

latin american weekly report

17 September 2015, WR-15-37

ISSN 0143-5280

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This edition of *Latin American Weekly Report* has been produced for Canning House Corporate Members by LatinNews (www.latinnews.com).

Latin American Newsletters since 1967

Maduro pursues aggressive tactics ahead of Venezuelan elections

Venezuela's President Nicolás Maduro appears to be playing a high-stakes game which could have profound repercussions. If it is hard not to view Maduro's escalation of diplomatic tension with Colombia through the prism of December's legislative elections, it is even more difficult not to see the timing of the prison sentence handed down last week to one of the country's most prominent opposition politicians, Leopoldo López, as forming part of an electoral calculation by the beleaguered Bolivarian government.

Venezuela, to a certain extent, has a legitimate gripe with Colombia over the shared border area; there is a lack of control and cooperation between both countries. Not only is the action ordered by the Maduro administration in recent weeks (closing a border crossing and deporting around 1,500 people) drastic but his claim that Colombian right-wing paramilitaries and the contraband trade comprise part of an overarching strategy to destabilise his government is an old narrative. For over a year now the Venezuelan government has sought to lay a large part of the blame for the country's food shortages on contraband rather than acknowledge that Venezuelan price controls create the incentives for the illegal trade and the involvement of Colombian criminal gangs. Why take action now?

Bringing the issue to the forefront of the consciousness of the Venezuelan public now serves Maduro's purpose. The Colombian contraband provides a useful scapegoat for his administration's mismanagement of the economy and the acute food shortages which he fears might dissuade the traditional poor support base of the Bolivarian Revolution from turning out to cast ballots in December or even persuade them to back the opposition Mesa de la Unidad Democrática (MUD).

The Colombia military denounced three separate incursions by Venezuelan military aircraft by up to 3km into Colombian airspace over the course of the last week. The Venezuelan government has questioned the veracity of the assertions. Delcy Rodríguez, Venezuela's foreign minister, snapped back on Twitter "We're concerned about the systematic tendency of the Colombian government to invent non-existent incidents". President Juan Manuel Santos, who has only looked this animated before in response to antagonising comments by his predecessor Alvaro Uribe (2002-2010), has swallowed the Venezuelan bait (if bait it is), taking a strong line and even resorting to caustic comments on Twitter. Santos and Maduro have agreed to meet in Quito on 21 September to discuss the border crisis but heightened bilateral diplomatic tension will remain.

Provoking Colombia is a risky strategy but it could achieve more than simply shifting the blame for Venezuela's economic travails on to its neighbour as elections approach. On 15 September Maduro extended the state of exception to a further 10 municipalities in the border states of Zulia and

Judicial independence

The Maduro administration took umbrage at the slightest hint of criticism of the independence of Venezuela's judiciary, but the trial of Leopoldo López was not public; the government was able to present 108 witnesses during 600 hours of hearings, while the judge turned down 58 of the 60 witnesses presented by the defence (the remaining two did not appear); López himself was given just three hours to defend himself; and there was no mention at all of government *agents provocateurs* during the fatal February 2014 protests even though armed agents of the intelligence agency (Sebin) were caught on smartphones, weapons cocked.

Apure (bringing the total to 23 now). The executive secretary of the MUD, Jesús Torrealba, accused Maduro of placing more and more border areas under a state of siege. He alleged that the government could take advantage of this situation to manipulate the elections here as the MUD traditionally fares best in the western border states.

Leopoldo López

In the midst of this diplomatic spat a Venezuelan judge sentenced Leopoldo López to 13 years and nine months in jail. The stiff sentence was awarded for inciting violent protests through speeches and tweets, in February 2014, resulting in fatalities. At first blush the timing of the ruling looks odd. Creating a martyr of López, and a rallying point for the MUD, would seem to conspire against the government's objective of retaining a legislative majority in December. The timing of the sentence could be designed to distract the opposition from the sort of reasoned arguments advocated by the MUD's moderate figurehead, Henrique Capriles Radonski, to win the hearts and minds of Venezuelans. López's radical 'La Salida' strategy divided the MUD and was ultimately not a resounding success as even deeply disillusioned government supporters objected to backing protests to force Maduro from power. Torrealba has called a national day of marches on 19 September in every state capital to condemn López's imprisonment.

López's imprisonment also forced the US to speak out, allowing Maduro to accuse the US of interference and to announce the freezing of efforts to regularise bilateral relations. "The US government has to learn to respect Venezuela," Maduro said after the US secretary of state, John Kerry, said his government was "deeply troubled by the conviction [of López]. The decision by the court raises great concern about the political nature of the judicial process and verdict, and the use of the Venezuelan judicial system to suppress and punish government critics."

With the exception of Costa Rica, where the foreign ministry released a statement expressing "profound concern" about the "serious questions over the arrest and legal process faced by Leopoldo López", the response from the rest of Latin America was non-existent or mealy-mouthed. Chile went furthest. There is no shortage of Chilean politicians in government, including President Michelle Bachelet herself, with personal experience of political prisoners. Even so the foreign ministry went no further than expressing "the hope that judicial guarantees of due process are observed" while offering to work to support "a broad and constructive political dialogue" in Venezuela.

The Venezuelan foreign ministry rebuked Chile for violating the principle of non-intervention and argued that it "has never expressed and will never express opinions about serious [domestic] issues in Chile," before listing these at length and concluding "Equally it would be unthinkable to make judgements about the privatisation of Chile's education system, which infringes the human rights of the majority of Chileans, or issue declarations about the existence in the 21st century of a constitution imposed by the Pinochet dictatorship". This left Chile's foreign ministry stammering that while it respected the principle of non-intervention it was equally committed to the defence of universal human rights, adding that when Chile has received comments from foreign governments "on the human rights situation in our country, we have never considered it intervention in our domestic affairs."

Paraguay's foreign ministry echoed Chile's comments. Peru issued a statement but ducked the issue, stating that "in relation to the sentence [of López] the government wants to show its concern for the internal polarisation affecting the sister Republic of Venezuela". Uruguay's government, the pro tempore president of the Union of South American Nations (Unasur), having endured public flagellation itself from the Venezuelan government for comments that fell short of total solidarity last March, stayed mute.

Morales criticised over indigenous rights

A “worrying superficiality and lack of objectivity in the treatment of an issue... important and transcendental for the plurinational state”. This was the response by Bolivia’s human rights ombudsman Rolando Villena to a ruling by Bolivia’s constitutional court (TC) rejecting his appeal against two articles of a November 2014 supreme decree (DS 2195) regarding compensation for hydrocarbons concessions in indigenous territory. Villena argues that the decree raises serious doubts over the commitment of President Evo Morales - under pressure to boost hydrocarbons production amid falling international prices – to indigenous rights. It comes as tensions between indigenous groups (a core Morales support base) and the Movimiento al Socialismo (MAS) administration remain high over the latter’s insistence on pushing ahead with hydrocarbon exploitation projects.

Villena, who presented the appeal in June, argues that the decree – which establishes financial compensation for indigenous communities affected by concessions – violates the right of indigenous groups to decide “with their own norms and processes the destination of compensation resources”. Villena claims that the decree violates international agreements like the United Nations Declaration on the Rights of Indigenous Peoples (which was incorporated into domestic law in November 2007) and the International Labour Organisation (ILO)’s Convention 169 on the right to prior consultation (which Bolivia ratified in 1991).

With the MAS government already stoking indigenous concerns with its announcement in June of plans to move ahead with the Villa Tunari-San Ignacio de Moxos highway through a local indigenous territory and national park, Isiboro Sécore (Tipnis) [WR-15-24], Villena has other bones to pick with the government. As well as DS2195, he announced he would appeal another decree (DS 2366), from 20 May 2015, which permits the development of hydrocarbons activities in all of Bolivia’s national territory, including zones considered protected areas. According to local press reports, this decree stipulates that for exploitation to take place, basic environmental standards have to be met, while 1% of the total investment value of any project must go towards developing the affected area. At the time, the deputy environment minister, Gonzalo Rodríguez, told reporters that eight of Bolivia’s 22 protected areas had been earmarked for hydrocarbons exploitation, although he failed to provide further details.

Opposition

Villena’s concerns about the government’s intent on moving ahead with hydrocarbons exploration projects take place amid continued protests against such initiatives. Last month the indigenous Capitanía Takovo Mora group, which is part of the Asamblea del Pueblo Guaraní (APG), set up blockades on the Santa Cruz-Yacuiba road linking the city of Santa Cruz in the eastern eponymous department with the Argentine border.

The APG is up in arms over efforts by Bolivia’s state-owned oil company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), to drill for oil in the territory. An attempt by the police to clear the road of protesters on 18 August – which resulted in 28 arrests – also drew heavy criticism from Villena.

With talks between APG and the government having since broken down, indigenous groups are also complaining that their leaders are being politically persecuted. One example was the arrest on 3 September of Adolfo Chávez, the president of the indigenous organization, Confederación de Pueblos Indígenas de Bolivia (Cidob), over corruption allegations relating to the recent scandal in the government’s indigenous development fund (Fondioc) [WR-15-12]. Chávez has since been released.

Trust fund

Last week President Evo Morales announced that the government would set up a new trust fund for Bolivia’s nine departmental governments, using the country’s international reserves (RIN) to offset the effects of the fall in international commodity prices, which has affected Bolivia’s key hydrocarbons and mining sectors. On 10 August figures released by a private sector trade lobby, Instituto Boliviano de Comercio Exterior (IBCE), Bolivia’s total exports in the first half of this year (of which hydrocarbons and mining exports accounted for 81% of the total) were worth US\$4.6bn, down by 30% in value terms and by 4% in volume terms over the same period of 2014.

Correa downbeat
Ecuador's economy could register low growth, no growth or even contract in 2015, President Rafael Correa, said this week. Correa said that if oil prices remained at their current level Ecuador would lose US\$7bn this year, which represents 7% of GDP. He added that the country's problems were compounded by the fact that Ecuador does not have its own currency and cannot control monetary policy.

BOLIVIA | Santa Cruz oil discovery. On 16 September President Evo Morales announced that the YPFB Andina joint venture - comprising Bolivia's state-owned oil firm, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), which has a 51.8% stake, and Spanish oil firm, Repsol, which holds the remaining 48.2% stake - had made a small but significant oil and gas discovery in Bolivia's eastern Santa Cruz department.

According to Morales the discovery of a hydrocarbon deposit, located at an approximate depth of 3,500 metres, was made at YPFB Andina's '2D' well. Citing preliminary data, President Morales said that the deposit could produce up to 3.5m cubic feet of natural gas and 65 barrels of oil per day. Despite the fact that the size of the deposit is comparatively small, Morales said that it would help to boost the level of the country's probable hydrocarbons reserves and improve oil and gas production.

Morales made the announcement during a visit to the Santa Cruz municipality of Río Grande, where he was inspecting the construction of a new liquefied natural gas (LNG) plant. The announcement came after a few hours earlier, during a press conference in La Paz, Morales said that new natural gas deposits had been discovered at the Margarita and Huacaya fields, located in the country's south-east and administered by the Repsol-led Caipipendi consortium. Morales said that this discovery was "good news" for the sector but he failed to provide more details.

PERU | Still tentative growth. Peru's GDP increased by 3.26% in July compared to the same month last year, according to the latest economic report of the national statistics institute (Inei) released on 15 September. While positive, the July growth figure is lower than the 3.87% year-on-year GDP growth expansion registered in June, suggesting that the country's economic recovery from the slowdown that began last year is still tentative.

The June growth figure had marked a significant improvement in the level of economic activity compared to previous months, sparking optimism that the Peruvian economy was on the road to recovery. Indeed, the higher-than-expected June growth figure was cited by the central bank (BCRP) as one of the factors behind its surprise decision to increase its benchmark interest rate by 25 basis points to 3.50% during its last monetary policy meeting.

The increase in the interest rate was the first by the BCRP since May 2011 and it took the market by surprise. However, the bank said that it primarily answered to the fact that at 3.4%, the accumulated inflation rate this year had crept above its target range of 1%-3% on the back of higher food and electricity prices, while the 12-month rolling inflation rate had reached 4.04%.

In addition, and on a more positive note, the BCRP noted that its decision was also in line with evidence that the economy is showing gradual signs of recovery. But the latest Inei figures suggest that this recovery is still weak, as they take the cumulative year-on-year growth rate for the first half of the year to a lacklustre 2.54%.

VENEZUELA | Oil accord. On 15 September President Nicolás Maduro called for a heads of state summit of the Organization of the Petroleum Exporting Countries (Opec) to discuss "a series of proposals", such as agreeing upon a price floor. "The minimum, minimum price should be US\$70," Maduro said shortly after Oil Minister Eulogio del Pino chaired a meeting in Caracas with officials from Saudi Arabia. "Oil at US\$70 a barrel guarantees investments needed for global energy and economic stability," Maduro added. The price of Venezuelan crude hit US\$41.08 this week.

Maduro maintained that he had reached an agreement with his Russian peer, Vladimir Putin, on "several initiatives" during a meeting in Beijing on 3 September to balance the market, but Russia's energy minister, Alexander Novak, denied that this consisted of "any concrete steps" on oil prices or production. Novak said that rather it entailed "the need to exchange information and coordinate actions in the face of a situation of extremely volatile hydrocarbons prices, especially crude."

Court nullifies Tucumán elections

Late on 16 September the administrative appeals court in the northern province of Tucumán nullified the results of the gubernatorial elections held on 23 August, amid allegations of fraud. It is the first time since the restoration of democracy in 1983 that an election of this importance has been declared null and void. Although the decision will very likely be appealed by the government, the ruling will lead to renewed questions over the security and transparency of the general elections to be held on 25 October.

The Tucumán elections were marred by the burning of ballot boxes and wide-ranging claims of irregularities, including discrepancies between votes actually cast and the vote counts contained in the election returns, as well as incidents of vote-buying and bribery. In the final recount, Juan Manzur, the candidate of the ruling Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists) beat José Cano, from the opposition Acuerdo para el Bicentenario (APB) - a local political grouping affiliated with the national opposition coalition Cambiemos - by just under 12 percentage points.

Before the ruling, President Cristina Fernández had urged the opposition to accept Manzur's victory. Though she has not commented since the court's decision, her cabinet chief, Aníbal Fernández, was clear in his opinion of the ruling, describing it as "judicial nonsense" that would most likely end up being resolved by the supreme court.

Aníbal Fernández, who is the FPV candidate for the governorship of Buenos Aires, attributed the court's move to its judges' friendship with Cano. Daniel Scioli, the FPV candidate for the presidency, also questioned the ruling and blamed the opposition for seeking to sow division in the country. Cano himself described it as a "historic decision".

The FPV has up to 48 hours to appeal the ruling and is expected to do so promptly. If the judicial battle does not come to an end before 29 October, the province will not have a governor, potentially paving the way for an unprecedented institutional crisis (*see sidebar*).

In response to the court case in Tucumán, Argentina's national electoral court (CNE) announced more than 20 measures aimed at reinforcing the transparency of the general elections. In a resolution released on 16 September, the CNE called on electoral parties to deliver more ballots to polling stations than usual and to check regularly if any ballots are missing, among other procedures. It also called for the implementation of a "complementary polling booth" where ballots from all political alliances will be available to voters.

Niembro quits

Also on 16 September, the opposition Cambiemos coalition, of presidential candidate, Mauricio Macri, lanced a potentially damaging boil. Fernando Niembro, a well-known sports journalist and congressional candidate for Macri's Propuesta Republicana (PRO) party, withdrew his candidacy following allegations of improper conduct in his business affairs. In the letter he wrote to announce his decision, Niembro insisted on his innocence but said he did not wish to "damage the political project to which he belonged".

Tucumán under trusteeship?

The cabinet chief, Aníbal Fernández, indicated that the national government could place the province of Tucumán under trusteeship if its residents fail to elect a new governor before the current provincial chief, José Alperovich, is due to step down.

“Following the meeting with government loyalists, Rousseff herself said that she was aware of developments to produce “instability” in the country and vowed to prevent “anti-democratic” movements from gaining strength.”

Although Macri had backed him in public, Niembro’s decision will make it easier for the opposition presidential candidate to continue his attacks on government corruption without fear of charges of hypocrisy. Despite the many accusations of wrongdoing levelled against Kirchnerista ministers, especially against the vice-president Amado Boudou, none have heeded opposition calls to stand down. By Niembro doing so, the PRO can claim the moral higher ground. Though the government insisted Macri still had questions to answer, other opposition presidential candidates applauded Niembro’s decision.

BRAZIL | POLITICS

Another step towards impeachment

This week, for the first time, discussions over the possibility of impeaching President Dilma Rousseff took place in congress. On 1 September, the 93-year old lawyer Hélio Bicudo, one of the founders of the ruling left-wing Partido dos Trabalhadores (PT), sent an impeachment request to Eduardo Cunha; one of 17 similar requests presented to the speaker of the federal lower chamber of congress. What distinguishes Bicudo’s request is that it has received the backing of the Partido da Social Democracia Brasileira (PSDB), as well as four other smaller opposition parties. The move prompted legislators to request from Cunha clarification on the exact steps required to oust Rousseff. A revised version of Bicudo’s impeachment request will be sent to Cunha on 17 September.

On 15 September, a group of legislators from nine government-allied parties presented a manifesto in support of President Rousseff. Although the text of the declaration specifically avoided the use of the word ‘impeachment’, it did denounce an operation which is “trying to delegitimise and end in a premature fashion a popular mandate won cleanly and democratically”.

Although the nine parties in theory represent 301 seats in the federal lower chamber, they include representatives from the Partido do Movimento Democrático Brasileiro (PMDB), the largest party in Brazil but one that is deeply divided over the issue of impeachment. Around half of the PMDB’s federal deputies are believed to support initiating proceedings against Rousseff. The other, nominally allied, parties also contain significant dissident factions. At least 342 out of 513 legislators must vote for impeachment hearings to begin before the case goes to the senate, or the supreme court, depending on the charges.

Following the meeting with government loyalists, Rousseff herself said that she was aware of developments to produce “instability” in the country and vowed to prevent “anti-democratic” movements from gaining strength. Focusing on the country’s economic crisis, Rousseff was adamant that her government would continue to work closely with the federal congress to implement all its proposed, and necessary, fiscal adjustment measures. But these remain highly unpopular and are opposed by many political leaders in congress, such as Cunha.

Over the course of this week, various consultancies have altered their assessments of the risk of impeachment. Arko Advice, a Brazilian firm, raised from 30% to 45% its prediction of the likelihood of impeachment; Eurasia Group, a US-based consultancy, raised the odds from 30% to 40%; Tendências, a Brazilian firm, puts the probability at 30%; while MCM Consultores puts it between 30% and 40%.

According to Rafael Cortez, a political scientist from Tendências, the main reason for the increased likelihood of Rousseff being impeached is her continued isolation, her inability to form a stable political alliance, particularly

S&P downgrade

In the note accompanying its decision, S&P stated, “the government’s 2016 budget proposal envisions yet another change to the primary fiscal target less than six weeks after the previous downward revision, which would mean three consecutive years of a primary deficit and net general debt continuing to rise if subsequent revenue or expenditure measures are not taken.”

between her own PT and the PMDB, as well as the lack of power in the government’s attempt to pursue certain economic policies.

Other analysts cite the on-going damaging revelations from ‘Operation Lava Jato’, the investigation into corruption at the State-controlled oil company Petrobras; as well as the expectation that the federal court of accounts (TCU) will soon reject the government’s accounts from 2014.

There are many reasons, however, why the probability of impeachment remains below 50% and is, therefore, still unlikely. Principally, there is the fact that the PMDB has one foot in both camps. While it is the party most likely to benefit from Rousseff’s defenestration, with the next three people in line for the presidency all from the party, those three also face potentially damaging revelations in the ‘Lava Jato’ investigation, including the vice-president, Michel Temer.

It is also true that the government has much more support in the federal senate than in the lower chamber. While approval of impeachment in the lower chamber is foreseeable, at present it remains unlikely it would pass the next step.

BRAZIL | ECONOMY

After downgrade, government plans face opposition

Following the decision of the credit rating agency, Standard & Poor’s, to downgrade Brazil’s sovereign credit rating to junk status last week, the government has been scrabbling around for measures to tackle its budget deficit. Should a second credit rating agency downgrade Brazil’s status, it could cost the country up to US\$20bn in foreign investment, according to JP Morgan. So far, Moody’s and Fitch have shown a willingness to hold fire, but unless the government can show it is capable of minimising the shortfall, a second downgrade seems likely by the end of this year. Once again, however, the weakened government has run into the usual problem: it lacks the congressional support to pass further tax hikes.

On 13 September, the government led by President Dilma Rousseff announced spending cuts and tax increases worth R\$65bn (US\$16.9bn), with the biggest item being the reintroduction of a tax on financial transactions (CPMF), which would bring in around R\$32bn. Among the spending cuts, the government plans to reduce investment in the public health system, social housing, infrastructure and agricultural subsidies, as well as freezing the benefits and bonuses of government employees. In the budget presented to congress at the beginning of the month, the government forecast a deficit of R\$30.5bn in 2016, despite Brazil’s law of fiscal responsibility which mandates a surplus.

But the government’s latest proposals immediately ran into difficulty. Eduardo Cunha, the speaker of the federal lower chamber of congress, expressed doubt that the government had the support to pass its proposals. Other leaders from the Partido do Movimento Democrático Brasileiro (PMDB), the nominal ally of the ruling Partido dos Trabalhadores (PT), including Renan Calheiros, the federal senate president, have made it clear they wish to see further spending cuts before authorising any tax rises. Already, the government is backtracking on some of its proposals, according to local media reports.

The forecast budget deficit is one of the main reasons for the S&P downgrade (see sidebar). Despite putting on a show of unity when the budget was presented, the finance minister, Joaquim Levy, let it be known that he was deeply

OECD revises down Brazil forecast

On 16 September the Organisation for Economic Co-operation and Development (OECD) revised down its forecast for Brazil's growth this year to -2.8%. Only three months ago, the OECD was predicting a much milder recession, of just -0.8%, and expected the economy to return to growth in 2016. Now, the forecast is that Brazil will also stay in recession next year, with the economy shrinking - 0.7%. The OECD estimates are even worse than the average of those economists surveyed by the central bank in its weekly Focus Bulletin, which predicts negative growth of -2.55% this year and -0.6% in 2016.

unhappy at the deficit. Given the close contact between his team and the credit rating agencies, he would have known the consequences of the budget.

In some respects the downgrade has now strengthened Levy's push for austerity.

Speaking on 14 September, Levy said, "We are living through difficult times and we have to adjust a lot of things". However, some on the left of the PT argue that the downgrade shows he has failed to do his job. On 17 September, the Instituto Lula, the former president's think-tank, put forward a proposal for more Keynesian economic policies which would involve getting rid of both Levy and the president of the central bank, Alexandre Tombini.

In order to save cash the government has also stated its intention to eliminate 10 ministries, but so far it is struggling to find a way to do this without alienating its allies. Most of the power of the presidency comes from its ability to nominate ministers of state; these ministries effectively provide the glue that keeps the ruling coalition together.

One suggestion to minimise the friction that this reduction is likely to cause is for Rousseff to replace her chief of staff, Aloizio Mercadante. Though Mercadante is one of Rousseff's closest confidants, he is disliked by the vice-president, Michel Temer; even former president Lula da Silva (2003-2011) has advised Rousseff that he needs to go. Giles Azevedo, another close adviser to Rousseff, is touted as a possible replacement.

PARAGUAY | POLITICS & SECURITY

Cartes accused of trying to wipe out Left

Paraguay's left-wing opposition Frente Guasú (FG) is accusing the government led by President Horacio Cartes of authoritarianism, alerting regional institutions that he is trying to expunge the party. The accusation follows an alleged diatribe by Cartes directed at FG Deputy Ramón Duarte at a private party last week. Duarte broke down in tears while addressing the lower chamber of congress on 14 September alleging that Cartes had accused him of being "a murderer and kidnapper, and helping to cover up the [guerrilla group] Ejército del Pueblo Paraguayo [EPP]".

Duarte was invited to the private birthday party of the president of the lower chamber, Hugo Velázquez, along with other members of the opposition, which was held in the house of Deputy Julio Javier Ríos of the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC). Part way through the evening, a bilious Cartes allegedly ordered that the music be switched off and launched into a tirade against the dissident wing of his own party, singling out various senators. He also allegedly accused FG of seeking to destabilise his government, adding that it would have to "disappear" - a very emotive word in Latin America.

FG subsequently issued a statement cataloguing repeated attacks by the government, claiming that Cartes had spoken of the need to "eliminate" members of the party, including a founder member, former president Fernando Lugo (2008-2012). Some ANR-PC deputies have come out in defence of Cartes, although his criticism of the dissident wing will have served to heighten internal tension.

"The expression voiced by Horacio Cartes and his coterie is a direct threat to democracy, pluralism, diversity of political expression, democrats, an insult to the public, and the most explicit sign of a profound crisis of legitimacy," the FG statement read. It also alleged that "a massive fraud" was being pre-

ACA and EPP

The ACA, formed by brothers Albino and Alfredo Jara Larrea, has been progressively weakened; the former was killed by the FTC last January. Both the ACA and the EPP are believed to have been recruiting, although between them they are only thought to have 30 to 40 dedicated members. Several human rights organisations in Paraguay have accused the Cartes administration of not doing enough to prevent the recruitment of minors in poor areas of the country to the ACA. They insist that these minors should be recognised as victims and special programmes rolled out to protect them.

pared for municipal elections in November with FG “systematically excluded from the electoral process, and the co-option of all the superior court of electoral justice [TSJE] by the two-party system [the ANR-PC and the Partido Liberal Radical Auténtico], in this way stripping the guarantees for a democratic and transparent election”.

Ejército del Pueblo Paraguayo

It is not the first time that FG has been linked to the EPP, which Cartes promised to defeat when he took office in 2013. Velázquez himself claimed on 11 September that FG had links to the EPP. The EPP remains active, although Paraguay’s joint military and police task force (FTC) last week delivered several blows against the Agrupación Campesina Armada (ACA), a tiny EPP splinter group, according to the interior ministry.

On 6 September the FTC arrested two teenagers believed to be members of the ACA while they were riding on a motorbike in the district of Yby Yaú in the north-eastern department of Concepción. They had apparently appeared in videos and photographs of alleged ACA members.

The following day the FTC found both ACA and EPP uniforms in an abandoned Toyota pick-up in Horqueta, Concepción, prompting the authorities to conclude that the two groups had reunited after the ACA broke away last September. The alleged ACA logistics chief, Daniel Rivarola Areco, and presumed owner of the pick-up, was arrested a day later.

TRACKING TRENDS

PARAGUAY | **New legislation upsets financial sector.** Viviana Varas, the president of Banco Itaú in Paraguay, said this week that the implementation of a newly approved ‘credit card law’ would be “impractical”. Since President Horacio Cartes sanctioned ‘Law 5476’ on 26 August on the transparency and use of credit cards - which establishes new guidelines for the credit card business and sets limits on the level of interest that credit card issuers can charge customers - it has been heavily criticised by the local banking sector. Local financial institutions argue that the new legislation will distort the credit card market that will affect its normal functioning and make it less attractive for credit card providers.

The law, which was drafted by a cross-party group of national legislators and stipulates that credit card interest rates may not exceed three times the average savings rate, was designed to address the current lack of regulation of the country’s rapidly expanding credit card market, in which the interest rates charged by credit card issuers varied wildly and in some instances exceeded 50%.

Proponents of the law argued that the lack of regulation allowed some financial institutions to prey on their credit card customers, leaving them with un-payable debts. But directors of national financial institutions countered that the imposition of interest rate limits could lead to less credit being offered to the general population as they would be less willing to offer credit cards to some customers if they are unable to charge higher interest rates. Indeed, they pointed to research carried out by the likes of the World Bank and the Inter-American Development Bank (IDB), which has found that the introduction of similar measures in other Latin American countries has led to the exit of smaller players from the credit card market, to the detriment of market competition and to general credit provision.

After the bill was approved by congress, the local banking association (Asoban) called on President Cartes, who owns a bank himself, to veto it. But perhaps conscious of just how popular the initiative is, Cartes opted not to exercise his veto. However, a group of 23 financial institutions led by Itaú, the dominant player in the local credit card market with a 40% share, has filed an appeal with the supreme court against the law on constitutional grounds (for an alleged abuse of power by the government).

In a recent interview, Varas said that the constitutional question aside, the implementation of the law would be problematic as the legislation is not clear on how the average savings rate is to be determined, creating confusion and uncertainty in the sector.

Egypt killings provide stern test for new FM

Mexico's foreign ministry has been catapulted into the spotlight after eight Mexican nationals were killed, and a further six injured, in Egypt when security forces attacked tour company vehicles in a botched anti-terror operation. The Mexican public is more accustomed to seeking answers from the interior ministry for security operations that have gone awry in Mexico - and equally accustomed to not getting satisfactory answers. The alleged extrajudicial killing of 22 people in Tlatlaya, Estado de México, in a military operation in June 2014 is a standout example. Now it is the turn of the foreign ministry, the most highly regarded cabinet ministry in opinion polls, to make progress but with a far more challenging task as the conduct of any investigations is out of its hands.

Details of the incident, which took place somewhere in Egypt's Western Desert on 13 September, remain sketchy. What is known is that Mexican and Egyptian tourists were travelling in four vehicles on a tour excursion organised by a company called Windows of Egypt when they were fired upon from the air. Egypt's interior ministry released a statement saying that the vehicles had entered an area of desert which was "off limits to foreign tourists" without permits when they were "mistakenly dealt with" in a joint military police and armed forces operation against Islamic militants.

President Enrique Peña Nieto promptly condemned the attack and demanded "an exhaustive investigation" by the Egyptian government. Mexico's foreign minister Claudia Ruiz Massieu said in a press conference on 14 September that six Mexican survivors of the attack had informed the country's ambassador in Egypt, Jorge Álvarez Fuentes, that the tourist party had paused for a meal when they "suffered an aerial attack with bombs launched by a plane and helicopters". She said they were near the Bahariya oasis at the time. Egypt's tourism ministry said that they were some 75 km south of here near the Farafra oasis. It blamed the tour company for committing "not one but several violations which resulted in a catastrophe that smeared the industry and the whole country."

The Egyptian military attack poses a serious test for Ruiz Massieu just two weeks after she replaced José Antonio Meade as foreign minister. Ruiz Massieu did not repeat the mistakes of Mexico's interior ministry in high-profile cases, such as the abduction and presumed murder of 43 trainee teachers in Iguala, Guerrero, in September 2014, which prompted a slow response and an investigation which has been criticised as deeply flawed [WR-15-36]. Her response was decisive and proactive, immediately involving the families of the victims and inviting seven relatives to accompany her to Cairo, aboard the presidential plane loaned by Peña Nieto, to discover more details about the attack and investigation and to visit the survivors in a hospital near Cairo. The plane arrived in Egypt on 15 September.

Peña Nieto received a phone call from his Egyptian peer Abdul Fattah al-Sisi, on the telephone on 15 September, expressing his deepest condolences for the "tragic incident" and promising to offer the Mexican diplomatic mission full assistance. Egypt's ambassador in Mexico, Yasser Shaban, said the Egyptian government had established an investigative committee headed by the prime minister, Ibrahim Mahlab, and that the results of this would be published. The reaction from the Egyptian cabinet suggests the blame will be laid entirely on the tour company rather than the military.

Gala dinner cancelled

The government decided to cancel the traditional gala dinner at the national palace on 15 September as part of Mexico's independence celebrations. The decision was taken before the Egyptian attacks so that the government could set an example in austerity after announcing big spending cuts in the 2016 budget (see page 12) but it is unlikely President Enrique Peña Nieto would have gone ahead with it anyway after the attacks.

Guerreros Unidos members sentenced

On 10 September a Mexican court in the central state of Morelos sentenced eight members of the criminal gang Guerreros Unidos (which was responsible for the abduction of the 43 trainee students in Iguala last September) to 31 years and six months in prison. The gang members were accused of involvement in drug-trafficking, and possession of weapons reserved for the exclusive use of the armed forces. A ninth member of the group was convicted to 24 years behind bars.

Tempers fray in congress over Iguala report

Just days before events in Egypt, Mexico's congress held a heated debate into the report by the Interdisciplinary Group of Independent Experts for the Inter-American Commission on Human Rights (IACHR) into the Iguala tragedy which pointed to serious flaws in the investigations conducted by the attorney general's office (PGR).

Photos of the 'disappeared' and banners were held aloft by opposition deputies who demanded a fresh investigation to clarify what happened to the 43 trainee students. Deputies representing the left-wing Partido de la Revolución Democrática (PRD) unfurled a banner emblazoned with the phrase 'It was the State', prompting deputies from the ruling Partido Revolucionario Institucional (PRI) to produce a banner adding the words 'of Guerrero' (the state was run by the PRD at the time of the student disappearances).

Peña Nieto will meet the parents of the missing students later this month. A lawyer for the parents said they were seeking "a clear commitment" from the government to "completely restructure the investigations" into the case, adding that there was growing concern that although Peña Nieto might have personally accepted the recommendations others within his administration, possibly due to professional pride, "are still questioning the report".

MEXICO | POLITICS & SECURITY

Cabinet appointments excite controversy

Several appointments by the interior minister, Miguel Angel Osorio Chong, on 9 September have come under scrutiny. Osorio Chong announced that Humberto Roque Villanueva would be the new deputy minister for population, migration and religious affairs and Felipe Muñoz, the executive of the national public security system. But it was the appointment of Arturo Escobar y Vega to head the deputy ministry of crime prevention and citizen participation which was particularly controversial. It elicited protests from civil society groups who released a statement arguing that he is not the right candidate to restore faith in the Mexican government's credibility in the area of public security.

Escobar, a chairman of the government-allied Partido Verde Ecologista de México (PVEM), is a neophyte when it comes to law enforcement. His past actions suggest that he favours repression over crime prevention, having fought for the introduction of the death penalty for murderers and kidnappers.

Some 62 civil society groups and opinion leaders signed a statement arguing that "[Escobar's] profile is clearly incompatible with the job. To reduce violence in our country, it is essential that this position is filled by someone who not only has some knowledge of the issue but who also has a genuine conviction that crime can and should be prevented in other ways than the penal system".

Fernando Herrera, the leader of the Partido Acción Nacional (PAN) bloc in the federal senate, described Escobar's appointment as "highly questionable". "A person that walks on the edge of illegality and criminality must be meticulously examined," Herrera added. This was a reference to Escobar's less-than-squeaky-clean past. When Escobar was running the PVEM electoral campaign in 2009, for instance, he was stopped in the Tuxtla Gutiérrez airport in the southern state of Chiapas carrying a suitcase containing M\$1m (US\$70,000), allegedly for vote buying purposes; the PVEM was the worst offender for exceeding campaign spending limits during last June's mid-term elections.

August employment

On 12 September Mexico's social security institute (IMSS) released new figures which show that formal employment levels increased by 25.4% year-on-year in August, the largest monthly increase for August since 2010. According to an IMSS report, 72,359 new formal jobs were created by the Mexican economy. This brought the total number of formal jobs created so far this year to 551,758, 37.6% more than the average number of formal jobs created in the past 10 years. The IMSS said that the dynamism observed in formal job creation has helped to bring the unemployment rate to just 4.31% of the economically active population.

MEXICO | Tax policy maintained; 2016 budget reduced. On 8 September Mexico's finance ministry (SHCP) presented its 2016 draft budget to the federal congress. The draft budget not only contains the federal government's planned spending for next year but also the general economic policy that the government led by President Enrique Peña Nieto will seek to follow, including the implementation of a recent tax reform.

In presenting the draft budget, the SHCP said that it seeks to tackle some of the main economic challenges faced by the federal government. According to the SHCP, these include containing a growing public debt; reducing the deficit incurred since the financial crisis of 2009; and ensuring that Mexico's domestic economy is prepared to deal with the fall in international oil prices; lower oil production levels; a complex external outlook marked by the volatility of international markets; and an impending increase in interest rates in the US.

The draft budget amounts to a M\$221bn (US\$13.2bn) reduction in public spending next year compared to the 2015 budget, as the Peña Nieto government embraces austerity measures in its bid to honour its pledge to run a zero-sum budget. With this, the SHCP has said that it expects to cut the fiscal deficit from the 1.3% of GDP projected for this year to 0.5% by 2016. Significantly, it has pointed out that this would be achieved without introducing any new taxes or raising existing ones, thanks to the tax reform approved in 2013. Instead, the government will find savings by cutting spending in many of its administrative branches, including in the areas of healthcare, education, science & technology and national defence.

While the SHCP recognised that this would be "challenging", Finance Minister Luis Videgaray noted after submitting the budget that where the majority of the cuts are going to fall had already been identified back in January when the government announced a pre-emptive M\$124bn austerity package. Noting that despite continued economic growth, which has been accompanied by rising levels of employment (see *sidebar*) and low levels of inflation, Mexican economic actors continue to feel insecure about the domestic economy, Videgaray said that the main objective of the budget was macroeconomic stability and to protect Mexican consumers.

"It is clear that Mexicans are very worried by falling oil prices, a rise in the value of the US dollar compared to the peso, uncertainty in financial markets. This is all a reality," Videgaray said. He added that this was why the government had decided to stick to its plans to continue to reduce the fiscal deficit even amid pressure to increase government spending in order to shore up domestic economic growth in a more adverse international scenario. Videgaray highlighted that last year's M\$35bn (US\$2.1bn) surplus reserves held by the central bank (Banxico) would be used to help reduce the public debt bill as well as to fund infrastructure development projects next year.

Videgaray noted that in 2012 income from the oil sector accounted for 39% of the federal government's total income but that this has been reduced to 18% in the first half of 2015, with income from non-oil sector activities increasing to 13%. Videgaray said that this was proof that the government's tax reform was working and that the government was becoming less dependent on oil revenue and the fluctuations of international oil prices.

The 2016 draft budget projects real annual growth of 2.6%-3.6% for 2013 (down from a previous forecast of 3.3%-4.3%), based on the expectation that Mexico's non-oil exports will increase with the manufacturing and services sectors exhibiting greater dynamism thanks to the lower relative value of the peso. Meanwhile, domestic demand, consumption and investment are all also expected to increase as a result of the various structural reforms.

The draft budget is based on an average exchange rate of M\$15.9/US\$1 and an average price of US\$50 per barrel of oil. It projects that national oil production will be 2.25m barrels per day, lower than the 2.4m barrels per day forecast for this year. It also predicts that average inflation will be 3%, well within Banxico's target rate.

Raúl Castro and Pope Francis take Manhattan

"We shall endeavour to be brief," Fidel Castro told the United Nations (UN) General Assembly in 1960. Four and a half hours later, the loquacious Castro had set a record for the longest speech ever delivered at the UN, a feat that has yet to be beaten. Fidel's brother and successor as Cuba's president, Raúl Castro, is due to make his debut address to the assembly on 28 September, 55 years later. Raúl, known for a rather dark sense of humour, favours a bit more brevity, which doubtless may come as a relief to some of his audience. Also on the podium that day will be President Barack Obama and Russia's Vladimir Putin, as well as the leaders of China and Iran, so there will be a little something for everyone. Pope Francis, this year's guest of honour at the UN, gets an earlier billing on 25 September.

Cuba's foreign minister Bruno Rodríguez told journalists on 16 September that while Obama and Castro would 'coincide' at various events at the UN, no one-on-one meeting had been fixed. The two famously shook hands at Nelson Mandela's funeral in December 2013, a televised image that reverberated around the world. At the time, only a handful of people were privy to the secret meetings already taking place between US and Cuban government officials, with the help of Canada and the Vatican, about ways to restore diplomatic ties between the two close neighbours. The pair had their first official meeting at the Summit of the Americas in Panama in April last, where the US-Cuba détente was celebrated by the region and Castro had warm words for Obama.

Every year at the UN, Cuba calls for an end to the half-century-old US economic embargo on the island, updating its estimated cost to the country. Last year Rodríguez put this at US\$1.1trn, this year the figure has risen to an estimated US\$1.2trn, he said. And every year the entire general assembly, with the exception of the US and Israel, backs Cuba's position.

Ahead of this year's assembly, Barack Obama has made very clear his position, having called on several occasions now for the US congress to lift the embargo, a call echoed by the leading contender for the Democratic Party's presidential nomination for 2017, Hillary Clinton. As such, Obama can blatantly point the finger at the Republican-controlled congress as being out of step with practically every country on the planet on the Cuba issue. (Not that that bothers Republican hardliners in the slightest.) Ahead of the UN assembly, Obama told business leaders at an event in Washington that the US would look for opportunities in Cuba "step by step" until congress lifts the embargo. He cited telecommunications as one of the sectors in which US is most interested; from the outset of his term in the White House Obama has argued that increasing telecommunications and technology links with Cuba should be prioritised, as an important way to facilitate 'people to people' contacts. To this end he moved early on to lift restrictions on exports to Cuba of certain communications hardware and software, as well as services to establish and upgrade communications systems. And Exhibit A in support of this policy may be the success of the US online home lettings service AirBnB, which began listing Cuban rentals to huge interest earlier this year.

Obama also told his Washington audience that he did not expect "overnight transformation" in Cuba following the restoration of diplomatic relations in July, but he ventured that the rapprochement could be supportive of "generational change" on the island, according to remarks reported by US news agencies. The 84-yr old Raúl has pledged to step down in 2018, after which point the US congress might become more amenable to lifting the embargo. As per the 1996 Helms Burton Act, which codified the 1961 embargo into

Castro's US debut
Raúl Castro last visited the US in 1959 when, reportedly, he visited Houston soon after the Cuban Revolution had toppled the US-backed regime led by Fulgencio Batista. His trip to New York for the 2015 UN General Assembly is his first as president of Cuba.

Francis to keep schtum on embargo

Pope Francis is not expected to raise the issue of the US embargo on Cuba during his US trip, so as not to rock the boat, especially with the Republican-controlled US congress, at a delicate time in the ongoing process between the two governments to restore full diplomatic relations. The Vatican argues that its position on the embargo is well-known, and so the Pope feels no need to make it a focus of his trip, which includes a private meeting with President Obama at the White House.

law, it can only be removed once the Castro family no longer hold political office. The 'younger' generation, mostly in their 60s, are led by the likes of the economy tsar Marino Murrillo, who, along with First Vice-President Miguel Díaz-Canel, is often touted as a potential future leader. Cubanists, however, also ponder the future political role of Raúl's son, Alejandro Castro Espín, now 50, who holds the rank of colonel in the interior ministry and latterly has been pictured more frequently at his father's side (when Castro met Pope Francis at the Vatican in May, for instance).

Obama redesignates Cuba under Trading with the Enemy Act

President Obama has reauthorized Cuba's designation under the Trading with the Enemy Act. Despite this aggressive-sounding move, the designation in fact empowers Obama to continue to use his executive authority to implement reforms around what is legally permissible outside the edges of the US embargo. Obama "continues to believe Congress should lift the embargo on Cuba and has already taken a number of steps to normalize relations and empower the Cuban people," a spokesman for the National Security Council told US media outlets. "That said, until the Congress acts, the Administration will continue to take prudent and responsible steps to allow commerce and travel, consistent with its authorities and within the continuing constraints of the embargo". Without the Trading with the Enemy Act, standing US law with respect to Cuba is the aforementioned Helms-Burton Act, which limits nearly all travel, trade and other commercial relations with Cuba. Obama used the authority vested in the Act to make the recent (January 2015) changes to travel and trade regulations overseen by the US Treasury Department, for example.

Prisoner release mere window dressing, say Cuban dissidents

Ahead of the Pope's visit to Cuba next week (he will stopover en route to the US), the Cuban government pardoned 3,552 prisoners. The humanitarian gesture was extended to those over 60, minors under 20 years old without a previous offence, the chronically ill, women, those due for release in 2016; and foreign prisoners (provided their home country guarantees repatriation). Those sentenced for serious crimes, or for crimes against state security, were excluded. Notably, that latter category meant that high-profile political prisoners were not eligible. Dissidents, already peeved at what they perceive as their growing isolation as the Castro government is welcomed back into the international arena, complained that the prisoner release was an easy PR stunt for the regime. Nonetheless, the Cuban bishops' conference "received with profound satisfaction" the decision. "This merciful action anticipates the fruits that the visit of Pope Francis, who comes as a Missionary of Mercy, will bear for the well-being of all our people," it said in a statement. State media stressed that the humanitarian release is the largest in Cuba since the 1959 Revolution. In March 2012, ahead of a visit by Pope Benedict, Raúl Castro ordered the release of 2,900 prisoners.

Pope Francis will be in Cuba from 19-22 September. According to the Vatican, he will say mass in Havana, Holguín and Santiago de Cuba and visit the shrine at El Cobre to Our Lady of Charity, the patron saint of Cuba. He will meet with local clergy and youth groups and is also due to meet government officials and members of the ruling Communist party.

Francis is also expected to meet Fidel Castro, now 89, who in 1998 hosted Pope John Paul II's historic trip to the island, the first ever by a pope. Back then, Fidel, who ruled with an iron fist, ordered the release of a mere 200 prisoners, and politely ignored John Paul II's public calls for reform. While looking ever more physically frail, the elder Castro is said by visitors to be lucid, and while not exactly warm towards the Vatican-mediated détente with the US in his occasional published opinion pieces, neither has he publicly said or written anything that might be construed as an objection to his brother's leading role in the historic turn of events.

And then there were two...

Líder

It is unclear who will take over from Manuel Baldizón as secretary general of Libertad Democrática Renovada (Líder) which looks to have the biggest representation in the new 158-member unicameral national legislature, with 19.10% of the vote, ahead of the Unidad Nacional de la Esperanza (UNE) with 14.83%. Jimmy Morales's Frente de Convergencia Nacional (FCN-Nación) took 8.75%, just behind the Partido Patriota (PP)'s 9.43%. Líder also looks to have the biggest municipal presence; with final results from the 6 September municipal contest yet to be announced, the local press is reporting that Líder took 131 mayoral seats; the PP, 76; and UNE, 59. This represents 38.8%, 22.5% and 17.5% respectively of the total. Just one of the 338 municipalities has yet to be determined.

Manuel Baldizón, the presidential candidate for the main opposition Libertad Democrática Renovada (Líder) party, has announced his withdrawal from the presidential race. His move raised eyebrows given that the electoral authorities (TSE) had yet to announce final results from the 6 September first round; preliminary results showed Baldizón less than a percentage point behind second-placed former First Lady (2008-2012) Sandra Torres, of the Unidad Nacional de la Esperanza (UNE), who now faces Jimmy Morales, of the small conservative Frente de Convergencia Nacional (FCN-Nación), in the 25 October run-off.

With 99.07% of the vote counted, Torres took 19.76% of the vote to 19.64% for Baldizón while Morales managed 23.85%. The Líder candidate, who also announced that he was leaving the party that he set up in 2008 following a split from the UNE, said that he was abandoning the contest because he could not endorse the "electoral fraud" that took place in the first round and was the "victim of power groups in the country" (without providing details on either count). Cynics were quick to speculate that his decision stemmed rather from an attempt to avoid public scrutiny given the current anti-corruption drive which saw Otto Pérez Molina step down as president two weeks ago amid allegations that he headed the 'la Línea' corruption ring uncovered in the national tax authority (SAT) [WR-15-36]. Baldizón himself had yet to be directly implicated in any scandal, unlike other Líder members, like his running mate Édgar Barquín.

A second chance for Torres?

Torres hails from the northern Petén region like who like Baldizón. She had been competing with the populist businessman for the support of the rural impoverished majority. This will be Torres's second stab at the presidency after her attempt to run in 2011 was thwarted by the courts; despite divorcing her husband, former president Alvaro Colom (UNE, 2008-2012) in order to sidestep a constitutional prohibition on relatives of sitting presidents running for office, Torres was ultimately excluded from the contest a month before the vote.

While Morales, an actor and comic who positioned himself as the "anti-establishment" candidate, has no experience of political office, Torres, who defines herself as a "social democrat", is a well-known political figure. She became closely identified with the poverty reduction schemes rolled out under the Colom administration, when she assumed the traditional First Lady responsibilities of managing social programmes like Colom's flagship conditional cash transfer (CCT) scheme 'Mi Familia Progresiva' (Mifapro). Such was the popularity of these schemes that they were continued under the current right-wing Partido Patriota (PP) government.

In contrast to the FCN-Nación, which was among other parties criticised by civil society grouping Mirador Electoral, for failing to present a structured manifesto [WR-15-32], the UNE has a 76-page document entitled 'Government plan for national rescue' based on transparent & effective government; economic development; social development and democratic security & justice.

As regards tackling public corruption - the chief electoral concern - Torres is proposing a reform of the electoral law and law on political parties (LEPP). She also cites as a priority boosting the notoriously low tax take (through greater transparency and widening the tax base) from 10.8% of GDP in 2014 to 12% over the next four years. Another stated priority is to reduce the poverty rate from 53.7% of the population to 49%, and indigence from 13.3% to 10%, by 2020.

Forest fires overshadow Ecuador protests

Forest fires are raging in eight of Ecuador's 24 provinces. Quito itself has been engulfed in smoke. A dozen people have been arrested on suspicion of arson near the capital and a US\$50,000 reward has been put out for information that could lead to further arrests. The forest fires detracted attention from a march carried out on 16 September by the indigenous organisation, Conaie, and trade union Frente Unitario de Trabajadores (FUT) in Quito, and elsewhere in Ecuador, to protest against the government led by President Rafael Correa.

Firemen have been fighting some 250 separate fires that have burnt around 8,000 hectares of forest. The worst-affected provinces are Loja, Chimborazo and Pichincha (where Quito is located). The majority of the fires are in nature reserves, with the exception being a large blaze just outside Quito which saw over 100 people evacuated from four northern suburbs of the capital on 15 September. Power cuts affected the whole city as the flames threatened two power stations. While this was by far the most serious fire in Quito the capital's firemen have been confronting 20 fires a day this week, exacerbated by strong winds.

The fires meant there were reduced numbers of protesters participating in the march organised by Conaie and the FUT. Around 3,000 people took to the streets in Quito to protest against various government policies, and a planned constitutional reform to permit indefinite presidential election, as well as to demand the release of the "political prisoners" arrested during the general strike on 13 August. Supporters of the ruling Alianza País (AP) gathered to prevent the protesters reaching the presidential palace, but the march was entirely peaceful.

President Correa expressed his gratitude that there was no violence, but he dismissed the march as a failure, expressing bewilderment over what the protesters could want. In the days before the march he had called on Ecuadoreans to exercise their right to resist "extremely violent absolute minorities" that he said make up just 3% of the vote but were the self-proclaimed "representatives of the people". Leaders of the march called on Correa to stage a popular consultation on indefinite re-election if he was so sure that he enjoyed such overwhelming support.

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"I think it is a bad idea to use the courts of justice to punish citizens for their political opinions. It happened in South Africa with Mandela, in Uruguay with Pepe Mujica and now in Venezuela."

Costa Rica's President Luis Guillermo Solís on the imprisonment in Venezuela of opposition politician Leopoldo López.

"What greater happiness, or what greater glory than that of belonging to a country where laws, equity and the court of public opinion are respected."

Colombia's President Juan Manuel Santos tweets a quote from General Francisco de Paula Santander in the midst of a war of words with Venezuela.

"It seems they don't understand that there is a crisis of credibility and these things add up. [The appointments] are like Disneyland converted into the government's actual position."

The president of Mexico's federal senate, Miguel Barbosa Huerta, on new interior ministry appointments.

LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, 61 Old Street, London EC1V 9HW, England. Telephone +44 (0)20 7251 0012, Fax +44 (0)20 7253 8193 Email: subs@latinnews.com or visit our website at: <http://www.latinnews.com>

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