

# latin american weekly report

24 May 2018, WR-18-20

ISSN 0143-5280

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

## Abstention mars Maduro victory but what's next for Venezuela?

Venezuela's President Nicolás Maduro was re-elected on 20 May until 2025 which, if he serves out his term, would mean 26 straight years of Bolivarian governments. The result was no surprise; the suspense lay in the reaction to the result and, above all, the size of the turnout. The US and Lima Group of 14 hemispheric nations stepped up sanctions while, with the notable exceptions of China and Russia, the international community refused to recognise the result. Maduro celebrated the biggest electoral victory since Venezuelan military dictator Marcos Pérez Jiménez was overthrown in 1958. But turnout was by far the lowest since then and Maduro fell well short of the 10m votes he wanted to try and confer some credibility on an electoral process denuded of legitimacy by his government's actions.

"How much they have underestimated me and here we are," President Maduro said, addressing supporters from the Miraflores presidential palace balcony. "A presidential candidate has never before won with 68% of the popular vote and never by a margin of 47 points from the second-placed candidate. Knockout. Historic record," Maduro added. A presidential candidate has also never won with far fewer votes than abstentions. According to the national electoral council (CNE), Maduro won 6.2m votes to 1.9m for his closest rival Henri Falcón, who defied the boycott called by the main opposition coalition Mesa de la Unidad Democrática (MUD) to stand in the elections. But abstention prevailed: 11.1m Venezuelans eligible to vote stayed at home, putting turnout at 46%.

"Who was the big loser today? Abstention. We said it would go down in history as an anti-imperialist vote," said the president of the national constituent assembly (ANC), Delcy Rodríguez, in an idiosyncratic reading of the results. Turnout might have been similar, as Rodríguez argued, to the last Colombian presidential elections in 2014 (48%) but this is a country where intimidation by illegal armed groups deters voters from casting their ballots; Maduro had openly bribed voters to go to polling stations by promising a bonus for all those who scanned their Carnet de la patria identity cards in booths by polling stations, while state television urged people to vote all day long.

The abstention rate was the highest in history in Venezuela where turnout in the most recent presidential elections in 2012 and 2013 was 80%. The results in states where opposition support is greatest looked like sweeping victories for Maduro. Táchira, bordering Colombia, is the standout example: Maduro won 68% of the vote but on a turnout of just 28%. The table overleaf shows the percentage of the vote Maduro obtained in each of Venezuela's 23 states and the Capital District, the announced turnout, and a weighted percentage. Pointedly, in the sprawling Caracas shanty town of Petare, once a Chavista stronghold, Maduro won 75% of the vote but on a turnout of 35%. This all suggests that diehard supporters, or those fearful of missing out on a Carnet bonus, or being

## Maduro responds to US sanctions

President Maduro reacted to additional US sanctions by announcing the expulsion of the US chargé d'affaires, Todd Robinson, and his deputy Brian Naranjo from Venezuela during his proclamation as president before the CNE on 22 May. He accused them of "conspiring" against his government.

denied other bonuses, voted but the rest stayed away. There is also suspicion that the announced turnout of 46% was inflated by the CNE given the proliferation of images of empty voting centres in the news media and social media.

The low turnout reflects disillusionment with the government, given the parlous state of the economy and public security, and acute shortages of food and medicine. It also suggests the opposition call for a boycott met with success, albeit Falcón accused the MUD of allowing the government to carry out "manipulation, bribery, and pressure" with greater ease due to the low turnout. Falcón refused to recognise the result, however, for the precise reasons that the MUD had insisted on boycotting the elections: the misuse of state resources; contravention of electoral regulations; and 'puntos rojos' outside or even inside polling stations "buying votes".

But the opposition did not plan in advance for what to do when the inevitable happened. Opposition forces are divided and there is no post-electoral strategy to try and capitalise on Maduro's setback. The Frente Amplio, the opposition grouping including the MUD and civil society groups, boasted that it had "shown the real significance of civil disobedience...making the regime take a big step towards its own destruction", but

these are empty words without a plan. The president of the opposition-controlled national assembly, Omar Barboza, reacted to the result by saying "there is no time to lose" but then announced that a meeting to discuss the next steps to take – new presidential elections "with guarantees" at the end of the year – would not take place until six days after the elections. María Corina Machado, the leader of the radical Vente Venezuela party, said "We don't accept that Maduro stays...Here there is only one course: no false dialogue or false electoral expectations but the route of disobedience".

Maduro has no intention of going anywhere. "We have two years free of elections to dedicate to working on the economy," he said, while offering the opposition another dialogue process. While the military crutch is still propping up Maduro, he will keep limping on. If this were removed he would topple, but many senior members of the Bolivarian armed forces (FANB) have a vested interest in the Revolution surviving – power, position, and prosperity in the form of state governorships, cabinet ministries, control of the state-run oil company Pdvsa and food distribution companies. There are over 2,000 generals in the FANB. "Our democracy has won again," Defence Minister General Vladimir Padrino López said, flanked by the military top brass, after the CNE confirmed Maduro's re-election. Opposition leader Julio Borges alleged that more than 200 junior officials in the FANB had been "arrested and tortured...by Cuban officials" for "rebellion" in the last week but provided no evidence for his claim.

Without a military uprising, the most likely scenario is a continuation of the status quo, harsher sanctions, and more suffering for the Venezuelan people. The Lima Group of nations recalled their ambassadors, promised to limit diplomatic relations with Venezuela, and urged international and regional financial organisations not to grant loans to the Maduro administration. G7 leaders denounced the elections as "not representative of the democratic will of the citizens of Venezuela". US President Donald Trump signed a decree further tightening financial sanctions on Venezuela, days after sanctioning government strongman Diosdado Cabello for money laundering and drug trafficking.

	Winning total (%)	Turnout (%)	Winning total (%) weighted against turnout
Amazonas	60	54	32
Anzoátegui	60	49	29
Apure	69	54	37
Aragua	70	48	34
Barinas	60	43	26
Bolívar	60	44	26
Carabobo	66	45	30
Cojedes	67	62	42
Delta Amacuro	67	60	40
Distrito Capital	71	45	32
Falcón	59	48	28
Guárico	73	52	38
Lara	67	50	34
Mérida	67	37	25
Miranda	76	42	32
Monagas	65	53	34
Nueva Esparta	70	45	32
Portuguesa	66	58	38
Sucre	67	56	38
Táchira	68	28	19
Trujillo	65	54	35
Vargas	75	48	36
Yaracuy	63	65	41
Zulia	72	38	27
<b>National</b>	<b>68</b>	<b>46</b>	<b>31</b>
*In 2018 Maduro won 6.23m votes out of 20.53m eligible to vote.			
<b>For comparison: 2013 presidential election</b>			
Maduro	51	80	41
Capriles	49	80	39
*In 2013 Maduro won 7.59m votes out of 18.90m eligible to vote.			

**Fraud allegations mark close of campaigning****Final polls**

The final voting intention poll by pollster Centro Nacional de Consultoría (CNC), released on 17 May, gives Iván Duque 36% of voting intentions, well below the 50% +1 threshold needed to win election in the first round. Gustavo Petro trails Duque on 27%, while Sergio Fajardo is on 18% and Germán Vargas Lleras on 10%. Similarly, the final survey by pollster Yanhaas, also released on 17 May, puts Duque on 35%, Petro on 26%, Fajardo on 11%, and Vargas Lleras 6%. The CNC poll puts the number of undecided voters at 5%; the Yanhaas poll at 7%.

“Mr [Nicolás] Maduro was re-elected in Venezuela today in an electoral process that is as fraudulent as that being carried out here in Colombia”. With these remarks Gustavo Petro, the presidential candidate of the Colombia Humana leftist opposition coalition, accused Colombia’s electoral authorities (Registraduría) of seeking to rig the election against him on 27 May. The accusations by Petro, who lies second in voting intention polls behind Iván Duque, the presidential candidate of the right-wing opposition Centro Democrático (CD), came at the close of the electoral campaign period. They have shaken up the campaign although it is still not clear what sort of impact they could have.

Petro made his remarks on 20 May during one of his closing campaign rallies in the northern city of Barranquilla, the capital of the department of Atlántico. Commenting on the presidential election convened by Venezuela’s President Maduro, Petro said that “Maduro wants to condemn Venezuelan society to continue to depend on oil because Venezuela’s disgraced political class lives off stealing oil”.

Petro added that “Colombia’s political class is the same as Venezuela’s...in Venezuela they are trying to co-opt justice and subject it to politics, and here in Colombia there is a [presidential] candidate that has proposed closing down the courts and another that appointed an anti-corruption prosecutor to bribe judges to archive all the cases linking him to paramilitary groups”.

Petro was clearly referring to Duque, who has promised to carry out a sweeping judicial reform if elected, and the independent centre-right presidential candidate and former vice president Germán Vargas Lleras (2014-2017). But Petro did not stop there. He went on to argue that the Registraduría was seeking to use a dubious vote-counting computer software to rig the electoral results to ensure that Vargas Lleras, who stands a distant fourth in the polls, makes it through to a second round against Duque ahead of him.

The Colombia Humana candidate based his argument on the fact that the vote-counting process has not been inspected by any international observers. He explained that the electoral observer mission (EEM) sent by the European Union (EU) to accompany the electoral process had not been able to look into the vote-counting software because it did not have the capacity to do so. Petro maintained that this was down to the fact that the outgoing government led by President Juan Manuel Santos wanted to make sure that “its candidate Vargas Lleras” wins election.

**Repudiation**

It is not exactly clear what Petro was hoping to achieve with his remarks – if it was to voice legitimate concerns or to spark a sudden surge in support ahead of election day. But they have certainly dominated the close of the campaign. Petro’s accusations were immediately denied by the Registraduría, the Santos government, and all of his electoral rivals.

The Registraduría rejected all questions about the transparency and reliability of its vote-counting procedures and said that it was fully collaborating with the EEM and giving it total access to the software system. The Santos executive rejected the allegations that it was in any way trying to influence

## Vargas Lleras

Much has been written about the lowly position of Germán Vargas Lleras in opinion polls and whether this reflects the true level of his support. The polls would suggest that Vargas Lleras will be no more than an also-ran. But one of the back challenges in Colombia, where turnout is traditionally low, is getting people to go out and cast their ballots. This is where Vargas Lleras has a big advantage over Gustavo Petro. Unlike Petro, who has no established party behind him, Vargas Lleras enjoys the backing of a powerful electoral machinery. Major political parties – Cambio Radical, Partido de la U, and Partido Conservador – with a proven track record in getting people to vote, support his candidacy.

the electoral process, or that it had interfered with the work of national or international electoral observers. Santos himself accused Petro of “creating a fraud that does not exist”.

The other leading presidential candidates were also all dismissive of Petro’s allegations and accused him of trying to manipulate public opinion in his favour. Vargas Lleras called on Petro “not to anticipate his imminent defeat on 27 May”, and to respect Colombia’s national institutions. More scathingly, Vargas Lleras also advised Petro that if he is unhappy with the Registraduría’s vote-counting software and Colombia’s electoral authorities, perhaps he would “like to borrow Maduro’s instead”.

Similarly, Duque called on Petro to be “more responsible” and not make unfounded accusations. But Duque also called on the Registraduría to clear up any doubts surrounding the electoral process. Moreover, Duque accused Vargas Lleras of having fuelled the fraud speculation by claiming during a recent political rally that he would make it to the second round of elections in June and win the presidency “whoever this may hurt”.

Even Sergio Fajardo, the presidential candidate of the centre-left Coalición Colombia coalition, who is third in the polls and would also be affected by the alleged fraud, dismissed Petro’s allegations. Fajardo said that while candidates have the right to express any legitimate concerns about the electoral process and that the electoral authorities have the duty to clear these up, he did “not believe that there will be fraud”. Fajardo added that the first round of elections would be closely contested but that he was fully confident that they would be “transparent”.

The general repudiation of Petro’s allegations may have largely undermined them. But they succeeded in focusing all the attention on Petro and his campaign. Indeed, none of the leading candidates made any significant new pledges to try to attract more voters in the closing campaign rallies.

Duque said that, if he wins election, his main priority would be to shore up the domestic economy by carrying out a major reform of the state in order to make it smaller, more efficient, and transparent, and help promote private enterprise. Vargas Lleras promised to strengthen Colombia’s security forces to ensure that they remain prepared to deal with the country’s myriad security threats, including those linked to the ongoing peace process. Fajardo promised to “return hope” to Colombians by leading a genuinely national government.

Meanwhile, Petro himself promised to deliver “historical change” to Colombia by leading a truly democratic government that would allow “the people to make its own decisions”, as well as taking full advantage of the country’s peace process.

## PERU | POLITICS & ECONOMY

### Vizcarra administration starts to make its mark

The Peruvian government has begun taking the first significant steps to deliver on President Martín Vizcarra’s promises to tackle government corruption and public insecurity, as well as promoting the economic development of the country’s regions. Following the approval of Vizcarra’s cabinet by Peru’s national congress [WR-18-17], the national police (PNP) has launched a major operation targeting corrupt government officials in Lima region, while the Vizcarra administration has announced the release of sizeable amounts of central government funding to Peru’s regional and municipal governments in order to finance economic development projects.

## Corrupt mayors

The mayor of Ricardo Palma may be the first to have been arrested since President Martín Vizcarra assumed office. But he is not the only mayor to be arrested for corruption and other crimes in Peru recently. In fact, the national police have arrested two other mayors on corruption and organised crime charges since last year. In addition, the mayor of the Lima municipality of Villa María del Triunfo, Ángel Chilingano Villanueva, has been accused of leading a criminal gang known as 'Los Topos de Lima Sur' and is currently under investigation. Meanwhile, the former mayor of San Sebastián in Cusco region, Julián Incaroca Ninacuro, who has been wanted on money laundering charges since 2016, was arrested on 21 May.

President Vizcarra, who assumed office in March after his predecessor Pedro Pablo Kuczynski was forced to resign amid corruption allegations, has said that combating corruption at all levels of government would be one of his administration's top priorities. But while the investigations into the corruption cases that affected the Kuczynski administration are ongoing, the Vizcarra government has not been able to point to much progress on this front. This changed on 22 May. On this day, the PNP and the public ministry announced that they had arrested 12 people, including a local mayor, during an anti-corruption operation conducted in Lima region.

According to a statement by the interior ministry, the operation targeted a suspected corruption ring operating in the Lima municipality of Ricardo Palma led by none other than the local mayor, Ismael Zenón Fernández Cavero. The authorities said that they had evidence that the Ricardo Palma municipal government was colluding with local firms. Some of these firms are run by relatives of municipal government officials to ensure that they could win public works contracts at inflated prices. Part of the money from the contracts would then be distributed among municipal government officials including the mayor, "who was fully aware of the scheme".

This was the first major anti-corruption operation launched by authorities since the change in government. Besides Mayor Fernández, those arrested so far include five other municipal government officials, and six businessmen.

Separately, the interior ministry also reported that, on the same day of the operation in Ricardo Palma, the PNP also carried out another operation in the Lima town of Paramonga, targeting a criminal organisation operating in the area. According to the ministry, the 'Los Cuervos de Paramonga' criminal organisation is dedicated to drug trafficking, robbery, kidnapping, and extortion; even extorting the mayor of Paramonga, Fernando Alvarado, who denounced this to the police. Following a successful operation, the PNP managed to capture 15 suspected members of the criminal organisation who face multiple accusations of kidnapping, extortion, robbery, and even murder.

## Regional assistance

Meanwhile, on 23 May President Vizcarra announced that his government would be transferring over PEN6.2bn (US\$1.8bn) to regional and municipal governments across the country to help finance some 2,574 economic development projects.

According to Vizcarra, PEN1.31bn will be destined for projects in the education sector; PEN1.09bn for projects in the healthcare sector; PEN1.36bn for projects in the housing, construction & sanitation sector; PEN1.79bn for projects in the transport & communications sector; PEN231m for projects in the agriculture sector; and the remaining PEN424m for other sectors.

Vizcarra noted that these funds come on top of the PEN1.5bn that the central government released earlier this month to finance reconstruction projects in the northern and central regions that were severely affected by flooding last year. He added that with the newly released funds "we are ratifying our commitment to decentralisation".

## BOLIVIA | ENERGY

### Gas field sparks regional tensions

The release of a new study regarding the location of the Aquio-Incahuasi natural gas field – one of Bolivia's largest active gas and condensate fields –

## Investment in hydrocarbons

### Hydrocarbons

Minister Luis Alberto

Sánchez said that

between 2013 and

2017 the government

had invested

US\$1.3bn in

exploration activities

and US\$452m in

geological and

geophysical studies

alone. He said that,

between 2006 and

2017, 63 exploratory

wells had been drilled

of which 28 had

yielded positive

results.

has reignited tensions between Santa Cruz department (where the study concluded the gas field is exclusively found) and neighbouring Chuquisaca (which previously received a proportion of the royalties). This again highlights the challenges facing the Movimiento al Socialismo (MAS) government led by President Evo Morales in its efforts to develop the country's extractive industries. It comes as the MAS government has had to deflect doubts regarding the size of the country's proven gas reserves.

Bolivia's state oil company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), revealed the findings of the study, which was conducted by Canadian company Sproule International Limited (SIL), last week. Requested by YPFB, it was the second such study commissioned to determine the location of the gas field, after a previous one, which was made public in 2016, found that the gas field exclusively belonged to Santa Cruz (meaning that the department should also receive a proportion of its royalties). This led to unrest from Chuquisaca prompting Bolivia's constitutional court (TC) in November 2017 to suspend royalties to both departments until the issue was resolved.

Located within the Ipati and Aquio licensed blocks, Incahuasi is being developed by a consortium consisting of Total E&P Bolivie (local subsidiary of French multinational Total – 50%, project operator), Russia's Gazprom (20%), Argentina's Tecpetrol SA (20%), and YPFB (10%). According to the state news agency *Abi*, the gas field has some 3.2 trillion cubic feet (TCF) of proven gas reserves, while the potential daily capacity of the gas field is 8m-8.5m cubic metres a day.

Following the release of the latest study, Vladimir Peña, the secretary of Santa Cruz local government, confirmed on 18 May that YPFB had unfrozen B\$162m (US\$23m) in royalties suspended between November 2017 and April 2018 to be paid out to the departmental government.

Given the amounts in question, Chuquisaca has been clear that it will not take the decision lying down. Having staged a departmental strike for the first two weeks of May, which resulted in some US\$9m in economic losses, at a mass rally attended by some 40,000 people on 15 May, local civil-society group Comité Cívico de Intereses de Chuquisaca (Codeinca) presented a document outlining a series of demands to the national government.

The document insists that the gas field is jointly owned and calls for the resignations of various government officials for betraying Chuquisaca's "interests". Those on the list include Chuquisaca departmental governor Esteban Urquizu; the mayor of Sucre, Chuquisaca's capital, Iván Arciénega; national senator Milton Barón; and national deputy Alicia Canqui (all from the MAS). President Morales started talks with protesters on 16 May, aimed at seeking a solution to the dispute, but at the time of writing, an agreement had yet to be reached.

### Doubts over gas reserves

On 18 May Hydrocarbons Minister Luis Alberto Sánchez rejected claims by opposition senator Oscar Ortiz (Movimiento Demócrata Social, MDS), that Bolivia's proven gas reserves are just 4.48 TCF. Sánchez maintains that the current size is 10 TCF which will guarantee the domestic market until 2045. In December 2013, the government reported that Bolivia had proven gas reserves of 10.45 TCF. This was higher than the 9.9 TCF reported in 2011, following a study by US consultants Ryder Scott, but still a far cry from the initial 26.7 TCF reported in a 2005 study by another US consultancy, De Golyer and McNaughton.

**Economy starting to falter?**

**Jitters over October's general election have left investors lukewarm on Brazil. Two months after the early frontrunner in the presidential election Lula da Silva (2003-2011) was jailed, centrist candidates have failed to make any headway in the polls. This reduces the chance a pro-market advocate might win.**

More radical candidates such as Ciro Gomes of the leftist Partido Democracia Liberal (PDL), Jair Bolsonaro from the extreme right Partido Social Liberal (PSL), and Marina Silva from environmental party Rede Sustentabilidade (Rede) are leading the opinion polls. The finer details on their economic policies are hazy, leaving the fate of important fiscal reforms such as the pensions overhaul in the air. Electoral uncertainty has contributed to Brazil's stock market falling on the benchmark emerging markets index and has dimmed hopes that the country's economic recovery will be as robust as first thought.

Like many emerging markets, including Argentina, Brazil has been hit by currency volatility. On 18 May, the appreciation of the US dollar pushed Brazil's Real to its lowest level in the past two years. Unlike Argentina, Brazil should recover more quickly from this upset due to its stronger economic fundamentals, including large foreign reserves and a comparatively small fiscal deficit.

A surprise decision by the head of Brazil's central bank (BCB), Ilan Goldfajn, to stop cutting interest rates also raised eyebrows. Following 12 consecutive rate cuts, the bank's monetary policy committee (Copom) decided to keep the benchmark Selic interest rate at 6.5% citing "volatility", whereas analysts were broadly expecting further cuts.

The Copom justified the decision to err on the side of caution by arguing that Brazil's economic recovery is still fragile. According to the central bank's economic activity index (IBC-BR), the economy contracted by 0.13% in the first quarter of this year compared with the last quarter of 2017. The economy expanded by a meagre 0.86% on the same period last year.

Following on from the disappointing first quarter growth results, this week, BCB analysts revised down their GDP forecasts for 2018 to 2.50% from 2.92%, according to a market focus report released on 21 May.

At the time of writing the government was reviewing its growth estimate of 3% for 2018, which is now looking overly optimistic. Finance Minister Eduardo Guardia said that, although growth was slower than expected, the good news was that investment rose by 8% in the first four months of 2018 compared with the same time last year. He said Brazil's future economic prosperity would depend on whether the next government continued with the economic reform agenda. By contrast, the current government led by President Michel Temer has lost its political capital in the federal congress and none of the 15 reforms labelled as a priority in the last three months have been voted on.

With regards to inflation, the BCB increased its forecasts for this year from 3.45% to 3.5%. The fear is that rising fuels costs could spur higher inflation, after the state-run oil company Petrobras changed its pricing policies to reflect the prices of international markets (*see sidebar*).

**Fuel strikes**

This week, lorry drivers across 18 states in Brazil protested over rising diesel prices. The protests disrupted shipments from Brazil's biggest port in Santos, São Paulo state, and has put pressure on the federal government to ease the strain. One option under consideration is lowering fuel taxes.

## **MDB chooses Meirelles as official candidate**

On 22 May, the ruling Movimento Democrático Brasileiro (MDB) confirmed that former finance minister Henrique Meirelles would be the party's pre-candidate in the presidential race, not President Temer. Both are unpopular. Temer has 2% of voter intentions in recent polls whereas Meirelles has 1%. But Meirelles' rejection rates are substantially lower than Temer's.

Even so, Brazil's inflation remains comparatively low, which Temer classes as one of the major achievements of his government. "We are proud of having lifted the country out of the worst recession in its history. For having taken office with an inflation rate of above 10% and having brought it down to 3%," Temer proclaimed during a speech to mark two years in office on 15 May.

### **Two years of Temer**

Besides trimming inflation and helping lift the country out of a deep-set recession, Temer celebrated the approval of important pro-market reforms. These include imposing a cap on public spending (for the next 20 years) and liberalising local labour laws.

The infelicitous slogan chosen by the Brazilian government to mark two years' of Temer was 'Brazil voltou, 20 anos em 2'. This was intended to read "Brazil is back, 20 years [of progress] in 2." But what started out as a piece of propaganda soon became satire as detractors cut the comma to read 'Brazil has regressed 20 years in 2', referencing the social regression from public spending cuts.

News site *G1* reported that the money used to pay for the government campaign had been diverted from the ministry of health: R\$22m (US\$5.9m) in funds earmarked for projects like purchasing yellow fever vaccinations and organ donations was instead spent on propaganda, wrote columnist Lauro Jardim.

### **Unemployment**

Although Brazil has technically exited recession, many citizens are yet to feel the benefits of this. In his speech, Temer said that unemployment had fallen. But joblessness remains high at 13.1% in the first quarter of this year, which is only slightly down on the 13.7% recorded during the same period last year. It marks an increase on the last quarter of 2017, when unemployment was 11.8%. This suggests Temer's labour liberalisation laws (approved last November), which were intended to make it easier for employers to hire workers, have not been as effective as intended.

Young people have been particularly hard hit by the difficult jobs market and around one in four are out of work. In the first quarter of 2018, 28.1% of 18 to 24-year-olds were unemployed (around 4m people). Media outlets have dubbed them 'the generation of have nots' or 'children of the crisis'. Economic difficulties also forced many to drop out of education sooner than planned, limiting their future career prospects.

### **Federal intervention**

During his two-year celebratory speech, Temer also defended the federal security intervention in the state of Rio de Janeiro. He conceded that putting the army in control of state security was an "extreme measure", but he argued that this was the only response to "extreme violence in the city".

So far there is little evidence that state security in Rio de Janeiro has improved. After the federal intervention was announced in February, the number of shootouts rose 86% to 2,309, up from the 1,239 registered during the same time the previous year, according to a report by *G1* based on data from the Fogo Cruzado App.

The problem of rising violence is far from unique to Rio de Janeiro, which is the tenth most-deadly state behind Sergipe, Rio Grande do Norte, Alagoas, Pará, Amapá, Pernambuco, Bahia, Goiás and Ceará.

According to data from the World Health Organization (WHO), Brazil is five times as violent as the global average. Brazil has 31.1 homicides for every 100,000 residents compared to the average of 6.4 homicides per 100,000 residents. It is ranked ninth highest in the world for homicides behind Honduras with 55.5 homicides per 100,000 residents and Venezuela with 29.2 homicides per 100,000 residents.



**Dujovne makes IMF progress as Macri struggles****Dujovne**

Treasury Minister

Nicolás Dujovne took

over as coordinator

of Argentina's

economic cabinet

team this week. He

called on all ministers

to define their

priorities for cutting

expenditure to

reduce the fiscal

deficit. Dujovne will

need to strengthen

economic growth, hit

by a damaging

drought, as well as

addressing the

currency crisis. He

said he would work

closely with the

central bank to fix

upon a monetary and

fiscal policy

consistent with

bringing down

inflation.

Sealing an accord with the International Monetary Fund (IMF) could prove to be much easier for the Argentine government led by President Mauricio Macri than securing a deal with provincial governors representing the main opposition Partido Justicialista (PJ, Peronists) to cut the fiscal deficit. While the treasury minister, Nicolás Dujovne, has received encouraging noises from the IMF in the government's pursuit of a credit line, Macri has received disgruntled grunts from governors reluctant to budge on the issue of sharing the burden of unpopular spending cuts.

The IMF held an informal Executive Board meeting on 18 May to discuss the Argentine government's request for financial assistance. A formal meeting will follow after a period of negotiations which Dujovne is leading. A date for this has not been set but the application should be successful. Powerful IMF member nations are supportive, in particular the US, whose president, Donald Trump, tweeted his support on 17 May for President Macri's "vision for transforming his country's economy and unleashing its potential", saying he was "doing such a good job for Argentina".

After the informal Board meeting, the IMF managing director, Christine Lagarde, praised the "fundamental and welcome transformation of [Argentina's] economy" under Macri, saying that "certain vulnerabilities" had been exposed as his government had sought to "build and maintain social consensus in calibrating the pace of...reform efforts, including fiscal adjustment", and as such it was seeking a Stand-By Arrangement (SBA). "This will be Argentina's economic program, one that has full ownership of President Macri and his government," Lagarde stressed, adding that "we fully endorse [the] goals of the program", which include strong growth, job creation, restoring market confidence through reducing public debt and, pointedly, "protecting society's most vulnerable during this transition".

Shortly before the meeting, the spokesman for the IMF, Gerry Rice, was also keen to stress that IMF assistance would not come with a string of economically demanding and politically unpalatable conditions. "There's much greater focus on social protection and, in particular, protecting the most vulnerable from the costs of adjustment," Rice said. "We pay much greater attention today than certainly we did 15 or 20 years ago to issues of inequality, to issues of inclusive growth, and our toolkit is more flexible..."

There is deep scepticism in Argentina about the flexibility of this toolkit. As Rice was giving his press conference in Washington DC, thousands of protesters took part in two parallel marches in central Buenos Aires against Macri's decision to return to the IMF. The marches were organised by left-wing parties and social movements, and by teachers' unions, professors, and students.

A number of federal deputies also participated in the marches, such as Deputy Felipe Solá, the leader of the dissident Peronist Frente Renovador (FR) in the federal lower chamber, and Victoria Donda, a federal deputy for the centre-left political coalition Progresistas. Both represent Buenos Aires province. Solá said people had "taken to the streets to express their indignation at the situation". Donda dismissed Macri's claim that Argentina had "overcome the financial turbulence", saying that he was "either hallucinating or pulling our leg". She added that it was "nonsensical that Argentina keeps tripping on the same stone; every time a country turns to the IMF it is left broken, with no monetary sovereignty, and alarming levels of poverty".

Donda called upon Macri to hold a dialogue with "different political sectors". Macri has done just that, although not the political sectors Donda had in mind. Instead, he is working overtime to try and win over moderate Peronists, especially provincial governors. Macri followed up his meeting

## **Brazilian beef exports attractive**

Imports of Brazilian beef to Paraguay in the first four months of 2018 (10,771 t) have increased by more than tenfold on the whole of 2017 (922 t). It has become more attractive in part because of the depreciation of the Real but also because of the decline in the price Brazilian beef can fetch abroad because of food safety concerns.

with six Peronist governors last week by inviting the moderate Peronist governors of Salta and Formosa, Juan Manuel Urtubey and Gildo Insfrán respectively, to the Casa Rosada presidential palace this week. Macri explained his decision to seek financial assistance from the IMF and appealed to the governors to embrace his proposal of “a grand national accord” to cut the fiscal deficit, specifically in drafting the 2019 budget. Urtubey, the more influential of the two, agreed that Argentina could not continue “maintaining a fiscal deficit” but also stressed that “the state needs to invest in public works”.

Meanwhile, the Peronist governor of Córdoba, Juan Schiaretti, is crafting a tough response to Macri’s demand that provincial governments play their part in cutting the fiscal deficit. Schiaretti argues that reducing subsidies, should be the main focus as more than half of the primary deficit of 2.7% of GDP forecast for this year is due to subsidies. These are concentrated in the city and province of Buenos Aires, with residents paying much lower energy tariffs than the rest of the country, and being the chief beneficiaries of transport subsidies. Eliminating subsidies here would seriously damage the prospects of Horacio Rodríguez Larreta and María Eugenia Vidal, both members of the ruling centre-right Cambiemos coalition, winning re-election next year as head of government for the city of Buenos Aires and governor of the province of Buenos Aires respectively.

## **PARAGUAY | POLITICS & ECONOMY**

### **Heads roll over beef scandal**

**Paraguay’s President Horacio Cartes dismissed his agriculture and livestock minister, Marcos Medina, and customs director Nelson Valiente last week after a scandal over the entry of 180 tonnes (t) of beef into Paraguay from Brazil without appropriate sanitary certificates. The dismissals highlight the seriousness of the case. At stake is Paraguay’s credibility as an exporter of beef – one of the country’s principal exports. But the dismissals were also the culmination of longstanding animosities.**

Five refrigerated trucks passed through Paraguayan customs at Pedro Juan Caballero (PJC), the capital of the north-eastern department of Amambay bordering the Brazilian city of Ponta Porã, on 2 May en route to the meatpacking company Frigorífico Concepción in the contiguous department of Concepción. PJC has a reputation for contraband and drug smuggling, but rarely does this result in senior officials losing their jobs. This is because there is a lot on the line.

Many more international markets are open to Paraguayan beef than Brazilian beef, which has been hit with restrictions because of food safety scandals involving Brazilian meatpackers BRF and JBS caught up in ‘Operation Weak Flesh’. Chile and Russia, the two largest importers of Paraguayan beef exports, placed a temporary ban on exports from Frigorífico Concepción, along with the European Union (EU), Israel, and Taiwan. The Paraguayan ambassador to Russia, Ramón Díaz Pereira, said Russian authorities had expressed concern that Brazilian beef (which is presently banned by Russia) could be being exported from Paraguay. The lawyer for Frigorífico Concepción, Pedro Ovelar, insisted this was not the case and that the imported Brazilian beef was destined for Asunción.

The president of the Cámara Paraguaya de la Carne (CPC), Juan Carlos Pettengill, also sought to downplay the incident, arguing that the imports of Brazilian beef were for domestic consumption and were not a threat to the “major efforts over the last decade to position Paraguayan beef where it is on the world stage”. But Manuel Riera, the vice president of the Asociación Rural del Paraguay (ARP), was less sanguine: “Buying Brazilian beef to repackage it and sell it on as Paraguayan is suicide; to make US\$3m to US\$4m you are putting at risk a US\$1.4bn industry”.

## China and Japan

The Chinese government has opened the country's market completely to Argentine beef exports after more than 15 years of negotiations. Shipments of frozen beef with bone and chilled beef with and without bone will now be welcomed by China from Argentina. Argentina had previously been restricted to exporting boneless frozen beef to China. In 2012 just 1% of Argentina's exports of this product went to China but this reached 35% in 2016 and as much as 46% last year. Argentina will also start exporting fresh beef to Japan for the first time ever in July (at present Japan only accepts imports of processed Argentine beef).

Riera's remarks rang alarm bells after the president of the national animal quality and health service (Senacsa), Hugo Idoyaga, contrary to the assertions of Ovelar and Pettengill, said the imported Brazilian beef was heading to Frigorífico Concepción's 'Plant 38', which is destined for export. Re-exporting beef would not only be illegal but would also undermine the reputation of Paraguayan beef and could jeopardise its access to international markets.

Six PJC customs officials have been charged in the case, as well as Jair Antonio de Lima, the president and owner of Frigorífico Concepción (and seven drivers), with contraband smuggling and producing fake documents. The company could also face a fine of at least US\$15m. Luis Gneiting, who was appointed by President Cartes to replace Medina as agriculture and livestock minister, said: "The company is not being unfairly punished. It is putting at risk the prestige of Paraguayan beef." Gneiting said it was only by accident that the irregular entry of the Brazilian beef had been detected. It was intercepted and later destroyed but was this the first instance of irregular Brazilian beef imports entering the country?

### Blame game

The industry and commerce minister, Gustavo Leite, accused Medina of authorising the import of Brazilian beef with the president of ARP, Luis Villasanti, and De Lima without consulting him or Cartes. Leite accused them of importing beef to bring down the cost locally "without Paraguayan consumers knowing the origin of the meat". He added: "these people betrayed us at the worst time".

Villasanti defended himself, saying that it was Leite's job "to know what is and is not being exported". Villasanti added that the ARP was the only institution that could hold its head up high because, despite his personal friendship with De Lima, he had "acted when he heard rumours [about the irregular imports]". Villasanti said he had notified the attorney general's office ("even though it should be Senacsa or the customs authorities sounding the alarm") because "it is serious what is happening and must be clamped down on with the full weight of the law".

Cartes also appointed Luis Catalino Morales as interim customs director to replace Valiente. Valiente subsequently accused Leite of agitating for his removal for years, expressing incredulity that he still had the ear of Cartes. As long ago as March 2015, Leite said he was "deeply disappointed with results" against contraband by customs authorities. Valiente, at the time, argued that only 20%-30% of contraband came through customs, with 70% entering the country via rivers and the dry border. Valiente also said that Leite had been put in charge of a new inter-institutional unit to combat contraband (UIC) shortly after Cartes took office in August 2013 and so if there was any fault it lay with him.

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## TRACKING TRENDS

**CHILE | GDP growth up.** Chile posted GDP growth of 4.2% year-on-year in the first quarter of 2018 driven by mining activity, which expanded by 19.3%, the central bank announced. The mining expansion owed principally to a low base of comparison due to a strike at Chile's Escondida mine, the world's largest copper producer, a year earlier.

Total exports increased by 7.2% year-on-year, principally because of a greater volume of copper exports, while overall imports were up by 6.1%.

The mining minister, Baldo Prokurica, said last week that reactivating the sector as Chile's motor of growth and job creation between 2018 and 2022 was a "key part of the country's development", with the focus on "mining innovation, productivity, and social legitimacy".

**López Obrador riled but not rattled**

**Jalisco violence**  
 “My government will not negotiate, will not talk to criminals, will not fold our arms and do nothing”. This was the defiant response of the governor of the state of Jalisco, Aristóteles Sandoval, to a brazen attack in broad daylight by at least a dozen armed assailants on one of his cabinet ministers, and a former state attorney general, on 21 May. Luis Carlos Nájera, the labour and social welfare minister, stood alongside Sandoval, one of his hands bandaged. Nájera said he had been on a working lunch in a Japanese restaurant in Lafayette, a popular neighbourhood in Guadalajara, the capital of Jalisco, when two suspicious looking men entered the building. Nájera instructed his bodyguards to block the entrance of the restaurant with their armoured car and they made good their escape, coming under heavy fire. Three state police officers and four bystanders were injured. Sandoval attributed the attack to the *Cártel Jalisco Nueva Generación* (CJNG) drug trafficking organisation (DTO).

Andrés Manuel López Obrador remains in pole position to win Mexico’s presidential elections on 1 July after the second of the country’s three scheduled presidential debates. López Obrador lacked the composure of the first debate but he did not make any major gaffes and neither of his principal rivals, Ricardo Anaya and José Antonio Meade, put in a barnstorming performance.

The second presidential debate took place on the campus of the Universidad Autónoma de Baja California (UABC) in the border city of Tijuana. Given the location, the three issues up for discussion in this debate were border security, immigration, and foreign trade. During the first debate in Mexico City last month, López Obrador shrugged off the provocations of his rivals. Both Anaya and Meade concentrated all of their firepower on López Obrador once again, but on this occasion he did not just absorb the blows, he also counterpunched.

Anaya, the presidential candidate of the Left-Right *Por México al Frente*, looked the most assured performer, as he did in the first round, but the abiding impression was that he failed to put across his proposals, preferring denigration to elucidation. But unlike his rivals Anaya did not equivocate when it came to spelling out his response if faced with the frequent provocations from US President Donald Trump which have dogged the government led by President Enrique Peña Nieto. Anaya said that he would threaten to revise Mexican cooperation with the US on immigration. He also said that while not a single terrorist had entered the US from across the Mexican border the US had done “absolutely nothing” to stop the flow of arms into Mexico.

López Obrador, who is much more comfortable in campaign rallies when he can slowly rise to a pitch rather than in quick-fire exchanges, looked the least comfortable. But he survived unscathed and now only has to endure the third and final debate, on 12 June, in Mérida, the capital of the south-eastern state of Yucatán, when the issues up for discussion will be economic growth, poverty, and inequality, which will play more to his strengths.

Like Anaya, López Obrador did not offer much in the way of concrete proposals, repeating his promise to carry out a transformation unprecedented in Mexico’s modern history by expunging official corruption. On the issue of bilateral diplomatic relations with the US, he said he wanted “friendly relations but not subordination”. He also stressed that Mexico should stop blocking Central American migrants at the border, “doing the dirty work of the US”.

Meade, the presidential candidate of the federally ruling *Partido Revolucionario Institucional* (PRI), put in the strongest performance in the second debate. He did not exactly stay above the fray when it came to trading insults but he did not allow this to stop him from presenting some of his proposals, although whether this will suffice to provide the resurgence he needs in the polls to move into contention is a moot point. Meade stressed that stopping the flow of illegal weapons into Mexico from the US was a priority. “We have to make our customs border impenetrable for organised crime, drugs and weapons, and with technologically we can do it,” Meade insisted. “We have to work to prevent money reaching organised crime.”

## FDI inflows

On 21 May Mexico's economy ministry (SE) released new figures which show that foreign direct investment (FDI) inflows to Mexico reached US\$9.5bn in the first quarter of the year, up 19.6% on the same period last year. According to the SE press release, under President Enrique Peña Nieto (who took office in December 2012), accumulated FDI inflows have now reached US\$182bn, 15.4% more than the six-year goal laid out in the national development plan (2013-2018). As regards sources of FDI, 43.6% of the total came from the US, 18.6% from Spain, 8.6% from Canada, 5.9% from Australia, and 5.1% from the Netherlands, with other countries making up the rest.

## Lack of proposals

It is not just in the confines of the debate that the presidential candidates have been accused of lacking solid proposals. The president of Mexico's national maize producers' confederation (CNPAMM), Juan Pablo Rojas Pérez, accused them this week of failing to provide any details of their proposed agricultural policies. Given that López Obrador's promise of an agricultural revolution to lift production and lead to self-sufficiency is one of the standout features of his campaign, Rojas's criticism will have touched a nerve. There are just over 2m Mexicans working in the country's maize industry.

Rojas said that in Mexico there was demand for 48m tonnes (t) of maize a year but only 25m t was being produced because of a lack of economic resources. Rojas also demanded quotas and tariffs to protect maize producers. This is highly problematic. Mexico imports significant quantities of yellow maize (as fodder for livestock) from the US, amounting to some US\$2.5bn a year. Much will depend upon the outcome of the renegotiation of the North American Free Trade Agreement (Nafta), and how this reshapes trade relations with the US.

Rojas also argued that boosting domestic maize production would be a way of addressing Mexico's insecurity problems and stopping emigration to the US. The main producers of white maize in Mexico are the states of Sinaloa (23% of the total), Jalisco (13%), and Michoacán, Chiapas, and Guerrero (7% apiece), making up 59% of total production between them. As regards yellow maize, 94% of total production is concentrated in Jalisco (35%), Michoacán (25%), Sinaloa (21%), and Guanajuato (13%). These are among the most violent states in Mexico.

### Zavala withdraws from contest

Jaime 'El Bronco' Rodríguez Calderón was the only other presidential candidate in the debate after his fellow independent Margarita Zavala withdrew from the race days beforehand. Zavala started off with around 8%-9% in the polls but rather than taking off from there she started to fall, with her support shrinking to around 3%-4% by the time that she called time on her bid.

Zavala blamed the polarisation of the contest and the deck being stacked against independents in terms of campaign financing and a lack of advertising spots on radio and television. She also felt that with the campaign becoming a plebiscite on López Obrador there was no chance of an independent centre-right option gaining any traction with voters. Keen to lap up her support, both Anaya and Meade lavished praise on Zavala.

## TRACKING TRENDS

**MEXICO | Hokchi concession.** Mexican energy firm Hokchi Energy, a subsidiary of Argentina's Pan American Energy, announced on 16 May that Mexico's national hydrocarbons commission (CHN), the national energy sector regulator, has approved its US\$2.5bn development plan to exploit the 'Hokchi' offshore oil field located in the Gulf of Mexico.

Hokchi Energy was one of the first firms to win an oil concession following Mexico's 2013-2014 energy sector reform, which opened up the sector to increased private sector participation. Hokchi Energy is the first to have its development plan, which involves the installation of two offshore oil rigs that are to drill seven exploratory wells in the Hokchi field, approved by the CNH since the reform. Hokchi Energy is now set to start exploiting its concession and generate the first royalties for the Mexican state under the reform.

The Hokchi Energy statement added that the firm hopes to extract some 147.8m barrels of oil and some 45.4trn cubic feet of natural gas from the Hokchi field. The Mexican government has previously said that as a result of the successful oil concession tenders it has carried out so far it has received US\$200bn in investment pledges from energy firms that have been awarded concessions.

## Polls

Last week pollster CID Gallup released a survey which showed that 63% of the 1,200 respondents wanted President Ortega to leave the presidency while 67% wanted Vice President Murillo to quit. Calls for the presidential pair to step down have been echoed by other sectors. Last week Michael Healy, the president of the Nicaraguan agricultural producers' association (Upanic), told reporters that at the end of this dialogue "we should have a new interim government, that will restore order and call free elections".

Meanwhile, on 16 May, at an event held in Masaya department, former military officers from the defunct Ejército Popular Sandinista (EPS), the military established in 1979 by the FSLN government, came out in public support of the students and called for Ortega and Murillo to step down.

## CENTRAL AMERICA & CARIBBEAN

### NICARAGUA | POLITICS

#### IACHR report ups pressure on Ortega

The Inter-American Commission on Human Rights (IACHR) has released preliminary findings from its visit to Nicaragua – its first since 1992. The IACHR's visit was in response to the crisis sparked on 18 April [\[WR-18-16\]](#) by the government crackdown on protesters upset over changes to the social security system (INSS) which soon spiralled into more general anger with the Frente Sandinista de Liberación Nacional (FSLN) government led by President Daniel Ortega and its successive dismantling of democratic institutions since taking office in 2007. The IACHR's preliminary report, which put the death toll from the violence at 76, is damning for the Ortega government as its commitment to a national dialogue process, which began on 16 May, is already coming under question.

The IACHR's visit, which took place between 17 and 21 May, was a condition set down by the country's Episcopal Conference (CEN) which is mediating the national dialogue process between the government, students, the private sector, civil-society groups, and indigenous organisations. In its report which was read out on 21 May by the IACHR rapporteur for Nicaragua, Antonia Urrejola, a Chilean lawyer, the human rights organisation was unequivocal that security forces were to blame for the violence, which has also seen 868 people injured and 438 arrests. The IACHR listed among various human rights violations, excessive force by the police (PNN), parapolice units, and anti-riot squads (although it adds that the military has not taken part in this repression); illegal and arbitrary detentions; torture; cruel inhuman and degrading treatment; censure and attacks against the press; and other forms of intimidation, as well as the possibility that extra-judicial executions took place.

Noting that incidents occurred nationwide, in the departments of Managua, León, Estelí, Matagalpa, Masaya, and Jinotega, among others, the IACHR provides 15 recommendations. These include calls for an immediate end to the repression; respect for the right to protest; protection for those who gave testimony to the IACHR; measures to bring to trial and sanction those responsible for the violence; dismantling of parapolice groups; respect for the freedom of speech; and an international investigation of the violence.

#### Calls grow for a transition government

The IACHR's findings come as students, who have borne the brunt of the violence and emerged as the leading face of the opposition to Ortega in the national dialogue and beyond, are publicly calling for the application of a "framework law for transition and democracy" which would result in the departure of Ortega and First Lady and Vice President Rosario Murillo. These views would seem to be shared by other sectors as well (*see sidebar*).

Doubts have emerged regarding the commitment of the government – which has agreed to set up a commission to oversee the IACHR's recommendations – to the dialogue process. A two-day truce called by Ortega to mark the start of the process foundered after an armed attack took place by PNN on students which left four injured. And, on the first day of the talks, rather than addressing the primary concerns of the CEN and students – ending repression and democratising Nicaragua's institutions – Ortega attracted criticism for seeking to focus on the economic issues that sparked the unrest (namely the changes to the INSS) rather than acknowledging the role of the government in the violence. The president of Nicaragua's central bank (BCN), Ovidio Reyes, said on 21 May that GDP projections for 2018 have been revised down from 4.5%-5.0% to 3.0%-3.6%. He put the total cost of the crisis to the economy at some US\$258.9m.

## Another former president to face trial

El Salvador's former president Tony Saca (2004-2009) of the main right-wing opposition Alianza Republicana Nacionalista (Arena) has become the latest former head of state (and second from Arena), to face legal action for money-laundering and corruption. If convicted, Saca would become the country's first former president to face jail time for corruption. The renewed focus on his alleged misdemeanours is unlikely to do Arena much good as the country gears up for next year's presidential contest. Yet the ruling left-wing Frente Farabundo Martí para la Liberación Nacional (FMLN) led by President Salvador Sánchez Cerén, which suffered a disastrous defeat in legislative and municipal elections in March [\[WR-18-10\]](#), is hardly in a position to capitalise on Arena's discomfort.

On 16 May the attorney general's office announced that Saca and six other members of his administration, including his former technical secretary Elmer Roberto Charlaix Urquilla, communications secretary Julio Rank, and former secretary for young people César Funes, would stand trial for allegedly embezzling US\$300m. Arrested in October 2016 on corruption charges and accused of embezzlement, illicit association, and money laundering, Saca and his associates are accused of diverting funds from the treasury to personal bank accounts in order to benefit individuals and companies linked to the former president, as well as advertising for Arena.

The allegations against Saca follow efforts to bring his predecessor Francisco Flores (1999-2004), also from Arena, to justice for allegedly embezzling US\$15m of donations provided by Taiwan for victims of the 2001 earthquake. However, these efforts were ultimately frustrated when Flores died in January 2016 of a brain haemorrhage just before he could stand trial.

The allegations of corruption from the top are not confined to Arena. In November 2017, another former president, Mauricio Funes (2009-2014) – the FMLN's first – was convicted of illicit enrichment to the tune of some US\$700,000. Currently living in Nicaragua where he was granted political asylum, Funes appealed the ruling in January 2018.

### Arena secures congress presidency

The move against Saca, nonetheless, comes as Arena has emerged strengthened from March's legislative elections, in which it won 37 (out of 84 seats) to 23 for the FMLN, which is suffering from the government's failure to address perennial problems like security and a weak economy.

National deputy Norman Quijano, twice former mayor of San Salvador (2009-2015) and Arena's 2014 presidential candidate, was elected congress president on 1 May, meaning Arena will control the legislative agenda in the run-up to the presidential elections. Quijano takes over from Guillermo Gallegos of the opposition centre-right Gran Alianza por la Unidad Nacional (Gana).

### Presidential candidates

At the tail end of last month, Juan Carlos Calleja, a businessman (*see sidebar*), was confirmed as Arena's presidential candidate after defeating another businessman, Javier Simán, in internal elections by 61%-38%.

On 27 May the FMLN is due to choose its presidential candidate from between Gerson Martínez, a veteran guerrilla and former public works minister (2009-2017), and Foreign Minister Hugo Martínez.

### Calleja

Arena's presidential candidate Juan

Carlos Calleja is the vice president of Grupo Calleja, which owns El Salvador's largest supermarket chain, Súper

Selectos. Calleja has said he will put the country above political ideology:

"The people no longer want solutions from the Left or the Right".

## Quotes of the week

“Say what you like about me but it is an offence to the Venezuelan people to say that there is a dictatorship here.”

*Venezuela's President Nicolás Maduro.*

“I implore Venezuelans not to be disheartened. Today Maduro is weaker than ever before. We are in the final phase of a tragic cycle in our country. The world will not recognise today's fraud.”

*Venezuelan opposition figurehead Julio Borges.*

“Gradualism is the son of pragmatism. If international conditions change, we must change.”

*Argentina's treasury minister Nicolás Dujovne.*

“This is not a dialogue table. It is a table to negotiate your departure and you know this very well because the people have asked for it.”

*Nicaraguan student leader Lesther Alemán to President Daniel Ortega on the first day of the national dialogue process.*

## UK seeks to revive regional relations

The UK foreign secretary Boris Johnson concluded on 23 May a five-day three-nation tour of the region, beginning in Peru and ending in Chile. But the visit which attracted most attention was the one sandwiched between these two: Argentina. Diplomatic relations between the UK and Argentina have improved immeasurably since President Mauricio Macri took office and pushed the sovereignty dispute over the Falkland Islands (Malvinas) onto the backburner, elevating bilateral trade considerations. This change of tack suits the UK, all the more so as it seeks to expand global trade relations in view of its imminent departure from the European Union (EU).

Johnson became the first UK foreign secretary to visit Peru in an official capacity for 50 years. He accompanied President Martín Vizcarra and Foreign Minister Néstor Popolizio to the Amazon city of Iquitos to visit an animal rescue centre set up as part of a crackdown on illegal wildlife trade, and to inaugurate a solar energy project developed with British cooperation to benefit a local community school. He also visited the site of the Lima 2019 Pan-American Games for which the UK Department for International Trade has provided technical support.

Johnson then moved on to Argentina, where he represented the UK at the G20 meeting of foreign ministers. Johnson and Macri discussed a post-Brexit bilateral free trade agreement (FTA). In a press conference alongside his Argentine peer Jorge Faurie, Johnson expressed his support for the Macri administration's economic reforms. Faurie said their talks had been focused on “constructive objectives to create a propitious climate for recovering mutual confidence”. He said that the sovereignty dispute remained a “fundamental aspect” of bilateral relations but “not the only one”. Johnson, the first UK foreign secretary to visit Argentina for 22 years, became the first member of the British government to lay a wreath at the memorial to the fallen in Plaza San Martín in honour of those who died on both sides in the 1982 conflict. He was accompanied by Argentina's defence and security ministers, Oscar Aguad and Patricia Bullrich respectively.

Johnson concluded his trip in Chile where he met President Sebastián Piñera and Foreign Minister Roberto Ampuero. Johnson expressed his admiration for the Pacific Alliance trade bloc, comprising Chile, Colombia, Mexico, and Peru, while Ampuero said he hoped an FTA could be agreed “the moment after Brexit is realised”.



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*Prime Minister of Spain (2004-11)*

**Jorge M. Faurie**  
*Ministry of Foreign Affairs,  
 Argentina*

**Joanna Crellin**  
*HM Trade Commissioner for  
 Latin America and the Caribbean,  
 Department of International Trade*

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

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