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A new era for Guatemala?

The resignation of Guatemala's President Otto Pérez Molina on 3 September amid corruption allegations, three days before the staging of general elections, led to predictions of a new era of accountability and a sign that the notorious impunity afflicting the country would no longer be tolerated. It remains unlikely, however, that the winner of the 25 October presidential run-off between the victor in the first round, the 'outsider' and anti-establishment candidate, Jimmy Morales, and his as-yet-undefined rival will be able to live up to these heady expectations.

President Pérez Molina's resignation (*see box below*) and the inauguration the same day of Vice-President Alejandro Maldonado as his replacement to serve out the remainder of his four-year term, ending in January 2016, was well received by the international community. The US embassy said in a 3 September statement that it would work with Maldonado and congratulated "Guatemalans and their institutions for handling the crisis peacefully". A statement issued the same day by Luis Almagro, the secretary general of the Organization of American States (OAS), highlighted "the example set by the people and institutions of Guatemala, who resolved their recent crisis through the institutional path and observing due process".

A big concern was the impact of the upheaval on the elections - from which Pérez Molina was constitutionally barred from running - scheduled to take place three days later for the presidency, all 158 seats in the legislature, 338 mayoral seats in all 22 departments, plus 20 seats for the Central American parliament (Parlacen). Almagro reiterated his "wish" that the elections "take place peacefully, with transparency and active citizen participation". As it turned out these fears regarding election day at least proved unfounded.

While "regret [ing]...isolated incidents of violence that took place both during the pre-electoral period and on the day of the elections", a report by the OAS, which sent a 76-strong Electoral Observation Mission (EOM), "congratulate[d] the voters and the Supreme Electoral Tribunal (TSE)" on the elections noting that "Citizens' commitment to strengthening democracy in the country was evidenced by the increase in voter participation". This reached 70.4% of the 7.5m registered to vote, slightly up from the 68% registered in the first round of the 2011 presidential election. (Voting is not obligatory in Guatemala).

Public outrage over the various corruption scandals - not just the La Línea case but the others implicating both the government and political opposition parties - clearly had an impact on the result. Morales' surge in pre-electoral surveys, even before Pérez Molina was directly accused of corruption, was a major talking point of the campaign period [WR-15-32].

Pérez Molina denounces US

President Otto Pérez Molina says he will turn to the Inter-American Commission on Human Rights (IACHR) for redress after alleging US intervention in the legal process against him and the violation of his rights. In an interview with *CNN en español* from Matamoros military prison Pérez Molina denounced “geostrategic interests” conspiring against him, singling out the “marked interest” of the US of preserving Cicig in Guatemala. He said Cicig was being “imposed” on Guatemala and had not strengthened the justice system.

With the electoral authorities (TSE) yet to release the final results at the time of writing, with 98.8% of ballots counted, Morales, of the small conservative Frente de Convergencia Nacional (FCN-Nación), took 23.9% of the vote, far short of the 50% plus one needed for a first round victory (a result no candidate has managed since the end of the 1960-1996 civil war). The fight for second place, however, has yet to be determined and could well turn nasty. The latest results show former First Lady (2008-2012) Sandra Torres of the Unidad Nacional de la Esperanza (UNE) edging into second place with 19.7%, with the slenderest advantage over Manuel Baldizón of the main opposition Libertad Democrática Renovada (Líder), the initial poll favourite, on 19.6%. Fourth, with 6.5% was Alejandro Giammattei (Fuerza), followed by Zury Ríos Sosa, the daughter of former dictator Efraín Ríos Montt (1982-1983), running for Visión con Valores (Viva), who took 5.9%. In a sign of the damage done to Pérez Molina’s Partido Patriota (PP), the ruling party managed just 4.6%.

Corruption – the clincher?

Morales, a well-known local TV actor and comedian, positioned himself as the “anti-establishment” candidate - much as populist businessman Baldizón had in 2011. Morales acknowledged the key role corruption scandals plaguing his main rivals, Baldizón and Torres, had played in his victory. At the end of last month the AG launched an investigation into Gustavo Alejos, a UNE heavyweight in charge of collecting funds for the party under the administration of former president Alvaro Colom (2008-2012). The future of Baldizón’s running mate, Édgar Barquín, is also uncertain amid a possible move to strip him of the immunity he enjoys as an electoral candidate to be investigated for corruption.

There are genuine concerns, however, about a possible Morales presidency as well. Morales’ declared distance from the political establishment also means he has no experience in office. Morales entered politics in 2011, running for mayor of the municipality of Mixco (Guatemala department), for the (now defunct) right-wing Acción de Desarrollo Nacional (ADN); he finished third. He has espoused a ‘nationalist’ ideology, but little is known about either the FCN’s financial backers or its plan of governance which, without providing specifics, pledges to combat corruption, tackle citizen insecurity and respect private property. The FCN was among other parties criticised by Mirador Electoral, a group of civil society groups, in a report last month for failing to present a structured manifesto [WR-15-32].

Military backing

There are also human rights concerns regarding the FCN, which was set up in 2004 by members of the military veterans’ association (Avemilgua). Avemilgua members testified in court in defence of Ríos Montt, convicted in 2013 of genocide and crimes against humanity committed by the State during the civil war, a ruling that was overturned days later. A local think tank, Asies, notes that one of the FCN’s previous spokesmen was Pedro García Arredondo, a former chief of Guatemala’s national police who in January 2015 was sentenced to 40 years in prison for ordering an attack by State security forces on the Spanish embassy in Guatemala City on 31 January 1980, one of the defining events of the civil war. FCN legislative candidates include retired colonel Edgar Justino Ovalle Maldonado (one of Avemilgua’s founders) and former general Luis Felipe Miranda Trejo, who served as national deputy (2000-2004) for Ríos Montt’s now defunct Frente Republicano Guatemalteco (FRG).

Lack of legislative presence

As has been the case with previous victors, whoever wins on 25 October will have to co-exist with a deeply fragmented congress. Preliminary results show Líder looks to have the biggest presence in the 158-seat congress, taking 19.04% of the vote, while the UNE came in second with 14.79%. The FCN looks to have 8.78%, just behind the ruling PP, 9.37%.

Pérez Molina legal case

Guatemala's supreme court has set a period of three months for Cicig and the attorney general's office to draw up an accusation against Otto Pérez Molina. The court fixed the date of 21 December for a new hearing to decide if there is sufficient cause to initiate legal proceedings against him.

Pérez Molina's resignation and imprisonment

President Pérez Molina's position looked increasingly untenable following the remarkable accusations made by United Nations (UN)-backed International Commission Against Impunity in Guatemala (Cicig) and the attorney general's office (AG) on 21 August that, along with his former vice-president, Roxana Baldetti, he had headed up the corruption ring, 'La Línea', uncovered in the tax authority (SAT) last April [WR-15-34]. This involved the collection of bribes from businesses in exchange for evading import duties.

Congress then voted to strip Pérez Molina of his immunity to face investigation for the alleged crimes on 2 September. The final nail in the coffin came with a warrant for his arrest issued the same day. The following day Pérez Molina submitted a letter of resignation to congress, which was accepted, and on 4 September he appeared before the supreme court, which ordered that he be held in preventive detention in Guatemala City's Matamoros military prison while hearings take place. (For more discussion of Pérez Molina's resignation, please consult our sister publication, Central America & Caribbean Regional Report for September 2015 [RC-15-09]).

CENTRAL AMERICA & CARIBBEAN

DOMINICAN REPUBLIC | POLITICS

Elections produce strange bedfellows

One of the most unlikely political alliances was sealed in the Dominican Republic on 7 September. The ruling Partido de la Liberación Dominicana (PLD) and main opposition Partido Revolucionario Dominicano (PRD) officially set aside two decades of mutual enmity and ideological differences and agreed to unite behind a common project ahead of general elections on 15 May 2016.

The political convergence between the PLD and PRD has been taking shape for a couple of months now but the consummation took place at a ceremony attended by President Danilo Medina and Miguel Vargas Maldonado, the president of the PRD. The PRD has tried allying itself with other opposition parties to defeat the PLD since losing power in 2004 but to no avail, and when Medina announced his intention to seek re-election Vargas concluded that the party would be consigned to yet another four years in opposition unless it took an extraordinary step.

The PRD is taking a big risk. Vargas said the accord confirmed the PRD's political maturity and would ensure Medina's re-election. But some of the PRD's disillusioned support base will migrate to the Partido Revolucionario Moderno (PRM), a PRD splinter group, potentially leaving the party severely weakened when the power-sharing pact ends in 2020. Perhaps even more remarkable than the PRD's decision to propose a government of national unity, however, was the PLD's decision to accept it. Opinion polls all pointed to a resounding victory for Medina next May so why bother with an alliance with the old enemy?

Speaking at the event, Medina explained his rationale. He called for members of both parties to back "a political accord that will end short-termism and allow a solution to the country's historic problems, the start of the path of stability and rapid progress". The accord includes the PRD's participation in government; electoral reform; a pact for citizen security; a social fund to increase supply of housing for low and middle income Dominicans; modernisation of public transport; rolling out the 911 emergency system nationwide; a major border development programme; and fighting corruption. The last of these could be particularly important if the PRM fails to rise to the challenge of being the main opposition as there will be nobody to hold the government to account.

Whether the pact lasts until 2020 depends upon how much power the PRD feels it is getting. Under the accord the two parties will present joint candidates in the concurrent congressional and municipal elections next May, but this is already the source of tension as no quota for PRD candidates was established.

Maduro extends the border closures northward

Venezuela's President Nicolás Maduro has continued to switch from conciliatory language to actions that exacerbate the tensions with Colombia that have been rising since he first closed a stretch of border with Colombia on 19 August and started deporting illegal Colombian immigrants, triggering a wave of voluntary repatriations. On 7 September Maduro welcomed the acceptance by his Colombian peer Juan Manuel Santos of a mediation offer by Uruguayan President Tabaré Vázquez; the following day he closed another stretch of the border.

The new segment of the border shut down by President Maduro lies between three municipalities located in the Venezuelan state of Zulia — Almirante Padilla, Guajira and Mar — and Colombia's northern department of La Guajira. As previously in the state of Táchira, Maduro decreed a 'state of exception' (emergency) in those jurisdictions and ordered the deployment of around 3,000 troops there.

Particularly critical is the closure of the Paraguachón crossing, which leads to the Colombian city of Maicao, which lives off trade with Venezuela. Also affected are the Wayúu people who inhabit both sides of the border and cross regularly from one to the other.

As Maduro was ordering the new closure, the UN's Office for the Coordination of Humanitarian Affairs (OCHA) was releasing its latest tally of the effects of the measures taken by Venezuela in Táchira: 1,467 Colombians expelled and 18,619 voluntary returnees fleeing what even the pro-government governor of Táchira, José Gregorio Vielma Mora, has admitted were "extremely harmful" measures (*see sidebar*).

This said, Vielma Mora rejected calls from Colombia for the establishment of a "humanitarian corridor", saying that this terminology only fits Colombia, which is "a country at war". He also said that the raid had been justified because it had led to the capture of "32 Colombian paramilitaries".

Venezuela, Vielma Mora said, provides "food, security and health" to almost 6m Colombians who live in the country legally. He also claimed that the closure of border crossings in Táchira was no longer in effect for "students, workers, transport and medical activities" crossing in either direction — though he added two qualifications: trucks would only be able to pass when they produce "the necessary documentation" and the resumption of all crossings "for purposes established in bilateral and international agreements" would also be subject to "the presentation of these documents".

Even before the Zulia stretch of the border was closed, Colombia's migration agency, Migración Colombia, had reported that in that area 281 Colombians had been deported, repatriated or expelled under "administrative orders" and, repeating what had happened further south, 650 others had returned of their own volition.

Just the start

From the outset it was apparent that the closure of the three border municipalities in Zulia was just the beginning. A week before Maduro issued his order the governor of Zulia, Francisco Arias Cárdenas, had gone as far as to hint publicly that the measures under consideration would most likely include more municipalities.

"Extremely harmful" measures

The "extremely harmful" measures acknowledged by the pro-government governor of Táchira, José Gregorio Vielma Mora, included the marking of homes of Colombian dwellers in the La Invasión district with the letters R or D; the former standing for 'revised', the latter for 'demolish'. A raid of this district on 21 August by a 2,500-strong combined military and police contingent had been one of the causes of the Colombian exodus.

Peace backing

The Gallup survey also showed that more Colombians appear to be approving the peace negotiations underway with the Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrillas: 54% in August as against 45% in June. On the other hand, though the number of those who believe a peace agreement will be reached rose by six percentage points over the same period, only 39% believe this is the case. That said, the proportion of respondents who believe the guerrillas should be defeated on the field of battle has fallen by six points to 40%.

Much the same could be inferred by the briefing given by Vice-President Jorge Arreaza in Caracas to a gathering of 70 diplomats (ambassadors, chargés d'affaires and representatives of international agencies). Arreaza said that along most of its almost 2,200 kilometres of borders Venezuela "is not necessarily bordering on the Colombian state but on territories dominated by paramilitarism or by guerrillas".

Apart from the border crossings already blocked, Venezuela has one more official land crossing to Colombia, between the Venezuelan state of Apure and the Colombian department of Arauca, and one across the river Meta between Puerto Páez in Apure and Puerto Carreño in the Colombian department of Vichada. Up to the time of writing both remained open. There are also dozens of illegal crossings between the two countries.

Opposition within Venezuela

The umbrella opposition coalition Mesa de la Unidad Democrática (MUD) issued a communiqué on 6 September "rejecting as inadequate and counterproductive the state of exception in the border municipalities of the states of Táchira and Zulia, as well as the associated measures of military and police control".

The MUD communiqué says that these measures "violate the conventions and treaties signed by Venezuela". While acknowledging that the government "in the legitimate exercise of its functions can deport foreign nationals found illegally within Venezuelan territory [it must] respect their human rights and guarantee due process, and it is barred from destroying their private property".

The non-governmental rights advocacy organisation, Provea, has drawn attention to the fact that mass deployments of police and soldiers have hardly been confined to the border territories, but have been a distinctive feature of the anti-crime 'sweeps' labelled Operación Liberación del Pueblo (OLP; 'Operation Liberation of the People') conducted in several states of the country, also invoking the presence of 'Colombian paramilitaries' as one of the threats to uproot.

In the most recent OLP, conducted on 17 August in the Brisas del Hipódromo district of Valencia in the central state of Carabobo, hundreds of people were arrested without warrants and heavy machinery was used to demolish a large number of precarious homes. The interior ministry reported that, in an effort to capture suspected 'paramilitaries', six persons with criminal records had been arrested.

Provea reports that since the OLPs began in July 4,021 people were arrested within the first few weeks, but fewer than 10% were charged with any criminal offences. This, says Provea, was only the beginning of a wave of indiscriminate arrests. The public ombudsman, William Saab, who has justified the launch of the OLPs, has acknowledged that there had been "police excesses" and an unnecessary number of arrests during their execution.

Impact on Colombian opinion

The crisis on the border with Venezuela has had a negative impact on President Santos's standing with the Colombian public. A survey by Gallup (see sidebar) released in early September showed that 60% of respondents disapproved of his performance in August, up from 49% a year ago. This was accompanied by the opinion of 49% of respondents that the conduct of Colombia's international relations was worsening, up from only 20% a year earlier.

Budget season, with austerity the watchword

It is budget season and in Ecuador and Colombia finance ministries are drawing red lines through all non-essential expenditure, as oil export earnings look set to remain weak next year. In Peru, however, where a general election is due in April, the unpopular government led by President Ollanta Humala has the luxury of being able to dip into accumulated savings, allowing for a pre-electoral spending boost. Unfortunately for Humala, that is unlikely to do much for the fortunes of his leftist political party, expected to be turfed out of office in next April's elections.

Peru – a model of efficiency?

The Humala government presented its final budget to congress on 2 September. The 2016 plan, worth PEN\$138.5bn (US\$42.6bn), is a heady increase of almost 6% over the approved US\$40.2bn 2015 plan.

Speaking to the assembled deputies, Prime Minister Pedro Cateriano and Finance Minister Alonso Segura nonetheless said that the budget proposal was “austere”. The 2016 plan is based on a real GDP growth forecast of 4.3%, as weaker global metals prices continue to weigh on export earnings. Peru, which relies on Chinese demand for its metals, expects a US\$2.7bn trade deficit in both 2015 and 2016, with GDP growth this year now expected to come in at 3%, from a previous range of 3.5%-4.5%. Ahead of the budget presentation, the economy ministry issued an emergency decree raising the fiscal deficit ceiling from 2% to 3% - Segura said the government expected a deficit of about 2.7% in 2016, noting that he was relatively comfortable with this level.

The higher deficit allows the government some room for manoeuvre amidst the still-weak external scenario, and with the elections looming, Segura managed to make available additional funds for education, defence, health, and for prevention and reconstruction work in the face of the expected strong El Niño next year.

As such, the education budget will be 3.85% of GDP, or roughly US\$8bn. Included in this is US\$1.5bn for infrastructure, including improvement works across the country, the construction of new high performance schools (COARs) and the delivery of projects linked to the 2019 Pan American Games in Lima. Eight further COARs are to be built, to meet a target of 22 by 2016, with an investment of some US\$66m.

Cateriano said the education budget was geared towards improving the still-parlous quality of education in Peru, as per the ‘education quality enhancement strategy’ set out in the national education plan, which aims to reduce infrastructure gaps, make improvements to teaching as a career, enhance the quality of learning and overhaul governance. Its objectives also include implementation of a full school day programme and a national English-teaching policy. Elsewhere, Segura said that grants worth US\$282m would be available under the Beca 18 scheme, to help fund some 53,000 undergraduate and graduate scholarships.

The health budget will be US\$4.1bn, up 6% year on year, with US\$730m for infrastructure, while US\$5.6bn is assigned to defence and security, to cover everything from national territorial defence and operations against drug trafficking and organised crime to delinquency and domestic abuse. Within this, the Apurímac, Ene and Mantaro rivers valley (Vraem) region, home to the drug trafficking guerilla group Sendero Luminoso, is assigned US\$1.65bn, as per the permanent state of emergency in the region.

El Niño

Of the US\$1.5bn being set aside by Peru's government to deal with El Niño next year, US\$398m is for preparatory measures, US\$244 for preventative actions and US\$923m for the contingency reserve fund. Finance Minister Segura noted that meteorologists suggest a 55% chance of a particularly strong or ‘extraordinary’ El Niño, which could extend beyond May 2016. (Peru recently said it would not host the 2016 El Dakar rally, which was due to start in early January, on concerns about El Niño).

Oil output

Ecuador's oil output is about 538,000 barrels per day. The state oil company Petroecuador says it was profitable for the first half of 2015, as oil sales averaged US\$47/b; however, at current prices the country may be losing up to US\$3m a day on its output, on some estimates. Ecuador does have some fixed-price contracts worth about US\$7bn in sales, mostly with China, however it is unclear if it is still able to deliver under those contracts, amid weaker production levels this year.

Colombia – 'intelligent austerity'

Colombia's US\$216bn 2016 budget is due to be voted upon in congress next week. The government led by President Manuel Santos is touting the phrase 'intelligent austerity', whereby it is reducing its presence in areas where it thinks the private sector can step in and potentially do a better job. With global oil prices remaining depressed, the government forecasts just US\$1.2bn in oil revenues in 2016, down from US\$8.5bn in 2013. In this vein, although total expenditure is set to increase by 2.3% to US\$60.5bn, there will be major cuts to investment projects, especially in mining, agriculture and housing. Overall government investment is set to fall by 11% to US\$15bn.

Given the continuing peace process (and military confrontations) with the Fuerzas Armadas Revolucionarias de Colombia (Farc), it is no surprise that the defence and justice ministries have escaped the cuts. However, the agriculture ministry will see its budget slashed from US\$1.2bn to just US\$508m. Other ministries hit hard are mining & energy (a 30% reduction), housing (20%), transport (21%) and environment (18%).

None of these cuts can be easily absorbed. Agrarian reform is a key component of the peace process and will require significant investment in a post-conflict Colombia. The upgrading of Colombia's road infrastructure is crucial to boosting the competitiveness of the country's agricultural and industrial sectors, and financing for major projects is already in jeopardy as legal challenges have stalled the sale of the state energy firm Isagen, the profits from which were earmarked for so-called fourth generation projects, including road infrastructure (see below). Likewise, the natural resources sector requires major investment to resolve the institutional and operational bottlenecks that have frozen the development of new projects.

Colombia's Finance Minister Mauricio Cárdenas has pinned his hopes on an improving trade balance, on the back of a weaker peso (albeit this has yet to happen). Importantly, the tax agency (Dian) has seen its budget increased by US\$1.5bn to ease the implementation of new tax reforms and crack down on evasion. The conservative opposition Centro Democrático (CD), the party of former president Alvaro Uribe (2002-2010), was quick to attack the cuts, accusing the government of relying too heavily on commodity prices and failing to put aside sufficient funds during the boom period to cope with the inevitable "rainy day".

While this may be true, Colombia's fiscal laws have prevented major over-spending based on inflated price expectations. The same cannot be said of the rest of the continent. While the International Monetary Fund (IMF) forecasts real annual GDP growth of 3% for Colombia in 2016, the rest of the region is set to grow at an average rate of just 0.9%. Austerity may prove painful for Colombians, who have grown used to bullish growth, but the finance ministry argues that early implementation of conservative fiscal measures will allow the economy to set the bases for more sustainable medium-term growth.

Ecuador – in trouble?

In late August President Rafael Correa candidly admitted that Ecuador is now producing oil at a loss. Given that oil accounts for 11% of GDP, over 50% of export earnings and about a third of fiscal revenues, that is a major problem. Correa said it cost US\$39 to produce a barrel of oil, which was selling at just US\$30. The government has been forced to cut US\$2.2bn from the 2015 budget so far this year, according to Finance Minister Fausto Herrero. On 8 September Correa said the 2016 budget would be based on an oil price of just US\$40/b, which he said was "more or less" the average price of Ecuadorean oil this year. He sounded a somber note about the need to be "responsible", although critics say Correa was extremely irresponsible in not putting away funds in the good times, particularly given the additional vulnerability attached to being a dollarised country.

Temer continues to distance himself from Rousseff

In a rare, and partial, *mea culpa* to mark Independence Day on 7 September, President Dilma Rousseff acknowledged that some mistakes may have been made by her government. "If we committed any errors, and we may have done, we will overcome them and move forward," she said, speaking to the nation via a web broadcast in order to avoid the *panelaços* – the banging of pots and pans – that have greeted her recent televised addresses. "Some of the solutions for this situation are bitter, it is true, but they are indispensable," she said. But while Rousseff's "bitter solutions" involve tax hikes, Michel Temer, the vice-president, favours spending cuts.

Over the past week, Temer has continued to distance himself from President Rousseff. The veteran politician from the Partido do Movimento Democrático Brasileiro (PMDB), the restive coalition partner of the ruling left-wing Partido dos Trabalhadores (PT), gave a speech on 4 September in which he argued it would be "difficult" for Rousseff to complete her mandate if her approval ratings continued to remain in single figures for the next three-and-a-half years. Following the government's angry response to his comments, Temer issued a clarification two days later insisting that he was in no way "conspiring" against Rousseff. It was, however, the fourth such incident in recent months; for an experienced political operator that seems like a lot of gaffes.

A day after the two appeared together at the Independence Day parade in Brasília, Temer issued a direct rebuttal to Rousseff's proposed solutions. "We have to avoid bitter solutions, and if it is possible to cut spending, that should be the direction," he said. While Temer has gone on the record in favour of an increase in the tax on fuel, he is firmly against other tax hikes. This week the finance minister, Joaquim Levy, posited the idea of raising income tax levels to deal with the budget deficit; this is another idea that has gone down very badly with the PMDB. Renan Calheiros, the president of the federal senate, and Eduardo Cunha, the speaker of the lower chamber, both from the PMDB, have also spoken out against tax increases.

While Cunha has long demonstrated his opposition to the government, and officially broke with Rousseff last month, Calheiros has been providing some cover for the executive of late. Recent reports in the local media, however, suggest that around 50% of the PMDB's federal deputies now support impeachment proceedings against Rousseff. In total around 200 deputies are believed to be willing to vote for impeachment, still some way short of the 342 necessary to initiate proceedings.

However, when Cunha flounced out of the coalition, he urged his party members to follow suit. Though weakened initially by the corruption charges levelled at him by the attorney-general, Rodrigo Janot, there are now sufficient rumours of a "deal" struck between Janot and Rousseff to allow Cunha's claim of political persecution a trace of credibility. The PMDB could be on its way towards a total break with the PT-led government, possibly after its national party convention in November. Some commentators speculate that the economic situation will have deteriorated so much by then that Brazil's C and D classes will join the street protests, which until now have been dominated by the country's white elites.

Before then, the federal court of accounts, known as the TCU in its Portuguese acronym, may well have rejected the government's 2014

Wage gap

On 4 September, Ibge released its 'Demografia das Empresas' research report based on data collected in 2013 that showed that on average women earn 40.5% less than men at the same functional levels in the firms surveyed. While men earned an average of R\$2,118.66, women earned R\$1,507.69. The data also showed that unemployment among women is higher, at 9.6%, versus 6.6% among men.

Military decree

The government has been forced to back-track over a presidential decree signed by President Dilma Rousseff last week that stripped the armed forces of its right to promote officers and control the curricula of military academies, ceding it instead to the defence ministry. Opposition politicians claimed the government was trying to foist its agenda on the military. On 8 September the defence minister, Jacques Wagner, said that it would remain the prerogative of the military to manage its own personnel without interference.

accounts, opening the way for one of the two most probable justifications for impeachment. A decision by the TCU is expected on 11 September; if rejected, congress must then decide whether to follow suit. Were Rousseff to be impeached according to this process, Temer would take over the presidency. The other possibility is that the supreme electoral court (TSE), could rule that the presidential/vice-presidential campaign in 2014 was financed by coerced contributions from firms involved in the scandal surrounding the State-controlled oil company Petrobras. In which case, both Rousseff and Temer could be forced out, paving the way for a President Cunha.

BRAZIL | ECONOMY

Sinking faster

At the start of the year, the consensus among the economists surveyed by the central bank's weekly Focus bulletin was that Brazil would grow by 0.5% in 2015 and by 1.8% in 2016. In the latest survey, the consensus is that the Brazilian economy will shrink by 2.44% this year and by 0.5% in 2016. Just one week ago those figures were 2.26% and 0.4%, respectively. The predictions came after the official statistics institute (Ibge), revealed that the Brazilian economy had fallen 1.9% quarter-on-quarter in the second quarter of 2015. If the reality matches the forecast, it would be Brazil's worst economic performance since 1930. Inflation, which had shown signs of slowing, is also now expected to end 2015 higher, at 9.29%.

Last week, Ibge showed industrial production was down further than anticipated in July, at -1.5%. The purchasing managers' index, an indicator of the economic health of the manufacturing sector, declined from July to August. The national confederation of industry (CNI) said the sector was facing its highest levels of inactivity in the last 12 months, with 21.4% of installed capacity unused.

Meanwhile, demand is also falling fast. As Brazilians prepare for the fourth hike in their energy tariffs this year, individual households are cutting back on electricity usage. According to the energy research company (EPE) household energy consumption in July was at its lowest for 10 years. FecomercioSP, an industry body which represents around a third of Brazilian businesses, found that average families' purchasing plans fell for the tenth straight month in August. Shop sales, as measured by the national confederation of shop managers (CNDL), also fell for the seventh month in a row.

The pervasive sense of gloom among economists was hardly alleviated by the government's budget proposals, unveiled on 31 August. In a sign that the orthodox policymaking of Joaquim Levy, the finance minister, may be starting to lose its influence on President Dilma Rousseff, the government announced a primary deficit of R\$30.5bn (US\$8.25bn) in its projections for the 2016 budget. Though designed to pressure the federal congress into approving the executive's austerity measures, there are questions as to whether targeting a deficit complies with Brazil's law of budgetary responsibility.

It is also a personal blow to Levy, who has been trying to rein in Brazil's widening public deficits through spending cuts in an attempt to avoid too many unpopular tax hikes. Such moves had alienated the more radical left of the ruling Partido dos Trabalhadores (PT). Over the 2016 budget proposals, Levy appears to have been outflanked by the cabinet chief, Aloisio Mercadante, and the planning minister, Nelson Barbosa, who appear to be less patient with the finance ministry's request for more time to allow the austerity measures to work.

Deforestation

A report by the United Nations Food and Agriculture Organization (FAO) published in early September ranked Argentina as one of the top 10 countries in the world in terms of its rate of deforestation. Ranked ninth globally, Argentina loses around 297,000 hectares of forest every year. Brazil and Paraguay were also in the top 10.

Visibly unhappy at the press conference convened to announce the budget, Levy's rumoured departure from the government was once again raised in the local media. On 3 September these rumours reached fever pitch, given that he failed to turn up on time for a meeting of the finance ministers of the G-20 in Turkey. Mercadante was forced to face the press in the evening to deny that Levy was leaving the government. Still, the uncertainty triggered another slide in the value of the Real.

Speaking in Madrid on 7 September, Levy sought to assure international investors that Brazil's recovery was just "months" away, and pointed to several positive indicators, such as the reversal of the trade deficit into a surplus, the slowing of the rise in the rate of inflation, and the continued high level of foreign direct investment in the country "despite what you read about Brazil". Should Levy leave, the possibility of Brazil's credit rating being downgraded to junk status becomes much more likely.

ARGENTINA | POLITICS

Tucumán vote recount raises fears over election

Four recent opinion polls in Argentina have shown how difficult it currently is to predict whether the presidential election on 25 October will go to a second round. Three predict a run-off between Daniel Scioli, the candidate from the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists), and Mauricio Macri, the candidate from the centre-right opposition Propuesta Republicana (PRO); while one forecasts outright victory for Scioli in the first round. A few fractions of a percentage point either way could make the difference, meaning that there is now renewed scrutiny over the electoral process, particularly following the recount of the vote in the province of Tucumán.

Rounded out, the polls show Scioli on 40% of voter intentions, Macri on 30% and Sergio Massa, of the dissident Peronist Frente Renovador (FR), on 20%. To win in the first round, a candidate needs 45% of the vote or 40% with a 10-percentage point advantage over his nearest rival. Scioli is on the cusp of breaching the 40% threshold with a 10-point advantage over Macri. Should he fail to do so, the second round could present a much sterner challenge, as many – though by no means all – of the votes of Massa and the nano-candidates are likely to transfer to the opposition candidate.

Tucumán

On 8 September the provincial administrative court in Tucumán ordered the results of the gubernatorial election to be withheld, pending a ruling on whether to nullify the 23 August election. Juan Manzur, the FPV candidate, had claimed victory by 14 points over José Cano, from the opposition Alianza para el Bicentenario (APB), but widespread allegations of fraud, including claims of burnt ballot boxes and insufficient supplies of voting sheets, prompted a demand for a recount. According to the latest reports, with around 50% of the votes recounted, Cano is now leading Manzur. However, the court ruling means a winner may not be declared until after the general election.

Responding to the concerns raised by the controversy in Tucumán, the government has proposed to the national electoral court (CNE) a series of technical measures to ensure the transparency of the vote on 25 October. Among them are the equipping of the army trucks carrying ballot boxes back to vote-counting centres with GPS tracking devices, as well as ensuring better availability of ballot papers and CCTV monitoring of vote-counting.

Joining the BRICS

While now may not seem the most auspicious moment to join the club, on 9 September President Cristina Fernández called for the help of former Brazilian president Lula da Silva (2003–2011) in joining the BRICS. With Lula in Argentina to offer his support to the government-backed presidential candidate Daniel Scioli, Fernández publicly asked for his support to turn the BRICS into BRICSA: “That is our place and more emerging countries would then join the BRICSA,” she said.

The opposition, however, is demanding more radical measures, such as enforcing a single ballot sheet system or even electronic voting (which has been used in the capital, Buenos Aires). Alejandro Tulio, the government’s electoral coordinator, has said he is working with the CNE to implement all “reasonable and viable” proposals to ensure electoral fairness in October.

More doubts over Nisman suicide

Three separate laboratory analyses on the weapon that supposedly killed Alberto Nisman – a Bersa Thunder .22 calibre handgun – tested positive for gunpowder residue. The finding has led to renewed doubts as to whether the special prosecutor in the case related to the bombing of the Jewish mutual centre (Amia) in Buenos Aires, took his own life, as no traces of gunpowder were found on his hands. Forensic experts, however, have advised caution, stressing that the results were dependent on highly specific environmental conditions and that further tests could lead to different results. Nisman was discovered dead with a bullet wound to the head in his apartment on 18 January this year.

Viviana Fein, the prosecutor leading the investigation into Nisman’s death played down the laboratory results. “We cannot say that he committed suicide nor that he was murdered,” Fein said in a radio interview, adding that her investigation was unlikely to conclude before the election on 25 October. In her comments, Fein also expressed her resentment at comments by Sandra Arroyo Salgado, a federal judge and Nisman’s ex-wife, who described the investigation into his death in highly pejorative terms.

ARGENTINA | ECONOMY

Corruption allegations levelled at opposition

Long beset by opposition accusations of corruption, the administration of President Cristina Fernández appears to be enjoying the chance to turn the tables and question the probity of the centre-right opposition Propuesta Republicana (PRO). The scandal is an unwelcome distraction for the PRO’s presidential candidate, Mauricio Macri, as he attempts to ensure he gathers enough votes to force the presidential election to a second round.

According to a report in the newspaper *Tiempo Argentina*, La Usina, a production company owned by Fernando Niembro, a sports commentator and PRO candidate for the federal congress, received over Arg\$21m (US\$2.25m) in contracts for “audit services” from the PRO-led administration of the city of Buenos Aires. *Kirchneristas* claim that the company, which has no registered employees, was created purely to offer services to the Macri-led city government.

In a political rally on 9 September, President Fernández said that Niembro had received “the golden choripán”, in reference to the typical Argentine hotdog handed out at campaign events. Carlos Zannini, the government’s technical and legal secretary now running for the vice-presidency, had made the exact same joke days earlier.

In response to the jibes, Niembro said he had no intention of standing down from his candidacy, claiming that he was a victim of “political persecution”. To take some of the heat off, however, he pointed out that his business partner, Alberto Meza, had withdrawn his candidacy.

But worryingly for the PRO, the criticism of the suspicious deal has not been limited to the government and its supporters. Margarita Stolbizer, the presidential candidate for the opposition Progresistas, said: “I ask myself how many other contracts like Niembro’s the city government has. I don’t think the business is of only 20 million pesos. I believe many other ‘Niembros’ have been awarded contracts.” Even some of Macri’s allies have now taken their distance from Niembro.

Vázquez pulls out of Tisa

President Tabaré Vázquez announced on 7 September that Uruguay was pulling out of international negotiations on a trade in services agreement (Tisa). The decision, which was prompted by a vote in the ruling left-wing Frente Amplio (FA) coalition, has dismayed the country's business community.

Uruguay's broadly successful experience with left-leaning governments – now over a decade long – has worked on the basis that there is a degree of autonomy between the government, on the one hand, and the ruling FA political coalition of Communists, Socialists, and many other political currents, on the other hand. Precisely how much autonomy works best is open to debate. But in the space of the last 10 days President Tabaré Vázquez may be asking himself whether, in the early days of his second presidency, he has got it right.

Private sector speaks out

Carlos Caetano, president of the Cámara Uruguaya de Tecnologías de Información (Cuti) said, “as an economy we are expensive and we have some competitiveness problems. There are countries like Costa Rica which remain in the Tisa talks and are already exporting more software per capita than we are”. Uruguay's software sector is made up of around 500 companies with annual sales of around US\$1bn.

Teachers' strike

On 3 September a messy teachers' strike supported by FA-aligned trade unions came to a conditional end. During the strike over wage and other demands, the government had declared education an essential public service (a decree which forbids industrial action) only to be ignored by many teachers who continued their strike anyway. In an embarrassing climb-down, the government then lifted the decree.

It was only when it threatened to cancel this year's planned salary increase and spend it on education infrastructure instead (the government has offered phased salary increases over the next five years) that the teachers went back to work. Officially, the teachers' unions are still opposing the government's salary offer, and there is therefore a danger that the dispute could flare up once more.

Trade in services

Hardly had the dust settled on the teachers' dispute when the government suffered another setback. Meeting on 6 September the plenum of the FA voted by an overwhelming majority (117 votes in favour to 22 against) to recommend that Uruguay withdraw from negotiations on an international trade in services agreement (Tisa).

Withdrawal was supported among others by the Partido Comunista de Uruguay (PCU) and Partido Socialista (PS), the Movimiento de Participación Popular (MPP – linked to former President José Mujica [2010-2015]), and Lista 711 (loyal to Vice-President Raúl Sendic). Opponents of withdrawal included Asamblea Uruguay (of which Economy Minister Danilo Astori is a prominent member) and Alianza Progresista (linked to Foreign Minister Rodolfo Nin Novoa).

Many on the Left have viewed Tisa with particular suspicion. In June this year Wikileaks released documents suggesting that draft versions of the agreement might force signatories to consult with multinational corporations in a way that could be seen as restricting national sovereignty.

The government had previously defended taking part in the Tisa talks on an exploratory basis, but President Vázquez chose to accept the FA position and withdraw from the negotiations. The decision did not go down well with either the political opposition or the private sector (see sidebar). The former accused the government of elevating partisan concerns above the national interest; the latter, of handing an advantage to Uruguay's competitors.

Bachelet urged to change tack

President Michelle Bachelet is desperately trying to arrest the inexorable slide in her approval rating. After her popularity hit a fresh nadir of 24% last week, Bachelet announced an increased social focus for national budgets which she said would be “felt by the public”. The political opposition, meanwhile, sought to capitalise on Bachelet’s travails by calling upon her to abandon her government’s ambitious (and contentious) reform agenda altogether for the good of Chile. Bachelet has sent out mixed messages in recent weeks, promising ‘realism without surrender’, but seeming to place the emphasis on the second part of the slogan, prompting dismay not just from the private sector but also from within the ruling Nueva Mayoría coalition.

President Bachelet said that the main emphasis of the budget for 2016 would be placed on social matters to safeguard the public from the repercussions of the global economic slowdown on Chile. The ministerial spokesman, Marcelo Díaz, clarified that this meant education, health, public security and employment. “In life you have to keep pushing ahead ignoring the petty calculations of the few,” Bachelet said in response to withering criticism from the opposition for her to change the government’s course (see sidebar).

The national pollster Adimark showed Bachelet losing two percentage points in August to fall to an approval rating of just 24%. The weekly survey Cadem also put her popularity at 24%, with a disapproval rating of 68%. Only 25% of respondents to the Cadem survey approved of the government’s much-trumpeted education reform, which was opposed by 65%, while 54% felt the proposed labour reform would lead to more unemployment in Chile and only 29% more jobs. A massive 88% disapproved of the government’s performance in confronting crime and 87% its efforts to fight corruption.

TRACKING TRENDS

CHILE | Central bank revises down growth estimate. Chile’s economic activity grew by 2.5% in July compared with the same period of 2014, roughly in line with market expectations which predicted 2.4%. While July saw strong growth in value-added services and manufacturing, this was offset by a decline in the mineral extraction industry. The figures come from the monthly economic activity index (Imacec), which gathers around 91% of the goods and services included in the country’s GDP statistics.

The Chilean economy is experiencing a slower-than-expected recovery, following its worst performance for five years in 2014, when it grew by 1.9%, weighed down by low levels of investment and domestic consumption. On 1 September the central bank lowered its GDP forecast for 2015 to 2.0-2.5% and raised its expectation for inflation, which is now predicted to end the year at 4.6%. Some analysts now expect the central bank to raise interest rates to counter inflation.

PARAGUAY | Q2 disappoints. The Paraguayan economy contracted by -1.2% in the second quarter of this year in comparison with the same quarter of 2014, due to slower growth in its key exports of electricity, soya and meat. Nevertheless, the central bank still expects the economy to grow by 4% this year. “We think that we will see a recovery in the second half of this year that will offset the fall,” Miguel Mora, the head of economic studies at the central bank, said.

The decline in electricity production is due to climactic conditions; soya exports have fallen due to lower production and meat exports have been hit by the economic problems facing Russia. Total exports fell 8% in the second quarter, while imports also fell 7%, due to fewer purchases of machinery and other equipment by the agricultural sector. Strong performers in Q2 were manufacturing, up 8.7%; construction, up 4.8%; and services, up 3.6%.

Opposition criticism

The president of the centre-right opposition, Renovación Nacional (RN), Deputy Cristián Monckeberg, called on President Bachelet “to put her hand on her heart and change course in the interests of Chile and not her coalition”. Monckeberg added: “I don’t know what it will take for her to react. We have asked her to change direction, we have asked for leadership but nothing has happened. The country’s fate and course for the next two years is at stake here.” Senator Hernán Larraín of the conservative Unión Demócrata Independiente (UDI) said Chile was at “a crossroads” and the negative figures should send “a clear message to the president”. Larraín called for “a great national accord” to confront Chile’s problems.

Another turn in the Iguala story

Mexico's single highest profile criminal investigation – into the abduction and presumed murder of 43 student teachers in Iguala, Guerrero state, on 26 September 2014 – may have been fundamentally flawed. A group of international experts monitoring the case for the Inter-American Commission on Human Rights (IACHR) this week presented a report which demolishes some of the key findings of the Mexican attorney general's office (PGR). The political repercussions could be wide-ranging. At the very least they are a source of serious embarrassment for the federal government led by President Enrique Peña Nieto.

It is hard to imagine a more politically sensitive case, or one where the PGR had a greater incentive to conduct a rigorous and professional investigation. But the latest reports suggest the investigation, now almost a year old, running to thousands of files, and which has led to the imprisonment of 110 suspects, has been shambolic.

Two respected international human rights organisations added their own adjectives. The US-based Human Rights Watch (HRW) described the IACHR experts' report as "an utterly damning indictment" of the official investigation. The London-based Amnesty International (AI) spoke of "the authorities' utter incompetence and lack of will to find the students and bring those responsible to justice."

Former Mexican attorney general, Jesús Murillo Karam, led the first phase of the investigation. Murillo Karam described the government's versions of events as "the historic truth". In summarised fashion, the official version was that the students, from the Ayotzinapa teacher training college, had arrived in Iguala and commandeered buses to take part in a left-wing political demonstration. On the orders of the mayor, a member of the left-wing Partido de la Revolución Democrática (PRD), but also a man who through his wife had close links to organised crime, the municipal police opened fire on the students killing some and capturing 43, who were then handed over to the local criminal gang, known as Guerreros Unidos. Members of this gang then took the students to a rubbish tip in Cocula, where they were killed; their bodies were incinerated in a fire so intense that no identifiable human remains could be found (although a DNA match with the bone fragments of one of the students was established).

The government has consistently stuck to this narrative and maintained that the matter – although tragic and painful – was closed. But the report by the IACHR's five-strong Interdisciplinary Group of Independent Experts fundamentally challenges this version, in three key areas. The experts say it was "scientifically impossible" for the bodies to have been burnt at Cocula leaving no forensic trace. That, they contend, would have required a bigger, more intense, and more long-lasting fire than what was suggested by witness statements or indeed indicated by the physical surroundings of the place. One of the experts, Carlos Martín Beristain (*see sidebar*), was definitive on the issue of the incineration of the bodies: "That event never took place," he said. "There should be a re-focusing of the investigation."

Second, the experts established serious inconsistencies in the PGR account of the commandeered buses. While the official files say four buses were commandeered, the experts say CCTV and witness evidence indicates the real number was five, and that the fifth bus remains unaccounted for: it has "disappeared".

The five experts:

Carlos Martín Beristain, a Spanish national and doctor of medicine and psychology, had worked for 25 years in defence of victims of human rights violations and their families, including coordinating the 'Guatemala: Never Again!' report. Angela Buitrago, a Colombian, is a specialist in criminal law; Francisco Cox Vial, a Chilean professor of constitutional law. Claudia Paz y Paz, a Guatemalan national, a lawyer who was appointed in 2010 to be the first female attorney general in her country, is an expert in criminal law. Alejandro Valencia Villa, a Colombian lawyer, has been working for 25 years in the promotion and defence of human rights.

Verdict

“This is a huge blow for the Peña Nieto administration in general and for the PGR in particular,” according to security analyst Alejandro Hope. “This was a case with massive domestic and international scrutiny and yet, they managed to produce a fundamentally shoddy investigation, built mainly on confessions extracted under torture. Not a proud day for the Mexican criminal justice system.”

This point goes directly to motive. The official PGR version is that the students were attacked because they were mistaken for, or were possibly infiltrated by, members of a rival criminal gang, known as Los Rojos. But lawyers for the families have found this unconvincing: would Guerreros Unidos really confuse unarmed students with gang rivals?

The experts suggest an alternative hypothesis. Guerreros Unidos has been known to smuggle consignments of heroin into the US using secret compartments in passenger buses; perhaps the students inadvertently commandeered one such bus: that might explain the ferocity of the attack.

In the third place, the experts have found evidence that contradicts the PGR version that only municipal police were involved in events. They say both state and federal police took part, and that members of the army – the 27th Infantry Battalion which is stationed in Iguala – was also involved. The government has consistently denied any army involvement, while the families of the students have said they suspect the contrary.

A lawyer for the families, Vidulfo González, says “The Mexican army provided cover for Guerreros Unidos to operate in Cocula. That for us is a strong enough reason for a line of enquiry into the army’s role”. The experts requested permission to interview 26 soldiers who had contact with the students that night, but the authorities denied the request.

Quite separately from the IACHR experts’ report, a number of sources say the entire Iguala investigation could collapse. It is claimed that evidence has been lost, some forensic conclusions have been simply ignored, some key witnesses have not been questioned (including former Guerrero governor Angel Aguirre), there are many inconsistencies, and some confessions may have been extracted under duress.

Santiago Aguirre, a lawyer representing the families, told *Reuters* news agency: “These investigations won’t stand up to public scrutiny. There is nothing here, we don’t even have bodies”. Another lawyer who wished to remain anonymous said “everything depends on witness statements, and that’s a problem. If the witness statement is judged not credible, that’s the end of the case.” The former mayor of Iguala, José Luis Abarca, and his wife, María de los Ángeles Pineda, remain in prison, but the PGR has still not been able to bring a viable case against them.

The government has tried to limit the political damage, but it is clear that the Iguala case may continue to haunt it. President Peña Nieto has said the government will extend the IACHR experts’ mandate and study their report and recommendations.

Peña Nieto insisted that “I am the first person, as President, to want to know the truth, because society rightly demands it.” Peña Nieto said he was once more ready to meet the families of the students. But the government’s position has clearly become more difficult.

The new president of the right-of-centre opposition Partido Acción Nacional (PAN), Ricardo Anaya, looking to land some early blows, described the report as “one more sign of the federal government’s inefficiency”. Anaya insisted that the PGR and the federal government carry out “a fresh investigation to get to the bottom of what happened and punish those responsible”. For its part, the PRD, on shaky ground given that the criminal mayor of Iguala represented the party, nevertheless, accused the federal government of “negligence” and seconded the PAN’s call for another investigation.

“For 20 years I have made Guatemalans laugh, I promise never to make them cry.”
Jimmy Morales, the victor after the first round of Guatemala’s presidential elections.

“If one thing is made clear in the report it is that the PGR investigations into the disappeared youths are insufficient and plagued with errors, and most serious of all its principal hypothesis does not stand up to scientific proof.”
Mexico’s new president of the opposition PAN, Ricardo Anaya, on the report by independent experts into the Iguala disappearances.

“FA radicals like little kids say NO before knowing what it is. It’s impossible to be against #Tisa as it doesn’t even exist yet.”
Uruguayan Senator José Amorín of the opposition Partido Colorado tweets about the ruling FA’s rejection of a trade in services agreement (Tisa).

POSTSCRIPT

PNM returns to power in Trinidad & Tobago

The People’s National Movement (PNM) under Dr Keith Rowley triumphed in the general elections in Trinidad & Tobago on 7 September, consigning the People’s Partnership (PP) of Prime Minister Kamla Persad-Bissessar to defeat after just one term in power. The PNM suffered an unusually heavy defeat in 2010, winning just 12 constituencies to 29 for the PP, but since then the economy has stagnated, corruption allegations have proliferated, and public security has not improved markedly. The publication by the central bank of negative growth statistics just days before the elections may have proved decisive for the PNM, which ended up winning 23 seats to 18 for the PP. Tobago-born Rowley vowed to govern for the whole country, regardless of their political affiliations, and promised that “nobody will go hungry while others go overweight”.

It had been a deeply divisive campaign with Rowley sensationally accusing the PP of being behind a plot to kill him, an allegation which was dismissed as “reckless and dangerous” by Persad-Bissessar. The bald statistics, however, favoured the PNM. Although the number of murders peaked under the last PNM government at 550 in 2008, a key reason behind its thumping in the 2010 general elections, the PP government has failed to deliver on a promise to improve public security dramatically. Despite declaring a state of emergency for three months in 2011 to try and get a handle on rising crime, there were still 403 murders in 2014 and 288 in the year to election day.

The PP’s stewardship of the economy was also an easy target. Rowley has consistently accused the government of lying about the true state of the economy and his allegations appeared to be borne out when, just days before the elections, the central bank revealed that the economy contracted by -1.2% in the first quarter of 2015 year-on-year, directly contradicting a claim by Finance Minister Larry Howai that “despite falling energy prices [the] economy has continued to record positive growth”. Real annual GDP was just 0.9% in 2014.

Finally the PP government was damaged by corruption allegations, especially those surrounding its disgraced former national security minister, Jack Warner, a former Fifa executive facing extradition to the US after being charged with fraud, racketeering and money laundering. Warner, who was soundly beaten contesting the Chaguanas East seat for his new Independent Liberal Party, had alleged that Fifa money was used to fund Persad-Bissessar’s election campaign in 2010.

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