was also dismissed from his appoint-

Dissidents complain of abandonment

No sooner had the US Secretary of State, John Kerry, left Havana after an emotive flag raising ceremony to mark the restoration of the US embassy in Cuba than local authorities resumed dissident round-ups. Dissidents complained of over 100 detentions across the island over the weekend of 15-16 August; all subsequently released. “We are deeply worried about the reports about detentions of peaceful dissidents”, an unnamed state department official told Spanish media. “We will continue expressing our support for an improvement in human rights conditions and democratic reforms in Cuba”. Critics of the restoration of ties with Cuba remain distinctly unimpressed, accusing the US administration of President Barack Obama of forsaking the dissidents and of making too many concessions to the Cuban government led by President Raúl Castro – encouraged by US lobbyists motivated by blatant commercial reasons – with very little in return from Havana.

Dissidents were not present at the reception to celebrate the official re-establishment of the US embassy, which was upgraded from an interests section on 20 July. Notable by their absence were representatives of the Damas de Blanco, for instance, one of the most internationally high-profile Cuban dissident groups. Pressed about this, Kerry noted that the ceremony marked a government-to-government occasion, and that he and embassy staff would continue to meet with dissidents separately. He insisted that the US would maintain strong support of the dissident community and whilst in Havana Kerry did meet privately with dissidents including José Daniel Ferrer, Miriam Leiva and Yoani Sánchez, who tweeted a ‘selfie’ with Kerry and posted a photo online of the meeting.

In his speech to mark the embassy re-opening, which, to the surprise of some in Cuba, was broadcast widely (and translated accurately) across State media, Kerry took pains to emphasise that the US expects movement by the Cuban government on human rights, fundamental freedoms and political liberties. He also struck a sharpish note in calling for “genuine democracy” on the island.

US Secretary of State John Kerry

“My friends, it doesn’t take a GPS to realize that the road of mutual isolation and estrangement that the United States and Cuba were traveling was not the right one and that the time has come for us to move in a more promising direction. In the United States, that means recognising that US policy is not the anvil on which Cuba’s future will be forged. Decades of good intentions aside, the policies of the past have not led to a democratic transition in Cuba. It would be equally unrealistic to expect normalizing relations to have, in a short term, a transformational impact. After all, Cuba’s future is for Cubans to shape. Responsibility for the nature and quality of governance and accountability rests, as it should, not with any outside entity; but solely within the citizens of this country. But the leaders in Havana – and the Cuban people – should also know that the United States will always remain a champion of democratic principles and reforms... And indeed, we remain convinced the people of Cuba would be best served by genuine democracy, where people are free to choose their leaders, express their ideas, practice their faith; where the commitment to economic and social justice is realized more fully; where institutions are answerable to those they serve; and where civil society is independent and allowed to flourish”.

In this vein, it was announced that a new steering committee of US and Cuban officials will begin work shortly with a specific mandate to discuss human rights and the long list of other matters pertaining to “the full

Rodríguez responds

Cuba’s Foreign

Minister Bruno

Rodríguez replied to

John Kerry’s speech

with pointed

criticisms of the

problems in the US

with racism and

police brutality.

“Cuba isn’t a place

where there’s racial

discrimination, police

brutality or deaths

resulting from those

problems. The

territory where torture

occurs and people

are held in legal

limbo isn’t under

Cuban jurisdiction,”

he stated.

Fidel

A frail-looking Fidel Castro celebrated his 89th birthday on 13 August accompanied by Venezuela's President Nicolás Maduro and Bolivia's President Evo Morales. The day before John Kerry was due in Havana, Fidel took the opportunity to demand US financial reparations for the impact of the US embargo, which he said had caused damages worth "many millions of dollars". At the United Nations General Assembly in September 2014, Cuba's deputy foreign minister Abelardo Moreno put the total cost of the embargo at US\$1.1trn. US estimates of the value of lost annual sales and exports to Cuba range from US\$1.1bn to US\$4.8bn a year.

normalisation of relations". The committee will work simultaneously on three tracks. The first will cover areas in which fairly quick progress is expected, such as cooperation on naval matters, climate change and the environment. The second will tackle more complex matters like the re-establishment of direct flights and US telecommunications agreements with Cuba. The last will address the most sensitive issues, including the US embargo, human rights and civil liberties. The first meeting will take place in Havana on or around 9 September, with a second, as yet unscheduled, in Washington thereafter. Expectations are being kept deliberately low, with Kerry and the State Department stressing that the road ahead is long and bumpy. Kerry also stressed, moreover, that the Cuban government should not expect to see progress on the embargo without improvements in civil liberties in Cuba. "There is no way Congress will lift the embargo if we are not making progress on issues of conscience," he said.

The imminent visit of Pope Francis next month will also put some pressure on the Cuban authorities. State media reported that President Castro and Foreign Minister Bruno Rodríguez held a "very cordial" preparatory meeting with Cardinal Jaime Ortega, the archbishop of Havana, on 17 August, at which the trio "also talked about aspects of mutual interest regarding relations between the Cuban State and the Catholic Church in Cuba". The Catholic Church in Cuba has long been pushing for greater religious freedom on the island, where priests are confined to practicing inside Churches. To mark the Pope's visit, and in return for his historic mediation between the US and Cuba, the Vatican is likely pushing for a reciprocal gesture of some sort from Castro.

While continuing to work through the various legal issues involved in the normalisation of relations, the Obama administration is hoping that 'people-to-people' contacts will now rapidly accelerate, setting in motion a snowball dynamic that will promote gradual internal change in Cuba and hasten the end of the US economic embargo. That becomes more legally feasible after 2018, when Castro has pledged to step down. The exit of the Castro family from political power is a key condition under the 1996 Helms Burton Act for the removal by the US Congress of the 1961 measure. For now, the most visible progress in official bilateral relations will likely be in existing areas of mutual cooperation, including anti-drug trafficking efforts in the Caribbean, migration policy, disaster preparedness, marine environment protection, climate change and other 'soft' issues. Cuba's demand for talks on the Guantánamo Naval Base are not on the table.

Direct scheduled flights

On 18 August the State Department's John Kirby emphasised that there is no concrete timeline for re-establishing US commercial air travel to Cuba, following media reports that talks were underway to restore direct scheduled flights as soon as December. At present, only charter flights operate between the two countries.

Kirby noted, however, that under the Cuba regulatory changes approved by the Treasury's Office of Foreign Assets Control last January, "scheduled air service to Cuba by U.S.-based airlines is permissible". He added: "...we remain in contact with the Cuban Government regarding the establishment of scheduled air service, which U.S. airlines say they are eager to offer to authorized travelers – authorized travelers under those 12 categories... No decisions have yet been made, and of course, we seek to continue to have these technical discussions in the near future".

Kirby concluded: "Obviously, we want to move the process of normalization forward, but we don't want to do it faster than we can accommodate or in an unwise speedy way. So we know this is going to take some time... there are some issues where we certainly share common goals with the Cubans – narcotics and maritime security – very, very common goals. And then there are other issues which I think are going to require a little bit more time to hammer out. Transportation and civil aviation is probably one of those."

Regional harmony

Without specifically mentioning Guyana, President Bouterse appeared to give Suriname's neighbour indirect support in its sovereignty dispute with Venezuela over Essequibo. Bouterse said Suriname would play its part in ensuring "brother countries move away from the path of hostility and aggression [and pursue] the path of dialogue and consensus".

Guyana's President David Granger was one of just two regional heads of state to attend the inauguration ceremony, along with Ecuador's President Rafael Correa.

Venezuela's President Nicolás Maduro was on the guest list but opted to send his Vice-President, Jorge Arreaza, instead. The Dutch ambassador Ernst Northman was also invited to attend, unlike in 2010, when Bouterse used his speech to rail against Dutch colonialism.

Bouterse faces much tougher term in office

Desi Bouterse was inaugurated for a fresh five-year term as president of Suriname on 12 August. In a speech culminating in his rendition of Frank Sinatra's 'My Way', the former dictator said that his main objective was winning Suriname's economic independence, exactly 40 years after the country won its political independence from the Netherlands. Bouterse, who stitched together a coalition with a majority of 32 in the 51-seat national assembly, thanked the political opposition for agreeing to cooperate with his government in the national interest to get the economy back on the right track amid falling prices for Suriname's main exports – bauxite and gold. The opposition is demanding sharp cuts in public spending, however, having accused Bouterse of profligacy during his 2010-2015 term and saddling future generations with debt.

President Bouterse devoted a significant chunk of his inaugural address in an indoor stadium in Paramaribo to the economy. Foreign investors will have pricked up their ears when Bouterse argued that Suriname had the "unprecedented opportunity to let our economy no longer be based on sharing profits from foreign-based interests". He also said that it was time for Suriname to reduce its reliance on "market decisions such as the price of gold, alumina and oil". He added: "It is clearly time we started to do something with the 6,000 hectares of arable land on the outskirts of Paramaribo that have not been used for the last 28 years".

Talking about the diversification of a commodity-based export economy is one thing; delivering on it is something else entirely. If Bouterse were to succeed it would give him an alternative legacy to the one he currently possesses, clouded by past accusations of human rights violations and drug-trafficking. But successfully diversifying the economy will be especially problematic now as it requires the revenue from high commodity prices to be channelled into economic restructuring projects to stand a good chance of success.

There is not much in the kitty after Bouterse's last term. The main line of attack by the political opposition during the election campaign was Bouterse's reckless spending and failure to save for a rainy day. Suriname's debt has grown to more than €1.5bn (US\$1.67bn), its highest level since 2000, while central bank reserves have halved to €500m (US\$557m) in the last three years.

Bouterse appeared to acknowledge the economic difficulties Suriname faces by establishing an advisory 'financial economic platform' in late July comprising representatives of trade unions, political parties and manufacturers. This body has advocated some belt-tightening by the government, as well as raising taxes and lifting water and electricity prices, measures he would not have considered in the run-up to the elections.

New cabinet team

Bouterse appointed a technocrat, Gillmore Hoefdraad, the governor of the central bank, as finance minister to oversee his government's planned economic reforms. He also named several other technocrats in his 15-strong cabinet. Jennifer van Dijk-Silos, a lawyer with a thriving private practice, takes over as the minister for justice and police, and will be tasked with undertaking judicial reform. Suriname's permanent representative to the Organization of American States (OAS), Niermala Hindori-Badrising, replaces Winston Lackin as foreign minister.

Bouterse assigned three ministries to the small coalition partners of his ruling Nationale Democratische Partij (NDP), which won 27 seats: Regilio Dodson, of the Democratie en Ontwikkeling in Eenheid (DOE), which took one seat,

Shipping restrictions

On 9 August the Panama Canal Authority (ACP) announced temporary and preventative measures in response to the climate phenomenon El Niño which has triggered a drought in the Canal Watershed, causing the water levels of the Gatún and Alajuela lakes to fall substantially below their average for this time of year. An ACP press release notes the measures set “the maximum draft at 11.89 meters (39 feet) Tropical Fresh Water (TFW), effective September 8, 2015. The maximum authorized transit draft is defined as the deepest point of TFW immersion for each specific vessel in Gatun Lake.” The ACP press release adds that the move is not “expected to significantly affect the efficiency or capacity of Canal operations since only 18.5 percent of the vessels transit with drafts greater than 11.89 meters (39.0 feet).”

takes over as natural resources minister from Jim Hok; Edgar Dikan of the Maroon Broederschap en Eenheid in de Politiek (BEP), which won two seats, becomes the new regional development minister in place of Stanley Betterson; and Mohamed Noersalim, a member of the Sapoen group which ruptured acrimoniously from the Javanese Pertjajah Luhur (PL) party, with two seats, replaces Edmund Leilis as interior minister. Brigadier General Ronny Benschop, the commander of the army, becomes the new defence minister.

* President Bouterse has also taken the surprising step of agreeing to being questioned about the infamous ‘December Murders’, the massacre of 15 prominent young critics of his military dictatorship in 1982. The questions will be posed by a Dutch columnist, Dew Baboeram, whose brother John, a lawyer and outspoken critic of the Bouterse dictatorship, was one of the 15 who were tortured and killed. The interview will be carried out over three days in late November and the transcript will be presented to the national assembly, and published online, on 8 December.

| Suriname's new cabinet | |
|---|----------------------------|
| <i>Foreign Affairs</i> | Niermala Hindori-Badrising |
| <i>Interior</i> | Mohamed Noersalim |
| <i>Finance</i> | Gillmore Hoefdraad |
| <i>Trade and industry</i> | Sieglien Burleson |
| <i>Defence</i> | Ronny Benschop |
| <i>Education, science and culture</i> | Robert Peneux |
| <i>Public works</i> | Siegfried Wolff |
| <i>Justice and police</i> | Jennifer van Dijk-Silos |
| <i>Health</i> | Patrick Pengel |
| <i>Natural resources</i> | Regilio Dodson |
| <i>Sport and youth affairs</i> | Faizal Abdoelgafoer |
| <i>Transport, communication and tourism</i> | Andojo Rusland |
| <i>Agriculture and Fisheries</i> | Soeresh Algoe |
| <i>Regional development</i> | Edgar Dikan |
| <i>Labour</i> | Steven Relyveld |

PANAMA | CANAL

Averting Canal threats

The Panama Canal Authority (ACP) managed to avoid the threat of strike action last week by construction workers employed on the biggest project under the US\$5.2bn Canal expansion plan – the construction of a third set of locks. It has yet, however, to address definitively another threat – corruption allegations surrounding an ACP board member, Nicolás Corcione, which could undermine efforts to retain the body’s reputation intact.

On 11 August the powerful Sindicato Único de Trabajadores de la Construcción y Similares (Suntracs) construction workers’ union struck a deal with the Grupo Unidos por el Canal (GUPC), the multinational consortium carrying out the construction work on the third set of locks. Due to take place on 12 August over demands for an 8.9% salary increase, the strike was called off after Suntracs secured a 5% salary increase for Canal construction workers, retroactive to 1 July 2015.

The prospective strike by the 6,000 workers had raised further doubts as to whether the April 2016 scheduled completion date for the project would be met. This had already been pushed back from June 2015 following a dispute at the end of 2013/early 2014 between GUPC (which comprises Spain’s Sacyr Vallehermoso, Italy’s Impreglio, Belgium’s Jan de Nul and local firm, Cusa) and the ACP over the project’s cost overruns [WR-14-01].

Impact on foreign investment

President Ortega's economic adviser, Bayardo Arce, told reporters that while last year, Nicaragua received US\$1.3bn in foreign investment, this year, with the suspension of the 'waiver', he was expecting US\$1.5bn in investment as a result of increased confidence on the part of investors.

The same day that the deal was struck, Angélica Maytín, the head of the government's anti-corruption agency, Autoridad Nacional de Transparencia y Acceso a la Información (Antai), presented ACP board chairman and Canal affairs minister, Roberto Roy, with a request to have Corcione suspended from the board for alleged money laundering. Appointed to the ACP board in 2010 by former president Ricardo Martinelli (2010-2014), Corcione, a property magnate, has been accused of laundering money on behalf of former supreme court (CSJ) president, Alejandro Moncada Luna, a close Martinelli ally, who became the first former CSJ magistrate to receive a prison sentence for corruption last year [WR-14-46]. After meeting on 14 August, however, the ACP board concluded that it is not authorised to suspend Corcione whose case has been referred to the attorney general's office and the CSJ.

Preliminary agreement reached over Barro Blanco

The indigenous Ngäbe Buglé community struck a preliminary agreement with President Juan Carlos Varela and other senior government officials about the future of the 'Barro Blanco' hydroelectric dam that sits on the Tabasará River, in Chiriquí province, following a meeting on 10 August.

Currently 95% complete, the project was being carried out by the Central American company, Generadora del Istmo S.A. (Genisa), which was excluded from the talks, but was suspended by the government last February after finding that it was failing to meet the requirements of its environmental impact assessment (EIA) [WR-15-08].

Long complaining that they were not properly consulted about the project before its launch, the Ngäbe Buglé protesters have since staged protests, calling for the project's complete cancellation. The government is consequently hailing as a victory the preliminary agreement – which establishes a joint group to consider the various concerns raised by the Ngäbe Buglé community about the dam.

NICARAGUA | DIPLOMACY

Closing a chapter with the US

The US government has announced the lifting of restrictions in place since the 1990s requiring the Nicaraguan government to seek an annual waiver to access international credit and bilateral assistance. This waiver in turn was dependent on Nicaragua resolving a number of ownership claims by US citizens relating to property seized by the Frente Sandinista de Liberación Nacional (FSLN) government in the 1980s. The Sandinista government led by President Daniel Ortega is hailing the move as an important step forward in efforts to improve the country's image abroad.

According to a 6 August US embassy press release, between July 2014 and July 2015, a total of 30 property ownership claims were resolved while a total of 3,166 had been registered at the embassy in total. The decision by the US government to lift the restrictions (which instruct the US to oppose assistance from international financial institutions for governments that confiscate the property of US citizens) was hailed by various figures. As well as President Ortega's economic adviser, Bayardo Arce (see sidebar), Attorney General Hernán Estrada, the president of Nicaragua's central bank, Ovidio Reyes, and José Adán Aguerri, the head of the influential private sector lobby, Consejo Superior de la Empresa Privada (Cosep), all underlined the positive impact this would likely have on the government's image abroad.

At the same time, Aguerri told reporters that the next challenge is the "fiscal transparency waiver" which, worth some US\$3m a year, the US government cancelled in July 2012 following the controversial general elections of November 2011 [WR-12-21]. Of the two, however, the property waiver was by far the most significant in terms of the amount of funds at stake.

Quotes of the week

“I don't know how people with the political experience of [Interior Minister] Jorge Burgos can fall into the Right's trap. The idea of a duo [running the country] has created a clear rupture [in the cabinet]. If the duo is Burgos and [Finance minister Rodrigo] Valdés where does this leave [ministerial secretary generals Nicolás] Eyzaguirre and [Marcelo] Díaz? Serving the coffee?”

Chile's former ministerial secretary general, Francisco Vidal.

“They are not even demanding rights but rather they want to impose a political agenda emphatically and repeatedly defeated at the polls. To cave in to this would be to take the country back decades.”

Ecuador's President Rafael Correa.

“I want to stress that Cuba is very proud of its achievements in guaranteeing the full exercise of indivisible, interdependent and universal human rights.”

Cuba's Foreign Minister Bruno Rodríguez.

Support for Paraguay's Cartes starts to wane

Paraguay's President Horacio Cartes gave a televised address on 14 August to mark the second anniversary of his coming to power against a backdrop of tension within the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC). Cartes said that eradicating poverty and enhancing infrastructure were his main priorities to produce “sustainable economic and social development”. Civil society organisations argue that it is in fact corruption which is most holding back development and that the scandal surrounding the comptroller general's office (CGR), which has caused a public outcry, shows just how endemic the problem has become.

President Cartes underlined his commitment to “construct a more equal country for all”: poverty afflicts around 1.5m people (or 23% of the population). He also argued that “economic development that doesn't take into account the weakest and most vulnerable is not true development”, highlighting the need to attract more foreign investment in big infrastructure projects to drive development.

But opinion polls suggest that Cartes has not convinced the Paraguayan public that he is delivering. A poll by Ibope Cies, conducted in Asunción and the surrounding Central department, found that 64% of respondents view his government as ‘bad’ or ‘very bad’; 73% feel he has reneged on his electoral promises; and 79% see him as arrogant.

The survey also found that 61% of members of the ruling ANR-PC oppose and only 24% approve of Cartes's potential re-election. This is far from the resounding backing to inspire the party to use its majority in congress to push through a constitutional reform to allow re-election. Indeed, it has encouraged ANR-PC dissidents, many of whom see Cartes as an interloper, to suggest he does not deserve the chance to seek a second term; the president of the senate, Mario Abdo Benítez, even accused Cartes of trying to undermine Paraguay's institutional stability. This at a time when fragile public confidence in the country's state institutions has been undermined by corruption at the CGR, which is in charge of auditing government resources.

Cartes's address was overshadowed by the corruption scandal surrounding the comptroller general, Óscar Rubén Velázquez, who resigned on 13 August, the day before he was due to face an impeachment trial before congress accused of fraud and illicit enrichment [WR-15-22]. Congress began investigating Velázquez's replacement, his deputy Nancy Torreblanca, on 19 August.



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