

latin american weekly report

23 June 2016, WR-16-24

ISSN 0143-5280

CONTENTS

LEADER	1
Colombian peace deal within touching distance	
ANDEAN COUNTRIES	
VENEZUELA	3
Maduro desperate to avoid OAS censure	
BOLIVIA-CHILE	5
Bachelet gambles on an old dispute	
TRACKING TRENDS	
BRAZIL & SOUTHERN CONE	
ARGENTINA	7
Macri confronts corruption and drugs challenge	
BRAZIL	9
'Operation Car Wash' switches focus back to PT	
BRAZIL	10
Rio declares public state of calamity	
MEXICO & NAFTA	
MEXICO	11
Teacher protests result in fatal clashes	
MEXICO	12
Just one president left standing	
TRACKING TRENDS	
CENTRAL AMERICA & CARIBBEAN	
HAITI	14
Heading into fresh uncertainty	
HONDURAS	15
Government denies that military killed Cáceres	
POSTSCRIPT	16
Chile cracking down on corruption?	
Quotes of the week	

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

Colombian peace deal within touching distance

The end of the world's longest running armed conflict is within sight. Colombia's President Juan Manuel Santos is attending a ceremony in Cuba as we go to press to sign an accord with the maximum leader of the Fuerzas Armadas Revolucionarias de Colombia (Farc), 'Timochenko' (Rodrigo Londoño Echeverri), to implement a definitive bilateral ceasefire and guerrilla disarmament and demobilisation. This is a major advance and prompted Santos to take the risk of setting another deadline for the completion of peace negotiations. The new date is 20 July. Some outstanding issues need to be resolved, but Santos has already moved on to discussing a referendum on the final accord, warning that failure to approve it would see the Farc return to urban attacks and increased taxes to finance the cost of the war. Supporters and opponents alike condemned his remarks.

The government and Farc negotiating teams issued a joint statement on 22 June confirming the breakthrough. Cuba's President Raúl Castro will host an event attended by President Santos and 'Timochenko', as well as Venezuela's President Nicolás Maduro; Chile's Michelle Bachelet; El Salvador's Salvador Sánchez Cerén; and the Dominican Republic's Danilo Medina; the United Nations (UN) Secretary General, Ban Ki-moon; and special envoys for peace from the US and European Union (EU), Bernie Aronson and Eamon Gilmore respectively.

In addition to providing a schedule for a definitive bilateral ceasefire, the accord will provide details on 'concentration zones' where the Farc's estimated 6,800 rural guerrillas and 8,500 urban militia will be based in order for a UN political mission to help verify the ceasefire and oversee the demobilisation of fighters and the decommissioning of weapons. The Farc wanted around 80 such zones; the government offered 14; they are believed to have compromised on 22.

Crucially the joint statement also stressed that the accord contains security guarantees designed to ensure no repeat of what happened after demobilised Farc guerrillas set up the political party Unión Patriótica (UP) in 1985 after peace negotiations with the administration of Belisario Betancur (1982-1986) and were systematically exterminated by paramilitary groups. The statement underlined a commitment to "dismantle the successors of paramilitarism and their support networks", as well as providing for special prosecutors to investigate members of the security forces and private individuals for financing these groups.

While Santos hailed "a great day...for peace", social media latched onto a tweet from a Farc commander, 'Carlos Antonio Lozada' (Luis Antonio Losada), the leader of the Farc negotiating team on the sub-commission on the end of the conflict set up 15 months' ago to discuss the practical issues of

Timeframe for peace

It is unlikely that President Santos would take a punt on a second deadline for the peace process unless he was very confident that a definitive accord is close. His credibility took a knock when the peace process sailed past the previous deadline last March. The new deadline of 20 July, which marks the start of the new congressional session, still seems optimistic for the final accord to be approved given that some of the outstanding issues that need to be revisited amount to more than mere 'snagging'. There is an agreement that disarmament will start 60 days after a final peace accord is signed. If the government and the Farc reach an agreement over a popular referendum to ratify the peace accord, assuming the vote receives approval from the constitutional court, it could be held by October.

Farc disarmament and demobilisation: "the last day of the war". Coming from a Farc hardliner, this should reduce public scepticism about the Farc's commitment to peace.

Santos risked setting a new deadline for a final accord – 20 July – despite the public disillusionment when the previous deadline of 23 March came and went. Timochenko struck a note of caution on Twitter: "precedent suggests that fixing dates damages the process". There are still outstanding issues, not just how to implement a final peace deal and the nature of a referendum on the eventual accord, but also ironing out some issues which were set aside from earlier accords on land reform and political participation, all of which is likely to take time.

Santos slammed for scaremongering

The prosecutor general, Alejandro Ordóñez, a staunch opponent of the peace process, belittled the announced accord, arguing that to all intents and purposes a bilateral ceasefire had been in place for nearly a year already and warning that "unless the Farc hands over its weapons, the concentration zones will become occupied zones". Ordóñez accused Santos of "blackmail" last week and waging "a psychological war [and] a strategy of terror" to ensure approval of an eventual accord when, addressing the World Economic Forum for Latin America in Medellín on 17 June, Santos said that the Farc would revert to urban warfare if a peace accord was not signed.

Given that the Farc has not been strong enough to threaten Colombia's cities for well over a decade this comment left Santos open to charges of scaremongering or of lending credence to the opposition's claims that the Farc has been able to use the peace talks to regroup militarily. "If the president has intelligence about the capacity of the Farc to attack cities what is he doing to neutralise this threat?" Ordóñez asked rhetorically. "Those that abstain or vote against the accords in the government's referendum would not be doing so because they want war but rather to reorientate the process...the President is intimidating Colombians," Ordóñez added.

Days later, on state television, Santos rejected the idea that taxes would have to be increased to fund the implementation of the peace accords: "Quite the contrary, if the war continues like this we will have to increase taxes to finance it...Wars are more costly". Santos said the end of the war could add two percentage points to GDP growth. The government is preparing to present to congress a tax reform bill in the second half of the year as part of a fiscal adjustment plan in the wake of the sharp decline in the price fetched by oil and coal – the country's main exports – taxes and royalties.

Unsurprisingly, the leader of the main opposition Centro Democrático (CD), Senator Alvaro Uribe (former president 2002-2010), accused Santos of "an act of intimidation". But Santos also faced friendly fire. Senator Viviane Morales, of the Partido Liberal (PL), part of the ruling Unidad Nacional coalition, warned that he should be very careful; "the president put his foot in it badly". Senator Jorge Enrique Robledo, of the left-wing opposition Polo Democrático Alternativo (PDA), a firm proponent of peace, accused Santos of making "absurd declarations". Robledo added: "Sometimes [Santos] seems like the leader of the opposition to the peace process with these sorts of declarations...We hope it doesn't occur again but I fear we will see similar things happen on other occasions. Every time he departs from the teleprompter he walks into a minefield."

Senator Claudia López of the left-leaning Alianza Verde (AV) went as far as to call for a national crusade to stop Santos speaking about the peace process. "They were completely inopportune and unfortunate declarations," López said, urging Santos to stick to explaining the accords rather than "these improvisations".

Maduro desperate to avoid OAS censure**Unasur**

A meeting of Unasur foreign ministers to discuss the situation in Venezuela scheduled for this week was suspended, apparently at the request of Paraguay and Argentina, whose ministers cited “scheduling conflicts”. This last-minute decision was read in some quarters as a snub against President Maduro, who until recently has counted on a sympathetic ear from Unasur, whose current secretary general, the left-wing former president of Colombia Ernesto Samper (1994-1998), the MUD has accused of particular bias towards the Caracas government.

Ahead of a critical vote on whether to invoke the region’s main democratic charter against Venezuela, the government led by President Nicolás Maduro was in full diplomatic mode. Maduro held a two-hour meeting with the Under Secretary of State for Political Affairs at the US State Department, Thomas Shannon. Maduro later took to a stage at a rally by supporters, in Caracas, to declare, “It’s never too late, I hope President [Barack] Obama will rectify the position he has held for the last eight years against the [Bolivarian] Revolution”.

Shannon later met opposition officials including the president of the national assembly, Henry Ramos Allup, and the state governor of Miranda and twice former presidential candidate Henrique Capriles Radonski, who is spearheading the campaign for a presidential recall referendum in the country. Capriles repeated that President Maduro is merely paying lip service to dialogue so as to buy himself time. “Someone who has not eaten for five days cannot wait for dialogue. We’re not here for photo ops. Venezuela doesn’t have time for that,” Capriles stated.

Shannon, a veteran regional diplomat, is well versed in Venezuelan politics, having tried to forge an earlier dialogue with the Maduro government last year in a bid to repair then very tense diplomatic relations between the two countries (after, in March 2015, President Barack Obama declared Venezuela ‘a threat to US national security’ as part of a sanctions process on individuals linked to the government suspected of human rights abuses). The former traditional allies have been without ambassadors since 2010. Shannon’s last effort failed after a Venezuelan judge in September 2015 handed down a maximum 14-year prison sentence to the opposition leader Leopoldo López for his alleged role in anti-government protests in 2014.

Ahead of Shannon’s arrival on 21 June, agreed in an unprecedented one-on-one meeting a week earlier between the US Secretary of State John Kerry and Venezuela’s foreign minister Delcy Rodríguez, the US State Department spokesperson John Kirby said that “the main purpose is to have a series of discussions about the social, economic and political challenges in Venezuela and to try to help foster constructive, meaningful dialogue toward solutions with a variety of groups in the government and outside”.

Shannon likely petitioned Maduro for the release of López and other jailed opposition supporters, as well as pressing for mediated dialogue. While Maduro may be using the US diplomatic approach to buy himself time as all around him the country collapses; for the Obama administration, on whose behalf Kerry has made clear its support for a “timely” recall referendum in Venezuela this year (i.e. without unnecessary bureaucratic delay), engaging directly with Maduro at the highest levels may make it a little more difficult for him to rail against the US and accuse it of seeking to overthrow his government if the referendum does go ahead.

Maduro was in full statesman-like mode for the Shannon visit, abandoning his usual tracksuit top in the Venezuelan national colours for a dark suit and tie. Ahead of the US diplomat’s arrival, Maduro pointedly took the opportunity to reiterate his disposition towards dialogue with the opposition declaring it “very good [that] the right steps are taken to rebuild relations with the US...and I would equally want a processes of dialogue with Venezuela’s opposition”.

Looting escalates

Accurate numbers are difficult to confirm but local media sources report that five people, including young children, have now been killed in recent weeks amid violent clashes between the security forces, looters, and some frustrated citizens at their wits end with the extreme shortages of food and basic household goods in the country. In the city of Cumaná, the capital of Sucre state, 400 people had been detained for looting and acts of vandalism; with around 20 businesses ransacked. The government alleges that common criminals are being paid to stir up unrest. Meanwhile, US and other international media sources have stepped up their coverage of the difficulties afflicting the country; President Maduro accuses these outlets of playing a key role in the 'economic war' being waged against his government by shadowy right-wing conspirators coordinating from Madrid, Miami and Bogotá.

But the main opposition coalition, Mesa de la Unidad Democrática (MUD), was having none of it, accusing Maduro of deliberately seeking to waste time in a bid to delay a presidential recall referendum, so as to thereby avoid fresh elections that the ruling Partido Socialista Unido de Venezuela (PSUV) would almost certainly lose. The MUD insists point blank that it will not accept Maduro's condition for dialogue: that it drop its push for a referendum.

The MUD has support in the form of the secretary general of the Organization of American States (OAS), Luis Almagro, who, at an extraordinary OAS hearing on Venezuela on 22 June, declared that, "dialogue is not just to speak, but to show commitment to democracy, respect for human rights and against arbitrary detentions". Almagro called on the Maduro government to release jailed opposition leaders in a good faith gesture. Following his presentation in late May of a searing 135-page report that called for "immediate changes" in governance in Venezuela, Almagro, controversially, requested that the OAS invoke the Inter American Democratic Charter against Venezuela. The 34 active OAS members were due to vote on that request at a plenary meeting in Washington DC as we went to press on 23 June. The motion requires a simple majority to pass. Invocation of the charter would first require a lengthy period of diplomatic "good offices" to restore democratic institutional stability. Thereafter, possible sanctions against Venezuela could include punitive fines and potentially its expulsion from the OAS.

There is little regional support for Venezuela's expulsion; even the US government has made clear that it is not seeking this outcome. The expectation has been that Almagro's efforts might constitute enough of a threat to get the Maduro government to hold a genuine dialogue; and to stop delaying the recall referendum, after almost 2m people signed the initial petition for it, almost 10 times the legally required number.

At the extraordinary OAS hearing, hastily arranged at Venezuela's request and held just two days before the plenary, the group of three former leaders seeking to mediate a dialogue in Venezuela on behalf of the Union of South American Nations (Unasur) spoke about their efforts to date. Spain's former prime minister José Luis Rodríguez Zapatero (2004-2011) and the former presidents of the Dominican Republic and Panama, Leonel Fernández (1996-2000; 2004-2012) and Martín Torrijos (2004-2009) respectively, appeared at the invitation of the Maduro government.

Rodríguez Zapatero made a strong appeal for more time to get a dialogue up and running. "I have to ask of you quite humbly that we be given an opportunity for national dialogue in Venezuela," he said, describing the Unasur effort as "a process of preventative peace", based on the principles of respect for democracy and fundamental rights. "Peace is the task", he emphasised, noting that the mediators had held 20 meetings with Venezuelan government officials and opposition leaders since 19 May. "We have not wasted time. We have made a consistent effort, for which I hope in a reasonable period of time we'll have validation for a way forward". He acknowledged, however, that the process could take "months" to resolve.

Echoing Almagro, the deputy US representative before the OAS, Michael Fitzpatrick, said that the US government supported the efforts of the three mediators if the talks resulted in "a timely solution". "But prolonged talks are not acceptable," Fitzpatrick stressed.

Following several days of posturing by both sides, all eyes are now on the OAS vote. Using its petro-diplomacy, Venezuela has worked to consolidate regional allies over the years. And while heavyweights like Argentina and Brazil are now critical of the Maduro administration, the region is not really in the habit of 'airing its dirty laundry' so publicly, preferring to deal with problems behind the scenes. The situation in Venezuela, however, is a unique test of regional institutions.

Previous complaints

In late August, the Bolivian government filed an official complaint against Chile before the Latin-American Integration Association (Aladi) for a dozen “irregularities” under the 1904 Peace Treaty. That complaint was related to Bolivian claims that officials at the Chilean port of Arica had been illegally opening Bolivian cargo and charging Bolivian transport workers between US\$1,000 and US\$1,500 (although Bolivian officials did not explain for what). Chile’s foreign ministry responded to the Aladi complaint by accusing Bolivia of making “aggressive and unfounded statements”, which demonstrate a “lack of understanding of the full implementation of the Treaty in question”. The statement accused the Bolivian government of “confus[ing] a broad and free territorial transit in our country, which Chile gives to Bolivian goods, with the free provision of port services”.

Bachelet gambles on an old dispute

Faced with multiple domestic troubles, not least the recent resignation of the interior minister, Jorge Burgos, President Michelle Bachelet has pipped her Bolivian peer Evo Morales to the post. Bachelet presented a formal complaint against Bolivia before the International Court of Justice (ICJ) at The Hague over the Silala River – a dispute which Morales himself threatened to take before the ICJ earlier this year [WR-16-13]. The move comes as bilateral tensions are on the up, over a trade-related dispute.

On 6 June Chile’s Foreign Minister Heraldo Muñoz revealed that the Bachelet government is requesting that the ICJ adjudge and declare that the Silala River, which has its source in Bolivia’s Potosí department but flows across the border into Chile, is an international watercourse and therefore that, under international law, Chile is entitled to the use of its waters.

Bolivia, which in 2013 filed a separate case before the ICJ regarding Chile’s obligation to negotiate access to the Pacific which it lost in the 1879-1883 War of the Pacific, maintains that the Silala is an entirely Bolivian watercourse, fed by springs diverted into Chile as a result of a canal constructed by the Antofagasta (Chile) & Bolivia Railway Company, later Ferrocarril de Antofagasta a Bolivia (FCAB), under a 1908 concession.

That Bachelet might have ulterior motives for seeking to refocus attention on what has been a long-running bone of contention and national rallying point was suggested by a survey by pollster Cadem released on 13 June. The poll, which showed Bachelet’s approval rating at a paltry 24%, indicated that while 80% of the 708 respondents approved of the decision to file the case against Bolivia (and 12% disapproved), 43% of respondents believed that she was using it to improve her image while 51% believed she was defending Chile’s interests.

Another dispute

On 16 June Bolivia’s foreign ministry presented a complaint to the Bachelet government regarding its alleged violation of a dozen “irregularities” under the 1904 Treaty of Peace and Friendship, under which Chile guarantees Bolivia the right to free transit and access to Chilean Pacific ports.

The move – which follows separate complaints filed last year alleging a breach of the 1904 Treaty (*see sidebar*) – came 13 days after Bolivia’s deputy foreign minister Juan Carlos Alurralde gave a press conference in which he denounced what he called “unilateral...discriminatory” tariff increases at the northern Antofagasta port. Alurralde was cited by Bolivia’s state news agency, *Abi*, as saying that the Empresa Portuaria de Antofagasta (EPA), which manages the port, had increased the cost of services for Bolivian exporters from US\$1.97 per tonne in 2004 to US\$7.64 per tonne in 2015.

The same *Abi* report cites Bolivia’s national chamber of exporters (Cámara Nacional de Exportadores de Bolivia, Caneb) and association of medium-sized mining companies (Asociación Nacional de Mineros Medianos, ANMM), as calling on EPA to respect current bilateral agreements. Caneb president Guillermo Poumont said that fleets of containers and transport were incurring additional costs of at least US\$30m, highlighting that “Bolivian transit is not a favour, but a right that we must claim.”

These complaints have since been echoed by Bolivia’s Vice President Álvaro García Linera who, in a 20 June press conference, accused Chile of “low-intensity abuse,” citing “arbitrary” port fees, the “mistreatment of truck drivers,” and “discrimination against Bolivian producers.”

Filmación Colombia

On 15 June

Colombia's culture minister, Mariana Garcés, revealed that the so-called 'Filmación Colombia' film promotion legislation, which offers tax incentives for audiovisual production companies that choose to make films in Colombia's national territory, has generated Col\$86bn (US\$28m) for the country since its approval in 2012. Garcés said that the law has helped to consolidate Colombia's domestic film industry by conditioning tax rebates on the contracting of national acting talent and services. According to Garcés the initiative has thus "helped to show the world another facet of the country".

COLOMBIA | Denied oil revenues. The Colombian government does not expect to get any income from oil royalties this year, according to a mid-year fiscal report published by the finance ministry on 14 June. Instead the report calculates that the central government will have to refund a total of Col\$800bn (US\$268m, or 0.1% of GDP) in taxes to oil sector firms that have largely been operating at a loss over the last few months as a result of the persistently low international oil prices.

According to the report, the lack of oil income will not have a significant impact on Colombia's economic growth prospects this year. Indeed the finance ministry has said that it expects the domestic economy to grow by 3% this year and by 3.5% in 2017. This despite the fact that national oil production is set to fall below the 1m barrels per day (bpd) average reached in 2015, with production estimated to average 921,000bpd in 2016 and 913,000bpd in 2017. But the fall in oil sector activity will be offset by projected increases in activity in the industrial, construction and financial services sectors this year.

Meanwhile, in presenting the report to congress, Finance Minister Mauricio Cárdenas said that the government does not expect to receive any dividends from the state-run oil firm, Ecopetrol, in 2017, and that this would force the government to make necessary fiscal adjustments next year. According to Cárdenas, this would involve budget cuts to the tune of Col\$6bn as part of the government's plans to reduce the fiscal deficit to 2.7% of GDP by 2018. The fiscal deficit is expected to reach 3.9% in 2016 and the government's target for 2017 is 3.3% of GDP.

Colombia posted a growth rate of 3.1% in 2015 and Cárdenas said that the latest official forecasts show that despite the "biggest contraction of government revenue in [Colombia's] recent history, the Colombian economy has maintained positive growth". Cárdenas added that "we have been able to absorb this shock without the economy suffering". Yet despite these positives, the mid-year fiscal report only appears to provide further evidence of the need for comprehensive tax reform, which President Juan Manuel Santos has said his government will seek to push through next year.

PERU | GDP growth. The economy grew by 2.5% in April, according to figures released by Peru's national statistics institute (Inei). According to an Inei report, the April growth figure was driven by increased activity in the agriculture, mining, hydrocarbons and telecommunications sectors.

The report noted that growth in the key mining and hydrocarbons sector was 22.82%; growth in the telecommunications sector was 9.75%; in the information technology services sector it was 9.88%; and in the agricultural sector it was 2.69% (after a very poor performance the previous month).

By contrast, activity in the fishing industry suffered a contraction of 77.11% due to the seasonal ban on anchovy fishing; and activity in the manufacturing sector fell by 13.76%, the sector's worst result for the past 16 months.

The April result marks the 81st consecutive month of uninterrupted growth for the Peruvian economy and brings the cumulative growth rate for the first four months of the year to a respectable 3.9%. This is a boon for the incoming government of President-elect Pedro Pablo Kuczynski, who is due to assume power on 28 July, as it suggests that the domestic economic slowdown may have bottomed out and that Peru may return to a growth rate in the region of 5% as it consistently posted from the start of the decade until 2014 when it dipped below this level on the back of the end of the commodities super-cycle.

The apparent upturn in Peru's domestic economic performance and Kuczynski's election prompted the international ratings agency Moody's to state in a 13 June report that these factors should increase confidence in Peru's economy. In the report Moody's vice-president and senior analyst Jaime Reusche said that former economy minister (2004-2005) Kuczynski is market friendly and likely to continue to maintain the country's orthodox economic policies.

Macri confronts corruption and drugs challenge

President Mauricio Macri earned some respite this week from the relentless focus on when the promised results of his government's economic reforms will kick in. Firstly, José López, the deputy minister for public works under his direct predecessors Néstor Kirchner (2003-2007) and Cristina Fernández (2007-2015), was arrested after trying to smuggle US\$8.9m into a convent. The scandal prompted Macri to denounce "incredible" levels of corruption during the 12 years of Kirchnerista governments. Secondly, Argentina's most-wanted drug-trafficker, Ibar Esteban Pérez Corradi, was arrested in the triple border area. Macri has blamed Kirchnerista governments for a surge in drug-trafficking over the last decade. Pérez Corradi's lawyer claims his client will "incriminate people".

López was caught red-handed by the police in the middle of the night. Armed with an assault rifle, he was found throwing 160 suitcases and bags stuffed with cash in several different currencies, totalling US\$8.9m, as well as expensive watches, over a wall into the garden of the 'Nuestra Señora del Rosario de Fátima' convent in the district of General Rodríguez in Buenos Aires province. López apparently confessed to a nun, who challenged him about his odd behaviour, that he had stolen the money to assist the convent. López was arrested after the police were called by Jesús Omar Ojeda, a chicken delivery man returning home early from work, who spotted the unusual goings on. López's lawyer said his client was suffering hallucinations; when López later appeared in court he repeatedly struck himself on the head and demanded cocaine.

López had been accused of administrative corruption, taking kickbacks on public contracts, for years and investigated for illicit enrichment but there was no smoking gun. Now he has been caught in flagrante. It is a massive blow to the credibility of the Kirchnerista governments. The fact that López was the chief lieutenant of the powerful federal planning minister during those 12 years, Julio de Vido, a federal deputy and president of the energy commission (who the nuns mentioned as a visitor to the convent), raises serious questions about corruption.

President Macri maintained that public corruption had been going on for decades in Argentina "but in the last one reached unprecedented levels". Macri said this was not an isolated case and that the problem under the Kirchnerista governments was "clearly structural". He said "public works have to be synonymous with happiness, the future, improved quality of life and never more synonymous with corruption and abuses".

The damage to Kirchnerismo

Fernández took a long time to respond to the arrest of López. When she did eventually address the matter, she did so in a blog on her website. Fernández accepted no political responsibility, and while she said that she would like to know "who is responsible for what happened", she was dismissive of its significance, saying merely that "when someone receives money in their public position it is because someone gave it to them from the private sector". Fernández devoted much of the rest of her article to criticising the Macri administration.

The Frente para la Victoria (FPV), Fernández's faction of the main opposition Partido Justicialista (PJ), condemned the behaviour of López and called for him to be expelled as a deputy to the parliament of the Southern Common Market (Parlasur). Héctor Recalde, head of the FPV bloc in the federal lower

Collusion

Citing "a distinguished Argentine diplomat", the national daily *La Nación* reported this week that there was active collusion between certain sectors of the security forces and the drug mafia on the border with Paraguay. "The police and the intelligence services know perfectly well where the red zones are through which narcos and smugglers move, but nobody does anything," according to this source.

Argentine investment

In a 14 June press conference, President Macri's cabinet chief, Marcos Peña, and Finance Minister Alfonso Prat-Gay announced that they have received pledges of US\$22bn in national and foreign investment in the last six months. Prat-Gay said that this investment would bring with it "employment growth, development, and social inclusion". However, investment pledges alone will not solve Argentina's economic woes. A survey conducted by Manpower consulting suggests that 80% of Argentine employers do not expect to hire new workers between July and September.

chamber of congress, expressed confidence that De Vido was unaware of the corruption. Recalde also insisted that while this was "a terrible episode and horrible corruption" the vast majority of FPV politicians were "honest".

The episode could have a major political impact not only in buttressing support for Macri, who argued that he inherited a ransacked country, but also in stripping support for Fernández. Three federal deputies and a senator abandoned the FPV in the wake of the scandal. Twelve federal deputies defected from the FPV last February. More desertions are probable in the coming weeks.

Drug trafficking

Macri has also accused the Kirchnerista governments of allowing a big increase in drug-trafficking through "inaction, incapacity or complicity". The testimony of Pérez Corradi, who was arrested in the airport of the Brazilian city of Foz do Iguacu, on the triple border with Argentina and Paraguay, on 19 June might destroy the battered legacy of Kirchnerismo.

Pérez Corradi had been on the run for three years. He is suspected in Argentina of being the intellectual author of the triple murder of the pharmaceutical businessmen Sebastián Forza, Damián Ferrón and Leopoldo Bina in 2008 over control of the trafficking of ephedrine, a primary methamphetamine precursor.

The security minister, Patricia Bullrich, said the arrest of Pérez Corradi was the result of "the persistence of a government that has decided to end impunity", working closely with regional allies in Brazil and Paraguay. The insinuation was that the Kirchnerista governments did not. Pérez Corradi's lawyer claimed that his client would lift the lid on some scandalous links. Allegations that Fernández's former cabinet chief, Aníbal Fernández, was behind the triple murders, played a part in his defeat in the gubernatorial elections in the province of Buenos Aires last August.

Agriculture investment set to soar

Argentina's agricultural and livestock sector will invest US\$58bn in the country this year according to a report released by the Sociedad Rural Argentina (SRA) agricultural sector lobby on 20 June. The SRA report noted that the "elimination and reduction of export certificates as well as the removal of trade barriers were fundamental in generating confidence and incentivising investment".

Since coming to power in December 2015 the government led by President Macri announced the scrapping of the export restriction and the lowering of taxes on agricultural commodities imposed by the previous administration led by former president Fernández as a way to ensure domestic food provision and increase government revenue. But these policies led to a sharp fall in economic activity and investment in the agricultural sector, one of the main driving forces of the economy.

According to the SRA report, cattle farming will provide 39% of the total projected investment (US\$22.5m), while crop production will add another 26% (US\$21m). This year, it is expected that the crop planting area in the country will increase by 2.5m hectares, while the SRA projects that the sector will produce 50% more food within the next five years.

Emphasising consistent investment across the country, the report noted that 80% of the projected investment would be reinvested in the communities in which agricultural products are produced. This as the SRA is clearly responding to the government's appeals for increased investment to help restore the troubled domestic economy.

In an interview with the local daily *El Tribuno*, published on 12 June, Macri's interior & public works minister, Rogelio Frigerio, admitted that it is very difficult to determine a "precise date when people will begin to perceive an improvement in the economy" but highlighted the importance of investment. Frigerio said that investment inflows into Argentina would materialise in the second half of 2016, which will result in a boom of "high-quality jobs".

Replacing Cunha

As part of his task to find a successor to Eduardo Cunha, Deputy André Moura is negotiating with leaders of the ruling, if fractious, Partido do Movimento Democrático (PMDB), and the leaders of the old anti-Rousseff opposition bloc: Democratas (DEM), the Partido da Social Democracia Brasileira (PSDB), the Partido Popular Socialista (PPS) and the Partido Socialista Brasileiro (PSB); as well as the 'centrão', the bloc of loyalists to interim president Michel Temer consisting of 13 parties led by the Partido Progressista (PP), the Partido Social Democrático (PSD), the Partido da República (PR) and the Partido Trabalhista Brasileiro (PTB).

'Operation Car Wash' switches focus back to PT

Early on 23 June, federal police officers arrested Paulo Bernardo, a former planning minister in the government of Lula da Silva (2003-2011), and a communications minister in Dilma Rousseff's first government. In the 18th phase of the corruption probe, 'Operation Car Wash', this time run by police from São Paulo rather than Curitiba, investigators are looking at up to R\$100m (US\$29.7m) in bribes from contracts signed with Consist, an IT company, for services provided to the ministry of planning. Prosecutors believe that Bernardo benefited from the scheme and used part of the money to bankroll the election campaigns of his wife, Gleisi Hoffman, a federal senator belonging to the left-wing Partido dos Trabalhadores (PT).

Bernardo was arrested at his building in Brasília; another raid took place in the offices of the PT in the city of São Paulo, which was run by João Vaccari Neto, the PT's treasurer until his arrest earlier this year. Vaccari is now in jail in Curitiba, on charges related to 'Operation Car Wash'. Carlos Gabas, a former pensions minister, and Leonardo Attuch, a journalist who runs the PT-sympathising website *Brasil 247*, were also taken to a police station for voluntary questioning. A businessman and a lawyer were arrested as well.

The arrests are yet further fallout from the plea-bargaining testimony of Delcídio do Amaral, the former PT federal senator, who was arrested for attempting to obstruct the course of justice by facilitating the escape of a key witness. Amaral said that he believed "there was no incompatibility between Paulo Bernardo being the minister of planning at the time and being Gleisi's operator; on the contrary, as minister of planning he had ample opportunity to access resources". The arrests are a worrying development for both Lula and Rousseff. Both men were close to the previous presidents, and if sufficient evidence is discovered of wrongdoing they may well be willing to provide evidence against them.

Replacement for Cunha wanted

Eduardo Cunha, the suspended speaker of the federal lower chamber of congress, cuts an increasingly isolated figure. In a press conference held in a hotel in Brasília earlier this week, paid, he insisted, with his own money, he sat alone on the podium facing a phalanx of hostile reporters, while protesters at the back of the room blew vuvuzelas and cried "Fora Bandido!"

Insisting, once again, on his innocence, Cunha is down to his final card. In testimony to the congressional constitution and justice committee, he hopes to persuade enough members that there were errors in the procedures of the ethics committee which recommended he be stripped of his mandate for lying to congress over secret Swiss bank accounts. Failing that, and even his closest allies think there is little chance of success, Cunha will be left at the mercy of the full chamber of congress. Surveys show that a comfortable majority will vote to strip him of his political rights, banning him from office for eight years, and ensuring that the criminal cases against him are heard with greater alacrity in lower criminal courts.

In the meantime, the jostling to succeed Cunha has begun. The presidential palace, Planalto, is actively involved in finding a compliant replacement for Cunha. The government fears that a division between its supporters could jeopardise the support it needs to pass what is likely to be increasingly controversial legislation.

The leader of the government in the lower chamber, Deputy André Moura, from the Partido Social Cristão (PSC), is leading Planalto's efforts. Initial talks have not gone well, reportedly, with severe differences of opinion between the *centrão* bloc loyal to interim president Michel Temer and the old-guard opposition (*see sidebar*).

Rio declares public state of calamity

Little is going right for the organisers of the Rio 2016 Olympic Games. In the latest of a series of PR disasters, on 21 June a rare jaguar used in part of the Olympic torch ceremony was shot dead as it threatened a soldier. Added to this are the consistent, and increasingly pressing, worries about whether the transport links will be ready in time for the Games. If all goes according to plan, the key metro line extension linking Ipanema to Barra da Tijuca should open on 1 August, four days before the opening ceremony. But all is not going according to plan; a key bus lane is running behind schedule; a cycle path has fallen into the sea, killing two; a new road extension has revealed potholes days after opening; and now the acting governor of Rio de Janeiro state, Fernando Dornelles, has declared a state of “public calamity” warning of the “total collapse” of public security, health, transport and education services without significant federal assistance.

Calling on a state of emergency usually reserved for natural disasters, Dornelles certainly succeeded in attracting the attention of the federal government, as well as horrified athletes and Olympic spectators from around the world, already wondering about the impact of the Zika virus and rising crime on the event. The interim president, Michel Temer, was reportedly incensed that Dornelles, from the Partido Progressista (PP), chose to jump the gun ahead of a scheduled meeting between the finance minister, Henrique Meirelles, and the governors of various heavily indebted states on 27 June.

In that meeting, Rio de Janeiro’s special status as Olympic host was acknowledged, and it was given an extra R\$2.9bn (US\$864m) to help with costs – money that does not have to be paid back. The vast chunk of this cash will go on security costs, to ensure police officers receive back-pay and overtime, but it will not necessarily assist other public sector workers in the state, many of whom are owed salaries. It will also do nothing to accelerate the completion of the metro extension, as Meirelles made clear that will remain the responsibility of the state.

Run for years by the Partido do Movimento Democrático Brasileiro (PMDB), the state has been driven into severe bankruptcy, with a fiscal deficit this year predicted to come in at R\$20bn. Years spent splurging cash from an assumed oil bonanza in the pre-salt Campos oil basin off the coast of Rio de Janeiro proved an unwise strategy. Money wasted on unnecessary vanity projects such as the total refurbishment of the otherwise perfectly serviceable Maracanã stadium was one particular case in point.

Meanwhile, other basic public services were largely neglected, despite the massive private investment that the Olympics have attracted. Another example, the 28km track of the VLT, the tram line that will run through the revitalised port area of Rio, cost around R\$1.7bn; this is the same amount spent on the 270km of the Supervia, Rio’s main municipal rail service, over the past 10 years. The VLT is largely a tourist attraction; the massively overcrowded Supervia is how many of Rio’s working class citizens get to work every day.

Violent crime is also rising in the city. Various theories have been given for the increase ranging from the unravelling of the ‘pacification process’ (in part a reaction to lack of equipment, delays in police salaries); the severe recession prompting a rise in acquisitive crime; and finally turf wars by drug gangs seeking to boost control of territories over what they assume will be a lucrative sales period during the Olympics. On 19 June, 25 armed men broke into a municipal hospital in central Rio, killing one patient in their successful attempt to free ‘Fat Family’, a well-known drug lord from the Comando Vermelho gang. Five men have been killed in the attempt to recapture him, but he still remains at large.

Telecoms

Brazil’s telecoms operator Oi has filed the country’s biggest ever bankruptcy protection request, weighed down by R\$64.5bn (US\$19.2bn) in debt. Oi was regarded as one of Brazil’s “national champions” when it was formed eight years ago from a merger partially funded by the state under left-wing former president Lula da Silva.

Teacher protests result in fatal clashes

At least eight people were killed on 19 June after violent clashes between militant teachers and police officers in the south-eastern state of Oaxaca. The violence broke out after some 800 federal police (PF) and state police officers sought to dismantle roadblocks erected by protesters from Mexico's second largest teachers' union Coordinadora Nacional de Trabajadores de la Educación (CNTE). Both sides agreed to hold talks after the violence although it is not clear what this will accomplish other than reducing tension in the short-term: neither the education minister, Aurelio Nuño, nor the CNTE has shown any appetite for compromise.

The CNTE has provided a long-running resistance to the education reform by the federal government led by President Enrique Peña Nieto, which aims to improve teaching standards by making it a meritocratic profession. The catalyst for the latest protests was the arrest a week earlier of the secretary general of the CNTE's Sección 22 in Oaxaca, Rubén Nuñez, on charges of embezzlement [WR-16-23].

The police moved to break up roadblocks on a highway linking the states of Puebla and Oaxaca in the municipality of Asunción Nochixtlán, and to disperse the protesters with tear gas. The latter resisted by setting vehicles ablaze and hurling back stones, Molotov cocktails and firecrackers, shooting cans full of nails and glass at the advancing police. In the pitched battles that followed, a total of 53 protesters were injured and 55 police officers, with 21 arrests made. Seven of the confirmed fatalities died from gunshot wounds, including a local reporter.

The national security commission (CNS) initially announced that the police were unarmed, while the Oaxaca state police maintained that some officers had suffered gunshot wounds. Photographs published by international news agencies depicted the police carrying firearms, but the CNS insisted these were "totally false".

The commissioner of the PF, Enrique Galindo, meanwhile, admitted in a press conference alongside the governor of Oaxaca, Gabino Cué, that a group of officers had used firearms but only after they had been "ambushed" without specifying precisely by whom or how. The inconsistent message did not instil confidence, particularly given the chequered track record of Mexico's security forces. The CNS has launched an internal investigation (*see sidebar*).

While the CNTE denounced a "massacre", the authorities maintained that armed infiltrators had joined the protests intent on destabilisation. Galindo said they had "fired indiscriminately on the police and civilians". The CNTE accused the government of planting provocateurs to throw the blame on the union. The authorities claimed that none of the people killed were teachers; the CNTE claimed there were 10 casualties, the majority "sympathisers" of their cause (the union has been supported by various social organisations) if not actually teachers.

The interior minister, Miguel Ángel Osorio Chong, held a meeting with representatives of the CNTE on 22 June with the emphasis on restoring calm to Oaxaca. Nuño was adamant that the talks did not touch on a possible revision of the education reform, which has been enshrined in the constitution: "the education reform is a process that will continue and will not be stopped".

Probes

President Peña Nieto instructed the federal attorney general's office (PGR) to investigate the violent deaths during the protests in Oaxaca. This followed a call by the Office of the United Nations High Commissioner for Human Rights (OHCHR) for an investigation and a dialogue process.

Just one president left standing

If there were any doubt whatsoever about who the winners and losers were in the gubernatorial, state legislative and municipal elections on 5 June, they would have been dispelled by developments this week. In the space of two days, the presidents of two of Mexico's three main political parties resigned: Agustín Basave, the president of the left-wing opposition Partido de la Revolución Democrática (PRD), followed a day later by Manlio Fabio Beltrones of the federally ruling Partido Revolucionario Institucional (PRI). Meanwhile, Ricardo Anaya, the president of the right-of-centre opposition Partido Acción Nacional (PAN), is being fêted as a possible presidential candidate in 2018.

Speaking in a press conference in Mexico City on 19 June, Basave said that "when you don't have a majority in congress you cannot govern" by which he meant that he had been left powerless because control of the PRD is exercised by the national executive committee (CEN), with the party's largest faction, Nueva Izquierda (NI), known as 'Los Chuchos', calling most of the shots. Basave admitted to serious differences with Jesús Ortega, one of the main powerbrokers in the NI.

PRD's troubled future

Basave, who was elected unanimously by the PRD in November 2015, had threatened to resign last January over the resistance he encountered while seeking to strike state-level electoral alliances with the PAN (*see sidebar*) but he agreed to wait until a party congress on 2 July to see if subsequent events should change his mind. He spoke out slightly in advance of this after Ortega revealed his intention to resign.

Basave said he had "little room to manoeuvre" in his position and had underestimated the intensity of the internal disputes between warring factions in the PRD. "The political culture of the PRD is not prepared for a presidency like mine," he said. Basave added that he would not leave the PRD but revert to being a federal deputy. He said he would propose changes to the party statutes to confer more power on the party president rather than the CEN.

The PRD registered some significant victories but only in coalition with the PAN, and Basave left in the midst of internal divisions over whether to enter a more permanent alliance as a junior partner. Basave was fiercely critical of the PRD governor of Michoacán, Silvano Aureoles, who he said had failed to acknowledge the party's electoral successes in coalition with the PAN. He said Aureoles was hostile to any alliance and was, as such, the PRI's preferred presidential candidate for the PRD because if all of the opposition parties were to field their own candidates in the 2018 presidential elections the PRI would win. Before then, however, the PRI faces a tough rebuilding process after Beltrones chose to resign.

PRI difficulties

The PAN outperformed the PRI for the first time ever at state level in the elections on 5 June. The PRI took just five governorships to seven for the PAN (which won four alone plus three in alliance with the PRD). As if this were not bad enough the PRI was vanquished in four states where it had always governed and a buoyant PAN saw its presidential aspirations significantly enhanced.

Beltrones, who had been seen as one of the most likely candidates to head the PRI presidential ticket, accepted that the adverse results left him with little option but to tender his resignation. While he assumed responsibility for the defeats, Beltrones gave some clear indications as to where, in his view, the blame lay.

Basave

The PRD's departing president, Agustín Basave, insisted that he could not deliver a promised transformation of the PRD because there was no internal political consensus to provide *bona fide* opposition to the PRI, and to denounce corruption, impunity and social injustices.

Gas pipeline

According to the director of Mexico's federal electricity commission (CFE), Enrique Ochoa Reza, the new natural gas pipeline linking Mexico and the US will promote industrial development and create new jobs in Mexico. Speaking from Montreal, Ochoa called TransCanada's deal the best offer, "technically and economically". During his visit, the director met with HydroQuebec, another Canadian company that is interested in developing energy projects in Mexico.

"In many cases the electorate sent a message in response to mistaken public policies or politicians that committed excesses, who did not behave transparently and did not act responsibly," Beltrones said. This was a clear reference to incumbent PRI governors accused of misappropriating state funds, especially in Chihuahua, Tamaulipas, and Veracruz, and running corrupt governments. It also looked like an indirect criticism of President Enrique Peña Nieto, whose government's unpopularity has been attributed in part to a failure to promote policies that strike a chord with the public.

The Catholic archdiocese of Mexico fired a broadside at the government after the elections saying the PRI had been "deservedly punished". It said society was "fed up with...a federal government and state governments characterised by inefficiency, indolence, shamelessness and brutal corruption". It went on to argue that given this backdrop it was striking that Peña Nieto had nothing better to do than "table a legislative proposal designed to break up the family unit, rights and values". It was alluding to Peña Nieto's decision, two weeks before the elections, to send a constitutional reform proposal to the federal congress to allow same-sex marriage. The Church was galvanised into action by this reform proposal which several PAN candidates argued helped them to defeat PRI rivals (most notably the PAN's Martín Orozco, who narrowly edged the gubernatorial elections in Aguascalientes).

Reviving the PRI's fortunes will be a challenge but such is the volatility of the Mexican electorate that the PAN's strong performance on 5 June cannot be read as a firm endorsement of the party's presidential bid in 2018. For one thing, the PAN already looks like facing potentially damaging internal differences over the selection of its presidential candidate. The outgoing PAN governor of Puebla, Rafael Moreno Valle, began a national tour, starting in Nayarit, this week to consult the PAN grassroots over proposals for a 'national project' in 2018. Margarita Zavala, the wife of former president Felipe Calderón (2002-2012), and Anaya also harbour presidential aspirations.

TRACKING TRENDS

MEXICO | Texas-Tuxpan pipeline. On 13 June Mexico's federal electricity commission (CFE), the country's electricity sector regulator, announced that a joint venture comprised of Canada's TransCanada and Mexico's Infraestructura Marina del Golfo (IMG), a subsidiary of the local IEnova, had been awarded the contract to build a new binational natural gas pipeline linking Mexico and the US. The US\$4.5bn pipeline will go from Brownsville, Texas, to the municipality of Tuxpan in Veracruz state (*see sidebar*).

The consortium won the 25-year build/operate contract after submitting a bid that was 52% lower than the original price tag. According to a TransCanada press release, the company expects to invest US\$1.3bn in the project. The 800km pipeline will have a diameter of 42 inches (1.07m) and will transport 2.6bn cubic feet (73.6m cubic metres) of natural gas per day. TransCanada said that it would own and operate 60% of the project and the rest would be owned by IEnova. The Canadian company expects the pipeline to be operational by the end of 2018.

The Texas-Tuxpan contract is the latest in a series of deals between TransCanada and the CFE. The company was also awarded the contract for the Tuxpan-Tula pipeline (which will link Veracruz to Mexico's central state of Hidalgo) in November 2015, and the Tula-Villa de Reyes pipeline (which will go from Hidalgo to San Luis Potosí state) last April, both of which are slated to begin operating before the end of 2018. By then TransCanada will be operating seven major natural gas pipeline systems in Mexico, worth a total of US\$5bn.

The Texas-Tuxpan project will expand natural gas access in several Mexican states. The pipeline will connect with another system owned by Mexico's Centro Nacional de Control del Gas Natural (Cenagas) in Altamira, Tamaulipas state, as well as with TransCanada's Tamazunchale and Tuxpan-Tula pipelines which cross the states of Hidalgo, San Luis Potosí, Aguascalientes, and Jalisco.

Heading into fresh uncertainty

For the second time in less than six months, major doubts persist regarding the legitimacy of Haiti's leadership. The 120-day mandate of interim president Jocelerme Privert officially ended on 14 June – the date agreed as per the accord inked by former president Michel Martelly (2011-2016) and heads of congress, ahead of his departure on 7 February, in the absence of an elected successor [WR-16-07]. At the time of writing, the bicameral legislature had yet to agree on whether to extend the term of Privert, who insists he will remain in office until a decision has been taken. The recent decision by the provisional electoral council (CEP) to accept the recommendation of the verification commission (Cieve) tasked with looking into last year's first round of presidential elections [WR-16-21] – to scrap the run-off between Jovenel Moïse of Martelly's Parti Haïtien Tèt Kalé (PHTK) and Jude Célestin of the opposition Ligue Alternative Pour le Progrès et l'Émancipation Haïtienne (Lapeh) party and set fresh elections – means that the PHTK and its allies are likely to drive a hard bargain.

Announcing the CEP's decision on 6 June – which, among other things, sets the first-round presidential vote for 9 October and run-off for 8 January 2017 (see sidebar) – CEP president Léopold Berlangier told reporters that the race would not be reopened. Instead the 54 candidates on the presidential ballot sheet in the October 2015 election would have between 8 and 23 June to confirm their participation. The local media also cited Berlangier as saying that new safeguards against fraud would be adopted such as the re-training of electoral officials (from polling supervisors to agents), while political party monitors and electoral observers would only be permitted to vote at the polling stations where their names appear on the voter list.

The announcement regarding the decision to annul the run-off and set fresh elections predictably provoked outrage from the PHTK – whose candidate Moïse the opposition maintains was the main beneficiary of the fraud and irregularities marring the first round vote. The party, which recently formed a new opposition bloc, Entente Démocratique (ED), with allies including Martelly's former party Repons Peyizan and Konvansyon inite demokratik (Kid), the party of Martelly's former prime minister Evans Paul (2015-2016), is now refusing to recognise Privert as Haiti's legitimate president. That Privert's continuance in power beyond his official term is proving contentious for other parties was also indicated in the 16 June announcement by the 'G-8' grouping of opposition presidential candidates of its dissolution. The decision by the G-8, which had been headed by Célestin, has been attributed in part to differences over whether Privert should remain in office.

In one boost for Privert, however, for the time being the US is giving him the benefit of the doubt. On 16 June the US State Department's special coordinator for Haiti, Kenneth Merten, said that "I would have to say I would recognise him as the interim president of Haiti" albeit while stressing that Haitian authorities should "act soon to clarify" who the country's provisional leader is moving forward. The situation, however, continues to attract international concern. Also on 16 June the Special Representative of the United Nations Secretary General in Haiti, Sandra Honoré, issued a statement expressing "concern that no measures have been taken to ensure institutional continuity beyond 13 June as provided for in the 5 February Agreement". The statement called on Haiti's national assembly to "take action and reach a solution which avoids an 'institutional vacuum,' and facilitates the return to constitutional order through the holding of elections without further delay".

New timeframe

According to the new electoral calendar, first-round presidential elections and the first round of elections for a third of the 30-seat senate (whose seats are due to expire) will take place on 9 October, with final results from these contests to be announced on 22 November. Run-offs will take place on 8 January 2017 if no candidate receives 50%+1 of the vote in this set of elections. Definitive results from the presidential contest and senate election will be announced on 30 January and 24 February 2017, respectively. As well as the presidential and senate elections, delayed partial legislative run-offs will take place on 9 October, with final results to be announced on 5 December. Delayed local elections will be held on 8 January next year with definitive results to be announced on 2 April.

Government denies that military killed Cáceres

Honduran military

This is not the first time the *Guardian* has run articles linking US-trained Honduran security forces to deadly attacks on local activists. In a 7 January story entitled, ‘*Honduras and dirty war fuelled by the west’s drive for clean energy*’, the daily suggested that Honduran forces were “implicated in the murder, disappearance and intimidation of peasant farmers involved in land disputes with local palm oil magnates”. This latest story, according to Lauren Carasik, director of the International Human Rights Clinic at Western New England University, is “disturbing smoking gun evidence”.

The Honduran defence minister, Samuel Reyes, has rejected as “totally false” allegations by the *Guardian*, a British newspaper, that the military was responsible for the assassination of the award-winning local environmental and indigenous rights activist Berta Cáceres.

In a press conference on 22 June, a day after the *Guardian* ran its controversial story, which it said was based on testimony from an ex-soldier, Reyes said that the information published “contains elements that apparently seek to damage the image of the government of Honduras and the armed forces”. Reyes sought to rebut the story, citing several details as false and/or factually incorrect, adding that it was “full of incongruities”.

In its 21 June story the *Guardian* alleged that two US-trained special elite military units had been given a list of social and environmental activists targeted for “elimination”, including Cáceres, who was shot dead in her bed in March. Among those arrested were active and former members of the Honduran military with ties to Desarrollos Energéticos SA (Desa), the firm responsible for building the Agua Zarca dam, as well as the manager for social and environmental issues at Desa. Cáceres had led a long campaign against the dam.

The alleged whistleblower is said to be a 20-year old former first sergeant who, along with others including his 24-year-old unit commander, deserted rather than comply with the hit list. He and others are on the run in neighbouring countries and in fear of their lives. “If I went home, they’d kill me. Ten of my former colleagues are missing. I’m 100% certain that Berta Cáceres was killed by the army,” the alleged witness is reported as saying.

The story, which the daily insisted it had corroborated with multiple sources, went on to list in gory detail evidence of a torture room close to a military installation, while the whistleblower also said he had been present at the surreptitious disposal of human remains in the middle of the night. In response to the report, Cáceres’s daughter, Bertita Zúñiga, stated, “This shows us that death squads are operating in the armed forces, which are being used to get rid of people opposing government plans. It shows us that human rights violations are state policy in Honduras.”

With concerns escalating even before Cáceres’s death about the use of the US\$200m in US military and police aid for Honduras since 2010, US Congressional Representative Hank Johnson last week introduced to the lower house the ‘Berta Cáceres Human Rights Act in Honduras’, which would suspend US security assistance pending the cessation of human-rights violations by security forces. “We provide millions of dollars in security assistance to Honduras but these same forces have been found to attack and kill environmental, labour and human rights activists like Cáceres without any effective response from the authorities,” the *Guardian* reported Johnson as saying.

Reyes stoutly rejected the “insinuation that there is a State policy against citizens and that the human rights defender and environmentalist was one of the objectives”. He added that the army had no register of the supposed disappearance of 10 soldiers and officials that could be linked to the death of Cáceres, or any denunciations by family members of missing military loved ones. He was clear that the Honduran armed forces, through the foreign ministry, would request “rectification” of the article by the *Guardian*.

POSTSCRIPT

Quotes of the week

“Let’s work for a Colombia at peace, a dream that is becoming a reality.”

Colombia’s President Juan Manuel Santos.

“Electoral results should not and cannot be explained in a simplistic way...life and politics impose challenges that are not always in one’s hands to resolve.”

Mexico’s Manlio Fabio Beltrones resigns as president of the ruling PRI.

“José López couldn’t bury the dollars, but he buried Kirchnerismo.”

One of Argentina’s best-known columnists, Joaquín Morales Solá, writing for La Nación, responds to the monastery scandal.

Chile cracking down on corruption?

“Why are people on the Right being treated more harshly than people on the Left?” This rhetorical expostulation came from Chilean Deputy Juan Antonio Coloma, the head of the ultra-conservative opposition Unión Demócrata Independiente (UDI) bloc in the lower chamber of congress. Coloma’s indignation followed last week’s imprisonment of Senator Jaime Orpis, who became the first politician in Chile to be jailed on the grounds of corruption since the country’s return to democracy in 1990. Rather than focusing on the corruption itself, which Orpis has admitted, and how to combat it, Coloma preferred to query why, in his view, the UDI was being singled out for it while the ruling left-wing Nueva Mayoría coalition was getting away so lightly.

Coloma was not alone in expressing his resentment at the preventive imprisonment of Orpis, who has admitted to accepting an illicit monthly payment from Corpesca, the largest fishing company in Chile producing 6% of the world’s supply of fishmeal, in return for his support of a fishing bill under the presidency of Sebastián Piñera (2010-2014). The UDI president, Hernán Larraín, denounced “unequal treatment which is an unacceptable form of justice”. He added: “Jaime Orpis is not a danger to society, he is somebody who has dedicated his life to public service...he has recognised his errors in the cases being investigated, he has cooperated to clear things up”.

Orpis had been under house arrest before the court of appeals ordered his preventive imprisonment pending a full investigation into alleged bribery and tax fraud. According to the attorney general’s office, Orpis received a total of Ch\$233m (US\$340,000) from Corpesca between 2009 and 2013 some of which he laundered through a business owned by his wife. “Bribery and corruption can sometimes sound abstract but this shows a company with very particular interests constantly financing a popular representative to carry out actions on its behalf,” said Pablo Collada, the director of Ciudadano Inteligente, an NGO which has represented civil society in many corruption cases.

By accusing Chile’s judiciary of “pursuing...the opposition” while turning a blind eye to wrongdoing committed by the Nueva Mayoría, the UDI runs the risk of further undermining the country’s institutions at a time when there is a growing disillusionment with the establishment.

LatinNews Daily

LatinNews Daily is an essential briefing tool for anyone with a serious interest in Latin or Central America and the Caribbean and is relied upon by thousands of LatAm professionals world-wide.

It is the definitive English language resource delivered via email at 0800 EST outlining all key developments throughout the region with expert analysis on the likely impact of each development.

LatinNews Daily costs just \$1,760 USD or £1,080 GBP for the year. For a 10-day free trial register at www.LatinNews.com, or for further information please contact Maria Isotalo via our online form at: www.latinnews.com/contact-us.

LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, Hamilton House, Fourth Floor, Mabledon Place, London, WC1H 9BB, England. Telephone +44 (0)203 695 2790, Email: subs@latinnews.com or visit our website at: <http://www.latinnews.com>

EDITOR: JON FARMER. Subscription rates will be sent on request. Overseas subscription sent by airmail. Printed by Quorum Print Services Limited, Unit 3, Lansdown Industrial Estate, Gloucester Road, Cheltenham, Glos. GL51 8PL
COPYRIGHT © 2016 in all countries. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, electrical, chemical, mechanical, optical, photocopying, recording or otherwise, without the prior written permission of the publishers. Registered as a newspaper by Royal Mail. **REFERENCES:** Back references and cross-references in the current series will be made thus: WR-16-01 will indicate Weekly Report, 2016, issue 1.