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## Bolivarian Revolution suffers biggest reverse in 17 years

Not in 17 years of government has Venezuela's Bolivarian Revolution suffered an electoral setback on the scale of that inflicted by the opposition on 6 December. The previous reverse in a 2007 referendum pales in comparison. The opposition Mesa de la Unidad Democrática (MUD) won 65% of the popular vote and secured a coveted two-thirds 'supermajority' in the national assembly. But this was an emphatic rejection of the government led by President Nicolás Maduro not a ringing endorsement of the MUD. Maduro has ruled out cooperating with the MUD-controlled legislature but if the MUD's response is to misuse its newly gained power to confront his government it will rapidly lose borrowed popular support.

The national electoral council (CNE) came under fire during the campaign for failing to preserve a level playing field, turning a blind eye to the government's misuse of public funds to support the campaign of the ruling Partido Socialista Unido de Venezuela (PSUV), unequal access to the media and so on, but the CNE has established a deserved reputation for efficiency in verifying and counting votes. There was no electoral fraud. Indeed, the MUD won its two-thirds 'supermajority' in the 167-seat national assembly right on the button, with 112 deputies, the bare minimum required.

The PSUV was trounced in Táchira and Zulia, western states where the opposition has traditionally been strongest. Painfully for the PSUV it was also soundly defeated in Barinas, the native state of the late president and father of the Bolivarian Revolution Hugo Chávez (1999-2013). Its sole triumphs came in Apure, Cojedes, Delta Amacuro, Guárico, Portuguesa and Yaracuy. The MUD won in 17 states, including the 10 biggest: (in order of size) Zulia, Miranda, Carabobo, Lara, Aragua, Anzoátegui, Bolívar, Táchira, Monagas and Falcón, as well as the Distrito Capital (*see table below*). In April 2013 when Maduro narrowly defeated the MUD's Henrique Capriles Radonski in the presidential elections, the MUD won in eight states (*see comparative maps below*), up from just two in the October 2012 contest against Chávez. But even under Chávez in the 2010 legislative elections, the PSUV only won 99 seats to 64 for the MUD.

Capriles urged the MUD to accept the results with humility, arguing that "If Maduro doesn't change we'll have to change the government, but the opposition's response to the economic crisis right now can't be more politics". In a wider regional context, the MUD and disillusioned public could have been galvanised by Argentina's recent presidential elections, seeing evidence that change is possible, but Mauricio Macri placed the emphasis of his victory speech on non-confrontation; moving swiftly to tackle Argentina's myriad economic problems but not "wasting time with revenge or settling accounts", as the best way to preserve public support.

**The PSUV's  
"irreversible"  
political cancer**

“The PSUV has an irreversible cancer a lack of leaders, of a message of hope. The cancer is linked to inertia, vacuity, ineptitude and corruption. The death of the Bolivarian Revolution is coming. Because of being blind. Whoever has eyes, watch.”

– Javier Antonio Vivas  
Santana,  
*Aporrea.org*, 9  
December.

The MUD, of course, does not have executive power. Maduro quickly accepted the result during an appearance on television, but not the reasons for it. He blamed the “economic war” being waged by opposition forces for the defeat and promised a “rebirth” of the Revolution; permanent dialogue, yes, but “with the people” not the victorious MUD.

### **Superpowers**

A two-thirds legislative majority is the worst possible outcome for Maduro, with some right-wing MUD factions indicating that he is unlikely to see out his term, due to end in January 2019 following a presidential election in late 2018. As the fallout from the opposition triumph continues, the political tension in the country is rising, not falling, and Maduro is coming under intense pressure, with some calls from both the opposition and government factions for him to resign.

Henry Ramos Allup, secretary general of the opposition party Acción Democrática (AD), who looks to be in line for an executive post in the new assembly (the AD will have 25 deputies), publicly called on Maduro to resign in an interview with *Globovisión* on 9 December. Ramos said that if Maduro had “any conscience” he would step aside, upon which Venezuela would have fresh elections within 30 days. “The problem is not in the veins, it’s in the jugular,” he declared, adding that he simply could not see the current administration finishing its term to early 2019. “Considering objectively all the factors in and out of the government, the economic and political situation, and what has just happened [in the elections], I don’t see this government reaching its natural end...I don’t see it, because how can this government sustain itself?” he demanded.

Significantly, these calls have been echoed by prominent supporters of the Bolivarian Revolution, who have accused Maduro and the ‘cancerous’ PSUV leadership of “assassinating” Chávez’s legacy. A slew of articles on the Bolivarian website *Aporrea.org* this week made very clear that knives are being sharpened (*see sidebar*). How Maduro, and the powerful military, respond to infighting within the PSUV now that it has sampled the bitter taste of defeat will be decisive for his future.

In tacit acknowledgement of these tensions, Diosdado Cabello, who apart from assembly leader is the powerful second-in-command of the PSUV, said on his latest weekly TV show that he, Maduro (party leader) and the rest of the executive would put their posts at the disposition of the PSUV as part of the efforts to recalibrate the Revolution. But that appears a token gesture, and Cabello in particular may be positioning himself to (finally) step up to the helm. Maduro has also asked the entire cabinet to resign, pending the traditional New Year’s reshuffle, which this year promises to be more extensive than usual.

Maduro’s refusal to engage with the opposition over the economic crisis afflicting the country could lead to greater conflict and polarisation, with MUD radicals in the incoming legislature gaining the upper hand and upping the political ante by moving against Maduro, on the grounds that the country needs a sweeping change now, and not in 2019. This could involve a politically polarising recall referendum initiative, which would mean another long and bitter political campaign from April-May next year. Arguably, this is the last thing ordinary citizens want right now and the 2m or so *Chavista* voters that defected to the opposition might think twice at the polling station next time if confronted with the reality of ‘the return of the Right’ to executive power.

## Presidential election results by state 2013



## Legislative election results by state 2015



Seats obtained in national assembly by state			
<i>(percentage of vote in parenthesis)</i>			
	MUD	PSUV	Seats available
Distrito Capital	8 (57)	1 (40)	9
Amazonas	2 (50)	1 (46)	3
Anzoátegui	7 (59)	1 (38)	8
Apure	1 (45)	4 (53)	5
Aragua	8 (54)	1 (43)	9
Barinas	5 (56)	1 (43)	6
Bolívar	7 (60)	1 (37)	8
Carabobo	8 (59)	2 (40)	10
Cojedes	1 (46)	3 (53)	4
Delta Amacuro	1 (36)	3 (59)	4
Falcón	4 (54)	2 (42)	6
Guárico	1 (48)	5 (50)	6
Lara	6 (55)	3 (42)	9
Mérida	5 (63)	1 (33)	6
Miranda	7 (59)	5 (38)	12
Monagas	4 (52)	2 (46)	6
Nueva Esparta	4 (61)	1 (38)	5
Portuguesa	1 (44)	5 (54)	6
Sucre	3 (49)	3 (48)	6
Táchira	6 (66)	1 (29)	7
Trujillo	2 (49)	3 (46)	5
Vargas	3 (52)	1 (45)	4
Yaracuy	2 (48)	3 (51)	5
Zulia	13 (60)	2 (36)	15
Indigenous	3 (2)	0	3
<b>Total</b>	<b>112 (65)</b>	<b>55 (33)</b>	<b>167</b>

### A chocolate box of options

The list of faculties available to the MUD with its new superpowers is impressively extensive. Among the most eye-catching, of course, is the fact that a two-thirds majority enables the MUD to propose or modify organic laws (Art 203); put constitutional reform proposals to a referendum; initiate a presidential recall referendum and even convoke a constituent assembly (Arts 343 and 348).

Elsewhere, under Art 193 it can create or eliminate congressional committees – for example to look into official corruption. Art. 265 permits the removal of judges, including supreme court magistrates found to have committed ‘serious errors’ by the ‘Poder Ciudadano’ (the trio of powers formed by the comptroller general, the prosecutor general, and the public ombudsman). It can also renew the Poder Ciudadano and the national electoral court (CNE), subject to certain conditions (including supreme court approval). And finally it would be able to review and repeal laws, treaties and international agreements to which the state is a signatory, including the regional discount oil agreement Petrocaribe, for example, long a subject of MUD complaint.

This comes on top of already-powerful capacities with a three-fifths majority to censure and remove the vice-president and cabinet ministers, and revoke presidential decree powers, for example. It is worth noting that a head of state cannot typically veto laws approved by a three-fifths majority. So Maduro’s defiant threat to veto the MUD’s first legislative objective – approval of an amnesty law for political prisoners – amounts to something of an empty threat.

From a simple majority the MUD will be able to approve/veto the budget, ministerial plans and the government’s sky-high extraordinary spending. Statements of account from the finance ministry and the central bank (BCV), which has more or less stopped publishing the bulk of its macroeconomic data, is top of the to-do list for the 33 new deputies from Capriles’ Primero Justicia party, for instance.

## Mining

Former president Alan García promised to create a “community canon” so that local communities, and not just “regional governors converted into kings”, benefit directly from the income obtained from nearby natural resource exploitation. Former president Alejandro Toledo said that he would boost pensions for the retired and invest in quality education (doubling teacher salaries) and diversify the economy to reduce Peru’s dependence on mining. For his part, Pedro Pablo Kuczynski, argued that given that mining accounts for 50% of Peru’s exports, a responsible government should be looking to provide more support and security for the sector, albeit ensuring good environmental practice.

The government, however, has already pre-emptively acted to neuter the new assembly. Warning that the current legislature has “full powers” until 5 January, Cabello announced on 9 December that a new ombudsman, along with 12 new supreme court (TSJ) magistrates, would be ratified in their posts by year-end, after the recent ‘early-retirement’ of judges from the country’s highest court.

The supreme court appointments are particularly critical. It is worth noting that in the event of a clash of powers between the legislature and the executive (for example over presidential veto efforts), the TSJ acts as the final arbiter. For this reason, there are concerns about a major impending clash of powers in Venezuela. In response to Cabello’s announcement, opposition blogger Francisco Toro retorted that a two-thirds majority allows the MUD to amend the organic law of the supreme court, which could allow it to neutralise Cabello’s last-ditch effort to bequeath Maduro with a ‘sympathetic’ court.

## ANDEAN COUNTRIES

### PERU | POLITICS & SECURITY

#### Humala overshadows presidential ‘debate’

The five principal contenders in next April’s presidential elections presented campaign proposals this week during the 2015 annual conference of executives (Cade) in Paracas, Ica region. They were also grilled by the media. None of the candidates managed to lay down an early marker. Instead, President Ollanta Humala stole the show when he arrived to deliver the closing speech at the economic forum on 4 December, and subsequently declared a state of emergency in the port city of Callao, at once highlighting the public security problem that tops the list of public concerns in Peru heading into the general elections.

The presidential frontrunner, Keiko Fujimori (Fuerza Popular), promised to be “implacable against corruption”. This followed her admission during an interview with the national daily *El Comercio* on 29 November that there had been “serious corruption” carried out during the government of her father Alberto Fujimori (1990-2000).

Keiko’s candour seems calculated to reach beyond her 30%-35% traditional support base, but older voters might have blanched at her commitment to issue public debt to “lead a public investment ‘boom’ with an aggressive programme of concessions and public works”. Without rigorous oversight this would create the conditions for corruption to thrive. Concerns were hardly allayed by her failure to provide any figures when quizzed, especially at a time when the FP secretary general, Joaquín Ramírez, is being investigated for asset laundering.

Second in the polls, Pedro Pablo Kuczynski (Peruanos por el Cambio) came up with the most concrete proposals, on tax cuts and unifying the health system, but he coughed and wheezed his way through the presentation which might confirm in the eyes of Peru’s large younger generation that, at 77, he is past his prime. Third placed César Acuña (Alianza para el Progreso) was the only candidate to discuss retaining the good aspects of the present government, providing crumbs of comfort for President Humala.

Days later, Humala said that Peruvians should “rise up” if his successor tampers with his government’s social programmes (unless to expand them) or its “education revolution” which he said was “the only way to fight poverty”. Humala said he had “put on his jeans and boots” and travelled around Peru to listen to the people during his term in office. None of this,

## Callao

The supreme decree issued by the Humala administration justified the declaration of a state of emergency in Callao because of “the increase in criminal organisations dedicated to drug-trafficking, which has led to other crimes such as hits and murders...by other criminal organisations dedicated to extortion”. The interior minister, José Luis Pérez Guadalupe, also maintained that the government had received intelligence that drug trafficking organisations in Callao were poised to engage in serious turf wars, prompting the intervention to “protect the public”.

however, has stopped his popularity sinking to the usual low for Peruvian heads of state at this point in their mandate (17%). Neither is it likely to prevent his ruling coalition Gana Perú from being practically wiped out in congress, like Perú Posible (PP) and the Partido Aprista Peruano (PAP) at the end of the terms of former presidents Alejandro Toledo and Alan García in 2006 and 2011 respectively (*see sidebar*).

### Crime-ridden Callao

Both Toledo and García, the remaining two candidates to address the Cade, devoted some time to the need to tackle public insecurity to help restore investor confidence and recover the country’s high rate of economic growth. And it was the issue of public security which somewhat eclipsed the debate at the forum when Humala announced a state of emergency in Callao. Humala has decreed a state of emergency on several occasions during his term but previously he has done so to respond primarily to mining protests in rural areas. Callao is an anomaly – in more ways than one. An urban area adjacent to Lima, the port city of Callao is also known as a province, the only one in Callao region, which is made up of seven electoral districts.

Callao has been beset by crime and corruption for a number of years, with criminal gangs involved in drug-trafficking and extortion surrounding public works contracts. The murder rate in Callao (14.3 per 100,000) was the third highest of any region in Peru in 2014, according to the national statistics institute (Inei).

The government decreed a 45-day state of emergency to crack down on criminal organisations operating in Callao and restore public order. The catalyst for its action appears to have been the gunning down in broad daylight of Wilbur Castillo Sánchez, a public security guard and reformed member of a kidnapping gang, also involved in extortion, who served time in prison. In 2012 Castillo denounced that rival gangs competed for control of an extortion racket in public works construction, and a corruption network going right up to the top of the Chim Pum Callao party that has controlled the region for 20 years.

In the first few days of the state of emergency 2,000 police have patrolled the streets of Callao, rounding up more than 200 criminals. But many of these have been arrested for drug peddling and petty theft. It is a moot point whether 45 days, during which personal liberties and basic rights will be reduced, will suffice to catch any big fish still less get to the bottom of an alleged entrenched political corruption network. This requires long-term structural reform, strengthening institutions, and improving coordination between the police, prosecutors and judiciary. The political will for this has not been shown by the present government or any of the candidates most likely to form the future one.

### Indigenous form government in the Amazon

The wampis community declared Peru’s first autonomous indigenous government last week in the region of Amazonas close to Ecuador. They elected Wrays Pérez Ramírez as the first ‘pamuk’ (president) of the government. The wampis said they had taken the decision in order “to defend the 1.3m hectares of tropical rainforest of our ancestral territory and to contribute to climate change commitments” undertaken by the central government at the Paris Climate Conference (COP21).

Some 300 representatives of 85 wampis communities (numbering some 10,600) gathered to elect the new authorities. The wampis stressed that they would remain Peruvian citizens but needed to take action to prevent the encroachment of logging, mining and oil companies. The new ‘government’ issued its first ordinance, declaring that indigenous territory “water, forest and subsoil” was “whole and indivisible”.

### Cúcuta investment promotion agency

On 3 December the municipal government of Cúcuta, the capital of Colombia's Norte de Santander department, announced the creation of 'Invest In Cúcuta', an investment promotion agency that aims to "attract national and international resources" to the city. The initiative was designed by the Cúcuta government and the departmental chamber of commerce. 'Invest In Cúcuta' seeks to promote the advantages of the city, such as its proximity with Venezuela, its free-trade zone, and the fact that the city is home to over 1m people. According to the Cúcuta municipal government, the new agency "responds to the [national] government's objective to make Colombia more competitive and build a better business network with programmes including new technologies, services, and bilingualism".

**COLOMBIA | Moderate third quarter growth.** On 6 December Colombia's national planning department (DNP) released a report showing that the country's domestic economy grew by 3.2% in the third quarter of 2015 compared to the same period of 2014. This growth was mainly boosted by the electricity, gas and water sector which grew by 4.1%, trade (4%), agriculture (4%), and finance (3.8%). The least dynamic sectors in the third quarter were mining and quarrying (-1.2%), manufacturing (1.5%), and the construction sector (2.2%).

The report shows that Colombia's production is maintaining a moderate dynamism given the adverse international economic context. China's current economic slowdown, the US's economic stagnation, and the continuous decrease in the price of commodities continue to lower the demand for Colombian products, which negatively affects domestic production in Colombia. However, the DNP report predicts that Colombia's economy will grow by between 3% and 3.5% by year-end 2015.

**ECUADOR | Mining agreement with Chile.** On 7 December Ecuador's state-owned mining firm, Enami, and Chile's national copper corporation (Codelco) signed a 'shareholders agreement' that will allow the two state-owned firms to develop jointly the Llurimagua copper and molybdenum mining project, located in the Ecuadorean province of Imbabura. According to an Enami statement, the agreement paves the way for the creation of a "mixed company", 51% owned by Enami and 49% owned by Codelco, that will allow for the site's full exploitation. The agreement was signed by Enami's general manager, Stevie Gamboa, and Codelco's executive president, Nelson Pizarro. Chile's and Ecuador's mining ministers, Aurora Williams and Javier Córdova, respectively, also attended the event.

Pointing out that Chile currently accounts for 31% of global copper production, Williams said that Codelco's participation was fundamental for the development of the project, which is currently in an advanced exploration stage, and that the Chilean firm's experience would be invaluable to it. "We enthusiastically celebrate this step, this work and collaboration bridge to develop this project under the highest mining standards". Noting that Ecuador's copper production "has increased by 350% between 2010 and 2014", Williams said that the successful development of the 4,839 hectare Llurimagua site would help to increase Ecuador's share of the global copper market.

Córdova said that "today we mark a new milestone in the history of large-scale mining in Ecuador. We are convinced that this type of mining will be fundamental pillar of economic development, job and wealth creation for our people". According to Córdova to date Codelco has invested US\$7m in the exploration efforts at Llurimagua with which 12 perforations have already been conducted in the large site this year.

**PERU | EU support for coffee sector.** On 7 December the European Union (EU) announced that it would help finance various projects that aim to develop Peru's coffee industry and improve working conditions of coffee producers in the Andean country. The financial assistance was announced during the fifth national meeting of young coffee producers, organised by the Junta Nacional del Café (JNC), a Peruvian organisation representing coffee producers in the country. During the meeting, the JNC indicated that the EU-funded programmes aim to develop sustainable coffee production and lift producers out from poverty, allowing them to gain access to health and retirement.

European Commission Thematic Programmes Representative Malin Ljunggren said during the meeting that the majority of the projects aim to improve coffee production and efficiency, and to strengthen the administrative aspect of the coffee sector. Ljunggren emphasised that the EU has been supporting coffee producers in Peru for "many years", funding various projects through bilateral cooperation and partnerships with civil-society organisations. According to Ljunggren approximately 50% of Peruvian coffee exports currently go to the EU, with Germany being the main European market for Peruvian coffee exports.

Meanwhile, JNC president Tomás Córdova advised young Peruvian producers to get involved in the "generational renovation process, and train, not only in the technical productive aspect, but also in order to assume the organisations' directive charges".

## Fútbol para Todos

The incoming sports minister, Carlos Mac Allister, revealed last week that one of his main challenges would be modifying the government programme Fútbol para Todos (FPT), through which the state broadcaster shows Argentine football league matches. “The FPT will continue,” said Mac Allister, a former defender for Boca Juniors, the Buenos Aires team where Mauricio Macri was president (1996–2008). “But the budget needs reorganising. Do you think the budget for sport should be Ar\$532m [US\$56m] and the FPT should cost us Ar\$1.65bn [US\$174m]?” Mac Allister asked local reporters rhetorically. Macri said during his campaign that FPT production costs would be cut along with “political broadcasts during the broadcasting of matches” so that football remains “for all Argentines”. President Fernández introduced FPT in 2009.

## BRAZIL & SOUTHERN CONE

### ARGENTINA | POLITICS & DIPLOMACY

#### Macri meets Moyano

President-elect Mauricio Macri held an eagerly anticipated meeting with Hugo Moyano, the influential leader of one of the two factions of Argentina’s trade union movement, Confederación General del Trabajo (CGT), on 3 December. Macri had twice cancelled meetings with Moyano in the wake of his electoral triumph 11 days earlier due to a packed agenda and made a couple of cabinet appointments that vexed the union bigwig, but he is acutely aware that keeping Moyano onside is a political priority, especially if the economic reforms his government will have to undertake are painful and unpopular.

Moyano did not emerge from the meeting with a promise that any of his allies would be appointed to government positions but he had other reasons to be happy. Moyano was the first trade union boss to be granted an interview with Macri, a gesture that would not have been lost on him. He also won the promise that there would be union “participation” in the transport area, as well as a commitment that the trade union for the metropolitan recycling enterprise Ceamse would take part in an ambitious plan to export the recycling model to the whole country.

The president of the Ceamse union, Jorge Mancini, who won a seat in the lower chamber of the province of Buenos Aires for Macri’s Propuesta Republicana (PRO), attended the meeting along with Moyano. For his part, Macri was accompanied by his future cabinet chief, Marcos Peña, and labour and transport ministers Jorge Triaca and Guillermo Dietrich respectively. By bringing along Triaca and Dietrich, Macri was making a point that while he will work with Moyano he will be his own man. In response to Triaca’s appointment, Moyano had said he “did not get on well with his father”; Jorge Triaca Sr was a former CGT secretary general and labour minister (1989–1993) during the first term of former president Carlos Menem. Dietrich, meanwhile, is close to Omar Viviani, the leader of the national taxi union and an inveterate rival of Moyano.

Still, Moyano got enough from the meeting – for now. He emerged blaming the devaluation of the peso and price increases in the last two weeks on the present government, which has pinned the blame for both on Macri for stoking fear with the promise of economic adjustment policies. Other trade unions, notably ‘Los Gordos’ (the largest unions) and even the faction of the CGT led by Antonio Caló that is allied to the outgoing government of President Cristina Fernández, were also content with the appointment of Triaca. They had complained that Macri’s initial choice for labour minister, Jorge Lawson, was too close to the business sector. The fact that Macri gave way over Lawson is an acknowledgment of the importance he attaches to not openly alienating the unions given his congressional weakness.

#### UCR elects new pro-Macri president

President-elect Macri will have been buoyed by the outcome of internal elections on 4 December within the Unión Cívica Radical (UCR), the most important ally in his Cambiemos coalition. José Corral, mayor of Santa Fe, the eponymous provincial capital, was elected president of the UCR to replace the retiring Ernesto Sanz. Corral was one of the keenest adherents of a UCR alliance with Macri and was fiercely critical of “radical rebels” who had favoured supporting Macri’s rival Daniel Scioli in the presidential run-off. Corral said the party’s “foremost challenge” would be supporting Macri’s government and Cambiemos, and “putting problems on the table rather than sweeping them under the carpet”.

**Macri sets foreign agenda on lightning visits****Venezuela**

“What is happening in Venezuela breaks with the democratic spirit in human rights, the intervention of the armed forces in government, it is Argentina’s duty to speak out,” President-elect Macri’s chosen cabinet chief, Marcos Peña, who accompanied him on his foreign trips, said last week. Upon winning election last month, Macri said he would seek to invoke Mercosur’s democratic charter to suspend Venezuela from the bloc during its next summit on 21 December, although whether he goes ahead with this knowing he will not obtain the requisite support is unclear.

Argentina’s president-elect Mauricio Macri paid two foreign visits in the days before his investiture on 10 December. They revealed much about his foreign policy objectives, with trade the single most important priority. Macri visited Brasília for talks with President Dilma Rousseff before flying on to Santiago where he killed two birds with one stone by meeting both Chile’s President Michelle Bachelet and Uruguay’s President Tabaré Vázquez, who was on an official visit. Macri also broached the issue of Venezuela’s political travails but even this is indirectly related to trade; Macri fears that the credibility of the Southern Common Market (Mercosur) is undermined by Venezuela’s presence within the trade bloc.

“There is an enormous will to improve trade relations, as both countries are suffering recession and we must generate better opportunities for both,” Macri said after meeting President Rousseff. Macri arrived in Brazil in the midst of the political crisis confronting Rousseff (*see pages 9-10*). He pointedly stayed out of the matter, stressing his faith in Brazil’s institutions, but he did not have the same qualms about discussing the situation in Venezuela. Macri was unable to convince Rousseff of his desire for a more robust critical approach to the government led by President Nicolás Maduro, not least because there was no electoral fraud in Venezuela on 6 December; and because Maduro could soon face an attempt to remove him from office (via a recall referendum) driven by a newly empowered congress, the same respective body seeking to curtail her term in office.

Maduro for his part described Macri this week as “ultra right-wing, neoliberal, anti-Latin American and profoundly anti-Bolivarian, an elite bourgeois”. Previously Maduro claimed that the Argentine people “are ready to fight” against the Macri government. Maduro said Macri had won by a “micromillimetre”. Macri won by 679,000 votes in 25m cast, while Maduro defeated Henrique Capriles Radonski in 2013 by just 220,000 votes in almost 15m cast, proportionally closer, declaring it at the time to be a resounding victory.

After meeting Rousseff, Macri had lunch with representatives of Brazil’s most powerful business organisation, Federação das Indústrias do Estado de São Paulo (Fiesp). Macri encouraged Fiesp to participate in “a great challenge; the biggest infrastructure plan in Argentina’s history”, his ambitious socio-economic development plan for northern Argentina, ‘Plan Belgrano’ [WR-15-48]. Macri promised to fix “clear rules of the game, transparent and competitive”. The president of Fiesp, Paulo Skaf, emerged saying he saw Macri as providing “the opportunity for the return of Brazilian operations to Argentina”.

Macri also told Fiesp that it was imperative to make Mercosur “a reality”, arguing that “the world is integrating and we’ve made the mistake of not doing so”. This was a theme Macri developed during his next visit, to Chile, to meet President Bachelet. The visit was designed not only to retrench ties with a neighbour and important trading partner but also as a means of discussing a possible rapprochement with the outward-looking Pacific Alliance bloc to which Chile belongs.

Macri’s visit to Chile coincided with an official visit to the country by Uruguay’s President Vázquez, who has lobbied Mercosur to forge closer ties with the Pacific Alliance but faced opposition from the administration of President Cristina Fernández. Macri apparently told Vázquez that his government would work to improve bilateral ties as “Uruguay has been harshly punished [by Argentina]”. Vázquez later said Macri had given “a correct reading of the reality [of the situation]”. He promised to share an *asado* with Macri imminently and stressed that Uruguay totally endorsed his “openness to the world on trade”.



## Impeachment proceedings halted

The momentum to impeach President Dilma Rousseff has been halted, temporarily at least, by a supreme court ruling. Late in the evening of 8 December, Luis Edson Fachin announced that the entire process should be suspended until the full supreme court could rule on the legality of the proceedings thus far on 16 December. While the government will welcome the extra scrutiny the court will now apply to the rapid developments in the federal lower chamber of congress, it will also lament the fact that its hopes of seeing the issue resolved quickly, and in its favour, are fast receding.

On 3 December the secretary of the lower chamber of congress, Beto Mansur, from the Partido Republicano Brasileiro (PRB), took three-and-a-half hours to read the 300-page impeachment request to the full chamber. Thus started the official process to impeach President Rousseff. The next step was meant to be the formation of a special impeachment committee, in theory within 48 hours of the request being read. Over the weekend of 5-6 December, political parties of all stripes discussed which of their deputies should form part of the 65-member committee.

Though the voting for the committee was due to start on 7 December, it was subject to yet another delay by the house speaker, Eduardo Cunha, as part of his attempts to postpone the ethics committee investigation into his own conduct. When it finally did begin, the following day, the congressional session rapidly degenerated into chaos. Deputies were supposed to vote for one of two groups of candidates who would form the bulk of the committee. Slate One, the pro-government bloc, consisted of 49 deputies from 20 parties; Slate Two, the pro-impeachment bloc, consisted of 39 deputies from 13 parties. After the vote, the remaining members of the committee were meant to be decided in the congressional session on 9 December. That, however, did not (and will not) now happen.

Cunha decided that the voting should be secret. Jandira Feghali, the leader of the government-allied Partido Comunista do Brasil (PCdoB) asked the speaker why this should be so. Cunha ignored the question and ordered the voting to begin, prompting angry anti-impeachment deputies to attempt to physically stop the pro-impeachment lobby from voting. Cunha threatened to call security and promised to respond to Feghali's request at a later date in writing. When the votes were tallied, 272 had voted in favour of the anti-government bloc, while only 199 had voted for the pro-government group.

In the end, however, the vote may now be moot. A few hours later, Fachin accepted an appeal by the PCdoB to examine the question of why the voting was conducted in secret as well as other procedural questions relating to the selection of the deputies in the groups. No further impeachment moves can now be made until the supreme court meets next week.

In some ways the government will be pleased that the court ruling gives it more time to prepare a defence; in others it will be irritated by yet another delay to proceedings. The ruling left-wing Partido dos Trabalhadores (PT) is desperate to get the process over with as quickly as possible, confident, at present, that it has the votes in the lower chamber of congress to block the request from succeeding. It fears that the longer the process goes on, the greater the likelihood of further economic deterioration, and possible social unrest. Amid such a scenario, support for Rousseff may weaken. To that end, the government is pushing for the cancellation of the congressional Christmas recess, but it is unclear as to whether it will succeed.

### Fifa scandal

On 3 December, the US Attorney General, Loretta Lynch, announced that another group of 19 executives of the Fédération Internationale de Football Association (Fifa) were being indicted, including the former president of the Brazilian football federation, Ricardo Teixeira, and its current head, Marco Polo del Nero. As both men are Brazilian nationals, they cannot be extradited. Brazilian lawyers are looking at whether they can prosecute the men for tax evasion offences.

## An extraordinary democratic normality

The leaking of a remarkable letter from Vice-President Michel Temer to President Dilma Rousseff detailing a long list of grievances from their working relationship has put new strain on the coalition between the Partido dos Trabalhadores (PT) and the Partido do Movimento Democrático Brasileiro (PMDB). If Rousseff is to survive the impeachment process she will need the support of at least some of the PMDB. Temer was thought to belong to a loyal faction of the fractious party, but the letter throws into question just how many of the PMDB's deputies will support Rousseff.

Tension between Temer and Rousseff has been brewing steadily. Over the weekend, Rousseff called for Temer to endorse her mandate publicly in the wake of the resignation of Eliseu Padilha, the civil aviation minister and a close ally of Temer. None was forthcoming. Then on 7 December, Temer's letter was leaked to the press. It is unclear how it became public. Temer reportedly expressed "surprise" and "irritation", but his spokesperson swiftly confirmed its authenticity.

In the three-page letter, Temer itemised 11 different grievances from his five-year stint as Rousseff's deputy. In particular, he lamented the fact he was considered a "decorative" vice-president, excluded from various key decision-making meetings, and accused of betrayal when he sought to use his influence to reach across the political spectrum to ensure the passage of government legislation. "I have always worked to keep the unity of the PMDB supporting your government, using the political prestige that I have within the party," he wrote. "This was not enough to win your trust."

Rousseff has yet to respond to Temer's letter, but her advisers let it be known that they considered it an act of betrayal. Over the course of 8 December, various political parties attempted to spin the letter in different ways, with Aécio Neves, from the opposition Partido da Social Democracia Brasileira (PSDB), arguing it represented the complete lack of confidence Temer had in Rousseff's competency; while Renan Calheiros, the president of the federal senate, also from the PMDB, claimed it was merely a private letter, born of personal frustration, with no wider significance.

Finally, the following day, Temer spoke directly to the press. He insisted that the letter did not mean that the PMDB was about to withdraw from the government. In his first public comments since the impeachment proceedings began, Temer said the country was passing through "an extraordinary democratic normality". Notably, however, he did not condemn the voting session in the federal lower chamber of congress to decide the composition of the special impeachment commission.

### Cunha commission

Meanwhile, Eduardo Cunha (PMDB), the speaker of the lower chamber and the man who initiated impeachment proceedings, managed to delay, for the fifth time, the start of the ethics committee's investigation into allegations he lied to congress on 7 December.

At some point, however, the committee will have to come to a conclusion about whether to pursue the charges against Cunha. Though he still retains powerful allies, most analysts expect that the charges against him are so serious, and the evidence so compelling, that he will at some point be forced to step aside as speaker, possibly in order to avoid being expelled from congress altogether (*see sidebar*).

### Cunha

As an extremely canny politician, the speaker of the federal lower chamber Eduardo Cunha is unlikely to step aside before ensuring that his successor is an ally: one likely choice is Jarbas Vasconcelos, a PMDB federal deputy for Pernambuco. A recent Datafolha poll found that 81% of those interviewed believe Cunha should be expelled from congress.

## PAN's Colima campaign under scrutiny

The PAN's electoral campaign in Colima has come under the spotlight in the wake of illegal campaign financing allegations. These emerged following the arrest on 4 December of Luis Aristiga López Moreno, a close collaborator of the PAN's controversial former governor of Sonora, Guillermo Padrés Elías (2009–September 2015). Aristiga was arrested in possession of M\$3.9m (US\$229,000) in cash as part of the ongoing investigations into alleged money laundering implicating Padrés. Sonora public ministry resources revealed on 7 December that Aristiga said that Padrés instructed him to take the cash to Colima to finance PAN senator Jorge Luis Preciado's gubernatorial campaign there. Ahead of the original Colima gubernatorial elections, the PRI accused Padrés of using Sonora state funds to finance Preciado's campaign.

## MEXICO & NAFTA

### MEXICO | POLITICS

## Aguascalientes election boosts opposition

The extraordinary elections on 6 December for a seat in the federal chamber of deputies representing the state of Aguascalientes produced a clear victory for the right-wing opposition Partido Acción Nacional (PAN). The PAN looks set to secure a legislative seat that was awarded to the nationally ruling Partido Revolucionario Institucional (PRI) in the original electoral contest held on 7 June before the results were formally challenged by the PAN. While this will not significantly change the composition of the 500-seat federal chamber of deputies, it provides a boost for the PAN ahead of next year's gubernatorial elections. It also gives the wider opposition reason to believe that following last year's politico-electoral reform, Mexico's electoral authorities are now more up to scratch.

Mexico's national electoral institute (INE) had declared the PRI's Gregorio Zamarripa Delgado the winner of the Aguascalientes district I elections. However, the PAN complained that the electoral results were influenced by the actions of the incumbent PRI state governor, Carlos Lozano de la Torre. The PAN accused Lozano of actively campaigning in favour of the PRI, in violation of electoral law. The INE was created last year as part of the politico-electoral reform, which the opposition hoped would help prevent PRI governors from employing the kind of 'dirty tricks' to which they had traditionally resorted to perpetuate the PRI's political hegemony.

INE's failure to prevent Lozano from influencing the first elections organised by the new national electoral body upset the opposition and in particular the PAN, one of the major proponents of the politico-electoral reform. Consequently, the PAN national party leadership decided to challenge the results before the federal electoral tribunal (TEPJF). After weeks of deliberations, the TEPJF ultimately agreed with the PAN and, on 19 August, annulled the electoral results and ordered the INE to re-stage the election – the only federal legislative contest to be re-staged. The TEPJF also ordered the re-staging of at least three municipal electoral contests, as well as the Colima gubernatorial elections after ruling that all of these were marred by irregularities.

Although the PAN complained of more irregularities in the run-up to the Aguascalientes extraordinary elections, once again accusing Lozano of seeking to use his office to influence the vote, the INE's preliminary results were favourable to the opposition party. The full rapid count (Prep) gave the PAN candidate, Gerardo Salas, who was also backed by the smaller Partido Nueva Alianza (Panal) a clear 44.5%-36.4% lead over Zamarripa. The INE said the results would be finalised by 10 December to give parties enough time to present any challenges and to accommodate any recount demands.

Nonetheless, the PAN party leadership celebrated Salas's victory. The PAN's national electoral coordinator, Senator Santiago Creel Miranda, said that the re-staging of the elections represented a positive step forward for the electoral authorities and Mexico's democracy in general. "The authorities responded to what started badly in this constituency due to the improper intervention by the governor...the tribunal [TEPJF] responded; but above all I want to highlight that the people of Aguascalientes also responded by coming out and voting," Creel said. He went on to say that victory was a "preview of what is to come" in next year's gubernatorial elections in Aguascalientes (one of 12 states holding elections), where the PAN thinks it has a good chance of defeating the PRI.

Creel's optimism was echoed by the PAN party president Ricardo Anaya. Hailing the victory, Anaya said that it would mark the start of a positive run

## Fepade also in the spotlight

Amid the various allegations of violations of electoral law, the specialised federal prosecutor's office against electoral crimes (Fepade) has come under scrutiny. While opposition parties have complained that Fepade has been slow to react to their allegations, the government-aligned Partido Verde Ecologista de México (PVEM) has criticised its decision to request the arrest of the PVEM's campaign manager, Arturo Escobar, over alleged irregularities committed by the party during June's elections. Escobar was forced to resign as deputy federal minister for crime prevention & citizen participation over Fepade's move. The PVEM says that the move against him was politically motivated, pointing out that Fepade head Santiago Nieto has in the past carried out consultancy work for the left-wing opposition Partido de la Revolución Democrática (PRD).

for the party ahead of next year's gubernatorial elections and the 2018 general elections. "Despite recurrent cheating by the PRI, these efforts were fruitless as we defeated them," Anaya said, adding that "no one" will now stop the PAN from going on a winning run that "will continue in the 2016 state elections and in the 2018 presidential election".

Whether the extraordinary results in Aguascalientes will indeed mark the start of "a winning run" for the PAN will become evident early next year, with the extraordinary Colima gubernatorial elections scheduled for 17 January 2016. As in Aguascalientes, the original Colima gubernatorial contest was won by the PRI but the results were also successfully challenged by the PAN on the grounds that the incumbent PRI state government illegally campaigned on behalf of the PRI candidate. The PAN will fancy its chances of pulling off a victory in Colima, even though it is now faces accusations of irregular behaviour during the campaign (*see sidebar*).

### PT also celebrates

The results of the Aguascalientes extraordinary elections were also positive for the small leftist opposition Partido del Trabajo (PT). Following the June midterms, INE adjudged that the PT had lost its party status after it failed to secure the requisite 3% of the vote in the federal legislative elections. However, the PT appealed the decision with the TEPFJ on the grounds that it could make up its 3,300-vote deficit in the extraordinary Aguascalientes vote. The TEPFJ agreed with the PT and it ordered the INE to suspend the revocation of the PT's registration until the votes it obtained in the extraordinary elections could be counted. The Aguascalientes Prep results gave the PT 13,180 votes, securing the PT's survival as a party.

## TRACKING TRENDS

**MEXICO | Mild inflation continues in November.** On 9 December Mexico's national statistics institute (Inegi) released its latest inflation report, showing that the country's inter-annual inflation rate reached 2.21% in November, almost two percentage points less than in the same period in 2014.

Mexico's inflation rate has remained at historically low levels since May, well within the target of 3% +/- one percentage point set by the central bank (Banxico) despite concerns that the rapid appreciation of the US dollar could produce some major inflationary pressures in Mexico. This moderate level of inflation has allowed Banxico to maintain interest rates at a relatively low level this year in support of domestic economic growth. The fact that Inegi's November inflation result was even lower than the 2.29% consensus analyst forecasts suggests that Banxico will continue with its current policy approach, which is positive for the government as it too tries to stimulate increased growth.

The Inegi report shows that the country's consumer price index increased by 0.55% in November compared to October, which is less than the 0.81% increase registered over the same period of 2014.

**MEXICO | Canada and Mexico issue Cool warning to US.** On 9 December the governments of Canada and Mexico released a joint statement asking the US Senate to "repeal" the US Country of Origin Labelling (Cool) policy "in order to avoid retaliation against US exports". The moves come after, on 7 December, a World Trade Organisation (WTO) arbitration panel released a report on the economic harm that the Cool policy, which requires meat products to carry labels stating where the livestock was born, raised and slaughtered within the North American Free Trade Agreement (Nafta) area, has caused to both Canada and Mexico. Since 2011, the WTO has repeatedly ruled that the Cool requirements for beef and pork meat products are discriminatory against Canadian and Mexican meat exports and are in breach of the US's international trade obligations. The WTO has ruled that should the US fail to address this issue, Canada will be entitled to adopt retaliatory measures against the US in the order of C\$1.054bn (US\$777m), while Mexico will be able to implement retaliatory measures in the order of US\$227m.

**Procedural concerns**

The process of stripping Raúl Herrera and Eddie Gómez of the parliamentary immunity they enjoyed as opposition national deputies was taken in record time. On 18 November a judge sent the request to the national assembly calling for the removal of the deputies' immunity. Nine days later a special congressional commission, presided over by FSLN Deputy Wilfredo Navarro, ordered the issue to be discussed in congress which approved it on 1 November. PLI Deputy Javier Vallejo Fernández complained that this violated the 20-day timeframe established by the organic law of the national assembly for accused deputies to present their proof of defence. He argued that the procedure did not respect due process.

**Opposition back on the alert**

A move towards a security model "incompatible with a modern democratic regime" is how respected think tank Instituto de Estudios Estratégicos y Políticas Públicas (Iepp) is describing a new 'sovereign security' law approved last week by Nicaragua's 92-member national assembly. Iepp, together with the human rights group Centro Nicaragüense de Derechos Humanos (Cenidh) and the political opposition, fear that the new legislation could be invoked by the Frente Sandinista de Liberación Nacional (FSLN) government led by President Daniel Ortega to repress political unrest ahead of the November 2016 general elections.

Approved on 2 December by the FSLN-controlled legislature, the declared objective of the law, which replaces December 2010 legislation, is to "preserve, promote and maintain sovereign security" in the face of perceived threats to the state or its citizens. Such threats are cited as "international terrorism, drug-trafficking, criminality, foreign interference" or "any other act or factor which represents an attack against the comprehensive development of people, the family or community". The vagueness surrounding the wording of these threats was one bone of contention for Iepp, Cenidh, and the opposition, as well as the private sector lobby Consejo Superior de la Empresa Privada (Cosep) (the only NGO to be involved in the bill's consultation process and its recommendations)

The other concern regarding the new law flagged up by Iepp is the growing influence of the military over state institutions; the new law creates a "national system of sovereign security" to be coordinated by the president, with the military to serve as its executive secretary, and would include representatives from institutions including the national police (PN), the national disaster prevention & mitigation system, and the attorney general's office, among others.

Iepp said the bill is part of a process of reforming security and defence sectors undertaken by the executive since 2007 – when President Ortega took office for a second time. The most significant aspects of this process were reforms approved in 2014 to the 1987 constitution, the 1994 military code as well as a new police law [WR-14-05]. Among other things, these changes removed a ban on the re-appointment of the head of the military (chosen by the president for a five-year term) and established that military officers can hold posts in the executive when required by the "supreme interest of the nation". Iepp warns that the latest changes have "the objective of deepening a model where the armed forces preside over civil institutions, subordinate only to the President" and raise concern about the "absence of mechanisms of democratic civil control".

**More moves against the opposition?**

Also last week the national assembly stripped two deputies from the main opposition Partido Liberal Independiente (PLI), Raúl Herrera and Eddie Gómez, of their parliamentary immunity in order to face investigation over the alleged attempted murder of David Campos, the president of a local civil-society group, Fundación Forjando el Futuro Nicaragüense (Forfunic). The incident allegedly took place amid the weekly protests being staged by the political opposition in Managua in demand of a free, fair and transparent electoral process.

The move against Herrera and Gómez – which the PLI maintains is political persecution – follows a similar decision in September against Brooklyn Rivera, a member of the indigenous Yatama party, a former FSLN ally. FSLN Deputy Iris Montenegro told reporters that Herrera and Gómez would retain their posts but there is scepticism about this as Rivera was replaced by an FSLN alternate.

**Military**

In February 2014 Lener Renauld's predecessor as defence and foreign affairs minister, Jean Rodolphe Joazile (2012-2014), announced the launch of various development and infrastructure works in the Artibonite region to be led by some 40 military engineers. This marked the first activity by Haiti's new military, which President Michel Martelly said in September 2013 would be engaged in border surveillance, the fight against contraband and other illicit activities, civil protection, disaster response and environmental protection work. In September 2013 Martelly had said that 41 military officers and technicians, including 11 engineers, would take over from an Ecuadorean contingent, which left in December 2013.

**CEP under growing pressure**

Haiti's provisional electoral council (CEP) is facing increasing pressure to provide clarification regarding the 25 October first-round presidential election, second-round national legislative elections, and mayoral elections. A string of damning reports by local and international electoral observers, together with calls not only from the opposition presidential candidates but the Church and private sector, are raising further doubts about the CEP's handling of the electoral process ahead of the 27 December presidential run-off between Jovenel Moïse, of President Michel Martelly's Parti Haïtien Tèt Kalé (PHTK) and Jude Célestin, of Ligue Alternative pour le Progrès et l'Emancipation Haïtienne (Lapeh).

On 11 November the leading local human-rights group Réseau National de Défenses des Droits de l'Homme (RNDDH), together with three other local civil-society groups published a 50-page report on the 25 October elections which found that "massive fraud took place...which could not have been possible without the active participation of the CEP". The findings of the report by the civil-society groups, which deployed 1,640 observers to around three quarters of the 1,508 voting centres, came ahead of another report by Brazil's Instituto Igarapé, released on 19 November, which also cast doubt on the credibility of the electoral process. Based on interviews with over 1,800 voters from 135 voting centers throughout all of Haiti's 10 departments, Igarapé's report cited 37.5% of respondents as indicating they had voted for Célestin while 30.6% voted for Jean Charles Moïse (Petit Dessaline) and 19.4% for Maryse Narcisse, from Fanmi Lavalas (FL), the party of populist former President Jean-Bertrand Aristide (1991; 1994-1996; 2001-2004). Just 6.3% said that they voted for Jovenel Moïse. The CEP's final results had shown Jean Charles Moïse third with 14.3% and Narcisse fourth, with 7.0%.

Headed up by Célestin – who continues to fuel speculation as to whether he will in fact participate in the run-off – eight opposition presidential candidates (dubbed 'G-8') have since formed a platform calling for an independent review of the voting process and even a transition government, among other demands. Further upping the pressure on the authorities, on 27 November the private-sector lobby Forum Economique du Secteur Privé (Fesp) issued a statement underlining that the "legitimacy of the second round is the overriding concern of the local business sector" and called on the Martelly government to "provide support to the electoral authority in adopting the necessary measures to guarantee the legitimacy of the electoral process". Meanwhile on 30 November the Conférence épiscopale d'Haïti called on the CEP to clarify "what really happened" during the 25 October election, while a group of pastors has also thrown its backing behind the 'G-8' candidates.

**Relaunching the military**

Last week the local media reported that on 9 October the council of ministers had adopted a decree officially remobilising the armed forces (FA'd'H) which were disbanded in 1994 by then-president Aristide.

With no official statements released regarding this, on 17 November the local press cited the defence and foreign affairs minister, Lener Renauld, as saying that the president had recognised that he had "failed to provide the country with a defence body...while the constitutional articles which cover the military had never been repealed". Renauld made the remarks at a graduation ceremony of military engineers in Gressier commune, Ouest Department.

Upon winning the presidency in 2011, President Martelly had proposed reviving the military but this remains contentious in Haiti given its appalling human rights record. However there have been signs of activity by military contingents – namely the launch last year of various development and infrastructure projects in the northern Artibonite region (*see sidebar*).

## Compensation talks get underway

### Paris Club deal due

Cuba and 15 Paris Club members are expected to sign a deal shortly to restructure/forgive US\$16bn in debt outstanding since the Havana government defaulted on its obligations in 1986. Diplomatic sources say that Cuba has agreed to pay the principal of about US\$5bn in exchange for forgiveness of US\$11bn in service charges, interest and penalties. "Negotiations are now more about how much time they need to pay it and how much of the money will be reinvested in Cuba," one source told *Reuters*.

US and Cuban officials have held an initial round of talks on competing compensation claims for economic losses suffered on both sides since the Cuban Revolution and the imposition of the US trade embargo on Cuba. These negotiations will be a critical element in the bilateral efforts to restore full diplomatic relations between the two countries. The process will take years, extending well beyond the end of President Barack Obama's term in January 2017, and is expected to require legal and regulatory changes in both countries. Despite the years of emotive rhetoric from Cuban-Americans, the US government is quite clear that this issue is at its core a legal-technical matter and will not hinder the diplomatic rapprochement process, but rather complement it.

Speaking anonymously, a US State Department official briefed journalists in a conference call after the 8 December session that the talks were "respectful and professional", saying that both sides had presented their claims and respective arguments. The official stressed that the meeting was merely a preliminary step in what will be a long and complex process. He said the two sides would meet again in the Spring. The State Department believes that the certified claims should easily be addressed, either through compensation or other ways of providing value, he emphasised.

On the US side, there are 5,913 US individuals and companies whose claims against the Cuban government for property confiscated after the 1959 Revolution have been certified by the US Foreign Claims Settlement Commission. The claims, originally valued at US\$1.9bn, are now estimated at US\$7bn-US\$8bn, with interest, and are publicly available from the US Justice Department at:

[http://www.justice.gov/sites/default/files/fcsc/pages/attachments/2014/12/18/cuban\\_basic\\_claimant\\_info\\_value.pdf](http://www.justice.gov/sites/default/files/fcsc/pages/attachments/2014/12/18/cuban_basic_claimant_info_value.pdf). The corporate claims include the likes of Coca-Cola, Colgate-Palmolive, Exxon Mobil and Texaco. The largest, reportedly, is held by Office Depot, and is estimated at US\$1bn. Some of the companies seized by the Cuban government no longer exist, and in other cases claims have been handed down through generations.

On the Cuban side, the Havana government says it has counterclaims worth US\$121bn for damages related to the US embargo. Both sides also claim damages for the deaths of US nationals and Cubans in acts of violence in the decades after the Revolution.

Despite the history, and the sizeable sums involved, once the two governments agree to a mutually acceptable framework mechanism, the settlements will be thrashed out by lawyers. There is precedent – Nicaragua and the US have recently finalised a similar process that lasted several years. The US Foreign Claims Settlement Commission has previously worked with claims relating to the Holocaust, Vietnam, Albania and Guam.

In a new (December 2015) report for the US Brookings Institution, Richard Feinberg, a former US National Security Council and US Treasury official, suggests a two-tier approach, with the roughly 5,000 individual claims cleared via direct financial compensation in one tier. In a second tier, the remaining corporate claims, originally valued at US\$1.7bn, could be resolved through "a menu of options", including business development rights that could contemplate the return of some of the companies to Cuban with agreed capital and technology investments, he posits, suggesting that the "the trauma of property seizures in the twentieth century could be transformed into an economic opportunity now".

## Quotes of the week

“We have always recognised all results...in Venezuela today the counter-revolution has triumphed...imposing its economic war.”

*Venezuela's President Nicolás Maduro.*

“The miracle this year is that...with a contraction of 4%...and inflation of 100%, unemployment is down...poverty is down and indigence is down.”

*President Nicolás Maduro on the Christmas miracle.*

“The mandate is clear: drag Venezuela out of this historic crisis.... Any fantasy will be overturned on 5 January [when the MUD's 'supermajority' begins].”

*Venezuelan opposition leader Henrique Capriles Radonski.*

## POSTSCRIPT

### Ecuador's Correa calling the tune

Ecuador's political opposition cannot quite believe what is happening. That the national assembly should have approved on 3 December 15 constitutional reforms, including indefinite re-election, came as no surprise. But the assembly also approved a provision stating that the re-election reform will only take effect after the presidential elections in February 2017 thus barring President Rafael Correa from standing then. With the opposition nonplussed, Correa is now talking about further constitutional reforms.

The ruling Alianza País (AP) used its majority in the national assembly to push through the constitutional reforms, although opposition deputies engaged in some fierce exchanges with their AP peers during a nine-hour debate before most of the former quit the building ahead of the vote. President Correa, attending the Paris Climate Change conference, tweeted his congratulations to AP deputies, heralding a great “victory for the people”. The police formed a cordon around the assembly building to stop protesters from disrupting the debate, prompting opposition deputies to claim that the majority of the population wanted to be consulted about the amendments so their approval did not constitute a victory for the people and citizen participation at all. It is noteworthy that one of the amendments circumscribes the holding of referendums by stipulating that “Citizens will not be able to request a referendum ‘on any matter’”. A small change but a big difference, allowing the government to pick and choose referendums which suit its purpose.

One of the other reforms enshrines communications and information as not simply a private business but a “public service” which has to be “guaranteed for society in a suitable way” – the latest bone of contention in Ecuador's perennial dispute over freedom of expression – while yet another allows for the use of the armed forces in public security.

The usual protest groups are promising more demonstrations against the reforms but the wider public who might have been growing disillusioned with Correa will see no appetite to join in now that he has announced he will be stepping aside. Correa, meanwhile, says his government will send a second package of (unspecified) constitutional reforms to the national assembly in the coming days.

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