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Trump undeterred as Peña Nieto raises stakes

“It is in the interests of the United States that Mexico fares well,” Mexico’s President Enrique Peña Nieto said on 23 January while spelling out his strategy for talks with the administration of US President Donald Trump. Peña Nieto put the whole bilateral relationship on the table, thereby implicitly suggesting that if the US were to end free trade, it could not count upon Mexico’s cooperation in other key spheres of interest. Trump carried on regardless. Two days later he issued an executive order calling for construction of a border wall on the frontier with Mexico, leaving Peña Nieto scrambling to respond in a terse televised address, in the face of enormous domestic pressure to cancel a visit to Washington DC on 31 January to meet Trump.

President Peña Nieto faces the most vexed foreign policy challenge since Mexico joined the North American Free Trade Agreement (Nafta) in 1994, the trade bloc which the Trump tornado could sweep away just as it did the prospect of a Trans-Pacific Partnership (TPP) on 23 January in the form of another executive order withdrawing the US from the trade agreement. And Peña Nieto does so from a position of unprecedented domestic weakness, having hit the lowest popularity of any Mexican head of state since polls began. An opinion poll released this week by the national daily *Reforma* gave Peña Nieto an approval rating of just 12%, in a country traditionally respectful of heads of state whatever their political affiliation, and a disapproval rating of 86%.

The halcyon early days of Peña Nieto’s six-year term in December 2012, when he drove through major reforms to education and energy in particular, designed to drive Mexico’s social and economic development, are now a distant memory. Peña Nieto faces a trial by fire over the final two years of his presidency dealing with Trump. It would test the mettle of even the most popular and competent Mexican head of state.

Flanked by cabinet ministers and other officials during his address from the presidential residence Los Pinos on 23 January, Peña Nieto presented an outwardly composed figure. He promised “dialogue and negotiation” rather than “confrontation or submission” but there was a steeliness beneath the diplomatic platitudes.

Peña Nieto pointedly stressed that trade was just one issue on the agenda in bilateral talks. Mexico would insist, he said, on an integral approach to talks, covering migration, security issues, border security, terrorist threats, and drugs and arms trafficking. This last point was hammered home the day before Trump’s inauguration when the Mexican government delivered a parting gift for President Barack Obama on 19 January: Joaquín ‘El Chapo’

Turning to Latin America

President Peña Nieto declared this week that “Mexico is proudly Latin American”. This comment was motivated by his endeavour to redefine Mexico’s foreign policy objectives now that “the US has a new vision for its foreign policy”. Peña Nieto stressed that the emphasis would be placed on improving bilateral ties with Argentina and Brazil. This would suggest that he intends to pursue a convergence between the Pacific Alliance trade bloc (to which Mexico belongs along with Chile, Colombia, and Peru) and the Southern Common Market (Mercosur). Despite his Latin American boast, Peña Nieto was compelled to cancel his attendance of the Community of Latin American and Caribbean States (Celac) summit in the Dominican Republic this week to concentrate on Mexico’s relations with the US.

Guzmán Loera, the maximum leader of the Sinaloa drug trafficking organisation (DTO). Despite official denials from Mexico of any significance behind the timing of Guzmán’s extradition, the subtext was clear: this is what cooperation on security matters looks like; its continuation cannot be guaranteed.

The wall is on, the trip may be off

If Trump perceived the implicit threat he did not heed it. On 25 January he signed two executive orders calling for construction of a border wall on the frontier with Mexico, and withholding federal grants from US states and cities that offer “sanctuary” to undocumented immigrants. The move came six days before Peña Nieto’s planned visit to meet him.

Trump said construction of the wall along the country’s 2,000-mile frontier with Mexico would start within months. As usual, there were little to no details about the practicalities of the controversial project, but White House spokesman Sean Spicer described it as “a large physical barrier on the southern border” which would “stem the flow of drugs, crime, [and] illegal immigration into the United States”.

Trump also insisted once more that Mexico would pay for the wall, despite the consistent and repeated denial of that possibility by Mexican officials for at least the last six months. In an interview with *ABC* Trump said “I’m telling you there will be a payment. It will be in a form, perhaps a complicated form. What I am doing is good for the United States. It is also going to be good for Mexico. We want to have a very stable, very solid Mexico.”

Trump’s statements could torpedo the chances of an orderly start to bilateral negotiations. They appeared to pre-empt discussions held on the same day by Mexican Foreign Minister Luis Videgaray and Economy Minister Ildefonso Guajardo, who were in Washington for pre-summit preparatory talks with administration officials.

Trump placed Peña Nieto in an almost impossible position. In the circumstances, going ahead with the meeting would be seen by much of the Mexican population as a national humiliation. There would be a very high domestic political price for Peña Nieto to pay. Not meeting Trump might on the other hand spark a series of tit-for-tat trade and other measures. There would be a big diplomatic and strategic price to pay – a deterioration in bilateral relations with the US that Mexico has not wanted nor sought.

The domestic pressure on Peña Nieto was certainly mounting, and not confined to left-of centre politicians. “In the light of today’s ambush and ‘my way or the highway’ policies, Mexico would do well in carefully re-evaluating the president’s trip next week,” said Arturo Sarukhan, the former Mexican ambassador to the US. Former foreign minister Jorge Castañeda said “Peña is a weak president in a weak country at a weak moment, but he has to find a way to get some official backbone.”

Several Mexican federal senators from different parties called for Peña Nieto to cancel the meeting with Trump. Margarita Zavala, one of the potential presidential candidates for the right-wing opposition Partido Acción Nacional (PAN) in 2018, tweeted “Donald Trump’s wall announcement is an insult to Mexico. The visit must be reconsidered.” She described the planned wall as “a monument to hatred and intolerance”. The PAN party president, Ricardo Anaya, called Trump’s announcement “an insult, just days before Peña Nieto’s visit”.

Andrés Manuel López Obrador, the leader of the radical left-wing Movimiento Regeneración Nacional (Morena), tweeted: “President Trump: your wall insults us and turns the Statue of Liberty into a myth. We will go to international tribunals.” The populist López Obrador leads the early polls

Gubernatorial elections

The other factor which will need to be weighed up in the gubernatorial elections in Edomex is the impact of the radical leftist Morena led by Andrés Manuel López Obrador. Morena is fielding Delfina Gómez, the former mayor of Texcoco (2013-2015) in Edomex, who is seeking leave of absence from the federal lower chamber of congress to compete in the elections. While Gómez will take votes from the PRI, she will also take votes from the PRD, which approved an electoral alliance in Edomex with Movimiento Ciudadano (MC) and Partido del Trabajo (PT), leftist parties with which it has traditionally forged alliances.

ahead of the presidential elections next year with 27%, according to a survey by *Reforma* published this week. This is a five-percentage-point jump in the last month. While it is true that the other parties are yet to define their candidates, there is a growing consensus among the Mexican commentariat that Mexicans might view López Obrador as the country's most powerful antidote to Trump.

Peña Nieto was left with no option but to respond. He again took to the airwaves. In a message lasting just under three minutes, he promised to confront the problems and challenges that lie ahead. "I fully accept the responsibility to defend and look after the interests of Mexico and Mexicans," Peña Nieto said, adding that "Mexico offers and demands respect as the fully sovereign nation that we are". He also emphatically declared that Mexico would not pay one peso for the wall. It would have been tantamount to committing political hara-kiri to say otherwise but ultimately Mexico might be powerless to prevent the payment in kind that Trump envisages for the wall if the US imposes taxes, tariffs or quotas on Mexican goods.

Notwithstanding this more combative message, Peña Nieto did not announce the cancellation of his scheduled meeting with Trump. He did, however, imply that he would make a decision in the coming days based upon the report he receives back from Videgaray and Guajardo about their meetings in the US. But while Peña Nieto resisted the pressure being brought to bear on him to cancel the meeting in order to avoid snubbing Trump, the US President refused to lend him a helping hand. Indeed, eschewing traditional diplomatic channels, Trump turned to Twitter on 26 January to goad Peña Nieto, arguing that "If Mexico is unwilling to pay for the badly needed wall, then it would be better to cancel the upcoming meeting".

Opposition alliance against PRI falls through

With President Peña Nieto facing the enormously complex task of governing Mexico at a time of upheaval in the wake of President Trump assuming power in the US, Mexico's two main opposition parties have spurned a golden opportunity to put the Partido Revolucionario Institucional (PRI) on the rack ahead of presidential elections in 2018.

After the unprecedented successes registered by the right-wing opposition Partido Acción Nacional (PAN) and the left-wing Partido de la Revolución Democrática (PRD) at rolling back PRI hegemony at the level of state governorships in June last year, it seemed only natural that they would try and repeat the trick ahead of gubernatorial elections in June this year, especially with the ultimate prize, the Estado de México (Edomex), Mexico's largest state and a PRI fiefdom, up for grabs. But electoral politicking got in the way. Despite the PAN and PRD leaderships openly expressing their support for reviving the 'Stop the PRI' electoral alliance, the deadline for doing so came and went on 23 January.

The PAN won seven state governorships in last June's elections, three in coalition with the PRD: Veracruz, Mexico's third largest state; Durango; and Quintana Roo. Victory in Edomex would have delivered a hammer blow to the PRI from which it would most likely not have recovered ahead of the presidential elections but despite the size of the prize on offer, or perhaps because of it, the PAN and PRD could not strike a deal on an alliance.

The PRD, resentful that its three successful alliances in June last year were widely perceived as PAN victories, wanted to choose the gubernatorial candidate in Edomex. The PAN demurred, insisting on supplying the candidate itself. The PRD arguably had the stronger case. Despite the party's internal travails in recent years, it did manage to secure 21% of the vote in the last gubernatorial elections in Edomex in 2011 when the PAN won just 12%.

Not only has the opposition never defeated the PRI in Edomex before but it has never pushed it close. Peña Nieto and Eruviel Ávila romped to victory in the last gubernatorial elections with 23 and 41 percentage-point margins of victory respectively.

Getting caught in the Odebrecht web

**Fujimorista
response**

There appeared to be some initially divided counsel within the *Fujimorista* Fuerza Popular (FP). Two party leaders have called for all three former Presidents – Alejandro Toledo, Alan García, and Ollanta Humala – to be placed under precautionary arrest, but Daniel Salaverry, one of the party's main spokesmen, has said such a move would be “premature” and that the prosecutors should be given the time they need to investigate and gather detailed evidence.

The Odebrecht scandal has arrived in Peru. The construction company, accused of taking part in major bribery schemes in its home market of Brazil and in other countries, has formally admitted making improper payments in Peru. As a result, the first arrests have been made and the first political skirmishes are being fought. The administrations of no less than three former Peruvian presidents are now under scrutiny for bribe taking. The current administration of President Pedro Pablo Kuczynski appears to be in the clear – but paradoxically, it could still suffer significant political damage as a result of the scandal.

Odebrecht, which has signed plea bargaining deals and agreed to pay major fines in Brazil, the US, and Switzerland, now admits paying US\$29m in bribes to Peruvian officials between 2005 and 2014, in order to help secure civil engineering contracts. This means that officials who served in three administrations, under Presidents Alejandro Toledo (2001-2006), Alan García (2006-2011) and Ollanta Humala (2011-2016) are under suspicion.

Acting on prosecutors' orders Peruvian police have arrested Edwin Luyo, a former head of tenders on the Lima 'Line 1' Metro project, and Miguel Ángel Navarro, a former transport ministry official. Both had served during García's second presidency. There is also an arrest warrant out for former deputy communications minister Jorge Cuba, who is reputed to have fled to the US just ahead of a police visit to his home in Lima. According to prosecutors, Cuba took a US\$8.1m pay-off routed through a company registered in Andorra, to help Odebrecht win the 'Line 1' contract. Another arrest warrant names Mariella Janette Huerta, a former president of the Lima Metro project. She too is reputed to have left the country in early January. Some sources have suggested that up to 200 officials could eventually be investigated.

These are still early days and the scandal seems poised to spread. There are rumours that other construction companies may have also made improper payments. Brazilian newspapers claim former first Lady Nadine Heredia, Humala's wife, may be implicated in the Odebrecht money trail. García has described those of his officials who accepted bribes as “rats” and said he should not be linked to people “with neither morals nor patriotism”.

Interior Minister Carlos Basombrío says a task force of 40 to 50 members of the police is being formed to support the prosecution team. Congressman Yonhy Lescano, of Acción Popular (AP), has suggested that investigations should go further back into the 1990s, arguing that Odebrecht may have bribed the government of former president Alberto Fujimori (1990-2000), as in that period it won an estimated US\$500m worth of contracts. The *Fujimorista* Fuerza Popular (FP), which now holds a majority in congress as well as the presidency of the congressional commission of enquiry into the Odebrecht affair, is unsurprisingly none too eager to go that far back (*see sidebar*).

It might appear that there is no political fallout for President Kuczynski. Neither he nor his party Peruanos por el Cambio (PPK) is implicated in the Odebrecht story. He was able to signal a clean break, saying “Unfortunately they are tainted by corruption. They have to go. Odebrecht will have to sell its projects.”

In practice, however, the Odebrecht scandal could be political bad news for his government. This is because of the impact of the scandal on the US\$7bn Gasoducto del Sur project. A consortium formed by Odebrecht, with a majority 55% stake, Enagas of Spain, and Peru's Graña y Montero, was building the pipeline. The work is about 10% complete. Odebrecht now has to withdraw. It has so far been unable to sell its stake. Banks have refused to extend additional credit to the project.

Transparency

Transparency

International argued in its report that “It is not always bad to have headlines about corruption. From the Panama Papers in April to the record US\$3.5 billion Odebrecht settlement in Brazil in December, 2016 was a good year in the fight against corruption in the Americas. The average score on the 2016 Corruption Perceptions Index was 44 out of 100 for the Americas. Anything below 50 [where 0=very corrupt and 100 very transparent] indicates governments are failing to tackle corruption.” Seven of the 21 Latin American countries in the table finished with a score of 30 or below, however, which indicates ‘rampant corruption’.

This week the project consortium failed to meet a key funding deadline, meaning that the government has terminated the contract and will collect a US\$262m penalty payment. The critical issue, however, is that it will take at least a year for the project to be re-tendered to new private sector contractors. As a result Kuczynski’s plan to deliver a big infrastructure investment boost to the economy in 2017, helping build the economic recovery ahead of regional and municipal elections in 2018, is now in some disarray. It will be hard to accelerate other investment projects to make up for the loss of Gasoducto del Sur’s pump-priming effect. And that could postpone the economic ‘feel good’ factor making it harder to win over the notoriously disenchanted Peruvian electorate.

Latin American countries tumble in Transparency Index

The breaking Odebrecht scandal in Peru coincided with the publication of the annual Corruption Perceptions Index (CPI) by the Berlin-based NGO Transparency International (TI). Peru slipped 13 places in the CPI, which includes 176 countries, to finish in 101st. The report, which ranks countries based on the perceived level of public sector corruption, saw some other significant falls. The biggest was by Mexico, which fell 28 places to 123rd, tied with Honduras which itself fell 11 places. There were other significant falls by El Salvador, the Dominican Republic, Ecuador and El Salvador (*see table below*).

It is worth noting that the scale of the declines has been exaggerated. TI has incorporated six English-speaking Caribbean countries in the 2016 CPI that did not feature in the 2015 index, all of which finish above the vast majority of Latin American countries.

Uruguay retained first place in an adjusted table for Latin America and the Caribbean, finishing in 21st globally, three places above Chile. The biggest climbers were Suriname, up 24 places, and Argentina, up 12 places.

Transparency International Corruption Perceptions Index 2016 (denotes change on 2015)

Position	Country	Score
21 (=)	Uruguay	71 (-3)
24 (-1)	Chile	66 (-4)
41 (-1)	Costa Rica	58 (+3)
60 (-4)	Cuba	47 (=)
64 (+24)	Suriname	45 (+9)
79 (-3)	Brazil	40 (+2)
87 (-15)	Panama	38 (-1)
90 (-7)	Colombia	37 (=)
95 (+12)	Argentina	36 (+4)
95 (-23)	El Salvador	36 (-3)
101 (-13)	Peru	35 (-1)
113 (-14)	Bolivia	33 (-1)
120 (-17)	Dominican Republic	31 (-2)
120 (-13)	Ecuador	31 (-1)
123 (-11)	Honduras	30 (-1)
123 (-28)	Mexico	30 (-5)
123 (+7)	Paraguay	30 (+3)
136 (-13)	Guatemala	28 (=)
145 (-15)	Nicaragua	26 (-1)
159 (-1)	Haiti	20 (+3)
166 (-8)	Venezuela	17 (=)
English-speaking Caribbean		
24 (NA)	The Bahamas	66 (NA)
31 (NA)	Barbados	61 (NA)
35 (NA)	St Lucia	60 (NA)
35 (NA)	St Vincent and the Grenadines	60 (NA)
38 (NA)	Dominica	59 (NA)
46 (NA)	Grenada	56 (NA)
83 (-14)	Jamaica	39 (-2)
101 (-29)	Trinidad & Tobago	35 (-4)
108 (+11)	Guyana	34 (+5)

Venezuela – most corrupt – silent on Odebrecht

Venezuela is one of the most corrupt countries on the planet, according to the 2016 Corruption Perceptions Index (CPI) of Transparency International (TI). The US Department of Justice suggests that the disgraced Brazilian firm Odebrecht paid out US\$98m in bribes to corrupt government officials and intermediaries in the administrations led by the late Hugo Chávez (1999-2013) and the incumbent Nicolás Maduro – yet Venezuela is the only country in the region that has not yet launched an investigation.

Scoring just 17 out of 100 [where 0 = very corrupt and 100 very transparent], Venezuela ranked in 166th position out of the 176 nations surveyed by TI for its annual index. This left the country bottom for another year within the region, seven places beneath Haiti.

Mercedes de Freitas, the executive director of the national chapter of TI, Transparencia Venezuela, stated: “Impunity and corruption form a perverse relationship that is growing. In Venezuela, an increasing number of laws create opacity. The comptroller general increasingly fails to sanction breaches of transparency norms. It is inexplicable that the Venezuelan attorney general [Luisa Ortega Díaz] doesn’t say anything about cases of such importance like Odebrecht, whose own directors have admitted before a court that they paid US\$98m in bribes in Venezuela. This all indicates the little interest that there is in the fight against corruption.”

The Maduro government is unmoved in the face of these criticisms. Following Odebrecht’s record plea bargain deal in the US in December, Venezuela’s opposition-controlled national assembly called for official investigations, but received no response from either the government or the attorney general. Transparencia Venezuela separately called on the Maduro government and all ministries to account for all public-sector contracts signed with Brazilian companies in the past 12 years. Again, no response from the executive or ministries. It has since lodged a request with the supreme court, which is unlikely to be sympathetic.

According to reports compiled by the opposition Mesa de la Unidad Democrática (MUD) coalition, Brazilian companies, including Odebrecht, Camargo Corrêa, Andrade Gutierrez and Queiroz Galvão, secured 42 projects worth over US\$50m in Venezuela, starting from 2000. Odebrecht alone won 32 of the 42 projects, worth an estimated US\$41m. The MUD-controlled assembly’s audit commission is investigating potential irregularities estimated at US\$16.6m relating to six of these Odebrecht schemes including the Caracas metro project. Suspected irregularities include overcharging, commissions, bribes, embezzlement and a lack of due planning for works.

Chávez and Lula

Critics allege that the friendship between Hugo Chávez and his Brazilian peer Lula da Silva (2003-2011) resulted in many contracts for Brazilian companies in Venezuela, led by Odebrecht and often backed by Brazil’s national bank for economic and social development (Bndes), which is now also the subject of scrutiny for its generous funding of Brazil’s ‘national champions’.

According to the Venezuelan daily *El Nacional*, Lula and Chávez met at least 55 times between 1998 and 2013, with 22 of those meetings in Brazil, 14 in Venezuela, and the rest in various other countries. From 2004, after Lula had become president, the two governments inked 37 accords, 27 of those benefitting Odebrecht, according to the daily.

Odebrecht

Even after he left office, handing over to his elected successor Dilma Rousseff on 1 January 2011, Lula da Silva continued to act as roving ambassador for Brazilian interests. Reportedly, following a 2 June 2011 meeting with Lula, Hugo Chávez three days later announced a US\$4bn contract with Odebrecht. And between 2012 and 2013, Brazilian companies started 16 projects in Venezuela, 12 of which went to Odebrecht, according to *El Nacional*.

#EleccionesYa

Spontaneous protests are the latest tactic by the Venezuelan opposition as part of its renewed push for early elections. Henrique Capriles Radonski, the state governor of Miranda and leader of the opposition party Primero Justicia (PJ), led a demonstration on 24 January of about 100 people on the Francisco Fajardo expressway in Caracas, the capital's main east-west artery, to demand that the delayed regional elections for governors and mayors in the country's 23 states be held this year. (These were due to be held in December 2016 but were postponed by the national electoral council [CNE]).

Capriles was accompanied by the deputy speaker of the opposition-controlled national assembly, Freddy Guevara, who hails from the stridently anti-Chavista party Voluntad Popular (VP), as well as other deputies and activists, blocking traffic for about an hour. After the government deployed an intimidating police and military presence at the latest formal opposition march on 23 January (which was weakly attended), Capriles announced that henceforth demonstrations would be 'unconventional' and would not be announced in advance. "Everything has to be done as a surprise, so that the government takes notice and begins to remember the constitution...and respect it," Capriles told journalists.

Given that Capriles' moderate PJ and the more radical VP have been uneasy bedfellows in the main opposition coalition, Mesa de la Unidad Democrática (MUD), these latest moves show just how desperate the entire opposition has become in the face of the government's intransigence.

Capriles, who has previously been wary of street protests on the grounds that they merely play into the government's hands (as in the fatal VP-led protests three years ago), now argues that politics has been pushed onto the streets by the government's refusal to engage with the national assembly, which the supreme court has ruled in contempt and all its activity 'null and void', and by its disinclination to make any concessions in a Vatican-backed roundtable dialogue, stalled since December and with little prospect of restarting under current conditions. Venezuelan politics has descended into a zero-sum game, with little sign of a solution before the scheduled presidential election in late 2018 – almost two years away.

The sole CNE rector with any sympathy for the opposition accepted a letter from Capriles and the MUD demanding that it put a date on the regional elections and said that the council would discuss an election timetable in the coming weeks. But it was the faintest of promises.

New central bank president

Just weeks after appointing a radical ideologue to oversee economic policy, President Maduro appointed another unknown, Deputy Ricardo Sanguino, as the new head of the central bank (BCV). Economist Sanguino, a national deputy for the ruling Partido Socialista Unido de Venezuela (PSUV) since 2000 and for 10 years head of the national assembly's budget commission, has never held a cabinet post before. "I want us to begin a new phase in the development of the central bank of Venezuela," Maduro stated, without elaborating.

Local press reports suggest that Nelson Merentes was asked to step aside as BCV president, having failed to offset the effect of the global oil price shock on the Venezuelan economy. The main BCV response – likely under government pressure – was to print money hand over foot, increasing local currency money supply 15-fold since 2013. Francisco Rodríguez, of the New York-based consultancy Torino Capital, estimates that Venezuela's economy may have contracted by 16.8% year-on-year in 2016.

IMF latest

According to the International Monetary Fund's latest regional outlook, Venezuela "is on a path to hyperinflation, with economic activity projected to contract sharply in 2017 and inflation to accelerate further". The Fund, which now estimates that real GDP contracted by 12% year-on-year in 2016, forecasts a further contraction of 6% this year, followed by 3% in 2018.

Moreno retains lead as rivals vie for second

With just over three weeks to go until Ecuador stages general elections, Lenín Moreno, the presidential candidate for the ruling Alianza País (AP), retains a significant, but very far from decisive, lead in all of the main opinion polls. Moreno enjoys an advantage of just over 10 percentage points over his nearest rival. If Moreno preserved this 10-point lead, his margin of victory would be sufficient to win in the first round on 19 February but only if he were to surpass the 40% threshold. Failing that he would have to win 50% of the vote, which looks beyond him, or contest a second round on 2 April, which could be much more problematic.

A survey of 2,120 eligible voters carried out by Cedatos between 12 and 22 January gave Moreno 34.3% followed by Guillermo Lasso, the candidate for the centre-right Movimiento Creo (Creando Oportunidades), on 22.9%, Cynthia Viteri, of the traditional Partido Social Cristiana (PSC), on 11.4%, and Paco Moncayo, of the left-wing coalition Acuerdo por el Cambio, on 8%. The pick of the rest, Abdalá 'Dalo' Bucaram, the third son of exiled former president Abdalá Bucaram (1996-1997), of Fuerza Ecuador, trailed on 4.3%, with the remaining three candidates – Iván Espinel, Patricio Zuquilanda and Washington Pesántez – totalling 2.5% between them.

The changes from the previous Cedatos poll a month earlier were all within the 2.8% margin of error of the poll, with Moreno, for instance, down by nearly one percentage point, and Lasso and Viteri up by half a percentage point. The most noteworthy change was to the number of undecided voters, falling from 47% to 39%, although this remains very high.

A survey by Market, conducted in all 24 provinces between 18 and 20 January with 9,120 respondents, produced broadly similar findings. Market gave Moreno 28.2% support, but stressed that with 15.9% of voters promising to cast blank or void ballots, this would give him some 32.5% of the valid vote. Moreno still held an advantage of just over 10 percentage points from his nearest rival, in this case Viteri on 18.0%. Lasso came third with 16.6% and Moncayo fourth on 13.2%, with Bucaram on 4.8%, and the rest on 3.4% between them. Market said that the number of undecided voters had fallen to 37.8% from 46% in December.

Market found that Viteri is strongest in Guayas, in large part because of the support of the long-serving mayor of Guayaquil, Jaime Nebot, but she is also growing in the provinces of Los Ríos and El Oro, while lagging the other candidates elsewhere. In an attempt to boost her support outside of the country's largest urban areas, Viteri visited Azogues, the small capital of the province of Cañar, on 22 January, and Esmeraldas, the coastal city and capital of the eponymous north-western province, a day later (*see sidebar*).

Lasso repeated his proposal to create 1m jobs in his four-year term during rallies in several cantons in Los Ríos. Lasso said he would investigate "white elephants" of the Correa administration, above all the Refinería del Pacífico, which he claimed had wasted US\$1.5bn over five years and had absolutely nothing to show for it. "If we hadn't wasted that money we would not have had to place US\$1bn worth of bonds last week on international markets [at 10% interest] and US\$1.7bn last month," Lasso said.

Despite trading barbs, Viteri and Lasso, would most likely seal an alliance in the run-off against Moreno, who was out on the campaign trail in Quito at the weekend. Moncayo, who represents the radical Left which is hostile to the government led by President Rafael Correa, would be unlikely to back Moreno.

Domestic violence

In addition to tabling a housing proposal, Cynthia Viteri promoted a series of innovative ideas to crack down on domestic violence in Ecuador while campaigning at the weekend. These include an 'anti-panic button', which could be pressed on an application on mobile phones by any woman or child victim of household violence to call specialised police; specialised judges to deal with femicide and psychological violence; and the creation of refuges where abused women could find shelter with their children.

Morales reshuffles his cabinet

Restructuring

As part of the ministerial changes, President Morales named Rafael Alarcón, a former general manager (2008-2011) of the national electricity company (Ende), to head up the newly created energy portfolio – indicative of the importance his government places on the sector. Morales also announced as part of cost-saving measures, the elimination of the transparency & anti-corruption ministry with its responsibilities to be taken over by the justice ministry, while the ministry for autonomy will be absorbed by the ministry for the presidency.

As has been customary since the Movimiento al Socialismo (MAS) government came to power in 2006, President Evo Morales marked his electoral anniversary with a cabinet reshuffle. Two of the 10 changes announced on 23 January stood out – his replacements of MAS heavyweights, Foreign Minister David Choquehuanca and Minister for the Presidency Juan Ramón Quintana. Along with Economy Minister Luis Arce, Choquehuanca had kept his position from the 2006 administration, while Quintana is widely considered Morales' chief political operator. Both replacements have been linked to Morales' intention to seek a fourth consecutive term in 2019 – a prospect which remains controversial [\[WR-16-50\]](#) given that, in February 2016, the public voted in a popular referendum against reforming the 2009 constitution to allow him to do so.

The local media is reporting that the departures of Quintana and Choquehuanca in particular owe to efforts to strengthen the MAS political project at a grassroots level ahead of 2019. Morales remains popular. The latest opinion poll published by Equipos Mori on 22 January gave him a 58% approval rating but the same survey also showed that just 34% of respondents agreed with him standing for re-election once again. As regards their replacements, the new foreign minister is Fernando Huanacuni, a former director of ceremonial practices at the foreign ministry (2008-2014) who like his predecessor and Morales is an indigenous Aymara. Quintana's replacement is René Martínez, the director of the office set up to defend Bolivia's rights to the Silala water system against Chile – a dispute currently before the International Court of Justice (ICJ) at The Hague. Unlike Quintana, Martínez is widely considered a conciliatory figure.

Morales also announced eight other ministerial changes. Following the troubles surrounding the environment & water ministry stemming from the current shortages of drinking water amid Bolivia's worst drought in 25 years [\[WR-16-47\]](#), Morales promoted deputy water & environment minister Carlos Ortuño to head up the portfolio. Ortuño replaces Alexandra Moreira who stepped down on 18 January, hours before she was due to face questioning in the national congress over the issue. Other changes include the appointments of the former attorney general (2014-2017) Héctor Arce, who served as MAS president of the national lower chamber (2010-2012), as the new justice minister; Héctor Hinojosa, a former leader of the main umbrella union, Central Obrera Boliviana (COB), and deputy labour minister, to head up the labour portfolio, replacing Gonzalo Trigoso; Mariana Prado, the head of the cabinet of the vice-presidency, as planning development minister replacing René Orellana; Eugenio Rojas, the former MAS leader in the senate (2014-2015) and deputy minister for productive development (January-September 2015) to head up the portfolio; Gisela López, the director of state TV channel *Bolivia TV* as communications minister; and Vilma Alanoca, a former MAS councillor from El Alto, as culture minister.

Meanwhile Morales' decision to opt for continuity in key portfolios such as the economy, hydrocarbons, mining, public works, defence, and interior – where Luis Arce, Luis Alberto Sánchez, César Navarro, Milton Claros, Reymi Ferreira, and Carlos Romero keep their jobs – reflects overall success in these sectors. As regards the economy for example – the strength of which is crucial to Morales' flagship poverty reduction policies – a December 2016 report by the Economic Commission for Latin America and the Caribbean (Eclac) notes that Bolivia's GDP "expanded by 4.0% in 2016, one of the highest rates in the region". Meanwhile, in his balance sheet, Morales highlighted that in 2015 the extreme poverty rate in Bolivia's urban and rural areas was 9.3% and 33.3% respectively, down from 24.3% and 62.9% in 2005. He also claimed that the general poverty rate was 38.6% in 2015, down from 60.6% in 2005.

Vázquez faces China setback

When President Tabaré Vázquez returned to Uruguay from a 12-day visit to China last October he brought with him the promise of bilateral negotiations towards a free trade agreement (FTA). With China having supplanted Brazil as Uruguay's main trading partner this was widely heralded as providing the opportunity to reverse the economic downturn of the last couple of years and get back to the stellar growth Uruguay enjoyed for much of the previous decade. But in recent weeks this hope has been dampened, if not entirely quashed, by both China and Brazil.

Brazil slams the door

President Vázquez had discussed the possibility of a bilateral FTA with China with President Xi Jinping in October after having been informed by both his Argentine and Brazilian peers, Mauricio Macri and Michel Temer respectively, that they supported the idea of greater "flexibility" within the Southern Common Market (Mercosur). But it seems that Temer did not anticipate that Vázquez would take this to mean that Uruguay could seal a trade deal with China outside of Mercosur.

During the final Mercosur meeting of 2016 in mid December, the Brazilian government explicitly rejected any relaxation of the trade bloc's internal regulations to permit Uruguay to pursue a bilateral FTA with China. From the Temer administration's point of view offering to relax Mercosur's internal strictures does not extend to allowing Uruguay to strike a trade deal with one of Brazil's main competitors. With Brazil's economy in the doldrums, there is serious concern in Brasília about Chinese goods flowing into wider Mercosur markets if Uruguay provided a point of entry.

Vázquez was clearly taken aback, but he argued that "nothing has changed" since he had received a personal assurance from Xi that he welcomed a bilateral FTA with Uruguay. He called for negotiations to begin "as soon as possible". The Uruguayan government even sent China its suggested framework for negotiations.

But if Vázquez was not paying any heed to Brazil, Xi clearly was. On 19 January Uruguay's economy & finance minister, Danilo Astori, revealed in an interview with the local weekly current affairs magazine *Búsqueda* that Ding Shang, the chargé d'affaires of the Chinese embassy in Montevideo, had informed him that China would not negotiate a bilateral FTA with Uruguay if it would antagonise Brazil. Ding's words directly confirmed what Xi's birthday card to Vázquez on 17 January had indirectly implied. Xi celebrated the strategic association between China and Uruguay, and expressed his desire to enhance bilateral cooperation in "various areas", but mention of an FTA was conspicuous by its absence.

Macri had shown greater willingness than Temer to support Vázquez's aspirations while expressing a preference for an FTA to be negotiated with China as a bloc. Vázquez was appreciative but let it be known, diplomatically, that he would not be holding his breath: trade negotiations between Mercosur and the European Union (EU), for instance, began nearly 17 years ago. Add to that the fact that Paraguay still has diplomatic relations with Taiwan rather than China, and it is not difficult to see why Vázquez might be sceptical about Mercosur talks with China getting off the ground let alone reaching a successful conclusion.

Mujica backs austerity

Uruguay's former president (2010-2015) Senator José Mujica expressed understanding of the present government's belt-tightening measures during an interview on 21 January. Mujica argued that global uncertainty, engendered by the advent of Donald Trump to the US presidency, and the opening shots in a "global trade war", meant the government was entirely justified in being cautious about relaxing fiscal restraint.

Fighting forest fires

The US has sent to Chile the world's largest firefighting aircraft, a Boeing 747-400 supertanker, which was immediately sent into action in Maule region, where the communes of Cauquenes and Vichuquén were declared a 'catastrophe zone' (along with the provinces of Colchagua and Cardenal Caro in O'Higgins region) by the government. Changeable wind direction and high temperatures have hampered firefighters.

Uruexit

Astori was keen to stress that Uruguay remained committed to Mercosur but there has been some talk at home of Uruexit. Astori steered clear of any suggestion of this, restricting himself to saying that the Vázquez administration would have its work cut out overcoming "obstacles within Mercosur" but would not give up "because for Uruguay millions and millions of dollars are at stake".

Without the option of a swift China trade deal, Uruguay's hopes of reactivating the domestic economy will be constrained. Faced with shrinking GDP growth in Brazil and Argentina, diversifying trade is essential for Uruguay although it is not clear where it can turn for this. But confronted with this disappointment, the government has sought to head off any domestic pressure for a significant wage increase in collective salary negotiations with the umbrella trade union, Plenario Intersindical de Trabajadores-Convención Nacional de Trabajadores (Pit-Cnt).

On 12 January the government announced a 10% increase in the national minimum wage to Ur\$12.27 (US\$419) per month to take effect retroactively from the start of the year. The national employment director, Eduardo Pereyra, defended the record of the ruling left-wing Frente Amplio (FA) coalition, arguing that the figures speak for themselves. He said that the minimum wage had increased more than fivefold since the FA took power in 2005 when it was just US\$80. He also noted that the minimum wage increase was almost two percentage points higher than inflation in 2016, which was 8.1%.

Annual inflation in 2016 was the lowest for four years, although it was slightly skewed by deflation of 0.55% in December. The national statistics institute (INE) explained that the fall in consumer prices in December could be attributed almost entirely to the reward system run by the state-run power firm Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE). The 'UTE Premia' annual bonuses benefitted some 900,000 customers who fulfilled a few basic conditions such as paying their bills on time and logging onto the UTE website. This translated into a 19.6% fall in the cost of electricity in December.

CHILE | POLITICS

Facing worst fires in history

The worst forestry disaster in Chile's history. This is how President Michelle Bachelet described the 122 forest fires that have razed more than 226,000 hectares in Chile since last July, destroyed hundreds of homes, and claimed the lives of four firefighters. Of this total 37 fires remain out of control, according to Chile's national forestry corporation (Conaf), and the Bachelet administration has declared a state of constitutional exception in the two central regions of O'Higgins and Maule, and the southern region of Biobío.

"Chile has once again been lashed by the fury of nature," President Bachelet said, adding that "we have exhausted practically all of our national capacity [to respond to the fires]". Bachelet, who cancelled her attendance of the Community of Latin American and Caribbean States (Celac) summit in the Dominican Republic this week, visited the badly affected commune of Empedrado in Maule on 25 January, where she was accosted by local inhabitants who demanded more resources for firefighters to be funded, if necessary, out of salary cuts for congressmen.

The Oficina Nacional de Emergencia (Onemi), part of the interior ministry, sought international assistance to combat "the worst forest fires in our history". Help has arrived from Mexico, Argentina, Peru and France, whose president, François Hollande, visited Chile this week, as well as the US (*see sidebar*).

Zavascki tributes

Speaking at the 21 January funeral of supreme court justice Teori Zavascki, Federal Judge Sérgio Moro, the lead investigator in the 'Operation Car Wash' probe said that Zavascki was a "true hero" without whom the investigations would not have been possible. Moro added that he hoped that Zavascki's legacy and his "rigidity in applying the law, independently from the vested interests of certain parties, powerful though they may be, will not be forgotten".

Meanwhile, President Michel Temer, who also attended the funeral, said that "Teori was a good man. And what Brazil needs now is good men with the temperament...the personal and moral competence of Minister Teori."

Sudden death of key judge raises concerns

Teori Zavascki, a member of Brazil's federal supreme court (STF), died in a plane crash on 19 January. Zavascki's death has added to the ongoing political crisis in the country not least because he was the justice tasked with overseeing 'Operation Car Wash', the major corruption investigation that has lifted the lid on the cosy links between Brazil's business and political elite, which implicate high-ranking former and current government officials. The judiciary and the national executive led by President Michel Temer are under pressure to ensure that Zavascki's unexpected death does not delay or in any way curtail the investigation, and that the STF's integrity remains intact at a time when it remains under intense public scrutiny.

Zavascki died when the private jet in which he was travelling along with five other people crashed in the sea just outside the beach resort of Paraty in Rio de Janeiro state. The authorities are still investigating the cause of the crash, which is believed to have been an accident. But what is clear is that Zavascki's death has had immediate repercussions. Upon finding out about the accident, President Temer declared three days of national mourning but said that the tragedy should not derail the 'Operation Car Wash' investigations, which have entered a new critical phase. Although Zavascki was on holiday with friends, his relatives said that he was intermittently working on finalising a series of plea bargaining agreements offered to 77 employees of the engineering firm Odebrecht who stand accused of paying bribes to government officials to secure state contracts.

The evidence provided by the plea-bargaining deals that were being analysed by Zavascki was due to be made public in February and it is believed that these may contain incriminating information affecting high-ranking government officials including Temer himself. The concern is that Zavascki's absence could stall and even undermine the investigations at such a critical juncture. Pointedly, the chair of the international anti-corruption NGO Transparency International, José Ugaz, urged Brazil to appoint a "competent and committed new supreme court judge" to ensure that the investigation continues and that "all those implicated are brought to justice".

The problem is that selecting a new justice is a highly sensitive political matter. Technically it is the STF's prerogative and more specifically that of its president, Justice Cármen Lúcia Antunes, to assign Zavascki's cases to a new judge. However, given the sensitive nature of the case, Antunes would like to ensure that she has the backing of the STF's full plenary for her decision. But this cannot be achieved until a new STF justice to fill Zavascki's seat is appointed; and appointing a new STF justice is the national executive's constitutional prerogative. Antunes and Temer have been careful to act in coordination to avoid any potential clashes between the judiciary and the executive, whose relations are already strained as a result of the 'Car Wash' investigations.

But the uncertainty surrounding the future of the 'Car Wash' probe, without a clear replacement for Zavascki, has led some to demand that the authorities take swift action. Claudio Lamachia, the head of Brazil's bar association, for example, said "There is no time to waste. Brazilian society is waiting and demands the immediate clarification of where the main investigation being carried out in the country is going". Such calls prompted Antunes, on 24 January, to authorise a team of judges who were aiding Zavascki with the investigations to continue advancing the brief. Yet whether Zavascki will be replaced by an impartial justice who will not hesitate to go after anyone implicated in the case, or by someone close to the Temer administration that may seek to shield it, remains unclear.

Carrió denounces AFI spying

On 25 January, Deputy Elisa Carrió ratified the legal complaint she presented against the head of the federal intelligence agency (AFI), Gustavo Arribas, and denounced that she may be being spied on by AFI. Carrió said that she requested that Arribas be investigated “not because I have something against him but because I would like that for once in this country government officials are tried while in office, not after they have left”. The deputy added that she believes that she has long been spied on by AFI: “I am convinced that I’m spied on and harassed by an AFI group led by Majdalani”, Carrió said in reference to deputy AFI head Silvia Majdalani.

Intelligence chief battles corruption charges

The new year may be just a few weeks old, but the Argentine government led by President Mauricio Macri is already grappling with corruption allegations affecting a top government official and one of Macri’s most trusted aides. Gustavo Arribas, the head of Argentina’s federal intelligence agency (AFI), is now the subject of a formal investigation over his suspected involvement in a bribery case embroiling the Brazilian engineering firm Odebrecht. The case has the potential to be damaging for Macri, who vowed to combat government corruption during his 2015 electoral campaign, as Argentina prepares to hold mid-term legislative elections in October, in which Macri needs the ruling centre-right Cambiemos coalition to perform well to ensure governability for the next two years.

The allegations against Arribas first emerged in an investigative report published by local daily *La Nación* on 11 January. The report claimed to have found evidence that in 2013 Arribas received US\$594,518 in a Swiss bank account from a Brazilian financier, Leonardo Meirelles, who has been convicted for corruption in Brazil as part of ‘Operation Car Wash’ – the major anti-corruption investigation that uncovered the extensive corruption network that Odebrecht had succeeded in creating in Brazil and various Latin American countries under which it offered bribes to corrupt government officials to secure lucrative state contracts.

The allegations were given short shrift by Arribas, who denied any wrongdoing and said that the money (which he said only amounted to some US\$70,000) he received from Meirelles, who is known for providing loans to individuals in Brazil, was linked to the sale of a flat that he used to own in Brazil and was in no way linked to Odebrecht. Arribas insisted that the transaction did not constitute a bribe to secure a state contract as suggested by *La Nación* and said that he had nothing to hide. President Macri immediately backed his intelligence chief and said that there was no evidence that the operation was linked to Odebrecht or that Arribas had lobbied on behalf of the Odebrecht-led consortium that in 2008 was awarded a contract to build a railway tunnel in Buenos Aires province by the previous administration led by Cristina Fernández (2007-2015).

Indeed, Macri questioned how Arribas, with whom he has long been associated and who before his appointment to the AFI in December 2015 led a sports management agency he cofounded (Haz Sport Agency), could have lobbied the administration of the now opposition leftist Frente para la Victoria (FPV) faction of the Partido Justicialista (PJ, Peronists). Macri expressed his full confidence in Arribas and said that the allegations were probably nothing more than an attempt by his opponents to tarnish his reputation.

Yet despite Arribas’ and Macri’s assertions, on 24 January Argentina’s public ministry announced that prosecutor Federico Delgado had decided to present formal corruption charges against the AFI head. The statement said that Delgado’s decision was in line with a formal complaint recently filed by national deputy Elisa Carrió. Despite being the leader of the Coalición Cívica para la Afirmación de una República Igualitaria (CC-ARI) party, a member of the ruling coalition, Carrió is a determined anti-corruption campaigner and Arribas’ explanations failed to wash with her.

Arribas reacted to the presentation of charges against him by reiterating his innocence and stating that he intends to collaborate fully with the investigations to clear his name. However, the fact that someone considered to be a trusted Macri aide is now tainted by corruption allegations will erode the government’s public support and could harm the prospects of Cambiemos in the mid-term elections.

Moving money around

The investigation into the national property registry (RGP) found that it had handed over the cheques to Mario Estuardo Orellana López, the father of José Manuel Morales Marroquín's then girlfriend.

Orellana has also been arrested. One of the cheques, for Q\$90,000

(US\$11,984), was made out in the name of Fulanos y Menganos, a local restaurant, for 564 breakfasts which never materialised.

The restaurant's owner, Gilmar Othmar Sánchez Herrera, a deputy for the ruling Frente de Convergencia Nacional (FCN-Nación) party at the Central American parliament (Parlacen), has also been arrested. The other two cheques were made out in the name of Samuel Morales' company, Plus Espectáculos y Promociones S.A.

According to Cicig's statement, through a "series of cheques issued and financial movements" the money from all three cheques was returned to Orellana.

Morales' anti-corruption pledge put to the test

President Jimmy Morales was forced to admit last week that the situation facing his family is "difficult". His remarks follow the 18 January announcement by the attorney general's office (AG) and the United Nations-backed International Commission against Impunity in Guatemala (Cicig) that his brother and son, Samuel Everardo Morales Cabrera and José Manuel Morales Marroquín, had been detained on fraud charges, along with eight others. The move is linked to a case uncovered in September 2016 involving suspected corruption at the national property registry office (RGP) which took place under the previous administration led by Otto Pérez Molina (2012-2015). President Morales has sought to distance himself from the case, highlighting remarks made by AG Thelma Aldana that "there is no evidence in the investigation...suggesting [his] participation". Yet it remains a major embarrassment for the president whose surprise electoral victory in 2015 stemmed from an anti-corruption platform.

According to a Cicig press release, the corruption investigation into the RGP comprises various components, including one relating to anomalous payments involving Samuel Everardo (who was detained) and José Manuel (who turned himself in). The same Cicig press release notes that on three occasions, between 5 November and 9 December 2013, the RGP made irregular payments worth some Q\$269,933 (US\$35,793) for catering services which were never provided. The local press has cited Aldana as saying that so far it would appear that neither made any money from the scheme with the payments reportedly benefitting the family of José Manuel's then-girlfriend, Abdi Orellana (*see sidebar*).

In a press statement President Morales underlined his commitment to due process noting that while his backing for his brother and son was "total", so too was his "respect for the law". He also flagged up remarks by Aldana and Cicig head Iván Velásquez regarding his lack of interference in the proceedings. However, the case is serving as the latest test of the country's institutions and comes as the judiciary recently made headlines amid efforts by the AG and Cicig to bring legal action against two supreme court (CSJ) judges, Blanca Aída Stalling Dávila and Eddy Giovanni Orellana Donis – for influence-trafficking and illicit enrichment, respectively. An AG press release dated 11 January accuses Stalling of seeking to interfere in a decision by a sentencing court on behalf of her son, Otto Fernando Molina Stalling, arrested in 2015, along with members of the directorate of the national social security institute (IGSS) for his suspected involvement in a corruption case. Meanwhile, Orellana Donis – who has also been accused of passive bribery – allegedly received gifts from various individuals, including Sergio Roberto López Villatoro, the ex-husband of the daughter of former dictator Efraín Ríos Montt (1982-1983), reportedly an influential behind-the-scenes figure in local politics.

Tillerson expresses support for Cicig

On 22 January Cicig republished the text of the written confirmation answers given by US President Donald Trump's pick for Secretary of State, Rex Tillerson, regarding Latin American policy. In the text, which was first published by US website *Latin America Goes Global*, Tillerson expressed commitment to "maintaining continued US political and financial support for CICIG and MACCIH [the Organization of American States Support Mission Against Corruption and Impunity in Honduras]". The article cites Tillerson as saying "We will also provide foreign assistance to our Central American partners to help combat crime and impunity, promote public safety, and ensure that citizens of those countries have access to a functioning and fair justice system."

Hernández paints a picture of progress

Villeda speaks out

Mauricio Villeda, of the opposition Partido Liberal (PL), has signalled antipathy towards the government's latest security initiative, and has accused the Maccih of "keeping quiet" about corruption in the country. Villeda also complained that the national electoral court (TSE) was busying itself handing out fines to political parties for distributing electoral material ahead of the official 2017 campaign, yet was permitting President Hernández to put his name on the presidential ballot for this year, which Villeda stressed was in breach of the constitution.

In his fourth and final state-of-the-nation address, President Juan Orlando Hernández promised that Honduras would "surprise the world in the coming years with many changes, among them the recovery of the peace and tranquillity lost to criminal violence".

While the country's notorious homicide rate has fallen to 13 a day on average, down from an average of 20 a day five years ago, not many Hondurans – including the over 9,000 children and young teens that arrived at the Mexico-US border in the 11 months to November last year – would agree that they are living in peace and tranquillity. Homicides have fallen, but daily violence remains a way of life, particularly for those young men most likely to be sucked into gang life and criminality. Meanwhile, critics have questioned President Hernández's reliance on heavily militarised security policies, with suggestions that the state and its agents, including the police and the military, may be an instrument of some of the violence.

Meanwhile, almost total impunity continues to reign (estimated at 94%-98%). In condemning the assassination of yet another local journalist (Igor Padilla, killed in San Pedro Sula on 17 January), the Inter-American Commission on Human Rights (IACHR) alluded to the continuing failure of the authorities to deliver justice for the families of the high-profile Honduran environmentalist activist Berta Cáceres and others killed in recent years. "The maintenance of impunity not only constitutes a negation of justice for the families of the victims but also sends a social message that violence against these people is tolerated by the State," the IACHR stressed.

The head of congress, Mauricio Oliva of the ruling Partido Nacional (PN), also delivered an upbeat assessment, noting that congress – where the PN lacks a majority with just 48 of the 128 seats – had proven mature enough to build consensus around 188 new legislative projects. These, he noted, have included special new anti-corruption and anti-extortion magistrates, a public ministry unit to deal with violence against women, a law to protect media workers, and, latterly, a new campaign finance law. He also cited the establishment of the Mission against Corruption and Impunity in Honduras (Maccih), backed by the Organization of American States (OAS). For his part, Hernández cited the police reform commission set up in April 2016, which he said would be extended to January 2018.

Libre objects to penal code reforms

The opposition has baulked at Hernández's latest security initiative. The proposal, sent down on 4 January, aims to amend, reform and derogate parts of the penal code to tackle different forms of criminality. Among some 30 measures, the government wants to annul several articles of the national penitentiary law, so as to allow for more autonomy in individual prison facilities; and to be able to 'adequately separate' (i.e. isolate) maximum security prisoners (typically gang leaders). A new 'national penitentiary academy' would also be set up to "professionalise" prison staff and other personnel. More controversially, the government also wants to broaden the definition of terrorism so that it covers any act that "terrifies" or creates terror in the population. The reforms need a simple majority vote of 65 for approval.

The left-wing Libre opposition bench, led by the ousted former president Manuel Zelaya (2006-2009), has strongly objected to the latest package, arguing that some of the reforms, notably the amended definition of terrorism, will "criminalise protests and legalise repression against those of us seeking change".

POSTSCRIPT

Quotes of the week

“The U.S. has a 60 billion dollar trade deficit with Mexico. It has been a one-sided deal from the beginning of NAFTA with massive numbers of jobs and companies lost. If Mexico is unwilling to pay for the badly needed wall, then it would be better to cancel the upcoming meeting.”

US President Donald Trump.

“Mexico does not believe in walls, but in bridges.”

Mexico's President Enrique Peña Nieto.

“They have to go. It's over.”

Peru's Pedro Pablo Kuczynski on the involvement of Brazil's construction company Odebrecht in the construction of the Gasoducto del Sur.

Hollande visits Farc camp during historic Colombia visit

Colombia's President Juan Manuel Santos hosted his French peer François Hollande this week. Hollande, the first French head of state to visit Colombia in 28 years, promised to provide post-conflict support to Colombia during a visit to one of the 'concentration zones' where some 7,000 Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrillas are gathering as part of the disarmament, demobilisation and reintegration (DDR) phase of the peace process over the course of the next five months. Hollande also said he would push for the European Union (EU) to negotiate with the Pacific Alliance, the trade bloc comprising Colombia, Mexico, Chile and Peru, to increase trade and investment. He indirectly criticised US President Donald Trump by stating that protectionism is "the worst response" to the present global challenges.

Successive French governments actively followed the vicissitudes of Colombia's armed conflict over the years, as it sought to secure the release of the Franco-Colombian politician Ingrid Betancourt. Hollande praised the "courage" of Santos to pursue a peace process with the Farc, adding that it was a "source of great pride" that the head of the United Nations mission in Colombia is a Frenchman, Jean Arnault. Hollande delivered 20 mobile libraries for demobilised guerrillas, and promised French assistance in the post-conflict phase, sharing its experience, for instance, in finding the 'disappeared'.

Hollande and Santos visited the 'Los Monos' DDR camp in the mountainous municipality of Caldono in the south-western department of Cauca on 24 January, where Hollande met 'Pablo Catatumbo' (Jorge Torres Victoria), a member of the Farc secretariat. Santos, who signed bilateral accords on tourism, education and security, thanked Hollande for being "a great friend of Colombia". This view was not shared by his predecessor Alvaro Uribe (2002-2010), who ordered the military operation 'Jaque' that resulted in the successful rescue of 15 Farc hostages, including Betancourt, in 2008. In an open letter on 22 January Uribe accused Hollande of inconsistency: "...Hollande's reaction to terrorist attacks in France has been firm... [but he is] supporting the impunity of terrorism in Colombia... [and] many of us feel a trace of rejection of this visit to the Farc by the successor of Napoleon and De Gaulle".

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