

latin american weekly report

28 September 2017, WR-17-38

ISSN 0143-5280

CONTENTS

| | |
|--|-----------|
| LEADER | 1 |
| Will Mexico's devastating earthquake produce seismic political change? | |
| ANDEAN COUNTRIES | |
| PERU | 3 |
| Aráoz treads a well-worn path | |
| COLOMBIA | 6 |
| Santos starts delivering on peace accord | |
| BOLIVIA | 8 |
| MAS revives re-election debate | |
| BRAZIL & SOUTHERN CONE | |
| BRAZIL | 9 |
| UPP bastion falls | |
| CHILE | 11 |
| Illegal campaign financing allegations hit Piñera | |
| TRACKING TRENDS | |
| CENTRAL AMERICA & CARIBBEAN | |
| GUATEMALA | 13 |
| Echoes of 2015 | |
| HONDURAS | 14 |
| Hernández on course for re-election | |
| TRACKING TRENDS | |
| POSTSCRIPT | 16 |
| Cuba's electoral process begins amid diplomatic discord | |
| Quotes of the week | |

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

Latin American Newsletters since 1967

Will Mexico's devastating earthquake produce seismic political change?

Mexico's twin earthquakes, which struck the country on 7 and 19 September, could have serious political repercussions. After a detached and parsimonious initial reaction, Mexico's political parties are suddenly bending over backwards to exceed each other's altruism, having been caught off guard by the strength of public feeling, not just requesting but demanding that they stump up the funding which they receive out of the public purse. Once the realisation struck home, there was a swift change of attitude as political parties became aware of the fact that they could face a serious punishment vote in presidential and congressional elections next June if they are seen to fall short now.

"The money of political parties is the money of the people of Mexico," the president of the nationally ruling Partido Revolucionario Institucional (PRI), Enrique Ochoa Reza, said while addressing the federal lower chamber of congress. "And the people of Mexico are demanding that the money is destined directly and immediately, without bureaucracy, to support reconstruction and families," he added. Ochoa announced that the PRI was donating its outstanding public financing for the year – M\$258.6m (US\$14.58m) – to the victims of the earthquake.

Ochoa challenged the opposition to match the PRI's contributions explaining that if other parties followed its lead then the right-wing opposition Partido Acción Nacional (PAN) would donate M\$189m; the left-wing Partido de la Revolución Democrática (PRD), M\$113m; the leftist Partido del Trabajo (PT), M\$54m; the PRI's outspoken ally the Partido Verde Ecologista de México (PVEM), M\$84m; the leftist Movimiento Ciudadano (MC), M\$78m; the centrist Partido Nueva Alianza (Panal), M\$60m; the radical left-wing Movimiento Regeneración Nacional (Morena), M\$95m; and the right-wing Partido Encuentro Social (PES), M\$57m. Ochoa said that this would make a grand total, with the PRI's contribution, of M\$988m (US\$55.54m).

This meticulous breakdown gave the appearance of cold calculation rather than munificence to the PRI's own donation. This was underscored by Ochoa's attempt to ascribe an ulterior motive to Andrés Manuel López Obrador, Morena's presidential candidate and the first political figurehead to promise the return of public funding for his party to the tune of "50% of campaign spending in 2018", or M\$103m. Ochoa said it was a "devious suggestion" as it could mean the money would not be forthcoming for six months when "the help is needed now".

Ochoa did make the valid point that any aid from parties would only be legal if it was returned to the treasury and then disseminated to ensure the donations

School scandal

A scandal surrounding the private primary school, 'Enrique Rébsamen', which collapsed during the 19 September earthquake claiming the lives of 19 pupils and eight teachers, could knock the education minister, Aurelio Nuño, out of the running for the PRI presidential candidacy. The attorney general's office in Mexico City (CDMX) announced that it was launching a criminal investigation this week after it emerged that the school possessed false documentation certifying it as meeting seismic regulations. Although Nuño said an investigation would be opened he was swift to pass the buck saying that revision of the buildings came under the remit of the CDMX government.

were apolitical. The PRI called upon the finance ministry to ensure that the handover of the resources should be "legal, transparent, and without any link to any party". López Obrador, however, says his party will hand the money out "directly" to the victims of the earthquake, meaning it could become politicised. There are already reports that some aid contains electoral propaganda.

The PVEM and MC accepted the PRI's challenge to forego all public funding for their parties for the rest of the year. The PAN president, Ricardo Anaya, however, smarting from being told what to do by the PRI, announced that his party would not only donate 50% of its 2018 campaign spending, totalling M\$206.9m, but also pull all of its electoral advertising, television and radio 'spots' until further notice.

Meanwhile, the Frente Ciudadano por México coalition, comprising the PAN, PRD and MC, accused the PRI of seeking "to derive political advantage from the tragedy", saying that its promised assistance was "insufficient". Anaya, along with the PRD party president, Alejandra Barrales, and MC party president, Dante Delgado, called for all financing of political parties from public funds to be ended after the general elections in 2018, saving the treasury M\$6.7bn (US\$376.8m) a year, with all of this money given to victims of the earthquakes. This initiative has been mired in the federal lower chamber of congress since last year.

The Frente said parties should be funded by supporters and members only (although this too looks self-serving as the upshot of this would be far more damaging to smaller parties while preserving the dominance of larger parties). The PRI rose to the challenge and promised to embrace such an initiative. The PRI was less impressed, however, with the Frente's proposal that the government led by President Enrique Peña Nieto should implement an austerity plan: eliminate the provision of medical insurance for top public officials, as well as travel expenses, fuel costs, and mobile telephone bills, and end all spending on government advertising.

Social media revolt

The one-upmanship of Mexico's political parties was triggered by campaigns which surfaced on social media, rapidly attracting widespread support. A flow chart with the hashtag PartidosdenSuDinero (#PartiesGiveYourMoney) went viral. It shows that an electoral advertising banner costs around M\$50 per square metre and would "most likely end up in the bin" while this would also buy "four tins of tuna and 20 litres of bottled water to help more than one victim". A slogan is emblazoned beneath this flow chart: 'We don't need campaigns. We need solidarity'.

At the same time an online petition on 'change.org' began circulating addressed to the president of the national electoral institute (INE), Lorenzo Córdoba, calling for all state funding of parties to be re-assigned to victims of the earthquakes affecting the states of Ciudad de México (CDMX), Tlaxcala, Puebla, Morelos, Guerrero, Chiapas, and Oaxaca. It attracted more than 1m signatures in less than 24 hours (and currently stands at 1.82m).

Political repercussions

Political parties were already poorly regarded in Mexico and their stock will have fallen further as a result of their reaction to the earthquakes. This could just pave the way for an independent presidential candidate to emerge or at least force the country's traditional political parties into selecting independent candidates to stand on their presidential tickets. The Frente will be far less inclined to entertain the idea of the non-affiliated CDMX governor, Miguel Ángel Mancera, heading the coalition presidential ticket, however, given the scathing criticism of his floundering response to the earthquake.

Aráoz treads a well-worn path

The new prime minister, Mercedes Aráoz, will have to deploy all of her political skills and experience to get a productive working relationship up and running in congress with the opposition Fuerza Popular (FP, Fujimoristas), who have tasted blood and are likely to thirst for more before too long.

Aráoz has hit the ground running in a bid to move on swiftly from the latest stand-off between the minority executive and the conservative Fujimorista-controlled congress, which obliged the beleaguered President Pedro Pablo Kuczynski to remove and reshuffle his cabinet in mid-September.

Complicating matters for Aráoz is the thorny matter of a pardon for the jailed former president Alberto Fujimori (1990-2000), which remains a political hot potato for Kuczynski. Another potential complication is the shadow of corruption hanging over his daughter and successor at the helm of the FP, Keiko Fujimori, who continues to deny that she received irregular election campaign contributions from the crooked Brazilian construction giant Odebrecht.

Peruvian investigators are currently weighing up plea-bargain evidence provided by former Odebrecht executives including the former country manager for Peru and the former CEO Marcelo Odebrecht. If a case against Keiko builds, there is little doubt that the FP, historically rather blind to the separation of powers, will look for political retribution, in congress and elsewhere, and seek to divert attention from a potential scandal by censuring cabinet ministers over non-issues.

A week after taking up her new post, on 25 September Aráoz met with the FP congressional bench, who offered support for executive initiatives. FP spokesman Daniel Salaverry said the party would “listen attentively” to the new prime minister’s government plan on 12 October, when congress must take a fresh confidence vote in the cabinet. If congress were to reject the new cabinet in this second confidence vote, Kuczynski could potentially be entitled under the constitution to dissolve congress and call snap legislative elections. Because of their numerical dominance, the Fujimoristas may consider that a risk not worth contemplating at this point – the party’s overriding strategic aim is to win the next presidential election in 2021.

With telling ambiguity, Salaverry emphasised that congress would “take a decision [on the new cabinet], always placing Peru before any other type of position”. This may have sought to respond to mounting internal criticism of the FP’s obstructionism in congress over the past year (and indeed throughout the term of the previous government), which has stretched the limits of Peru’s still-fragile democracy. Yet Salaverry’s comment also belied the fact that the FP very much retains the upper hand, and with that the power to continue to dictate to and make demands of the Kuczynski government. In similar vein, Keiko gave Kuczynski’s reconstituted cabinet a cautious welcome, but underlined the fact that she expected the new team to “correct errors”.

Kuczynski and the Fujimoristas have been here several times already in the past year. Kuczynski had Keiko to the presidential palace in Lima just a few months ago, in July, after congress had forced Kuczynski’s market-friendly finance minister (Alfredo Thorne) to resign – the third of his ministers forced out under Fujimorista pressure. After those two-hour talks, Kuczynski expressed his belief that the “positive” meeting would “bear fruit”, while Keiko said she left the palace “optimistic that the executive will take the actions that all Peruvians are waiting for”. The FP’s congressional bench

Public scepticism

In a survey by pollsters GFK, 58% of respondents felt that relations between Peru’s executive and legislative branch of government would ‘stay the same’ under the new prime minister, Mercedes Aráoz, indicating the general apathy towards the political situation in Lima.

UK-South America trade

Total trade in goods and services between the UK and South America overall totalled UK£12.4bn (US\$16.5bn) in 2015, according to the British embassy in Lima. It added that the UK's biggest exports to the region included spirits, cars, and medical equipment, with the biggest imports including coffee, nuts, and fruit.

likewise promised to turn over a new leaf in relations with the executive. The truce lasted weeks, with hostilities erupting again over education reform, leading eventually to the latest impasse.

As much as she could, Aráoz sought to demonstrate some sense of executive independence, emphasising that her meeting with the FP was just one of several scheduled with the various congressional benches to set out her stall ahead of the October vote. "It is not about one meeting but about a continuous dialogue, where the important thing is to have a legislative and working agenda that allows us to get solutions to the needs of the population. I understand that all the political forces have the same desire to work for Peru," she stated. Aráoz added that the meeting with the FP bench, including Salaverry, Héctor Becerril, and Milagros Salazar, was "cordial and honest".

Aráoz was due to meet congressional representatives of the Partido Aprista Peruano (PAP) on 26 September. She formerly served as economy & finance minister under the PAP government led by former president Alan García (2006-2011), as well as making an aborted attempt to run for president on the party's ticket. On 2 October, she will meet the conservative Alianza para el Progreso (APP), the more centrist Acción Popular (AP), and the left-wing Nuevo Perú party of Verónica Mendoza.

External

With government activity all but on hold internally, the outward-looking Kuczynski, a committed free trader, is looking to make some progress on the external front at least. The new director of the national investment agency Proinversión, Alberto Ñecco, has taken a large delegation to Asia in search of foreign investment. Ñecco and his team are presenting a pipeline of US\$17bn in infrastructure and transport projects to Asian investors in a roadshow taking in Seoul, Beijing and Tokyo.

The portfolio includes roadworks, two more lines for the Lima metro (Lines 3 and 4) worth some US\$7bn, as well as a project to upgrade the rail line between Huancayo and Huancavelica, in the central highland region. Also included are several major water projects, including a US\$350m water treatment scheme at Lake Titicaca, as well as new water supply schemes for Lima and elsewhere. In his 2016 election campaign, Kuczynski pledged to deliver drinking water and proper sanitation all across the country, a pledge that he has yet to make good on.

Ñecco made the point that Asian firms are already familiar with Peru and are receptive to its investor-friendly business environment. His mission is to extend investor interest beyond the traditional mining and extractive sectors towards infrastructure and the provision of public services. He claimed significant interest on the part of Asian investors.

Brits abroad

Meanwhile, British government representatives were in Lima looking for post-Brexit free trade deals. On 27 September, the minister for trade policy, Greg Hands, met Peru's Trade and Tourism Minister Eduardo Ferreyros and announced a US\$5bn investment in new financing for UK-Peru trade.

According to an official statement from the British embassy in Lima: "The UK government is launching a new 'trade dialogue' with emerging markets in South America to strengthen bilateral trade and investment relationships and prepare the ground for potential future free trade agreements post Brexit, building on existing agreements with the [European Union]." This dialogue, it said, would "seek to boost our strong trade links with three Andean countries: Colombia, Ecuador and Peru – as the European Commission's own research has found that, over the next two decades, 90% of global economic growth will occur outside the EU".

Canadian sanctions

Canada's economic sanctions targeted 40 Venezuelan government officials, including President Maduro, his vice president, Tareck El Aissami, the defence minister and armed forces chief, Vladimir Padrino López, the supreme court president and much of the senior bench, the national constituent assembly president, Delcy Rodríguez, and the head of the national electoral council, Tibisay Lucena, along with a string of others believed to have "played a key role in undermining the security, stability and integrity of democratic institutions of Venezuela".

The statement quoted Hands as saying that, "As we leave the EU, we need to look outwards and be a beacon for free trade by forging independent trading arrangements with growing economies around the world. That is why, as an international economic department, we are activating new trade dialogues with emerging markets in Latin America, thereby opening up export opportunities for British businesses."

For his part, Ferreyros stated that "Minister Hands' visit to Peru marks the beginning of what will be a very fruitful dialogue in order to ensure continuity in our preferential trade relationship. The UK is a very important partner for Peru in Europe, and we look forward to boosting our trade and investment ties as new opportunities arise for our businesses."

Meanwhile, the UK's minister for investment, Mark Garnier, met Ecuador's new external trade minister, Pablo Campana, in London on 25 September. In similar vein, Garnier noted that, "We are setting up these trade dialogues now so that the UK through Brexit will look beyond the boundaries of Europe to build independent trading relationships with the rest of the world. The economies of Latin America have already seen steady growth over the years and we stand ready to make the most of the wealth of opportunities and start negotiating as an independent nation when we leave the EU Customs Union."

In August, the UK's International Trade Secretary, Liam Fox, went to Colombia, where he met Trade Minister María Lorena Gutiérrez and announced a doubling of UK Export Finance for trade with Colombia to approximately £4.5bn (US\$6bn). Against this backdrop, Canning House London's annual 2017 conference on 28 September was entitled '*Doing Business in Latin America – Does Brexit Matter?*' By virtue of the latest policy shifts towards Latin America emanating from the foreign office, apparently, it does.

Venezuela

One country not on the UK trade agenda is Venezuela. Indeed, British Prime Minister Theresa May hosted the Venezuelan opposition at Downing Street on 7 September, after which she pledged to "continue to work with our international partners to put pressure on the authorities to decrease tension in Venezuela and prevent the country from being taken further away from democracy".

Following the latest moves by the US – and also Canada – to intensify sanctions on the Venezuelan government, there is growing pressure on the EU – to which UK foreign policy is still bound – to take punitive measures against Caracas. On 26 September, US President Donald Trump urged the EU to join the US in imposing sanctions. Trump's call followed a meeting with Spain's conservative Prime Minister Mariano Rajoy at the White House. Rajoy has consistently demanded that the EU take a stance against the Venezuelan government led by President Nicolás Maduro: on 2 August, he called for the EU to impose a travel ban on Maduro government officials.

During his joint press conference with Trump, Rajoy alluded to a "worrying totalitarian direction" in Venezuela and expressed concern about its "growing impoverishment". In response, Venezuela's foreign minister, Jorge Arreaza, retorted that Rajoy would do better to focus on "worrying conflicts" in his own country, in reference to the looming Catalan independence referendum.

Trump's call increases the pressure on the EU to agree to impose economic sanctions. It comes five days after Canada imposed targeted economic sanctions on 40 Venezuelan government officials, "in response to the government of Venezuela's deepening descent into dictatorship" (see sidebar).

Santos starts delivering on peace accord

Three major steps in the peace process were taken this week. President Juan Manuel Santos launched his government's first post-conflict reconstruction programme; magistrates were selected to sit on the transitional justice tribunals; and the security forces struck several heavy blows against neo-paramilitary groups and drug trafficking organisations (DTOs).

"We are taking the first step of post-conflict reconstruction, with the road network as a priority," President Juan Manuel Santos said, while signing an accord in the municipality of El Tambo, in the south-western department of Cauca, this week. In doing so, Santos set in motion a Col\$50bn (US\$17.2m) initiative, dubbed the 50/51 plan, to improve 50km of roads in each of the 51 municipalities most affected by Colombia's armed conflict.

"And this is what we promised after signing the peace: to create development, create prosperity, to take opportunities, infrastructure, and schools to the regions that have been lashed most by violence," Santos said. He added that communities affected by decades of violence had overwhelmingly requested the construction of small roads to ease the transport of coffee, avocados, and other products to market and to repair roads destroyed in the rains. They had pointed out to him, Santos said, that the 4G concession plan, launched by his administration in 2013, had concentrated on the development of giant highways connecting Bogotá, for instance, to other major cities.

The accord Santos signed in El Tambo was to construct a stretch of road in the municipality between San Joaquín and Las Piedras, which will cost Col\$800m (US\$275,000). Local people will be contracted for the work to provide an added benefit to the community.

Transitional justice

While Santos was in Cauca launching an initiative designed to improve the lives of communities affected by the conflict with the Fuerzas Armadas Revolucionarias de Colombia (Farc), a selection committee named 51 magistrates to sit on the special peace tribunals (JEP) which will seek to bring these communities justice. The magistrates, chosen from 2,300 applicants, will face the task of investigating and prosecuting not just demobilised members of the Farc (who will enjoy lenient sentences if they tell the truth) but also members of the security forces, and civilians, suspected of crimes linked to the armed conflict, including forced disappearance, kidnapping, and torture.

Santos celebrated the selection of the magistrates as a "highly important step" to ensure peace and reconciliation through respect for the victims of the armed conflict. He added that the magistrates would be entrusted with applying "a special form of justice, one that is designed to end conflicts and provide a more reparative and restorative approach to justice". Congress, meanwhile, began debating the rules of procedure for the JEP which is scheduled to begin its work in the first quarter of 2018.

The most senior court within the JEP will be the peace tribunal to which 20 magistrates were selected; 18 judges will sit on three lower tribunals; 13 alternates were also named. The majority of the 51 appointees, 60% of whom come from the regions, are female: 28, or 55%. This marks a big departure from the composition of regular courts in Colombia. Four indigenous and six Afro-Colombian magistrates were also selected, and three of the magistrates come from the military penal justice system. The jurisdiction of the JEP will last for 10 years, with a possible five-year extension.

Farc dissidents

The security forces also managed to land a blow on dissident members of the Farc this week. President Santos announced on 27 September that the leader of a group of 25 Farc dissidents in the south-eastern department of Guaviare known as Euclides Mora had been killed in a military operation. "The message is clear: hand yourself in or face prison or a coffin," Santos tweeted. Euclides Mora was one of five Farc commanders expelled by the guerrilla group's high command last December for refusing to demobilise.

Mending relations

William Brownfield, the outgoing head of the US Bureau of International Narcotics and Law Enforcement Affairs (INL), held a press conference with Latin American media on 22 September, during which he sought to heal the rift with Colombia caused by some of his own forthright recent comments and President Donald Trump's announcement that he had "seriously considered designating Colombia as a country that has failed demonstrably to adhere to its obligations under international counternarcotics agreements". Brownfield said he was "optimistic", that Colombia had "an excellent strategy for reducing cocaine production", and that he felt "regret" for some of the "frank opinions" exchanged between the two governments last week. Vice-President Óscar Naranjo denied in a subsequent interview in Colombia that his government had offered the US anything in return, such as a resumption of aerial spraying of coca crops, for this change of tack, pointing instead to "a dose of realism".

The president of the JEP will be Mirtha Linares Prieto. She has formerly served as an auxiliary judge on the constitutional court, a human rights lawyer, and a consultant to UN Women. She is presently a consultant to the Centro Nacional de Memoria Histórica and a legal adviser to Colombia's comptroller general's office.

Combating illegal armed groups

On the same day as the selection of the JEP magistrates was confirmed, the United Nations, having successfully completed the disarmament process, began the second phase of its mission in Colombia: verifying the fulfilment of the commitments undertaken in the peace accord to reincorporate demobilised guerrillas into society, and to ensure that their security, and that of communities affected by the armed conflict, is guaranteed by the state.

In the days leading up to the launch of this second phase of the UN's mission, the government announced a series of significant successes against illegal armed groups in Colombia, designed to improve security, as promised, for ex Farc combatants and communities in war-torn departments. 'Valle' (Johnatan David Dorado Villalobos), the chief lieutenant of 'El Indio' (Aristides Manuel Meza Páez), the fourth in command of the country's largest neoparamilitary DTO Clan del Golfo, was captured in the municipality of Necoclí, in the north-western department of Antioquia on 20 September. Valle led an armoured motorised squadron of 16 with the specific remit of attacking and killing police officers.

On 25 September three members of the Clan del Golfo were killed and two more arrested in an operation in the municipality of Turbo, also in Antioquia, the group's stronghold. The authorities claimed that they had been involved in the planning and execution of fatal attacks on members of the police in Antioquia and the neighbouring department of Córdoba. The following day a further 28 members of the Clan del Golfo were captured during a series of raids in the municipalities of Segovia, Vegachí, Yalí, Yolombó and Remedios in Antioquia. This brings the total number of members of the group captured this year to just shy of 700, according to the government.

In a blow to the finances of the Clan del Golfo, the defence minister, Luis Carlos Villegas, announced the confiscation of seven tonnes of cocaine from the DTO in a banana estate in the municipality of Apartadó, Antioquia. Villegas said the cocaine came from laboratories situated in the departments of Nariño, Valle del Cauca, Antioquia, Cundinamarca and Atlántico, and was due to be camouflaged in boxes of bananas and fruit for shipment to Central America and onwards to the US.

The constant blows against the Clan del Golfo go some way to explaining why the maximum leader of the Clan del Golfo, 'Otoniel' (Dairo Antonio Úsuga), is suing for peace [[WR-17-37](#)]. Vice-President Óscar Naranjo announced this week that a bill outlining the juridical framework for collectively submitting to justice members of the Clan del Golfo, and other DTOs, who surrender would be sent to congress by the end of September as "we are fighting against time".

In a further blow to DTOs in Colombia, the authorities announced the capture on 25 September of 'El Tigre' (Arnulfo Guzmán Hernández), the maximum leader of the Bloque Libertadores de Vichada, also known as Los Puntilleros. Guzmán was captured in Villavicencio, the capital of the south-eastern department of Meta. He had left a jungle area straddling Meta and neighbouring Vichada to meet a young model with whom he was having a relationship on the Día de Amor y Amistad, Colombia's Valentine's day. An agent of the judicial police (Dijín) who infiltrated Guzmán's security detail six months ago managed to notify his superiors that Guzmán very occasionally visited Villavicencio. "With this capture this organisation has been disbanded," Villegas boasted.

MAS revives re-election debate

The Movimiento al Socialismo (MAS) is working its way through the different options of seeking to remove the constitutional limits on presidential re-election to allow President Evo Morales to run again in 2019 for a fourth consecutive term. Following its surprise defeat in the February 2016 referendum on whether to change the constitution (approved in 2009 under Morales), the MAS filed an appeal before the constitutional court (TCP) on 18 September against the articles in question. The move has predictably been slammed by a handful of prominent opposition figures and is likely to subject the TCP to considerable scrutiny.

Article 168 of the current constitution allows both the president and vice-president to stand for a single consecutive re-election. First elected in 2005 and then re-elected in 2009, Morales had already been permitted to stand again in October 2014 on the grounds that this was his first re-election under the new constitution. Since then, the MAS sought to lift this ban via a public referendum which took place in February 2016 although this delivered a surprise defeat, with 84.45% of the 6.5m electorate voting by 51.30%-48.70% against amending the constitution. The result was attributed in large part to a corruption scandal which broke shortly before the vote, implicating Morales but over which he was subsequently vindicated [[WR-16-08](#)].

The ruling party now looks to be employing the same argument as that used in other countries such as Costa Rica, Honduras and Nicaragua to remove the constitutional limits on re-election – that it represents an infringement of basic human rights (*see sidebar*). Announcing the party's intent to file the petition before the TCP, MAS Senator Milton Barón, who chairs the legislative justice committee, pointed to the 1969 American Convention on Human Rights (also known as the Pact of San José) as well as the terms of Bolivia's constitution itself. Both affirm the right of all citizens to be elected, which Barón highlights is in conflict with the current restriction on re-election.

This motion before the TCP is one of four 'democratic' ways of seeking to allow Morales to stand again, which were approved at a MAS congress which took place in December 2016 in Santa Cruz department. After the appeal before the TCP, the second option would be by means of a partial reform of Art. 168 – via a referendum convoked by a citizens' initiative (after sufficient signatures are collected). The third is by reforming Art. 168 though a two-thirds majority in the MAS-controlled bicameral plurinational legislature. The fourth calls for Morales to resign six months before the end of his mandate so that technically the re-election would not be consecutive.

Response

The ever-fragmented political opposition has censured the MAS's latest attempt to get around the ban on re-election. On 21 September, former presidents Jorge Quiroga (2001-2002) and Carlos Mesa (2003-2005) along with former vice-president Víctor Hugo Cárdenas (1993-1997) and two current opposition leaders – the governor of Santa Cruz department, Rubén Costas, and the president of the main opposition Unidad Nacional party, Samuel Doria Medina – all approached the TCP calling for it to reject the petition put forward by the MAS.

The latest manoeuvring to change the constitution comes at a critical point for the judiciary, with popular elections due to take place on 3 December for Bolivia's top courts, including the TCP and supreme court (CSJ). With the outcome of the MAS's petition unlikely to be until after the vote, the re-election issue will ensure the outcome of the judicial elections is followed keenly.

Familiar argument

The argument that the prohibition on re-election is at odds with the human right to be elected was used in Costa Rica successfully in April 2003, when Oscar Arias (1986-1990, 2006-2010) was allowed to seek and win a second term in office. It was also used in Nicaragua, in 2009, allowing President Daniel Ortega to seek further re-election, and most recently in Honduras where a controversial April 2015 ruling by the supreme court (CSJ) has allowed President Juan Orlando Hernández to seek a further term in November.

UPP bastion falls

Until recently, Rocinha was seen as one of the city of Rio de Janeiro's safest favelas, but a surge in drugs-related violence now threatens to ruin that image. The decline of Brazil's biggest and perhaps best-known favela has become a potent symbol for the deteriorating public security standards in Rio de Janeiro.

Rio de Janeiro governor Luiz Fernando Pezão called on the federal government for help following shootouts between rival traffickers in Rocinha. In response, Defence Minister Raul Jungmann sent 950 troops to surround the area. This has restricted access to Rio de Janeiro's most iconic favela, home to over 70,000 people and located in the heart of the city in the Southern Zone just above the well-heeled beach district of Leblon.

In conjunction with the army, Brazil's security forces had arrested 16 people, seized dozens of weapons and over 2,000 rounds of ammunition during raids on Rocinha from 22-24 September. However, Pezão has been criticised for his slow response to the violence, which came after five consecutive days of shootouts.

The unrest broke out on 17 September when 60 traffickers from the Morro do São Carlos favela, located in the Northern Zone of the city some 14km away, stormed Rocinha. They were affiliated with the local drug trafficking organisation Amigos dos Amigos (ADA) and came to settle a leadership dispute between loyalists of former leader Antônio 'Nem' Francisco Bomfim Lopes (jailed in 2011) and current leader Rogério '157' Avelino da Silva. Rogério won the spat and is thought to be hiding in the nearby thickets, along with several allies.

In a statement, Pezão admitted that security forces had been forewarned about the 17 September ambush, but failed to react on time. In theory, around 700 police officers should be stationed at Rocinha. However, a video streamed by news site *G1* shows they were nowhere to be seen when rival ADA factions opened fire on one another in broad daylight, leaving three dead and another three injured.

While Rocinha has received the most international coverage of all the favelas, the violence was by no means confined to the area. Another 16 favelas in Rio de Janeiro registered shoot-outs that day according to Amnesty International's tailor-made app to monitor gunshots in the area, *Fogo Cruzado*. Meanwhile, in neighbouring parts of the city, musicians from the international music festival Rock in Rio carried on playing regardless, drowning out the sound of the gunshots.

The politics of trafficking in Rio de Janeiro

Tensions within the ADA have been running high lately due to internal disagreements about the role of the organised crime group within Rocinha. 'Nem' loyalists favour allowing local residents to manage their businesses freely. Conversely, rival leader '157' has adopted a more vigilante-style approach by levelling a security tax on service stations in the area.

Infighting within the ADA comes at a time when rivalries between local drug trafficking organisations are shifting. Historically, the favelas were roughly divided up between three local criminal organisations: Comando Vermelho (CV), Terceiro Comando Puro (TCP), and the ADA. But over the last two years these divisions have become less clear-cut since São-Paulo based traf-

Bloody end to September

This week, Brazil registered over 1,195 violent deaths, or one every eight minutes, according to a study commissioned by news site G1 in conjunction with the violence studies department from the Universidade de São Paulo and the Brazilian Public Security Forum: 81% were firearm-related deaths, despite the illegality of guns in Brazil. The results were collated by 230 journalists stationed around the country.

Rio begins to lose its glamour

The iconic city of Rio de Janeiro appears to be losing some of its international appeal amid rising levels of insecurity and budget cuts which have affected the running of some public services. To counter this, Brazil's tourism ministry has pledged R\$25m (US\$7.91m) to attract more visitors to Rio in conjunction with official tourism agency Embratur. The money will go towards organising cultural events such as the Rio Carnival (whose funds were cut this year), New Year, and the music festival Rock in Rio.

ficking organisation Primeiro Comando da Capital (PCC) began making more aggressive inroads into Rio and seeking to form new alliances.

The PCC entered the area to compete with the CV for control of international drug routes, including access to some of Brazil's biggest ports in Rio de Janeiro. To weaken the CV, the PCC is reportedly looking to form alliances with other rival criminal organisations like the ADA. But some ADA members are less receptive to the idea, increasing internal fractions (and by extension violence) within the group.

More violence to come

The growing violence in previously peaceful areas like Rocinha has stoked fears that Rio de Janeiro state will see renewed levels of insecurity and violence as it did during the 1990s and early 2000s. Rio de Janeiro saw a reduction in its homicide rates between 2006 and 2011, partly thanks to a 2008 pacification programme under the state security secretary, José Mariano Beltrame, which saw police units installed to tackle organised crime in violent favelas. But now homicide rates are rising again and the UPP programme appears to have ended in "all but name", writes Misha Glenn, author of *Nemesis: One man and the battle for Rio's biggest slum*.

Some analysts argue that the decision by state and federal authorities to send in the army to tackle unrest as they did in Rocinha, rather than developing a more long-term security plan, shows a lack of foresight. In an interview with news site *Folha de São Paulo*, sociologist Julita Lemgruber stresses the need for greater monitoring and planning to assess the underlying causes of violence (such as poverty) rather than adopting a "firefighting approach."

Others such as far-right deputy from the Partido Ecológico Nacional (PEN) Jair Bolsonaro advocate the need for a more hard-line stance against crime. Having defended Brazil's military regime in the past, Bolsonaro, who himself comes from a military background, has no objections to sending in the army.

Another alternative strategy to reduce the violence in Rio and elsewhere is for Brazil to follow the lead of countries such as Portugal and Uruguay and decriminalise the use of drugs. This could free up police time and ease the burden on Brazil's bulging prisons. However, there is strong ideological opposition to the measure by conservative groups and evangelists, including Rio de Janeiro mayor Marcelo Crivella.

How to tackle insecurity, which is being felt so acutely in areas such as Rio de Janeiro, could become a key campaigning issue in the run-up to the 2018 elections and potentially influence the outcome, argues Beltrame in an interview with news site *Valor Econômico*. This could favour presidential contenders like Bolsonaro but also "opens the playing field to opportunists," he said.

Temer revokes mining decree in Amazon reserve

President Michel Temer has revoked a presidential decree which would have opened up an Amazonian reserve spanning 46,450km² – the size of Denmark – to mining exploration. Following a fierce lobbying campaign from environmental activists and celebrities such as supermodel Gisele Bündchen and actor Leonardo DiCaprio, Temer has been forced to backtrack. This formal reversal marks a victory for environmentalists, showing that "no matter how bad, there is no leader absolutely immune to public pressures", Marcio Astrini, coordinator of public policy for environmental group Greenpeace, said in a statement.

The Temer administration has not ruled out permitting mining projects in the Amazon in future as it moves to boost investment and increase employment. However, it has agreed that "from now on the ministry will engage in ample debates with society about ways to conserve the area," according to a statement released by the energy & mines ministry.

Piñera camp question timing of revelations

During a 26 September interview with Chilean media, Nicolás Monckeberg, the manager of the presidential campaign of former president Piñera, said that he found the timing of the revelation about the investigations into alleged illegal campaign financing of Piñera's successful 2009 electoral campaign to be "curious". While Monckeberg said that "it is good for this to be investigated", he questioned the fact that news of the investigations had become public during the electoral campaign. "I think it is curious that a case that has been under investigation for two years comes up now that we are two months away from the presidential election," Monckeberg said. However, he added that he was confident that the new investigations would clear Piñera.

Illegal campaign financing allegations hit Piñera

The revelations that prosecutors from Chile's attorney general's office are investigating irregular payments linked to the 2009 electoral campaign of former president Sebastián Piñera (2010-2014) have shaken up the campaign ahead of general elections on 19 November. Piñera, the presidential candidate of the right-wing opposition Chile Vamos coalition, leads all voting intention polls. But the allegations that he received illegal campaign financing in the past could damage his support and pave the way for his rivals to close the gap in the polls.

The revelations were made by the national daily *El Mercurio*. In a report, the daily said that prosecutors investigating the case of illicit campaign financing provided by the local mining and chemicals firm, Sociedad Química y Minera (SQM), to politicians standing for the election in the 2009 polls had found evidence that the firm may have provided funding to the Piñera campaign. The SQM investigations, which began two years ago, have already ensnared several prominent politicians both from Chile Vamos and the ruling leftist Nueva Mayoría coalition. But this is the first time that Piñera has been directly implicated in the case. And the fact that he is once again in an election campaign means that the investigations will now be centre stage in the run-up to voting day.

According to *El Mercurio*, prosecutors in the SQM case discovered the evidence linking Piñera's 2009 campaign as a result of a lawsuit filed back in April by the tax authorities (SII) against SQM over a fake invoice. The Cl\$4.9m (US\$7,800) invoice was issued by local event production firm Pandemia Producciones for services provided to SQM. But when SII queried the invoice, SQM admitted that Pandemia had never actually provided the services charged to the mining firm but to a third party. After linking Pandemia Producciones to the 2009 Piñera campaign, in early August prosecutors questioned one of the production firm's partners, María Inés Alliende Barrera. She reportedly admitted that the services the firm invoiced to SQM were actually provided to the 2009 Piñera campaign.

Further implicating the 2009 Piñera campaign, Alliende also told prosecutors that Pandemia not only provided services for the Piñera campaign but also during Piñera's inauguration ceremony in March 2010, which were also charged to SQM. Meanwhile, the local press noted that Alliende is married to Reynaldo Sepúlveda, who was in charge of audio-visual production in the Piñera administration and who now happens to work for Piñera's new presidential campaign. The attorney general's office has neither confirmed nor denied the reports published by *El Mercurio* (and since then other Chilean media sources) about the evidence provided by Alliende. Nor have prosecutors in the case filed any charges against anyone implicated by the information provided by Alliende, as they carefully consider the evidence.

Reactions

Nonetheless, the unexpected revelations made by the media elicited immediate reactions from Piñera and his presidential rivals. The first to react was Piñera himself. Asked about the revelations by journalists during a public event, Piñera said that he only found out about the investigations through the press and that he has yet to be contacted by prosecutors about the allegations. However, he was adamant that his 2009 electoral campaign had stuck to the letter of the law and that there had been no wrongdoing. "I want to reiterate, that as it is publicly known, we have been subject to investigations in the past, we have collaborated with all these investigations and all of them concluded

Enríquez-Ominami

The candidate of the centre-left Partido Progresista, Marco Enríquez-Ominami, who lies in seventh place in the polls, said that “I think there is no hope for [former president] Piñera”. Enríquez-Ominami called on the Chile Vamos candidate to make all his financial dealings public “if he truly has nothing to hide and he wants us to believe him”.

that our campaign adhered 100% to the legal framework...and I hope that this new investigation again shows us to be completely innocent,” Piñera said.

But Piñera’s remarks did not stop his rivals from trying to apply public pressure to prosecutors to clear up the allegations and for the presidential frontrunner to provide a full explanation. Alejandro Guillier, the presidential candidate backed by the majority of the Nueva Mayoría parties who currently trails Piñera in voting intention polls, called for the authorities to clear up the case. “This is being investigated...[and] I hope that all these cases become known, so that citizens can take them into consideration,” Guillier stated. Adding that he will closely follow the investigations, Guillier also called for the Piñera campaign to “justify its financing”. Guillier’s calls were echoed by Carolina Goic, the candidate of the Nueva Mayoría’s Democracia Cristiana (DC). Goic, who is languishing in a distant sixth place in the voting intention polls, said that she expected Piñera to act “with transparency”.

Yet the most scathing criticism of Piñera came from the presidential candidate of the leftist Frente Amplio coalition, Beatriz Sánchez. Sánchez, who is currently sitting third in the polls, quipped that “This is like Groundhog Day, every day we find Piñera cheating.” Investigations are bound to move apace between now and voting day, and could produce more uncomfortable revelations for Piñera and more ammunition for his rivals.

TRACKING TRENDS

ARGENTINA | Economic recovery picks up pace. Argentina’s GDP increased by 2.7% year-on-year in the second quarter, according to economic growth figures released by the national statistics institute (Indec) this week. The second quarter results bring the accumulated growth figures for the first six months of the year to 1.6%. This is the second consecutive quarter that Argentina’s economy has posted positive growth year-on-year on Indec figures (and the third consecutive quarter in which there has been quarter-on-quarter growth), suggesting that the economy is recovering following the 2.3% contraction it posted in 2016.

Argentina’s domestic economy may still be performing below the expectation of the government led by President Mauricio Macri, which at the start of the year projected GDP growth of 3.5% this year (after weak first quarter growth of 0.3% year-on-year this was adjusted to 3%). However, the signs are that the economy is now starting to fire on all cylinders, with increased levels of activity in all sectors. This was evidenced by the latest monthly economic activity estimator (Emae) GDP proxy measure released by Indec on 28 September. The Emae for the month of July found that economic activity increased by 4.9% in the month compared with the same period last year.

This is the highest Emae measure for 25 months and the highest level of activity registered in Argentina since June 2015. Significantly, the breakdown of the Emae shows that 13 of the 15 economic sectors it measured registered an increase in activity in July, with the exception being the electricity, gas and water sector (-1.9%), and the mining sector (-4.6%).

ARGENTINA | Union leader arrested. On 27 September, Argentine police arrested Juan Pablo ‘Pata’ Medina, a leader of the Unión de Obreros de la Construcción (Uocra) construction workers’ union in the city of La Plata, Buenos Aires province. Medina was arrested over charges of extorting the state.

The charges relate to incidents registered earlier this month at a railway construction site between members of rival Uocra factions. According to prosecutors, a group of Uocra members led by Medina became engaged in a confrontation and fired shots against other construction workers that refused to adhere to a decision to stop work temporarily at the site, a project that is being developed by the Buenos Aires provincial government. Medina claims he is the victim of political persecution.

Echoes of 2015

Rivas

The resignation of Interior Minister Francisco Rivas is a particular blow given that public security was one of the areas in which the Guatemalan government had been able to claim progress. At the start of the year, the interior ministry released figures which showed that homicides dropped to 4,520 in 2016, down from 4,778 in 2015, meaning that the homicide rate has dropped from 29.5 per 100,000 inhabitants to 27.3 per 100,000.

The biggest anti-corruption demonstrations since President Jimmy Morales came to power in 2016 took place last week as the commotion grows in the wake of the call by the United Nations-backed International Commission against Impunity in Guatemala (Cicig) and attorney general's office (AG) to have President Jimmy Morales stripped of immunity from prosecution to be investigated over campaign finance [WR-17-34]. Protesters were calling not only for Morales to resign but also members of congress who voted not to heed the call by Cicig and the AG and went on to issue legislation amending the criminal code (since repealed), which would have weakened transparency laws.

In contrast with the 2015 protests forcing President Morales's predecessor Otto Pérez Molina (Partido Patriota, 2012-2015) to step down over government corruption, this unrest has yet to have a decisive impact. However, recent resignations of more key cabinet ministers as well as the threat of legal action in response to the moves by the legislature is serving as a further pressure on Morales.

Organised by civil-society groups like #JusticiaYa, the demonstrations which took place on 20 September saw turnout of 125,000 people in Guatemala City and 80,000 in other departments, including Quetzaltenango, Alta Verapaz, and Chiquimula, on figures from the national human rights ombudsman. The protests also had the support of the influential private sector lobby, Cacif, respected think-tanks like the institute for fiscal studies (Icefi), and the Coordinación de ONG y Cooperativas (CONGCOOP) indigenous organisation. In his balance sheet issued in mid-November 2015, Cicig's director Iván Velásquez (whose ejection President Morales also sought, serving as a further source of public anger), had acknowledged as "unprecedented" the unrest which ultimately forced Pérez Molina to step down.

Further knocks to institutions' credibility

Even prior to the mass protests, the 158-member unicameral legislature had been forced to repeal the amendments to the criminal code, approved on 13 September, which had proven highly contentious [WR-17-36]. Among other things, these would have made accountants of political parties responsible for any irregularities in campaign financing rather than the general secretaries. In any case, the constitutional court (CC) had suspended the changes the following day on the grounds that they would have caused "irreparable damage to the justice system". This was in line with appeals filed by the human rights ombudsman, Augusto Jordán Rodas Andrade, civil-society leaders like Helen Mack and Manfredo Marroquín, and the head of the local branch of international NGO Transparency International (TI), Acción Ciudadana.

The public unrest is starting to have some impact, albeit not yet enough. A second vote held on whether to strip Morales of his immunity, on 21 September, saw legislators again opt to protect the President. But the motion received 70 votes in favour (up significantly from 25 in the first vote), with 42 against and 46 abstentions, although this is still some way short of the necessary 105 votes (two-thirds majority) for the motion to be approved. According to the local media, the benches that voted against the motion were the ruling Frente de Convergencia Nacional (FCN-Nación) and the opposition Movimiento Reformador (MR), and Unión del Cambio Nacional (UCN), along with some legislators from Todos, Viva, and Partido de Avanzada Nacional (PAN) parties.

Cabinet resignations

The latest Guatemalan ministerial walkouts follow other high-profile resignations and departures since the crisis first broke last month when President Morales fired his foreign minister, Carlos Raúl Morales, reportedly for failing to heed his order to expel the Cicig director while the health minister, Lucrecia Hernández Mack, quit in protest. Other top officials to have stepped aside include the presidential commissioner for human rights in Guatemala (Coprodeh), Víctor Hugo Godoy, and Abigail Alvarez Och, the deputy secretary of public policies at the presidential planning secretariat (Segeplan).

Legal action pending

For the time being, the legislature has opted to shelve the initiative to strip Morales of his immunity. However, further clashes between institutions look set to continue. Mack and another lawyer, Alfonso Carrillo, have filed complaints before the CC in response to congress's initial vote not to strip Morales of immunity from prosecution. They argue that the vote violated laws relating to the probity and responsibility of civil servants, and cite a conflict of interest given that the legislators who approved the motion were from the FCN-Nación, the Unidad Nacional de la Esperanza (UNE) party, and the now-defunct Libertad Democrática Renovada (Líder) party, all of which have been accused of illegal electoral financing.

Meanwhile, on 20 September, Alianza por las Reformas (a coalition of organisations which includes #JusticiaYa and the Guatemalan institute for comparative studies in the criminal sciences [ICCPG]) presented a request before the supreme court (CSJ) for the 107 deputies who voted in favour of weakening anti-corruption legislation to be stripped of their immunity to be investigated for the crimes of obstruction of justice and issuing resolutions in breach of the constitution.

More cabinet ministers step down

Three cabinet ministers – Francisco Rivas (security), Julio Héctor Estrada (finance), and Leticia Teleguario (labour) – announced their resignations last week. The three had all been in office since President Morales began his term.

In a joint statement, the three ministers – who have said that they will remain in their posts until replacements are found – were clear that their decisions stemmed from the “political crisis which began three weeks ago... [which] made us reflect on continuing in the posts”. Deputy ministers, such as Carmen Abril (finance) and Ricardo Guzmán, Vilma Xicará, and Óscar Dávila (all from the interior ministry), also stepped down.

HONDURAS | POLITICS

Hernández on course for re-election

With just two months to go until Honduras holds presidential, congressional and municipal elections, President Juan Orlando Hernández looks poised to retain power for the ruling Partido Nacional (PN) along with his majority in the 128-seat legislative assembly. The opposition Alianza de Oposición contra la Dictadura, which has selected Salvador Nasralla as its presidential candidate, insists that the contest on 26 November will be marred by electoral fraud.

President Hernández would win 37% of the vote if the elections were held today, according to a poll published by Cid Gallup based upon 1,212 interviews in 16 of the country's 18 departments. Nasralla, whose alliance includes Libertad y Refundación (Libre), led by former president Manuel Zelaya (2006-2009) and Partido Innovación y Unidad-Social Demócrata (PINU-SD), came second in the poll on 22%, with Luis Zelaya of the traditional Partido Liberal (PL) third on 17%. One-fifth of respondents remain undecided, but these would need to transfer en masse to Nasralla to overhaul Hernández, whose approval rating stood at 56% among respondents; his disapproval rating, 37%.

Zelaya, the general coordinator of the Alianza de Oposición contra la Dictadura, read a statement claiming that the supreme electoral tribunal (TSE), “stacked with judges appointed in an irregular manner by the PN and PL”, had failed to “purify” the electoral roll, which contains more than 1.8m false registrations. He argued that this was an open invitation to electoral fraud, especially as the executive “controls every state institution”, which he said obviated the possibility of holding “a transparent and fair contest”.

Electoral reform

Former president Manuel Zelaya, who is unable to reconcile himself to the way in which President Hernández has engineered the right to stand for re-election in Honduras when his own tentative attempts to reform the constitution in this regard saw him ousted in 2009, accused Hernández of repeatedly failing to approve electoral reforms agreed with the support of various international organisations “who view these changes as fundamental to avoid democratic collapse in our country”.

Hernández painted a very different picture while addressing the United Nations General Assembly this week. “We are constructing a new Honduras,” he claimed, in full campaign mode. “Four years ago transnational organised crime had converted Honduras into a country with high levels of violence; this has fallen by 30% from 75 homicides per 100,000 in 2013,” Hernández argued. He went on to claim that “the fiscal deficit has fallen from 8% to 3% of GDP...exports are up, our international reserves are enough for nearly six months of imports...[and] we have established and implemented the first customs union of the Americas with Guatemala [with] free movement of goods, services and people”. He even maintained that through US\$2bn of investment in transport infrastructure Honduras was set to become the great logistical centre of Central America.

TRACKING TRENDS

DOMINICAN REPUBLIC | Big budget boost. The Dominican government presented the 2018 national budget on 25 September. At RD\$814.8bn (US\$17.15bn), it envisages an increase of 10.3% on this year’s budget. The spending element of the budget amounted to RD\$687bn, with education receiving RD\$152bn, and health RD\$88bn.

The budget should sail through congress where the ruling Partido de la Liberación Dominicana (PLD) has a decisive majority. The finance minister, Donald Guerrero, said the budget was focused on two fundamental pillars: continuing social programmes, and “dynamising” the economy, with an emphasis on micro, small and medium-sized companies. He said that RD\$2.5bn had been set aside for “the most ambitious reforestation plan in our history”; RD\$1bn for programmes to reduce extreme poverty; and RD\$1.14bn for the launch of the ‘Ciudad Mujer’ initiative to provide specialised services in sexual and reproductive health for women, combating gender violence, economic empowerment, and the promotion of women’s rights.

Guerrero celebrated the fact the budget amounted to a deficit of ‘only’ 2.3% of GDP, but detractors argued that budget deficits were consistently the same every year and that this was steadily increasing public indebtedness. Public debt in 2016 amounted to US\$34.10bn, 47.6% of GDP.

NICARAGUA | Trade. On 22 September Nicaragua’s central bank (BCN) released its latest report on foreign trade which showed that for the first seven months of 2017, the country’s trade deficit was US\$1.49bn, down 15% on the same period the previous year. Exports were up by 21.8%, reaching US\$1.66bn, mainly driven by an increase in agricultural products (up 26.8%), which totalled US\$646.9m, and manufacturing, which totalled US\$757.3m (up 24.1%). Meanwhile, imports were up just 1.0% to reach US\$3.4bn. As regards the main markets for Nicaragua’s exports, the US accounted for 39.5% of exports followed by El Salvador (8.2%), Venezuela (5.7%), Costa Rica (5.3%), Taiwan (3.6%), and Mexico (3.0%).

PANAMA | China opens embassy in Panama. Last week Panama’s President Juan Carlos Varela, along with China’s foreign minister Wang Yi, attended the opening of China’s first embassy in Panama. This follows the establishment of bilateral diplomatic ties in June following President Varela’s decision to break off relations with Taiwan [[WR-17-23](#)].

A press release by the Chinese foreign ministry notes that both sides “have simultaneously launched and discussed a dozen cooperation agreements, covering economy, trade, investment, quality inspection, maritime transportation, civil aviation, finance, tourism, culture and justice”. As well as the visit by Wang – which a Panamanian presidential press release described as “historic” – a Chinese delegation also paid a visit to Panama this month, signing export contracts worth some US\$38.7m on 16 September.

POSTSCRIPT

Quotes of the week

“I have gone from being the best president in history to the Beast of the Apocalypse.”

Ecuador's President Rafael Correa.

“To deny climate change is to deny a truth we have just lived.”

Dominica's Prime Minister Roosevelt Skerrit speaking before the United Nations General Assembly.

“Acting like an emperor, US President Donald Trump, used this forum constructed for peace to announce wars, total destruction of member states, the application of coercive unilateral and illegal measures, threatening and judging as he pleases as if he had absolute dictatorial powers over the sovereign member states of our organisation.”

Venezuelan vice-president and foreign minister Jorge Arreaza.

Cuba's electoral process begins amid diplomatic discord

Cuba's national electoral commission has postponed the staging of municipal elections by one month to 26 November due to the damage caused by Hurricane Irma. This is the first stage of a convoluted electoral process that will culminate in the selection of a 31-member council of state which will name Cuba's first president outside of the Castro family since the organs of popular power were established in 1976, President Raúl Castro having stated his intention to stand down in February next year. Castro's successor, widely predicted to be his vice-president Miguel Díaz-Canel, will face the challenge of preserving the central tenets of the Cuban Revolution amid deteriorating diplomatic relations with the US.

Cuba's foreign minister Bruno Rodríguez used his address to the United Nations General Assembly on 22 September to compare Cuba's one-party political system favourably with that of “developed countries [where] the loss of legitimacy of political systems and parties worsens, and electoral abstention is on the rise”. Rodríguez expressed his “strongest condemnation of the disrespectful, offensive, and interventionist statement...at this rostrum by President Donald Trump” three days earlier, insisting that the US “has no moral authority to judge my country” on human rights. Trump had described the Cuban government as “corrupt and destabilising”, and insisted that the US would not lift the trade embargo imposed on the island without “fundamental reforms”.

Notably Rodríguez also referred to the health problems suffered by 21 US diplomatic officials in Havana since late 2016, including hearing loss, nausea, and balance disorders, prompting speculation they had been the victims of a form of sonic attack directed at their homes. “Cuba has never perpetrated nor will it ever perpetrate actions of this sort,” Rodríguez said, adding that “the Cuban government rigorously and seriously abides by its obligations...in relation to the protection and integrity of all diplomats without exception”. He said the matter was being investigated, taking into account the data contributed by the US authorities, and he hoped that it would not become “politicised”.

Despite his combative remarks, Rodríguez urgently requested a meeting with his US peer Rex Tillerson, with whom he held talks in Washington on 26 September. Tillerson had said nine days earlier in a press conference that the alleged attacks meant that keeping the US embassy open in Havana was “under evaluation”. Cuban state media reported that Rodríguez had assured Tillerson that Cuba had “great interest” in getting to the bottom of the issue.

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 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.