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Cuba confronts the death of a colossus

The passing of Cuba's revolutionary leader Fidel Castro was announced many times during his life, only to be refuted, often by a photo of him clutching a dated copy of the Communist party mouthpiece *Granma*. When his brother President Raúl Castro confirmed on 25 November that Fidel, 90, had succumbed to old age, the ledger of his political life could finally be opened and examined. Although he had become almost a recluse for the last decade, the news of Fidel's death reverberated around the world. It has a huge symbolic resonance. Fidel was the heart of the Cuban Revolution; Raúl, the head. His death might remove some of the constraints on Raúl pertaining to economic reform, although with the advent of Donald Trump as the US president all bets are off.

Fidel Castro died on a historic day for the revolution. On 25 November 1956 he left Tuxpan in Veracruz, Mexico, aboard the *Granma* yacht in an invasion which ultimately led to the fall of the dictatorship of Fulgencio Batista in 1959. In perhaps the most famous of his epic speeches, Fidel declared, "Condemn me, it doesn't matter, history will absolve me", while making his own defence in court against charges brought against him over the attack he led on the Moncada barracks. Politicians from across the political spectrum were united on one thing alone – his historical significance rather than absolutism. They reached very different conclusions about his legacy.

There are few statesmen whose death could trigger such a wide range of emotions. On the one hand, on the Left, for whom Castro had a quasi mythical status, there were eulogies for his revolutionary zeal, egalitarianism and commitment to social justice, and an outflowing of grief and lamentation among many Cubans who, captivated by the sheer power of his personality and his innate talent for inspiring loyalty, were Fidelistas even if they did not all consider themselves to be Communists. On the other hand, on the Right, and among Cuban exiles in Miami, there was pure elation, and diatribes against his establishment of a totalitarian state, ruthlessly suppressing dissent and crushing freedom of expression, as well as spawning attempts at imitation across Latin America which often resulted in brutal right-wing dictatorships sustained by the US, converting the region into a Cold War theatre.

Fidel cultivated a national identity, reducing class, gender, racial and regional differences, a prime reason for the high level of public security in Cuba, which is not solely down to state repression and social control. There was a distinct focus on human capital, health and education. Before 1959 infant mortality was more than 60 per 1,000 in Cuba and now stands at 4.2 per 1,000, while life expectancy for men was 60 and for women 65 (both have increased by 15 years now). There was one doctor per 1,000 inhabitants before 1959; now there are 7.7 per 1,000.

Mexican reaction

Mexico's President Enrique Peña Nieto described Fidel Castro as a "friend to Mexico, who promoted bilateral relations based on respect, dialogue and solidarity". Mexico was the only Latin American country to resist US pressure to sever relations with Cuba during the Cold War, but since the North American Free Trade Agreement (Nafta) entered into force in 1994 Mexico and Cuba became increasingly estranged, and the right-wing Partido Acción Nacional (PAN) administrations (2000-2012) censured human-rights abuses under the Castro government. Mexico's former president Vicente Fox (2000-2006) infamously enjoined Castro to "eat and leave" at a United Nations poverty summit in Monterrey in 2002 so that his presence would not create difficulties with US President George W. Bush.

Cuba has sent thousands of doctors to Latin America through the the 'Misión Milagro' to provide free treatment for people suffering from eye diseases. During the Summit of the Americas in Port of Spain, Trinidad & Tobago, in 2009, US President Barack Obama said that several heads of state had told him how dependent they were on Cuban doctors. In an indirect tribute to the Cuban government's soft diplomacy initiative he said, "It's a reminder for us in the United States that if our only interaction with many of those countries is drug interdiction, if our only interaction is military, then we may not be developing the connections that can, over time, increase our influence". On the same day that Fidel died, Honduran President Juan Orlando Hernández was in Havana discussing, among other things, Cuban medical assistance for his country.

Chequered legacy

But social progress came at the cost of civil and political rights and a viable economic system. Fidel imposed a one-party system, sustained by draconian laws, and his inflexible dogmatism meant he was incapable of accepting the failings of Cuba's socialist economy, which became backward and unproductive. His attempts to export revolution to the region were unsuccessful, but it was his tenacious resistance to US aggression which made him the ideological godfather of revolutionaries across Latin America and further afield.

As Fidel became a revolutionary patriarch, Hugo Chávez came to power in Venezuela in 1999, extending an economic lifeline to Cuba in the form of cheap oil. The only Latin American leader in recent history to approach Fidel's level of global renown, Chávez forged his Bolivarian Revolution, a mélange of the authoritarian traits of the Cuban Revolution and social justice. But Fidel outlived his young protégé, and the Bolivarian Revolution has become consumed by corruption and inefficiency.

"Sixty years after Granma set sail from Mexico Fidel passes into immortality...Hasta la Victoria siempre!" Venezuela's President Nicolás Maduro declared upon hearing of the Cuban leader's death. "One of the greats has gone!" Ecuador's President Rafael Correa said. "Any capitalist country in Latin America would collapse in a few months under the blockade that Cuba endured." Bolivia's President Evo Morales argued that "Fidel Castro left us the legacy of fighting for the integration of the peoples of the world". Morales added: "The loss of Comandante Fidel Castro is deeply painful." Meanwhile, El Salvador's President Salvador Sánchez Cerén, a veteran guerrilla whose left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) has been in government since 2009 having failed to seize power in a bloody civil war between 1980 and 1992, said simply, "We express our eternal gratitude to compañero Fidel".

"Beyond any political, ideological or personal consideration, he was without doubt an exceptional figure of the 20th century...He was a figure with an incredible personality, for me personally I think he was the best orator I ever heard and I have listened to a few," Uruguay's President Tabaré Vázquez, of the ruling left-wing Frente Amplio (FA), said. Chile's President Michelle Bachelet, a moderate leftist, offered less effulgent praise. Bachelet described Fidel as "a leader for dignity and social justice in Cuba and Latin America", but she pointedly did not attend his funeral commemorations on 30 November.

Chile has been the notable exception among leftist governments in Latin America to express any concern about human-rights abuses in Cuba. Others wilfully ignored these despite signing up to increasingly tough clauses to safeguard democracy within emerging regional blocs as if Cuba were not somehow a one-party state with political prisoners and no freedom of the media.

Argentina's centre-right president Mauricio Macri restricted himself to extending his "condolences to the Cuban people". Colombia's right-of-

Fidel's offspring

Fidel Castro had 11 children, it is believed; nine sons and two daughters. The eldest, Fidel Angel Castro Díaz Balart, 'Fidelito', was born in September 1949 and graduated as an atomic scientist in Russia. He is now a professor at Cuba's Instituto Superior de Tecnologías y Ciencias Aplicadas (Instec).

centre president Juan Manuel Santos, grateful for the key role Cuba played in the peace accord his government pursued with the Fuerzas Armadas Revolucionarias de Colombia (Farc), which was concluded shortly before Fidel's death, delivered a more personal message: "Fidel Castro recognised towards the end of his life that armed struggle was not the way. He contributed in this way to putting an end to the Colombian conflict."

Cuba's future

Fidel's biological death came 10 years after his political death. The big shock for Cubans came in 2006 when they were forced to accept Fidel's mortality after he underwent surgery for suspected diverticular disease from which he never appeared to make a full recovery, remaining physically frail (though mentally sprightly) until his death. His public appearances were few and far between afterwards and his influence on domestic policy minimal.

In 2008, Raúl formally took over as president, with Fidel thereafter no longer publicly involved in politics (albeit he played a role behind the scenes, and was never shy about voicing his opinions). Raúl proved that he could steer the Revolution and consolidated his position in power. Soon after he took over in 2008, Raúl instigated a process of moderate economic, if not political, reform, and started to re-invigorate the gerontocracy with an injection of younger blood.

The economic reform was carefully dubbed an 'updating' of the centrally planned economy. This process, basically conceptualised so as to trim the bloated and fiscally overburdened state, permitted some small-scale private-sector economic activity (*cuentapropismo*, or self employment) in a bid to absorb some of the public-sector workforce as this was downsized.

As of September 2016, on official labour ministry statistics, about a quarter of the Cuban workforce is now non-state, amounting to just over 520,000 *cuentapropistas*. These are licenced to operate in 201 different categories of self-employment, from taxi drivers to chefs, hairdressers, mechanics, and more latterly technology jobs, such as mobile app developers. In reality, the non-state sector is probably larger than the official data suggests – on some estimates there could be another 500,000 Cubans that are illegally or informally involved in some kind of private sector activity, working without formal *cuentapropista* permits.

The 'updating' of the economic model has been marked by an abundance of caution, much to the frustration of the non-state sector. The reforms to date have been too piecemeal to allow the nascent private sector to take off. Among the key problems, for instance, is the lack of a wholesale supply market. Tax rules and new regulations for small and medium-sized enterprises (SMEs) have had a difficult and protracted birth. The private sector is able to sell into the state sector, but it cannot export, and so on. Banking services and credit access are also limited.

Meanwhile, the government's overhaul of the law on foreign direct investment has, as yet, failed to bring in the hoped-for multi-billion-dollar revenues. Yet at the 7th congress of the ruling Partido Comunista de Cuba (PCC) last April, Raúl sorely disappointed by failing to announce any further reforms. Instead, he chided ministries for their stasis, complaining that only 21% of the reforms unveiled at the previous congress in 2011 had been implemented thus far. And the elephant in the room – reform of the island's dual currency system – got no mention. Hopes were thereby dashed for the island's transformation from a Communist to a mixed economy. Cuba, it is safe to say, is not about to become the Caribbean Vietnam any time soon.

Yet, while the process of 'updating' remains closely controlled, there has been some pressure on the government to accelerate things. This is largely

Trump's reaction

“Fidel Castro is dead!” Donald Trump tweeted in his initial reaction to the news from Cuba. He followed this with a statement on Facebook saying that “Fidel Castro’s legacy is one of firing squads, theft, unimaginable suffering, poverty and the denial of fundamental human rights”. He later added on Twitter, “If Cuba is unwilling to make a better deal for the Cuban people, the Cuban/American people and the US as a whole, I will terminate [President Obama’s] deal”.

due to the weakness of the economy, amid the loss of its all-important Venezuelan subvention, and weak prices for commodity exports like nickel. Despite the boom in tourism, the Cuban economy is in difficulty for the second year running. Already this year, after the government announced energy restrictions and fiscal cutbacks, Raúl was obliged to come out and deny the advent of a new ‘special period’ (in reference to the hardship endured in the early 1990s, after the breakup of the Soviet Union).

A more potent external risk may come from across the water in the US. The physical absence of Fidel might present an opportunity for Raúl to pick up the slow pace of economic reform, but much could depend on what President-elect Trump does upon taking office in the US. If he makes drastic demands of Raúl that expunge important concessions in the rapprochement undertaken by Obama, rolling back some of Obama’s moves to loosen trade and travel restrictions between the US and Cuba, it would most likely push the Cuban government into default mode: a nationalist response and a return to the previous standoff, with further economic reforms potentially put on hold. In the interim, foreign investors and local entrepreneurs will wait and watch, pending a clearer view of future US policy.

Political reform

Politically, Fidel’s death raises again the question of succession. To date, the economic updating has notably not been accompanied by any political reform. Raúl, now 85 himself, has pledged to step down as president in 2018, and the ‘assumed’ transition plan (bearing in mind that nothing can ever be assumed in Cuban politics) is that he would hand the reins over to Miguel Díaz-Canel, the 56-year old first vice president, while remaining president of the PCC, and thus retaining an influential role.

The Revolution, however, has a track record of consuming its own children. Men who in their day were tipped to be potential successors, such as Felipe Pérez Roque and Carlos Lage, were cut down when perceived to be a threat. In Díaz-Canel’s favour is that he is reputed to be a good communicator and shrewd administrator, an archetypal Raulista who has paid his dues and risen steadily through the ranks, rather than a charismatic ideologue like Pérez Roque and Lage, the so-called ‘Talibanes’ suddenly parachuted to prominence by Fidel.

According to observers, Raúl has been promoting young technocrats to key positions across government, within the PCC and also in the military. Certainly, this would correspond to his historical emphasis on strengthening and professionalising institutions (as he did as the country’s long-serving defence minister), rather than relying on personalism.

The Castro dynasty

There are also questions as to the future role of the Castro family itself. The 1961/1962 US embargo, which was hardened and codified into US law under the 1995 Helms Burton Act, can only be removed by a US act of congress. And congress cannot move until a whole string of conditions are in place to show that a ‘transition government’ towards a representative democracy is in place in Cuba. As per Sections 204 and 205 of the Act, neither Fidel nor Raúl Castro can be in any transition administration.

But members of the Castro family are also in government. Raul Castro’s former son-in-law, General Luis Alberto Rodríguez, runs the Cuban military’s powerful holding company, GAESA, which is very active in the tourist sector, among others.

Raúl’s son, Alejandro (51), is a colonel in the interior ministry, reportedly overseeing counter intelligence. He was on the top secret Cuban negotiating team for the Vatican-mediated rapprochement talks with the US. Raúl’s daughter, Mariela, best known as a sexologist with something of a liberal bent, is a member of the national assembly. None of Fidel’s progeny appear to have taken much interest in politics, however.

Barlovento massacre not a one-off, MUD warns

Venezuela's national assembly, including deputies from the ruling Partido Socialista Unido de Venezuela (PSUV) and the opposition coalition Mesa de la Unidad Democrática (MUD), voted unanimously this week to condemn the extrajudicial massacre by soldiers of 12 innocent civilians from the town of Barlovento, in the central state of Miranda. The declaration condemned "the forced disappearance and killing of a number of citizens...by members of the military". It was only the second unanimous declaration since the MUD assumed control of the assembly in January – the other was in support of the call by Pope Francis for dialogue to address the crisis in the country.

In July last year, President Nicolás Maduro rolled out nationwide an anti-crime initiative known as 'Operation for the Liberation and Protection of the People' (Operación de Liberación y Protección del Pueblo, OLP). The OLPs first began in Caracas in a bid to tackle drugs and gangs in local barrios plagued by extreme violence and high homicide rates. From the outset, however, human-rights groups (and local residents) have been critical, alleging that security forces have arrested hundreds upon hundreds without warrants, destroyed private property without legal court orders, and also killed vulnerable (typically impoverished) local residents. The local NGO Provea has suggested a tally of over 700 extrajudicial killings by the security forces between July 2015 and September 2016, and the OLPs have been roundly criticised for increasing, rather than reducing, violence in the country.

In the latest incident, a group of young men (reportedly 20) were arbitrarily detained on 15 October, without arrest warrants, as part of an OLP. None of them had any previous criminal record. Days later, several were released, bearing signs of torture. Over a month later, on 28 November, the bodies of 12 others were found in two mass graves in a local mountainous area of the Acevedo municipality. Various reports suggest others are still missing.

According to Deputy Delsa Solórzano (MUD), head of the national assembly's internal affairs commission, family members claim that the men were initially detained and "subjected to forced labour" between 15 and 17 October. When relatives went to bring them supplies on 19 October, a lieutenant colonel now being charged over the massacre told them that the men had been transferred to a military school. But when the relatives went to the military school they were not there, and the families were told that there had been no recent transfers to the facility.

The Maduro administration has come out strongly in response. The defence minister, Vladimir Padrino López, who is also head of the armed forces, stated: "This type of isolated case goes against the nation and the military's legal norms and does not represent in any way the professionalism and humanist vocation that characterises the soldiers of the fatherland." On 30 November, the country's chief prosecutor, Attorney General Luisa Ortega Díaz, admitted that two of the soldiers involved in the incident had yet to be detained, and that for now 10 army officers would go before the court. Ortega Díaz defended the OLP operations, saying that they were needed "to combat crime". However she stressed that the operations "cannot develop in a compulsive manner, in a violent manner against the population and, above all, against the most vulnerable and defenceless".

However, the MUD and others have made very clearly the point that this was not, in fact, an isolated incident, and only serves to highlight a severe

“The so-called OLP has been reported by civil society organizations and individual cases of orders of arbitrary detentions, torture and other cruel, inhuman and degrading treatment such as forced disappearances and executions carried out by officials who should be responsible for ensuring compliance with the law are all crimes under international law and constitute grave human rights violations. The events in Barlovento are further proof of the increase in crimes under international law and human rights violations, which have been committed in the context of these operations since they began over a year ago.”

Amnesty

International

Financial losses

The local humanitarian team (EHP) report cited figures from the rural development and land ministry (MDRyT) which claimed that there were losses of US\$125m over the 2015-2016 summer period and US\$122m in the 2016 winter as a result of the drought.

and systemic problem with the OLPs. It also suggests that the intellectual author of the Barlovento massacre will be found higher up in the army, above the lieutenant colonel who led the operation and who has admitted to the deaths. Jesús 'Chuo' Torrealba, the MUD's secretary general, declared that honest Venezuelan citizens are now at risk both "from the underworld" and the "state security forces".

While Venezuelan police have long been deeply distrusted, the military has always had relatively strong public support. But having been completely politicised under the Bolivarian Revolution, the armed forces too have lost some credibility, a situation not helped by the allegations of senior military involvement in drug, arms and fuel trafficking between Venezuela and Colombia.

The NGO Amnesty International (AI) has also raised direct concerns about the OLPs in response to the Barlovento massacre. In a 30 November statement, it said that while it "acknowledges the authorities' willingness to condemn the events and take action...shown through declarations and public statements from the Public Prosecutor's Office and the Ministry of Defence", it hoped that "such statements translate into concrete action both for the punishment of those responsible, with strict adherence to due process, and in terms of reparation and protection for the relatives of the victims and witnesses to the events".

Moreover, AI added, "punishing these crimes and violations does not mean that the Venezuelan government is exempt from its responsibility for instigating unacceptable plans which, although the intended purpose was to reduce the alarming rates of violence in the country, ended up leading to even more human rights violations. Amnesty International believes that the use of OLP operations must cease immediately and plans for comprehensive citizen safety must be developed which respect human rights."

BOLIVIA | POLITICS

A fresh source of pressure on Morales

The **Movimiento al Socialismo (MAS)** government led by President Evo Morales is facing major unrest, particularly in the capital, La Paz, and neighbouring satellite city of El Alto, due to major water shortages. While stemming in large part from the drought which has afflicted the country in recent months (caused by the 'El Niño' weather phenomenon), the crisis, which has led to calls for the resignation of the environment & water minister, Alexandra Moreira, has subjected the state-run water company **Empresa Pública Social de Agua y Saneamiento (Epsas)** to accusations of **incompetence and mismanagement**.

On 21 November the MAS government was forced to declare a national emergency as a result of what President Morales is calling the country's worst drought in a century. This came after the deputy minister for civil defence, Óscar Cabrera, had announced that the drought was affecting 172 municipalities (out of the country's 339), with the departments of Oruro, Santa Cruz, Cochabamba, Tarija, Potosí, and Chuquisaca particularly hard hit. Back in August, Morales approved 12 supreme decrees to ensure that the farming and forestry industries could continue to operate [\[WR-16-41\]](#) and assigned an initial budget of B\$48m (US\$7m) to assist all those affected by the drought.

On 19 November, Morales stated that due to government initiatives 'Mi Agua' ('My water') and 'Mi Riego' ('My irrigation') in which the government has invested some B\$2.61bn (US\$376.8m) in 1,928 projects, some 46% of the population has been protected from the drought. However, he was forced to concede that around 20% of the population was severely affected and another 22% was suffering water shortages.

Free healthcare

Guillermo Lasso also had a message designed to appeal to low income earners, the demographic most supportive of the left-wing government led by President Rafael Correa. Lasso said that he would attract private investment to help construct and run new clinics and hospitals by promising not to tax profits in exchange for the use of 25% of their capacity to provide free healthcare to the most vulnerable sectors of society.

The problem for the MAS government is that public discontent has been exacerbated by the mismanagement of Epsas and revelations of incompetence involving other officials involved in relevant authorities. On 22 November Epsas's director in El Alto, Roberto Rojas, was sacked for "a lack of technical capacity" to fulfil his duties while Epsas general manager, Hugo Gómez, and Benecio Quispe, the executive director of the state sanitation and potable water authority (AAPS), were dismissed on 16 November for failing to inform the MAS government of the extent of the crisis.

These reports have once again ignited public anger following corruption scandals and allegations of mismanagement in other sectors such as the armed forces (FFAA) and the government's indigenous development fund (Fondioc) [WR-16-45]. The fragmented political opposition has been quick to capitalise on the discontent, prompting the MAS to accuse it of seeking to politicise the crisis. On 23 November, a national legislator for the main opposition Unidad Demócrata (UD), Jimena Costa, told reporters that the bicameral national legislature (in which the MAS has a majority) had set 17 December as the date to call Moreira for questioning in relation to the crisis.

Impact of drought

According to a report published by the local humanitarian team (EHP), more than 177,000 families have been affected in 172 of Bolivia's municipalities, with seven of the main cities affected. The same report, which shows that 64,000 families have been affected by water rationing in La Paz city, also revealed that 83% of the municipalities affected have suffered damage to agriculture. Santa Cruz department registered the biggest agricultural loss – around 480,000 hectares (ha) – while in Cordillera province alone some 80% of agricultural production was lost. Oruro department registered the biggest loss in terms of cattle, with around 206,000 heads of cattle lost.

ECUADOR | POLITICS & ECONOMY

Lasso promises to slash taxes, create jobs

The leading opposition presidential candidate ahead of general elections next February, Guillermo Lasso, set out his economic stall this week. Lasso, a former banker who is running for the centre-right Movimiento Creo (Creando Oportunidades), said that he would take Ecuador into the Pacific Alliance trade bloc with Chile, Colombia, Mexico and Peru (and presumably out of the Venezuela-led regional bloc Alianza Bolivariana para los Pueblos de Nuestra América [Alba]).

Lasso said that Ecuador must become a free and open economy. He promised to scrap 12 taxes, including a tax on foreign assets, inheritance tax, a tax on remittances, and a tax on rural land, reducing the overall fiscal burden by US\$3bn on the public and the business sector in a bid to stimulate the domestic economy. Lasso also said he would reduce value added tax (VAT) from 14% to 12%.

Lasso said he would make the northern coastal provinces of Manabí and Esmeraldas, devastated by an earthquake in April this year, free trade zones to attract investment and economic growth. Lasso said he would create a free trade zone for tourism where new hotels would not pay taxes for 30 years. He explained that this would help meet his ambitious goal of creating 1m jobs over the course of his four years in power. He presented his job creation proposal while visiting a tuna processing plant belonging to the Ecuadorean firm Asiservy in Manta, the seventh largest city in the country, in the province of Manabí.

Brazilians mourn tragic plane crash

President Temer declared a three-day period of mourning after an aeroplane carrying players from Brazilian football team Associação Chapecoense de Futebol and Brazilian journalists covering an upcoming football match crashed in Colombia on 28 November; 71 people died in the accident, down from the initial death toll of 75. Businesses and schools in the southern town of Chapeco closed out of solidarity with the victims. The plane, which set off from São Paulo, crashed due to running out of fuel just outside Colombia's second-largest city, Medellín, in the mountainous area of Cerro Gordo. International football stars such as retired Brazilian footballer Pele, Real Madrid's Cristiano Ronaldo and Barcelona striker Neymar all expressed their condolences.

BRAZIL & SOUTHERN CONE

BRAZIL | POLITICS

Temer government hit by ethical scandal

Time moves fast in Brazilian politics. In little over a week, President Michel Temer has lost two ministers after an ethical conflict within his cabinet spiralled out of control. The spat provoked a public outcry and prompted the political opposition to threaten Temer with impeachment, after just six months in the job.

The unlikely man to trigger this latest political crisis is the softly spoken former culture minister, Marcelo Calero, who resigned on 19 November. Calero justified his decision to step down as an act of protest against the secretary of government, Geddel Vieira Lima, who had allegedly attempted to involve him in an influence-trafficking scheme. Calero's decision to contradict Lima, known as Temer's right-hand man, was politically explosive. Though Temer initially defended his former ally, Lima eventually ceded to public pressure and handed in his resignation. Calero's accusation even reached the president himself, who had allegedly pressured the former culture minister to give in to Lima's request.

In recordings surreptitiously obtained by Calero, Lima hounds the former culture minister by repeatedly calling him to seek approval for a real estate development in the city of Salvador in the north-eastern state of Bahia where he owns a flat. Calero denied this request and sided with the local authorities, who had blocked the private development to preserve a public cultural and historical heritage site.

Rather than accepting defeat, Lima became increasingly angry with Calero's non-compliance and allegedly called upon other ministers including the chief-of-staff Eliseu Padilha and President Temer himself to pressure Calero into approving the project in Bahia. Though both Temer and Padilha admit that they spoke to Calero about the issue, they deny any charges of improper behaviour.

Government scandal stokes social unrest

Temer has downplayed all allegations against himself and Lima, saying he was merely trying to arbitrate a dispute. During a business conference held on 28 November, Temer attempted to appease investors by saying that political instability was a "transient" phenomenon and "could not be taken seriously".

However, over the past few months, a series of protests against Temer's government across various states suggest that public discontent with the current administration has not been fleeting. Social unrest peaked on 30 November when tens of thousands of protestors gathered outside the federal senate before the austerity bill was voted in to campaign for Temer's ouster. Some even called for a military coup to overthrow his administration, ringing alarm bells about the future of Brazilian democracy.

Meanwhile, opposition parties, including the leftist Partido dos Trabalhadores (PT) and the Partido Socialismo e Liberdade (PSOL), have been quick to capitalise on the public's growing anti-government sentiment. In an ironic twist, Temer, who rose to power by pushing for the impeachment of former president Dilma Rousseff (2011-2016), has himself been threatened with impeachment. "Temer needs to learn from his predecessor's mistakes," said law professor Janína Paschoal, one of the key figures of Rousseff's impeachment, in an interview with news site *UOL* published on 28 November. Another influential figure pushing for Temer's ouster is Hélio Bicudo, a lawyer formerly affiliated with the PT, who has argued that the president's attempts to mask corruption in the public sphere is an affront to democracy.

OECD improves Brazil's economic forecast

On 28 November, the Organisation for Economic Co-operation and Development (OECD) predicted that Brazil's recession next year will be less acute than first thought and has attributed this change to increased consumer and business confidence in the current government under President Temer as he moves to implement a cap on fiscal spending, which is expected to pass before Christmas. The OECD predicted that the economy would continue to stagnate in 2017 but would return to growth in 2018 at a rate of 1.2%. The report predicted that inflation would fall under the new macroeconomic regime while the rate of unemployment, which current stands at 11.8%, is set to rise.

On 28 November, the opposition filed a request for Temer's impeachment before the federal chamber of deputies and accused him of violating three separate federal laws for his alleged backing of Lima's conflict-of-interest case. Parallel investigations into government affairs have also been launched elsewhere. The hidden recordings compiled by Calero will be assessed by the supreme court (STF) and the federal attorney general's office (PGR) who will decide then whether to take the case further, although the poor quality of the audio tapes may undermine his evidence.

Not to be beaten at his own game, Temer, who trained as a lawyer and still wields considerable influence in legislative spheres, has launched a counter-offensive against both Calero and those pushing for his impeachment. Temer's party, the centre-right Partido do Movimento Democrático do Brasil (PMDB), and their political allies have the majority in both chambers and could block any attempts by the opposition to remove him from office. Moreover, the head of the chamber of deputies, Rodrigo Maia, from the centre-right party Democratas (DEM), publicly backed Temer, saying the reasons to impeach him are insufficient.

Separately, Temer has criticised Calero for betraying the government's trust in taping private conversations between them. On 30 November, he ordered the congressional ethics committee to investigate the case. Prominent public figures including Aécio Neves, the leader of the right-wing Partido da Social Democracia Brasileira (PSDB), and former president Fernando Henrique Cardoso (1995-2003), also from the PSDB, backed Temer and publicly denounced Calero's conduct.

Diverging attitudes to corruption: a generational divide?

The clash between fresh-faced ministers like the 34-year-old Calero and older politicians such as Lima and Temer could be indicative of a growing generational divide, with the younger generation more willing to question corrupt practices. The "rhetoric of a new generation" is threatening to challenge the status quo in Brazil, according to a column in the local daily *Folha de São Paulo*. Unlike the other five ministers who resigned during Temer's administration amid ethical scandals, Calero set a precedent by handing in his notice to preserve his integrity rather than escape allegations.

Another of the upstarts to shake Brazil's political elite is Deltan Dallagnol, aged 36, one of the leading federal prosecutors behind the anti-corruption investigation 'Operation Car Wash'. Dallagnol has repeatedly called out both political and business elites for corruption offenses. Most recently, he decried major changes made to an anti-corruption bill by deputies in the lower chamber of congress, which he claimed distorted the intention of the original bill.

The anti-corruption bill had originally been put forward by the federal public ministry (MPF) in March to improve transparency in Brazil and was backed by over 2m signatures. However, deputies rewrote significant sections of the bill in a session held on 30 November in what Dallagnol described as an "intimidation technique against prosecutors, judges and great investigators". One of the amendments deputies added at the last minute was to sanction prosecutors for the ambiguous crime of "moral or material damages" or for "expressing an opinion on a pending court case" by fining or imprisoning them. The amended bill is yet to be approved by the senate but if it goes through, it could constitute a serious threat to freedom of speech.

The deputies' attempts to limit what prosecutors are saying could be a sign that they too feel threatened by the "rhetoric of a new generation". Prosecutors like Dallagnol are extremely well-connected with journalists. They often make the headlines and have millions of followers on social media sites such as *Facebook* and *Twitter*. But to his detractors the media presence of Dallagnol and his contemporaries could pervert the course of justice by prejudicing the outcome of cases before the judge makes a final verdict.

Trade

Argentina posted a trade deficit of US\$114m in October compared with a surplus of US\$101m in the same month in 2015, according to a report by the national statistics institute (Indec). Exports in October amounted to US\$4.71bn, down 6.3% year-on-year, while imports totalled US\$4.83bn, down 2.1% year-on-year. In the first 10 months of this year Argentina amassed a trade surplus of US\$1.95bn compared with a deficit of US\$1.14bn in the same period last year. While the October figure is disappointing, the 10-month figure is encouraging for the government which has promised to boost trade significantly through a series of tariff reductions (or elimination) for the agricultural and industrial sectors.

Congress gives Macri bloody nose

Provincial governors have snubbed President Mauricio Macri leading to his first significant defeat in the federal congress since taking office nearly a year ago. Macri had managed to push through congress highly contentious bills such as his government's deal with the holdout hedge funds in the US but when it came to his proposed electoral reform he was repulsed. Government officials attributed the fierce resistance from governors to a feared loss of control over their personal fiefdoms which they transmitted to federal senators who duly shot down the bill.

One of President Macri's main campaign promises was to create a more transparent electoral system by means of a series of reforms including the introduction of an electronic voting system (boleta única electrónica [BUE]). The Macri administration has argued that the BUE would serve the purpose of combating electoral fraud, in addition to providing a more efficient and reliable vote-tallying system. It contends that this would obviate the problem of printed ballot papers (which contain lists of party candidates in order of preference) 'running out' at polling stations. This is seen as a way of manipulating the outcome of elections.

The main opposition Frente para la Victoria (FPV, Kirchneristas) faction of the Partido Justicialista (PJ, Peronists) used its majority in the federal senate to reject the proposed electoral reform on 24 November. FPV senators said they had found it "impossible" to approve the BUE, justifying their decision on the advice that they had received from IT experts that electronic voting methods entailed considerable risks and a "high level of vulnerability". The senators said they were not opposed to the incorporation of more technology in the electoral system but only on the proviso that it could guarantee "complete reliability and transparency for the expression of popular sovereignty".

The lower chamber of congress, where the ruling Cambiemos coalition has a stronger presence, had approved the proposed electoral reform, with broad consensus from all the opposition blocs except the FPV, including the Frente Renovador (FR) faction of the PJ led by Deputy Sergio Massa. But the senate is a different prospect altogether. The FPV holds a majority here and while many of the party's senators are more moderate than their counterparts in the lower chamber they are also far more susceptible to pressure from provincial governors who wield considerable influence over them.

The government had hoped to have the BUE in place for mid-term legislative elections next October but for this to happen it would have to be approved before the end of 2016. This looks highly unlikely now, although the Macri administration is believed to be mulling going on the offensive, shaming senators into changing their position and forcing extraordinary sessions to be held. It is also keen to seek an explanation from FPV governors who had expressed support for the electoral reform to the government before opposing it in private meetings with senators. Macri apparently expressed his determination in private to push through the electoral reform in the long run as it is "a public demand".

* The government has struck an accord with social organisations to declare a social emergency in Argentina for the next three years. In practice this will mean investment of Ar\$25bn (US\$1.58bn) to combat poverty and unemployment. The accord was reached after a meeting with representatives of social organisations and involving the social development minister, Carolina Stanley, the labour minister, Jorge Triaca, and the head of the ruling Propuesta Republicana (PRO) bloc in the federal lower chamber, Nicolás Massot.

Bachelet and Kuczynski bury historical enmity

Peru and Chile will hold their first binational cabinet meeting in July 2017. This was the standout announcement to come out of talks held between Chile's President Michelle Bachelet and her Peruvian peer Pedro Pablo Kuczynski in Santiago on 29 November. The two heads of state prioritised deepening bilateral cooperation and integration in the face of a global drift towards more protectionist trade policies.

Binational cabinets have become all the rage among Andean nations (Peru, for instance, has held them with Bolivia, Colombia and Ecuador in recent years) and both Presidents Bachelet and Kuczynski were keen to stress that a Chile-Peru meeting would deepen mutual confidence and cooperation, facilitating dialogue and decision making at the highest level. They also signed an accord to enhance interinstitutional cooperation. Bachelet said that "bilateral meetings will be reactivated over the economy, trade, mining, science, technology & innovation, border integration, combating drug-trafficking, culture, security, defence, tourism and natural disasters". The foreign affairs commissions of Chile's senate and Peru's congress will meet in January next year.

Kuczynski said it was imperative that both countries work together to confront the "protectionist challenge" taking shape globally. Both heads of state agreed to work to deepen trade relations through the Pacific Alliance trade bloc, along with Colombia and Mexico, to achieve "the insertion of both economies in the global market, especially the Asia-Pacific area".

TRACKING TRENDS

CHILE | 'Solidarity pensions' increased. On 28 November Chile's President Michelle Bachelet promulgated into law a bill that increases the basic state pension payouts by 10% from January 2017. Flanked by her social development minister, Marcos Barraza, and her new labour & social security minister, Alejandra Krauss, Bachelet said that this was part of her government's plan to introduce a pension reform, considered to be critical given that people in Chile are now living longer than ever before.

Bachelet said that the increase in this so-called 'solidarity pension' from Cl\$93,543 (US\$138.24) to Cl\$10,897 (US\$178.80) a month would help to improve the welfare of the 1.35m beneficiaries of these pensions. Noting that these pensions are exclusively funded by the central government and not by the national public-private pensions system, Bachelet said that these would come at a cost of Cl\$135bn (US\$200.68m). However, she justified this saying that ensuring that people live out their old age "with dignity" was a priority for her government. She also noted that the new law also sets 10% as the base for all pension payouts for all beneficiaries of the national pension system. Bachelet said that in this way all pensioners would benefit from the measure. However, this does not address the demands by civil-society groups who have been demonstrating since August calling for an end to the public-private pension system on the grounds that the payouts that they receive from the private pension administrators (AFP) are too low.

PARAGUAY | Minimum wage increase. On 29 November Paraguay's President Horacio Cartes signed into law a bill establishing an automatic mechanism to increase the national minimum wage in line with inflation unless this is abnormally high (10% or more). Until now the government was not obliged to increase the minimum wage unless the inflation rate reached 10% or more. In a statement, the labour ministry said the minimum wage would be adjusted by the inflation rate every year in June. The minimum wage will increase by 7.7% to G\$1.96m (US\$336.10) from 1 December to reflect the increase in the cost of living since it was last increased in 2014.

Deepening integration

Presidents Bachelet and Kuczynski instructed their respective energy ministries to prepare a regulatory model and studies into electricity interconnection between Chile and Peru. This would involve the construction of a 300MW power line stretching 70km between Chile's northernmost city of Arica and Peru's southern city of Tacna. They also agreed to discuss the rehabilitation, operation and maintenance of a railway line between Arica and Tacna during the bilateral cabinet meeting next July.

OECD slashes forecast

The Organisation for Economic Co-operation and Development (OECD) lowered its GDP growth projection for Mexico this week in revised economic forecasts. The OECD now predicts that Mexico's GDP growth for 2016 will be 2.2%, down from the 2.6% predicted in June, whilst for 2017 it has revised its forecast from 3% down to 2.3%, and predicts growth of 2.4% in 2018. The envisaged fall in growth is attributed to the economic uncertainty produced by the election of US Republican presidential candidate Donald Trump; the fall in international oil prices; and government spending cuts planned by the government led by President Enrique Peña Nieto designed to help meet its fiscal deficit reduction objectives.

The OECD report notes that Mexico's economy will benefit from higher demand from the US, but that it would be harmed by the protectionist economic policies that Trump has proposed adopting once he assumes office in January next year. The report expects that the net result of all of this will be a decline in the growth of Mexican exports and imports. Consequently, Mexico's economic growth will once again be driven by domestic consumption.

The OECD did single out for praise the "resilience" recently displayed by Mexico's domestic economy, which has managed to continue to post positive growth even in the face of a more adverse global economic scenario. Indeed, the OECD noted that the Mexican economy has managed to absorb some "severe external shocks", such as sustained low international oil prices, the lower-than-expected level of foreign investment in the domestic energy sector, and the dramatic fall in the value of the peso against the US dollar since Trump's election.

Other positive points of the Mexican economy highlighted by the OECD include increased access to credit for consumers; rising real salaries; and rising remittances from Mexican nationals living in the US, although these could also be threatened under Trump. Meanwhile, the national unemployment rate is expected to fall to 3.7% this year, down from 4.6% in 2015.

Yet despite these positives, and praise for the reforms promoted by the Peña Nieto government that have underpinned solid if unspectacular economic growth, the OECD nevertheless recommended the implementation of further economic structural reforms to encourage more consumer spending and the creation of jobs, especially for women. Finally, the report also urged the Mexican government to do more to combat corruption and extreme poverty in the country.

TRACKING TRENDS

MEXICO | GDP growth. Mexico's GDP expanded by 2% year-on-year in the third quarter of 2016, according to data released by the national statistics institute (Inegi) this week. The agricultural sector posted growth of 5.3% year-on-year, while the service sector, which makes up 62% of GDP, expanded by 3.4%. The manufacturing sector contracted by 0.8% due to a slump in industrial activity linked to weak US demand.

The domestic economy registered seasonally adjusted GDP growth of 1% on the second quarter, with the agricultural sector growing by 2% quarter-on-quarter, the service sector expanding by 1.4% and the manufacturing sector up by 0.1%.

Bimbo investment in Argentina

On 24 November Mexico's baking giant Grupo Bimbo inaugurated a new US\$33m plant in Argentina. The plant will employ around 200 people, and is part of a plan to extend Bimbo's leadership of the global baking market, according to its general director and CEO Daniel Servitje.

Winner declared in Haiti vote

Jovenel Moïse, the presidential candidate of Parti Haïtien Tèt Kale (PHTK), the party of former president Michel Martelly (2011-2016), was declared winner of the delayed 20 November presidential election after securing more than 50% +1 of the vote, averting the need for a run-off.

Moïse's victory appears to have brought to an end what has been a tortuous electoral process: the vote was the latest attempt to stage the election first held in October 2015 and then cancelled by the provisional electoral council (CEP) amid widespread allegations of fraud. The CEP's next attempt to stage it, on 9 October 2016, was then postponed following the devastation wreaked by 'Hurricane Matthew'.

The most recent electoral process [[WR-16-46](#)] has been hailed by local and international actors such as the Organization of American States (OAS) as an improvement on past attempts. It remains to be seen how far the convincing victory by Moïse – a successful businessman with no political experience handpicked by Martelly as his successor – will quell credibility concerns such as low turnout and alleged electoral irregularities raised by other candidates ahead of the announcement of the results.

Just over a week after the elections, on 28 November, CEP president Léopold Berlangier announced preliminary results. These gave Moïse 55.67% of the vote, well ahead of Jude Célestin, of the Ligue Alternative pour le Progrès et l'Émancipation Haïtienne (Lapeh) party, who took 19.5%. Third, with 11.04%, was Jean-Charles Moïse (Petit Dessalines), followed by Maryse Narcisse of Fanmi Lavalas (the party of former president Jean-Bertrand Aristide [1991; 1994-1996; 2001-2004] who took 8.99%. Jean-Henry Céant (Renmen Ayiti) took 0.75% while the other 22 candidates made up the remainder.

In its preliminary report on the election, the OAS electoral observer mission (OAS/EOM) hailed improvements such as tighter controls over political party representatives (known as 'mandataires') [[WR-16-46](#)], who were at the centre of last year's controversial election. However, at 21%, participation figures from the CEP cited in the local media are less even than the 26.6% recorded in the October 2015 vote (voting is not mandatory in Haiti).

Further undermining the credibility of the process, three CEP members refused to sign off on the results (albeit without yet publicly providing reasons) while on 25 November, three days before the results were announced, both Lapeh and FL alleged electoral irregularities. As per the CEP's latest electoral calendar, presidential candidates have until 3 December 2016 to challenge the results, with the definitive results due to be published on 29 December.

Célestin led the way. Even before the results were announced, he alleged that unsigned votes had been accepted. Narcisse and FL, meanwhile, denounced an "electoral coup". FL supporters in the party's bastion of Cité Soleil, the sprawling slum adjoining the capital Port-au-Prince, protested but were dispersed by police using tear gas.

The OAS sought to defuse tensions by revealing that the results were consistent with its own findings. "The preliminary results show significant margins between the number of votes obtained by the candidates contesting the election, and are in line with data collected by OAS observers at polling

Legislative elections

As well as the presidential election, first round elections for a third of the 30-seat senate and other delayed partial legislative run-offs also took place on 20 November. The results of these have yet to be announced.

FAO warning
“With much of the country relying on subsistence production to meet their food needs, restoring agriculture and fishery-based livelihoods is critical to avoid dependency on food aid in the coming months,” the Food and Agriculture Organization (FAO) said in its latest report in the wake of ‘Hurricane Matthew’.

stations...” the OAS said in a statement. It pointed out that a team of 10 experts had “observed the tabulation process around the clock”, and noted “substantial advances both on Election Day and during the tabulation phase compared with prior electoral processes”. The OAS said that this should be “a source of pride and motivation for the country to continue down this path”.

Immediate priorities

Assuming the vote is allowed to stand, one priority facing Moïse in February 2017, when he will take office, is that of addressing the damage caused by ‘Hurricane Matthew’ which left 546 dead and affected 2.1m people across the country.

The most recent (22 November) report by the Food and Agriculture Organization (FAO) of the United Nations (UN) puts damage caused to the agricultural sector at US\$580m, noting that local production and livelihoods were strongly affected by the hurricane and almost destroyed in the south-western departments of Grand’Anse and Sud. In Sud all food crops (bean, yam, corn, cassava and millet) have been irreversibly damaged, while 90% of fruit and forest trees have been affected.

Moïse’s government plan

In his manifesto, Moïse cited promoting and developing agriculture as one of four planks of his government plan. Among other things he calls for the construction of irrigation dams; 10 areas of agriculture production exclusively for export; 570 greenhouses; and to boost employment in the sector.

The other three planks of Moïse’s government plan are to promote tourism, construction & infrastructure, and entrepreneurship. As regards tourism, Moïse is proposing plans to promote ecotourism and hotel construction. For the construction & infrastructure sector, Moïse’s proposals include the creation of a national construction authority, grouping state institutions like the inter-ministerial committee for regional development (Ciat), the national cadastre office (Onaca), and the unit for housing and public building construction (UCLBP).

In terms of promoting entrepreneurship, Moïse has highlighted the need to boost the investment climate through strengthening the rule of law and other measures. In the World Bank’s most recent [October 2015] ‘Doing Business’ index Haiti ranks 182 out of 189 economies worldwide, down from 179 the previous year.

COSTA RICA-NICARAGUA | DIPLOMACY

Fresh tensions ahead of key deadline

The Nicaraguan government of President Daniel Ortega has rejected as “disproportionate” a US\$6.7m compensation claim demanded by the Costa Rican government led by President Luis Guillermo Solís. The claim relates to a December 2015 ruling by the International Court of Justice (ICJ) at The Hague [[WR-16-01](#)] which found in favour of Costa Rica in response to the bilateral territorial dispute over the San Juan River area that divides the two countries. The response by the Ortega government (which had accepted the 2015 ICJ ruling) comes with weeks until the deadline to settle the claim. It follows other signs that bilateral relations are again taking a turn for the worse.

The claim, which Nicaragua’s agent before the ICJ Carlos Argüello rejected on 24 November, followed the December 2015 ruling at The Hague which found that Nicaragua had “invaded and occupied Costa Rican territory”. This was a clear victory for Costa Rica, which filed the complaint in November 2010, a month after Nicaragua started dredging the San Juan River to improve its

Military concerns

Also indicative of growing tensions between Costa Rica and Nicaragua, on 17 November Nicaragua's presidential adviser for policy and international affairs, Denis Moncada, rejected a protest note sent by Costa Rica's foreign minister, Manuel González, demanding the immediate departure of members of the Nicaraguan military from Costa Rican territory in the San Juan River area. In his response, Moncada claimed that Costa Rica had recognised Nicaragua's sovereignty of the territory in question (a sand bar separating Harbour Head Lagoon from the Caribbean Sea) "on multiple occasions" and therefore rejected Costa Rica's latest "pretensions".

navigability. While a 2009 ICJ ruling had determined that the river belongs in its entirety to Nicaragua, the Ortega administration also carried out works in the northern part of Costa Rica's Isla Portillos, located in the area, which prompted the latest complaint by the Costa Rican government.

According to the ICJ, Costa Rica "contend[ed] that Nicaragua artificially created a channel (both Parties refer to such channels as "caños") on Costa Rican territory, in Isla Portillos between the San Juan River and Laguna Los Portillos/Harbour Head Lagoon, whereas Nicaragua argued that it was only clearing an existing caño on Nicaraguan territory. Nicaragua also sent some military units and other personnel to that area."

President Solís, whose government has filed a separate complaint of late against the Ortega government in relation to an alleged military presence (see sidebar), presented the compensation claim back in June. He justified the amount requested based on the "cost of the environmental damage caused by Nicaragua as well as a series of additional costs incurred by Costa Rica in relation to Nicaragua's actions, including its military presence on Isla Portillos", among other things, as well as "damage caused by the excavation of the caños and forest clearing" in an area cited by the 1971 inter-governmental Ramsar Convention on Wetlands as being of international importance.

Otto strikes

The renewed bilateral diplomatic tensions come as the two countries, along with Panama, were recently hit by 'Hurricane Otto' which made landfall on 24 November causing widespread destruction and some deaths, with most of the damage occurring in Costa Rica and Panama. The authorities in Costa Rica declared a state of emergency on 23 November. So far nine people have died in the country, which has not been hit by a hurricane since records began.

According to the first official report by the presidency, released on 26 November, 3,108 people are currently in 28 shelters, with 23 communities cut off, while damage to infrastructure has been calculated at C\$4.734bn (US\$8.6m).

Nicaragua was also hit, although no deaths were registered. The most recent United Nations (UN) Office for the Coordination of Humanitarian Affairs (OCHA) report, dated 24 November, notes that some 10,570 people have been evacuated with 44 official shelters open in the country. Meanwhile, in Panama, four people have died as a result of the rains which, the same OCHA report notes, have affected 2,112 people.

TRACKING TRENDS

GUATEMALA | Expansive budget. On 29 November Guatemala's congress approved a Q77.31bn (US\$10.27bn) budget for 2017, up 9.1% on this year. In an eight-hour debate, 115 deputies, a comfortable majority, voted in favour of the budget presented by the government led by President Jimmy Morales. Failure to approve the budget before the end of November would have meant that by law this year's budget would have been retained for 2017.

Deputies made a number of amendments to the draft budget which delayed approval. These included adding an additional Q20m (US\$2.6m) to the labour ministry budget for pensioners, and an extra Q300m (US\$39.8m) for the energy and mines ministry, specifically for the Instituto Nacional de Electrificación. The deputies also stipulated that Q2bn (US\$265.7m) assigned for public works projects would be distributed not to community development councils (Consejos Comunitarios de Desarrollo) but rather to municipalities. This modification prompted some mayors to party with mariachis on the streets, although it raises concerns about potential local corruption.

The biggest slice of the pie went to the education ministry (Q13.94bn [US\$1.85bn]), followed by the health ministry (Q6.90bn [US\$916m]), and infrastructure & housing (Q4.10bn [US\$545m]).

Quotes of the week

“Fidel lives in every child with a school, every person with health, each labourer who is the master of his work, in each idealistic young person, inspired by the principles of Fidel and the Cuban Revolution, who will keep fighting for a better world.”

Ecuador's President Rafael Correa.

“[Fidel Castro] was one of the most important contemporary politicians and a visionary who believed in the construction of a fraternal and just society, without hunger or exploitation, in a united and strong Latin America.”

Brazil's impeached left-wing president Dilma Rousseff (2011-2016).

“His death is for the Cuban regime as it would have been for the Soviet Union if Lenin, Stalin, Khrushchev and Brezhnev had died all at once. I think there will be more controls and repression to begin with but when Raúl moves on a third figure will come along who will start the reforms like Gorbachev and we will move towards democracy.”

Cuban dissident José Daniel Ferrer.

Cupid's arrow breaches Peruvian minister's defences

“To fall in love is not a crime,” Peru's defence minister, Mariano González, said this week after reluctantly tendering his resignation to President Pedro Pablo Kuczynski. González resigned in response to a media report that he had promoted his girlfriend to be his chief adviser. “I believe in love but not at the cost of the state,” Kuczynski responded.

González appointed Lissete Ortega Orbegoso as his main adviser, with a salary increase, on 22 October, just five days after she had been employed at the deputy ministry for defence policy (within the defence ministry). On 27 November the local television programme *Panorama*, on Panamericana Televisión, showed pictures, taken 10 days earlier, of the two kissing.

González denied any conflict of interest, claiming that the relationship had only begun when the pictures were taken. “I don't want to expose the woman I love and as a gentleman I assume responsibility for my actions and will step aside,” he added. González alleged that he had been followed by “an intelligence agency” to discredit him.

The prime minister, Fernando Zavala, said that González, one of only two cabinet ministers from Kuczynski's ruling Peruanos por el Cambio (PPK), had contravened the ministerial code of ethics. “Everyone can have a private life, but when that affects a post as important as a ministry this sort of conflict is unacceptable,” Zavala said in response, also dismissing the suggestion that González had been followed.

In a country where one of the biggest public concerns is state corruption, the government adjudged it prudent to act swiftly to remove González. But coming just weeks after Kuczynski's health adviser, Carlos Moreno, was dismissed after compromising recordings emerged of him outlining a corrupt scheme [WR-16-41], questions are being asked about the judgment and integrity of government officials.

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