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Colombian peace process gets UN and US boost

Colombia has become the first South American country ever to host the full United Nations Security Council (UNSC). As we go to press President Juan Manuel Santos and his cabinet are holding talks with the visiting UNSC members before they head to a camp for the demobilisation, disarmament and reintegration of guerrillas from the Fuerzas Armadas Revolucionarias de Colombia (Farc) on 5 May. This significant international display of support for the country's peace process coincides with a decision by the US Congress to maintain its current level of funding for Peace Colombia, the rebaptised Plan Colombia, ending fears that the government led by President Donald Trump might introduce cuts.

The UNSC visit, which is being led by Uruguay and the United Kingdom, will evaluate the progress of the peace process. The US Congress, meanwhile, has concluded that the peace is worth backing. The Trump administration has sounded equivocal on the peace process and dispatched William Brownfield, the US Assistant Secretary for International Narcotics and Law Enforcement Affairs, to Colombia in March to express concern about the dramatic increase in coca production to pre-Plan Colombia levels [[WR-17-09](#)], in large part in former Farc-controlled territories where the guerrilla group encouraged cultivation of the crop to enable small farmers to gain access to post-accord assistance from the government. But the US Congress reached a deal this week fully authorising the funding for Peace Colombia proposed by former president Barack Obama which, all said, should total US\$450m.

The Colombian police presented a plan on 28 April to combat illicit crops and drug trafficking. The plan was unveiled by the director of the police counter-narcotics division, General José Ángel Mendoza Guzmán, in Tumaco, the Colombian municipality most affected by the problem, located in the south-western department of Nariño. Part of an overarching plan to prevent other illegal armed groups involved in drug-trafficking from moving into areas vacated by the Farc, it includes a mixture of manual eradication; Col\$36m (US\$12,000) of economic benefits for small farmers who embrace an alternative development programme to replace coca crops; and a reward of up to Col\$125m (US\$45,000) for those coming forward with information about prominent drug-traffickers.

The peace process had received a jolt in Tumaco days earlier when a member of the Farc, Luis Alberto 'Pepe' Ortiz Cabezas, who had been released from prison two weeks earlier, was shot dead in the municipality, where one of Colombia's 26 'concentration zones' for demobilising guerrillas is located. The ombudsman expressed "serious concern" and urged authorities "to redouble efforts to protect members of the Farc in the process of disarming",

Colombian-Venezuelan cooperation

Despite diplomatic tension between Bogotá and Caracas the Colombian navy has carried out a three-day joint operation with the Venezuelan army in the border municipality of Páez, in the Venezuelan border state of Apure, leading to the arrest of 11 suspected members of the ELN. The Colombian navy said those arrested belonged to the 'Rafael Villamizar' finance commission, which is part of the 'Domingo Laín Sáenz' front, the ELN's most powerful front. Some 500kg of explosives, 200kg of cocaine and 99kg of marijuana were confiscated from a dwelling used by the ELN.

while calling on the attorney general's office to undertake "a rigorous investigation" to clarify the incident.

Coming on top of an increase in the number of social leaders being murdered in Colombia, the Farc issued a statement demanding assurances from the Santos administration that demobilised guerrillas would receive adequate protection from the state and details on what action was being taken to neutralise neo-paramilitary groups. Venezuela's President Nicolás Maduro, chagrined at Santos's criticism of recent developments in his country, added fuel to the fire by claiming to have received intelligence related to the planned "slaughter" of Farc leaders.

Determined to demonstrate that his government is successfully cracking down on other illegal armed groups, especially the biggest and most threatening in Colombia from the perspective of post-conflict peace, Clan del Golfo (also known as Clan Úsuga and Los Urabeños), Santos tweeted on 29 April that the police had captured John 'Zorro' Fredy Rivera, considered a key leader of Clan del Golfo in Tumaco. He also instructed his new vice-president, Óscar Naranjo, the feted former chief of police, to coordinate a full frontal assault on the country's illegal armed groups.

Farc and ELN hold peace talks

The threat to the successful implementation of the Farc peace process coincides with a setback to negotiations between the government and the country's second-largest guerrilla group Ejército de Liberación Nacional (ELN). The second cycle of talks was scheduled to commence on 3 May but it was suddenly postponed by a week to allow members of the Farc secretariat and the ELN central command (Coce) to meet in Cuba to exchange views on peace. This allows a hiatus for tempers to cool after the government slammed the ELN for jeopardising the peace talks with an attack on the Caño Limón Coveñas oil pipeline, its favourite target, on 27 April.

The head of the government's negotiating team with the ELN, Juan Camilo Restrepo, condemned the "crazy attack contravening international humanitarian law" as a serious setback for the peace process. Restrepo said the ELN had to choose between "the language of peace it uses in Quito and the language of bombs and terrorist attacks against Colombia's civilian population". He acknowledged that negotiations were taking place in the midst of the armed conflict but insisted that "this does not mean giving the ELN licence to attack the non-combatant and innocent civilian population". The oil spill contaminated water sources supplying the municipality of El Carmen, in the north-eastern department of Norte de Santander, affecting some 4,000 people, prompting the UN Office for the Coordination of Humanitarian Affairs (OCHA) to declare a social and environmental emergency in the area.

Restrepo said that if the Coce was incapable of coordinating and controlling the ELN's constituent fronts they should all be brought to the negotiating table in Ecuador so that "the whole ELN is represented not just part of it". Two days later ELN guerrillas in the municipality of Pailitas, in the northern department of César, detonated a roadside bomb killing one person and injuring four.

Meanwhile, senior Farc and ELN guerrillas, including 'Iván Márquez' (Luciano Marín Arango), the Farc's chief peace negotiator, and Juan Carlos Cuéllar, spokesman for the ELN, and various representatives of leftist political parties, such as Iván Cepeda and Alirio Uribe, deputies for the main left-wing opposition Polo Democrático Alternativo (PDA), along with the post-conflict minister Rafael Pardo, took part in the presentation of 'a national pact for peace' in Bogotá. Márquez urged the ELN to seal a peace accord with the government. Pardo, who criticised the fact that congress refused to allow the meeting to take place in this forum, stressed that "while the challenges are big, we will overcome them".

Maduro seeks constituent assembly to save skin**Ortega at odds with Maduro again**

The Venezuelan opposition is not alone in questioning President Maduro's "coup d'état on a coup d'état". "This constitution is invincible, it cannot be bettered, it is the constitution of Chávez," Attorney General Luisa Ortega Díaz told the Socialist US daily *The Wall St Journal*, on 3 May. "It is time to agree among ourselves," Ortega continued in her latest intervention seemingly at odds with the executive. She added: "It is time to table a dialogue and negotiate. That means we must compromise for the good of the country."

Under Article 347 of the 1999 Constitution, "the original constituent power rests with the people of Venezuela. This power may be exercised by calling a National Constituent Assembly for the purpose of transforming the State, creating a new juridical order and drawing up a new Constitution". On 1 May, President Nicolás Maduro announced that he was convening such an assembly. "When the constitution that they themselves wrote no longer serves them to hold onto power, they throw it out," tweeted opposition activist María Corina Machado in response.

The nine objectives of the national assembly, as proposed by President Maduro in a document submitted to the national electoral council (CNE) on 3 May, are as follows (*our summary*):

1. National dialogue in the name of peace, and the restitution of the principal of cooperation between public powers.
2. The 'perfecting' of the economic system towards a diversified post-rentier system.
3. To give the Bolivarian missions constitutional status.
4. To expand the powers of the judiciary to tackle crime, corruption and impunity.
5. To give constitutional status to new forms of protagonistic democracy, such as communes, communal councils, workers' councils and 'other forms of social and territorial organisation'.
6. Measures in defence of sovereignty and the integrity of the nation against external interference.
7. Revindication of the 'pluri-cultural' state of the homeland.
8. Protection and support of young people via a dedicated constitutional chapter.
9. Protection of the planet, including additional sovereign protections for national biodiversity.

Unlike his predecessor Hugo Chávez back in 1999, Maduro has not proposed asking the Venezuelan people whether they actually want a constituent assembly. He has simply taken 'the initiative' under Constitutional Article 348. By contrast, Chávez sought – and roundly won – public approval for an assembly via referendum.

Maduro is proposing an assembly of some 500 members. While the details are still unclear, it seems that at least half would be drawn from 'social' organisations, such as labour unions, students, and indigenous groups. No more than half would be formally elected from 'the territorial level', in a process yet to be clarified. By 'territorial level', Maduro appears to mean communal councils, communes, and missions. Significantly, no political parties at all will be allowed to take part in the constituent assembly.

One of the constituent assembly members from 1999, Froilán Barrios, a professor and president of the Movimiento Laborista de Venezuela, spies in this 'process' a potential attempt to eliminate the individual right to vote, in a desperate bid to rig much-needed support for the government. "This proposal is related to the corporatist fascist systems of Primo de Rivera,

Growth

Peru's economic growth will inevitably take a hit this year. Economy Minister Alfredo Thorne says real GDP growth in 2017 will be 3%, at most, but the government is confident that the economy will bounce back, better than before, from 2018 onwards. Thorne is looking for a rebound of over 4% next year. In the meantime, the expanding mining sector will provide a crucial stay.

Francisco Franco and Benito Mussolini," he stated. "In Spain, a pseudo-parliament was established...with deputies drawn from trade unions, communities, business organisations, housewives...and the dictator retained the legislative faculty. In the Italian case, the national council of corporations substituted the parliament, in which parties were not represented but business chambers, labour syndicates and communal organisations."

Opposition leader Henrique Capriles Radonski echoed this, also warning that Maduro was potentially impinging on the right to a direct, secret and universal vote. Michael J. Fitzpatrick, Deputy Assistant Secretary in the Bureau of Western Hemisphere Affairs at the US State Department, said similar: "What President Maduro is trying to do yet again is change the rules of the game. Recognizing his grip on power has slipped, he seeks to stack the deck, to rewrite the rules, so as to assure himself and his cronies continued access to power, privileges, and protections.... Quite frankly, it was rather corporatist."

John Magdaleno, a Venezuelan professor and political scientist, told the daily *El Nacional* that Maduro is simply trying to engineer support, bearing in mind that opinion polls put the government's support at no more than 25% currently. Eduardo Martínez, an electoral specialist, agreed, noting that the bases being proposed for the constituent assembly elections will be "made to measure" from areas in which Chavismo has control.

Maduro, on 3 May, said the assembly would get underway quickly. Education Minister Elías Jaua has suggested it will only last about a month, and will seek to create 'the conditions' for elections. Jaua insists that the scheduled 2018 presidential election will go ahead, but argues that Venezuela is not in the right condition to hold elections now, which would appear to rule out the pending state and municipal elections. The state governor of Lara, Henri Falcón, formerly a close ally of Chávez, and who also sat on the 1999 constituent assembly, declared Maduro's proposal "fraudulent". "We have the best Constitution, but an incapable government. This is treachery to evade elections," he stated.

PERU | ECONOMY

Kuczynski gets back to work

President Pedro Pablo Kuczynski is motoring ahead with plans to rebuild the country and resurrect the economy after the recent flooding emergency. The crisis has seemed to give his new government the impetus it needed, and the sight of Kuczynski and his cabinet ministers mucking in all over the country has boosted their public support, and in turn encouraged the opposition-controlled congress to play nice, temporarily at least.

Reconstruction

Congress on 25 April approved the government's reconstruction plan, after some changes, by 90 votes to 18. The estimated US\$9bn Reconstrucción con Cambio (RCC) programme, worth 4.5% of GDP, will be administered by a new national reconstruction authority, led by a cabinet-level official (yet to be named). Of that US\$9bn, one-third will be destined for repairs, with two-thirds going towards strengthening (and even relocating) infrastructure to 'future proof' Peru against the increasing ravages of climate change in the country.

Congress approved the bill having added several measures to prevent the risk of corruption and increase oversight, both by itself and the comptroller general's office. The head of the RCC must publish a progress report every quarter, and present an annual report to congress once a year over the planned three-year life span of the scheme. While congressional approval of the framework plan is a positive, the actual financial details (including budgeting) have yet to be finalised, meaning another tough round of executive-legislative negotiations ahead before anything can get underway.

Labour reform
Peru's labour minister, Alfonso Grados, has given some details of a proposed labour reform, seeking to streamline the number of labour regimes in the country, in support of the formalisation of the workforce. In conjunction with this, the government is also considering reforms to the civil service law (known as the Ley Servir).

The reconstruction task is immense. According to the national institute for civil defence (Indeci), among the damage, over 2,000 schools need to be repaired or rebuilt, while almost 40,000 homes have been designated unfit to be lived in and/or unsafe. Re-building will not be permitted in zones deemed unsafe or where risk cannot be mitigated; this applies equally to private and public construction. Elsewhere, over 225 bridges also collapsed, wreaking havoc to national transport.

Earlier, on 10 April, President Kuczynski and Labour Minister Alfonso Grados unveiled 'Trabaja Perú', a separate US\$19.9m plan to create jobs in the 11 regions affected by the flood crisis. Grados said the scheme should create 20,650 temporary posts in the reconstruction effort.

Chincheró is a go, says Kuczynski

Kuczynski reiterated on 3 May that the new Chincheró airport, to serve the southern city of Cusco, is going to go ahead, albeit in the same breath he admitted that "we have to see in what form". "We have to see what the controller's report says," Kuczynski acknowledged, in reference to a pending report about the contract.

Kuczynski had been due to turn the first stone on the US\$500m project back in January, but it was all put on hold after a congressional investigative commission said that a financing addendum to the contract by the new government was prejudicial to the state, and requested that the works be suspended indefinitely. "I want Chincheró, don't doubt it. But we have to wait...if everything goes well we can start moving earth in a few weeks," Kuczynski reassured a Cusco audience, where he was launching the 'Plan Nacional ante las Heladas y Friaaje 2017'.

TRACKING TRENDS

PERU | Kuczynski's Labour Day. Marking International Labour Day on 1 May, President Pedro Pablo Kuczynski proposed changes to the country's pension and health systems to incorporate more of the country's vast informal labour force. Of the 16m jobs in the country, 11m are informal, according to the government, meaning that they have no protections, no rights and no benefits. According to the national statistics institute (Inei), 65% of workers have no access to any kind of welfare provision, with only 35% affiliated to some kind of provider (whether private or public).

Another reason to formalise workers, of course, is for tax reasons – informal workers make no contribution – and that severely limits state revenues. Kuczynski is determined to tackle informality, albeit this massive issue has bested successive Peruvian governments for years.

"If we are to modernise Peru, if we want a formal labour index of 60-70%, we have to make changes...Of the things that need to be done, the first is the pension system, because in Peru there is no system of pensions. The one private system [administered by the Administradoras de Fondo de Pensiones del Perú, AFP] covers 15%-20% of workers and the national pensions office [ONP, for state workers] covers another 5% to 10%," Kuczynski noted. "But there are lots of state workers who have nothing, not even holidays," he added.

The second urgent issue for Kuczynski is health care. Formal workers have access to the public health system, but for years this has been over-saturated and inadequate. Kuczynski also complained that private insurers refuse to take on anyone older than 65. "I know this myself, because I didn't have insurance as a cabinet member, because I was over 65," the now-78-year-old Kuczynski stated, in reference to his last time in government under former president Alejandro Toledo (2001-2006). "If you are older you should have some protection, but here, if you're over 65, the private companies say 'ciao'," he complained. "I believe we have to concentrate on the pensions system and on health, which is not being discussed," Kuczynski added.

DC deepens rift in ruling coalition

For the first time in 28 years, Democracia Cristiana (DC) will be fielding its own presidential candidate in the November 2017 first round in the latest sign of the expanding cracks afflicting the ruling Nueva Mayoría, which have grown since its electoral defeat in the October 2016 municipal elections [WR-16-42]. The decision by the DC, the largest and most centrist party in the Nueva Mayoría, not to take part in the 2 July primaries works to the benefit of the current frontrunner, former president Sebastián Piñera (2006-2010), who launched his presidential campaign in March for the centre-right opposition coalition Chile Vamos.

The DC announced on 29 April that its leader and presidential candidate, Carolina Goic, would skip the primaries after its directorate voted by 381-221 on local press reports in favour of the move. It was not a surprise. Speculation had been building after the other Nueva Mayoría parties, including the Partido Radical (PR) and President Michelle Bachelet's own Partido Socialista (PS), endorsed independent senator Alejandro Guillier as their presidential pre-candidate.

The DC's decision not to back Guillier – who would appear to be too far to the Left for the centrist party – comes despite the fact that the senator has long emerged as the most popular of the ruling coalition's possible candidates. He has benefitted from the public backlash against the political and business establishment stemming from the various corruption scandals to have implicated them in recent years.

Meanwhile April's monthly opinion survey by local pollster Adimark, released on 2 May, shows Goic with just 2% of voting intentions while Guillier is polling second, on 19% (down four percentage points on March's poll). This is behind Piñera who is on 24% (down three points). Piñera presented his plan of governance, entitled simply 'Better Times', on 3 May based on four pillars – freedom, progress, justice and solidarity – and including a profound revision of the education, tax and labour reforms undertaken by the Bachelet administration. "Our goal is to double...the capacity to grow, to create jobs and reduce poverty," Piñera said.

Piñera promised to maintain free university education for those currently enjoying it but to overhaul the system of grants and credits, and to push through a simplified "pro-growth, pro-investment, pro-business and pro-innovation" tax reform. Piñera also said he would carry out a major pension reform, a top voter priority, with contributions rising from 10% to 14%; he claimed pensions would increase by up to 40% over the course of the next eight years.

Piñera promised a US\$20bn public-private infrastructure spending programme over the next eight years including new airports and highways, as well as extending the metro system. As part of the public transport revolution, Piñera said he would terminate the perennially troubled metropolitan transport system Transantiago, which was established in 2007 during the first Bachelet administration and aimed to unify the capital's micro buses with the metro. Piñera said he would replace Transantiago with a new system structured around the metro and rail networks.

Piñera will compete against Manuel José Ossandón, an independent senator formerly of Chile Vamos's centre-right Renovación Nacional (RN) party, in

Divisions

It is worth recalling that in order to avoid a second-round run-off in Chile's presidential elections, a candidate needs to win over 50% of the valid vote (which at the moment none of the current contenders looks likely to do). While this means that there is still an opportunity for the Left to rally behind a candidate in the run-off, local commentators warn that the divisions which have emerged in the early stages could already prove damaging. After the PS announced on 9 April that it would be backing Alejandro Guillier, DC member and former education minister Mariana Aylwin (2000-2003) tweeted on the same day that it constituted "the end of the Nueva Mayoría".

Until another day
President Cartes did not call for the re-election amendment bill to be withdrawn from congress, as demanded by the opposition. Instead he said that the issue of re-election has to be discussed and expressed his hope that his announcement would help to establish the right atmosphere for this to happen and enable political parties to reach a consensus.

July's party primaries, languishing on 2% in the Adimark poll, and Felipe Kast, the president of the small Evolución Política (Evópoli), on 1%.

Shooting to prominence is journalist Beatriz Sánchez who only announced her presidential bid last month for Frente Amplio (FA), a coalition of small leftist parties and movements such as Revolución Democrática (RD) and Movimiento Autonomista. Sánchez, who will compete in July's primaries against a sociologist, Alberto Mayo, received 11% support in the Adimark poll (up nine points on March when she appeared for the first time). Two deputies backing the FA bid are Gabriel Boric and Giorgio Jackson, who cut their teeth as leaders of the massive student demonstrations in 2011 pushing for wholesale education reform. Boric and Jackson's insistence that the FA offers "a real alternative" given the growing disconnect between the public and established political parties appears to have been borne out by April's Adimark poll.

Franco Parisi, an economist and academic, was fourth in the poll on 3% despite featuring for the first time. Parisi, an independent backed by small parties and movements such as Democracia Regional, Unidos en la Fe, Anticorrupción, and Poder de la Gente, among others, launched his candidacy last month. Parisi competed in the 2013 presidential elections when he finished fourth with 10.1% of the vote. The Adimark poll showed that 29% of respondents refused to answer or did not know for whom they would vote in the elections.

PARAGUAY | POLITICS

Healing wounds after failed re-election reform

The plans to amend Paraguay's constitution to introduce presidential re-elections so that President Horacio Cartes could seek a second term in next year's general elections have finally been put to bed. In the wake of the political crisis and public unrest produced by the efforts by Cartes's supporters (Cartistas) to push through the national congress a constitutional amendment bill on presidential re-election [\[WR-17-14\]](#), the chamber of deputies has finally rejected and shelved the bill. While this resolves the institutional crisis that gripped congress and eases social tensions, it has not cleared up the deep divisions that the initiative produced among Paraguay's political parties, in particular the ruling Asociación Nacional Republicana- Partido Colorado (ANR-PC).

The deep political crisis and enduring public rejection produced by the late-March move by Cartista ANR-PC senators, and their opposition allies who support presidential re-election, to push the amendment bill through the senate illegally ultimately forced Cartes to balk. After weeks of public protests against the amendment bill, organised by the opponents of presidential re-election (which include most of the political opposition parties as well as dissident ANR-PC members who do not support Cartes), who argue that it is unconstitutional, President Cartes finally abandoned his immediate re-election ambitions on 17 April. Cartes released a video message in which he said that he would not stand for re-election next year "under any circumstances", even if the constitution was successfully amended.

Cartes said that his decision answered to the need to restore peace and unity in the country. He said that he felt that this was necessary as the political atmosphere had become rarefied, making the holding of a serious debate on whether to introduce presidential re-election inviable (*see sidebar*).

Although Cartes' announcement took many Cartistas by surprise, it did not appear to deter them from trying to get the re-election amendment bill through congress. Cartista leaders such as Senator Lilian Samaniego said that

Opposition rejects Cartes' senate ambitions

President Cartes' proposed senate bid in next year's general elections was rejected by the opposition. PLRA Senator Miguel Abdón Saguier noted that under the constitution former presidents automatically become life senators with a voice but no vote; while no one can hold more than one government post at a time. As such, Saguier said that Cartes' proposed senate candidacy would be illegal, just like that of former president Nicanor Duarte Frutos (2003–2008). After winning election to the senate for the ANR-PC in the 2008 general elections, Duarte sought to resign from the presidency to swear-in as senator. But Duarte's resignation was rejected by congress on constitutional grounds and he was never allowed to swear-in as an active senator.

independently of Cartes' decision, the amendment bill should be debated by the chamber of deputies. This prompted the Cartista-controlled chamber of deputies, on 19 April, to approve a motion calling for the chamber's constitutional commission to analyse and issue a recommendation on the amendment bill. The Cartistas hold a comfortable majority in the 80-seat chamber of deputies, and the motion looked like the prelude to the approval of the bill by the chamber's plenary. A favourable recommendation on the bill by the constitutional commission would have provided pro-re-election deputies with enough reason to vote in favour of approving the amendment bill.

Amendment bill shelved

However, as a result of the political and public backlash against the amendment bill, many pro-re-election deputies, including some Cartistas, revised their position on the matter and said that they were no longer prepared to support it. Others said that if Cartes was not going to run they saw no point in introducing re-election. This change in circumstances likely influenced the constitutional commission's view of the amendment bill and, on 25 April, it recommended that the bill be rejected by the chamber's plenary.

The commission's recommendation made it very difficult for any deputy to defend a vote in favour of the bill. The following day the chamber of deputies' plenary decisively voted to reject and shelve the contentious bill. In the end 78 deputies voted against the bill, none for and only one abstained, as Cartista deputies resigned themselves to defeat. Cartista deputies said that while they were still in favour of introducing presidential re-election, it was not 'the right time' to do so, and that they had decided not to back the bill "to preserve the peace".

This leaves open the possibility that the issue of presidential re-election could be revived in the near future even if it will not now feature in next year's general elections. Nevertheless, the political opposition, led by the Partido Liberal Radical Auténtico (PLRA), celebrated the the decision as a victory for democracy over authoritarianism.

Political divisions

In reality, legislators from all political parties including the PLRA ignored their respective party lines on the re-election debate, producing deep internal divisions. These divisions will have to be addressed by each party as they prepare to compete in next year's polls. Doing this could prove to be damaging for party politics in general. The PLRA leadership has already said that it will expel all those that supported the re-election amendment bill including the handful of rogue senators led by Blas Llano, who voted in favour of the bill in the unsanctioned senate 'session'. The PLRA and other opposition parties have also called for the 25 senators that took part in that senate session to face impeachment.

Meanwhile the Cartista ANR-PC party leadership has said that in the aftermath of the amendment bill's defeat, it is considering sanctioning any party members that did not support the bill. Cartes himself publicly said on 3 May that achieving reconciliation within the ANR-PC would not be "easy". Cartes accused ANR-PC dissidents of being partly responsible for the recent unrest by taking an intransigent stance in the re-election debate. However, Cartes said that he was now keen to "continue working for the country" until the end of his term and beyond. Indeed, Cartes said that he was "considering" standing for election as a senator for the ANR-PC in next year's elections, remarks that provoked immediate controversy (*see sidebar*). Cartes also said that he plans to play an active role in selecting the ANR-PC's next presidential candidate, which suggests that the internal battle for control of the ruling party is far from over.

General strike ends in violence but little change

Many of the most significant of Brazil's 15,000 trade unions carried out a general strike on 28 April. The country's major cities ground to a halt early in the day as workers on buses, trains and other forms of urban transport walked off the job. Domestic flights, however, suffered relatively minor delays, despite barricades set up on the roads leading to airports in São Paulo and Brasília.

Força Sindical, one of the unions organising the demonstration, estimated that 40m Brazilian workers downed tools that day; the Central Única dos Trabalhadores (CUT) put the number at 35m. No reliable independent statistics are available, but while many Brazilians may have skipped work on Friday, the streets of most major cities were noticeably empty of demonstrators.

Towards evening, the protests started to turn violent. In Rio de Janeiro, police used vast quantities of tear gas on handfuls of demonstrators. As the mood soured, protesters set fire to a number of buses in the city centre. In São Paulo, a group of activists marched on President Michel Temer's private residence in the west of the city. Police responded with tear gas, rubber bullets and stun grenades. The violent clashes, however, were the work of a tiny minority of protesters. During the day, there were few signs of the massive, popular street protests that characterised the run-up to the impeachment of President Dilma Rousseff (2011-2016).

Social unrest remains a significant risk for the Temer administration, whose approval ratings are at similar levels to those of Rousseff, shortly before her removal. Nine out of 10 Brazilians believe the country is on the wrong path, according to a recent Datafolha survey. Despite a surge in the stock market and the real over the past year, few ordinary Brazilians are feeling any kind of economic recovery (*see sidebar*).

Yet the government's legislative support continues to hold firm, with most federal deputies convinced that the quickest way out of Brazil's current slump will be to approve the administration's austerity measures in the hope they will restore confidence and fire up the economy's 'animal spirits'. Still, the longer it takes for the recovery to kick in, the more the loyalty of those legislators will come under strain. The disconnect between lawmakers and the electorate cannot continue indefinitely; the question is whether it can even continue until the general elections in October 2018.

Elections 2018

An opinion poll published by Datafolha on 30 April shows that former president Lula da Silva (2003-2011) continues to dominate the field of possible presidential candidates, despite the various criminal charges arrayed against him. Most commentators continue to believe that he is unlikely to win, either because he will be barred from running or because his high levels of rejection mean that he is likely to lose in a second-round run-off.

But given the visceral anti-establishment mood in the country, provoked by a combination of recession and corruption, an outsider candidate would stand a very good chance. Fast rising in the opinion polls is Jair Bolsonaro, an extreme right-wing candidate and five-term deputy who has yet to be implicated in the 'Operation Car Wash' scandal. São Paulo's neophyte mayor, João Doria, is also leapfrogging over his rivals in the Partido da Social Democracia Brasileira (PSDB) to suggest he may represent his party's best chance of regaining the presidency in 2018.

Unemployment and inflation

Unemployment continues to rise to new record levels, with 13.7% now out of work. Inflation has tapered off dramatically, but whether that is due to the government's and central bank's actions or merely the result of a moribund economy is the subject of much debate.

Crunch time for pension reform

After months of back-room negotiations, concessions and threats, Brazil's long-awaited pension overhaul finally faces its first legislative test. A special committee of the federal lower chamber of congress is expected to vote on the text of the bill imminently, with the government desperate to avoid any last-minute changes which might open the flood gates to others. Though the bill will pass the committee stage easily, it may prove harder for the government to secure victory on the floor of the lower house, where it needs three-fifths' support to progress.

Along with last year's constitutional amendment to cap public spending, pension reform is the crucial piece of legislation of President Michel Temer's administration. Both are designed to reassure investors that Brazil is finally putting its house in order by shoring up the country's battered public finances. While that approach has proved successful in fuelling a stock market rally and a surge in the currency, if pension reform fails all that hard work will come undone. Brazil's fragile economic recovery would experience a major shock.

Concessions

In late March, the newspaper *O Estado de São Paulo* published a tally of lawmakers' voting intentions, showing that under 100 said they would vote in favour of the reform; the government needs at least 308. Since then, Finance Minister Henrique Meirelles has made numerous concessions, such as lowering the minimum retirement age for women and police officers.

All of these changes have reduced the savings forecast by the pension reform. If passed as it currently stands, the government predicts savings of R\$630bn (US\$197.5bn) over the next 10 years. Meirelles has made it clear he would not support a reform that saves less than R\$600bn. So far the committee is resisting calls from prison officers and other special-interest groups that are attempting to secure exceptions from the new minimum retirement age, but these groups will have more leverage when it comes to the vote on the floor.

Along with the carrot approach, the government has also used the stick. On 2 May three civil service political appointees nominated by coalition legislators who voted against the government's labour reform were relieved of their duties. Government allies have warned of further "measures" against dissenters. So far, this approach appears to be paying off. The Temer administration won comfortably the vote on labour reform last week, despite trenchant, well-organised opposition in the lower chamber.

Indeed, given Temer's own approval ratings hover around the 10% mark, and over seven out of 10 Brazilians oppose pension reform (according to a recent Datafolha survey), the government's legislative support base appears to be defying political gravity. With elections just 18 months' away, however, any significant delay to the pension reform could start to erode this congressional base. Legislators may become increasingly reluctant to jeopardise their careers with unpopular reforms, especially as the economy, at least as it is experienced by most voters, is unlikely to improve significantly in the short term.

Still, most political consulting groups, including Eurasia and Control Risks, believe Temer has the support necessary to pass pension reform. Eurasia Group expects the bill to pass the lower chamber in June and the senate in September. As pension reform is a constitutional amendment, it will require three-fifths support in both houses in two separate votes.

Eike Batista released

On 28 April, Supreme Court Judge Gilmar Mendes ordered the release from preventative detention of Eike Batista, the commodities and logistics magnate who was once Brazil's richest man. Batista is being investigated over claims he paid over R\$52m (US\$16.5m) in bribes to Sergio Cabral, the jailed former governor of Rio de Janeiro. Batista is currently under house arrest, but he will have to pay a bond of R\$52m within five working days to stay there.

Combating torture and forced disappearances**Forced disappearances**

Erika Guevara-Rosas, Americas Director at the NGO Amnesty International, described the bill on forced disappearances as “a welcome advance” but with “room for improvement” as it will enter into force “within the context of a deficient search system and its implementation will require serious political commitment to grant justice, truth and reparation to the many families who have dedicated years to searching for their relatives”.

The government led by President Enrique Peña Nieto will seize on the passage of two significant pieces of legislation through the federal congress over the course of the last week as evidence that it is responding to the stream of criticism it has faced on the issue of human rights. A bill on torture won final approval in congress; another on forced disappearances was approved by the senate but must still transit the lower chamber.

If corruption has gnawed away at the popularity of President Peña Nieto, the single incident which did most to send his approval ratings into a tailspin was the abduction and presumed murder of 43 trainee students in Iguala, Guerrero, in September 2014. Some 18 months ago his government sent congress two bills dealing with torture and force disappearance to address a deficit in the protection of the rights of Mexican citizens. This after the United Nations (UN) High Commissioner for Human Rights, Zeid Ra’ad Zeid al-Hussein, denounced “chronic problems underlying the relentless wave of human rights violations taking place across Mexico”, and Juan Méndez, the UN Special Rapporteur on torture, claimed that torture is a “generalised” practice among the Mexican security forces.

Under the new general law on torture, special investigatory units at a federal and state level will be established to fight against torture more efficiently, and a national registry of torture-related crimes created with data supplied from federal and state attorney general’s offices. If this bill took a long time to win congressional approval, the bill on forced disappearances was even more hotly debated. The active complicity of local authorities and security forces in many forced disappearances, such as in Iguala, makes it a deeply vexed issue.

The federal senate eventually approved the bill on forced disappearances by 90 votes to three with three abstentions on 27 April. Senator Cristina Díaz of the federally ruling Partido Revolucionario Institucional (PRI), president of the commission for governance, said it was the product of “a broad consultation process” with relatives of the victims, allowing the Mexican State to combat a problem that has assumed “dimensions not seen before in recent history”. But victims’ organisations and associations were unimpressed with the final product, which must still go before the lower chamber of congress.

The bill on forced disappearances approved by the senate would create four instruments: a national search system, involving relatives, federal and state governments, whose main remit would be to coordinate a full and timely institutional response to forced disappearances; a national register for missing people and a DNA register for findings in clandestine graves; a national forensic registry, which would use cutting edge advances in science and technology to assist with locating and identifying the disappeared; and a national citizens’ council, comprised of human rights defenders, experts and relatives of victims, to advise the national search system. It would also impose a 40-60-year prison sentence for public servants (25-50 years for other people) found guilty of perpetrating forced disappearances, which it defines as a continuing crime for which there is no statute of limitations.

Despite the fact that it is the first piece of legislation ever to address the issue of forced disappearances specifically, the umbrella group Movimiento por Nuestros Desaparecidos en México expressed disappointment on several fronts. The group argued that for 18 months it had insisted upon the necessity of the creation of a specialised unit to carry out investigations “including

Falling
Mexico broke into the top 10 largest economies in the world in the early 2000s, reaching ninth position in 2000-2002. Since then Mexico's GDP has been surpassed by Brazil, Australia, India, Russia, South Korea, and Spain, and this year the IMF believes it will also be surpassed by Indonesia.

access to military barracks" (a reference to the suspicion of army collusion in the disappearance of the 'Iguala 43'); not what it perceives as a toothless national search commission and 32 state commissions (coordinating between different police forces and investigative bodies) and a specialised prosecutor subordinate to state and federal attorneys general and, as such, "deprived of efficient operating capacity". It said the bill was too vague, failing to spell out, for instance, whether state or federal authorities should intervene if somebody disappeared in Veracruz.

The group also objected to the use of the term 'persona no localizada' for a new registry on the grounds that it makes no distinction between a disappearance linked to a crime and simply someone who is missing. It complained that the bill does not include the reclassification of crimes, so victims in past cases not considered forced disappearances are left without justice. And finally it criticised the bill for failing to include a provision to investigate and punish senior officials who order subordinates to detain an individual illegally.

Marijuana for medicinal use gets green light

Another important bill won final approval in the federal congress this week: the legalisation of medicinal use of marijuana and its derivative substances. On 28 April, one year after President Peña Nieto sent the bill to congress, the lower chamber voted by 371 to seven with 11 abstentions to reform the general health law and federal penal code giving the federal health ministry the power to regulate the production and consumption of all products containing the psychoactive constituent of marijuana Tetrahydrocannabinol (THC) at a strength of 1% or less, and to design pertinent public policies. Believed to alleviate the effects of 40 illnesses and chronic conditions, this will be imported, while the practical and legal issues of producing marijuana in Mexico are resolved. The senate approved the bill last December.

The reform also increases the quantity of marijuana permitted for personal use from five grams to 28 grams in line with various developed countries, which has been interpreted as a first step towards full legalisation. One of the most vocal advocates, Senator Armando Ríos Piter of the left-wing opposition Partido de la Revolución Democrática (PRD), also argued that the legalisation of marijuana for medicinal use should have been extended to opium poppies to produce painkillers, such as morphine and codeine. Héctor Astudillo, the governor of Mexico's most violent state, Guerrero, where some 60% of the country's poppy production is concentrated, has championed this approach but, despite obtaining the support of a handful of governors, the federal government remains unswayed.

TRACKING TRENDS

MEXICO | Downsized by the IMF. A report by the International Monetary Fund (IMF) for April predicts that Mexico's GDP will fall below US\$1trn in 2017. This is the first time since the 2008-2009 economic crisis that Mexico's GDP is forecast to fall under US\$1trn. The IMF predicts Mexico's GDP will be US\$987bn in 2017, which would make it the 16th largest economy in the world on IMF measures, one position lower than in 2016, and its worst position since 1996.

Economists believe that recent economic structural reforms being implemented by the government led by President Enrique Peña Nieto will help to push Mexico back into the global top 10 within the next decade. But in order for this to happen, the implementation of these reforms needs to be continued under the government to emerge from next year's general elections.

Economists have also identified other comparative advantages that stand Mexico's economy in good stead to post faster growth rates in the medium term. Mexico currently has the second lowest salaries among Organisation for Economic Co-operation and Development (OECD) member countries and, along with the structural reforms, this should help to attract investment in the manufacturing sector.

Homicides falling fast but for how long?

The number of homicides in El Salvador fell by 60% year-on-year in the first quarter of 2017, according to the supreme court's Instituto de Medicina Legal (IML). The government once again attributed the decline in homicides to the 'extraordinary measures' it rolled out in April 2016 to crack down on the country's *mara* street gangs. Two recent developments, however, could have a significant impact on homicide figures going forward. Firstly, there are signs that deportations of *mara* gang members from the US are set to increase sharply under the present administration of President Donald Trump. This could lead to an upsurge in violence in El Salvador. Secondly, the government led by President Salvador Sánchez Cerén is intent on legalising 'self-defence' groups, endangering the lives of members of the public by setting communities against the *mara* gangs.

In absolute terms, there were a total of 807 homicides in the first three months of the year, down from 2,015 over the same period in 2016, the IML reported. The figure for March (317 homicides) was the highest of the year so far by some distance followed by January (256) and February (234), but still well below this time last year.

Deportations

One external development and one internal development could soon change this statistically brighter outlook. On the external front US deportations of Salvadoreans are increasing: in the year to 27 April the number of Salvadorean deportees from the US was up by 13.1% on the same period last year at 6,559. And President Trump tweeted his intention on 18 April to deport *mara* gang members from the US: "The weak illegal immigration policies of the Obama Admin. allowed bad MS 13 gangs to form in cities across U.S. We are removing them fast!"

There is clear evidence that over the years the deportation of hardened criminals from the US has led to increased violence in El Salvador. It undermines efforts by the US, such as President Barack Obama's Alliance for Prosperity, to provide development assistance to Central America to stimulate economic growth and promote educational and employment opportunities that would help combat insecurity and reduce the number of wannabe immigrants to the US. It also breeds resentment rather than cooperation. The *maras* are not a homegrown Central American phenomenon: they first appeared in Los Angeles, California, in the 1980s. The most notorious, MS 13, was formed by Salvadoreans who had fled conflict in their home country, a bloody civil war exacerbated by US involvement.

Self-defence groups

The internal development threatening to push homicides upwards again is the mooted legalisation of groups of vigilantes in El Salvador. The militarisation of public security in the country is already controversial enough given mounting evidence of human rights abuses, extrajudicial executions and death squads, but the latest proposal advocates the legalisation of groups of vigilantes along the lines of the so-called 'self-defence' groups in Mexico.

The justice and security minister, Mauricio Ramírez Landaverde, said back in February that various communities had already taken public security into their own hands, with the police supplying "another layer of support" [WR-17-06]. He supplied neither details on which communities nor how the government

MS 13 schism

The justice and security minister, Mauricio Ramírez Landaverde, claimed last week that there had been an internal rupture in MS 13 due to differences over financing between the national and local leadership of the gang, leading to the emergence of a new faction – MS 503. A rift in El Salvador's other main gang, Barrio 18, led to the formation of two discrete factions, Revolucionarios and Sureños, in the middle of the last decade.

Constitutional amendment

On 26 April Guatemala's 158-member unicameral congress approved an amendment reforming Article 208 of the country's constitution which refers to the justice profession – namely justices of the supreme court of justice (CSJ) and appeals courts. The amendment sets the maximum age to be a judge at 75 and introduces a performance review every two years. Congress is now due to discuss a proposed article which aims to establish a council of judicial administration, the idea being to separate the administrative and judicial functions of the judicial system.

planned to support them. Vice-President Óscar Ortiz advocated legal authorisation of self-defence groups in March, shrugging off concerns about violent clashes between citizens and gangs. And, on 27 April, the president of the legislative assembly, Guillermo Gallegos, of the centre-right opposition Gran Alianza por la Unidad Nacional (Gana), called for deputies to approve the pertinent legislation. This followed an appeal by a group of vigilantes, comprising some 60 citizens, in San Nicolás Lempa, in the department of San Vicente, to be accorded legal recognition. The group emerged in 2015 after the murder of a community leader and his daughter by the Barrio 18 gang.

Security forces have been cooperating with vigilantes for some time, but actively encouraging pre-existing groups to step out of the shadows and new ones to set up and operate outside of public security structures is fraught with problems and risks. The constitution expressly prohibits vigilantism, stating that citizens have the right “to associate freely and to meet peacefully...without arms for any legal object”. There are numerous disturbing precedents of vigilante groups in Latin American history going on to become criminal organisations themselves. The most recent example is the self-defence groups in Mexico's western state of Michoacán, which provided a major headache for the federal government.

GUATEMALA | JUSTICE

Seeking to strengthen justice

Following moves earlier this year aimed at rooting out corruption in Guatemala's judiciary, ongoing efforts are underway aimed at strengthening the institution. Last week the United Nations (UN)-backed anti-impunity commission in Guatemala (Cicig), academics and judicial authorities launched a judicial observatory of criminal justice. The same week the national 158-member legislature also approved changes to legislation regulating the justice profession, in an effort to strengthen it (see sidebar).

Launched on 25 April, the new observatory is tasked with analysing rulings handed down by the judiciary, producing periodic reports on the state of the judiciary, and coming up with recommendations to strengthen the administration of justice. The new body will be directed by key figures including (among others) Cicig's chief Iván Velásquez; the president of the 13-member supreme court of justice (CSJ), Nery Medina; the rector of the state-run Universidad de San Carlos, Carlos Alvarado; Germany's ambassador to Guatemala, Harald Klein; and Rolando Escobar, the dean of the faculty of legal and social sciences at the private Universidad Rafael Landívar.

The challenges of addressing official corruption made headlines in early February with the arrest of CSJ magistrate Blanca Aída Stalling Dávila. Stalling is accused of seeking to meddle in a decision by a sentencing court on behalf of her son, Otto Fernando Molina who was arrested in 2015, together with members of the directorate of the national social security institute (IGSS), for his suspected involvement in a corruption case.

Stalling has also been linked to a larger, interconnected network of judicial corruption, nicknamed “el Bufete de la Impunidad” (Law Firm of Impunity), uncovered in 2015 by Cicig and the attorney general's office (AG) which connected clients to judges willing to rule in their favour. Specifically, el Bufete de la Impunidad was linked to the corruption ring uncovered in the tax authority (SAT), known as ‘La Línea’, which was allegedly headed up by disgraced former president Otto Pérez Molina (2012-2015) and his vice-president Roxana Baldetti (2012-2015), who were both forced to quit in 2015.

Pensions and downgrade

The failure by the government of El Salvador to meet pension obligations on 7 April had prompted downgrades from the three main international rating agencies. Moody's, Fitch Ratings, and Standard & Poor's said the government had defaulted on sovereign obligations. El Salvador's sovereign debt amounts to 60% of GDP, according to the central bank, and its pension obligations to AFPs, at some US\$5.7bn, are equivalent to 14% of GDP.

Stalling is the third CSJ justice to face corruption accusations in less than a year after her colleagues Vladimir Aguilar and Douglas René Charchal Ramos were stripped of their immunity to face prosecution in May 2016 (and were subsequently imprisoned) with regard to another influence-trafficking case implicating Pérez Molina. The case involved the awarding of a 25-year contract to the local branch of Spanish company Terminal de Contenedores Barcelona (TCB) to operate the container terminal at Puerto Quetzal (TCQ) in Escuintla department [[WR-16-15](#)].

Achievements

In a speech given at a meeting on 3 April hosted by the Inter-American Press Association (SIP in its Spanish acronym) in Antigua city, Guatemala, Iván Velásquez said that due to the work of Cicig (which began operating in the country in 2007) and the AG, more than 300 people were either in prison, facing trial, or had been charged. These include a former president and vice president (Pérez Molina and Baldetti); five former cabinet ministers (all under the Pérez administration) – Héctor Manuel López Ambrosio (defence), Héctor Mauricio López Bonilla (interior), Ulises Noé Anzueto Girón (defence), Alejandro Sinibaldi (communications), and Erick Estuardo Archila (energy); three former presidents of congress and various deputies; two former CSJ magistrates; the former president of the IGSS; two former banking superintendents; and a director of the prison service, among others.

TRACKING TRENDS

EL SALVADOR | **Dire straits.** Trade unions marked International Labour Day on 1 May by staging marches in San Salvador against budgetary cuts affecting the education and health sectors, and urged a reform of the pension system. Three days earlier the government had cleared US\$55m of missed payments to local pension providers (AFP). This after the legislative assembly slashed more than US\$56m from the 2017 budget to meet the pension obligations. The government had hoped to persuade deputies to approve a US\$70m bond emission to cover the pension payments rather than be compelled to make budget cuts, but to no avail.

The umbrella trade union movement Coordinadora Nacional de Amplia Participación (Conapar) called for a reform of the pension system to give members a decisive say in how pension funds are administered. The temporary non-payment of pension-related debt came as the result of further disagreements between the ruling left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) and the main right-wing opposition Alianza Republicana Nacionalista (Arena) over public finances.

HAITI | **Weak growth.** Last month Haiti's central bank (BRH) released a report on the first quarter of fiscal year 2017 (which runs October-December 2016). With the country's economy badly affected by Hurricane Matthew (which struck in October 2016, causing damage estimated at US\$2.6bn, equivalent to about 30% of GDP), the BRH report showed a 0.6% year-on-year increase in the Global Economic Indicator Index (ICAE) in the first quarter of fiscal year 2017. This compares with a 1.6% increase in the last quarter (July-September) of financial year 2016. This feeble growth is due to a 6.5% contraction in the primary sector during the first quarter. ICAE data for the second quarter is not yet available, but there is nothing to suggest a reversal of the trend.

The most recent report by the Economic Commission for Latin America and the Caribbean (Eclac) on 24 April this year forecast 1.0% GDP growth for Haiti for 2017. A December 2016 report by Eclac put Haiti's GDP growth at 2.0% in fiscal year 2016. The performance improvement relative to 2015 (when growth was 1.2%) was mainly due to recovery in the agricultural sector after more than two years of drought.

POSTSCRIPT

Quotes of the week

“There is no regional organisation in the world that shows such illegal and deviant comportment as the secretary general of the OAS, who dedicates his time to attacking Venezuela.”

Venezuela's Foreign Minister Delcy Rodríguez.

“We cannot demand peace and legal behaviour of citizens if the State doesn't take decisions that are within the law.”

Venezuela's Attorney General Luisa Ortega Díaz.

“I was going to terminate Nafta as of two or three days from now. The President of Mexico, who I have a very, very good relationship, called me [and said] rather than terminating Nafta, could you please renegotiate?...And so I decided rather than terminating Nafta, which would be a pretty big shock to the system, we will renegotiate. Now, if I'm unable to make a fair deal...I will terminate Nafta.”

US President Donald Trump.

Citrus celebration for Macri after Trump meeting

Argentina's President Mauricio Macri this week became the second Latin American head of state, after Peru's President Pedro Pablo Kuczynski, to meet his US counterpart Donald Trump in the White House. The meeting, on 27 April, elicited an immediate reward. Macri had requested that Trump remove a longstanding ban on lemon imports from Argentina. Shortly afterwards the US Department of Agriculture (USDA) announced that the restrictions, in place since 2001 due to concerns about threats posed by pests and disease, would be lifted from 26 May.

Argentina's rehabilitation into the global concert of nations took a big step forwards just three months after Macri took office in December 2015 when President Trump's predecessor Barack Obama visited the country. It should continue apace now, with Argentina looking set to vie with Colombia as the most significant ally of the US in South America. Macri and Trump spoke in unison over Venezuela. Trump described Macri, a fellow businessman, as “my friend for many years”, adding “I feel very comfortable backing him because I know what I'm backing”.

Macri went straight on from the White House to the think tank Center for Strategic & International Studies (CSIS) where he described the meeting with Trump as “marvellous”. Macri focused on the opportunities for bilateral cooperation in the energy sector, with access now to “a world-class reserve in non-conventional shale gas, shale oil – especially shale gas that we have to develop”.

But this is all in the future. In the present Macri won a reversal of the US ban on Argentine lemons, which will provide an economic fillip. For this year and next imports of lemons from north-west Argentina, which will have to be harvested green or treated for Mediterranean fruit fly, will be restricted to the north-east of the US to give time to domestic producers on the west coast to adapt to the competition. The USDA projects that Argentina could export between 15,000 and 20,000 tonnes of lemons to the US per year, around 4% of domestic production, which it estimates could bring lemon prices for US consumers down by “about 4%”.

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