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Political crisis produces new 'Marzo Paraguayo'

Paraguay is engulfed in a political crisis. An attempt by a group of national legislators to push through congress a constitutional amendment introducing presidential re-election, which is rejected as unconstitutional by the political opposition, has produced serious unrest. Anti-re-election protesters stormed and torched the national congress to try to stop the passage of the amendment bill, which led to violent clashes with the police that left one person dead, dozens injured, and hundreds of others under arrest. The last time that such unrest was registered in Paraguay was in the March 1999 'Marzo Paraguayo', which was only resolved after the then-president Raúl Cubas Grau resigned and abandoned the country.

As with the 'Marzo Paraguayo', the current political crisis in Paraguay is purely electoral and derived from efforts by factions of the traditional ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) to perpetuate itself in power. The 1999 crisis was sparked by the murder of Luis María Argaña, the vice-president of the ANR-PC government of the time (1998-1999) and leading presidential candidate ahead of the 2003 general elections; Argaña was shot dead by an armed commando allegedly on the orders of his internal ANR-PC political opponents led by Cubas.

Eighteen years later, the catalyst of the current crisis is the attempt by factions of the ANR-PC that back President Horacio Cartes (known as Cartistas) to change the constitution this year to allow for re-election so that their man can run again in next year's general elections. The Cartistas have been trying to introduce presidential re-election since 2014 but their efforts have been thwarted by those opposed to re-election, which includes the majority of the political opposition and dissident ANR-PC factions that do not support Cartes. This anti-re-election alliance delivered a major blow to the Cartistas' re-election drive when opposition and dissident ANR-PC senators defeated a constitutional amendment bill on re-election (a version of which had been approved by the chamber of deputies) in August last year on the grounds that it was unconstitutional [[WR-16-34](#)].

Paraguay's 1992 constitution not only expressly prohibits presidential re-election but is also clear that introducing it cannot be done via an amendment (leaving only the possibility of doing so via a comprehensive constitutional reform – in essence, the drafting of a new constitution). Meanwhile, under senate rules, a bill that has been voted on and defeated cannot be re-introduced to the chamber for a 12-month period.

The defeat of the re-election bill was viewed, as such, as decisively eliminating the chances of re-election being introduced by the 2018 general

Re-election bill

Cartista senators appeared to have secured the support of enough counterparts from the left-wing opposition Frente Guasú (FG), the right-wing opposition Unión de Ciudadanos Éticos (Unace), and dissident senators, led by Senator Blas Llano, of the main opposition Partido Liberal Radical Auténtico (PLRA), to forge a circumstantial majority in the 45-seat chamber to approve the re-election constitutional amendment bill.

elections. But the Cartistas would not be deterred. Insisting that the issue of re-election must be discussed this year, the Cartistas proposed that the amendment should be discussed by congress again and that it should be put to a national referendum to determine if there is public support for it regardless of the constitutional impediment to this.

Putsch in the senate

With time for the introduction of presidential re-election ahead of the next year's general election starting to run out, the Cartistas garnered support for the re-election constitutional amendment bill among opposition senators with a view to forcing its revision by the senate (*see sidebar*). But the senate president, Roberto Acevedo (of the main opposition Partido Liberal Radical Auténtico [PLRA]), a staunch opponent of re-election, was adamant that he would strictly uphold senate rules and prevent debate of any re-election bill before August this year.

Faced with Acevedo's strong resistance, the pro-re-election senators pursued a different tack on 28 March. Cartista senators presented a request before Acevedo asking him to call an extraordinary session of congress that day to discuss changes to the senate's internal rules. The move was seen by those opposed to re-election as a clear attempt to change these rules in order to re-introduce the amendment bill and, as such, a prelude to the violation of the constitution. Acevedo responded to the Cartista request by saying that he could not call an extraordinary session on such short notice but that he would call one within 48 days (as is his prerogative as senate president).

But Acevedo's response angered the pro-re-election senators. Following a heated session in the senate chamber in which pro- and anti-re-election senators physically clashed, 25 pro-re-election senators moved to an office inside the national congress building in which they held their proposed extraordinary session arguing that Acevedo had refused to consider their request. During this 'session' chaired by the Cartista senate's second vice-president, Julio César Velázquez, the 25 pro-re-election senators voted in favour of changing senate rules in order to allow the chamber to hold another debate on the re-election bill immediately.

Acevedo denounced the move by the 25 rogue senators as "illegal and void". He said that Velázquez did not have the power to call an extraordinary session given that he was the incumbent president of the senate and remained fit to exercise the post. Acevedo's position was quickly backed by opposition political leaders including the PLRA party president, Efraín Alegre, who accused the Cartistas of carrying out a "parliamentary coup d'état" and of being intent on breaking the constitutional order. Alegre then urged the general public to march on congress in defence of the constitution. Thousands of people responded to Alegre's call, marching to congress on 29 March and holding a vigil outside the building in rejection of the re-election bill.

Violence

The march on congress did not dissuade the rogue senators. On 31 March they held another unsanctioned 'session' in which they approved the re-election bill. But, as the senators approved the bill, anti-re-election protestors stormed congress and set part of it alight in an attempt to stop the session held by the rogue senators.

Violent clashes between the protestors and anti-riot police ensued. During these clashes (which extended into the early hours of 1 April), dozens of people were injured by baton rounds (including Alegre and PLRA Deputy Edgar Acosta, who was shot in the face at point-blank range and was hospitalised) and over 200 were arbitrarily arrested and even subjected to torture by the police, according to the Mecanismo Nacional de Prevención de la Tortura (MNP).

International response

The international response to Paraguay's crisis was swift. The secretary general of the Organization of American States (OAS), Luis Almagro, released a statement on 1 April condemning the violence; demanding respect for "democracy and the constitution", and calling for the killing of Rodrigo Quintana to be cleared up. Almagro's message was largely echoed by the representative of the United Nations Office of the High Commissioner for Human Rights in South America, Américo Incalcaterra, who called on all political leaders in Paraguay to refrain from inciting further violence. Meanwhile the likes of Brazil, Uruguay, and even the US repudiated the violence and expressed serious concern about the political situation in Paraguay, while calling on all sides to work together peaceably to solve the conflict.

But most disturbingly, in an incident that remains unclear, a PLRA representative, Rodrigo Quintana, was shot dead after anti-riot police broke into the PLRA party headquarters chasing after protesters who vandalised congress. CCTV footage shows that Quintana was shot from the back as he and others inside the building ran away from the police. The police officer who shot Quintana said he got carried away by events but insisted he was not aware that his shotgun was loaded with live rounds instead of baton rounds. The PLRA claims the police had orders to break into the party headquarters (without any sort of warrant) to kill party members and has demanded a full investigation; this has been backed by the Inter-American Commission on Human Rights (IACHR), which voiced concerns about "an extrajudicial execution".

The violence was immediately repudiated by the secretary general of the Organization of American States (OAS), Luis Almagro, as well as by Pope Francis (*see sidebar*). This forced President Cartes to act. In a nationally televised address on 2 April, Cartes appealed for calm. He announced the launch of a full investigation into Quintana's death and the immediate sacking of Interior Minister Tadeo Rojas and the national police chief, Crispulo Sotelo, to face investigations in relation to the case. Cartes also called for the establishment of a dialogue table with the local Catholic Church leadership and all the parties represented in the national congress to try to find "political solutions" to the crisis.

The first round of the dialogue table called by Cartes took place on 5 April. But it was attended by neither the PLRA nor smaller left-wing opposition parties, all of whom said that they would only agree to take part in the dialogue if the Cartistas agreed to withdraw the bill to amend the constitution with regard to re-election – something which Cartista leaders dismissed and Cartes refused to consider, calling for the dialogue to be "open". Acevedo did attend the first round of the dialogue table in his capacity as senate president. But after sitting down with Cartes and Cartista leaders for two-and-a-half hours, Acevedo abandoned the dialogue table. In a press conference, reiterating that the move by the 25 rogue senators was illegal and that the withdrawal of the re-election bill was non-negotiable, Acevedo accused Cartes of "leading a contumacious group of individuals determined to upset the constitutional order".

Growing polarisation

Acevedo's decision to abandon the dialogue table was followed by representatives of other minor opposition groups, such as the Alianza País leftist coalition. This meant that by the end of the first round of dialogue only pro-re-election parties such as Frente Guasú (FG) and the right-wing opposition Unión de Ciudadanos Éticos (Unace) had agreed to be part of the second round of the dialogue table held on 7 April. This led Alegre to dismiss the dialogue table as nothing more than "a farce" and a "distraction" designed by the Cartistas to win time and try to push through the constitutional amendment.

Alegre went on to urge people to continue staging peaceful demonstrations against the re-election bill and in defence of the constitution. In response Cartista political leaders announced plans to stage a pro-re-election national march on 10 April. However, the march was suspended in the capital amid concerns that it could lead to clashes with the anti-re-election demonstrators that remain camped outside the national congress.

Significantly, in the wake of the violence, some national deputies have decided to revise their position on the re-election bill. Indeed, some Cartista deputies who previously voted in favour of the re-election bill have now said that they consider it to be "no longer viable". If political support for the re-election bill continues to wane, Cartes and his allies could find themselves politically isolated – not a good position to be in when some opposition quarters have started calling for Cartes to face impeachment.

Macri faces down strikers**Recession over**

In an interview with the national daily *La Nación* this week, the cabinet chief, Marcos Peña, maintained that “the hardest part of the recession from the first half of last year has been left behind”. He said “the most important thing is that [investors] take away with them the great coherence of a country, political and business leadership committed to forging links with the world”. Peña also argued that “the most ideologised sector [of Argentine society] has rejected any change” since President Macri took office, which he argued was testament to its “lack of democratic commitment and respect for the law”.

No domestic or international flights took off or landed in Argentina for 24 hours on 6 April. No trains or buses ran in the city of Buenos Aires and other cities nationwide. If bringing public transport to a standstill was the goal of the general strike called by Argentina’s main trade union movement Confederación General del Trabajo (CGT) and the two factions of the Central de los Trabajadores de la Argentina Autónoma (CTA) then measured by this yardstick it was a success. But the government led by President Mauricio Macri remained defiant and has moved to divide the CGT, whose leaders faced a number of public relations difficulties. Macri still hosted the World Economic Forum (WEF) on Latin America, or ‘mini-Davos’, on the same day in the capital during which the WEF’s executive chairman, Klaus Schwab, praised him for putting Argentina “back on the geoeconomic and geopolitical map”.

The general strike, the first in Argentina since President Macri took office in December 2015, demonstrated the trade union leadership’s ability to paralyse transport into the country’s major cities. But it was put on the defensive over a statement by the leader of the taxi drivers’ union, Omar Viviani, who had threatened to “overturn” the vehicles of taxi drivers who did not support the strike. There were signs of anti-strike sentiment in cyberspace, where hashtags such as *¿YoNoParo* and *¿YoNoParoEl6* were trending. Many retail stores defied the strike.

Threatened by more radical left wing and Trotskyist groups the union leaderships had decided to call a stoppage without major demonstrations. While the unions tried to distance themselves from these groups, the government pointedly lumped them altogether as disruptive elements with a political agenda ahead of mid-term congressional elections this October.

WEF summit goes ahead

Macri, meanwhile, accused some trade union leaders of “not helping workers one jot” by organising a strike which would result in losses of Arg\$15bn (nearly US\$1bn). Opening the two-day WEF summit, the most significant economic event to be hosted by Argentina since the turn of the millennium, Macri quipped, “How good it is to be here working”. He then synthesized his government’s objectives for the assembled audience. “It is clear that what started 15 months ago in our country is much deeper and profound than just an economic change. It is a cultural change,” Macri said, adding that his government favoured “a future based on the truth [a pointed dig at Kirchnerista governments for manipulating statistics and concealing problems through unrealistic subsidies] and being predictable; we want to be reliable...trust is the driver of growth in any society”.

Macri acknowledged that inflation undermined trust. He insisted that “we have been lowering inflation rates, and we need to work until we get to single digit inflation that will protect the wages of workers”. He went on to argue that “we also believe in the importance of dialogue which was an instrument that had been lost in Argentina [another swipe at Kirchnerismo]...intelligent dialogue – that is the path to growth and quicker, faster development”. The government has embarked on dialogue with different sectors of the CGT since the strike, with the express purpose of creating divisions within the trade union movement.

Change of tack

President Bachelet had said in 2015 that the executive would send a bill to congress proposing that it authorise the next legislature (which will commence in 2018) to pick one of four mechanisms for discussing and approving the new constitution. These mechanisms were: the establishment of a new bicameral legislative commission; a mixed constituent convention of legislators and citizens; a constituent assembly; and for congress to call a plebiscite for citizens to choose between the previous alternatives.

Police action

Throughout the impending struggle with the unions, the Macri administration will need to keep a significant part of the public onside. Strengthened by pro-government demonstrations on the weekend before the strike, Macri instructed the police to break up roadblocks on highways, and they faced off against *piqueteros* on the periphery of cities. Under successive Kirchnerista governments (2003-2015) the police stood by and did not intervene during strikes and protests.

This new police assertiveness is supported by many members of the public sick of constant protests disrupting daily life over the last 15 years. But it is a delicate balancing act. Images of police officers using force against protesting teachers trying to set up camp in the capital's main square, Plaza de Mayo, outside congress on 9 April fuelled widespread criticism and gave fresh impetus to a teachers' strike which had appeared to be petering out. The teachers were not obstructing traffic, just attempting to erect a symbolic white tent, for which the authorities argued they had not obtained prior authorisation.

The secretary general of the Sindicato Unificado de los Trabajadores de la Educación de la Provincia de Buenos Aires (Suteba), Roberto Baradel, who is leading teacher protest action in demand of higher salaries, maintained that "a country where the government and the police strike teachers is a country with no future". The national teachers' union Confederación de Trabajadores de la Educación de la República Argentina (CTERA), some of whose leaders were arrested by the police in the Plaza de Mayo, ordered another national strike on 11 April to protest against police repression as well as to demand a salary increase in excess of 35% for teachers (double the government's highest offer of 18%).

The authorities have since relented and granted permission for the tent to be erected in the Plaza de Mayo. The Frente para la Victoria (FPV, Kirchneristas) faction of the main opposition Partido Justicialista (PJ, Peronists) had seized upon the "police repression" to accuse Macri of denying workers "the right to strike or even petition the authorities in accordance with the national constitution". FPV Senator Juan Manuel Abal Medina, who served as cabinet chief under former president Cristina Fernández (2007-2015), accused the government of trying to "block out" the teachers' conflict. The Macri administration has accused Baradel and the teachers' unions of deliberate intransigence to serve the FPV's pre-electoral purpose of destabilisation.

CHILE | POLITICS

Bachelet moves again on constitutional reform

President Michelle Bachelet signed a bill last week launching the next phase of the process of overhauling the 1980 constitution (which dates back to the military dictatorship led by General Augusto Pinochet, 1973-1990). Along with education and fiscal reform, this was one of Bachelet's three chief electoral pledges in 2013. The bill has been criticised, however, by figures such as former president Sebastián Piñera (2006-2010) who last month launched his presidential candidacy for the centre-right opposition coalition Chile Vamos [\[WR-17-11\]](#) ahead of the November 2017 vote. It also comes as the unpopular Bachelet administration has faced renewed pressure to deliver on another campaign pledge – overhauling the public-private national pensions system, another relic of the Pinochet era.

The 3 April legislative bill permits the modification of Chapter 19 of the constitution to allow for a new *magna carta* to be drawn up by a constitutional convention (the *modus operandi* and composition of which must be ratified by a two-thirds majority in both the 120-member lower chamber and 38-member senate).

Pensions

In her 11 March balance sheet of her third year in office, President Bachelet pointed to improvements in the state pensions system, with the elimination of the 5% health contributions paid by pensioners over 65 (with the state to assume the costs). Bachelet also highlighted the 10% increase in the basic solidarity monthly pension which took effect on 1 January to reach C\$102,897 (US\$155), benefitting 1.4m people.

Piñera, who is now in full campaign mode ahead of the November elections, was quick to slam the bill as “too vague” and for failing to “put anything on the table”. The local media has also pointed out that the proposed model of a ‘constitutional convention’ marks a change from the framework for constitutional reform initially unveiled by President Bachelet when she announced the start of the first phase of the process back in October 2015. This was the ‘civic education’ phase – an informal consultation process with societal actors to serve as the basis for a draft of the new constitution to be drawn up and then submitted to congress in the second half of 2017.

Back in October 2015, Bachelet had said that part of this reform process would involve establishing mechanisms for drafting and approving a new *magna carta* as the current constitution does not provide for this (*see sidebar*). However, the 3 April bill now authorises the legislature to decide upon the model of the constitutional convention, setting out the rules of its formation, the election of its members, and its functions and responsibilities. The bill also clarifies a further source of speculation – that ultimately the public will decide on whether to approve the new constitution, through a national referendum.

Reminder of another pledge

Bachelet recently faced renewed pressure to end the current pensions system which is administered by private pension fund administrators (AFPs). On 26 March thousands of people took part in marches in the capital, Santiago, as well as cities including Arica, Valparaíso, Talca, Valdivia, Concepción, Puerto Montt, and Punta Arenas calling for the government to make good its pledge to overhaul the system.

The organisers, civil-society group ‘Coordinadora No+AFP’, claimed that the demonstrations, which saw turnout from the country’s main umbrella trade union, Central Unitaria de Trabajadores (CUT), and students’ associations like the Confederación de Estudiantes de Chile (Confech), were the biggest since the latest round of demonstrations against the pensions system which began in August 2016. While police put turnout in Santiago at 50,000, Coordinadora No+AFP claimed that it was more like 800,000 while its leader, Luis Mesina, told reporters that some 2m people took to the streets across the country.

The protests highlight frustration with efforts by the ruling left-wing Nueva Mayoría coalition government to improve the pension system. Bachelet might point to piecemeal reforms such as the law promulgated in November 2016, which raises the basic monthly ‘solidarity’ pensions paid out by the state to poor pensioners, as evidence that it is seeking to address the situation (*see sidebar*). However, this falls short of Coordinadora No+AFP’s demands. It criticises the fact that the AFP system remains the basis of the pensions model and is calling for the entire system to be overhauled.

Lagos left high and dry

Former president Ricardo Lagos (2000-2006) withdrew his candidacy for this November’s presidential elections on 10 April. Stranded in the opinion polls after seven months of campaigning, Lagos pulled out of the race after being abandoned by the Partido Socialista (PS). The PS opted at the weekend to back the independent senator Alejandro Guillier, who is the best-placed politician within the ruling left-wing coalition Nueva Mayoría in the polls, which are headed by former president Sebastián Piñera (2010-2014) of the right-of-centre coalition Chile Vamos. The latest Adimark poll put Piñera on 27%, Guillier on 23% and Lagos on just 3%.

The PS endorsement is a major boost for Guillier even if it was for purely pragmatic rather than ideological reasons; Lagos, after all, is revered within the party as the first socialist to take office in Chile since Salvador Allende died in the 1973 coup d’état.

Alienating congress could be costly

President Michel Temer is losing sway in the federal congress, which could set back his economic revival plan. His latest defeat was bowing to pressure from legislators to water down a reform to cap pensions, currently pending in the lower chamber of deputies. This will knock an estimated 15%-20% off Brazil's projected annual savings for the next 10 years, between R\$750bn (US\$239bn) and R\$800bn, according to the finance minister, Henrique Meirelles, who designed the bill.

Until this point, the government had been aggressively promoting its pensions reform both in congress and beyond using a carrot-and-stick approach. The reform is intended to help Brazil cut its fiscal deficit by increasing the age of retirement from around the mid-fifties to 65. On 9 March, Finance Minister Henrique Meirelles told news site *G1* this was "not a decision but a necessity" for helping Brazil grow again. He argued that President Temer's landmark bill to cap fiscal spending and reduce the fiscal deficit, which passed last December, would be meaningless unless government spending on pensions decreased too. For those unmoved by financial reasoning, the government also launched a doom-laden campaign about what might happen if Brazil did not raise the age of retirement. "If the pensions reform does not come out, tchau [low income cash-transfer programme] 'Bolsa Família' and goodbye [educational loans] Fies," read an advert sponsored by the ruling Partido do Movimento Democrático Brasileiro (PMDB).

This week, however, the government has been forced to soften its stance on the pensions reform. During a speech to Brazilian broadcaster *Rádio Bandeirantes* on 6 April, Temer said he was willing to negotiate aspects of the pensions reform to "address complaints from the public...and congress". His change of heart follows a series of anti-pensions-reform protests across Brazil, which drew tens of thousands of people to the streets. Campaigners argued that the pensions bill disproportionately punished poor and marginalised Brazilians and constituted an affront to workers' rights. The protests have in turn moved legislators to voice objections against the pensions bill, particularly those seeking to boost their popularity ahead of the 2018 federal congressional elections.

In the face of great social and political pressure, the government may negotiate five main points of the pensions bill with the chamber of deputies. These include lowering the pension age for disabled workers, police, rural workers, teachers and women and phasing in the new pensions scheme more gradually than initially planned. "By making these changes, we are seeking a greater sense of justice. All the amendments we have asked for are to help less fortunate people. To assist the poor," said Arthur Maia from leftist party Partido Popular Socialista (PPS), who is presenting the bill in the lower chamber.

If he agrees to all these concessions, Temer will be hoping to secure more votes for the pensions bill. Without making the reform less severe, his pensions bill would be unlikely to pass, found a recent poll by Brazilian daily *Estadão*. A survey published on 5 April, before Temer said he was willing to compromise, found only 94 of 513 legislators would support his initial pensions bill while 256 would oppose it. This falls far short of the 307 votes Temer needs for the bill to go through and move on to the senate.

But some argue Temer has cut his losses too early, to the detriment of Brazil's economy. During a meeting with Temer on 6 April, Meirelles said agreeing to the amendments before the bill had been approved was premature. He pointed out that in addition to the aforementioned changes, the bill could be further disfigured before it reached the senate; if indeed it gets that far.

No plan B

The government has not come up with a plan B yet in case the pensions reform does not go through. "We do not have alternative measures or proposals. It's important to mention that the time to negotiate with congress is now when the reform is being prepared and will be voted through congress," Finance Minister Henrique Meirelles said in an interview with economics site *Valor Econômico*. The chamber of deputies had initially been scheduled to vote on the pensions reform but this has now been pushed back to 9 May, a source told *Valor*.

Trade surplus despite meat scandal

In March, a PR disaster involving tainted Brazilian meat products threatened to dampen trade after various countries issued bans on imports. But the federal government has moved quickly to allay international concerns about health and safety, meaning fallout from the scandal may be less acute than first feared.

China, Chile and Egypt have all lifted their trade restrictions on Brazilian products after the government led by President Michel Temer recalled contaminated products and gave more details about how the meat industry was being regulated. "This solves many problems because people are really worried. But as embargos are scrapped, the situation tends to get better," said agricultural consultant Cesar de Castro Alves from MB Agro in an interview with local news site *Revista Globo Rural*.

China, Chile and Egypt were just a handful of countries to suspend Brazilian meat imports temporarily after a corruption probe into 21 meatpacking companies found some products had been adulterated or spoiled. Nevertheless, other major importers of Brazilian produce, such as the European Union, Hong Kong, Saudi Arabia and the United Arab Emirates, have maintained their bans for the Brazilian companies affected.

Overall, however, Brazil appears to have shrugged off the scandal in the short-term, according to the latest trade figures. Statistics released by Brazil's commerce and industry ministry (MDIC), on 3 April show Latin America's largest economy posted a trade surplus of US\$7.14bn in March – its best figure on record since 1989. Exports were up US\$20bn in March, or 20.1% compared to the same month in 2016. Imports were up US\$12.9bn this year, an increase of 7.1% since March 2016. This is the third month in a row that Brazil has posted a surplus.

Exports of meat produce dipped temporarily when news of 'Operation Weak Flesh' broke on 17 March, but scarcely affected the overall trade balance for March. Exports for meat products dropped by US\$13m from US\$63m in the third week of March to US\$50m in the fourth. During the month as a whole, however, exports for meat products remained strong and increased by 4.4% compared to March 2016.

Brazil's commerce minister, Herlon Brandão, said these figures showed Brazil's government had succeeded in restoring consumer confidence in one of the country's most lucrative markets. "The worst is over now," Brandão told news site *Folha de São Paulo*. The meatpacking scandal, in which some health and safety officials turned a blind eye to checking some products in exchange for bribes, "could have made exporters extremely cautious, but it did not have much of an impact, the government acted in time", he said. "There was a shock after ['Operation Weak Flesh' went public] but we noted that the exports normalised and we finished the month with an increase in meat imports," he added.

The automotive industry: a bright spot for the Brazilian economy

Aside from agriculture, another sector which boasted positive trade figures in March was the automotive industry. Sales of cars, buses and vehicles grew 5.5% this March compared to the same time last year, according to Brazilian automotive vendors association Fenabrave. They also grew by 39.4% compared to February last year. This is the first time Brazil's automotive sector has grown since December 2014 (although sales were almost double then). The automotive industry was hit hard by Brazil's economic downturn. Finance Minister Henrique Meirelles said its growth was a sign Brazil had recovered its "economic and political stability".

Meatpacking factory to restart operations

Brazil's largest chicken exporter, BRF, will re-open its factory in the central state of Goiás this week. Police had forced the company to suspend its operations after BRF was named in corruption probe 'Operation Weak Flesh'.

Another bond payment goes through, but at what cost?

President Nicolás Maduro says that remaining current on Venezuela's external debt obligations is a matter of 'national interest'. On 7 April, the state oil company, *Petróleos de Venezuela (Pdvsa)*, notified investors that it had begun processing its latest payment to external bondholders, for an amount of US\$2.06bn in principal and interest, due on 12 April. The payment, the company, noted, demonstrated Pdvsa's "strong production capacity" and "its solvency". The statement added that bank transfers had also been initiated three days earlier for two separate bond interest payments, totalling US\$122m.

The Pdvsa statement clearly aimed to calm nerves amid bubbling speculation about the company's ability to meet its latest deadline. Pdvsa bonds were trading down at just US\$0.94 in the days before the announcement, but rebounded to US\$0.97 immediately after.

The next big test for Pdvsa and the Venezuelan government comes late this year. Between 12 October and 17 November, US\$3.5bn falls due, of which some US\$2bn corresponds to Pdvsa. The recurrent question is not Venezuela's willingness to pay – President Maduro constantly reiterates that Venezuela will meet its obligations – but its ability to pay. The fear is that Venezuela will simply 'fall over' into accidental default, either by mismanaging its very scarce funds somehow, or simply by failing to cobble together sufficient monies to make a payment on time. In November 2016, Pdvsa missed bond coupon payments due and had to use a 30-day grace period (during which time it effectively mortgaged its US subsidiary, *Citgo*, to secure new financing).

The required rebound in global oil prices has not materialised. Having troughed at just US\$35.2 per barrel (/b) in 2016, Venezuela's heavy crude oil has averaged US\$44.6/b to date in 2017, but the trend is downwards. After rebounding to US\$46.4/b in February, the price has since dipped to US\$43/b (as of 7 April). While prices are better than last year, this moderate improvement is very far from what Venezuela requires to pay its way. It had been estimated that a rebound in oil to US\$50-US\$60/b would bring in an extra US\$7bn or so in revenues for Venezuela this year, but barring a market shock, prices now appear unlikely to breach even the US\$50/b-mark any time soon.

Furthermore, it remains unclear just what proportion of Pdvsa's exports even fetch market price. US import data, for example, show a continuing fall in purchases of Venezuelan oil, suggesting that Pdvsa is dispatching more of its output to China (by way of debt payment). Elsewhere, shipping experts report on Pdvsa tankers held out at sea, apparently unable to dock for lack of payment, and routine maintenance requirements like hull cleaning. And finally, petrol pumps in Caracas ran dry in late March. Pdvsa attributed the incident to transport problems; critics suggested the company was hoarding cash ahead of the April payment. In this context, it is worth noting that higher oil prices also incur a dollar cost for Pdvsa, which – because of recurring refinery problems – has become more reliant on imports of fuel and derivatives to maintain domestic supply.

According to the central bank (BCV), international reserves remained at their 15-year low of just over US\$10bn as of 7 April – of which just one quarter is liquid (held in cash), with the rest held in gold, according to estimates by private economists (based on the BCV's most recent gold holdings report, dating to January). Reflecting this, credit-default swaps suggest a 54% chance of default in the next year. On 10 April, financial wire *Bloomberg*

Pdvsa output

As per the late 2016 global oil output deal struck between members and non-members of the Organization of the Petroleum Exporting Countries (Opec, of which Venezuela is a founding member), Pdvsa output was meant to fall to a mere 1.972m barrels per day as of January, a level not seen since the 1990s. Opec has yet to report on compliance under the agreement, but in any case, Pdvsa's ability to increase output is doubtful in present circumstances.

**Fintech Advisory
– a ‘friendly’
Vulture Fund**

According to Venezuelan media, the central bank has secured some US\$300m in financing via the New-York based investment fund Fintech Advisory, apparently using Venezuelan central bank-held Pdvsa bonds worth US\$1.3bn as collateral. The US\$300m was reportedly destined for the sovereign’s April debt servicing. Fintech Advisory, which deals in distressed corporate and sovereign debt, is owned by a well-known Mexican investor, David Martínez Guzmán, reputedly a close associate of Argentina’s former presidents – and close Venezuela allies – Cristina Fernández (2007-2015) and her late husband and predecessor, Nestór Kirchner (2003-2007).

hinted at growing concern inside the government itself that its ‘willingness’ to pay will eventually be impossible to maintain; and that “before succumbing to the inevitable” (a disorderly default), it would be preferable to halt payments now and seek a debt renegotiation. Citing the Venezuelan consultancy Ecoanalítica, it reported that officials held an “intense debate” in early April, before deciding to continue with payments for the time being. In reality, it is hard to envisage a renegotiation under Maduro. That would require opening up the country’s books to external scrutiny, plus some tough orthodox policy adjustments. Maduro and his hard-left inner circle fundamentally disagree with both.

With violence erupting across the country, the cost of the Socialist government’s position – famously dubbed ‘immoral’ by the Venezuelan-born Harvard-based Professor Ricardo Hausmann – is getting ever-more difficult. Nonetheless, some investors are making a nice return out of Venezuela’s woes. “If you think they can pay, then buy into the weakness ahead of upcoming maturities. If you are right, the bonds rally as it becomes clear that payment is forthcoming, and you end up making a handsome return,” one London-based analyst told *Bloomberg*.

Ecoanalítica calculates that Venezuela’s total imports fell by 29% in the first two months of 2017 over the same period of 2016 (with public sector imports down 16% and private sector purchases down 10%). Private economists including Ecoanalítica’s Asdrúbal Oliveros warn that the bigger payments crunch coming in October/November could yet fall victim to the political unrest in the country. Echoing this, economist Pedro Palma points out that Venezuela’s traditional sources of credit risk drying up, with multilateral lenders including the CAF-Development Bank of Latin America, but also the likes of Russia and China, reportedly nervous about legal complications. The opposition-controlled national assembly regularly warns that it considers debt contracted by the state without following proper procedure to be illegal.

Venezuelan economist Francisco Rodríguez, of the New York-based investment fund Torino Capital, is critical of this stance by the opposition Mesa de la Unidad Democrática (MUD) coalition, on the grounds that it further unsettles investor sentiment. The Maduro government says likewise, accusing the MUD of deliberately seeking to force a default. Rodríguez, however, calculates that Venezuela/Pdvsa will continue to muddle through, without major incident.

Capriles decision fuels protests

The comptroller general’s office has barred opposition leader and twice-former presidential candidate Henrique Capriles Radonski, currently governor of Miranda state (surrounding Caracas), from seeking elected office for 15 years because of “administrative irregularities”. The ban fuelled the continuing anti-government protests, which have spread across Venezuelan states in response to the controversial supreme court decision (later reversed) to usurp the powers of the opposition-controlled national assembly. The protests have been met with force by the Venezuelan security forces, who have been pictured firing tear gas from military helicopters, among other heavy-handed measures, often against largely peaceful demonstrations.

Meanwhile, from Maduro on down, the government remains defiant, with officials dubbing the demonstrators ‘terrorists’ and ‘antichrists’. Maduro has now declared himself “eager” for the (delayed) regional elections to be held, so as to give the MUD “a thrashing”. With the national electoral council (CNE) in the process of removing dozens of political parties from the register before it moves towards any elections, the MUD now says that nothing less than an early general election will do.

In truth, the authorities’ recent behaviour has been a gift for the opposition, validating its argument, which is supported by the secretary general of the Organization of American States (OAS), Luis Almagro, that Venezuela under Maduro is now a fully-fledged dictatorship. The US, the European Union and a majority of regional governments again came out to protest the measure against Capriles, with the US State Department calling on Maduro to rescind it.

Not quite out of the woods

The central bank (BCE) reported year-on-year growth of 1.5% in the final quarter of 2016, the first positive annualised result in six quarters. The economy contracted by 1.5% year-on-year overall in 2016, a little better than the BCE's forecast contraction of 1.7%. President Correa said the positive Q4 result was evidence that Ecuador had exited its recent downturn and was in recovery mode. Private economists were less enthusiastic, suggesting the government had injected some "anabolic steroids" into the economy in the fourth quarter, ahead of the general election. This injection was funded by additional debt, adding to concerns about the fiscal burden facing the incoming president, Lenín Moreno. On some estimates, he inherits a budget deficit of 8% of GDP, plus a lumpy short-term external debt burden.

Correa calls on Lasso not to lose his dignity

Ecuador's national electoral council (CNE) officially declared Lenín Moreno of the ruling left-wing Alianza País (AP) the winner of the presidential run-off race on 2 April. Moreno pipped his conservative rival Guillermo Lasso of the centre-right Movimiento Creo by 51.15% to 48.85% of the valid vote. Lasso continues to refuse to accept his narrow defeat, alleging fraud affecting some 1.2m votes. The final CNE tally gave Moreno just over 5m votes and Lasso just over 4.8m, with a difference of just 226,596 votes between them.

The CNE has ruled out a full recount of 100% of the ballots cast in the country's 41,042 voting centres and, in confirming the final result on 10 April, the president of the body, Juan del Pozo, reiterated that official observers from the Organization of American States (OAS), as well as monitors from both Creo and the AP, were present at voting centres across the country throughout the process. The OAS has raised no complaints. The CNE has agreed to a partial recount in some departments, but insists that the results will not change.

Lasso, however, refuses to go quietly, prompting the outgoing president, Rafael Correa, to accuse him of being a poor loser, and at risk of losing his dignity. Lasso blasted Correa as "a dictator, not a democrat", and accused the president of "unacceptable attacks" on two polling companies, as well as the local television station *Ecuavisa* and the PR company responsible for Lasso's campaign, Livercostas.

In a not entirely dignified fashion himself, Correa has refused to let go of the fact that the polling companies Cedatos and Participación Ciudadana reported, on the basis of their exit poll data, that Lasso was ahead of Moreno as the second round closed. On his regular weekend television slot, Correa lambasted the companies as 'liars', 'immoral' 'accomplices of the defeated Right' and 'mafiosos,' while demanding that Cedatos (which reported Lasso with a five-point lead over Moreno) be hauled before the law for 'manipulating' data. He also slated *Ecuavisa* for dissemination of 'fraudulent' results.

The NGO Fundamedios issued a critical statement in response, condemning Correa's "injurious" language. It noted that his "series of threats" against the companies, "for the sole reason of disseminating results different to those divulged by state polling companies and the media" were "absolutely unacceptable in any country considering itself minimally democratic".

Cedatos under pressure

In response to a complaint by the AP about survey data manipulation, the offices of Cedatos were raided on 7 April. Lasso reported that the offices of Livercostas were also, purportedly to investigate suspected links with Cedatos, after state media alleged a US\$30,000 payment to Cedatos on 1 March for a flash poll.

The director of Cedatos, Ángel Polibio Córdova, has complained of threats and police harassment, accusing officers of following his every move and of intimidating him, his family and Cedatos employees.

In comments to the daily *El Universal* on 10 April, Córdova did not deny potential links between Cedatos and Livercostas, noting that as one of the country's principal (and most respected) market research firms, Cedatos is carrying out work for a whole string of clients at any one time. The AP complaint that data was tweaked to favour the Lasso campaign lacks credibility. Cedatos came closest to predicting the result of the first round of elections on 19 February, and no sooner had the AP made its accusation against Cedatos during the second round campaign than the very next poll by the firm put Moreno back ahead, picking up a public shift in sentiment back in his favour.

Combating regional corruption

Over the last week, Peruvian police have arrested two local mayors as part of two separate anti-corruption investigations. Federal prosecutor Hamilton Castro has put Félix Moreno, governor of the centre-west region of Callao and Richard Ramos Ávalos, the mayor of Chilca in the Lima province of Cañete, under preventative arrest for the next 18 months. Another 12 municipal governors have also been named in corruption probes.

Recent media attention on Peru's anti-corruption investigations has mainly been directed on former presidents Alejandro Toledo (2001-2006), Alan García (1985-1990 and 2006-2011) and Ollanta Humala (2011-2016). The two latest arrests, however, show prosecutors are beginning to uproot corruption at a more regional level.

This marks a victory for President Pedro Pablo Kuczynski, who took office pledging to crack down on corruption and make politics more transparent. "It is a shame to see these politicians, who appear to be corrupt, who have defrauded their citizens, but have no doubt that President Pablo Kuczynski's government will help make sure all these cases of corruption come to the surface," said the prime minister, Fernando Zavala, in an interview with the local daily *El Comercio* on 9 April. Both the mayors arrested came from opposition parties.

On 9 April, police apprehended Callao governor Moreno for influence-trafficking and money laundering. He is accused of receiving US\$4m bribes from a consortium headed by Brazilian construction company Odebrecht to win a contract to build a road called Vía Costa Verde leading from Callao to the nearby airport in Lima, Aeropuerto Jorge Chávez. Moreno used US\$2m of the bribes to fund his 2014 election campaign, according to a police report leaked to local media. Police started looking in to the case thanks to a tip-off from one of Moreno's colleagues.

Deputy governor Walter Mori will replace Moreno as governor of Callao. However, Mori is the subject of two police enquiries for bribery and collusion linked to the Brazilian, and pan-regional, anti-corruption investigation 'Operation Car Wash'.

Just days beforehand, police detained Mayor Ávalos in the nearby municipality of Chilca. Ávalos is accused of bribery, extortion and even homicide. Ávalos allegedly participated in a 35-member corruption ring called 'Los Rucos'. Around 620 police and 70-80 prosecutors worked on the eight-month-long 'Los Rucos' investigation. "We have managed to uncover what we think is the most important criminal investigation in the south of Lima," the interior minister Carlos Basombrío told the local news site *Canal Perú* on 6 April.

The 'Los Rucos' ring supposedly coordinated a bribery scheme so local construction and property companies could get land permits from the government. Other gang members allegedly committed more serious crimes. "The mayor [Ávalos] used hitmen to harass members of the political opposition. The case is about a social director in Chilca, who was calling for the mayor to step down and had an accident in strange circumstances, in which he died," said Ruben Vargas, the deputy interior minister.

During a raid on Ávalos' costal home in Lima on 6 April, police found PEN240,000 and US\$30,000 dollars stowed away in his drawers. The mayor was unable to explain the provenance of the bank notes.

Marijuana

The anti-drugs unit of the national police (Dirandro) has confiscated 224.5kg of marijuana in an operation conducted in the central region of Huánuco, according to a statement released by the interior ministry on 11 April. The marijuana was located in Pampamarca, one of eight districts in the province of Yarowilca, Huánuco. According to investigators it was due for onward transport to Bolivia via a clandestine air strip.

Corrupt former governor caught abroad**US involvement**

According to a statement by the police office from the Italian city of Cosenza, Calabria region, officers from its mobile squadron arrested Tomás Yarrington in Florence after they were alerted to his presence there by the US Department of Homeland Security. The statement says that US intelligence linked Yarrington, who is believed to have undergone plastic surgery to conceal his identity, to the alias 'Tomás Morales Pérez'. Yarrington held an official Mexican passport issued in that name, which he used to enter Italy in February. Since then, Yarrington, who claimed to be a businessman, has been residing in Cosenza.

The former governor of Tamaulipas state, Tomás Yarrington (1999-2004), wanted for corruption and organised crime charges in Mexico, has been arrested in Italy. Yarrington is the first of several wanted former Mexican governors to be arrested abroad. This may help deflect some of the criticisms that the Mexican authorities have faced in recent years for their failure to prosecute officials accused of corruption despite the professed commitment by the government led by President Enrique Peña Nieto to root it out. Yarrington's arrest also raises questions about how zealously the Mexican authorities have pursued corrupt politicians – particularly members of the ruling Partido Revolucionario Institucional (PRI).

Yarrington, who was elected on a PRI ticket, had been on the run since 2012, when he was accused of money laundering, illicit association, and a series of other corruption charges by the Mexican authorities. Even before that, Yarrington had been accused in the US of having links to the Los Zetas and Golfo drug trafficking organisations (DTOs) and of facilitating the trafficking of drugs from Tamaulipas across the Mexico-US border into Texas. Initially it was thought that after charges were filed against him in Mexico, Yarrington had fled to Texas. But after his whereabouts could not be determined Mexico's federal attorney general's office (PGR) requested Interpol to issue a red notice in his name in December 2012; the US followed suit in 2014 and again in March 2016.

The issuing of red notices eventually led to Yarrington's arrest on 9 April. That day the PGR reported that the fugitive former governor had been detained by Italian police in Florence. The PGR will now work with the Italian authorities to repatriate Yarrington so that he can face prosecution in Mexico. Yet acknowledging that Yarrington is also wanted in the US, PGR officials said in a press conference that it would be up to the Italian government to decide whether Yarrington would be sent to Mexico or the US to face justice.

Both Mexico and the US have existing extradition agreements with Italy and so the decision of where to send Yarrington is believed to depend on the details of the cases brought against him. The charges faced by Yarrington in Mexico carry a maximum penalty of a 20-year prison sentence, while the charges faced by Yarrington in the US carry a maximum penalty of two life sentences (90 years of imprisonment each). But charges in Mexico are for alleged crimes committed between 1998 and 2005, while charges in the US are for alleged crimes committed between 1998 and 2013, which could tip the scales in the US's favour as they are more recent. A statement by Italian police also notes that it was US intelligence that first alerted them to the presence of Yarrington in Italy (*see sidebar*).

Questions have been asked by Mexico's political opposition about why it took so long to find Yarrington and whether he may have friends in high places in the Peña Nieto administration that may be prepared to shield him. The right-wing opposition Partido Acción Nacional (PAN) publicly called for Yarrington to be extradited to the US so that he is "forced to reveal the entire network of complicity to which he belonged". The PAN has also called for US law enforcement to help locate two other fugitive former governors from the PRI: Javier Duarte de Ochoa (Veracruz, 2010-2016), and César Duarte Jáquez (Chihuahua 2010-2016), who are believed to have fled to the US.

Kolektif Jistis Min an Ayiti complaint

In its complaint filed before the World Bank's inspection panel in 2015, the Kolektif Jistis Min an Ayiti notes that "in the past five years, companies have invested a reported \$30 million to explore for gold, copper, silver and other metals in Haitian soil". It goes on to point out that "Between 2010 and 2013, foreign mining companies began drilling and conducting other exploration activities in Haiti's North, Northwest, Northeast, Artibonite, and Center Departments. Together, foreign mining companies are reported to hold prospection, research, and exploitation permits to at least 2,400 square kilometres of Haitian land, which amounts to 8% of Haiti's land mass."

CENTRAL AMERICA & CARIBBEAN

COSTA RICA-NICARAGUA | DIPLOMACY

Mixed signals from old rivals

Costa Rica presented the International Court of Justice (ICJ) at The Hague last week with a compensation claim for US\$6.7m against Nicaragua for material damage caused in Costa Rica's Isla Portillos. The claim is in line with a December 2015 ruling by the ICJ which found that Nicaragua had "invaded and occupied Costa Rican territory" [WR-16-01] although it comes amid other signs of strengthening cooperation by the two countries whose diplomatic relations have historically been strained.

The Costa Rican government led by President Luis Guillermo Solís presented its claim on 3 April, having said in December 2016 that it would give the Nicaraguan government led by President Daniel Ortega more time to come up with a figure [WR-16-47]. The Ortega government, which has rejected the US\$6.7m claim, must present its response by 2 June 2017. Costa Rica's claim is 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.

Signs of cooperation

Costa Rica's filing of its claim nonetheless comes amid signs of strengthening ties in other areas. On 24 February Nicaragua's foreign minister, Denis Moncada, and ambassador to Costa Rica, Harold Rivas, met Costa Rica's security minister, Gustavo Mata, and his deputy, Juan José Andrade Morales, in the Costa Rican city of Liberia, Guanacaste province, to discuss joint efforts to combat drug and human trafficking, and organised crime. The meeting shows that in key areas like security, cooperation is ongoing between the two countries which have lower levels of violence compared with their neighbours from the so-called Northern Triangle, Honduras, El Salvador and Guatemala (*see box*).

According to a press release by the Costa Rican presidency issued on 28 February, the two delegations discussed the importance of exchanging information in order to combat drug trafficking and organised crime. Other agreements included the need to bolster coordination of operations in the areas of Peña Blanca and Las Tablillas, two important border crossings; to strengthen cooperation over maritime seizures; and to establish mechanisms for information exchange with regard to maritime drug trafficking and illegal fishing. The next bilateral meeting is due to take place in October this year.

Security

The need for security cooperation is crucial for both the governments of Costa Rica and Nicaragua. As regards Costa Rica, the most recent US State Department's International Narcotics Control Strategy Report (INCSR), released last month, notes that it was one of the top three first-stop countries for cocaine transiting to the US in 2016 with "approximately 90% of the cocaine trafficked" to the US in 2016 transiting through the Mexico/Central America corridor. Meanwhile, 2016 was Costa Rica's most violent year on record, with 579 homicides registered – equivalent to 11.8 murders per 100,000 people – capping a three-year upward trend.

Retaining a grip on security is also important for the government in Nicaragua, where the national homicide rate decreased from eight per 100,000 inhabitants in 2015 to seven in 100,000 in 2016. One of the reasons for President Ortega's enduring popularity is comparatively low levels of violence.

Mining proposal fuels concerns

A group of local human rights organisations issued a statement last week raising concern about plans by the new government led by President Jovenel Moïse to dynamise the mining sector. Proposed by Moïse's predecessor and political mentor Michel Martelly (2011-2016), such a move remains controversial given the high potential for a negative environmental fallout in the country, which already suffers from widespread deforestation, soil erosion and water shortages.

In the 1970s, geologists identified major pockets of gold and copper ore in Haiti but foreign investors were deterred by the country's political instability and notorious corruption. Following the January 2010 earthquake, however, mining companies stepped up exploration efforts (*see sidebar*). In June 2013, the first-ever mining conference took place, organised by the World Bank (WB), which in March that year had formally agreed to a request by the Martelly government for it to assist in drafting new legislation to update the 1976 mining code. At the time geologists were cited by the local media as saying that Haiti could be sitting on copper, gold and silver deposits worth a potential US\$20bn.

A draft mining law was produced at the end of July 2014 (although it was not approved), and in January 2015, local groups such as Kolektif Jistis Min an Ayiti (the Haiti Mining Justice Collective, comprising communities, social movements, and human rights organisations), filed a complaint before the WB's inspection panel. The complaint, which has been rejected, alleged that the technical assistance provided to the Haitian government was inconsistent "with its safeguard policies, particularly in terms of transparency, consultation and participation" while the legislative initiative itself "disregards human rights and environmental protection".

Having raised these concerns previously, local human rights groups are once again on the alert given a provision in the government plan drafted by Haiti's new prime minister Dr Jack Lafontant, approved last month by the legislature [[WR-17-11](#)], which notes that the government intends to introduce a new legislative initiative aimed at dynamising the mining sector. On 3 April, human rights groups including the Support Group for Refugees and Deportees (GARR), the Platform of Haitian Human Rights Organisations (POHDH), and the National Network of the Defence of Human Rights (RNDDH), among others, issued a statement expressing opposition to the exploitation of metallic mining resources. The statement warned about "the devastating consequences of metal mining on the environment and inhabitants of the communities concerned" and urged the environment ministry and other relevant ministries to come up with "an environmental protection policy, adapted and applied to the reality facing the country, before any mining procedure takes place".

Re-establishing the military

Another proposal which made headlines in recent days is one that would re-establish Haiti's armed forces (FAd'H), disbanded in 1994 by former president Jean-Bertrand Aristide (1991, 1994-1996, 2001-2004). This was another initiative for which Martelly had been pushing, on the grounds that it would create the conditions for the eventual withdrawal of the United Nations Stabilisation Mission in Haiti (Minustah). However, the proposal has proven controversial in the past given the FAd'H's poor human rights record.

In his government plan, Lafontant does not explicitly mention re-establishing the FAd'H, alluding instead to plans to put in place a "national defence force". He also reveals that the government intends to pursue a process of professionalising the national police (PNd'H) as well as the fire brigade which will have a generalised presence in the country's large and medium-sized towns.

In October 2015, Martelly signed a decree officially re-establishing the FAd'H, which created a number of new services and directorates, although little has since been made public regarding the outcome of this initiative.

Roadmap

On 29 March, Haiti's new Prime Minister Jack Lafontant handed a series of "roadmaps" to his new 18-member ministerial cabinet, which outline the action they are expected to take during their mandates. According to the local press, the tasks facing the new defence minister, Hervé Denis, include (among other things), drawing up and securing parliamentary approval for legislation on the reorganisation and functioning of the FAd'H and creating a central directorate of military intelligence (DCRM).

Quotes of the week

“Congress is rotten. These men [rogue senators] will stop at nothing. It’s tragic what’s happening to the Republic...how the democracy constructed by our forebears is being destroyed.”

Paraguayan PLRA opposition deputy Dionisio Amarilla.

“The irresponsible governor of Miranda, Henrique Capriles, who...is promoting public disorder, violence and terrorism, should be arrested. It was time [for him to be barred from public office for 15 years] after so many abuses, so much use of the platform and resources of the governorship to promote destabilisation and his obsession with being a presidential candidate.”

Elías Jaua, education minister and stalwart of Venezuela’s Bolivarian Revolution on the man who defeated him in the 2012 Miranda gubernatorial elections.

“Only half of the children who start first grade complete it and of this half only 30% get a good job. And we have teachers’ unions that instead of recognising this poor result and subjecting themselves to some self-criticism radicalise the defence of what they have done.”

Argentina’s President Mauricio Macri.

Colombian military seeks political representation

Colombia will have a new party competing in general elections in 2018: Patria Nueva, formed, among others, by Retired General Luis Mendieta, a former hostage of the Fuerzas Armadas Revolucionarias de Colombia (Farc). Mendieta said that one of the motivating factors behind the creation of Patria Nueva was discontent with the transitional justice system in the peace accord with the Farc. The party is composed of retired members of the armed forces and police.

Mendieta was taken hostage by the Farc in November 1998, after 2,000 Farc guerrillas captured Mitú, the capital of the south-eastern department of Vaupés, during clashes which claimed 43 lives; he was rescued in a military operation in June 2010 in the contiguous department of Guaviare. Mendieta was one of the victims who participated in the peace negotiations with the Farc in Cuba. He was critical of the peace accord, arguing that victims needed “a true and complete peace”. Mendieta said he had been contacted by groups of “mainly retired officials” about forming a political party to give the military a voice in politics.

Mendieta said statutes had been drawn up and a political committee to lead the party elected. He said Patria Nueva would register as a party before the national electoral council (CNE) once political participation and electoral reform bills are approved under the fast track mechanism in congress. He said that as the Farc would have guaranteed seats in congress for two straight terms (2018 and 2022) the military needed political representation itself: “If the Farc is being given a budget and privileged conditions to obtain public positions, former members of the armed forces should also be given space”.

Mendieta said Patria Nueva would start campaigning in the coming months, selecting candidates for congress and even president. He did not rule out alliances. The right-wing Centro Democrático (CD), led by Senator Alvaro Uribe (former president 2002-2010), would seem to be a natural ally. In addition to criticising the transitional justice system for supplanting the military justice system, “allowing the Left to seek maximum sentences for military officials”, Patria Nueva also demanded that the country’s second largest guerrilla group Ejército de Liberación Nacional (ELN) make concrete gestures to indicate its commitment to peace. Days later, by coincidence, ELN and government negotiators in Ecuador announced an agreement on the joint clearance of landmines. The ELN’s chief negotiator ‘Pablo Beltrán’ (Israel Ramírez Pineda) said the idea was to create “a climate of peace, to reduce the intensity of the conflict”.

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