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## Argentina's Macri buoyant as PJ fiefdoms tumble

The headline news in Argentina after the primary elections (Paso) on 13 August was that President Mauricio Macri had won a key victory over his predecessor Cristina Fernández (2007-2015) in Buenos Aires, by far the country's most populous province. The Paso might be little more than a trial run for the real thing in October but the result will give a huge impetus to Macri's ruling centre-right Cambiemos coalition. The media and market fear (privately shared by the government) that disenchantment with economic growth not filtering through to the populace at large would provide rich pickings for Fernández was not realised. More important than the showdown in Buenos Aires for Argentine politics in the long-term, however, were the defeats inflicted by Cambiemos on governors, primarily but not exclusively under the banner of the Partido Justicialista (PJ, Peronists), running provinces as dynastic fiefdoms for decades.

Party lists of candidates for federal deputy and senator competed in the Paso which resembles a first ballot ahead of actual legislative elections on 22 October, when 127 of 257 seats in the lower chamber and 24 of 72 seats in the senate will be renewed. In the build-up to the Paso, all the focus was on the province of Buenos Aires where President Macri sought to marshal support for his former education minister Esteban Bullrich, who tops the Cambiemos list of senators, against Fernández's new Frente Unidad Ciudadana (FUC, Kirchneristas).

The Macri administration had projected a victory for Cambiemos in eight of Argentina's 24 electoral districts (23 provinces and the City of Buenos Aires [Caba]). Cambiemos went three better, sealing victory in 11 (10 provinces and the Caba). Not since 1985 under then-president Raúl Alfonsín (1983-1989) has a non-Peronist had such resounding triumphs. Cambiemos lists of candidates for federal deputy and senator took first place in five of the seven largest electoral districts in Argentina: the province of Buenos Aires, Córdoba, the Caba, Mendoza and Entre Ríos. It also came within a whisker of winning in Santa Fe.

Macri argued in his closing campaign rally that the economy was growing again after six years of contraction or stagnation, and jobs were being created, but he acknowledged that "it has not reached all Argentines yet", appealing for "patience". There was a genuine concern within the Macri administration that this patience might be wearing thin; that the general public was growing tired of waiting for the promised economic revival; and that Fernández might succeed in seducing droves of disillusioned voters.

But the feared *Cristinazo* did not materialise. Fernández performed well in the province of Buenos Aires, and on this showing will cruise to a senate seat in October, but with 4% of the vote yet to be counted she looks to have been consigned to second place behind Bullrich in a close-run contest (34.2%-

## **Cambiemos in Buenos Aires**

Cambiemos is in the strongest position in the province of Buenos Aires heading into October's elections. Deputy Sergio Massa, who headed the senate list of his coalition 1País, took just 15% of the vote in the province. He tried to put a brave face on it, promptly reaching out to supporters of the PJ's Florencio Randazzo, who did not even fetch 6%, "to put limits on Macri's adjustment without validating the corruption of the past", while promising "a responsible opposition". But Randazzo's support is more likely to go to Cristina Fernández's FUC and Massa's to Cambiemos.

34.1%) – a difference of some 7,000 votes – in which the third way espoused by dissident Peronist Deputy Sergio Massa, heading the senate list of his nascent coalition 1País, was squeezed out (*see sidebar*).

Nationwide, the FUC, Fernández's Frente para la Victoria (FPV) faction of the PJ, and other allies of Kirchnerismo, fared far worse, winning in just four provinces: they scraped home in Santa Fe and Tierra del Fuego, edged Chubut, and won comfortably only in Río Negro (*see map and table below*).

It is, of course, what happens in two months' time that matters but if these results were repeated Macri would be jubilant. In the final analysis, a sizeable proportion of the population heeded his warning in his closing campaign rally in Córdoba: "Never listen to those who say that after so many years in government, they have solutions. What did they do when they were governing? Why did they leave us a country in ruin and full of problems?"

Potential investors might remain cautious until October but they will be buoyed by the signs of support for the Macri administration. Not only has the Kirchnerista comeback been checked in the province of Buenos Aires but the cradle of Kirchnerismo was upturned in the southern province of Santa Cruz. Cambiemos won 46% of the vote, crushing the FPV, with a victory margin in excess of 17 percentage points. The pingüinos bit back, delivering a massive punishment vote to the incumbent governor Alicia Kirchner, Fernández's sister-in-law.

### **Political winds of change**

Speaking in the Cambiemos bunker, Macri said voters in Santa Cruz were inspired by the prospect of change and thanked them for their support. Kirchnerismo has held sway in the province since 1991. This was part of the big, unexpected, story to emerge from the Paso. A fat-tail event. Political dynasties that had presided over provinces for decades were humbled by Cambiemos in what took on the appearance of a peaceful revolution. San Luis, where the Rodríguez Saá have reigned for 34 years since the return to democracy in 1983, was another huge scalp for Macri and setback for the PJ.

The defeat suffered by the equally personalist and authoritarian PJ governor of La Pampa, Carlos Verna, at the hands of Cambiemos was another boon for Macri: Verna is a fierce opponent. And then there was the seismic shock in Neuquén, where Cambiemos triumphed by three percentage points against a list fielded by Movimiento Popular Neuquino (MPN), formed by the Sapags in 1961 espousing "Peronism without Perón", which has controlled the province for 50 years.

The defeats suffered by the old Peronist status quo nationwide strengthen Macri's hand immeasurably. The PJ also suffered a painful defeat in the country's second largest province of Córdoba, where it has governed since 1999 under either José Manuel de la Sota or the present incumbent Juan Schiaretti, who had been seen as a contender to try and lead a renewal of the party. Héctor Baldassi, a former football referee representing Cambiemos, topped the ruling coalition list of candidates for federal deputy winning 44% of the vote to 28% for the PJ Unión por Córdoba led by Schiaretti's deputy governor, Martín Llaryora.

Other PJ bigwigs with leadership ambitions were also humiliated: Gustavo Bordet, the governor of Entre Ríos, and Florencio Randazzo, whose PJ list flopped in the province of Buenos Aires. Fernández will seek to mop up Randazzo's support in October. Fernández did well enough to block a renovation of the PJ but not well enough to seize control of the party, an ideal scenario for Macri. Another plus for Macri is that the PJ governor who appears most strengthened is Juan Manuel Urtubey. Governor of Salta since 2007, Urtubey is a fierce critic of Fernández and Macri's most reliable ally in the PJ.

## Santa Cruz

Neither Cristina Fernández nor her son Máximo Kirchner voted in Santa Cruz, where the governor, Alicia Kirchner, was booed when she went to cast her ballot. The provincial judiciary has been paralysed since March, public sector salaries frozen or delayed, and teachers on strike for more than 100 days. One Cambiemos politician quipped that the elections were the only time the schools (doubling as polling stations) had opened. Teachers finally returned to classrooms on 15 August.



## Macri's momentum

Fernández turned the elections into a plebiscite on Macri. Even after the adverse results, she said that two-thirds of voters in the province of Buenos Aires had rejected “the most brutal adjustment” [the economic and labour reforms she says his government is planning], and called on Macri to “listen to the polls...and change economic course”. But Macri, who hailed “a beautiful day in our country’s history...with change more alive than ever”, won the psychological battle, which sends out a message domestically (to governors who prey on weakness and trade union movements contemplating a general strike) and internationally (to investors and fellow heads of state). He even urged Kirchneristas “to reflect for a moment that they might be wrong” about his government.

Enough voters have either discerned a slight improvement in their finances, or trust in the prospect of it, to back Cambiemos, which also benefitted from the divisions in the PJ. If the ruling coalition can repeat the feat on 22 October, detailed projections in the national daily *La Nación* suggest it will win seats in the most populous provinces where it previously had little presence and should finish with 104 deputies, up from 86, by winning some 60 seats (40 Cambiemos seats are up for renewal), and 24 senators, up from 15.

Cambiemos would still fall short of a simple majority of 129 in the lower chamber but it would be much closer to this magic figure and, as such, less reliant on deals with the opposition and less vulnerable to a united opposition. It might win enough seats to strip the PJ of its majority in the senate.

Result by province based on elections to the federal lower chamber of congress (ordered by size of voter turnout)

Provinces	Cambiemos and allies	Kirchnerismo and allies	PJ and allies	Voter turnout (nearest '000)
Buenos Aires	35	32	6	11,726,000
Córdoba	45	10	29	2,803,000
Santa Fe	27	<b>28</b>	-	2,668,000
City of Buenos Aires	50	21	-	2,540,000
Mendoza	41	-	33	1,381,000
Tucumán	31	-	<b>52</b>	1,188,000
Entre Ríos	48	-	42	1,045,000
Salta	24	17	<b>38</b>	958,000
Chaco	37	7	<b>44</b>	902,000
Misiones	29	11	<b>41</b>	891,000
Corrientes	45	-	35	840,000
Santiago del Estero	16	-	<b>Independent 66</b>	730,000
San Juan	30	-	<b>49</b>	540,000
Río Negro	19	<b>41</b>	-	520,000
Jujuy	36	3	30	520,000
Neuquén	25	18	MPM 22	487,000
Formosa	35	-	<b>57</b>	442,000
Chubut	26	<b>33</b>	-	428,000
San Luis	55	37	-	364,000
Catamarca	36	4	<b>47</b>	291,000
La Rioja	32	-	<b>44</b>	277,000
La Pampa	49	-	39	274,000
Santa Cruz	46	29	7	247,000
Tierra del Fuego	19	<b>21</b>	18	131,000

**Other reforms**

The desirability of other, smaller, proposed reforms of the political system is open to debate.

Campaigns will be lengthened from 45 to 60 days. Upper limits are introduced on campaign

spending (no more than R\$150m

[US\$47.6m] can be

spent per presidential

candidate). An

existing ban on

political telemarketing

between 9am and

8pm on weekdays

would be removed.

Candidates would

also be given more

time to fund-raise

ahead of polling day.

Opinion polls, which

can currently be

published up to

election day, would

be banned in the last

week of the

campaign, to prevent

“fraudulent” polling

designed to influence

the outcome.

**Chronicle of a disappointment foretold?**

**In theory at least, no time could be better than the present to begin reforming Brazil’s political system. A poll by Ipsos published on 13 August showed that a massive 94% of the population does not feel represented by the country’s elected politicians. In the same week the federal lower chamber of congress finalised the text of a constitutional reform of the political system. But on studying the details, many will be disappointed.**

The Ipsos poll is a stark reminder, just over a year ahead of the October 2018 general election, that Brazil is suffering a deep crisis, marked by extremely low levels of confidence in its political system. A total of 94% of respondents expressed no confidence in their elected representatives, up from 83% in November 2016. Rupak Patitunda of Ipsos said, “According to public opinion, the elected do not represent the electors”. Most respondents said democracy was the best system of government for Brazil, but 86% also said the rules of democracy were not respected in the country. Eighty-one per cent agreed with the statement that Brazil’s problems were not due to “Party A or Party B”, but were intrinsic to the nature of the political system. Eighty-four per cent agreed with the statement that in Brazil “not everyone is equal under the law”.

In theory, the announcement of a constitutional reform of the political system could be seen as a great opportunity to rebuild trust and legitimacy. An initial text of the reform, compiled by lower chamber rapporteur Vicente Candido of the left-wing opposition Partido dos Trabalhadores (PT), does include some attempts to correct faults in the system. But the core problem is that this is the same congress, elected in 2014, that has been deeply tainted by corruption and pork-barrel politics. In fact, by the latest count, up to one-third of all members of congress are being investigated on charges of impropriety. It is therefore unlikely that they will police themselves and come up with a better system.

One of the key issues remains campaign funding. Up to 2014 party political campaigns were largely funded by Brazil’s largest companies. The proliferation of small opportunistic political parties (a total of over 30 are represented in congress) means that governments had to form multi-party coalitions to ensure a working majority. ‘Operation Car Wash’ and related corruption scandals have revealed how successive governments used clientelism, the offer of positions of influence, and corrupt payments to try and bind together otherwise unstable and volatile coalitions. In an attempt to end this practice, a ruling by the supreme court in 2015 banned all corporate funding of elections. Since then political parties have used public funding – allocated in proportion to their congressional representation – and contributions from private individuals (which must be publicly declared).

The draft constitutional reform (PEC) addresses the issue of political funding. It calls for a new, additional public fund, set at 0.5% of the federal budget (and equivalent to R\$3.6bn [US\$1.14bn]) which would be distributed among all the parties. The argument in favour of this extra money is that it allows the political system to operate without the distortions of funding by wealthy special interest groups. The argument against it is that politicians are simply voting themselves more taxpayers’ money at a time of austerity. It has also been noted that the country’s largest parties, which are most tainted by corruption allegations, will get the lion’s share of the new money. Faced with a negative reaction, Candido has partially backtracked, saying the special fund could be reduced to 0.25% of the federal budget, or be flexible, with congress adjusting the level it should be set at ahead of each four-year electoral cycle.

## ***Distritão***

Supporters of the *distritão* say it will prevent weaker candidates surfing to victory on the strength of their parties' performance. Opponents say it will create a bias in favour of candidates with high-name recognition: in other words, a bias in favour of those who will either be seeking re-election, or who have private funds to market themselves professionally. Some analysts had argued that Brazil should adopt the German Bundestag system where half the seats are selected in first-past-the-post contests in small electoral districts, and the other half are allocated on a party-based PR system. Variants of this mixed system (known as semi-*distritão*) have been discussed in Brazil but so far not adopted.

Other funding details in the PEC have attracted criticism. The initial proposal was that private individuals making party political contributions worth up to three minimum salaries could enjoy anonymity. The argument was that this would protect people from undue pressure or harassment in an atmosphere of political polarisation. But the latest version of the text allows all private individuals to request anonymity. It also eases the upper limit on donations (to be raised to 10% of income or 10 minimum wages for each level of elected office). Critics say that together these changes create a back door for corporate money to flow back into politics. They also note that, based on last year's municipal elections, the existing funding rules have benefited millionaires (such as João Doria, who won the mayoralty of São Paulo) and those linked to tax-exempt evangelical churches (such as Marcelo Crivella, who won the mayoralty in Rio de Janeiro).

One of the biggest and most controversial changes is in the method used to elect members of the lower chamber. At present a proportional representation system is used where the votes received by individual candidates are computed, along with the totals achieved by their parties within each electoral district. The PEC proposes instead a move where each state should be considered a single large district (known as the *distritão*) where representatives are chosen purely on the number of votes personally received (*see sidebar*).

A vote on the PEC was postponed until 22 August; some further last-minute changes could still be introduced. For the new rules to apply in next year's presidential race they will need to be approved (meaning supported twice by a two-thirds majority in each chamber of congress) before a deadline of 7 October. What does seem clear is that whatever congress agrees, public opinion will be sceptical. Reforming Brazil's political system does not seem to be a one-fix job.

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## **TRACKING TRENDS**

**ARGENTINA | Macri given fulsome US support.** Two days after the positive performance of the ruling coalition Cambiemos in Argentina's primary elections, President Mauricio Macri received a glowing tribute from US Vice President Mike Pence who visited the country as part of a mini-tour of the region. Pence praised Macri for embarking on "a great economic and political revival [with a] bold reform agenda, an agenda that's transforming Argentina's economy at home and restoring its reputation around the world. Argentina, in many ways, is an inspiration across this hemisphere and across the wider world".

Pence singled out the "important steps" taken by Macri "to break down barriers to growth" as well as having "eased currency controls, re-entered global capital markets, cut import and export tariffs, modernised labour rules, and invested in much-needed infrastructure".

Some of these "steps" lie behind the announcement this week by the umbrella trade union Confederación General de Trabajadores de Argentina (CGT) reaffirming its determination to stage a march on 22 August against the Macri administration. Pablo Moyano, the radical leader of the powerful trucker's union, condemned the government's failure to "listen to [the CGT's] demands...announcing an increase in the unemployed as if it were a party", but the strong showing of Cambiemos in the primaries makes it less likely that the CGT will follow up on the march with a threatened general strike.

**PARAGUAY | Rising wages.** The Economic commission for Latin America and the Caribbean (Eclac) has published a report analysing Paraguay's economic developments in 2016 and projections for 2017. The report found that alongside the solid GDP growth posted by the country in 2016 (of 4.1%) this has also led to an increase in Paraguay's general salary index of 5.7%, with the finance, trade, and manufacturing sectors seeing the biggest increases in wages. Yet despite these positive indicators, the Eclac report notes that unemployment in the country increased from 6.5% in 2015 to 7.7% in 2016.

### Constituent assembly spreads its tentacles

The newly installed national constituent assembly (ANC) pledged to take immediate measures to tackle Venezuela's deep economic crisis and to heal the country's bitter political impasse. President Nicolás Maduro said the ANC was necessary to bring Venezuelans together in a 'grand national dialogue'. So far, it has done nothing at all on the economic front, while its sole motive on the political front appears to be the wilful destruction of the opposition.

Having asked that the pending regional elections be brought forward to October from December – a request immediately accepted by the national electoral council (CNE) – the ANC's new 'truth commission' said it would investigate opposition candidates to ensure that none were involved in violent political protests this year.

It is worth noting that this is the same CNE that was adamant that there was insufficient time to organise the presidential recall referendum sought by the opposition coalition Mesa del Unidad Democrática (MUD) last year, stringing out the process for months on end until it was too late in President Maduro's term for him to be ousted and fresh elections convened, another egregious example of abuse by a Venezuelan state institution utterly subservient to an authoritarian executive branch.

Former foreign minister Delcy Rodríguez, the president of the ANC and also the head of the truth commission, said she would ask the CNE for information about candidates running in October. "We have decided to ask the CNE to send a complete list of gubernatorial candidates to the truth commission in order to determine if any of them were involved in incidents of violence," she stated, stressing this would have "a cleansing effect" for the country. "We have seen tweets, messages on social networks and photographs of opposition leaders responsible for convening and organising violent events in Venezuela," she added.

This appears to correspond to earlier warnings by the ANC's first vice president, hard-liner Diosdado Cabello, that opposition members would require a 'certificate of good behaviour' from the new body in order to be allowed to participate in elections.

Currently before the ANC is a bill to sanction whoever expresses 'hate or intolerance' with up to 25 years in jail, which the opposition fears will give the courts broader authority to detain and imprison government opponents. Maduro himself last week warned that "whoever goes into the streets to express intolerance and hatred will be captured and tried and punished with sentences of 15, 20, 25 years in jail".

Apparently at Maduro's request, the ANC ordered on 15 August that cases of protesters detained this year be held in civilian, rather than military courts, following loud international complaints, including from the United Nations (UN), about the use of military courts to try ordinary civilians. Yet this looks like a sop given the moves to allow ordinary courts to impose much tougher sentencing. Critics suggest the 'hate or intolerance' bill could allow courts to issue lengthy prison sentences on almost any grounds.

#### Political prisoners

According to the Venezuelan Penal Forum, there are 676 political prisoners currently being held in the country. The government denies that there are any political prisoners in Venezuela; only 'imprisoned politicians' serving time for ordinary crimes such as inciting violence.

## Regional elections

The head of the national electoral council, Tibisay Lucena, agreed to pass the names of the opposition gubernatorial candidates to the constituent assembly as part of its investigations into whether any candidates took part in violent protests. The opposition MUD has fielded 77 gubernatorial candidates for the 23 states and the ruling PSUV 23, 13 of whom are sitting governors seeking re-election.

Addressing the ANC the very next day, the president of the supreme court, Maikel Moreno advocated significantly stiffer sentencing in Venezuela. Moreno suggested that the maximum sentence for serious crimes be increased from 30 years to 50 years.

“The penalties for serious crimes, which do the most damage to Venezuelan society, do not seem to correspond to the magnitude of the damage they cause,” Moreno stated. “The crimes of homicide, kidnapping, treason, terrorism and robbery, I believe, in my humble opinion, should be punishable by at least 50 years,” the judge said. “This is the task for all of you fellow constitutionalists.” He also expressed support for the bill to make intolerance and hate crimes punishable by law.

Local legal experts later commented that this was the first time since the supreme court was established that anyone has proposed increasing the maximum sentence length.

### Ortega under severe pressure

In its very first session on 31 July, the ANC served notice of its real intentions by firing the dissident attorney general, Luisa Ortega Díaz, and appointing a Maduro loyalist, human rights ombudsman Tarek William Saab, to replace her. In a 16 August report, the Geneva-based International Commission of Jurists said that Ortega’s dismissal “removes one of the last remaining institutional checks on executive authority”.

That same day, Saab announced details of new corruption accusations against Ortega and her husband and deputy Germán Ferrer, a deputy for the ruling Partido Socialista Unido de Venezuela (PSUV). He accused the pair, along with members of Ortega’s former staff of prosecutors, of running an ‘extortion gang’ and of funnelling profits to an account in The Bahamas. Cabello had earlier levelled these same accusations against Ortega and her office on his weekly television show.

The supreme court’s constitutional chamber then held an extraordinary session in which it decided to proceed with an immediate case against Ferrer. The chamber said he should face trial in an ordinary court on the grounds that he had committed ordinary criminal offences including corruption, extortion, illicit enrichment and money laundering.

The ANC immediately said it would consider whether to remove Ferrer’s parliamentary immunity – ordinarily this should fall to the national assembly and is another instance, as if any were needed, of the complete disintegration of the rule of law in Venezuela. The supreme court’s constitutional chamber has been acting as a law unto itself since late 2015, when it was first stuffed with pliant (and largely unqualified) magistrates by the outgoing government-controlled national assembly. The start of a slow but sustained erosion of the 1999 Chavista constitution – by the very body meant to defend the constitution – can be traced to that date.

Ortega later tweeted that the Bolivarian Intelligence Service (Sebin) was raiding her house, “as part of the government’s revenge for our fight against totalitarianism in Venezuela”. Ortega says she fears for her life, is constantly shadowed, and sleeps in a different location every night. She has said that she holds Maduro personally responsible for her safety and that of her husband and family.

An arrest warrant is now pending against Ferrer whose whereabouts are unknown. Ortega has been prohibited from leaving the country and has had her bank accounts frozen.

**Pence's good news for Colombia**

During his joint press conference with President Santos, Vice President Pence delivered one piece of good news for Colombia's agricultural sector. "Today, I am pleased to announce that the US has reached an agreement to allow Colombian Haas avocados into the US market," Pence said, noting that in return Colombia had agreed to expand access to US rough rice in its domestic market. The US is a major market for Haas avocados, with the country importing 800,000 tonnes (t) of the fruit, worth US\$2bn in 2016, 90% of which came from Mexico. Meanwhile Colombia exported 18.2t of Haas avocados in 2016 valued at US\$35m.

**Security issues dominate vice-presidential visit**

US Vice President Michael Pence conducted his first official visit to Colombia on 13 and 14 August, part of a four-nation tour of Latin America. While Pence delivered a message of continued support for the government led by President Juan Manuel Santos and Colombia's peace process, he also raised pointed US concerns about the increase in coca cultivation in the country and the negative effects that the political and economic crisis in Venezuela is having on the region. Pence strongly hinted that the US government led by President Donald Trump would like Colombia to tackle these issues head on.

Pence arrived in the Caribbean city of Cartagena de Indias, where he was received by President Santos. The two held a private meeting for an hour-and-a-half and afterwards offered a joint press conference. Pence reiterated US support for the implementation of the peace deal signed in November last year with the Fuerzas Armadas Revolucionarias de Colombia (Farc).

"Colombia has signed an agreement that ended the longest-running conflict in the history of the Western Hemisphere. But now, Colombia faces the greater challenge of consolidating that peace. The greatest risk...to that peace is practical and real: the absence of infrastructure, basic services, the rule of law in war-affected areas that's creating a haven for criminal activities, drugs and violence," Pence said.

Pence added that "the US will continue to partner with Colombia to address these issues, because we've long recognised the importance of Colombian security and prosperity to our own". However, Pence went on to say that the US government's main concern currently is the "dramatic increase in cocaine production, which has now reached an all-time high in Colombia". Pence said that "This worsening crisis requires swift action to protect the people of both our countries". The vice-president stopped short of suggesting what the US would like Colombia to do to address this matter but he emphasised that "this must end- and this must end soon".

For his part, Santos recognised that the increase in coca cultivation in Colombia and potential cocaine production in recent years was a cause for concern, but he expressed confidence that the situation would improve dramatically with the demobilisation of the Farc. "Thanks to the peace process, we'll be able to go to all these places where coca shrub is being grown, and we have in place a plan so that the coca growers will voluntarily substitute their illegal crops for legal crops. And we've already signed agreements with 86,000 families so that at least 50,000ha, from here to early next year, will be voluntarily substituted," Santos said. Santos added that in tandem with this Colombia's military was carrying out forced eradication of an additional 50,000ha, of which 27,000ha had already been cleared. "I am confident that this plan, for the very first time – because we're in times of peace and we don't have the Farc opposing this process – will be successful," he concluded.

**Venezuela crisis**

Turning to the crisis in Venezuela, Pence called for Colombia and other "free" Latin American nations to work with the US to restore democracy in the country. "Venezuela is sliding into dictatorship, and as President Donald Trump has said, 'The United States will not stand by as Venezuela crumbles'", Pence stated, adding that "As President Trump said just a few days ago 'We have many options for Venezuela'" – an allusion to Trump's recent remarks that he would not rule out using a "military option" to resolve the crisis in Venezuela. Pence recognised that the Santos government has taken the regional leadership in denouncing the Venezuelan govern-



## Venezuela crisis

The US, Vice President Pence insisted, would not stand by and allow Venezuela to become a dictatorship. “In Venezuela, we are seeing the tragedy of tyranny play out before our own eyes in our own hemisphere,” he stated. Hinting at further sanctions, Pence declared that the US would “continue to bring the full weight of economic and political power on Venezuela”.

ment led by President Nicolás Maduro, but he called on Colombia and other Latin American countries “to do more” to pressure the Maduro government into restoring democratic rule in the country.

Pence said that this was necessary because “Failed states know no borders. A failed state in Venezuela will drive more illegal drug trafficking...more illegal migration, compromising our borders, damaging our economies. And ultimately, a failed state in Venezuela will endanger the wellbeing of all who call this hemisphere home.”

Santos responded to Pence’s call by stating that “The pressure on the Venezuelan regime must be maintained and increased.” Alluding to the economic sanctions imposed by the Trump administration on Venezuelan government officials, Santos said that “We support the measures taken by the US government and will support additional measures.” However, Santos was emphatically clear that “Colombia and Latin America will not accept any military intervention” in Venezuela.

### No military intervention

Vice President Pence ended his Latin American tour in Chile (leaving a day early and dropping his scheduled final stop in Panama), but before his departure he declared that Venezuelan children were dying of hunger. Having received the message loud and clear that Latin America would not accept any US military intervention in Venezuela, Pence sought to recover some diplomatic ground, but adhering to a firm line on Venezuela (*see sidebar*).

The US has been waving a big stick at Venezuela, all the while remaining supportive of regional diplomacy, in which the State Department appears to have very deliberately taken a back seat. Tom Shannon, the undersecretary for political affairs and a veteran Latin Americanist, has been leading the State Department’s efforts on Venezuela on behalf of Secretary of State Rex Tillerson – both men advocate diplomacy and dialogue as the only solution to the Venezuelan crisis – a message not entirely understood by the unpredictable White House, it would appear.

## PERU | POLITICS

### Kuczynski calls on teachers to return to class

Addressing the nation on television this week, President Pedro Pablo Kuczynski called on striking teachers to “listen to parents” and return to their classrooms, but he warned that he would “never, never accept violence and intimidation”. Earlier, teachers’ unions clashed with police outside congress in Lima’s central district, with the police using tear gas on protesters. The education minister, Marilú Martens, was addressing the congressional education commission at the time.

“Education should not be mixed up with the political ambitions of a few,” President Kuczynski declared. “We cannot accept that violent ideologies such as those that support a terrorist movement have a role in these strikes.” Insisting that “some participants are linked to those violent movements”, Kuczynski emphasised that “we are not going to go backwards to that dark past, never”.

The interior ministry claimed last week that almost 5,000 teachers had signed a document presented to the national electoral board (JNE) back in 2011 seeking the registration as a political party of the Movimiento por la Amnistía y los Derechos Fundamentales (Movadef), widely considered to be the political wing of the Sendero Luminoso (SL) guerrilla group. The ministry maintained that several of the leaders of the ongoing teachers’ protests in Peru had signed the document [[WR-17-31](#)].

## Teachers' strike

President Kuczynski's response to the teachers' strike has caused disquiet. The president of the judiciary, Duberlí Rodríguez, last week criticised him for rewarding violence by agreeing to meet teachers after violent protests, warning of a negative precedent. As Education Minister Martens appeared in congress, however, Deputy Humberto Morales of the left-wing Frente Amplio (FA) accused the government of allowing "a massacre" outside, as police and teachers clashed.

Defending the beleaguered Martens, Kuczynski said that she had been in talks with "the recognised" unions, a reference to the umbrella teachers' union Sindicato Unitario de Trabajadores en la Educación del Perú (Sutep), listening to their fears about "social debt, evaluation tests, retirement pensions, and other legitimate concerns". As a result of those talks, Kuczynski said, an agreement had been signed and "the strike in Cusco, where it all started, has ended; in other regions, teachers are starting to return to class".

Kuczynski acknowledged that teachers had not had a meaningful pay rise in over a decade and stressed that his government had met an election campaign pledge to increase wages progressively for teachers from PEN1,540 per month (US\$463) to PEN2,000 (US\$617), "in other words 30%, for both permanent and contract teachers", he noted.

In her two-hour appearance before the congressional education commission, Martens likewise insisted that the government was listening to union demands and was taking steps to address them. She emphasised that "at no point have we said that teachers are terrorists", noting that the sector had been "infiltrated" by "violent people". "We want to help our teachers, to strengthen and train them," she stressed, ahead of further meetings set for 18 August. Prime Minister Fernando Zavala said Martens had the "full support of the cabinet" and would not resign. This looked like a challenge to the right-wing opposition Fuerza Popular (FP, Fujimoristas), which has made a habit of using its congressional majority to grill cabinet ministers and then force them from office.

## BOLIVIA | POLITICS

### Morales gives green light to Tipnis road

President Evo Morales last week promulgated a controversial law (266) enabling the construction of the Villa Tunari-San Ignacio de Moxos highway (linking Cochabamba and Beni departments), to go ahead. Plans to build the highway, which passes through an indigenous territory (Tioc) and national park, Isiboro Sécore (Tipnis), have been fiercely contested in recent years, serving as a major bone of contention between the ruling Movimiento al Socialismo (MAS) and indigenous groups – traditionally a core Morales support base – who accuse the president of failing to protect indigenous and environmental rights.

Approved by the 130-member lower chamber on 3 August and the 36-member senate on 8 August, Law 266 repeals an October 2011 law (180) declaring the area "untouchable" and prohibiting any activity that would affect the communities who live there [WR-11-43]. The government had reluctantly approved the 2011 law following major unrest over its plans to develop the area and build the road which is split into three tranches: Villa Tunari-Isinuta, which is 47.3km in length and was completed in September 2016; Isinuta-Santo Domingo (177km) which crosses the Tipnis (and has been held up due to Law 180); and Monte Grande-San Ignacio de Moxos, which is under construction.

Less than a year after Law 180 was passed, however, the MAS government began carrying out a public consultation (*consulta*) asking local communities whether it should be repealed and the road should go ahead [WR-12-50]. While the results of the *consulta* pointed to backing for the road, various sectors – including Bolivia's then-human rights ombudsman – questioned the electoral process (*see sidebar*). In 2015, following gubernatorial elections, Beni's new governor Alex Ferrier (MAS) announced that he would promote the highway but little emerged regarding the issue until now.

## Consulta

In the 2012 consultation process, 58 of 69 Tipnis communities participated while 11 boycotted the process. Of the 58 communities that took part, 55 backed the proposed road, while 57 backed the repeal of Law 180. However, some of the communities conditioned their support for the road on future environmental impact assessments and additional consultation over the route. Then human rights ombudsman Rolando Villena (2010-2016), in his annual human rights report presented in December 2012, described the *consulta* as “authoritarian, colonialist, and unilateral”.

## Opposition

The law’s approval this month in congress, where the MAS has a majority in both chambers, has already prompted an outspoken response by indigenous leaders such as Fabián Gil, the president of the Tipnis Subcentral (the legal owner of the Tipnis) whose predecessor, Fernando Vargas, announced on 8 August that he plans to present a case against it before the Inter-American Commission on Human Rights (IACHR). According to state news agency *Abi*, Vargas, who ran in the 2014 general election as a presidential candidate for the environmentalist Partido Verde de Bolivia-Instrumento de la Ecología Política (PVB-IEP), intends to ask the IACHR to reinstate the rights of indigenous groups, and will seek preventative measures to stop anyone touching the territory. The fragmented political opposition is also seeking to capitalise on potential resistance to the initiative: on 14 August the opposition Unidad Demócrata (UD) coalition announced it would file an appeal against Law 266 before the constitutional court by the end of the month.

The new law has also met with a cautious response from international institutions like the United Nations (UN). On 9 August the UN resident coordinator in Bolivia, Mauricio Ramírez, called for dialogue. Three days later, the local UN office in Bolivia issued a statement in which, while recognising the validity of revising the state of intangibility of the Tipnis, called on all actors to increase efforts to “identify scenarios of protection; comprehensive and sustainable development of the Tipnis, favouring the promotion and protection of indigenous rights”. The UN also urged that adoption of Law 266 should represent an “opportunity to institutionalise the processes of free, informed and prior consultation” – in line with the UN Declaration on the Rights of Indigenous Peoples.

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## TRACKING TRENDS

**COLOMBIA | Economic growth falls short of target.** Colombia posted GDP growth of 1.3% in the second quarter of this year, the national statistics department (Dane) reported on 15 August. Dane director Mauricio Perfetti emphasised the successful performance of three sectors: agriculture (4.4%), finance and insurance (3.9%), and services (3%). However, other sectors struggled, with a 3.3% fall in activity in the manufacturing sector and a 6% fall in activity in the mining sector. While Colombia’s GDP grew at a slightly faster rate in the second quarter than in the first, the second quarter results bring the cumulative growth rate for the year to a modest 1.2%. This has led the likes of Bruce MacMaster, the president of the national association of businesses (Andi), to suggest that the economy will fail to meet the year-end GDP growth rate target of 2% set by the government. MacMaster argued that in order to achieve the government target domestic economic activity would have to increase by at least 2.8% in the next two quarters, which appears unlikely.

**BOLIVIA | Value of exports increase but volumes fall.** On 15 August Bolivia’s foreign trade institute (IBCE), a local economic think-tank, published a report based on exports data collected by the national statistics institute (INE), which found that in the first half of the year the value of the country’s exports increased by 7% year-on-year to US\$3.6bn despite a 13% fall in the volume of sales to foreign markets.

Exports of minerals and fossil fuels, which made up 80% of Bolivia’s total exports in this period, were valued by INE at US\$2.9bn, 14% higher than in the same period of 2016 but even these commodities saw a 12% decrease in volume of sales. Meanwhile export of goods described by IBCE as ‘non-traditional’, such as sugar, soybeans, and textiles, fared less well, bringing in just US\$711m in total in the first half of the year, 14% less than in the first six months of 2016, on the back of a 23% fall in the volume of these exports – the third consecutive year that non-traditional export volumes have fallen in the January-July period.

## PRI not quite fighting fit?

President Enrique Peña Nieto closed the 22<sup>nd</sup> national assembly of the federally ruling Partido Revolucionario Institucional (PRI) in the south-eastern state of Campeche on 12 August with a ringing declaration that it was ready to fight and win the 2018 presidential elections. Not everyone shares his optimism within the party. Dissident factions of the PRI clamouring for an overhaul of the party statutes to shift power away from party bigwigs and towards the rank-and-file membership were thrown a number of sops. But it was not the major modernisation hailed by the party president, Enrique Ochoa Reza, fundamentally because real power remains concentrated in the hands of the PRI hierarchy.

Allegations of corruption, a poor human rights record, sluggish economic growth and a troubled relationship with the US administration led by President Donald Trump are all seen as negatives for the PRI, but President Peña Nieto presented the party as working for a better Mexico despite the difficulties. In a calculated swipe against Andrés Manuel López Obrador, the leader of the radical left-wing Movimiento Regeneración Nacional (Morena) identified by many public opinion polls as the frontrunner in the race for the mid-2018 presidential elections, Peña Nieto criticised those who he accused of wanting to return to the past appealing to populism and promoting “the division of Mexicans”.

Significantly, the PRI national assembly voted to unpick the requirement that presidential candidates must have been party members for a minimum of 10 years, the so-called *candado* (‘padlock’). Members of the Confederación Revolucionaria de Obreros y Campesinos (Croc), a PRI union, also managed to get their wish to end the practice of so-called *chapulines*, politicians parachuted into one privileged position after another by the national leadership committee (CEN) without having to contest elections. The Croc argued that this was an abuse of the proportional representation element of the federal legislative elections. Candidates will no longer be able to be selected to stand in this way in consecutive elections.

Ochoa Reza said the reforms evinced the PRI’s inclusiveness and openness. Peña Nieto concurred. “We have opened to society,” he claimed. But the removal of the *candado* will benefit Peña Nieto and the PRI hierarchy the most. This is because it opens the door for two of his closest allies: the education minister, Aurelio Nuño, the duration of whose party membership has been questioned, and, above all, the finance minister, José Antonio Meade Kuribreña, who is not a member of the PRI and served in the previous federal government of the right-wing Partido Acción Nacional (PAN) led by Felipe Calderón Hinojosa (2006-2012).

The PRI will not formally nominate its presidential candidate among various contenders until later this year (possibly in November) but someone like Meade might be necessary to appeal to floating voters on both the Left and the Right, including those who traditionally vote for the PAN. And, crucially, when it comes to selecting the PRI’s presidential candidate, power will still reside with Peña Nieto and the CEN. The much-reviled *dedazo* was not abolished by the national assembly despite the efforts of dissident factions. Retaining full control over the selection process is ultimately far more important than the other much-trumpeted reforms to the party statutes.

## Party unity

“We need unity to win,” President Peña Nieto said in his closing address at the PRI national assembly on 12 August, urging the 520 delegates to avoid internal divisions. “Politics and parties are questioned now,” Peña Nieto said. “We have assumed political costs along the way but that is what confers on us moral authority,” he maintained.

## Odebrecht and Pemex

Pemex's business deals with Odebrecht were first called into question in 2010 by local anti-corruption NGO Mexicanos contra la Corrupción y la Impunidad. The NGO flagged up a series of alleged irregularities in Pemex's relations with Odebrecht such as inflated contracts and hidden payments. In some cases, no public tender was held before Pemex awarded Odebrecht the contracts, casting doubt on how transparently the bidding process was managed.

**MEXICO | Pemex scandal.** The bribery scandal surrounding the Brazilian construction firm Odebrecht seems to strike a new government in the region every week. This week was the turn of Mexico. On 13 August Brazil's daily *O Globo* published a report citing senior Odebrecht executives who alleged that the former director of Mexico's state-run oil company Petróleos Mexicanos (Pemex), Emilio Lozoya Austin (2012-2016), accepted bribes amounting to US\$10m over a two-year period between 2012 and 2014. Mexico's current affairs magazine *Proceso* and investigative digital news site *Aristegui Noticias* ran similar reports providing dates, names, size of bribery installments, and bank account details.

The former director of Odebrecht in Mexico, Luis Alberto de Meneses Weyll, claimed that Lozoya received US\$4.1m in several installments paid into an offshore account in the British Virgin Islands (BVI) in the name of Latin American Asia Capital Holding between April and November 2012 while he was on Enrique Peña Nieto's presidential campaign team. Upon assuming the top job at Pemex after Peña Nieto took office in December 2012, Lozoya allegedly received another substantial payment once Odebrecht obtained a US\$115m contract for refurbishment of the Tula refinery in the central state of Hidalgo.

Lozoya issued a statement strenuously denying the allegations in *Proceso* and *Aristegui Noticias* which he said "tell a story that is absolutely false, malicious, and fabricated from start to finish [containing] groundless accusations without evidence". He said the publications should have "at least mentioned that [the cited Odebrecht executives] would say anything to get reduced prison sentences [in plea-bargaining deals]".

The federal attorney general's office (PGR), which will investigate Lozoya for wrongdoing, had already called 19 current and former Pemex employees to testify in relation to the case. Odebrecht first acknowledged last December that US\$10.5m of bribes had been paid to senior officials at Pemex, since when speculation about Lozoya had grown.

**MEXICO | Improving employment and FDI figures.** The national unemployment rate fell to 3.5% of the 54m economically active population in the second quarter of the year, down from 3.9% in the comparable period last year, Mexico's national statistics institute (Inegi) reported on 14 August in its latest national employment survey.

The rate for underemployment also improved, falling from 7.9% to 7.2% year-on-year in the second quarter. However, Inegi reported that 56.5% of the economically active population is still employed in the informal sector – a negligible 0.7 percentage point fall compared to the same period of 2016, which means that 30.5m Mexicans are still in informal employment. The Inegi survey also found that 61.1% of the working population is employed in the service industry, while 25.5% work in industry, and 12.8% in the primary sector.

A day after the release of Inegi's survey, the economy ministry (SE) provided further encouraging economic news for Mexico. The SE reported that foreign direct investment (FDI) in Mexico in the first half of the year totalled US\$15.6bn, an 8.8% increase compared with the same period of 2016. The new FDI figures were hailed by President Enrique Peña Nieto, who attributed them to the success of his government's structural economic reforms in attracting foreign investors.

Peña Nieto noted that the US\$156.2bn in FDI received by Mexico since he assumed office in December 2012 is 51.9% more than that received by the country during the previous administration led by former president Felipe Calderón Hinojosa (2006-2012). It also puts the Peña Nieto administration on the verge of surpassing the US\$157.6bn FDI target it had set in its national development plan for the entirety of its single six-year term (sexenio), with 15 months left to go before the end of the sexenio next year.

Peña Nieto emphasised the connection between these high levels of investment and the improvement of other economic indicators, describing his government thus far as "the six years of employment".

**Varela back on defensive over Odebrecht****Odebrecht**

With public pressure mounting for the launch of a full investigation into Brazilian-Spanish former lawyer Rodrigo Tacla's allegations, on 1 August Attorney General Kenia Porcell announced that, under a deal signed on 26 July, Odebrecht had agreed to cooperate with local prosecutors, providing all information regarding which Panamanian government officials or third parties had received bribes from the firm. Under the deal, the Brazilian company also agreed to pay US\$220m in compensation to Panama.

Recent remarks made by Brazilian-Spanish former lawyer Rodrigo Tacla Durán implicating President Juan Carlos Varela in the corruption scheme involving Brazilian construction firm Odebrecht are causing fresh discomfort for the Panamanian head of state. With the attorney general's office announcing an investigation into the claims, Varela, who has batted away earlier claims that he received illegal campaign donations from Odebrecht, is under renewed pressure to clear his name.

The headline-grabbing claims by Tacla, who according to Spanish daily *El País* is accused of having laundered more than €12m (US\$14m) in five years for Odebrecht, were made in an interview with the Spanish media published on 27 July. In that interview Tacla said the alleged illegal campaign donations had been paid via accounts in tax havens and international transfers, to Michelle Lasso – “someone who was close” to Varela. Lasso is reportedly the daughter of Jaime Lasso, director of the Fundación Don James, which helped finance Varela's campaign in 2014.

Tacla further raised suspicions regarding Varela's involvement with Odebrecht by claiming that, at the president's behest, Panamanian authorities had been slow to respond to Brazilian requests for judicial cooperation to solve the case. This he attributed to Varela's friendship with the head of Odebrecht's affiliate in Panama, André Rabello.

Odebrecht's involvement in Panama has been subject to scrutiny ever since the scandal made headlines in December 2016 amid reports that, as part of a nationwide scheme, over US\$59m was paid in bribes to secure public works and infrastructure contracts under the previous Cambio Democrático (CD) administration led by Ricardo Martinelli (2009-2014). The attorney general's office has launched a series of investigations, with 43 people charged so far.

The case had already left Varela on the defensive back in February after Ramón Fonseca Mora, a partner in local law firm Mossack Fonseca, arrested over money laundering charges, claimed that he had accepted illegal donations. However, four complaints subsequently filed against Varela for abuse of authority and dereliction of duty in relation to Fonseca's claims were rejected in May by a national congressional investigating commission.

**COSTA RICA | POLITICS & ECONOMY****Closing the fiscal deficit**

The government led by President Luis Guillermo Solís presented a bill to strengthen public finances to the legislative assembly on 10 August. It follows the declaration by Solís days earlier that urgent measures were necessary to prevent Costa Rica succumbing to “liquidity difficulties” [WR-17-31]. The economy grew by 4.1% in the first half, the central bank announced this week, but the fiscal deficit for 2017 is projected at 6.1% of GDP.

The minister of the presidency, Sergio Alvaro, said the bill gathered together initiatives the government has sought to advance for several years, such as an income tax reform and the creation of a wider-ranging value added tax (VAT) to replace the current sales tax (from which services are exempt), into “one single text that we think can win the support of the necessary 38 deputies [out of 57] to pass”. The finance minister, Vice-President Helio

## Trade

During the visit to China by the Panamanian delegation, meetings took place with representatives from China's trade ministry and the Council of China for the Promotion of International Trade (CCPIT), to promote Panama as a regional headquarters for Chinese public and private banks, enterprises, and organisations. The two sides also reportedly discussed the possibility of seeking mechanisms to boost bilateral trade and promote Chinese investment. The meetings follow a trade forum organised last month by Panama's chamber of commerce, industries & agriculture (CCIAP), alongside the CCPIT and the Chinese embassy in Panama to explore mutual trade opportunities.

Fallas, said "the current income and sales taxes are a relic of the 1980s and answer to a national economic context very different to the present one. They don't tax the most dynamic sectors of the economy."

The government keeps bouncing back from lack of success with its fiscal reform agenda to try, try, and try again. For this latest bill to stand any chance of success where its precursors have failed, it must contain genuine curbs on spending, which have been demanded by the political opposition as a precondition for discussing any tax changes.

There is a section devoted to fiscal responsibility. Legislators would be barred from approving any measures without obtaining prior public financing, such as a bill to create specialised courts and magistrates to combat organised crime which is currently wending its way through the legislative assembly. The bill also contains a series of fiscal regulations designed to rein in future increases in public spending in accordance with the debt-to-GDP ratio, and to improve the efficiency and quality of this spending. But it falls short of what the opposition envisages: actual cuts.

The main opposition Partido Liberación Nacional (PLN) released a statement on 13 August expressing its opposition to one element of the package: the proposed elimination of the law on capital controls approved under the administration of former president Laura Chinchilla (2010-2014). This was approved to restrict short-term speculative money flows from abroad which had led to the appreciation of the currency, making exports less competitive. Chinchilla had justified the law on the grounds that investors had turned "capital into real weapons of mass destruction", threatening the country's macroeconomic stability.

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## TRACKING TRENDS

**PANAMA | Looking to China.** Following President Juan Carlos Varela's 12 June announcement that Panama was severing diplomatic ties with Taiwan in favour of China [\[WR-17-23\]](#), the two have lost little time in seeking to strengthen relations. On 8 August, a high-level Panamanian delegation began a five-day visit to China to discuss a range of issues. Headed up by Security Minister Alexis Bethancourt and the director of the national security council, Rolando López, the delegation included officials from the ministries of foreign affairs, economy & finance, and trade & industry, as well as Panama's maritime authority and the tourism authority.

In addition to trade (*see sidebar*), one issue described by the Panamanian presidential office as being of "extreme priority" was security: the delegations reportedly discussed plans to "work together in the fight against illegal migration, to ensure the legitimate interests and rights of our nationals, cooperation and exchange of information in order to pursue criminals and illicit money and exchange and cooperation in training of officials".

**SURINAME | Bouterse's foster son jailed.** Romano Meriba, the foster son of President Desi Bouterse, was sentenced last week to three-and-a-half years in prison for the armed robbery of a businessman in the capital Paramaribo in November 2015. Two of the five robbers were shot dead by the police in a car chase. Meriba has a criminal record. In 2002 he was briefly imprisoned after throwing a grenade at the house of the then-Dutch ambassador in Paramaribo, Ruud Treffers. Three years later Meriba was sentenced to 15 years in jail for robbery and murdering a Chinese shopkeeper but was pardoned by Bouterse shortly after he took office in 2010.

Bouterse's son Dino was sentenced to 16 years and three months in prison in August 2014 after pleading guilty in a US federal court to the joint charge of drug trafficking and possession of a light antitank weapon, as well as to a separate international terrorism offence.

## Quotes of the week

“I know that the last 19 months have been difficult. If we had had an alternative to many decisions, especially on tariffs, we would have done it. I thank Argentines that despite these difficulties, they have believed that this was the right direction.”

*Argentina's President Mauricio Macri.*

“The ghost of military interventions, fortunately, in Latin America, disappeared a long time ago, and we don't want that phantom to reappear.”

*Colombia's President Juan Manuel Santos on Venezuela.*

“You want to talk about Venezuela? Talk with me then. If we have to spend two days talking face to face we will seek a way to rebuild Latin American and Caribbean relations.”

*Venezuela's President Nicolás Maduro addresses fellow regional heads of state meeting to discuss the crisis in Venezuela.*

## POSTSCRIPT

### El Salvador to crack down on death squads?

El Salvador's police and attorney general's office are preparing an offensive against public officials and private individuals suspected of financing death squads targeting mara gang members in the country. The director of the national police (PNC), Howard Cotto, divulged no further details other than to say that the death squads included some police officers and that “innocent people [had] also been killed” and that this would “not be tolerated”. Cotto's announcement might have provided a source of comfort for human rights groups if it were not for the fact that he has sent out mixed messages on the contentious issue of the formation of self-defence groups by local communities (and provision of weapons) to combat the maras, an initiative advocated by the president of the legislative assembly, Guillermo Gallegos, in May.

In June the authorities disbanded a death squad headed by members of the police and military in eastern El Salvador linked to 36 murders between 2014 and 2016. Four police officers and 10 soldiers were among the 54 arrests made. The group was linked to a structure ostensibly broken up in July 2016 in the same area. Known as ‘Sombra Negra’, this was the first death squad disbanded in El Salvador since 1996. It had been responsible for 40 murders.

The professed move against death squads in El Salvador coincides with a sudden spike in homicides: 68 murders in three days from 11 to 13 August. Cotto dismissed this surge in violence as “a deliberate effort by these criminal structures [in this case mara gangs] to put pressure on the government to negotiate”.

It also comes as the attorney general, Douglas Meléndez, exposed a network of corruption in the judiciary, responsible for manipulating at least 29 legal cases in favour of criminals. On 14 August 18 individuals, including former judges, lawyers, and a former prosecutor were arrested for soliciting bribes ranging from US\$50 to US\$10,000 to leak confidential information and dish out legal benefits in at least 29 cases, not just to members of all three main mara gangs but also including former president Tony Saca (2004-2009), who paid a bribe of US\$10,000 to secure information pertaining to his case from a legal secretary. The network was headed by a lawyer, Víctor Manuel Melgar González, who used his influence in the legal community to secure the deals.

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