

# latin american weekly report

27 July 2017, WR-17-29

ISSN 0143-5280

## CONTENTS

<b>LEADER</b>	<b>1</b>
Farc and AUC reconciliation masks Colombia's post-peace dilemma	
<b>ANDEAN COUNTRIES</b>	
<b>VENEZUELA</b>	<b>3</b>
Venezuela on tenterhooks	
<b>VENEZUELA-COLOMBIA</b>	<b>5</b>
Colombia feels the pressure	
<b>ECUADOR</b>	<b>6</b>
Glas hinders Moreno's reconciliation drive	
<b>BOLIVIA</b>	<b>7</b>
Morales back on the defensive over coca	
<b>BRAZIL &amp; SOUTHERN CONE</b>	
<b>BRAZIL</b>	<b>8</b>
Austerity over popularity	
<b>PARAGUAY</b>	<b>10</b>
PCC continues to make presence felt	
TRACKING TRENDS	
<b>MEXICO &amp; NAFTA</b>	
<b>MEXICO</b>	<b>12</b>
Pemex tackles internal collusion in oil theft	
TRACKING TRENDS	
<b>CENTRAL AMERICA &amp; CARIBBEAN</b>	
<b>EL SALVADOR</b>	<b>14</b>
A truce for the corrupt	
<b>HAITI</b>	<b>15</b>
Moïse moves on military pledge	
<b>POSTSCRIPT</b>	<b>16</b>
Argentine ministry to take over symbol of state terrorism	
Quotes of the week	

This edition of *Latin American Weekly Report* has been produced for Canning House Corporate Members by LatinNews ([www.latinnews.com](http://www.latinnews.com)).

*Latin American Newsletters since 1967*

## Farc and AUC reconciliation masks Colombia's post-peace dilemma

Of all the extraordinary meetings held in Colombia since the peace process between the government and the Fuerzas Armadas Revolucionarias de Colombia (Farc) began, nothing would have been less conceivable than that senior members of the guerrilla group would consent to sit down at the same table as leaders of the demobilised paramilitary Autodefensas Unidas de Colombia (AUC) with which they fought such a long and bloody armed conflict. But that is precisely what happened on 19 July. The reconciliation is a major boost for victims of the conflict, but the release of a seminal study this week into Colombia's extant illegal armed groups, many of them heirs to the AUC, raised alarming questions about the prospect of peace in Colombia.

Three members of the Farc leadership held a meeting of more than three hours with three senior former members of the AUC in Bogotá, mediated by the Jesuit priest Francisco de Roux, dubbed 'the apostle of peace', and Alvaro Leyva, a member of the Partido Conservador (PC) who has long worked for peace in Colombia. On one side was the head of the Farc negotiating team in Cuba, 'Iván Márquez' (Luciano Marín Arango), his fellow member on the secretariat 'Pablo Catatumbo' (Jorge Torres Victoria), and on the military high command, 'Jesús Santrich' (Seusis Pausias Hernández). On the other side was 'Ernesto Báez' (Iván Roberto Duque), part of the AUC high command and chief ideologue, 'El Alemán' (Freddy Rendón Herrera), former commander of the Bloque Elmer Cárdenas de las AUC in the violence-torn region of Urabá in the northern department of Antioquia, and 'Diego Vecino' (Edwar Cobos Téllez), leader of the Bloque Héroes de Montes de María in the Caribbean departments of Sucre and Bolívar.

Once inveterate enemies, the Farc and AUC leaders concluded the meeting with warm handshakes, having agreed to testify before the truth commission of the transitional justice system in the interest of national reconciliation. This will help to provide further clarification for victims of the armed conflict. The six men also stressed their commitment to non-repetition of violence. But in the same week that Márquez announced that the Farc would officially launch itself as a political party on 1 September, and with the government locked in peace negotiations with the country's second largest guerrilla group Ejército de Liberación Nacional (ELN) in Ecuador, the Colombian NGO Fundación Ideas para la Paz (FIP) released a detailed report into the illegal armed groups still operating in Colombia at a local and national level and the threats they pose to the success of the peace process.

A year in the making, the FIP report, entitled 'Organised crime and armed saboteurs in times of transition', seeks to produce an accurate map of the nationwide presence of illegal armed groups, and classify their relative strength. It starts by delineating the three principal illegal armed groups –

## New challenge

The FIP report focuses on eight smaller criminal structures: Los Rastrojos, La Cordillera, Los Buitragueños, Los Botalones, Los Caqueteños, Los Costeños, Los Pachenca and Clan Isaza. Several started off as private armies – Los Rastrojos, Los Caqueteños, Clan Isaza – at the service of drug traffickers that had nothing to do with the AUC. Los Botalones and La Cordillera formed after the demobilisation of the AUC. Los Costeños formed in 2013 on the Caribbean coast between Cartagena and Barranquilla, after the weakening of Los Rastrojos, which was almost wiped out the previous year. The report argues that Los Rastrojos is now making a comeback, thriving on the increasingly lawless border with Venezuela, smuggling contraband, especially gasoline, a precursor in cocaine production.

Clan del Golfo, Los Pelusos and Los Puntilleros – which are present in at least 13 of Colombia's 32 departments and 132 municipalities.

By far the largest is the Clan del Golfo, which sees itself as the successor to the AUC, adopting the name Autodefensas Gaitanistas de Colombia (AGC) last year. The government is redoubling its efforts to crack down on the AGC, launching the second phase of 'Operation Agamemnon' last month in a bid to capture the group's senior leaders. The FIP estimates that the AGC has around 1,900 members but its exact size is difficult to calculate (possibly surpassing 3,500) as it sub-contracts work. Its main bastion is Urabá and Bajo Cauca in Antioquia, and the contiguous department of Córdoba, where it exercises territorial control. It is expanding from Urabá to dispute control of the department of Chocó with the ELN, competing for areas abandoned by the Farc.

Los Pelusos, the present incarnation of the Ejército Popular de Liberación (EPL), a guerrilla group created in 1969 and demobilised in 1991, operates mainly in Catatumbo, a region in Norte de Santander on the border with Venezuela, and has 132 members and some 170 men-at-arms. Los Puntilleros, made up of the Bloque Meta and Bloque Libertadores del Vichada, a product of the (partial) demobilisation of the AUC in 2006, has about 70 members and 130 men-at-arms operating in 15 municipalities in the south-eastern departments of Meta, Guaviare and Vichada.

But where the FIP report is most interesting is in analysing smaller illegal armed groups (*see sidebar*). These could be made up of guerrilla deserters, hitmen, gang members, or common criminals. They might have fewer than 100 members but they have a long operational reach, acting as intermediaries between national and transnational networks, and contracting out their services to bigger groups. Many of them have established links to local authorities, using bribery and intimidation to facilitate their illicit activities and stop judicial processes against them.

The report's focus on smaller groups is deliberate. Its principal warning is that organised crime is fragmenting; the dismantling of larger structures is creating a different challenge by leading to the proliferation of largely smaller-scale structures, whose diffuse nature and deep-rooted local presence makes them harder to combat. "Organised crime is becoming more and more local and it is essential to be able to design appropriate public policies to respond to this," the director of FIP, María Victoria Llorente, said.

The report concludes with 10 recommendations for the state to adopt in response to the changing panorama. It warns that targeting leaders of illegal armed groups, especially smaller ones, is ineffective as they can be easily replaced. Instead, the report suggests that it would be far more effective to go after their finances; reduce the damage they cause to institutions and the local population by attacking corruption and the perception of insecurity; provide legal alternatives for the local population where these groups thrive, through coca substitution programmes and a bigger role for the agriculture ministry; and clamp down on the recruitment of minors who, it claims, are swelling the ranks of these groups.

The report contends that the increased atomisation of the country's illegal armed groups demands greater coordination between the central government and local authorities, as well as an active role for local communities. But it cautions that a one-size-fits-all approach will not meet with success and that concrete plans in response to specific areas of the country will be essential to counter this threat to consolidating peace nationwide. Since the signing of the peace accords in November last year five Farc guerrillas in the process of demobilisation and 10 of their relatives have been killed, in several of these cases because the guerrillas spurned offers of employment by illegal armed groups.

## Venezuela on tenterhooks

**President Nicolás Maduro shows no sign of yielding to the intense national and international pressure to back down from the constituent assembly elections his government has called for 30 July.**

On 26 July, the US Treasury Department's Office of Foreign Assets Control (Ofac) designated 13 current and former senior Venezuelan government officials on charges of undermining democracy, human rights abuses, violence and repression, and corruption. This is the third round of sanctions issued against Venezuelan officials since US President Donald Trump took office in January. Canada later put out a statement calling for suspension of the constituent assembly process and backing the US sanctions, while the senior foreign policy representative of the European Union (EU), Federica Mogherini, warned that convening the assembly risked further polarisation and violence.

While in part these latest US sanctions relate to ongoing (and pre-Trump administration) investigations into financial corruption, including at the state-run oil company Pdvs, US Treasury Secretary Steven Mnuchin warned in a statement that anyone elected to the new constituent assembly would also be at risk of sanctions. President Maduro remained defiant, declaring: "Our revenge will be our popular victory in the constituent assembly this Sunday. Venezuela will be respected! The assembly moves forward!"

Notably not included on the latest list was Diosdado Cabello, number two in the ruling Partido Socialista Unido de Venezuela (PSUV) and one of the most high-profile candidates for the constituent assembly. There is speculation inside Venezuela that Cabello, long considered an internal rival to Maduro, is using the constituent assembly to consolidate his faction's grip on power and could potentially seek to oust Maduro.

For many years now, Cabello has been accused of leading a powerful drug-trafficking ring inside the Venezuelan military allegedly known as the 'Cartel de los Soles', yet while there have been various reports suggesting that the US was investigating Cabello for drug trafficking and money laundering, he has never actually been sanctioned. Some Venezuelan observers suggested that Cabello was left off the latest list because he could yet become a key figure in a transition process.

Cabello's strong control of the PSUV party base (including the armed gangs of militant government supporters known as 'colectivos'), along with his deep military links, are undoubtedly a considerable asset, and mean that he could be uniquely placed as a point man for negotiations. And it would not be the first time that Cabello has appeared in this capacity. In June 2015, for example, he met in Haiti with the veteran US diplomat Tom Shannon, then-counsellor to the former Secretary of State John Kerry, in a (failed) bid to repair bilateral relations.

Someone else not to appear on the latest list was Venezuela's defence minister and armed forces chief, General Vladimir Padrino López. Again, local observers suggested that Padrino López might not have been included because he may be considered 'of value' as a potential interlocutor. At the same time, "anonymous" US government officials simultaneously briefed against Vice-President Tarek El Aissami, who was sanctioned back in February, noting that suspected corruption proceeds linked to him and his

### National strike

Late on 26 July the Venezuelan opposition claimed a 92% adherence rate to the first day of a two-day national strike. Clashes with security forces continued, with at least one death reported.

## **Cuba denies chatter**

José Ramon Machado Ventura, second secretary of the Cuban Communist Party, denied the recent rumours that Cuba might help mediate in the Venezuelan crisis. “Cuba roundly rejects such insinuation and claims absolute respect for the sovereignty and the self-determination of the Bolivarian Republic of Venezuela,” Machado said in a speech marking the start of the Cuban Revolution at Pinar del Rio. “It is solely up to the Bolivarian people and government to overcome their difficulties without foreign intervention in their internal affairs. We reaffirm once more our unshakeable solidarity with the Venezuelan people”.

associates ran into the hundreds rather than tens of millions of dollars. For those subscribing to the theory that Cabello is the one to watch, this new and very public admonishment of El Aissami might also serve to narrow the focus down to Cabello as the man to do business with. And from there, of course, Cabello might be in a better position to name his ‘exit’ price.

Against this, US Senator Marco Rubio (R-FL), who trailed the sanctions announcement, and who has seemed to be able to exercise some influence on the Trump administration (including on Cuba), strongly hinted that Cabello and Padrino López would both be included in a much broader and tougher sanctions package being readied if the constituent assembly election went ahead.

It is the case that aside from Maduro himself the list of potential interlocutors is narrowing. The latest sanctions list includes: Elías Jaua, head of the presidential commission for the constituent assembly; Tarek William Saab, the public ombudsman; Nestór Reverol Torres, the interior & justice minister (previously indicted [in 2016] for cocaine trafficking); Tibusay Lucena, head of the national electoral council; and Iris Varela, former prisons minister and also a member of the presidential constituent assembly commission. Also included were the national police, national guard and national army chiefs (Carlos Pérez, Sergio Rivero and Jesús Suarez, respectively).

Brother and sister Jorge and Delcy Rodríguez, respectively the mayor of the central Caracas municipality of Libertador and the former foreign minister, are two other official figures to watch closely. They were involved in the release to house arrest of opposition leader Leopoldo López; whose wife Lilian Tintori publicly thanked them. Jorge Rodríguez is the PSUV’s electoral specialist and previously had a reputation as a pragmatist. Delcy, Maduro’s very feisty foreign representative, recently stood down to bid for a seat in the constituent assembly.

### **Has Maduro fallen into his own trap?**

There is an argument that Maduro’s proposal for the constituent assembly was never genuine, but a threat, a tactic to get the opposition back to the negotiating table, with the help of the lead international mediator in the Venezuelan crisis, Spain’s former prime minister José Luis Rodríguez Zapatero (2004-2011).

Arguably, however, the tactic backfired – for several reasons. Firstly, because the opposition refused to fall for it (not least because it has next to no faith in Rodríguez Zapatero, considering him biased). Secondly, because the street protests in Venezuela are no longer under the exclusive control of the opposition but have widened and spread organically, reflecting the deep frustrations of the country (as well as its deep-seated problem with criminality). And, thirdly, because El Aissami and Cabello – not necessarily aligned themselves – have managed to capture the constituent assembly in advance for their own factions, shoe-horning in their candidates for the election and thereby ensuring that the new assembly will be in their hands (the opposition is boycotting the process).

According to opposition commentator Gustavo Azócar, the constituent assembly “is a piranha that will eat not only the flesh of the opposition, but also the flesh of the government. And Maduro knows it. For that reason, he continues to insist on dialogue. For that reason, he has never stopped referring to dialogue. For that reason, Zapatero is still there. For that reason, the house arrest for Leopoldo López.” Azócar went on: “The message Maduro is sending to the opposition is clear: the government can stop the assembly. But only if the dialogue table is installed again and they sign an accord allowing Maduro to govern to 2018.”

## Avianca quits Venezuela

As of 16 August Colombia's Avianca will end its twice-daily flights to Caracas from Bogotá and its daily flight to Caracas from Lima, Peru. "After more than 60 years of continuous service to Venezuela, Avianca regrets having to take this difficult decision, but our obligation is to guarantee the safety of the operation," Avianca CEO Hernán Rincón stated.

Maduro seemed to give short shrift to that in an interview with Russian state media in which he complained that he had sought, "for three and a half weeks in May, a direct dialogue with the opposition to incorporate it into the constituent assembly", which it rejected. "And since then the opposition has regressed, it has gone to the extreme right, trapped in strategies of local violence," Maduro continued. "There is no democratic opposition here, making reasonable demands under the framework of the constitution". This appears to tally with comments attributed to Rodríguez Zapatero (but which he later contradicted), in which he hinted at continuing dialogue.

With carrots and sticks, Maduro is being offered a way out of his constituent assembly initiative. As we went to press, however, he remained publicly defiant, insisting that the opposition would be left "with only one route, to attend the convening of a national dialogue, which from next week will be the national constituent assembly".

## VENEZUELA-COLOMBIA | POLITICS & DIPLOMACY

### Colombia feels the pressure

With a border of just over 2,200km, Colombia is the country most affected by the Venezuelan crisis. Colombian authorities reported that over 26,000 Venezuelan nationals crossed the border in a single day on Monday seeking to buy food and basic goods ahead of the 48-hour general strike (26-27 July) and the constituent assembly election.

Many supermarkets in Venezuela were closed that day (24 July) for a public holiday, which seemed to prompt the sudden influx into Colombia ahead of the national strike. Colombian media reported lengthy queues at supermarkets in border zones as Venezuelan shoppers stocked up on essentials including bread, rice and water. Colombian immigration authorities said they had implemented contingency plans and deployed additional security forces to all border crossings to ensure public order.

Meanwhile, the US embassy in Caracas simultaneously warned locally based US citizens to stockpile food and water for 72 hours ahead of the strike and assembly election.

Some 232,000 soldiers will be on the streets to oversee the constituent assembly elections, according to Venezuela's Defence Minister and military commander General Vladimir Padrino López.

### Almagro moves on the legal front

The secretary general of the Organization of American States (OAS), Luis Almagro, has appointed a special adviser on crimes against humanity. For his first task, the well-known Argentine lawyer Luis Moreno Ocampo, the founding prosecutor of the International Criminal Court (ICC) at The Hague, has been asked by Almagro to investigate the violence in Venezuela since April and to report back to the ICC.

"It is evident in the eyes of the international community that crimes against humanity are being committed in Venezuela, where there is a systematic attack by the government led by President Nicolás Maduro against the civil population... which includes, incarceration, torture, and murder. Venezuela ratified the Rome Statute in June 2000, and therefore the ICC has jurisdiction over what happens there. It is our duty to explore the possibility that those responsible for these atrocities can be tried by the ICC," Almagro said.

Separately, Almagro said that as of 25 July the list of political prisoners in Venezuela had reached 498, noting that this was "the highest number of political prisoners since the dictatorship of Marcos Pérez Jiménez [1952-1958]". Almagro called for their release.

**Gunning for Glas**

The opposition began to collect signatures in favour of impeaching Vice-President Glas after he appeared before the national assembly's accountability commission on 22 June in a bid to clear his name. "[Glas] emphasised [during his appearance] his achievements in various areas of the public sector between 2009 and 2017," Movimiento Creo said in a statement. "However, it is precisely the areas under his control [such as five 'mega projects' awarded to Odebrecht between 2011 and 2015] where the greatest cases of corruption occurred, and [according to a piece in the opposition online publication] *Plan V* alleged that US\$75.8m in bribes had been paid out," it went on.

**Glas hinders Moreno's reconciliation drive**

President Lenín Moreno distanced himself yet further from his predecessor Rafael Correa (2007-2017) this week by reaching out to Jaime Nebot, the mayor of Guayaquil. Nebot was Correa's staunchest political foe during his decade in the presidency. Moreno attended the 482<sup>nd</sup> anniversary of the foundation of Ecuador's largest city on 25 July, an event customarily skipped by Correa to avoid Nebot. Moreno specifically thanked Nebot for welcoming his national dialogue initiative. But Moreno's efforts to reduce political polarisation in Ecuador could founder on the opposition's determination to pursue his vice president, Jorge Glas, for corruption.

During his address in Guayaquil, President Moreno recognised the achievements of Nebot in the city as well as those of the government, but he stressed that this had all been managed separately and that it was "time to join forces to achieve bigger and better results...and drive social and economic development". Nebot, who slammed Correa recently for spurning any attempt at dialogue during his presidency, has been cautiously receptive to Moreno's overtures. Nebot has also been critical of the centre-right opposition Movimiento Creo led by Guillermo Lasso (who refused to recognise the legitimacy of Moreno's triumph after losing the second round of presidential elections in April) for unconstructive opposition.

Movimiento Creo is leading the charge to try and bring Vice-President Glas to book for alleged corruption. The national assembly's legislative leadership council (CAL), controlled by the ruling left-wing Alianza País (AP), voted by 5-2 last week to shelve a motion presented by Creo deputy Roberto Gómez and signed by 60 opposition deputies to impeach Glas for political responsibility for alleged corruption. The president of the national assembly, José Serrano, said there was insufficient evidence against Glas to proceed with the request.

The motion for impeachment proceedings against Glas to be initiated included his alleged involvement in a bribery scheme embroiling the construction and engineering services consultancy Caminosca, a subsidiary of the Australian firm Cardno, a case which is presently being investigated as part of a confidential legal arbitration process in the US. The case revolves around Caminosca's alleged transfer of some US\$3.3m to two ghost companies through bank accounts in The Bahamas and Brazil in relation to four public works contracts for which the firm provided services to the government, including hydroelectric and mining projects.

The CAL vote took place a matter of hours after Glas appeared before the attorney general's office to give his own version of the events surrounding the case. Glas claimed that the documents presented by the opposition relating to Caminosca had been "doctored" and that it had been unable to present "a shred of evidence, for the simple reason that it doesn't exist".

But the opposition is not lying down. César Montúfar, the president of the opposition Concertación, has since presented two charges against Glas which he says should be investigated by the attorney general's office and electoral court Tribunal Contencioso Electoral (TCE). The first involves the alleged transfer of US\$60,000 by Caminosca to Glas's 2013 electoral campaign; the second, his alleged formation of a corruption scheme involving the awarding of public contracts in exchange for bribes from the Brazilian construction and engineering firm Odebrecht. "This is not about pursuing anybody...we're not saying that Glas is guilty or not," Montúfar said. "What we're saying is that he must be investigated in order to discover the truth," he added.

## Morales back on the defensive over coca

The United Nations Office on Drugs and Crime (Unodc) last week released its latest Coca Crop Monitoring Survey on Bolivia which showed that, after five years of continuous reduction (2011-2015), last year coca bush cultivation was up by 14%. The figures are a setback for President Evo Morales, whose government pursues a drugs policy of 'Coca Sí, Cocaína No' (distinguishing between the raw coca leaf, an important symbol of indigenous culture, and cocaine, the illegal narcotic).

The latest figures are of particular concern given that in March Morales promulgated a new law raising the amount of coca permitted to be grown legally to 22,000 hectares (ha) (up from 12,000ha designated by the previous 1988 law). This had already raised eyebrows among institutions like the European Union (EU) (which has stepped up anti-drugs cooperation with Bolivia since the US Drug Enforcement Administration was ejected in 2008) as a 2013 EU-funded study on the legal uses of coca in Bolivia found 14,705ha should be sufficient to meet traditional demand.

Presented on 19 July, the Unodc's latest report showed the surface area under coca cultivation increased from 20,200ha to 23,100ha. Two main areas of cultivation, concentrated in Los Yungas (La Paz department) and the Chapare (Cochabamba department), accounted for 68% and 31% of the areas under cultivation in the country respectively while the Norte de La Paz provinces accounted for 1%. While the survey detected a net increase of 2,900ha of coca bush cultivation in 2016, the Bolivian government also reported a 40% reduction in eradication of illegal coca crops from 11,020ha to 6,577ha.

The findings led the Unodc representative in Bolivia, Antonino De Leo, to express concern, particularly given the volume of coca leaves traded in Bolivia's two authorised coca markets, Villa Fatima and Sacaba, was around 22,000 tonnes (t) in 2016. This is equivalent to 58% of the estimated total production, with the remaining 42% believed to be destined for cocaine production. This is a decline from 2015 when 35% was believed to be destined for narco-trafficking.

The Unodc report has left the Movimiento al Socialismo (MAS) government on the defensive, particularly given earlier efforts to provide assurances regarding the approval of the March law. As part of these efforts, also in March, the MAS-controlled bicameral legislature had approved a new law against illicit trafficking of controlled substances, permitting the seizure, confiscation and forfeiture of assets related to drug trafficking crimes and illicit enrichment. It also aims to strengthen the authorities' ability to combat these crimes by allowing them to use tools such as wiretapping and payment of informants, among other things, to investigate these cases.

### Alternatives to coca

Weeks before the Unodc released its latest report, on 23 June Erlan Oropeza, the director of the national alternative development fund (Fonadal), announced that this year the government will invest B\$125m (US\$18m) in 100 productive and infrastructure projects to benefit 30,000 families in providing alternative livelihoods to growing coca.

Oropeza said that these projects would be carried out in agricultural sub-sectors such as bananas, pineapple, coffee, and beekeeping, with funds also going on infrastructure projects such as the construction of bridges, schools, and potable water connections. Oropeza said that of these 100 projects, 40 are earmarked for Cochabamba, 40 for the Yungas and 20 in departments of Cochabamba, Potosí, La Paz, Oruro and Chuquisaca.

### Seizures

The latest Coca Crop Monitoring Survey on Bolivia released by the Unodc showed that while coca leaf and cocaine paste seizures fell by 2% and 4%, respectively, from 362t to 353t and from around 12.7t to 12.2t, seizures of cocaine hydrochloride increased by 107%, from around 8.6t to 17.7t.

## Austerity over popularity

### Government to raise mining royalties

The federal government is looking to raise mining royalties in yet another attempt to plug the fiscal deficit. If approved by congress, this would increase the level of royalties to be paid by miners in the country from 1.5% of gross sales to a maximum of 4%. With the increased royalties, the federal government hopes to raise the participation of Brazil's mining sector in the economy from 4% to 6% according to Energy & Mines Minister Fernando Coelho Filho. Last year, mining royalties raised R\$1.6bn (US\$506.4m) for the federal government. The government has also set up a new mining sector regulator (Cfem).

Brazil is still struggling with a fiscal hangover following a prolonged recession. To redress this, the government has drawn up some tough new austerity measures including tax increases and public spending cuts. President Michel Temer hopes the "population will understand". However, it may not be too understanding: Temer's disapproval rating hit 94% in an opinion poll published by Ipsos Brazil on 25 July.

Tax increases and further spending cuts will be a bitter pill to swallow. But this is the medicine Finance Minister Henrique Meirelles has prescribed to lower Brazil's fiscal deficit. The government froze another R\$5.9bn (US\$1.89bn) in public funds this month in addition to implementing a cap on government spending earlier this year. Then, on 20 July, the government decreed an increase in the PIS/Confins social security tax on fuels, to generate R\$10.4bn (US\$3.3bn) in revenue.

In a major blow to the government, five days later, a federal judge suspended the increased fuels tax. Judge Ricardo Borrelli ruled the decree violated the constitution because it did not pass through congress and the government implemented the fuels tax straightaway in its haste to raise revenue rather than wait for the mandatory 90-day consultation period. The government subsequently appealed the decision.

Until the case is resolved by higher courts, the fuels tax is off the table. This marks a major setback for Meirelles, whose job may be on the line if he does not meet the 2017 fiscal deficit target of R\$139bn (US\$44.5bn). Unless further measures are taken, the government is likely to exceed this target by around R\$22bn (US\$6.95bn), according to a report from Brazil's accounts court (TCU), especially if public asset sales scheduled for the end of this year are delayed. Adding to Meirelles' woes, he was caught on camera nodding off during Temer's speech at the recent conference of the Southern Common Market (Mercosur) (*see sidebar*).

To get back in Temer's good books, Meirelles is looking to reduce the fiscal deficit by increasing other taxes instead. "Everything is possible when necessary," he said. Admittedly, this is a last-ditch solution. Previously, the government had banked on approving a series of fiscal reforms in the federal congress, such as a pensions overhaul, to save money. But this has been put on hold now while congress debates whether to try Temer for corruption after he was taped allegedly endorsing the payment of bribes in May. "If the pensions reforms had gone through, we might have been having another conversation," Meirelles told business news site *Valor*.

Despite these setbacks, Meirelles has refused to adjust Brazil's fiscal targets. More than being an economic concern, the fiscal-deficit dispute is politically loaded. Indeed, Temer rose to power following the impeachment of Dilma Rousseff (2011-2016) for fiscal irregularities and covering up the true size of the deficit. In contrast to Rousseff, Temer sold himself as a business-friendly candidate who would reduce the deficit, win back investors, and make the economy grow again. Now, at a time when his credibility has been undermined by corruption allegations, Temer is under pressure to make good on these promises. "This is a government that does not lie, does not give false fact," said Temer, in a thinly veiled swipe at Rousseff. Consequently, meddling with the fiscal targets would be political suicide.



## **New culture minister**

Sérgio Sá Leitão is the third culture minister to join President Temer's administration after the previous two incumbents resigned over corruption and conflict-of-interest scandals. Prior to joining the government, he was an author and journalist. He served as culture secretary under former mayor Eduardo Pães (2009–2017), between 2009 and 2015, where he ran a successful cinema project, RioFilme. Between 2003 and 2006, he was chief-of-staff to former culture minister and feted musician Gilberto Gil (2003–2009).

## **Reaction to the fuels tax**

Rousseff was among the first to criticise the government's methods to reduce the deficit. In a statement issued on 21 July, the former president called the fuels tax hike a "desperate measure" and accused the government of exacerbating inequality by failing to take into account the effect the increased food and transport costs would have on Brazil's poor.

Industrial associations including the Federação das Indústrias de São Paulo (Fiesp) and the Confederação Nacional da Indústria (CNI) have also railed against the possible tax increases. Far from boosting Brazil's economy, raising taxes could lower GDP by deflating the private sector and reducing families' purchasing power, Robson de Andrade, the CNI head, said in a statement.

Demonstrators affiliated with industrial associations flocked to the streets of São Paulo to oppose the tax increases on 21 July. They were armed with thousands of rubber ducks, alluding to the Portuguese expression 'não vou pagar o pato', loosely translated as 'I refuse to pay for something I shouldn't'. The phrase originates from a Portuguese game where a duck is tied to a post then players on horseback use knives to cut it free. Whoever misses is forced to pay. In recent years, the duck has become a political symbol for citizens who are fed up of paying taxes to corrupt politicians.

## **Barriers to business**

High taxes and confusing bureaucracy are often cited as barriers to doing business in Brazil. To address the latter problem, on 18 July, Temer introduced a so called anti-bureaucracy decree, to speed up official processes by allowing data to be pooled more easily and decrease the number of signatures necessary for some business approvals.

The next and more controversial step to reducing bureaucracy would be gutting Brazil's bloated public sector. This week, on 24 July, the development and planning minister, Dyogo Oliveira, announced plans to implement a voluntary dismissal programme (PGV) for civil servants. If 5,000 public workers were laid off, this would save the government an estimated R\$1bn (US\$317.8m). However, the plan is still in its early stages and would need approval from congress or a presidential decree to go through. It could also lead to strike action from unions.

### **Culture as an "antidote" to the economic crisis**

Brazil's new culture secretary Sérgio Sá Leitão has laid out his creative vision for his ministry. During his inaugural speech, Leitão passionately defended the value of culture as an "antidote" to the crisis which can empower society and unlock potential. Culture should be accessible to everyone not just the elite, Leitão went on to argue. "I want to be a minister for all Brazilian culture in light of its diversity not just one group or another... we are a country of mixed race people... And in some ways I represent this as a mix of indigenous, black, Portuguese, German and Lebanese heritage (like the President)... I have all of Brazil inside of me."

This renewed emphasis on culture and diversity marks a radical shift from the way both issues were treated when President Temer first came to power. In May 2016, Temer temporarily dissolved the ministry due to funding shortages and was criticised for elitism after unveiling an all-white all-male cabinet.

Since then, Temer appears to have softened his stance. He responded positively to Leitão's argument that culture could be uplifting during times of economic hardship. However, he was clear that the value of culture could be quantified, jokingly advising Leitão to brush up on budget management with Meirelles at the end of the ceremony.

### Failed highway heist also attributed to PCC

The Paraguayan authorities have attributed a failed attempt on 18 July to rob an armoured car carrying money on the Transchaco highway to the Primeiro Comando da Capital (PCC). The incident took place when two vehicles with Brazilian registration plates rammed from behind and fired .50 calibre shots on one of two armoured vehicles travelling from the city of Concepción, in the eponymous northern department, to the capital, Asunción. The attack caused the armoured vehicle to lose control and overturn. However, that armoured vehicle was the decoy and was empty. The other armoured vehicle containing the cash managed to escape unscathed. But the incident raised alarm that this may become the new modus operandi of major criminal organisations operating in Paraguay.

### PCC continues to make presence felt

The deadly shooting of four people in a night club in the city of Pedro Juan Caballero (PJC), the capital of Paraguay's north-eastern Amambay department, has been attributed to members of Brazil's Primeiro Comando da Capital (PCC). The incident is seen as the latest evidence that Brazil's largest criminal organisation has firmly installed itself in Paraguay's northern border areas and is now looking to assume control of drug-trafficking across the border into Brazil.

The fatal shooting took place in the early hours of 24 July at the 'Aster Office' night club in PJC, which is separated by the Brazilian city of Ponta Porã, Mato Grosso do Sul state, by only a wide avenue. According to police reports, two men and two women aged 18-24 (Brazilian and Paraguayan nationals) were killed when two unidentified individuals opened fire upon them. Six other people (also Paraguayan and Brazilian nationals) sustained bullet wounds and had to be rushed to hospital. Soon after the attack, the local police said that the assailants had used a 9mm pistol and an automatic rifle, leading them to believe that the incident was a 'settling of scores' between members of the PCC and members of a local rival drug trafficking organisation (DTO).

There has been a marked upsurge in violence attributed to an ongoing struggle for control of the PJC underworld between the PCC and local criminal organisations since the murder of PJC drug lord Jorge 'Sadam' Rafaat Toumani in September last year. This was acknowledged by Interior Minister Lorenzo Lezcano, who visited PJC on 25 July to oversee the investigations into the incident. Lezcano said that the authorities "have a detailed picture of what has been going on" in PJC and that they were taking pertinent measures to address the situation. Lezcano explained that he had ordered the deployment of additional police units to reinforce public security in PJC, including officers from the specialised investigations unit that would help to identify and track down the perpetrators of the attack.

However, Lezcano's reassurances failed to convince given that back in April the major commando-style heist that targeted a security firm in the city of Ciudad del Este (CDE), the capital of the eastern department of Alto Paraná, which also shares a border with Brazil, was attributed to the PCC. The perpetrators of the heist managed to steal some US\$12m after overwhelming the local police force with superior firepower, taking effective control of Paraguay's second city for a few hours and blowing up a vault in which the money they stole was held. The police's failure to repel the attack launched during the CDE heist, much less capture all those implicated (many of whom escaped to Brazil and remain at large), sparked serious concerns about their ability to deal with the threat represented by a criminal organisation as powerful as the PCC.

In addition, concerns about the increasing presence of the PCC in Paraguay have been heightened by the admission by the authorities that the PCC is now present in the national penitentiary system. In a recent interview with local media, Julio Agüero, the director of the penitentiary institute, expressed his concern that the PCC has firmly established itself inside Paraguayan prisons and is now actively recruiting members there, as it has done for years in Brazil.

Agüero said that the Paraguayan authorities believe that there are currently 150-200 PCC members in Paraguay's prisons but that the figure is rapidly increasing as the organisation looks to consolidate its presence in the country, particularly in the areas that share a border with Brazil. He said that all of this was based on intelligence and information provided by the Brazilian police, which has alerted its Paraguayan counterpart to the establishment of PCC structures in Paraguay. However, Agüero said that despite all this the Paraguayan authorities are at a loss over how to deal with this threat.

## Brazil takes over Mercosur presidency

Brazil has taken over the interim presidency of the Southern Common Market (Mercosur) trading bloc from Argentina for the next six months. During a meeting in Mendoza, Argentina, held on 21 July, the foreign ministers of Argentina and Brazil, Jorge Faurie and Aloysio Nunes respectively, said furthering trade talks with the European Union (EU) was the main priority for Mercosur. Brazil's President Michel Temer stressed his concerns about the political crisis in Venezuela, which was suspended from Mercosur last year. "Our message is clear: we conquered democracy in our region with great sacrifice and we will not be silent, we will not be quiet in the face of regression," Temer said.

## Justicieros de la Frontera

María Liduvina Ramírez denounced on 12 July that she had been abducted by five members of an armed paramilitary group calling itself 'Justicieros de la Frontera'. Ramírez, the sister-in-law of Alejandro Ramos, a known member of the self-proclaimed Ejército del Pueblo Paraguayo (EPP) insurgent guerrilla group, said that her abductors, who broke into her home in the municipality of Horqueta, Concepción department, demanded that she give them information about Ramos's whereabouts and threatened to physically harm her and her family if she did not. Ramírez was released after she told her captors that she had no knowledge of Ramos's whereabouts and after her family paid a G\$2.05m (US\$36,163) ransom.

Following her release, Ramírez gave the police a message purportedly written by the Justicieros de la Frontera in which it vowed to go after all EPP members. "This is an example of what we can do. We are going after all of you, breakers of the peace. Out damned EPP!" the message reads.

With the authorities currently investigating the case, the disappearance of two relatives of another known EPP member in Concepción, has sparked speculation that they too may have been taken by the Justicieros de la Frontera. Twenty-one-year-old Rodrigo Argüello and his 15-year old younger brother 'J' Argüello were reported missing by their families on 24 July after they failed to make it back home from a party they attended two days earlier in the Concepción municipality of Arroyito. During a search conducted by the local police, they found abandoned the motorcycle on which the two young men were travelling as well as their mobile phones with SIM cards removed. Rodrigo and 'J' are the brothers of Benicio and Luciano Argüello who have been identified by the authorities as EPP members and have been implicated in an August 2016 roadside bomb attack in which eight soldiers from the military-police task force (FTC) deployed to the north of the country to fight the EPP were killed.

## TRACKING TRENDS

**ARGENTINA | Economic recovery.** On 25 July, the International Monetary Fund (IMF) released the update of its World Economic Outlook in which it noted that a few Latin American countries are gradually emerging from recession. The IMF particularly highlighted that "after disappointing growth over the past few years" recession is coming to an end in Argentina, which is recovering from the economic contraction (-2.3%) it posted last year with a positive outlook for 2017-2018.

Pointing to an observed increase in private consumption resulting from an increase in real wages, and to investment thanks to the increased availability of credit and greater government spending on public works, the IMF decided to revise up its GDP growth forecast for Argentina this year from 2.2% to 2.4%. This is still far from the 3.5% growth rate projected by the government led by President Mauricio Macri but it is nonetheless positive and should provide further encouragement for the government to continue with its economic policies including the recent depreciation of the Argentine peso helping to correct the overvaluation of the currency.

Providing even further encouragement are the latest economic figures released by the national statistics institute (Indec), which show that economic activity in May increased by 3.3% compared with the same month last year. Separately, Argentina's short-term economic prospects received another boost on 20 July when the agriculture ministry announced that it had reached a deal with the Mexican authorities allowing Argentina to export fresh lemons to Mexico for the first time. Argentina is currently the world's largest fresh yellow lemon exporter and securing access to Mexico's market of 127.5m people is a boon for Argentine lemon producers. The fact that the announcement comes after Argentina sent its first shipment of fresh lemons to Brazil in eight years last month after years of negotiations to lift phytosanitary restrictions, provides further cause for optimism about the sector's future and the contribution that it will provide to GDP growth this year.

**Pemex tackles internal collusion in oil theft**

Mexico's state-controlled oil company announced this week that employees responsible for operating fuel-distribution pipelines will be subjected to confidence tests. The measure is being taken by Petróleos Mexicanos (Pemex) in order to try to combat the surge in oil theft in recent years: Pemex's sprawling network of pipelines is vulnerable to criminal gangs but the success of their illegal taps hinges on information supplied by rogue employees, who furnish them with the exact times fuel is going to pass through. The announcement comes after a week of violent clashes between the security forces and oil thieves, known as huachicoleros, in the central state of Puebla, leaving a death toll of 10.

Pemex employees directly involved in oil distribution will face a more stringent vetting process, while the company will also cooperate with the federal attorney general's office (PGR) to investigate all contractors and concession holders, with those suspected of colluding with organised crime to be dismissed. The president of the public security commission of the federal lower chamber of congress, Jorge Ramos, said that it was essential to take wide-ranging measures to tackle the alarming increase in oil theft; the damage to Pemex profits and the public purse as a result of oil theft amounts to M\$20bn (US\$1.14bn) a year, he said, the equivalent of the entire oil production of Trinidad & Tobago over the same timeframe.

In an interview this week, Ramos, a member of the right-wing opposition Partido Acción Nacional (PAN), said that the latest measures had been approved by a bicameral national security commission and federal officials, including the director general of Pemex, José Antonio González Anaya. Ramos said that additional "sensitive" measures, which he could not divulge, had also been discussed by the commission with the relevant authorities, including the PGR and the national intelligence agency Centro de Inteligencia y Seguridad Nacional (Cisen). He expressed confidence that the first results of the measures should be felt within "a couple of months". The delicacy of the measures to which Ramos alluded suggests something to do with official corruption: there is evidence that some huachicoleros enjoy the protection of local officials and police forces.

The most visible, but arguably least effective, method of tackling oil theft, of course, is through open confrontation with the huachicoleros themselves. Over the course of the last week navy special forces and agents from the Puebla state attorney general's office (FGR) have conducted two operations to try to capture Roberto 'El Bukanas' de los Santos de Jesús, believed to be the leader of the largest criminal gang involved in oil theft, kidnapping, extortion, and car hijacking in the notorious 'Red Triangle'. This encompasses the Puebla municipalities of Tepeaca, Tecamachalco, Quecholac, Acatzingo, Acajete, and Palmar de Bravo, but it is expanding further into the state.

A joint navy-FGR operation in the municipality of Vicente Guerrero on 20 July, which aimed to tighten the net on El Bukanas, resulted in five deaths – four gang members and a member of the navy – in a gunfight. Another operation, four days later, claimed the lives of five huachicoleros defending an apparent safe house of El Bukanas in the municipality of Esperanza, on the border between Puebla and Veracruz. The governor of Puebla, Antonio Gali Fayad, said there would be "no let up" in the pursuit of El Bukanas. The

**Inter-gang conflict**

Violent clashes in Puebla are not restricted to exchanges between the security forces and the criminal gangs of oil thieves. Rival gangs of huachicoleros also clash with each other. Just this week a pipeline carrying 2,000 litres of fuel, and the tanker connected to it by one gang of huachicoleros, was set ablaze by a rival gang in the Puebla municipality San Matías Tlalancaleca.

## Inflation

Alejandro Cervantes, senior economist at Banorte, said that he expects that the general inflation rate will reach 6.4% next month and that it will remain at that level for the remainder of 2017, with the rate only falling again in 2018.

governor of Veracruz, Miguel Ángel Yunes, has offered a reward of M\$1m (US\$60,000) for information leading to his capture.

Several local mayors have argued that public funds would be better spent providing economic alternatives to communities who live from huachicol, which has become an entrenched social phenomenon. Local families, for instance, receive M\$12,000 (US\$630) to act as 'hawks' for the huachicoleros and inform them of any activity by security forces, as well as benefiting from cheap fuel. They also notoriously supply women and children as human shields in the event of encounters with security forces, such as in Palmarito, Quecholac, on 3 May this year when 10 people were killed, including four soldiers, after a gunfight with a military patrol trying to stop illegal tapping of a Pemex pipeline [WR-17-18].

Néstor Camarillo Medina, the mayor of Quecholac, was critical of this security operation after the emergence of a video, apparently taken during the Palmarito gunfight, suggestive of extrajudicial execution. "This is not the way to apply the law; it is an abuse of power; this is a matter not just for the three branches of government but all of society, a whole people are being condemned," Camarillo Medina said. "It is very difficult but [social decomposition] cannot be combated with police and patrols," he added.

Camarillo Medina is a member of the federally ruling Partido Revolucionario Institucional (PRI), although his proposed solution to the oil-theft scourge – through investing more in education and the provision of opportunities for local inhabitants – has far more in common with the proposals of Andrés Manuel López Obrador, the frontrunner in the 2018 presidential race for the radical left-wing Movimiento Regeneración Nacional (Morena).

---

## TRACKING TRENDS

**MEXICO | Inflation begins to ease.** On 25 July Mexico's national statistics institute (Inegi) released new figures which show that over the first two weeks of July the annual general inflation rate slowed down from the preceding month's rate of 6.33% to 6.28%. The fall in the general inflation rate in the first half of July comes after five consecutive months of rising inflation, which is well above the official 3% target set by the central bank (Banxico). This suggests that inflationary pressures may finally be abating in Mexico and could lead Banxico to reverse its current policy of increasing interest rates as part of a bid to contain inflation.

Local analysts said that they expect the fall in general inflation to be temporary and have warned that it does not mark the end of the upward tick in inflation rate in Mexico.

Eduardo González, the analysis coordinator at CitiBanamex, said that he believed that the general inflation rate had yet to reach its peak and predicted that it would hit 6.5% in the second half of July, which would be the highest rate recorded since December 2008.

The prediction of sustained inflationary pressures are unwelcome news for the general population, which has yet to feel much benefit from the temporary easing of prices. Indeed, the Inegi report shows that while inflation may have fallen to 6.28% in the first half of July, households with incomes up to the minimum wage of M\$2,401 (US\$135.44) per month had to contend with an inflation rate of 6.72% in mid-July, the highest inflation rate recorded in the country for this demographic since 2011.

By contrast, households with incomes higher than M\$14,407 (US\$812.68) per month only saw an inflation rate of 6.15%, comparatively the lowest rate for that demographic in the last five fortnights. All of this reinforces the comments made by Banxico Governor Agustín Carstens last year that "inflation is the most unjust and cruel of taxes since people with fewer resources suffer its effects more".

**Gallegos**

One of the irregularities which the president of the legislative assembly, Guillermo Gallegos, needs to clarify for the supreme court involves Apdemes, an association founded by his wife, Julia Nora Romero de Gallegos, in October 2008 that has received US\$550,000 of public funds for work on the prevention of violence. The justice and public security ministry, as well as the mayors of the seven municipalities who allegedly benefited from these funds, all informed the online investigative publication *El Faro* last week that they were unaware of any work undertaken by Apdemes.

**A truce for the corrupt**

Ernesto Muyschondt was elected unopposed on 23 July to represent the right-wing opposition Alianza Republicana Nacionalista (Arena) in the mayoral election in San Salvador on 4 March 2018. His election was eye-catching because it came days after the legislative assembly approved a series of contentious reforms to the asset forfeiture law, known as the *Ley de Extinción de Dominio*, which were widely condemned as a setback for combating corruption and impunity, including by the attorney general, Douglas Meléndez, who tweeted on 19 July that “if there was a truce for the [*mara*] gangs, this is a truce for the corrupt”. Muyschondt was a fierce critic of the previous government’s truce with the *mara* gangs, although it later emerged that he secretly negotiated with *mara* leaders in February 2014 during the last presidential election campaign when he was Arena’s campaign chief.

Muyschondt said that dialogue with all sectors was essential to resolve the capital’s problems. When he was pointedly asked whether this would include leaders of the *mara* street gangs, he ruled this out. Our readers will recall that in March last year the online investigative publication *El Faro* released a compromising half-hour video depicting Muyschondt holding secret talks with *mara* leaders offering inducements in exchange for them using their influence to persuade voters to back Arena.

Muyschondt’s main rival for mayor of San Salvador will be the present incumbent Nayib Bukele, a maverick member of the ruling left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) which prised the capital away from Arena in 2015. Bukele urged President Salvador Sánchez Cerén on 19 July to veto 16 reforms to the asset forfeiture law, the ‘truce for the corrupt’ denounced by Attorney General Meléndez which had been approved a day earlier, but to no avail. Sánchez Cerén promulgated the amendments on 22 July.

The FMLN’s 31 deputies were joined by 10 deputies from the centre-right Gran Alianza por la Unidad Nacional (Gana), two from the right-wing Partido de Conciliación Nacional (PCN) and one from Arena to approve the reform to the asset forfeiture law which had been passed almost unanimously three years ago in the 84-seat legislative assembly amid much mutual backslapping by deputies.

The law, which was designed to help combat organised crime, corruption, and impunity, enables prosecutors to confiscate the legal assets of public officials suspected of drug trafficking, corruption, terrorism, or other crimes to the equivalent or approximate value of assets obtained illicitly. Deputies voted to stamp out this provision. They also voted to exempt officials completely from the law without a firm conviction for illicit enrichment (notoriously difficult to secure) and set a statute of limitations of 10 years.

The US ambassador to El Salvador, Jean Manes, joined Meléndez in condemning the changes to the law, which she said were “lamentable” and contravened United Nations conventions. Just days before the vote, the probity section of the supreme court gave the president of the legislative assembly, Guillermo Gallegos, 90 days to clear up 103 irregularities amounting to in excess of US\$3m in his declaration of assets or face charges of illicit enrichment. Gana’s Gallegos voted in favour of the reforms to the law. As did PCN deputy Reynaldo Cardoza, who is currently the subject of an asset forfeiture claim by prosecutors.

## Moïse moves on military pledge

Haiti's defence ministry has launched a recruitment campaign for the armed forces (FAd'H), which had been disbanded in 1994 by former president Jean-Bertrand Aristide (1991, 1994-1996, 2001-2004). President Jovenel Moïse, who took office in February, had made clear his plans to re-establish the military, an initiative for which his predecessor and political mentor Michel Martelly (2011-2016) had been pushing on the grounds that it would create the conditions for the withdrawal of the United Nations (UN) Stabilisation Mission in Haiti (Minustah) which is due to be finalised in October. However, the initiative remains contentious due to the FAd'H's previous human rights record as well as calls for the money to be spent instead on strengthening the police (PNd'H).

According to a defence ministry statement, the recruitment drive, which was launched on 11 July, is open to both men and women between the ages of 18 and 25, who have passed their secondary education exams. Back in October 2015, then-president Martelly signed a decree officially re-establishing the FAd'H, which created a number of new services and directorates. Little has since been made public regarding the outcome of this initiative, although on 17 July the *Miami Herald* reported that several dozen Haitians had been sent to Ecuador for training and there are currently about 150 trained individuals.

Speculation about moves to re-establish the military under the current administration were reignited in late March when Prime Minister Jack Guy Lafontant presented his new ministerial cabinet with a series of "roadmaps", specifying the actions they would be expected to take during their mandates. At the time, the local media reported that the tasks facing Defence Minister Hervé Denis included (among other things), drawing up and securing parliamentary approval for legislation on the reorganisation and functioning of the FAd'H and creating a central directorate of military intelligence (DCRM). The latest (12 July) report by the UN Secretary General on Minustah notes that in April the executive and the legislature adopted a joint legislative agenda comprising 51 draft laws which includes a draft bill on the remobilisation of the FAd'H, which "the executive branch and the legislature consider to be a priority in the context of the closure of MINUSTAH".

Meanwhile the phasing out of Minustah continues, with the mission due to be replaced by a new and smaller one focused on supporting justice, the UN Mission for Justice Support in Haiti (Minujusth). The same UN Secretary General's report notes that by 10 July, Minustah had withdrawn a total of 956 military personnel, reducing the strength of the component to 1,413 personnel, who are concentrated in the capital, Port-au-Prince. The remaining troops, comprising one infantry battalion, two engineering companies, medical and aviation units and a force headquarters, "will focus primarily on camp closures while continuing long-range patrols and quick reaction force exercises throughout the country, if needed". The final withdrawal of the military component is due to start on 15 August with the ceasing of operations of the Argentine military hospital, followed by the ceasing of operations, on 1 September, of the Brazilian contingents, the Paraguayan engineering company and the Bangladeshi aviation unit.

### PNd'H

According to the 12 July report by the United Nations Secretary General, Haiti's national police (PNd'H) "continued to strengthen its capacities in providing security and ensuring law and order throughout the country". As of the end of March the size of the force is approximately 14,000 police officers. The police-to-population ratio reached 1.3 police officers per 1,000 inhabitants.

### Security progress?

In his 12 July report, the UN Secretary General claims that the withdrawal of the Minustah military and police components and the gradual transfer of security tasks to PNd'H, "has not affected the overall security situation". It cites official crime statistics for the period from 1 March to 30 June 2017 which indicated "a slight increase in homicides, with 356 reported, compared with 345 during the same period in the previous year". However, it notes that kidnappings dropped to nine cases, compared with 19 during the same period in 2016 while reported rape cases dropped to 188 down from 196.

## POSTSCRIPT

### Quotes of the week

“I liked that photo [of the meeting] because that is what peace is about. Weapons have been set aside and now we have to set aside hatred, the thirst for revenge, and embrace reconciliation.”

*Colombia's President Juan Manuel Santos on a meeting between Farc and paramilitary leaders.*

“We ask [the military] not to be accomplices in the annihilation of the Republic, in a constitutional fraud, in repression.”

*Venezuelan opposition leader Leopoldo López urges the military not to support the government's constituent assembly elections.*

“We ask the diplomatic corps not to interfere in the internal affairs of our country...the decisions taken by the [legislative] assembly are up to us.”

*The secretary general of El Salvador's ruling FMLN, Medardo González, indirectly criticises US ambassador Jean Manes for expressing her consternation about the assembly's reform to the asset forfeiture law.*

### Argentine ministry to take over symbol of state terrorism

Argentina's infamous Escuela Superior de Mecánica de la Armada (Esma), where more than 5,000 people were interned, tortured, and murdered during the military dictatorship (1976-1983), will become the new headquarters of the justice and human rights ministry. The announcement was made this week by Germán Garavano, who said that it was often forgotten that the ministry he heads includes the human rights portfolio as well as justice, and the move would help to restore the balance between the two.

The Esma, built in 1924, is a vast complex, spread over 17 hectares. In 1998 then president Carlos Menem (1989-1999) proposed demolishing the building in the interests of national reconciliation and replacing it with a park but survivors and relatives of the 'disappeared' opposed this on the grounds that it would erase evidence for future investigations. At present it is a human rights memorial, housing, inter alia, the museum of memory and a cultural centre.

Garavano said that moving the justice and human rights ministry into the former Esma building would guarantee funds for its maintenance, and expansion, with a food hall and auditorium planned. Some 350 officials from the ministry will move there within the next two years. Garavano also said that the government was seeking to have it declared a World Heritage Site by the United Nations Educational, Scientific and Cultural Organization (Unesco) like Auschwitz and Robben Island.

The president of the human rights NGO Abuelas de Plaza de Mayo, Estela de Carlotto, raised some objections initially but eventually offered support for the proposal. The government led by President Mauricio Macri has a tense relationship with human rights in Argentina. One of the reasons for this is the protracted preventive detention of Milagro Sala, a social leader and politician who was a fervent supporter of the Kirchnerista governments (2003-2015). Sala was arrested in January last year accused of "instigating crime and public disturbance" in the north-western province of Jujuy. Macri insisted it was a matter for the provincial judiciary but Sala was widely hailed as a political prisoner. The Inter-American Commission on Human Rights (IACHR) sent a delegation to check on her well-being last month. Just this week Macri expressed his hope that the case against Sala would shortly "advance".

### LatinNews Daily

**LatinNews Daily** is an essential briefing tool for anyone with a serious interest in Latin or Central America and the Caribbean and is relied upon by thousands of LatAm professionals world-wide.

It is the definitive English language resource delivered via email at 0800 EST outlining all key developments throughout the region with expert analysis on the likely impact of each development.

**LatinNews Daily** costs just \$1,785 USD or £1,100 GBP for the year. For a 10-day free trial register at [www.LatinNews.com](http://www.LatinNews.com), or for further information please contact Maria Isotalo via our online form at: [www.latinnews.com/contact-us](http://www.latinnews.com/contact-us).

**LATIN AMERICAN WEEKLY REPORT** is published weekly (50 issues a year) by **Latin American Newsletters**, Hamilton House, Fourth Floor, Mabledon Place, London, WC1H 9BB, England. Telephone +44 (0)203 695 2790, Email: [subs@latinnews.com](mailto:subs@latinnews.com) or visit our website at: <http://www.latinnews.com>

**EDITOR: JON FARMER.** Subscription rates will be sent on request. Overseas subscription sent by airmail. Printed by Quorum Print Services Limited, Unit 3, Lansdown Industrial Estate, Gloucester Road, Cheltenham, Glos. GL51 8PL **COPYRIGHT © 2017** in all countries. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, electrical, chemical, mechanical, optical, photocopying, recording or otherwise, without the prior written permission of the publishers. Registered as a newspaper by Royal Mail. **REFERENCES:** Back references and cross-references in the current series will be made thus: WR-17-01 will indicate Weekly Report, 2017, issue 1.