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CONTENTS

LEADER	1
Fernández begins fightback but Macri is in the ascendancy	
ANDEAN COUNTRIES	
COLOMBIA	4
Santos launches two new peace negotiations	
VENEZUELA	7
Allup condemns TSJ's 'criminal attitude'	
BRAZIL & SOUTHERN CONE	
BRAZIL	8
Temer pushes ahead with austerity plan	
MEXICO & NAFTA	
MEXICO	10
Resurgence of violence poses political problem	
TRACKING TRENDS	
CENTRAL AMERICA & CARIBBEAN	
HAITI	13
A new humanitarian crisis	
HONDURAS	14
Shadows lengthen again	
POSTSCRIPT	16
Peru and Ecuador focus on energy integration	
Quotes of the week	

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Fernández begins fightback but Macri is in the ascendancy

Argentina's former president Cristina Fernández de Kirchner (2007-2015) has launched her political comeback. Fernández addressed thousands of supporters at a public event on 6 October in the capital where she proposed a constitutional reform to alter the balance of power in Argentina, and was fiercely critical of the government led by her successor, President Mauricio Macri. Fernández has lost considerable support since leaving office, both within her formerly dominant Frente para la Victoria (FPV, Kirchneristas) faction of the main opposition Partido Justicialista (PJ, Peronists) and the wider public. But, in the absence of any other solid Peronist leadership Fernández remains a force to be reckoned with, and Macri will have been paying close attention to her comments. Macri, meanwhile, is making a concerted effort to expunge the legacy of Kirchnerismo.

It is the first time that Fernández has publicly advocated a constitutional reform. "We need to discuss the balance of power and the country's model," Fernández said. "With the current constitution there is an imbalance of power between citizens and corporations," she added, citing as an example a reform undertaken by Ecuador's President Rafael Correa. "There, a media owner cannot practice any other activity; a banker must be dedicated to that profession and nothing else," she argued.

Fernández will be hoping that her core support within the FPV, marshalled by her son, Máximo Kirchner, a federal deputy, will rally behind this as a campaign proposal ahead of federal congressional mid-term elections in October 2017. It is widely suspected that Fernández will run for a seat in the federal senate representing the province of Buenos Aires, and her speech bore the hallmarks of a campaign launch. She promised to construct "a new majority that allows Argentines to return to having a government that represents their hopes and interests".

The event to which Fernández was invited to speak, held in a stadium in the Villa Crespo district of the city of Buenos Aires, entitled 'Cien años de soberanía popular', was to commemorate the centenary of the start of the first government led by Hipólito Yrigoyen (1916-1922; 1928-1930), the first Argentine head of state to be democratically elected. Yrigoyen, known as 'the father of the poor', was renowned for his progressive social reforms, and Fernández claimed that Kirchnerismo was his political heir via former president Raúl Alfonsín (1983-1989). Yrigoyen was also the founder of the Unión Cívica Radical (UCR), which, paradoxically, is part of President Macri's ruling coalition Cambiemos.

The centennial event, which was attended by some 10,000 people, was organised by Leopoldo Moreau, Leandro Santoro and Gustavo López, members of the Movimiento Nacional Alfonsinista (MNA)-Forja, and the head of the trade

Energy tariffs

The government has published new energy prices in the official gazette after the supreme court (CSJN) in August struck down increases for residential users imposed in April and ordered public consultations to be held. There was no major change. Increases for residential users will now be capped at 300% (rather than 400%) with large companies and small and medium-sized enterprises (SMEs) paying increases of 400%-500%. The energy minister, Juan José Aranguren, said the increases were “more progressive”. He also admitted that the government had previously tried to “run before it could walk” with April’s tariff increases.

union of banking employees, Sergio Palazzo. Moreau, a presidential candidate for the UCR in 2003, launched the MNA last year to “recover and revive the best traditions of our political culture” in protest at the UCR’s decision to join Macri’s Cambiemos. Moreau was expelled from the UCR by party president Ernesto Sanz. Soon afterwards, the MNA fused with Concertación Forja, a party of former K Radicals led by López, and set out to forge “a common space in the framework of a strategic alliance with the Frente para la Victoria representing the synthesis of Yrigoyenismo and Alfonsinismo”.

Fernández omitted to make direct reference during her speech to any of the corruption scandals surrounding her or Kirchnerista officials, which have not only damaged her own popularity but also tainted the political legacy of Kirchnerismo, although she did indirectly draw a parallel with Yrigoyen, who she said had been pursued on corruption charges after he was toppled in a military coup in 1930. But, just an hour before Fernández took to the stage, a federal court confirmed Judge Claudio Bonadio in the case investigating alleged irregularities in the sale of US dollar future contracts carried out by the central bank (BCRA) in the final months of her administration. Fernández will have to testify in a separate, money laundering, case on 20 October involving Lázaro Báez; she is accused of using a network of family-owned hotel companies to receive payments from Báez, a business associate.

Fernández defended her government’s economic management during her speech, and accused the Macri administration of saddling the country with enormous debt, which “our children and grandchildren will have to pay”. Fernández claimed that “in just 10 months Argentina has taken 60% of the total debt of emerging countries globally”. Since Macri came to power last December his government has issued bonds amounting to US\$22bn, including €2.5bn (US\$2.75bn) on 5 October. The Macri administration has hailed these bond emissions as a success because it has gained access to international markets, which were closed in the 14 post-default years when Argentina remained a pariah, to raise finance to reactivate the economy.

Fernández argued that Argentina was heading towards “social disaster” as a result of the economic adjustments being made by the Macri administration, and called for the formation of “a citizens’ front” to provide resistance. Macri struck back in a column published on 9 October, in which he discussed the first official poverty figures released in three years by the national statistics institute (Indec). Macri said they made for “painful” reading, but he promised to “keep telling the truth, which is often an act of courage because it implies assuming the reality as it is to confront it”. This was a thinly veiled criticism of his predecessor. Macri prioritised overhauling Indec after taking power last December. Intervention under Kirchnerista governments, and the massaging of official data, had stripped Indec of credibility.

The new-look Indec found that 32.2% of the urban population (which is 92% of the national population) in Argentina is living beneath the poverty line, and 6% in extreme poverty. “The figure might be new but the situation is not,” Macri argued. He reiterated his commitment to set Argentina on the path to zero poverty while acknowledging that it would take time to achieve. “Let’s work together towards a bigger goal, with truth as the starting point,” Macri said, while ridiculing the suggestion that there are “fewer Argentines living in poverty than in Germany”, in reference to a claim by Fernández’s former prime minister Aníbal Fernández last year. During the final two years of her term, when official data was not released, President Fernández maintained that poverty had fallen into single digits, the lowest point since the return to democracy in 1983.

Macri is not content with exposing what he describes as the lies and fabrications of Kirchnerismo; he also wants to extirpate its physical legacy. His government is drafting a law, which would be applied retroactively, to

Trade unions

The government has announced that it will convene a working table with businesses and trade unions to discuss job creation. Also up for discussion will be the granting of a Christmas bonus of Ar\$1,000 (US\$65) as demanded by the country's main trade union movement, Confederación General de Trabajo (CGT), "to defend the real salaries of Argentine workers" as a pre-condition for not calling a general strike. Two of the members of the CGT's ruling triumvirate, Héctor Daer and Carlos Acuña, said that the Catholic Church had appealed to them "to exhaust all dialogue" before resorting to a strike. President Macri is meeting Pope Francis on 15 October in the Vatican.

prohibit any public building or street from being named after heads of state until 20 years after their deaths. It wants the Centro Cultural Kirchner, the imposing neoclassical palace restored by Fernández at a cost of Ar\$2.47bn (US\$275m) and the most visible imprint of Kirchnerismo in central Buenos Aires, to be renamed the Centro Cultural del Bicentenario, as originally intended. Kirchner's name is currently emblazoned over the façade of the building, which was opened in May 2015, in enormous letters. Kirchner, who died in 2010, has 1,300 public places in Argentina dedicated to his memory.

The government is likely to encounter resistance from the FPV to this legislation, but it is preparing its arguments, foremost among which is that one of the official opening plaques on the Centro Cultural Kirchner contains the name of the former public works secretary, José López (2003-2015), who is accused of massive corruption and was placed in preventive detention in June after trying to smuggle US\$8.9m into a convent [[WR-16-25](#)].

Combating insecurity

Former president Fernández also ventured to criticise the public security policies of her successor during her speech on 6 October. "Insecurity in the capital and the province of Buenos Aires has assumed Dantesque proportions," Fernández said. "People cannot go on to the streets because they are attacked when they buy anything in a store in any part of Greater Buenos Aires."

Five days after her speech, on 11 October, some 2,000 victims of citizen insecurity took to the streets in the city of Buenos Aires, in a protest march organised on Facebook to demand "more security and less impunity". There were further marches in Argentina's second- and third-largest cities, Córdoba and Rosario, as well as Mar del Plata, in the province of Buenos Aires. Insecurity is the main public concern in Argentina, according to 34.5% of respondents to a survey published by Management & Fit this week. As many as 77% of respondents, meanwhile, expressed a lack of confidence in the judiciary.

Perhaps smarting from the criticism by Fernández, whose government was widely accused of ignoring or minimising the country's public security problems, the justice minister, Germán Garavano, argued that the current situation was inherited from Fernández. Garavano accused the Fernández administration of lacking "an anti-crime policy" which had led to "the deterioration of social programmes, a very important part of [combating] insecurity". He also expressed support for the marches, which were directed at all three branches of government by organisers who specifically called for them not to be politicised.

Garavano's criticism might backfire. He will need FPV support in the federal senate for a reform to the penal code he presented to several senate commissions on 6 October which would, inter alia, stiffen penalties for serious offenders. Garavano criticised the former government, contending that "there are articles [in the current code] which were inserted in order to guarantee impunity".

On the same day as Garavano made his senate appearance, some 2,000 people took part in a silent march in San Miguel de Tucumán, the capital of Argentina's north-eastern province of Tucumán, to demand an improvement in public security, as well as justice for a priest, Juan Viroche, who was found hanged in his church in Ingenio La Florida in the provincial department of Cruz Alta. Viroche was a staunch critic of drug gangs in the area.

Macri's most virulent attack on Fernández was over what he described, at the turn of the year, as her government's culpability for the surge in drug-trafficking in Argentina over the last decade through "inaction, incapacity or complicity".

A video emerged days after Viroche's death in which the priest accused a powerful local family dynasty of links to drug-trafficking and prostitution. Viroche was referring to Arturo 'Chicho' Soria, the president of the rural commune of La Florida y Luisiana (a position equivalent to local mayor) from 2007 to 2015, and his wife, Inés Gramajo, who succeeded him. Soria was a former interior minister in the provincial government of FPV Governor José Alperovich (2003-2015).

Santos launches two new peace negotiations

It has been a rollercoaster week for President Juan Manuel Santos. No sooner was he awarded the Nobel Peace Prize for his efforts to seal a peace accord with the Fuerzas Armadas Revolucionarias de Colombia (Farc) than his government embarked on a second process of negotiations with representatives of the victorious 'no' camp which could sabotage it. While the most visible figurehead of the 'no' vote, former president Alvaro Uribe (2002-2010), expressed his commitment to peace, he could prove to be an even tougher negotiator than the Farc. Just as a working table began discussing Uribe's proposals to revise the peace accord, the government announced the formal launch of a peace process with Colombia's second largest guerrilla group, the Ejército de Liberación Nacional (ELN).

President Santos is only the second Colombian to receive a Nobel after the country's literary giant Gabriel García Márquez in 1982. This despite the fact that the peace accord was rejected by 50.2% of voters in the national referendum on 2 October. The Nobel award committee acknowledged the adverse result. It argued that "there is a real danger that the peace process will come to a halt and that civil war will flare up again", but stressed that "What the 'No' side rejected was not the desire for peace, but a specific peace agreement". It added that Santos had proposed a broad-based national dialogue aimed at advancing the peace process" which those who opposed the peace accord had "welcomed". It concluded that "Striking a balance between the need for national reconciliation and ensuring justice for the victims will be a particularly difficult challenge."

It is this challenge that Santos, who pledged to donate all of the US\$925,000 from the Nobel prize to victims of the armed conflict with the Farc, embraced in earnest this week. Hours after he was awarded the prize, the government and Farc negotiating teams in Cuba met the United Nations Special Representative Jean Arnault and agreed on "a protocol" to underpin the bilateral ceasefire. They agreed to advance with pilot plans to clear mines and to carry out the voluntary substitution of illicit coca crops, while the Farc also committed to cooperate fully with the search for missing people and to release all minors recruited to guerrilla ranks.

The timing of the announcement of the Nobel prize was unfortunate, not just because it followed immediately after the rejection of the peace accord but also as it might have complicated negotiations between the government and the 'no' camp, or more specifically Uribe, who was keen to secure a legacy for himself as the saviour of the peace process. Posterity is unlikely to bequeath Uribe that now that his rival has been honoured in this fashion. Uribe tweeted "I congratulate President Santos on the Nobel", pointedly adding, "I hope that it leads to changing damaging accords for democracy".

Negotiations with the 'no' camp

Members of Uribe's right-wing Centro Democrático (CD) presented the government with proposed revisions to the peace accord this week in the form of 26 pages of observations, yet to be divulged. Uribe summarised them at the weekend. In essence many of the proposed changes do not differ radically from points contained in the accord, with one notable exception – justice. In this regard, they would completely alter the spirit of the accord. 'Pablo Catatumbo' (Jorge Torres Victoria), a member of the Farc secretariat tweeted that "The political inviability of Uribe's proposals demonstrates why it was impossible for him to lead any dialogue process with [Colombia's] insurgent groups".

Military justice

Former president Uribe opposes the aspect of the peace accord which would mean former members of the military would be held accountable through the same transitional justice system as guerrillas. He is demanding special judicial treatment for members of the security forces accused of abuses in the armed conflict. Aída Avella, president of the radical left-wing Unión Patriótica (UP), insisted that the military "must receive the same treatment" as they had "the constitutional duty to protect people". It was noteworthy that in a joint press conference with President Santos in February the US Secretary of State John Kerry specifically referred to "a dark chapter of this conflict, that of the false positives [the killing of innocent civilians presented as guerrillas by members of the military]" and praised Santos for his "commitment to forging a peace agreement that ensures meaningful justice for those and other crimes".

Rallying for peace

President Santos met 1,500 representatives of Colombia's indigenous peoples

outside the presidential palace Casa de Nariño on 10 October, with his interior minister, Juan Fernando Cristo.

Santos said he was buoyed by the unanimous encouragement for him to keep pursuing peace. Thousands of students and farmers joined indigenous people in a march in Bogotá on 12 October calling for the peace accord to be revived. They congregated in a square outside congress.

Uribe, a major landowner himself, demanded reassurances that the proposed land reform in the peace accord would not result in legitimately acquired land being handed over to *campesinos* as part of the redistribution of some 3m hectares, but the accord stipulates that private property obtained legally would not be touched. Uribe's proposed amnesty for Farc guerrillas not guilty of serious crimes is also contained within the accord. Uribe's demand that the post-conflict phase should be carefully costed, and that Colombia would have to live within its means, could create some difficulties but is not an insurmountable obstacle. Even his proposal that guerrillas found guilty of serious crimes could be awarded reduced sentences of between five to eight years is the same as the accord in terms of duration. The big difference is that Uribe wants to see them serving this time if not in a prison cell then on farms, but without the option of working in the local community building schools and roads, or clearing mines, which would explicitly bar them from seeking elected office.

Uribe proposes the creation of a transitional chamber in the supreme court (CSJ) rather than the establishment of a special transitional peace tribunal. But this would also undo the truth, reparation, reconciliation and non-repetition aspect of the justice section of the agreement between the government and the Farc, which is the bedrock of the whole accord. It took over a year to negotiate the transitional justice accord. The CSJ is already struggling with its existing workload and its role in the justice and peace law applied by Uribe's government in the demobilisation of the paramilitary Autodefensas Unidas de Colombia (AUC) was far from a resounding success.

The interior minister, Juan Fernando Cristo, said that it would be "very difficult to modify the transitional justice accord". The president of the senate peace commission, Roy Barreras, said that while many of the proposals were "positive" those on transitional justice and political eligibility were "inviabile" because they would "end the peace". Tensions predictably are already rising. In a letter to Santos, former president Andrés Pastrana (1998-2002) decried "the response of government officials to our olive branch [which] is more belligerent by the day, diametrically opposed to what you expressed in private".

ELN talks

It was at this point that Santos appeared on television to announce the formal launch of negotiations with the ELN, which he said would ensure that "peace will be complete". Eight former Colombian heads of state have tried to no avail to launch peace negotiations with the ELN. Santos also took the opportunity to urge representatives of the 'no' camp to avoid "presenting impossible proposals" but rather to make proposals "based on realism and truth" so that talks were not delayed. "Our biggest enemy is time," Santos said, pointing out that the government had been trying to begin formal talks with the ELN for "nearly three years".

But Uribe, who attended the meeting between representatives of his CD and government officials on 10 October, insisted that it was "very important to be able to examine face to face every chapter of the accord...because if peace damages our democracy this peace will not last". Detractors are accusing Uribe of seeking to delay the peace process until 2018 when he hopes a CD presidential candidate will come to power and the party will be able to dictate terms to the Farc.

Santos is desperate to avoid this and he will be hoping that talks with the ELN can advance much more rapidly than with the Farc by using the framework of the peace accord struck in Cuba. The installation of a working table between the government and the ELN will begin in Ecuador on 27 October, with formal negotiations slated to commence in Quito on 3 November. The

China

The Santos administration received a boost this week when China's foreign minister Wang Yi announced during a visit that his government was keen to begin a viability study for a bilateral free trade agreement with Colombia as soon as possible. China already has FTAs with Peru, Chile and Costa Rica in the region. President Xi Jinping will be attending the Asia-Pacific Economic Cooperation (Apec) forum in Peru next month.

talks will primarily take place in Ecuador, but unlike the Farc talks in Cuba they will not only be conducted in one place. The plan is for Brazil, Chile, Cuba and Venezuela to play host to the talks at various points too.

The government's new chief negotiator with the ELN, Mauricio Rodríguez, a former ambassador in London and brother of First Lady María Clemencia Rodríguez, announced the launch of formal peace talks in Venezuela on 10 October alongside 'Pablo Beltrán' (Israel Ramírez Pineda), a member of the ELN central command (Coce), and others. A similar announcement was made in Caracas on 30 March (without committing to a date) but the process was immediately frozen after it was revealed that far from unconditionally releasing a prominent political hostage, the former governor of the north-western-most department of Chocó, Patrocinio Sánchez Montes de Oca, the ELN had demanded an exchange for his brother Odín, a former deputy in the lower chamber of congress for the Partido de la U (PU). The ELN has now agreed to proceed to release all of its hostages but it is unclear how many it has or what the precise timeframe for their release will be. It released a proof-of-life video of Odín Sánchez Montes de Oca on 12 October.

The ELN has intensified its attacks in recent months to try and strengthen its negotiating position. The guerrilla group has a presence in 99 of 1,100 municipalities in seven different departments (Bolívar, Cesar, Norte de Santander, Chocó, Arauca, Boyacá and Casanare), and comprises 25 'fronts' nationwide and a handful of columns, companies and commandos, but it has shrunk significantly over the last decade from an estimated 5,000 members to between 1,300 and 2,000.

Uncertainty surrounds the unity of command within the ELN. While the Farc has a rigid, top-down hierarchy, this is not the case in the ELN, and it is not clear that the Coce can enforce discipline over all of the guerrilla group's fronts. It is suspected that the 'Frente de Guerra Suroccidental', with around 250 members, is intent on moving in on the zone of influence of the Farc's 6th front in the south-western department of Cauca to establish control over some 8,660 hectares of illegal coca cultivations; and the 100-strong Comuneros del Sur, in adjacent Nariño, where there are some 29,755 hectares of coca, to supplant the Farc's 29th front. Ecuador's President Rafael Correa, who thanked Santos for entrusting his country to provide the venue for the talks, himself recently raised fears about other illegal armed groups moving into Nariño and Putumayo, which border Ecuador if the Farc demobilises [[WR-16-38](#)].

The structure of ELN peace talks

The government and the ELN will each be represented by five principal members (and five alternates) at the negotiating table. The number will fluctuate during the peace process depending upon the topic under discussion but will not exceed 30 at any one time. The ELN peace process will cover six points: participation of society in the construction of peace; democracy for peace; transformations necessary for peace; victims; the end of the conflict; and implementation. Some of these points should not take too long to discuss, especially issues such as rural development, political participation, and victims, which have been agreed with the Farc and should be reusable with a few tweaks.

The standout difference between the two peace processes is the level of public participation envisaged in the ELN talks. Former Senator Piedad Córdoba, a prominent left-winger, said this week that the proposed public involvement would have "a revitalising effect on peace in the country". Civil-society groups in departments most affected by the armed conflict will be able to contribute initiatives, proposals and programmes within each point under discussion, related to issues such as social exclusion, corruption and environmental degradation, with the ultimate goal of deepening social justice and reducing poverty and inequality.

Ramos condemns TSJ's 'criminal attitude'

“The court ruling is an attack on parliament only comparable to that of 1848 led by Señor Monagas, except that instead of using the violent methods of thence, now they are using a few bought magistrates, nominated in violation of the constitution, so that they can permanently breach the law.”

– *The head of the national assembly's finance commission, Alfonso Marquina, refers to a move on congress led by the country's former president, General José Tadeo Monagas, part of a lengthy power struggle between liberals and conservatives in the country.*

The president of Venezuela's opposition-controlled national assembly, Henry Ramos Allup, condemned the supreme court (TSJ) for its “criminal attitude” after it ruled to assign itself the power to approve the 2017 draft national budget instead of the legislature. The TSJ, he declared, had “suspended the constitution”. Constitutional lawyers for the opposition Mesa de la Unidad Democrática (MUD) coalition said the latest move was clear evidence of the fact that there is no longer a functioning democracy in Venezuela. Defiant, President Nicolás Maduro said the 2017 budget would be approved immediately.

For the second year in a row, neither the legislature nor anyone else outside the executive will be privy to the details of the national budget. Last year, President Maduro sent down a budget plan to the then-government-controlled assembly with most of the key figures redacted, on national security grounds. Nevertheless, the ruling Partido Socialista Unido de Venezuela (PSUV) unanimously sanctioned the plan which, at an estimated US\$247bn, was twice the size of the previous year's budget.

The TSJ in July ruled the national assembly in contempt (for failing to adhere to the court's order not to swear in three MUD deputies under investigation for electoral irregularities). As such, all assembly decisions are currently considered null and void. Thus, at the request of Maduro, the TSJ said on 12 October that in light of “the need to complete the legal formation of the national budget ... [and] with the aim of maintaining the state's functions, guaranteeing fundamental rights and constitutional order”, the court's constitutional chamber could approve the budget instead.

Typically, the budget is approved in December, but Maduro appears to want to bring it forward as per the existing state of exception and economic emergency in the country, extended for a fourth time in early October (again, with TSJ rather than national assembly permission).

The impact of Maduro's move will be felt outside as well as inside the country and could well put off already-nervous bondholders considering whether to participate or not in a new US\$7.1bn bond swap proposed by the state oil company Petróleos de Venezuela (Pdvsa). The swap has now been extended for a further five days to 17 October, indicative of insufficient take-up to date. Just as there are legal doubts as to the Pdvsa swap, because of Pdvsa's use of its US refining unit Citgo as collateral (which some legal experts worry amounts to a de facto privatisation of a state asset without the requisite national assembly assent), there are now additional doubts as to whether any new debt contracted by the Maduro government under the 2017 budget could also be subject to legal question.

The well-known Venezuelan commentator Francisco Rodríguez, now chief economist at Torino Capital, wrote in a client note: “We believe that there would be a strong legal argument for a future administration to state that debt contracted in 2017 would not be valid given the lack of an Annual Indebtedness Law approved by the National Assembly”.

This was echoed by the head of the national assembly's finance commission, Alfonso Marquina, who declared that approval of the national budget “has been the sole attribute of the assembly since Venezuela's separation from Gran Colombia in 1830”. Marquina warned that “any debt contracted by any public institution not approved by the national assembly will be null” and therefore, “will not be demandable of the Republic of Venezuela”.

Temer pushes ahead with austerity plan**Modest recovery**

The rate of inflation in Brazil slowed to its lowest level for the month of September since 1998 last month, rising just 0.88%, according to the national statistics institute (Ibge). These results mean the government could meet its annual target of reducing inflation to 4.5% by the end of the year. The comparatively low rate of inflation means the central bank is expected to bring down its benchmark interest rate, the Selic, this month, which could raise Brazilian asset prices and give the economy a boost. For the past year, interest rates have been stuck at 14.25%, their highest level for a decade.

In a bold move to drag Brazil out of its worst economic crisis since the great depression, President Michel Temer has proposed a series of belt-tightening measures to put public finances in order. The federal chamber of deputies approved the first of these reforms – a cap on public spending – earlier this week, which constitutes a victory for Temer and his ruling Partido do Movimento Democrático Brasileiro (PMDB).

When Finance Minister Henrique Meirelles started work this May, he inherited a host of economic problems from the previous administration including a fiscal deficit which had swelled from 2% of GDP in 2010 to 10% of GDP in 2015. One of the factors explaining the government's high level of debt is a hangover from years of liberal spending during Brazil's 'boom' years; spending increased by 6% per year between 1997 and 2015. But Meirelles has made it clear that the good times are over, with his bill to promote austerity by reining in public expenditure.

On 10 October, deputies in the federal lower chamber voted in the constitutional amendment proposal (PEC) to curb government spending by 366 to 111, comfortably clear of the three-fifths majority needed for it to pass.

Every little helps

The PEC seeks to limit public spending for the next 20 years in line with inflation. By pushing for greater austerity, President Temer is hoping to regain foreign investors' trust in Brazil and turn the page on fiscal irregularities which emerged under the previous administration, culminating in the impeachment in August of president Dilma Rousseff (2011-2016).

International economists have broadly welcomed the legislation as a sign that Brazil is learning from its past mistakes and strengthening its macroeconomic strategy. Soon after the bill was passed, the São Paulo stock exchange (Bovespa) rose by 0.92% to its highest level over the past year.

Restraining public spending could also allow the central bank to keep inflation rates in check. "I've been saying explicitly: look, if you do the fiscal reforms, that helps me with my disinflation process," said the head of the central bank, Ilan Goldfajn, said in an interview with the *Wall Street Journal* on 7 October. If the government sticks to its new budget, Brazil could begin to emerge from the recession as early as next year, according to economic projections by government analysts.

At what cost?

However, not everyone gave such a positive reception to the new bill. The PEC sparked mass protests in state capital cities such as São Paulo and Curitiba (Paraná) from angry citizens who claim that the law would unjustly punish Brazil's poor.

Opposition candidates have criticised the proposed cuts, saying that any economic gains will come at a high social price. By pushing through the bill, Senator Gleisi Hoffmann, of the left-wing Partido dos Trabalhadores (PT), said the austerity measures could reverse 13 years of social progress through cuts to public services and social programmes. She raised the concern that funding for the much-lauded Bolsa Família cash handout welfare scheme, introduced by the PT in 2004, could be reduced.

Rising unemployment

Unemployment has continued to rise over the past three months, leaving 12m people jobless.

According to figures from the national statistics institute (Ibge),

unemployment rose from 11.2% to 11.8% between June and

August, while any workers who managed to hold on to their jobs also suffered from a decrease in wages.

The economy is expected to contract by a further 3.15% this year, meaning that more jobs could still be in the firing line over the coming months.

Government spending for health and education could also suffer billions of reais in cuts. Both sectors are already under considerable strain and could buckle under the weight of harsher austerity measures, argues Cesar Callegari, an adviser for the national education council (CNE). "If we went ahead with the cuts, we would compromise the sustainable long-term growth of Brazil," he said. "We would have to close schools and fire teachers. There is no fat left to trim."

The PEC could slash funding for the national health service (SUS) in half. This would reduce the budget by R\$50bn (US\$15.6bn) per year, the former health minister for the PT, José Gomes Temporão (2007-2010), said. The consequences of those cuts could prove to be very serious for the 80% of Brazilians who depend on the SUS for all their medical treatment. "This government sees healthcare as a cost rather than an investment," Temporão added.

Another measure which could threaten social progress in Brazil is the provision to cap the minimum wage. "The minimum wage has been integral to reducing inequality. It has a positive impact on economic activity because the minimum wage goes to the consumer, which in turn generates economic activity," Júlio Miragaya, president of the Conselho Regional de Economia (Corecon), said.

Meirelles defended the proposals by pointing out that 30% of the government's budget under the PEC will be discretionary, meaning that future administrations could choose to spend more on education, health and the minimum wage if they wanted to. In response to the allegations that the bills penalised Brazil's lower classes, he said that successful economic reforms could enhance social progress by cushioning the effects of inflation and reducing Brazil's unemployment levels, which are currently around 11%.

Legal challenges

Besides provoking a public backlash, the bill drew criticism from members of Brazil's legal community. On 7 October, Brazil's public ministry dismissed the PEC as unconstitutional on the grounds that the 1998 constitution guarantees citizens the right to free healthcare. It also violates the 2014 Plano Nacional de Educação law which earmarks 10% of the budget for education.

The PEC would therefore require a change to the existing constitution, meaning the bill would require another vote in the chamber of deputies and two votes from the senate before it can pass.

Asked what he would do if the bill was rejected, Temer said "Let's not think about plan B." Instead, Temer has been actively campaigning to promote his austerity reforms in the chamber of deputies, where he was formerly president (1997-2001; 2009-2010) and is still seen as an influential figure. Before the vote went through, he held a lavish dinner for 400 deputies. Notably, last week, Temer appointed a new tourism minister, Marx Beltrão, favoured by the head of the senate, Renan Calheiros.

Even if Temer manages to win final approval for the PEC, it will be a hard sell to the general public. To try and counter this problem, Temer recently aired a government campaign in the local media to promote his austerity campaign with the slogan, 'let's take Brazil out of the red, so Brazil can continue to grow', playing on red being the traditional colour of the PT.

Sensing foul play, the opposition called for the advert to be withdrawn immediately. Senator Linbergh Farias (PT) has brought the matter to the attention of the public ministry, due to concerns over how the campaign was funded and alleging that it "incites hatred" towards the embattled PT.

Coahuila mass grave

On the same day that the Veracruz authorities positively identified the bodies of three of the four missing Universidad Veracruzana students, authorities in the state of Coahuila announced the discovery of a clandestine mass grave containing the remains of some 600 people. The grave was found by the Víctimas por sus Derechos en Acción (Vida) local civil-society group in the municipality of San Pedro de las Colonias, 70km from the state capital. The discovery of 3,488 charred human bone fragments and other remains was confirmed by the Coahuila attorney general's office, which said that they dated back to 2006-2012. But Vida has called for all fragments to undergo scientific tests to determine their identity.

Resurgence of violence poses political problem

Violent crime is once again on the rise in Mexico. This is suggested by a series of recent incidents that have all been linked to organised criminal activity and which have shaken the country. It is a serious problem for the government led by President Enrique Peña Nieto as it flies in the face of its assertions that crime levels have been falling in Mexico since it assumed office in 2012 and adopted a new national security strategy based on a more intelligence-driven approach to combat organised crime.

President Peña Nieto came to power promising that a new national security strategy to replace the frontal 'war against organised crime' launched by the previous administration led by Felipe Calderón (2006-2012) would help reduce rampant levels of violence. The Peña Nieto government appeared to come good on this promise after official statistics showed a consistent fall in crime levels starting in 2013. However, this started to change from 2015, as local civil-society organisations began reporting about an upsurge in violent crime and in particular those typically linked to organised criminal activity such as multiple murders, kidnapping, and extortion, crimes that Peña Nieto specifically said his administration would focus on reducing.

The government acknowledged that there has been an increase in violent crimes in certain 'problem states' but argued that overall crime figures were still on a downward trend. However, incidents in recent weeks suggest that violence is resurfacing in various areas of the country and not just in problem states. Since mid-September there have been high-profile cases of the shooting of Catholic Church members in the states of Michoacán as well as in Veracruz; the murder of trainee teachers in Guerrero state; the kidnapping and murder of a group of university students in Veracruz; and murder sprees in the states of Tamaulipas and Oaxaca.

Veracruz becomes a major concern

Although Veracruz was heavily affected by organised-crime-related violence under Calderón, since 2012 the situation there seemed to have improved. So, the recent increase in violence there has perhaps produced the most concern (unlike the likes of Michoacán, Guerrero, and Tamaulipas, Veracruz was not considered to be a problem state). In mid-September two Catholic priests were kidnapped and later found murdered in Veracruz. The local authorities linked the crime to organised criminal activity, to the fury of the Catholic Church, suspecting that the priests were targeted not for their religion but for being in some way involved with local criminals. The priests' murders concentrated attention on Veracruz. Official state government figures showed that there were 168 murders in Veracruz in July, the highest monthly figure since 1997; and that the 643 homicides reported from January to July already surpass the 569 homicides recorded in all of 2014 and the 615 homicides recorded in all of 2015.

Since then there has been a spate of murders in Veracruz, with bodies being found by the authorities in the state on an almost weekly basis. Yet the issue once again gained national prominence on 8 October after the authorities identified three of the six dismembered bodies found in the municipality of Camarón de Tejeda as those of university students that had been reported missing on 29 September. The abduction of a group of four media studies students from the Universidad Veracruzana in the eponymous state capital by criminals sparked mass public demonstrations demanding that the authorities find the missing students.

Security reinforced in Edomex

On 12 October the federal interior minister, Miguel Angel Osorio Chong, announced the deployment of additional federal security forces to the Estado de México (Edomex) to reinforce public security. Osorio Chong said during a visit to Edomex that 3,150 members of the army, navy, and federal police would reinforce public security in the state, as part of the federal government's efforts to pursue an "integral strategy" and work with all state governments to combat crime and reduce violence across the country. However, the move has been criticised by some, who point out that Edomex is currently not a 'problem state' and that the move is probably intended to help improve the PRI's chances of retaining the state in next year's gubernatorial elections.

But, following the discovery of the six bodies dumped on the side of a highway, the Veracruz attorney general's office (FGE) confirmed that three had been identified as those of the missing students by their relatives (the remaining three bodies have not yet been identified). Meanwhile, two days later on 10 October, FGE head, Luis Angel Bravo, announced that the body of the fourth missing student had been found along with another unidentified body, both of which were also dumped on the side of road (the other body has yet to be identified). Bravo said that all the evidence strongly suggested the "involvement of organised crime". But Bravo admitted that investigators did not know which criminal organisation was behind the crime or why exactly the students were targeted, and requested assistance from the federal attorney general's office (PGR) to help solve the case.

Political confrontation

The call for federal assistance to solve the case was backed by the outgoing Partido Revolucionario Institucional (PRI) governor of Veracruz, Javier Duarte, who formally leaves office on 1 December but requested leave of absence on 12 October to clear his name amid a corruption investigation. But Veracruz's governor-elect, Miguel Angel Yunes, of the right-wing opposition Partido Acción Nacional (PAN), reacted by attributing the increase in violence to the "complicity between criminals and local government officials", which he blamed on the Duarte administration and the (also-PRI) state administration led by former governor Fidel Herrera (2004-2010). Yunes said that under his incoming government those that "opened the door to crime will be punished".

Stating that the violence in Veracruz has reached "alarming levels", Yunes said that the federal government has to continue supporting state governments in the fight against criminality until these are able to do so themselves. "States have to develop the capacity to combat crime, solid state police forces... only then will we be able to stop this enormous crime wave," Yunes said.

Yunes's remarks were backed by the PAN party president, Ricardo Anaya, who questioned whether the new national security strategy was working. Pointing to the latest public security figures published by the national statistics institute (Inegi), which show that in March 69.9% of respondents said that they felt insecure, Anaya called on the government to revise its security strategy.

Anaya's call elicited an immediate reaction from his PRI counterpart Enrique Ochoa Reza. Ochoa said that Mexico's insecurity problems were "a legacy" of the previous PAN administration. Stating that the statistics "don't lie", Ochoa noted that in 2011 crime statistics reached unprecedented levels in Mexico under Calderón and that thanks to the new national security strategy implemented by Peña Nieto these have fallen to the point that last year's homicide rate declined from 22.18 per 100,000 inhabitants in 2012 to 16.96 per 100,000 last year. Ochoa also stressed that all other official 'high impact' crime figures, such as kidnappings and extortion, have fallen by 25.7% and 30.7% respectively over the period.

The problem for Ochoa and the PRI is that unofficial figures show that while crime rates started falling at the start of Peña Nieto's term they appear to be rising again. The latest national security balance by the Observatorio Nacional Ciudadano (ONC) NGO found that while the homicide rate had fallen to 13 per 100,000 inhabitants in 2014 it rose marginally to 14 per 100,000 in 2015, and is still rising, with the rate standing at 17 per 100,000 in September this year. The reversal of this trend comes at a politically sensitive time for the PRI as it prepares to contest next year's gubernatorial elections in the Estado de México (Edomex) (*see sidebar*) and the 2018 general elections. Failure to arrest the increase in violent crimes could significantly harm the PRI's chances in these elections.

Ecatepec, Mexico's worst city; Mérida, the best.

On 4 October the Gabinete de Comunicación Estratégica (GCE), a Mexican think-tank, released the results of a survey conducted in the country's 60 most populous municipalities and the 16 Mexico City boroughs (delegaciones) to determine an urban quality of life index. The survey took into account 20 variables divided into three categories: quality of life; satisfaction with municipal services; and performance of local authorities. The results showed that Mérida, the capital of Yucatán state, and Saltillo, the capital of Coahuila state, are the best cities to live in, with 77.6 and 77 points, respectively. On the other hand, Ecatepec de Morelos, in the Estado de México (Edomex), with 48.8; and Chilpancingo, the capital of Guerrero state, with 49.8, are the worst cities to live in.

MEXICO | Fitch cuts growth forecast. On 6 October the international ratings agency Fitch announced that it was revising down its 2016 and 2017 economic growth forecasts for Mexico. A Fitch statement said that it had reduced its growth forecast this year from 2.4% to 2.0% and from 2.8% to 2.6% next year.

Fitch said that it still expects that Mexico's domestic economy will continue to recover in the next two years as international oil prices start to rebound, the Mexican economy starts to benefit from a competitive exchange rate, and investment increases on the back of the economic structural reforms pushed through by the government led by President Enrique Peña Nieto.

However, Fitch warned that this forecast could be revised down further should there be a "reduction in [domestic] oil production, an increase in volatility in international markets that affects domestic [investor] confidence, and lower activity in the US industrial sector". The agency also warned about additional risk if the Mexican government's fiscal austerity measures impact domestic economic activity more than expected and if the US adopts "more protectionist" economic policies following general elections on 8 November.

Fitch's Mexico growth forecast revision came in the wake of that made by the International Monetary Fund (IMF) in its latest World Economic Outlook (WEO), released on 4 October. The IMF cut its Mexico growth forecast from 2.5% to 2.1% this year and from 2.6% to 2.3% in 2017. The IMF said that while Mexico is one of the few main emerging economies to maintain stable economic growth in recent years, its growth prospects continue to be negatively affected by external factors such as low international oil prices, global economic uncertainty, and the appreciation of the US dollar.

All of this is in line with the latest (September) poll of local economists by Mexico's central bank (Banxico), which found that the consensus growth forecast for the year has been reduced from 2.20% to 2.10% for 2016 and from 2.60% to 2.40% for 2017. This revision was primarily attributed to the "more adverse international economic scenario".

MEXICO | Inflation begins to accelerate. Mexico's national statistics institute (Inegi) reported on 7 October that the national consumer price index (CPI) had registered a 0.61% monthly increase, bringing the accumulated annual inflation rate to 2.97%, the highest figure since April 2015.

In recent months Mexico has registered record low inflation rates allowing the central bank (Banxico) to keep interest rates low in support of domestic economic growth despite pressure to increase interest rates to counteract capital flight produced by increased volatility in international capital markets. But this situation appears to have changed on the back of a sharp increase in the value of the US dollar against the Mexican peso, which appears to be pushing up prices in Mexico.

According to the Inegi report, while the CPI increase was mainly due to rising prices of agricultural products such as eggs, tomatoes, onions and chicken, the devaluation of the peso against the dollar also led to a sharp increase in prices of certain non-edible goods (3.80%). So far this year, the peso has depreciated by 11.5% against the US dollar, compared with a depreciation of 16.84% in 2015. Local analysts now estimate that year-end inflation will reach 3.20%, still within Banxico's target range of 3% +/- one percentage point.

MEXICO | Mexicable. Mexico's first mass public transport cable car, the 'Mexicable', was formally inaugurated on 4 October. President Enrique Peña Nieto travelled on the inaugural journey and later declared that "this mass transit system means changing the city's image in the region and will contribute to a more efficient, safer and faster transport".

Mexicable covers a 5km route in a deprived area of the populous municipality of Ecatepec de Morelos in the Estado de México (Edomex). The cable car covers the distance in 17 minutes, whereas previously this journey took around 45 minutes. It is expected that 26,000 people will use the Mexicable daily, at a cost of M\$6 (US\$0.32) for a one-way ticket. The Mexicable, a M\$1.7bn (US\$88m) public-private investment, works with electric and solar energy and should help to reduce emissions of up to 14,000 tonnes of carbon dioxide per year.

A new humanitarian crisis

Destruction on an “apocalyptic scale” is how Haiti’s interim president Jocelerme Privert described the impact of Category 4 Hurricane ‘Matthew’ which struck Haiti on 4 October, five days before restaged presidential and partial legislative elections were due to take place. The following day the head of the provisional electoral council (CEP), Léopold Berlangier, confirmed that the election would be suspended. This is the second time the vote had been suspended since January 2016, when one of the two run-off candidates, Jude Célestin of the opposition Ligue Alternative Pour le Progrès et l’Emancipation Haïtienne (Lapeh), refused to take part, citing the massive fraud which marred the 25 October 2015 first round. With no further date set, Privert warning of famine, and international relief organisations signalling concerns about the spread of cholera, the task awaiting the next government – rebuilding a country yet to recover from the January 2010 earthquake – remains monumental.

Official figures from Haiti’s national emergency operations centre (Coun) put the death toll at 372, with four people missing, 246 injured and 175,509 evacuated. But, with very little known about the island’s most isolated and impoverished areas, particularly in the southern peninsula – the departments of Nippes, Sud and Grand’Anse which were most affected – the death toll is expected to rise sharply. The international media is citing unofficial figures of over 1,000 fatalities. A report by the United Nations Office for the Coordination of Humanitarian Affairs (OHCA) on 10 October notes that an estimated 1.4m people need humanitarian assistance, while a World Food Programme (WFP) assessment team located in Sud Department reported 95% loss of shelter and harvest in coastal areas.

Challenges ahead

Even before ‘Matthew’ struck, the challenges facing Privert’s successor were considerable – particularly with regard to poverty eradication, identified by leading presidential candidates as a key priority: 59% of Haitians live below the poverty line of US\$2.42 per day, 24% under the extreme poverty line of US\$1.23 per day; and 1m live in a state of acute food insecurity caused by an ongoing drought since 2013. The OHCA noted the severity of the hurricane’s impact on agriculture. Its report cites preliminary results from the Emergency Food Security Assessment indicating that in Grand’Anse, almost 100% of crops have been destroyed, with livestock losses exceeding 50%. The same report notes that in Sud Department, the coastal area west of Les Cayes has been devastated, with more than 90% of crops lost. In Nippes, 60-80% of crops have been lost, while in Sud-Est, there has been an 80% loss for some crops.

The fear of famine is not the only humanitarian concern. The UN Children’s Fund (Unicef) pointed out that even before the hurricane struck, less than 20% of Haitians had access to proper sanitation while almost half of the population use unsafe water resources. Both Unicef and the Pan American Health Organisation (PAHO/WHO) are now sounding the alarm about access to drinking water and the possible spread of cholera which has been present since the 2010 outbreak, for which the UN recently admitted responsibility [WR-16-35]. In a 7 October press release the PAHO said it expected “at least three geographic clusters of cholera outbreaks in the Southwest, in the Artibonite basin, and in the North.” It added that already in 2016, “an average of 771 new cases of cholera are being reported every week, with 28,559 total cases reported through mid-September, before the hurricane struck.”

International response

On 10 October, UN Secretary-General Ban Ki-moon announced the launch of a US\$119.8m appeal, in coordination with the Haitian government and other partners, to fund UN aid activities in the aftermath of the hurricane. According to a UN press release, the appeal is designed to meet the “most urgent humanitarian needs of 750,000 people for the next three months”.

Shadows lengthen again**Wilter Blanco – most wanted**

Wilter Blanco, the alleged head of the Atlantic Cartel, is suspected of being the intellectual author of the murder of Julián Arístedes González, a former head of the DLCN, apparently by rogue police officers, in December 2009. Fresh revelations about police involvement in his death early this year prompted President Hernández to launch the new police reform commission in March. Apparently at the request of the US, there was a massive raid on Blanco's assets by the DLCN in April 2015, but he remained at large. According to local media, US authorities believe that Blanco receives protection from allies in the police, the judiciary and in local political circles. The public ministry said on 12 October it was investigating allegations that Blanco had recently been detained and "illegally released" in a security operation. The US embassy reportedly has August recordings of him giving orders to "take down" both Ambassador Nealon and President Hernández, prompting the embassy to reinforce Nealon's security detail.

In the past week, the US embassy in Tegucigalpa has issued two statements confirming the identities of eight Honduran nationals, including two members of the armed forces, under investigation for suspected ties to narco-trafficking and corruption. President Juan Orlando Hernández has responded that there will be no impunity. The US government has only recently reiterated that its continued security cooperation with Honduras depends on visible progress against drug trafficking.

In two statements dated 7 and 10 October, the US embassy identified eight suspects as: Wilter Neptaly Blanco Ruiz, Evin Xaviel Reyes Peña, Oscar Aragón Evereth, Fredy Donaldto Mármol Vallejo, Faustino Murillo Chirinos, Johanna Martínez Dican, aka Casildo Suazo, and Honduran armed forces officials Carlos Alberto Maradiaga Izaguirre and Santos Rodríguez Orellana. Both statements stressed that "the United States will not be refuge for those who engage in criminal activity", adding that, "the Embassy has spoken with various people who have provided important information in an ongoing investigation".

A subsequent report in the daily *La Prensa* suggested that US and Honduran intelligence authorities are looking into some three-dozen officials, including five serving members of the military, nine congressional deputies, eight mayors, two judges, three businessmen and several police officers. All are suspected of links to the Atlantic Cartel, which, according to the regional security foundation Insight Crime, "is a criminal organization based in the western departments of Copán and Ocotepeque". The Atlantic Cartel apparently operates in conjunction with the 'AA Cartel', purportedly run by a former mayor of El Paraíso, Copán (Alexander Ardón). Wilter Neptaly Blanco Ruiz, first among those cited by the US embassy, is alleged to be the leader of the Atlantic Cartel and has long been wanted by the US.

Citing *La Prensa*, Insight Crime reported that the US embassy move followed a recent attack against US anti-drug agents during a bilateral security operation in the country's second city of San Pedro Sula, and comes after five Honduran officers extradited to the US in July on drug-trafficking charges provided information to US authorities.

Military and police links

Maradiaga Izaguirre, a captain in the air force, publicly denied any wrongdoing on 10 October but has apparently been suspended from duty. Rodríguez Orellana, an army captain, is now being held under military detention, armed forces spokesman Colonel Lenín González told the local press on 12 October, denying reports that he had been handed over to US officials.

The daily *El Heraldo* also reported that the two officers, plus three other army officials, are suspected by the embassy of links to local drug trafficking organisations. Maradiaga Izaguirre purportedly used his position in charge of radar tracking to forewarn of safe flight paths for narco planes. There is also a question as to whether Honduran air force planes were 'diverted' to avoid interrupting drug planes en route in and out of the country. Both officers had apparently been sanctioned previously by the military on counts including threats, bribery and disciplinary matters, in cases dating to 2002, 2009, 2013 and 2015, according to the daily.

The Honduran armed forces are supposed to be working hand-in-hand with the US military stationed in-country against drug trafficking. Problems with the Honduran military's use of US-supplied radar intelligence have previously resulted in the US temporarily withdrawing its radar technology from

Police reform

“They allowed this monster of corruption and criminality to grow,” Julieta Castellanos, rector of the Autonomous University of Honduras, said. “I say that as...a victim of the police”. Since the new reform commission has begun its work, six of the country’s nine police commanders have been removed, in addition to over 600 officers.

the country (after the Honduran air force unilaterally downed two suspected narco planes in 2012). President Hernández took office in January 2014 pledging a ‘mano dura’ against the scourge of drug trafficking and organised crime plaguing the country.

Hernández under renewed pressure

This rather unusual and high-profile US embassy move has prompted much speculation as to the current state of relations with the Hernández government, which has been under mounting US pressure amid the assassination earlier this year of the prominent human rights activist Berta Cáceres and, before that, the Rosenthal scandal, implicating one of the most prominent and politically-connected families in the country in corruption and links to powerful drug groups.

Amid swirling media conspiracies, Hernández issued several tweets on 12 October noting that “nobody is above the law” and denying that there had been any “cover up of any crime committed in or out of the country”. He urged anyone with information about criminal activity to report it to the attorney general’s office. Soon after, the US ambassador James Nealon responded, also via Twitter; “We share this message with the president and we continue working together to end corruption and drug trafficking”. Meanwhile, the local anti drugs agency, Dirección de Lucha Contra el Narcotráfico (DLCN), separately said that it was investigating the eight suspects identified by the US embassy.

D-day for the DIECP

The new police reform commission has again urged the dissolution of the body responsible for professional evaluation of the police (Dirección de Investigación y Evaluación de la Carrera Policial, DIECP).

Omar Rivera, of the Comisión para la Depuración y Transformación de la Policía de Honduras, said that the commission had formally proposed to the security ministry that the work of the unit be assumed by the planned new Superintendencia de la Aplicación de las Pruebas de Confianza and the Dirección de Asuntos Disciplinarios Policiales (Didadpol), on the grounds that the DIECP had “failed to comply with its institutional mandate and did not meet the expectations of the Honduran people”. The Didadpol is already envisaged as part of a package of proposed reforms to the organic national police law, currently before congress.

The DIECP, a decentralised unit of the security ministry, was only set up four years ago, in November 2011, as part of police reform efforts under the previous government. Rivera’s comments were quickly rejected by the head of the agency, Óscar Vásquez, who alleged that the reform commission had not even visited the DIECP to learn about its work. According to Vásquez, the agency has vetted 11,200 applicants to join the police, of which 56%, or 5,900, passed confidence tests. Out of those, 3,200 graduated as new officers, which Vásquez said could only be described as an excellent result for the new DIECP. He added that the reform commission had been fully briefed about the recruitment process.

However, since the commission began its work last March, closure of the new DIECP has seemed on the cards, with the reform commission’s main complaint focused on the failure of the DIECP to evaluate and, where necessary, sanction existing officers on the force, amid evidence of entrenched corruption running right through the ranks. There were also complaints that the DIECP had cost a hefty HNL400m (US\$17.4m) in its few years of operation and was wholly inefficient despite a sizeable staff of 100.

Upon the creation of the new reform commission in March, Julieta Castellanos, rector of the Autonomous University of Honduras and one of the leading local lobbyists for police reform (her young son was shot dead by rogue officers in 2011), declared the Honduran police “a tragedy”. She was particularly critical of a culture of impunity inside the force and dismissive of the DIECP (*see sidebar*).

POSTSCRIPT

Quotes of the week

“On 15 November is will be exactly one year since the presidential debate [between Mauricio Macri and Daniel Scioli]. I invite 42m Argentines, however they voted, to urge the media to re-screen the debate on that day one year on so that the people can see how they have been manipulated and lied to.”

Argentina's former president Cristina Fernández.

“This is not a matter of tweaks it requires considering issues in depth.”

Colombia's former president Alvaro Uribe on proposed revisions to the peace accord with the Farc.

“I've decided to create the Hugo Chávez prize for peace and sovereignty. I propose for this award...the world's top leader today. A fighter for peace, for global equality, building a multipolar, multicentric, world, President Vladimir Putin...and I think he will clasp this award to his heart and always have it by his side.”

Venezuela's President Nicolás Maduro.

Peru and Ecuador focus on energy integration

Fresh from returning from a five-day visit to China, Peru's main trade partner, President Pedro Pablo Kuczynski is turning his attention to improving relations with his country's immediate neighbours. Kuczynski took part in the tenth binational Ecuador-Peru cabinet on 7 October in Macas, the capital of Ecuador's south-eastern Amazonian province of Morona Santiago. He has further binational cabinets planned with Bolivia in November and Colombia in December this year.

President Kuczynski said that many of the accords signed with his Ecuadorean peer Rafael Correa were consistent with binational cabinets in which his predecessors had participated, which were designed to lift the quality of life of residents living near the shared border, such as improving transport connections and enhancing health provision, including nutrition and fighting anaemia. In addition to this Kuczynski said that he had agreed with Correa to make a big push to enhance bilateral energy integration. The two governments agreed to replace the current 220KW electric transmission line between the countries with a 500KW line. Correa said it would allow Ecuador to sell energy to Chile, with Peru remunerated for supply of services.

Kuczynski, meanwhile, offered Ecuador the use of the Norperuano pipeline, which is undergoing maintenance and renovation but is due to be completed within the next few months, to transport and distribute crude oil extracted from its Suroriente Ecuatoriano oil fields, specifically the 'Block 86' concession in Pastaza province, adjacent to Morona Santiago. The pipeline could then supply Pacific coastal areas in Peru.

Kuczynski stressed the importance in the accords of using “plain simple Castilian to avoid hiding behind words that evade action”. Correa, whose attendance at regional summits (where much has been promised on the integration front and significantly less delivered) is unparalleled over the last decade, seconded Kuczynski's suggestion. Correa added that the agreements signed by the two heads of state constituted “great advances for a true integration since it is not only a dream of our liberators but a true necessity for survival”. It is worth noting that the Norperuano proposal was agreed upon in 2012 but is yet to become a reality.

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