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Fernández drops strong hint she will run in Argentine elections

Former Argentine president Cristina Fernández (2007-2015) is deriving enjoyment from mounting speculation over whether she will run for a seat in the federal senate in October's mid-term elections. Over the course of the last week Fernández has rallied political support ahead of a putative bid, promising "to put an end" to the policies of economic adjustment undertaken by the centre-right government led by President Mauricio Macri. The most prominent national dailies argued that her political renaissance would jeopardise Argentina's economic recovery if a more combative opposition set out with the sole intention of thwarting Macri's legislative agenda, but her candidacy could also benefit the government by deepening divisions within the main opposition Partido Justicialista (PJ, Peronists).

The big question in Argentine politics in recent months has been whether or not Fernández will run in the mid-terms to secure a senate seat representing the province of Buenos Aires. In early May she speculated aloud about not running, prompting pollsters González y Valladares to test responses to the idea. A total of 30.6% of voters in the province of Buenos Aires said they would be 'happy' if she was not a candidate, 23.5% would be 'sad', 20.1% 'relieved', 13.4% 'indifferent', and 6.3% 'disappointed'.

The poll confirms the findings of other surveys that Fernández is very divisive. She has an ultra-loyal core of supporters, but high levels of voter rejection outside that core group. Fernández faces a range of corruption investigations relating to her time in office – perhaps the most important being charges that she used a network of family-owned hotels in Patagonia for money-laundering purposes.

Fernández met 20 mayors in the province of Buenos Aires loyal to her on 23 May, and stressed the importance of building unity within the PJ and if possible to avoid contesting divisive open primary elections in August. Although the details of the discussion were secret, a number of participants told the press they interpreted what was said as a strong signal that Fernández would after all stand for election to congress.

Fernández wrote a series of tweets this week, questioning the economic and social situation in Argentina and stressing her readiness to be a candidate. She also responded to the leader published in the national daily *La Nación* on 26 May entitled 'If Cristina wins in October', which argued that the possibility of her standing for election was "sowing panic in the establishment". "If Cristina wins it would weaken the government...the world would interpret it as a victory for populism, which would provide reason enough [for investors] to leave Argentina," it argued.

Kirchner on Menem

Former president

Néstor Kirchner

justified his heterodox

economic policies on

the need to “drag

Argentina out of [the]

hell” bequeathed by

Carlos Menem. In

defining his foreign

policy, Kirchner

quipped that

Argentina “no longer

has carnal relations

with anyone” in an

allusion to the

boutade with which

the late Guido di

Tella, as foreign

minister, had

depicted the Menem

administration’s

policy of

unconditional

alignment with the

US.

In a letter published on her *Facebook* page, Fernández replied: “the sole beneficiaries of the current economic situation are running scared of one candidate”. She said the legislative mid-terms were being held in the context of “a country crippled by economic regression: soaring prices for food and medicine; water, electricity and gas tariffs that are impossible to pay; summary dismissals; accelerated de-industrialisation; and unpayable serial external indebtedness; these are just some of the links of the chains of a new Argentine Calvary”.

The fear of the establishment expressed in the *La Nación* leader is that Fernández would stiffen opposition to the Macri administration in the senate, precluding the passage of important pieces of legislation. Fernández said this week that she would “guarantee that we put limits on [Macri’s economic agenda]”. She also criticised her faction of the PJ, Frente para la Victoria (FPV, Kirchneristas) in the senate, where it has a resounding majority, of having “failed to rise to the occasion” unlike the FPV in the federal lower chamber of congress, where it has the largest single presence but not a majority. This was presumably a reference to the fact that the FPV in the senate has provided more constructive opposition to the Macri administration and has been prepared to cooperate on various legislative initiatives.

Some investors might be put off by the obstructionist tactics being promised by Fernández should she win election, but the *La Nación* leader assumes that she would be able to provide the “broad unity” she insists is essential within the PJ, including a “unity list [of candidates]” which would obviate the need for competing in open primary elections in August. Standing for election would reaffirm Fernández’s claim to be the FPV’s leader, as well as potentially offering her the protection of parliamentary immunity. Her presence in the senate would stiffen the resolve of the FPV to provide tougher opposition to the Macri administration, but she would also alienate other PJ factions.

This explains why, somewhat paradoxically, the Macri government might welcome her decision to stand. If imprisoned on corruption charges Fernández could become a political ‘martyr’ and an opposition rallying figure. On the other hand, at liberty and politically active, she could prolong the internal divisions within the PJ. There is already opposition to the idea of a ‘unity list’. Florencio Randazzo, who is keen to head the PJ senate list himself, has challenged Fernández to participate in primary elections. Fernández says she fails to see the point of competing against someone who served as her interior and transport minister for eight years, when the party should be concentrating on opposing Macri. The deadline for registering candidacies is 24 June.

Menem rides again

Another former president who is planning a political comeback is Carlos Saúl Menem, three times governor of the north-western province of La Rioja (1973-76; 1983-89) and twice President of the Republic (1989-1999). The 86-year-old, who is in frail health, has confirmed he is planning to seek re-election as a federal senator for La Rioja in October’s mid-terms. Because of his poor health, Menem is unlikely to campaign in person in his native province, opting instead to do so remotely from his home in Buenos Aires, more than 1,000km distant. Even so, analysts believe he still stands a good chance of winning.

Menem’s story has a soap-opera feel to it. The son of Syrian immigrants who built up a wine business in La Rioja, he initially championed the nationalist and anti-US traditions of the PJ, at least until he was elected president in 1989. Then, Menem performed a dramatic U-turn: privatising many state-owned companies; following market-friendly policies; pegging the Argentine currency to the US dollar; and attracting generous inflows of foreign funds, some of which fuelled a surge in corruption.

Malcorra

President Macri described Susana Malcorra as having made “a fundamental contribution to Argentina’s reinsertion in the world”. Macri said Malcorra was leaving this “crucial role for strictly personal reasons”, namely to be with her family in Spain, where her husband has been in delicate health. This did not stop the the head of the opposition Frente para la Victoria (FPV, Kirchneristas) bloc in the federal lower chamber of congress, Héctor Recalde, linking her departure to accords the government tried to strike with the disgraced Brazilian construction firm Odebrecht. Malcorra dismissed Recalde’s comments, saying his “imagination knows no bounds”.

As a result, Menem is both admired and hated. Although he stepped down from office shortly before the event, many still hold him responsible for the crash that came after the boom – Argentina’s economically disastrous devaluation and default at the end of 2001. He is still pursued through the courts on a range of corruption charges. The most important of these is a case in which he was found guilty of responsibility for illicit arms sales to Croatia and Ecuador: he is still awaiting the results of a supreme court appeal against that verdict.

In the almost two decades since he stepped down from the presidency, Menem has cultivated the art of political readjustment and survival. He was deeply resented by the new generation of Peronists led by Néstor Kirchner (2003-2007). Menem won the first round of the 2003 elections against Kirchner with a small 24% to 22% margin; knowing a ‘stop Menem’ coalition would ultimately deliver victory to his rival he chose, as a calculated snub, to refuse to contest the second round.

Thus distanced from the Kirchneristas, Menem nevertheless eventually rebuilt bridges with them, not least in an attempt to secure ongoing federal funding for La Rioja in exchange for offering support for the federal government in key congressional votes. In 2011 Menem was elected as senator for La Rioja with Kirchnerista support.

The current Menem comeback appears to be based on that same idea but with a different government sitting in Buenos Aires. Since it came to office in 2015 the canny senator has supported the Macri administration, most notoriously in March 2016 when he voted in favour of settling the country’s outstanding legal quarrel with its holdout foreign creditors. Since Macri still lacks a solid congressional majority, this support is politically important.

Multiple interests are coming together in support of Menem’s re-election. The candidate himself gets a chance to extend his long political career, and perhaps more importantly, an extension of his current parliamentary immunity. The Macri government in turn gets a broadly supportive non-Kirchnerista Peronist into the senate. Correctly or incorrectly, the La Rioja electorate associates the Menem family dynasty with significant public sector spending and job creation in the province.

At this stage a Menem victory is not guaranteed, of course, but he is likely to be seen as one of the frontrunners. Significantly the dynasty may continue – there are reports that Menem’s daughter Zulemita (46) may also be a candidate. On 2 May Zulemita was photographed meeting Rogelio Frigerio, the interior minister, for a discussion of La Rioja provincial affairs.

Macri loses second key minister

Susana Malcorra will resign as foreign minister on 12 June after tendering her resignation on personal grounds. She becomes the second (senior) minister to leave the cabinet since President Macri took office in December 2015. Malcorra will remain an adviser to the government with ministerial rank. Jorge Faurie will replace Malcorra, becoming in the process the first career diplomat since the end of the last military dictatorship (1976-1983) to be appointed to the position. “Jorge Faurie is ranked number 1 among Argentine diplomats and this sends a signal that Argentine diplomats can lead,” the cabinet chief, Marcos Peña, said.

Faurie, 65, has held various positions in the foreign ministry including briefly serving as its deputy minister in 2002. Ambassador to Portugal from 2002 to 2013, he is presently ambassador to France. As such he will be well aware of the scale of the challenge he faces to facilitate progress in the tortuous trade negotiations between the Southern Common Market (Mercosur) and the European Union (EU), one of the main obstacles to which is France’s agricultural protectionism.

Supreme court widens anti-corruption probe**The man with the briefcase**

One of President Temer's more troublesome acquaintances is federal deputy Rocha Loures, also known as the 'man with the briefcase'. Federal police filmed Loures accepting a suitcase which contained R\$500,000 (US\$154,000) worth of bribes from a JBS executive, allegedly on Temer's behalf. This was not a one-off payment but was supposedly one of 20 years' worth of weekly instalments to appease politicians. The supreme court is investigating both Loures and Temer, and rejected the defence's request to separate their trials.

Once again, Brazil's judiciary has left President Michel Temer fighting for political survival. On 31 May, Brazil's supreme court (STF) ordered Temer to answer police questions on charges of conspiracy, passive corruption and the obstruction of justice. He must respond within 24 hours.

STF justice Edson Fachin granted President Temer the right to give a written testimony to police due to the "exceptionality" of the investigation. However, he denied other requests to suspend the investigation into Temer or pass the case on to another prosecutor.

Police are questioning Temer over recently released recordings taped by former JBS executive Joesley Batista which appear to show the president endorsing bribes, including the payment of hush money to the disgraced speaker of the lower chamber of congress, Eduardo Cunha (2015-2016). Temer denies wrongdoing but has admitted to meeting Batista in the Jaburu palace outside of office hours. For federal prosecutor Rodrigo Janot, Temer's confirmation that the meeting took place already constitutes a partial "confession" which could make him guilty of illicit association.

Mid-scandal, Temer announces mini cabinet re-shuffle

Temer's interrogation by police is the latest episode in a protracted battle between Brazil's executive and judicial branches. The ruling came just after Temer appointed a new justice minister, Torquato Jardim, on 28 May, in what has been interpreted as a move by the government to exert greater control over federal prosecutors and the police force. In an interview with news site *G1*, members of police union Associação Nacional dos Delegados de Polícia Federal (ANDPF) said the ministerial change "has generated worry and concern about the possibility of interfering with federal police work", since Jardim has been highly critical in the past.

Jardim replaces Osmar Serraglio, who lasted just two months in the job. Serraglio was initially supposed to take Jardim's old position as transparency minister as part of a wider ministerial reshuffle. But in a surprise move, on 30 May, Serraglio rejected the position Temer had intended for him. Instead, Serraglio opted to leave government altogether. In an interview with *G1*, Serraglio said he wanted to return to his former position as a legislator in the lower chamber for the ruling Partido do Movimento Democrático Brasileiro (PMDB) for Paraná.

Serraglio's decision to re-join congress could prove problematic for Temer. When Serraglio first joined Temer's cabinet, his congressional seat for Paraná was filled by fellow PMDB member Rodrigo Rocha Loures, who allegedly acted as a middle man to transfer bribes between the government and meat-packing company JBS (*see sidebar*).

Should Serraglio return to congress, Loures would lose his legal immunity, or *foro privilegiado*, and could be sentenced to jail. This has fuelled speculation that Loures may be more willing to provide evidence against Temer to negotiate a more lenient sentence for himself.

To avoid such an outcome, the government may nominate another PMDB deputy from the Paraná benches to join the government so Loures does not have to leave, according to local media. Besides needing to fill the vacant

New head of BNDES announced

A former head of the national statistics institute (Igepe), Paulo Rabello de Castro, will become the new head of Brazil's development bank (Bndes). Rabello replaces Maria Silvia Bastos, the first woman to head Bndes, who resigned on 25 May. Bastos's resignation came as Bndes is being investigated for allegedly giving irregular financial benefits to Brazil's biggest meatpacker, JBS. Loan disbursements dropped under her tenure, leading to allegations of corruption if the payments were intentionally withheld. Others argue the fall in loans was simply a result of the economic recession.

transparency post, Temer is also searching for a new minister for culture after the former incumbent, Roberto Freire, from centre-left party Partido Popular Socialista (PPS), handed in his notice.

Temer's moves to appease legislators through a series of strategic appointments could be risky. By making changes to his cabinet during times of political turmoil it "makes him more vulnerable to congressional blackmail...by showing a desperation to remain in the role which resembles the scene of agony experienced by [impeached former President] Dilma Rousseff [2011-2016]", argues journalist Bernardo Mello Franco in a column for news site *Folha de São Paulo*.

Other parties ensnared by JBS

As with previous corruption scandals exposed by major Brazilian businesses, it is not just Temer and his party who appear to have been caught up in the JBS scandal. Supreme court judge Marco Aurélio is also investigating the runner-up in the 2014 elections for the Partido Social da Democracia Brasileira (PSDB), Aécio Neves, for corruption, based on JBS plea bargaining testimonies from Joesley Batista and his brother Wesley Batista. Neves was forced to stand down from his post as senator having been accused of laundering bribes worth over R\$2m (US\$619,857). His sister, journalist Andrea Neves, allegedly solicited the bribes and acted as his unofficial campaign manager. She has since been placed under preventative arrest.

Joesley Batista has also named former finance minister Guido Mantega (2006-2015) as the point man if JBS needed to pay bribes to the leftist Partido do Trabalhadores (PT) and allies.

Despite political noise, elsewhere its business as usual

The ongoing corruption investigations will not put an end to the government's economic agenda or Brazil's business agenda, argued a defiant Temer during the annual 2017 Brazil Investment Forum held on 30 May. "Brazil is much bigger than all these circumstantial, incidental challenges that have occurred in recent times," Temer told a room full of investors from 42 different countries in a veiled allusion to the JBS allegations.

To help kickstart the local economy, Brazilian and Chinese governments have already raised US\$20bn in funds to promote investment in Brazil for various sectors including infrastructure. The initiative, which is jointly run by China's investment fund in Latin America, Fondo de Cooperación Chino para la Inversión en América Latina, and Brazil's development bank, BNDES, is scheduled to be launched this June. This could breathe a new lease of life into Brazil's private sector after many of the country's leading construction and oil and gas companies were forced to downsize in response to both the economic recession and corruption scandals. Brazil's planning minister Dyogo Oliveira said the fund showed a "return to confidence" in one of Latin America's largest economies. He expressed Brazil's openness to reach out to "international partners to continue building great projects in our country."

Besides encouraging international investment, Brazil will put its "own house in order" through a series of long-lasting fiscal reforms, Temer stressed. However, the success or failure of such a proposal ultimately depends on Temer's ability to control Brazil's unruly congress, which may be a struggle. This week, Temer failed to oust outspoken PMDB senate leader Renan Calheiros, who has spoken out against him and some of his major reforms on numerous occasions, after legislators voted to keep him in. In a speech to news site *G1* Calheiros implied he would outlast Temer in his bid for political survival. "During this crisis, one day after the other feels like an eternity. I will not fall," he said.

“A new coup”

Following a meeting in Brussels with Venezuela’s national assembly president Julio Borges, the president of the European Parliament (EP), Antonio Tajani, declared President Maduro’s constituent assembly initiative “a new coup.... It is wrong, unconstitutional, fraudulent and violates fundamental principles of political equality,” he stated, noting that the EP, while determined to work with “the United Nations, the Organization of American States and the Vatican – among others – to find a way out of this crisis”, could also “evaluate other concrete measures, such as the possibility of taking sanctions against senior Venezuelan officials”.

Maduro gets top court’s backing for assembly

The constitutional chamber of Venezuela’s supreme court (TSJ) – whose magistrates, along with the TSJ president, were recently subjected to US sanctions – has ruled that President Nicolás Maduro’s constituent assembly initiative does not need to be put to a public referendum for prior approval. In response, opposition leader Henrique Capriles Radonski declared, “Today, the TSJ has just finished burying participatory democracy in our country.”

Capriles called for continued public protests in Venezuela. “While we are millions on the streets, they cannot impose this assembly on us,” he stated. Some 60 people have now died in two months of protests (since early April), which show little sign of abating, either in size or intensity, sparking fears of a total breakdown in the country.

While Capriles voices the Venezuelan opposition’s stance, the cracks within the left-wing Bolivarian government are also showing over the controversial constituent assembly process. The TSJ’s definitive ruling on the matter may do little to paper over these widening splits.

As of 31 May (the day of the TSJ ruling), seven former government ministers had expressed concern about the assembly. These are Gustavo Márquez (ex-trade minister and former ambassador to Colombia), Oly Millán (ex-minister for popular economy), Héctor Navarro (ex-electricity and ex-education), Ana Elisa Osorio (ex-environment), Jorge Giordani (ex-planning), Maripili Hernández (ex-youth) and, notably, General Miguel Rodríguez Torres (President Maduro’s interior minister in 2013-2014).

In a letter posted on *Twitter*, Rodríguez Torres noted that “the people are demanding aloud the suspension of the initiative, or at the very least, that it be put to a referendum.” “Popular sovereignty should be respected,” he went on, calling on Maduro to “suspend [the assembly initiative] and avoid worse troubles.”

General Clíver Alcalá Cordones, another key player under the late president Hugo Chávez (1999-2013) and himself also subject to US sanctions since 2011, has also very publicly broken with Maduro in recent weeks, calling for a transition “within the constitution” and hinting at “atomisation” and even potential “anarchy” inside the armed forces. Somewhat ironically, given his own legal position, he has also said that there must be “no impunity” as part of any transition.

The rector of Venezuela’s national electoral council (CNE), Luis Rondón, who happens to be the sole independent figure in the CNE, has also taken issue with the assembly. And in a television interview on 31 May, Rondón said the TSJ ruling to permit a constituent assembly without prior public assent was “a harsh blow against democracy”.

Nevertheless, the head of the CNE, Tibisay Lucena, without waiting for the TSJ ruling, went ahead on 30 May to announce that candidates seeking nomination to the constituent assembly could register over two days, on 1 and 2 June. Those interested are required to register online with the CNE, and download relevant forms. *LatinNews* regularly checks the CNE website. It was down all day on 31 May, and was still down at the time of writing on 1 June – local media inside Venezuela were also reporting the same.

Pdvsa bonds

The Japanese investment bank Nomura Securities also reportedly bought about US\$100m of the Pdvsa bonds, Reuters reported on 1 June, apparently flying in the face of its own head of fixed-income strategy for Latin America, Siobhan Morden, who since late last year has been warning that the question for Venezuelan bondholders is not if, but when, it will default.

On the assumption that the website will be back up to take registrations, candidates must then collect signatures equivalent to 3% of registered voters to be nominated. Lucena said that there would be a quick verification period by the CNE, followed by official candidate nominations between 6 and 10 June, just weeks ahead of the election in July. This all sharply contrasts with the four months that the CNE took to validate its constantly shifting demands for required forms, signatures and electronic fingerprints last year, when the opposition was trying to launch a presidential recall referendum against Maduro.

The assembly will comprise 540 members: 364 elected from 'territorial bases' (corresponding to municipalities); 168 in representation of eight 'sectoral bases'; and eight indigenous representatives. Applicants can seek nomination for either a sector or a territorial base. The eight sectoral divisions include fishermen, students, people with disabilities, pensioners and the business sector, among others. Rural municipalities, from where the government draws most support, have been assigned disproportionate weight in the territorial bases.

Education Minister Elías Jaua, appointed by Maduro to oversee the constituent process, has said that the assembly itself will sit for only about a month. Typically, constituent assemblies sit anywhere from six to nine months, but Jaua notes that the new Venezuelan assembly is not rewriting a whole new constitution, merely 'improving' the existing 1999 document implemented by former president Chávez.

'Pig of a deal'

"As hard as it may try, Goldman Sachs... cannot put lipstick on this pig of a deal for Venezuelans," Julio Borges, president of Venezuela's opposition-controlled national assembly, declared in response to the revelations that the US investment bank had purchased US\$2.8bn in bonds issued in 2014 by the state-owned *Petróleos de Venezuela* (Pdvsa).

The bank's asset management unit paid just US\$865m for the bonds (or just 31 cents on the dollar, meaning a 70% discount if the bonds were trading at full value, rather than at junk discount).

The Venezuelan Harvard professor Ricardo Hausmann complained that Goldman Sachs had effectively given the Maduro government a dollar loan at an egregious interest rate of 48%. Hausmann, who famously accused the Maduro government of 'moral bankruptcy' for prioritising external debt payments over essential imports of food and medicine, was scathing. "These are hunger bonds," he told the UK's *Financial Times* (FT).

In an open letter to Goldman Sachs' president, Lloyd Blankfein, Borges declared that this "financial lifeline to the regime will serve to strengthen the brutal repression unleashed against the hundreds of thousands of Venezuelans peacefully protesting for political change in the country".

"Given the unconstitutional nature of Nicolás Maduro's administration, its unwillingness to hold democratic elections and its systematic violation of human rights, I am dismayed that Goldman Sachs decided to enter this transaction," Borges went on. Borges said that the national assembly would open an investigation into the transaction, adding that he would recommend "to any future democratic government of Venezuela not to recognise or pay these bonds".

On that note, others have pointed out that the Pdvsa 2022 bonds were issued and sold to the Venezuelan central bank (BCV) in somewhat 'irregular' conditions in 2014. In other words, there may very well be an argument that the original issue was improper, giving a future administration adequate legal grounds to condemn the debt.

Circling Chinchero

The government led by President Pedro Pablo Kuczynski is tying itself up in knots over the concession contract for the proposed Chinchero international airport in the southern city of Cusco, and no-one is quite sure why.

Kuczynski's new transport & communications minister, Bruno Giuffra, caused a stir with his announcement that the problematic Chinchero concession, awarded in 2014 to a local private consortium, Kuntur Wasi, was merely suspended, and that all options regarding the contract remained on the table. Simultaneously, the government extended for another three months an addendum tagged onto the contract by the transport ministry in early February, under which the government said it would put up an initial US\$256m to get the project underway.

The contract with Kuntur Wasi was officially announced as 'left without effect' by Giuffra's recently-resigned predecessor, Martín Vizcarra, who lost his ministerial post over the addendum. The opposition-controlled congress had asked the comptroller general in February for a review of the addendum and eventually threatened to censure Vizcarra, forcing him out in late May. Upon his resignation, Vizcarra said that his successor would decide unilaterally whether to cancel the contract, renegotiate it, or explore other options (with other parties). Now, Giuffra says that the contract was not legally cancelled, but 'suspended', and that the transport ministry is considering all options, including renegotiating the contract with Kuntur Wasi to reflect the critical observations made by the comptroller general.

It is not clear whether Giuffra is acting under threat of a lawsuit for breach of contract by Kuntur Wasi, but critics have once again lambasted Kuczynski, alleging that the president is beholden to powerful vested interests. Notably, Kuntur Wasi is alleged to have donated to the Kuczynski election campaign last year, and Vizcarra, who helped run that campaign and who remains in his post as the (elected) first vice president, has faced questions over the nature of his relationship with Kuntur Wasi.

Cusco authorities had also threatened a new 'civic strike' this week in protest at the continued delays to the US\$525m airport scheme. Notably, this strike was called off after Giuffra said that all options were on the table. For some observers, the whole issue has now become a millstone around Kuczynski's neck and one that could ground his administration permanently, and potentially deny the Peruvian economy a much-needed lift too.

Meanwhile, the comptroller general, Edgar Alarcón, is himself in trouble, after a public auditor turned whistleblower turned up to accuse him of corruption. Appearing on the popular Sunday current affairs show *Cuarto Poder*, Walter Grados, said to be an auditor at the comptroller general's office, accused Alarcón of making irregular severance payments to a former employee. Grados also accused Alarcón of buying and selling 90 premium cars and jeeps to the value of over US\$182,000 over the 2002-2015 period – which is not permissible under the terms of his public post – and of leaning on Grados not to report the matter. Anti-corruption prosecutors responded by immediately opening an investigation into Alarcón. Senior government officials, including the second vice-president Mercedes Araóz and Prime Minister Fernando Zavala, called for his resignation.

Alarcón refuses to go. His fate lies with congress. Promoted a year ago (June 2016) by the previous government led by Ollanta Humala (2011-2016), Alarcón had served as deputy comptroller general from 2013. His appointed term is for seven years, to 2023.

Fujimoristas lash out

The opposition Fuerza Popular (FP, Fujimoristas), which controls congress and which requested the comptroller general's report into the Chinchero airport addendum, insinuated that the move against Edgar Alarcón was political vengeance by the Kuczynski administration. Congress president Luz Salgado (FP) said that the congressional permanent commission would "review" the case, and the FP spokesperson Luis Galarreta noted that Alarcón would not be fired without proof of wrong-doing.

Key cabinet pick inflames indigenous tension

The future role of Ecuador's once-powerful indigenous movement is coming under close scrutiny. The decision by President Lenín Moreno to appoint Humberto Cholango, a former president of the country's largest umbrella indigenous organisation Confederación de Nacionalidades Indígenas del Ecuador (Conaie), as his secretary of water has divided the indigenous movement. It has prompted speculation that Moreno, while professing his commitment to listening to indigenous concerns, is employing the divide and rule tactics of his predecessor Rafael Correa (2007-2017) to weaken the indigenous movement, which helped topple three presidents in eight years between 1997 and 2005.

President Moreno's appointment of Cholango was eye-catching. Cholango was a fierce critic of the Correa administration, especially its water management law. He helped to organise a two-week march to Quito from the south-eastern province of Zamora Chinchipe in March 2013, the first significant protest action against Correa in the first six years of his tenure, against this water law. Cholango argued that there had been inadequate consultation, and accused the government of being fixated on massive mining development projects (such as the El Mirador copper mine awarded to China's Ecuacorriente in Zamora Chinchipe). During the recent presidential campaign, Cholango urged Conaie's highland federation Confederación de Pueblos de la Nacionalidad Kichwa del Ecuador (Ecuadorunari) to support neither Moreno, "Correa's heir", nor his rival Guillermo Lasso, "the banker".

On the surface, Moreno's decision to bring Cholango into his cabinet team as secretary of water looks like a gesture to the indigenous movement to revisit the sensitive water issue. But the Federación Nacional de Indígenas, Campesinos, Negros del Ecuador (Fenocin), one of the country's three main indigenous organisations, was critical of Cholango's appointment, seeing it as scant reward for its support of the Correa administration. Fenocin said it should have been a consensus choice and complained about lack of consultation, a recurring theme.

Neither did Conaie's leader, Jorge Herrera, exactly enthuse about Cholango's appointment. Herrera said that Cholango's decision to take up a ministerial position was his own and had not been taken by Conaie. Herrera said that he would reserve judgement on whether Cholango provides an "important function" or becomes "one more cog in the state structure and capitalist system". Edison Aguavil, the president of Conaie's coastal federation Confederación de Nacionalidades y Pueblos Indígenas de la Costa Ecuatoriana (Conaice), which officially backed Moreno's candidacy, welcomed Cholango's appointment.

Conaie seeks further gesture

Dissatisfied with President Moreno's decision to appoint Humberto Cholango as his secretary of water, Conaie, on 30 May, requested the amnesty and pardon of 150 people indicted for protests during the Correa administration, including indigenous activists, campesinos, and social leaders. Members of Conaie presented the list to the new head of the national assembly, José Serrano, who tweeted receipt.

Big bond issuance

The Moreno administration sold US\$2bn of bonds on 30 May, the eighth time Ecuador has gone to international markets in the last three years as it seeks to sustain public spending and investment at a time of low oil prices. Half of the bonds paid 8.75% interest and had a six-year term; the other half, 9.625% and a 10-year term.

The finance ministry said the bonds would finance the annual investment plan this year. A day earlier President Moreno told foreign journalists he would "go to whatever instances are necessary to be able to refinance [some of the country's] debt" of which US\$6bn, including oil-for-loan repayments to China, falls due this year. Moreno said he had spoken to China's President Xi Jinping about establishing "longer maturities to allow more resources for national projects".

The political opposition accused the Correa administration of mortgaging the future of younger generations by recklessly saddling the country with debt to China to bankroll spending.

Interior minister resigns

As the peace process drags on it will get closer and closer to general elections in May 2018. Campaign season is already approaching. Just last week, the interior minister, Juan Fernando Cristo, tendered his resignation so that he would be legally entitled to run for president for the Partido Liberal (PL). The deputy interior minister, Guillermo Rivera, steps up to the top job. Santos said that Rivera was the first minister in Colombia's history from the southern department of Putumayo "and this is of huge significance because it is one of the departments that has suffered most from the armed conflict".

Farc disarmament postponed

The government led by President Juan Manuel Santos accepted a request this week from the Fuerzas Armadas Revolucionarias de Colombia (Farc) to extend the deadline for the completion of the disarmament process by 20 days to 20 June. It also prolonged the legal status of the 26 disarmament, demobilisation and reintegration (DDR) camps [ZVTNs in the Spanish acronym], where 6,934 Farc guerrillas are gathered, for two more months until 1 August. "It is a small thing to end 53 years of confrontation and fratricidal violence," Santos said in a televised message to the country. But Santos will be well aware that the revised deadlines will need to be met if public support for the peace process is not to be eroded.

It is no great surprise that the 180-day timeframe for the completion of the disarmament process should have been missed. There have been significant delays to the process, principally the completion of the 26 DDR camps to hold demobilising guerrillas, and the government's failure to provide containers to store Farc weapons (two of the DDRs still lack the requisite containers now). But President Santos sought to reassure the public during his televised address that the peace process was irreversible and that appreciable strides had been taken towards its completion despite the brief hold-up.

Santos said the United Nations (UN) would certify all of the Farc weapons by 1 August, and, separately, locate and destroy, with Farc assistance, nearly 900 caches of explosives by 31 August. Santos said that extending the legal status of the DDRs would allow the government to convert them into 'territorial spaces for training and reincorporation' to pave the way for the demobilised guerrillas to enter civilian life, and work in the local community.

Santos also announced the creation of an elite police force, whose first task will be coordinating a pilot project in the Pacific port cities of Buenaventura (where there have been serious anti-government protests in recent weeks denouncing state abandonment) and Tumaco to dismantle illegal armed groups that have filled the vacuum left by the Farc; as well as a special investigation unit of the prosecutor general's office dedicated to investigating and prosecuting neo-paramilitary groups. Both of these new units, he said, would be up and running before 15 June.

Combating neo-paramilitary groups is one of the principal demands of the Farc leadership which fears, in accordance with precedent, that they will massacre demobilised guerrillas. On 31 May the head of the counter-narcotics police, General José Ángel Mendoza Guzmán, re-launched 'Operation Agamemnon' in the Urabá region of the north-western department of Antioquia. First launched in February 2015, the operation's chief aim was to capture the top leaders of Colombia's most powerful neo-paramilitary group, Clan del Golfo. Mendoza, who offered a Col\$3bn (US\$1.1m) from the Colombian government (in addition to US\$5m from the US government) for information leading to the capture of the Clan del Golfo's maximum leader, 'Otoniel' (Dairo Antonio Úsuga David), and his chief lieutenants, asserted that the group was "cornered" and in its "death throes".

It is far from clear that such confidence is justified. Otoniel has evaded capture for over two years, and there is growing evidence that the Clan del Golfo, which has a presence in 22 of Colombia's 32 departments, is expanding into areas vacated by the Farc. The defence minister, Luis Carlos Villegas, also revealed in late May that at least 10 police officers had been killed by Clan del Golfo as Otoniel countered Operation Agamemnon with Plan Pistola, targeting the police.

Peace council
President Santos has signed a decree creating a national council for peace, reconciliation and co-existence, which is designed to entrench the peace accords. The council will be presided over by the presidents of the executive and legislative branches as well as representatives of civil society.

Chocó accord struck but other departments rebel

The government has reached an agreement with the northwesternmost department of Chocó to deliver on major investment in infrastructure and health services, ending a two-and-a-half week 'civic strike'. The government promised to surface the road linking the departmental capital Quibdó with nearby cities; construct three hospitals; and to recognise the gold-rich municipality of Belén de Bajirá as part of Chocó rather than neighbouring Antioquia. The Comité Cívico por la Salvación y la Dignidad del Chocó called the strike after accusing the government of fulfilling only 5% of what was agreed after a previous strike in August last year.

No sooner had the government dealt with protests in Chocó, however, than other departments were up in arms. The governors of the departments of Magdalena, Bolívar, César and Atlántico declared a 'Caribbean rebellion', after holding a mini-summit on 30 May, in order to try and force the Santos administration to heed its demands for funds to mitigate the effects of severe flooding. The mini-summit took place in the Magdalena municipality of El Banco, and was chaired by the governor of Magdalena, Rosa Cotes, amid the imminent risk of the River Magdalena bursting its banks.

"We are desperate," the governor of Bolívar, Dumek Turbay Paz, said. "We present [project proposals to the government] and they return them; we correct them and they return them again." The governors are demanding that a state of economic, social and ecological emergency be declared in their four departments.

TRACKING TRENDS

BOLIVIA | Lithium plant tender. The Bolivian government has launched a second public tender for the contract to build a new lithium carbonate processing plant at the Salar de Uyuni salt flats in the Potosí department, which has the world's largest lithium reserves.

The announcement of the launch of the second tender comes after the first tender process carried out last year was abandoned after none of the bids submitted were found to be acceptable. Energy Minister Rafael Alarcón has explained that many of the bids in the first tender, in which 26 companies participated, had several errors which led to the tender being declared invalid.

Companies had until 25 May to participate in the second tender process. The contract is valued at US\$900m and encompasses solely the right to build the plant, as by law the Bolivian state has the exclusive control of extracting lithium in the country.

The industrialisation of lithium has been a long-term project of the government led by President Evo Morales. Alarcón stressed that exploiting and industrialising lithium with total state control would contribute to the country's development while retaining sovereignty. Currently Bolivia has a pilot lithium processing plant in the Salar de Uyuni, with a low level of production but which has allowed the country to confirm that the extraction of lithium is valid, Alarcón said.

COLOMBIA | New electricity substation. Empresas Públicas de Medellín (EPM), a Colombian state-owned utilities firm, has announced the conclusion of the construction of the Nueva Esperanza electricity substation located in the municipality of Soacha in the central Cundinamarca department.

The Nueva Esperanza substation is considered to be key to plans to improve and expand electricity provision to 12m users in central and eastern Colombia by linking two of the country's main electricity generation systems.

According to an EPM statement the project, a joint venture with private electricity provider Codensa, involved the reconfiguration of four existing transmission lines and the construction of two new ones to link the Nueva Esperanza substations to the Bogotá and Cundinamarca electricity grids. The statement said that after a four-year process the Nueva Esperanza substation will come on-stream in June.

**Osorio Chong hails
spirit of
cooperation**

After meeting US Secretary of State Rex Tillerson and US Secretary of Homeland Security John Kelly, Mexico's Interior Minister Miguel Angel Osorio Chong praised their commitment to improve bilateral security cooperation. "We understand the decision and the commitment of Secretary Tillerson and Secretary Kelly to look for new ways to address this issue. We have found in them a shared vision and spirit of cooperation. We agreed how important it is to address the whole supply chain [of illegal drugs] and to fight the organised criminal organisations that operate on both sides of the border... [this] gives us a good path to follow in the fight against drug trafficking, and it's very important for both countries and the continent."

MEXICO & NAFTA

MEXICO | SECURITY

US identifies powerful new drug gang

The US authorities have identified a new Mexican drug trafficking organisation (DTO) that is now playing a significant role in the smuggling of illicit drugs from Mexico into the US. The Ruelas Torres DTO appears to have been operating under the radar but now that its existence has been exposed, the government led by President Enrique Peña Nieto will be under pressure to target it.

The existence of the Ruelas Torres DTO was made public when the US Department of the Treasury's Office of Foreign Asset Control (Ofac) announced on 25 May that it was including the names of all individuals linked to it in its list of Significant Foreign Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act. An Ofac statement said that the Ruelas Torres DTO is a family-run organisation led by José Luis Ruelas Torres and his son Joel Efrén Ruelas Avila, which is dedicated to opium and heroin production and distribution. The statement adds that the DTO, based in the western state of Sinaloa, is responsible for the smuggling of multi-kilogramme quantities of heroin into the US. US Treasury Secretary Steven Mnuchin is quoted in the statement as saying that the DTO is a "major contributor to our nation's heroin epidemic".

Up to this point, the Ruelas Torres DTO was not identified as one of Mexico's main DTOs by the authorities. However, Ofac notes that it is aligned with the faction of the Beltrán Leyva DTO led by Fausto Isidro 'Chapito' Meza Flores, which is currently vying for control of the drug trafficking business in Sinaloa following the fragmentation of the Sinaloa/Pacífico DTO in the wake of the capture last year by the Mexican authorities of its main leader, Joaquín 'El Chapo' Guzmán Loera. The Sinaloa/Pacífico and Beltrán Leyva DTOs have been aggressively pursued by the Mexican authorities in recent years.

The designation of Ruelas Torres as a major DTO by the US government will now force Mexican law enforcement to turn its attention to it. Pointedly, while the Ruelas Torres DTO has not yet been designated as a major criminal organisation in Mexico, the Ofac statement notes that the US Drug Enforcement Administration (DEA) and "the Mexican authorities worked closely to execute today's action". This suggests that Mexican law enforcement may have provided intelligence that led US counterparts to identify fully the Ruelas Torres DTO (which besides José Luis and his son is said to include nine other people).

It is noteworthy that the designation came just days after the Mexican and US governments announced the start of a new era of bilateral cooperation on the fight against transnational DTOs. The announcement came after Mexico's foreign and interior ministers, Luis Videgaray and Miguel Angel Osorio Chong respectively, met US Secretary of State Rex Tillerson and US Secretary of Homeland Security John Kelly in Washington DC on 18 May [WR-17-20]. After the meeting, Tillerson said that the four had discussed "fresh strategies to attack the business model of these multi-million dollar criminal organisations.... We will work with Mexico to refocus assistance on better disrupting the business model of the traffickers. We will attack their means of production, their cross-border distribution network, their cash flow and their weapons procurement," Tillerson said. The way in which the Mexican and US authorities deal with the Ruelas Torres DTO, may prove to be the first test of these "fresh strategies".

Financial integration with Colombia

On 29 May the finance ministers of Mexico and Colombia, José Antonio Meade Kuribreña and Mauricio Cárdenas respectively, announced the signing of a new bilateral Memorandum of Understanding that would facilitate the investment of Mexican pension funds in Colombian capital markets. The ministers said that the agreement signed between Colombia's financial superintendence and Mexico's national pension fund system's commission (Consar) would allow, for the first time, Mexican pension fund administrators (Afores) to invest in Colombian securities without having to pay any taxes. Noting that the deal is similar to that already in place between Colombia and Peru, and Colombia and Chile, the ministers said that it constitutes another step forward in the financial integration of the Pacific Alliance regional trade bloc.

TRACKING TRENDS

MEXICO | Primary fiscal surplus. The government posted a primary fiscal surplus of M\$495.8bn (US\$26.55bn) in the first quarter of the year, a 76% increase on the surplus registered in the first quarter of 2016, Mexico's federal finance ministry (SHCP) reported on 30 May. The first quarter primary surplus is M\$447.5bn higher than projected thanks to an 8.2% increase in government revenue and to the windfall transfer of M\$321.65bn in surplus funds allocated in the 2016 national budget to the central bank (Banxico) back to the central government.

The SHCP report also notes that the figures show that net central government spending fell in real terms by 2.3% to M\$1.54trn, M\$47.1bn lower than projected by the ministry as part of its ongoing fiscal consolidation programme. The SHCP statement concluded that the first quarter results put the government led by President Enrique Peña Nieto in a good position to achieve its objective of posting a year-end primary fiscal surplus this year for the first time since 2008.

The sizable Banxico windfall transfer to state coffers has also allowed the Peña Nieto government to restructure the national debt. On 25 May, the SHCP announced that it had successfully completed the repurchase of M\$40bn in government bonds maturing in 2018 and in 2019 as part of its plans to reduce the country's medium-term debt levels. The SHCP explained that the operation was carried out using the surplus funds transferred by Banxico, in line with the federal budget responsibility legislation, which stipulates that up to 70% of any surplus budget funds must be used to service the public debt. According to the SHCP, the successful bond repurchasing operation has helped to improve Mexico's short-term debt profile as well as its medium-term financial position.

MEXICO | Combating inflationary concerns. On 30 May Agustín Carstens, the governor of Mexico's central bank (Banxico), publicly stated that the national inflation rate is not "out of control", and urged the public to remain calm in the face of the sharp increase recently registered in the consumer price index (CPI). Speaking at a business conference in Mexico City, Carstens recognised that there are currently a number of factors driving up the prices of goods and services in Mexico to levels not seen since the 2008-2009 financial crisis. The latest inflation data from the national statistics institute (Inegi) released on 24 May, showed that year-on-year inflation in the first half of March reached 6.17%, higher than the consensus market forecasts, and the highest preliminary monthly inflation rate since 2009.

Carstens identified some of the factors that have stoked inflation to these levels: the persistent low value of the Mexican peso against the US dollar since the election of US President Donald Trump; and the 14%-20% increase in fuel prices resulting from the liberalisation of Mexico's petrol market since January. Carstens said that these factors had introduced significant inflationary pressures in the last 10 months, which have impacted the price of goods and services in Mexico and would continue to do so in the medium term. However, Carstens was adamant that inflation "is neither unanchored nor out of control".

Carstens insisted that prices should start to stabilise as competition in the petrol market starts to drive down the price of petrol in Mexico, and as the value of the peso recovers. In addition, Carstens said that Banxico has already been adopting a counter-cyclical monetary policy to help contain inflation. Carstens pointed to the gradual increases in the benchmark interest rates that Banxico's monetary policy committee have been implementing in the past seven months (the latest 25-percentage-point interest rate cut that took the benchmark interest rate to 6.75% was announced on 18 May) as the clearest evidence of this, and insisted that Banxico's actions were "producing the desired results". Indeed, Carstens said that he expected that the inflation rate would "slowly move towards the 3% target rate".

Mexico's year-end inflation rate last year was 3.36%, just above Banxico's official target rate; while in 2015 the year-end inflation rate was 2.13%, the lowest inflation rate in years.

Moïse presents 100-day balance sheet

Haiti's President Jovenel Moïse has marked his first 100 days in office. In a state-of-the-nation address, he pointed to various achievements, including the launch of the 'Caravan of Change' initiative which seeks to boost the crucial agriculture and transport sectors. Ahead of taking office in February, Moïse declared these sectors a priority and key to Haiti's recovery following both the devastating 2010 earthquake and impact of Hurricane Matthew which struck in October 2016 causing losses of some US\$2.6bn – about 30% of Haiti's GDP. Indicative of the challenges facing Moïse, however, his address took place amid renewed unrest from unions calling for wage increases which come on the heels of the government's recent decision to raise fuel prices. A further cloud on the horizon is the US government's announcement that it would only be extending the Temporary Protected Status (TPS) designation for Haiti – a US immigration benefit which affects some 50,000 Haitians in the US – for a further six months.

Caravan of Change

In his state-of-the-nation address, President Moïse highlighted the 1 May launch of the Caravan of Change in the Artibonite valley. Comprising equipment such as 30 loader diggers, 10 bulldozers, and 40 trucks, the Caravan, which is due to travel around the country for five years, is aimed at improving irrigation and drainage, and access to sanitation in order to boost agriculture and food security.

Among other achievements, Moïse also pointed to the establishment of a commission tasked with reinforcing and restructuring the Centre National des Équipements (CNE), the government body responsible for the construction and maintenance of infrastructure.

The day after Moïse gave his balance sheet, however, several thousand workers took to the streets in the capital Port-au-Prince in protests organised by various unions such as the national coordinator of Haitian workers (CNOHA), calling for an increase in the daily minimum wage from G350 (US\$5.2) to G800 (US\$11.9). The unrest, which was also over demands for social benefits (subsidies for food and transport, and the construction of social housing), has already prompted concern from private sector organisations such as the Association of Haitian Industries (ADIH) after various factories were forced to close on 20 and 22 May due to the unrest.

At the time of writing, a deal had yet to be reached between the unions and government. On 23 May, the social affairs & labour minister, Roosevelt Bellevue, told reporters that the government would sit down with all sides but "we can't put up the minimum salary that much", although he nonetheless expressed hopes that an agreement would be reached by 1 June.

The government remains under pressure to find extra revenue, with growth prospects already weak: an April report by Haiti's central bank showed a 0.6% year-on-year increase in the global economic indicator index (ICAE) in the first quarter of 2017, compared with a 1.6% increase in the last quarter of 2016. The protests over salary increases came after a rise in fuel prices of up to 20% on 15 May. Under the changes, petrol prices have risen to G224 (US\$3.31) per gallon (/gallon), up from G189/gallon; diesel has increased to G179/gallon, up from G149/gallon; but kerosene will remain fixed at G173/gallon.

Rebuilding the presidential palace

In April President Jovenel Moïse announced the installation of a committee of engineers and architects to oversee the project of rebuilding the presidential palace which was destroyed in the January 2010 earthquake. At the time the international media cited Moïse as saying that the façade of the palace should look the same, "but the interior would be adapted to the needs of a modern presidency".

Signs of recovery in the Colón FTZ

The latest round in the Panama-Colombia trade dispute comes as the most recent (16 May) report by Panama's comptroller general's office suggests signs of recovery in Colón FTZ trade after recent years of decline. While a report published in mid-February by Panama's national statistics institute (Inec) showed that total trade in the FTZ reached US\$19.66bn in 2016, down by 9.6% on 2015, the May report by the comptroller general's office showed trade in the FTZ in the first three months of 2017 was US\$4.77bn, up by 13.5% compared with the same period in 2016.

TPS reprieve

On 22 May, the US government announced its decision to extend the TPS for a further six months – effective from 23 July 2017 through to 22 January 2018. The TPS designation is a form of immigration relief granted to foreign citizens by the US government when their home country is unable to handle the return of its nationals adequately, and Haitian nationals were originally granted TPS status in 2010 after the earthquake which hit that year.

With US-based activists and legislators calling for the TPS to be extended for a further 18 months, US Secretary of Homeland Security John Kelly cited as grounds for the shorter timeframe the fact that “Haiti has made progress across several fronts since the devastating earthquake in 2010.” In particular, he cited claims that 96% of people displaced by the earthquake and living in internally displaced person camps have left those camps while “even more encouraging is that over 98% of these camps have closed”. He also highlighted as “indicative of Haiti's success in recovering from the earthquake seven years ago”, the Haitian government's stated plans to rebuild the Haitian president's residence at the national palace in Port-au-Prince (*see sidebar*), and the withdrawal of the United Nations Stabilisation Mission in Haiti (Minustah) which is due to leave by October 2017.

In a letter dated 18 May, signed by 330 US-based organisations and individuals including Amnesty International USA and Oxfam America which was sent to Kelly, President Donald Trump and US Secretary of State Rex Tillerson, however, reiterated calls for the TPS to be extended by 18 months. It claimed that the country is still “reeling” from the earthquake, which killed at least 200,000 and cost an estimated 120% of Haiti's GDP, and Hurricane Matthew, Haiti's worst hurricane in 52 years, which killed 1,000 people.

Highlighting the cholera outbreak in October 2010, which was introduced by Minustah and which by conservative estimates has killed and sickened 9,500 and 900,000 Haitians respectively, the letter goes on to underline that “These are extraordinary conditions fully warranting TPS extension.” Pointing out that remittances are Haiti's chief form of foreign aid, amounting to US\$1.3bn from the US alone in 2015 – about 15% of Haiti's GDP – the letter concludes that “Haiti today cannot safely assimilate 50,000 long-resident deportees or replace their remittances on which hundreds of thousands depend”.

TRACKING TRENDS

PANAMA | Trade tensions with Colombia rumble on. The Panamanian government led by President Juan Carlos Varela has requested that the World Trade Organization (WTO) establish an arbitration panel in order to determine whether Colombia was complying with a previous WTO ruling relating to a bilateral trade dispute.

Ongoing since 2013, the dispute stems from tariffs first imposed in January 2013 by the Colombian government led by President Juan Manuel Santos on textiles, clothes, and shoes that appear to be targeting imports from Panama's Colón Free Trade Zone (FTZ), and which Colombia claimed were necessary to combat money laundering.

In June 2016, in response to a complaint filed by Panama, the WTO found that the import tariffs imposed by Colombia were higher than allowed by WTO rules and were not necessary to combat money laundering. The WTO then gave Colombia until January 2017 to adjust its import tariff scheme.

While in November 2016 the Colombian government issued two decrees that affect the tariff and customs regime for the importation of textiles and footwear in response to the WTO ruling, a WTO press release dated 9 February revealed that Panama had requested the levy of US\$210m in trade sanctions against Colombia. Panama's request stemmed from claims that far from bringing the import tariff scheme into conformity with Colombia's WTO obligations, the changes perpetuate the nullification and impairment of benefits accruing to Panama directly or indirectly under the 1994 General Agreement on Tariffs and Trade (GATT).

POSTSCRIPT

Quotes of the week

“In the six months since the signing of the [peace] accord we can say beyond any doubt that peace is irreversible....

Colombia is leaving behind the history of blood and pain forever.”

Colombia's President Juan Manuel Santos.

“A public work provides a future when it is completed, and good work when it is being carried out, not clientelism, which contributes nothing.”

Argentina's President Mauricio Macri takes aim at the government of his predecessor Cristina Fernández (2007-2015).

“He cannot continue inciting hatred and violence. He has given up his function as secretary of the OAS and become a political actor. It is time concrete decisions were taken to restore credibility to the institution. Almagro's actions have caused violence in Venezuela.”

Bolivia's foreign minister to the Organization of American States (OAS), Fernando Huanacuni, on the body's secretary general Luis Almagro.

Mexico's Zapatistas select presidential candidate

The insurgent Ejército Zapatista de Liberación Nacional (EZLN) has embraced electoral politics for the first time more than two decades after rising up in rebellion against the Mexican state. On 30 May the EZLN and the Congreso Nacional Indígena (CNI) elected an independent candidate for the 2018 presidential contest: María de Jesús Patricio, known as Marichuy, a traditional doctor from the Nahua indigenous group.

After two days of debates, delegates representing 58 indigenous peoples elected Patricio, from the Tuxpan community in the western state of Jalisco, to stand for president. Patricio said the objective was not to win the presidency but (a feat scarcely less challenging) to organise the country's indigenous peoples to end the capitalist project that is destroying Mexico. Patricio, who has described the 1994 EZLN armed rebellion, as “extremely inspiring”, called for indigenous peoples to work together to reconstruct the country peacefully.

The CNI released a statement during the congress in San Cristóbal de las Casas, the third-largest city in the southernmost state of Chiapas, announcing that Patricio would not carry out an electoral campaign but rather “an articulated movement; the biggest in the history of indigenous struggle”. It also announced the creation of an indigenous council of government (CIG), comprising 71 people representing each indigenous group represented on the CNI.

The EZLN and CNI announced its intention to name a female indigenous presidential candidate to represent Mother Earth during a congress last October attended by members of the EZLN command, including its chief and spokesman Subcomandante Moisés and its historic leader Subcomandante Galeano, who in May 2014 after five years of self-imposed exile from public life announced his death as Subcomandante Marcos and rebirth as Galeano.

The EZLN-CNI will now need to set about collecting more than 800,000 signatures to register Patricio's candidacy. She will not make much of an impression nationwide but she could take crucial votes away from Andrés Manuel López Obrador, the presidential candidate of the radical left-wing Movimiento Regeneración Nacional (Morena), among indigenous voters, especially in Chiapas.

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