

latin american weekly report

21 June 2018, WR-18-24

ISSN 0143-5280

CONTENTS

LEADER	1
Duque triumphs in Colombia but congress holds key	
ANDEAN COUNTRIES	
VENEZUELA	4
Cabello gets seat at top table again	
BRAZIL & SOUTHERN CONE	
ARGENTINA	5
Heads roll as Macri battles to regain control	
BRAZIL	7
Army sounds out politicians	
URUGUAY	8
In the grip of insecurity	
MEXICO & NAFTA	
MEXICO	10
Anaya launches final counterattacks	
TRACKING TRENDS	
CENTRAL AMERICA & CARIBBEAN	
NICARAGUA	13
Crisis intensifies as Masaya announces "self-rule"	
PANAMA	14
Panama-China relations one year on	
HONDURAS	15
Maccih causes stir with fresh allegations	
POSTSCRIPT	16
Ecuador's Moreno unveils border-security plan	
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

Duque triumphs in Colombia but congress holds key

Iván Duque will become Colombia's 33rd president on 7 August. Duque defeated Gustavo Petro on 17 June in the second round of the country's most polarised presidential elections, which was reflected in a record high turnout. In his victory speech, Duque placed the emphasis on his determination to lead an inclusive government and root out the entrenched corruption of the political elite. But his reform agenda will hinge on his ability to build consensus in a congress controlled by traditional centrist parties representing that elite. Petro will lead the opposition to Duque's government from the senate and the street, especially if he seeks to roll back the peace accord with the Fuerzas Armadas Revolucionarias de Colombia (Farc).

Duque, running for the right-wing Centro Democrático (CD), became the first presidential candidate to break through the 10m vote barrier in his 53.9%-41.8% triumph. In a record 53% turnout from an electoral roll of some 36m, Duque won 10.37m votes. He triumphed in three-quarters of Colombia's 32 departments (*see map overleaf*), two more than in the first round, narrowly edging Petro in La Guajira and Córdoba despite Petro being a native of the municipality of Ciénaga de Oro in the latter. Duque also won 19 departmental capitals, including the country's second city Medellín.

Petro, however, was far from vanquished. Not only did the presidential candidate of the Colombia Humana coalition win more votes than any leftist candidate in history but he also won more votes than anyone other than Duque or Juan Manuel Santos in the 2010 presidential elections. Petro's total of 8.03m votes was more than three times as many as Carlos Gaviria, of the leftist Polo Democrático Alternativo (PDA), managed in 2006 when former president Álvaro Uribe (2002-2010) sought re-election. The more right-wing support base of Uribe was decisive, and Duque will be beholden to his mentor. Duque beat Petro by nearly 1.3m votes in Uribe's native department of Antioquia, more than half of the difference of 2.3m between the two candidates. Of the 125 municipalities in Antioquia, Petro won just four.

While Duque won 2.8m more votes in the run-off than in the first round, Petro won 3.2m more votes. This suggests that slightly more of the centrist vote gravitated towards Petro than Duque, principally but not exclusively from the centre-left Alianza Verde (AV) which backed Sergio Fajardo, the third-placed candidate in the first round. This can be seen in the fact that Petro picked up the capital Bogotá and almost doubled his vote in taking Cali, the capital of Valle del Cauca and Colombia's third-most populous city, both taken by Fajardo in the first round, within his haul of 13 departmental capitals. Indeed, Petro won four of the big five, also taking Barranquilla, capital of Atlántico, and Cartagena, capital of Bolívar.

"I don't feel defeated," Petro said. He added that the dream would be on hold for four years but in the meantime he would provide "alternative

Farc and Venezuela

The majority of departments where the Farc wielded greatest influence were won by Iván Duque, most by large margins: Caquetá, 62%-34%; Casanare, 73%-24%; Guaviare, 58%-36%; Huila, 65%-32%; Meta, 64%-32%; and Tolima, 66%-30%. Gustavo Petro did take Putumayo (70%-28%), as well as Cauca (72%-25%), and Valle del Cauca (61%-34%). Duque also won the departments bordering Venezuela by large majorities, such as Norte de Santander and Arauca. Cúcuta, the capital of Norte de Santander, where Petro was forced to abandon a campaign rally after coming under attack, saw a resounding victory for Duque (80%-15%). These are areas feeling the full impact of Venezuelan refugees. The adverse result for Petro could be attributed to the affinity Duque claimed he had with Venezuela's Bolivarian Revolution.

power". This, he indicated, would translate into permanent protest on the streets. Having won more support than Duque in Colombia's main urban centres, Petro will be in a strong position to organise protests. He argued that Colombia could not remain reliant on oil and coal indefinitely (he campaigned on the need to phase out extractive activities) and, pointedly, that "8m Colombians will not allow Colombia to go back towards war".

Petro will also orchestrate opposition to Duque from the senate, where, under the terms of the recent political reform, he was awarded a seat for finishing second. Discussions are taking place between the 10 AV senators, five PDA senators, and five senators from Petro's Lista de la Decencia, elected in March's congressional elections, to form a bloc to act as a counterweight to Duque's government when they take their seats in July. With the support of the five Farc and two indigenous senators, this bloc would number 27 out of 107 seats.

On the issue of peace, Petro's proposed coalition should be able to find common ground with a likely centrist bloc formed out of the rump of Santos' ruling coalition, the Partido de la U (PU) and the Partido Liberal (PL). Between them the PU and PL won 28 seats in the senate which, with Petro's bloc, would be a simple majority, and 60 seats in the 171-seat lower chamber (where Petro's bloc won 18 seats).

Duque will seek to set up his own bloc in congress to try to ease the passage of his legislative agenda. His CD won 19 seats in the senate and 32 in the lower chamber. He is likely to offer the Partido Conservador (PC) cabinet positions in order to secure the support of its 15 senators and 21 deputies. The big question is whether Cambio Radical (CR) finds common cause with Duque. The performance of Germán Vargas Lleras might have been underwhelming in the first round of the presidential elections but his party expanded its presence in both chambers of congress, winning 16 seats in the senate and 30 in the lower chamber. Duque will need to tread carefully to avoid alienating the PC and CR through his anti-corruption discourse against the traditional political elite whose image has been dragged through the mire continent-wide. He promised in his victory speech to wage "a frontal war on corruption, politicking, and clientelism".

Prospects for peace

Duque is likely to be constrained by congress if he seeks to depart radically from the peace accord with the Farc or advance initiatives adjudged by the centrist mainstay to be too right-wing. Duque promised an inclusive government. He said he would concentrate all of his energy into uniting the country, promising "no more divisions" and to "turn the page on polarisation". But he also used his victory speech to intimate that he would revive the Uribe administration's contentious 'democratic security policy' – "security is a democratic value to allow us to be free of fear" – and to vow to modify the peace accord with the Farc.

Duque expressed support for Farc guerrillas to demobilise and be reinserted into society, and for public investment to flow to areas of the country that have been worst-hit by the armed conflict, but his proposed modifications will, at best, complicate the peace accord's implementation. "The peace that we yearn for, which demands corrections, will have corrections so that the victims are really at the centre of the process and we guarantee truth, justice, reparation and no repetition," Duque said in a clear reference to the transitional justice system (JEP), which he has described as a "monument to impunity", allowing demobilised guerrillas to receive lenient sentences in exchange for telling the truth.

The day after his electoral victory, Duque successfully applied pressure on members of congress to delay a vote on a bill establishing regulations for the JEP. This immediately put him at loggerheads with Santos, who is meeting Duque as we go to press on 21 June to discuss the transition period between now and his investiture on 7 August. Santos said he would call extraordinary

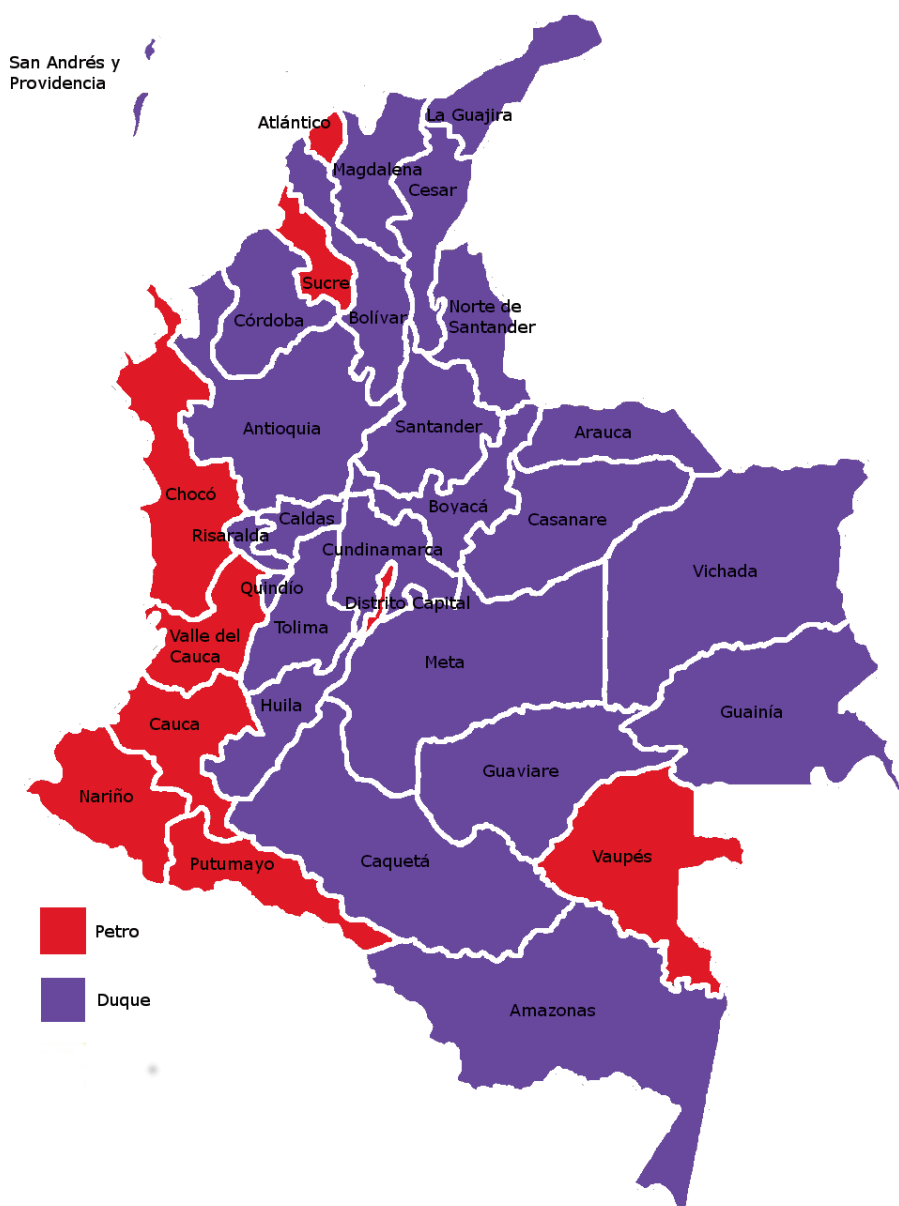
Presidential elections second round result by department size			
Depts.	Duque (%)	Petro (%)	Votes cast
Bogotá DC	41	53	3,532,633
Antioquia	73	22	2,542,139
Valle del Cauca	44	52	1,710,356
Cundinamarca	56	39	1,165,298
Santander	60	35	981,146
Atlántico	43	55	800,712
Bolívar	51	47	674,810
Norte de Santander	78	18	623,933
Córdoba	50	48	618,409
Tolima	66	30	576,278
Nariño	34	64	574,222
Boyacá	55	42	563,176
Cauca	32	65	497,571
Huila	65	32	457,739
Magdalena	52	46	436,251
Caldas	66	28	432,314
Risaralda	62	33	417,826
Meta	64	32	413,579
Cesar	54	44	399,607
Sucre	48	50	355,053
Quindío	63	31	250,111
La Guajira	50	48	213,108
Casanare	73	24	175,729
Caquetá	62	34	128,165
Chocó	39	59	118,052
Putumayo	28	70	110,893
Arauca	65	32	91,490
Guaviare	58	36	27,000
Amazonas	50	47	19,757
Vichada	64	33	15,907
San Andrés	61	35	15,199
Guanía	57	40	10,292
Vaupés	39	60	7,989
Total	54	42	19,215,637

Source: Registraduría Nacional del Estado Civil.

sessions of congress if necessary in order to push through the legislation. "Peace should be above any party or political controversy," Santos said.

The Fuerza Alternativa Revolucionaria del Común (Farc) political party, meanwhile, issued a statement expressing its readiness to meet Duque "to discuss his point of view on the implementation of the peace accord". But the leader of the Farc, Rodrigo Londoño, warned Duque that failure to apply the accord would "lead the country into a new cycle of violence". Duque's determination to restart aerial coca spraying, and his tough line on the protracted peace negotiations with the Ejército de Liberación Nacional (ELN) guerrilla group, leaves the prospect of 'complete peace' promised by Santos looking dim.

Duque insists that he does not oppose peace but that justice must be served. Indeed, he made a big point of the need for "credible and efficient" justice to be felt in "every corner of Colombia". Earlier in his campaign, Duque advocated a national debate to unify the supreme court, constitutional court, council of state, council of magistrates, commission of accusations, national electoral council, and JEP into a single court. He argued that 146 out of 195 countries in the United Nations have a single top court, including the top 14 in the World Justice Project Rule of Law index 2017-2018. He toned this down as the campaign progressed, calling for an academic debate and a consensual reform with the courts. This will be difficult though given the differences between the courts. Santos, who unlike Uribe had a good relationship with the judiciary, has overseen two frustrated efforts to undertake a meaningful judicial reform.



Cabello gets seat at top table again

Diosdado Cabello is back in a starring role in Venezuela's Bolivarian Revolution. President Nicolás Maduro named him as head of the national constituent assembly (ANC) this week as part of a cabinet reshuffle. It has been widely suggested that the appointment of Cabello, a straight-talking and uncompromising strongman, is a sign that Maduro is intent on radicalising the Revolution. But it is also a sign of weakness. Maduro had tried to sideline Cabello, who has not held a senior leadership position for two-and-a-half years, but he has been forced to turn to him once more after being re-elected on 20 May on the back of the lowest turnout in history.

President Maduro appointed Cabello to replace Delcy Rodríguez as president of the ANC. To all intents and purposes Cabello will now reprise his role as president of the national assembly (AN), which he filled for three years, before the government lost control of the body to the opposition in the December 2015 legislative elections. The ANC has usurped the function of the AN as Venezuela's legislature, while also having the power to draft a new constitution.

Maduro and Cabello have always put on a united front in public but rumours of tensions in private have been rife, not least as Maduro has systematically purged prominent figures within the Revolution. Maduro has long coveted Cabello's military powerbase, conscious that his political survival hinges on his ability to keep the top brass in the Bolivarian armed forces (FANB) onside. As such, Maduro has enlarged the country's pool of generals to some 2,000, awarded the control of Venezuela's state oil company Pdvsa, the state cash cow, to the FANB, and given military figures prominent positions in the cabinet.

Maduro created his own party, Movimiento Somos Venezuela (MSV), in January to try and cement his own powerbase outside of the ruling Partido Socialista Unido de Venezuela (PSUV), of which Cabello is vice president. But this has flopped. And Maduro fell so far short of the 10m votes he wanted to win in May's elections in order to reinforce his position he was left badly bruised and opted to set aside his differences with Cabello to try and shore up support within the Bolivarian movement. It was noteworthy that Marlenys Contreras, Cabello's wife, was also promoted from tourism minister to public works minister.

Maduro presented the changes in a rather different light. He argued that "the epic victory of the people" on 20 May required "a new start". Except that there were few new faces. Rodríguez, president of the ANC and sister of the communications minister Jorge Rodríguez, becomes vice-president. She replaces Tareck El Aissami who assumes the position of vice president for the economic area. Maduro said he had promised "an economic revolution...and who better than an experienced and proven revolutionary" to lead it.

El Aissami also becomes the head of the industry and national production ministry, one of two new portfolios created by Maduro, bringing the total number of cabinet ministries to 33. The other was a water ministry, under Evelyn Vásquez, who will be in charge of protecting supplies of drinking water. Yomana Koteich, the deputy finance minister, was appointed as the foreign trade and investment minister. She was appointed president of an administrative council to run the Venezuelan private bank Banesco for 90 days in early May after it was accused of assisting a "systematic attack on the national currency" [[WR-18-18](#)].

Bernal bundled out

Freddy Bernal, the minister of urban agriculture, leaves the cabinet. Bernal paid the price for the recent release of a video advocating the advantages of raising goats in city apartments to combat food shortages. Mayerlin Arias replaces Bernal at the ministry, which is in charge of "food sovereignty". She will need to come up with more successful plans than Bernal who claimed last September that Venezuelans had been "induced to eat what interests the Empire". This after his ministry handed out baby rabbits to 15 communities as part of a trial, arguing that they were "two and a half kilos of meat with high protein and no cholesterol", and bred rapidly. Families adopted the rabbits as pets.

Heads roll as Macri battles to regain control

Argentina's President Mauricio Macri performed political surgery this week in a bid to arrest the unrelenting depreciation of the peso. The economic surgery his government opted to undergo by obtaining financial assistance from the International Monetary Fund (IMF) has failed to staunch the currency haemorrhage. Macri will be hoping that forcing out the president of Argentina's central bank (BCRA), the publicly reviled energy minister, and a close ally in the form of the production minister will convince investors and general public alike that he will stop at nothing to overcome by far the most difficult challenge he has faced in his political career.

Sturzenegger was the first to go. He paid the price for the peso's dramatic decline of 6.5% in 24 hours to a record low of Ar\$28.43/US\$1 on 14 June. Sturzenegger had been appointed president of the BCRA when Macri took office in December 2015. In his resignation letter, which he published on Twitter, Sturzenegger argued that his "credibility" had been undermined in recent months, rendering his position untenable. This was a thinly veiled reference to the government's decision last December to raise its annual inflation target, entering Sturzenegger's domain without prior permission.

Macri's faith in Sturzenegger had been tested in recent months, however, by his perceived frittering away of international reserves at the wrong time in a failed attempt to prop up the peso. After the US\$50bn Stand-By Arrangement (SBA) with the IMF failed to stop the bloodletting, Macri appears to have concluded that Sturzenegger was part of the problem and he was 'encouraged' to resign.

Macri replaced Sturzenegger with his finance minister, Luis Caputo, allowing his treasury minister, Nicolás Dujovne, to add this position to his own, recreating the super ministry Alfonso Prat-Gay controlled before leaving the cabinet in December 2016 (in large part, ironically, because of differences with Sturzenegger). Dujovne had already assumed the role of economic policy coordinator after the government's decision to return to the IMF.

The appointment of Caputo, who oversaw the repayment of 'holdout' creditors in 2016, was designed to restore the confidence of international markets whose speculative attacks on the peso have not ceased despite the IMF deal. It will ensure that the BCRA and the government are singing off the same hymn sheet. But this does cast doubt over the independence of the BCRA given that granting it more autonomy (ending its inflation-stoking financing of the treasury) was one of the terms of the SBA signed with the IMF.

Macri then dismissed his energy minister Juan José Aranguren on 16 June, raising questions about the government's commitment to the IMF's main demand: erasing the fiscal deficit by 2020. Aranguren was the least popular of Macri's ministers having presided over significant energy tariff increases in a bid to end costly subsidies. This drove up inflation, however, and Macri balked at Aranguren's plan for another large tariff increase and his announcement at last week's two-day G20 meeting of energy ministers in Bariloche, the ski resort town in Río Negro province, that Argentina would shortly free the energy market.

With the depreciation of the peso pushing the mounting cost of oil and gas imports even higher, removing subsidies is politically unpalatable. Throwing Aranguren to the wolves will win Macri some respite but the more moderate

Caputo

Luis Caputo's appointment as the president of the BCRA must be confirmed by the senate. This is not a formality. The government lacks a majority in the senate. The moderate political opposition in the senate has worked closely with the government since President Macri took office but the IMF deal has soured the relationship.

World Cup

Just minutes before Energy Minister Juan José Aranguren's dismissal, the US secretary of energy, Rick Perry, tweeted a photo of the two men in Bariloche watching Argentina play Iceland in the Fifa World Cup taking place in Russia. The Macri administration will be hoping that Argentina's national football team advances to the latter stages of the World Cup to offer some distraction from the country's current economic travails.

scheme of tariff adjustments envisaged by his successor, Javier Iguacel, who had been in charge of the national highway authority, will mean retaining subsidies for longer, and delay clearing the fiscal deficit.

Macri also dispensed with the services of his production minister, Francisco Cabrera, a good friend and associate for more than a decade, who becomes head of the state-run Banco de Inversión y Comercio Exterior (Bice). Cabrera makes way for Dante Sica, who served as industry minister during the brief presidential tenure of Eduardo Duhalde (2002-2003).

Meanwhile, one of Macri's fiercest critics, Hugo Moyano, caused him a major headache by announcing a deal on 19 June between the truck drivers' union Federación Nacional de Trabajadores Camioneros (Fedcam) run by his son Pablo and the cargo and freight transport employers' federation (Fadecac) to lift salaries for members by 25%. This is 10 percentage points higher than the deals other trade unions negotiated in the first five months of the year. Many may now seek to renegotiate. Other union leaders yet to strike a deal will be reluctant to settle for less, complicating the government's efforts to contain inflation. The one silver lining was that Fedcam called off a 48-hour strike scheduled for next week, although it will be back on if the government refuses to ratify the salary deal, which the labour ministry said was irregular. Fedcam will also still take part in the general strike called for 25 June by the umbrella trade union movement Confederación General del Trabajo (CGT).

Deputies representing the Kirchnerista Frente para la Victoria (FPV) in the federal lower chamber of congress, meanwhile, tried to convene a special session on 19 June to analyse the IMF deal but fell well short of quorum. If this was a crumb of comfort for Macri, it was followed by a feast. On 20 June the index provider Morgan Stanley Capital International (MSCI) elevated Argentina's status of frontier market to emerging market. This was a major vote of confidence in the Macri administration's ability to extricate Argentina from its complex web of economic and financial difficulties. It also frees up international institutional investors, precluded from investing in frontier markets, to invest in Argentina, which could lead to an additional US\$4.5bn of foreign investment.

The IMF executive board also confirmed its confidence in the Macri administration on the same day, formally approving the SBA and releasing the first instalment of US\$15bn, half of which will be used for budget support. The IMF plan is based on four pillars: restoring market confidence through a fiscal adjustment to reach a fiscal balance by 2020; protect society's most vulnerable by shielding social spending and redesigning assistance programmes; strengthening the credibility of the central bank's inflation-targeting by increasing its autonomy; and lessening the strains on the balance of payments by rebuilding international reserves.

Achieving fiscal balance will be a major challenge. Macri is bidding for re-election in October 2019 and knows that he will face a large punishment vote if he tries to impose harsh austerity measures on a public which is deeply sceptical of IMF policy prescriptions. Ring-fencing social spending, however, should help Macri in his re-election bid. As should the significant strides made by his government in improving public security. Homicides in 2017 fell by 13% on the previous year to 2,293, after a similar fall in 2016. Argentina now has the second lowest homicide rate in Latin America at 5.2 per 100,000 inhabitants behind only Chile (3.5 per 100,000) after moving ahead of Ecuador (5.8 per 100,000). And it was the only one of these three countries to reduce homicides in 2017. Violent robberies and theft were down by 7%, and extortive kidnappings by 19%. Drug seizures increased by 8% in the case of marijuana (132,590kg) and 120% in the case of cocaine (12,133kg).

Army sounds out politicians

Interest groups normally lobby presidential hopefuls ahead of elections. But there was still surprise when Brazil's *O Globo* newspaper identified one of the lobbyists as none other than General Eduardo Villas Bôas, commander of the Brazilian army. His meetings with a number of politicians in recent weeks have been described as the first of their kind since the restoration of democracy 33 years ago. They come at a time when the role of the military in Brazil is again open to debate.

In recent weeks General Villas Bôas has met Jair Bolsonaro (the extreme right-wing candidate for the Partido Social Liberal, PSL), Marina Silva (the environmentalist and leader of Rede Sustentabilidade), Geraldo Alckmin (the centre-right candidate for Partido da Social Democracia Brasileira, PSDB), Ciro Gomes (the left-winger from Partido Democrático Trabalhista, PDT) and Álvaro Dias (from the small Podemos party). Given that former president Lula da Silva (2003-2011) is currently in prison in the southern city of Curitiba on corruption charges, Villas Bôas is also thought to be planning to meet another senior member of Lula's Partido dos Trabalhadores (PT), former São Paulo mayor Fernando Haddad.

Formally, the army says the meetings are so that the commander can update the presidential pre-candidates on various ongoing military and defence projects. Off the record, however, army sources say Villas Bôas is letting the politicians know that some key 'strategic projects' are seriously underfunded. He is reported to be highlighting a lack of funding for a border control project (Sistema Integrado de Monitoramento de Fronteiras, Sisfron), and for defence training.

An unnamed active service general was quoted this week by the newspaper as saying, "We had a R2.5bn [US\$670m] budget for these projects in 2017. This year it came down to R2bn [US\$533m]; next year it might drop to only R1.4bn [US\$373m]."

Just in case the presidential pre-candidates doubted the value of the army, the commander is thought to have reminded them of how it stepped in this year to take overall control of anti-crime strategy in the crisis-struck state of Rio de Janeiro, and of how it helped maintain key supplies during the truck drivers' strike last month.

For the first time in a number of years, the role of the Brazilian military appears open to a degree of debate and reassessment. Partly this is because the country is intensely polarised in the run-up to this October's presidential and congressional elections. Crime and corruption appear to have eroded confidence in all of Brazil's institutions, but in civilian institutions more so than in military ones. According to a Datafolha survey this month, 37% of respondents trust the military. This was a fall from 43% back in April, but it still left the armed forces as the single most trusted institution in the country.

Trust in the presidency by comparison was down to 36%, while trust in the federal congress and political parties had slumped respectively to 33% and 32%. A section of the population appears to have developed a form of nostalgia for the otherwise deeply unpopular years of military rule (1964-1985). This is the constituency represented by Bolsonaro, who says that if elected he will appoint five generals to his first cabinet and crack down on crime. In May some of the striking truck drivers called for a coup d'état.

Violence in Brazil

According to a Datafolha survey in late March, 76% of Rio residents supported the army presence in the city, but an almost equally large group, 71%, said violence continued at the same level as it had been before the army took control.

Salto murders
In March alone, according to Uruguay's national daily *El País*, there were four homicides in Salto. This is double the total registered in the whole of 2017, according to figures released by the interior ministry.

The military carefully sidestepped calls for it to step in. The cabinet minister for institutional security, retired General Sergio Etchegoyen, described talk of military intervention as “an idea from the last century which I personally think makes no sense”.

But some analysts also detect a degree of military frustration with the current government. Mauricio Santoro of Universidade do Estado do Rio de Janeiro (UERJ), who teaches at a number of military academies, says “There is a feeling that they are being used by a government that they don't like. All the problems the government can't solve they hand over to the military.”

One sign of increasing reliance on the military was the appointment of another general, Joaquim Silva e Luna, as defence minister back in February. Another was that in the same month an active service general, Walter Braga Netto, was placed in overall command of security in Rio de Janeiro.

Putting the army in the front line of the battle against crime is a double-edged sword. Supporters of the idea think it could help roll back the crime wave and build the prestige of the military.

Opponents say putting the army on the streets may escalate, rather than reduce violence (the experience in some other Latin American countries points in that direction). They also warn that the military could get bogged down in domestic security tasks for which it is ill-suited, while the police remain ineffective and, in some cities, corrupt.

After four months of army-controlled security in Rio, the results are mixed. Reported gun battles (as measured by the *Fogo Cruzado* app, used by local residents to share information on shoot-outs) actually increased by 36%. Official data on the other hand shows there were 575 violent homicides in May, down by 9.6% on March. Car and transport theft were also down, but deaths linked to police operations were up, as were street robberies.

URUGUAY | SECURITY

In the grip of insecurity

Widespread protests against insecurity have broken out in recent weeks across Uruguay. They began in Salto, the second-most populous city in Uruguay and capital of Salto department in the north-east of the country, bordering Argentina in late May. But they spread to the capital Montevideo this week when demonstrators took to protesting outside the official residence of President Tabaré Vázquez after a 20-year-old was murdered in a violent theft nearby.

Around 1,000 people took part in a demonstration in Salto on 27 May to demand better security. The protesters, who organised themselves by word of mouth and through social media, blocked roads during a protest march in the city. The demonstration comes after a spate of robberies and murders (*see sidebar*).

According to Fabián Boccia, the secretary general of the municipal government of Salto, the recent crime surge in the city is related to increased unemployment and drug trafficking. In 2017 Salto's unemployment rate stood at 9.9%, the second-highest of Uruguay's 19 departments. The issue of drug trafficking was also emphasised by one of Salto's public prosecutors, Carlos Rodríguez, who claimed that 90% of violent cases were linked to drugs but that drug gangs present in other parts of Uruguay were not operating in Salto.

To tackle the problem of rising crime, on 31 May the municipal government announced that by the end of 2018 the city would maintain between 100 and

Public security reforms

Jorge Larrañaga proposes four significant public security reforms in Uruguay. These comprise effective enforcement of prison sentences so that serious offenders cannot be released before completing their sentences; the introduction of life imprisonment for certain crimes, which may be reviewed after 30 years; the creation of a national guard, including, controversially, members of the military; and the passage of legislation to regulate night raids in places where it is suspected that criminals operate.

150 permanent members of the Guardia Republicana. This elite police body was created in 2010 by the interior ministry in response to criticism of growing threats to public security.

Spiralling violence

The growing insecurity in Salto does not stand in isolation to the situation in the rest of Uruguay, especially other border cities, such as Rivera, the capital of the eponymous department bordering Brazil, and Chuy, in Rocha department, also on Brazil's border, which have become hubs for drug and contraband smuggling.

According to Guillermo Maciel, the director of statistics from the Observatorio Fundapro de la Seguridad, an independent research website, during the first four months of 2018 there were 147 homicides in Uruguay. This figure represents one homicide every 20 hours and is up by 66 (as much as 81%) on the same period in 2017. This is eye-catching because, according to official government statistics, 2017 was the year with the second-highest number of homicides (283) recorded in Uruguay's history. The peak year was 2015 when there were 293 murders. At the present rate, this would be exceeded by as much as 51% in 2018, with 441 homicides.

In an interview with the national daily *El Observador* published on 12 May Mario Layera, the head of the national police, said that if there were no legal and bureaucratic reforms in Uruguay, the country would face a similar situation to El Salvador or Guatemala. This appears somewhat hyperbolic given that Uruguay's homicide rate stands at just 8.2 per 100,000 inhabitants compared with 60 per 100,000 in El Salvador, but it is in keeping with the public perception of deteriorating public security.

Insecurity is consistently near the top of all polls conducted of the principal public concerns in Uruguay. The deterioration in public security in Uruguay contrasts with a marked improvement across the River Plate in Argentina over the last two years (*see page six*).

Dozens of people staged a demonstration outside President Vázquez's residence in El Prado, an upmarket neighbourhood in Montevideo, on 18 June, two days after the nearby murder of Mateo Urtiaga in a violent robbery. One of Vázquez's security guards at his residence even drove the 20-year-old to hospital after finding his body, but it was too late to save him.

Separately, on 18 June, Adrián Gonzalo Fordigin Puentes became the fourth police officer this year to be murdered. He was shot in the head by criminals on a motorbike who held up a lorry carrying bottled water in Montevideo which he was accompanying.

Opposition pressures government over insecurity

The mounting violence has piled pressure on the Vázquez administration to act. When called to testify in front of the senate security commission on 5 June, Interior Minister Eduardo Bonomi said that while he backed Layera continuing in his post, he did not share his vision of future insecurity in Uruguay, instead claiming that reform was ongoing.

Bonomi has been under significant pressure over the growing insecurity problem in Uruguay for years from opposition parties who have proposed alternative security measures.

Leading the charge is Jorge Larrañaga, a prominent senator of the main opposition Partido Nacional (PN, Blancos). On 23 May Larrañaga launched a campaign to obtain the signatures of 10% of eligible voters necessary to be able to hold a referendum on constitutional reform (*see sidebar*).

Anaya launches final counterattacks

After being formally accused of corruption, Ricardo Anaya, the presidential candidate of Mexico's Right-Left Por México al Frente opposition coalition, has lashed out against his two main rivals ahead of presidential elections on 1 July. With little over a week left before election day, Anaya's counterattacks – he accused both of his rivals of corruption – look like a last-ditch attempt to propel himself into contention from his distant second place in the polls. But the negative turn of his campaign might alienate voters instead.

Anaya began his counterattacks during the final televised presidential debate last week [[WR-18-23](#)]. That day, Anaya accused his main rival Andrés Manuel López Obrador, the candidate of the leftist opposition Movimiento Regeneración Nacional (Morena), who comfortably leads all voting intention polls, of being implicated in corruption when he was Mexico City mayor (2000-2006).

López Obrador has been running an anti-corruption campaign and portraying himself as a political outsider who, if elected, would put an end to the long-standing corrupt practices and cosy relationship with big business that have dogged the governments from Mexico's traditional parties – the incumbent Partido Revolucionario Institucional (PRI) and Anaya's own right-wing Partido Acción Nacional (PAN).

However, Anaya claimed that during his time as mayor López Obrador irregularly awarded public contracts to a civil engineering firm owned by his engineer friend José María Rioboó. Anaya said that the López Obrador municipal government directly awarded some M\$170m (US\$8.2m) in public contracts to Grupo Rioboó without holding any sort of public tender process. Anaya even claimed that Grupo Rioboó had bid for the contract to build the new Mexico City international airport (NAICM) but lost out, and that this is the main reason why López Obrador is opposed to the mega project and has proposed scrapping it altogether.

Following the debate, Anaya announced that all the evidence that his campaign team has compiled from official documents about the alleged corruption by the López Obrador Mexico City municipal administration had been uploaded on his campaign's website and was now publicly available for the electorate (and prosecutors) to see. Anaya insists that this shows that López Obrador is a hypocrite and that his professed commitment to combat corruption is insincere. "His discourse against corruption is just that, discourse... it is becoming increasingly clear that he has preferred contractors, who he has given direct contracts," Anaya said of López Obrador.

Upping the ante

But Anaya has not exclusively concentrated his counterattacks on López Obrador. He has also moved against both President Enrique Peña Nieto and the PRI's presidential candidate, José Antonio Meade Kuribreña.

Anaya has previously claimed that the money laundering accusations and formal investigations opened against him have been promoted by the Peña Nieto government in a bid to undermine his campaign and boost support for the third-placed Meade; or to stop him from beating López Obrador for fear that his administration would have no qualms about subjecting the outgoing

Doubts

In presenting the formal complaints against President Peña Nieto and José Antonio Meade, Anaya's spokesperson, Alfredo Figueroa, said that although he did not hold out much hope that these would be seriously investigated, this was the right thing to do. "We know that the head of the PGR, appointed by Peña Nieto, has been one of the main individuals responsible for persecuting our presidential candidate...[and] one must suppose that he will by all means try to cover up Peña Nieto and Meade's responsibility [in the Odebrecht corruption case]. But we also know that the democratic way is to use and demand that institutions fulfil their duties and guarantee that the law is upheld," Figueroa said in allusion to the PGR investigations launched against Anaya.

El Bronco seeks to make hay

The fourth presidential candidate running in Mexico's general election, Jaime 'El Bronco' Rodríguez Calderón, has tried to take full advantage of the corruption accusations are affecting his rivals from the Por México al Frente opposition coalition and the ruling PRI. Speaking at a campaign rally on 19 June, independent candidate Rodríguez, who is currently languishing in last position in the polls, called on both the PRI's José Antonio Meade and Por México al Frente's Ricardo Anaya to abandon their bids and allow him to contest the presidency with Andrés Manuel López Obrador. "In recent days both Meade and Anaya have called for the useful vote... it would be useful if they both withdrew and joined 'El Bronco'," Rodríguez remarked.

president to corruption probes. Anaya has accused López Obrador of striking a pact with Peña Nieto, under which the latter has agreed not to interfere with the electoral process in exchange for assurances that, if elected, López Obrador will not prosecute him.

Nevertheless, Anaya raised the ante further this week by filing formal complaints implicating Peña Nieto and Meade in the government corruption scheme centred around Brazilian engineering firm Odebrecht. Anaya claimed that evidence shows that, in the last 20 years, Mexican governments have awarded US\$5bn worth of dubious state contracts to Odebrecht and that Peña Nieto and Meade (who not only served in the current government but also in the cabinet of the previous PAN administration led by Felipe Calderón [2006-2012]) were complicit in the wrongdoing and must be investigated.

On 18 June Anaya's representatives presented a formal complaint to this effect before the federal attorney general's office (PGR) in Mexico City. They called on the PGR to launch an immediate investigation even though they expressed doubts over whether this would take place (*see page 10 sidebar*).

Denials

The accusations levelled by Anaya against Peña Nieto and Meade prompted immediate rejections. The government issued a statement denying that Peña Nieto had been involved in any wrongdoing linked to the Odebrecht case. The statement pointed out that the investigations into the matter have so far only implicated officials at the state-owned oil firm Pemex and not in the Peña Nieto executive.

Similarly, Meade has issued a statement rejecting as groundless the accusations linking him to the Odebrecht case. Meade himself described the accusations as a "desperate action" by Anaya borne out of the fact that he is now overtaking him in the polls. Meade added that Anaya's allegations were also designed to divert attention from the "serious accusations" affecting him.

López Obrador also dismissed the accusations that Anaya has made against him. The Morena candidate has admitted that the municipal government directly awarded public contracts to Grupo Rioboó without a public tender process but denied that this had in any way been irregular. López Obrador explained that his municipal administration had openly decided that Grupo Rioboó was the best qualified firm to carry out the works and that the awarding of the contracts "complied with the legal framework of the time".

López Obrador also claimed that subsequent independent audits of the works carried out by Grupo Rioboó for his municipal administration have not found any irregularities. Alluding to the accusations faced by Anaya, López Obrador accused him of "hypocrisy and cynicism" in trying to tarnish him with the brush of corruption.

Intriguingly, López Obrador also dismissed the formal complaints that Anaya has filed against Peña Nieto and Meade over the Odebrecht case. Speaking at a campaign rally on 19 June, López Obrador said that the accusations contained in the complaints filed by Anaya were "ridiculous and risible".

López Obrador argued that as a long-serving federal legislator and member of the ruling elite, Anaya has always been aware of and probably complicit in government corruption linked to Odebrecht but only decided to file a formal complaint now to try to gain an electoral advantage. "Anaya was a PAN party president, he was a federal deputy.... And he never said anything about the Odebrecht bribery scheme. He was complicit. I can point to complaints that I made about this in the past," López Obrador said.

Country risk indicator

Mexico's country risk indicator has been increasing this year due to the uncertainty over the outcome of the 1 July general election, the sharp depreciation of the Mexican peso against the US dollar, and the possibility that the North American Free Trade Agreement (Nafta) could unravel if the ongoing renegotiation of its terms with the US and Canada proves unsuccessful.

MEXICO | New oil concessions up for tender. On 19 June the Mexican government released the details of upcoming public tenders of onshore oil blocks, as well as partnership agreements with the state-run oil company Pemex. On 27 September the Mexican government plans to auction off 37 oil blocks, with those in the Sabina-Burgos field, situated in the northern states of Coahuila and Nuevo León, subject to maximum royalties of 25%.

Other blocks in the Tampico-Misantla and Southeast basin fields, located in the eastern states of Veracruz and Tamaulipas, will be subject to maximum royalties of up to 40%.

Meanwhile the government plans to auction seven further onshore concessions in which Pemex is seeking partners under 'farm-out' agreements on 31 October. These concessions will be subjected to a minimum royalty rate of 6%-15% and successful bidders will also have to reimburse Pemex for any work previously carried out in these blocks. This sum varies from US\$5m to US\$146m depending on the block.

Mexico's national hydrocarbons commission (CNH), the sector regulator, estimates that the seven farm-out concessions on offer – located in the states of Veracruz, Chiapas, and Tabasco – will attract around US\$870m in investment in fields that will produce 58,000 barrels of crude oil per day by 2022. Estimates of the number of barrels of recoverable oil contained in each of these blocks are as follows: Artesa 147.5m; Bacal-Nelash 281m; Bedel- Gasifero 133m; Cinco Presidentes 831m; Giralda-Sunuapa 1.058bn; and Juspí-Teotleco 390m. There is no estimate for the Lacamango block because it is less developed.

The winning bidder will be the one that offers the largest initial bid and the highest royalty payments. Under the terms of the agreements set out by the federal finance ministry (SHCP), Pemex will receive 80% of this money. The remaining 20% will be paid to the Mexican state. Pemex successfully signed farm-out partnership agreements with private firms to jointly exploit the Trión deep water offshore field in the Gulf of Mexico in 2016 and in the Ogarrio and Cárdenas-Mora onshore fields in Tabasco a year later.

However, Pemex failed to find a partner to exploit the Ayin-Batsil shallow water concession, or the Nobilis-Maximino deep water concession, and was forced to cancel the tender for the latter in December 2017.

Pemex is still struggling to increase its flagging production levels and its efforts to secure new farm-out agreements are integral for the firm's plans to take full advantage of the 2013-2014 energy sector reform, which opened up Mexico's oil sector to increased private sector participation.

The auction of the onshore blocks and the Pemex farm-out contracts will be the last oil concession tenders offered by the government led by President Enrique Peña Nieto before it leaves office in December after the 1 July general election.

The prospects of Mexico offering further concessions afterwards remains uncertain as Andrés Manuel López Obrador, the current frontrunner in the presidential race for the leftist opposition Movimiento Regeneración Nacional (Morena), was opposed to the energy sector reform and has said that he plans to hold a referendum on whether to repeal it if elected.

López Obrador has also said that if elected, he will revise all the oil contracts signed by the Peña Nieto administration to ensure that they are in "the national interest", and suspend all planned oil concession tenders for a year.

MEXICO | Risk indicator falls. Mexico's federal finance ministry (SHCP) reported this week that Mexico's country risk indicator fell by two basis points on 15 June, according to the Emerging Bond Market Index (EMBI+) compiled by investment bank JP Morgan.

This is the first time in weeks that Mexico's country risk indicator has fallen, but the latest figure of 224 basis points is still 36 basis points higher than that recorded by the EMBI+ for the country at the end of 2017 and far off the record low of 71 basis points recorded in June 2007 (*see sidebar*).

Regional impact

On 13 June the Costa Rican chamber of industry urged the country's government to request that international organisations, such as the Organization of American States (OAS), which has so far only issued a tepid declaration on the Nicaraguan crisis, intervene due to the impact on the Costa Rican industrial sector. According to Costa Rica's official export promotion agency (Procomer), 44% of Costa Rica's manufacturing exports go to Nicaragua, Guatemala, El Salvador, and Honduras. According to Foreign Minister Epsy Campbell, the chamber of industry warned that Costa Rica's industrial sector exports C\$2.6bn (US\$4.5m) worth of goods to Central America, with Nicaragua one of its main trading partners. Despite this, sub-regional private sector organisations like the Federación de Entidades Privadas de Centroamérica, Panamá y República Dominicana (Fedepri) publicly backed the national strike which took place in Nicaragua on 14 June.

Crisis intensifies as Masaya announces "self-rule"

Masaya city, the capital of the eponymous department and historically a bastion of support for the Frente Sandinista de Liberación Nacional (FSLN), this week declared that it no longer recognised the leadership of President Daniel Ortega. The announcement follows a national 24-hour strike last week – a move unprecedented in recent years – called by the business lobby, Cosep, with backing from the opposition movement Alianza Cívica por la Justicia y la Democracia (comprising students, civil-society groups, and the private sector). National dialogue continues to falter, with Ortega refusing to agree to key demands such as early elections and the presence of international human rights observers.

On 18 June civic leaders from Masaya, which has been particularly hard hit by the state-sponsored violence, which has so far left at least 178 people dead on the latest report (16 June) from the local human rights NGO Cenidh, announced their decision not to recognise President Ortega. Instead, they said that they would be setting up an as-yet unnamed five-member "council of national salvation". The same protest leaders are calling for a "council of national salvation" at a national level to draw up the necessary reforms for elections to be held within 180 days.

Five days earlier the city took part in the national strike, ahead of which respected institutions such as the Nicaraguan academy of sciences (ACN) had already called for "civil rebellion", proposing measures such as the withholding of taxes until Ortega resigns [WR-18-23]. The strike was intended to pressure Ortega to agree to demands put forward by the Catholic Episcopal Conference (CEN) which is mediating talks as part of efforts to resolve the crisis which began mid-April sparked by the brutal crackdown by police (PNN) and paramilitary groups on anti-government protesters. There are no official estimates regarding the strike's impact as yet but ahead of it, Mario Arana, the head of Nicaragua's association of producers and exporters (Apen), told reporters that it could produce economic losses of US\$25m-US\$30m.

While the political turbulence continues to have an impact on international credit ratings organisations – following Standard & Poor's (S&P) recent revision of its outlook on Nicaragua down to 'negative' [WR-18-23], on 13 June Moody's changed Nicaragua's rating outlook to 'stable' from 'positive' – and Nicaragua's neighbours express increasing concern about the impact on trade (see sidebar), the Ortega government is digging in its heels. On 18 June the CEN called off talks, which were due to resume that day, as it had no evidence that Ortega had met one of the key conditions for dialogue. This was that the government invite human rights representatives from the Office of the United Nations High Commissioner for Human Rights (OHCHR) and European Union (EU) to visit the country. The CEN is also calling for the general election (scheduled for 2021) to be brought forward to March 2019. Ortega has yet to respond to this demand.

With reports of the violence ongoing, the Ortega government sparked particular outrage after gunmen suspected of links to the FSLN set fire to a building in a Managua neighbourhood on 16 June, burning alive a family of six who were trapped inside. The international media cited witnesses as saying that when people began to leave their houses to help, the PNN shot at them. Some speculated that the PNN had wanted to use the building as a sniper post and the family refused to move. The incident prompted outcry from the Organization of American States (OAS) and US State Department.

Waiver

In response to the prospect of slower growth, in a press conference on 5 June, Economy & Finance Minister Dulcidio De La Guardia revealed that the government was seeking an exemption from the 71-member unicameral legislature which would permit it to increase the fiscal deficit by 1% of GDP for 2018. The law of social and fiscal responsibility requires the government to cap the deficit at 0.5% of the country's GDP, which De La Guardia would like to increase to 1.5%. This waiver, according to De La Guardia, is necessary to fund various governmental investment projects which will dynamise the economy. He further stressed that the petition for extra funds was for economic rather than political reasons, although Panama will hold general elections in 2019.

Panama-China relations one year on

The governments of Panama and China last week officially launched negotiations in Beijing for a free trade agreement (FTA), a year after the two forged diplomatic ties, following Panama's decision to break with Taiwan. The prospect of increased trade and investment comes as President Juan Carlos Varela and his coalition government, led by the Partido Panameñista (PPA), are facing criticism from the local private sector following the decision by the International Monetary Fund (IMF) to revise down its 2018 growth forecast for Panama. This stems in large part from the impact of a strike which lasted over a month, called by the influential construction workers' union, Sindicato Único de Trabajadores de la Construcción y Similares de Panamá (Suntracs), in demand of higher wages.

On 12 June Panama's minister for trade & industry (MICI) Augusto Arosemena and China's trade minister Zhong Shan signed the memorandum that formalises the start of the FTA negotiations, the first round of which will take place from 9-13 July in Panama City. Highlighting that China is already Panama's third main destination for exports, accounting for US\$42m in exports in 2017, a MICI press release notes the FTA will improve Panama's access to the Asian market for goods exports, giving preferential treatment to products "with greater potential such as agricultural, fishing, and agro industrial". It adds that the two markets will complement each other given that Panama exports mainly coffee, cattle hide, and fishmeal to the Chinese market, while Chinese imports to Panama include products such as mobile phones and televisions, as well as textiles, tyres, toys, and footwear.

The announcement regarding the start of FTA negotiations comes as both sides have been hailing progress made since the start of diplomatic ties a year ago. Examples of this progress include the establishment of embassies in both countries, Air China's start of operations of a Beijing-China flight and other measures to boost tourism; the signing of 23 agreements in different areas; President Varela's trip to China in November 2017; the installation of a commission tasked with drawing up a feasibility study for the Panama-David train (a 450km rail link which would connect Panama City with David, the capital of Chiriquí province, in just two-and-a-half hours); the entry into force of a maritime cooperation agreement; and a "non-reimbursable cooperation allocation" of US\$150m.

IMF revises down growth forecast

The benefits of this new relationship come as Varela has come under criticism vis-à-vis the economy following the IMF's announcement on 1 June that it was revising Panama's growth for 2018 down from 5.6% to 4.6%. The IMF cited the impact of the Suntracs strike (*see box*) in its decision. The IMF press release did go on to note that "the coming on stream of a large copper mine will lead to an upward revision of our growth projection of 5.8 percent in 2019 (by about 1 percentage point)", adding that "over the medium-term, the economy will gradually converge to its potential growth of 5.5 percent". However, this failed to reassure the private sector.

While recognising the "strong foundation" of the Panamanian economy and "possible opportunities which could enable growth of 5%, including new agreements with China", Héctor Cortes, the president of a leading private sector lobby, Apede, said the announcement was "not good news". He went on to call for "measures" to reactivate the economy and to enable Panama to achieve higher than the IMF's revised growth prediction.

New Maccih spokesperson

On 18 June the Organization of American States (OAS) and the Honduran government announced the appointment of Luiz Antonio Marrey Guimarães, a Brazilian former public prosecutor, as Maccih's new spokesperson. Marrey had been nominated by Maccih on 14 April 2018 but was initially rejected by the Honduran government. The announcement regarding his appointment followed meetings which took place on 18 June between President Hernández and US Secretary of State Mike Pompeo, as well as with OAS Secretary General Luis Almagro.

Suntracs strike

The strike by Suntracs began on 18 April, paralysing more than 95% of public works in the country. Comprising some 90,000 members, Suntracs had called for a 60% pay rise while the Panamanian chamber of construction (Capac) initially offered 2%. Suntracs leader Saúl Méndez justified the demand on the grounds that while the construction sector generated US\$36bn in the last four years, just over US\$5bn went on salaries for workers, engineers, and administrators.

The strike ended on 20 May after the two sides reached a deal that construction workers would receive a 14% pay rise for private projects, 18% for state projects, and 11% for mega projects. However, the impact on the economy was significant. Already on 9 May, Panama's national statistics institute (Inec) released figures which showed that activity in the private construction sector fell by 48% in the first quarter of 2018 compared with the same period in 2017.

HONDURAS | POLITICS

Maccih causes stir with fresh allegations

President Juan Orlando Hernández and the ruling Partido Nacional (PN) are on the defensive over alleged corruption. Last week the Mission to Support the Fight against Corruption and Impunity in Honduras (Maccih), sponsored by the Organization of American States (OAS), revealed an investigation which found that public funds to the tune of HL282m (US\$11.7m) meant for agricultural, agro-industrial, and horticultural projects had been used to finance the political campaigns of both the PN and traditional opposition Partido Liberal (PL) ahead of the 2013 general election (which produced Hernández's first victory).

On 13 June Maccih's interim head Ana María Calderón (in the post since Juan Jiménez Mayor quit in February citing a lack of support from the OAS ([\[WR-18-07\]](#) – see sidebar) announced that indictments against 38 defendants, among them “deputies, government officials and other individuals”, had been presented before the supreme court, for alleged crimes including abuse of authority, fraud, embezzlement, and money laundering, among other things. This followed investigations carried out by Maccih representatives, along with attorneys and investigators from the special prosecutor's unit against corruption and impunity (Ufecic-MP) and the office for transparency and fighting public corruption (Fetccop-MP) of the attorney general's office (AG).

The defendants are charged with misappropriating government funds from the ministries of agriculture & livestock (SAG) and finance. The public money was diverted through two NGOs, Todos Somos Honduras and Dibattista, into various bank accounts during the 2013 general election campaign. These were since traced to accounts of individuals and candidates for deputies, mayors and aldermen from the PN, the now defunct Partido Frente Amplio (Faper) and directly to the coffers of the PN. The investigation was launched after a complaint by Pietro Dibattista, an Italian investor and Italian honorary consul of Roatán, one of Honduras's Bay Islands, about the unauthorised use of NGO Dibattista for transactions.

With the 38 individuals yet to be publicly named, President Hernández pledged “full collaboration” with the investigation on 13 June, stating that “no-one is above the law”. However, his remarks come amid renewed doubts about the future of anti-corruption efforts in the country. This stems from a 30 May ruling by the supreme court (CSJ) regarding Maccih, in response to an appeal filed by five former deputies accused of siphoning off public funds [\[WR-18-15\]](#). While the CSJ ruling found that the OAS-sponsored body was constitutional, it questioned the validity of agreements between Maccih (which is an advisory body only, lacking prosecutorial powers) and Ufecic-MP. Local commentators and public figures such as Jiménez Mayor, warn this uncertainty could seriously jeopardise anti-corruption efforts in the country.

Quotes of the week

“Our objective is not to reach the presidency; the objective is the transformation of Colombia.”

Colombia's presidential victor Iván Duque.

“We were doing well, but all of a sudden things happened, because the world is going through a volatile period.”

Argentina's President Mauricio Macri.

“When you dance, you don't dance alone.”

Uruguay's President Tabaré Vázquez lets it be known that his government is no longer interested in “wasting time on eternal [free trade] negotiations” between the Southern Common Market (Mercosur) and the European Union (EU).

POSTSCRIPT

Ecuador's Moreno unveils border-security plan

Ecuador's President Lenín Moreno presented a defence, security, and development plan for the country's northern border provinces on 18 June. “State indifference has ended,” Moreno said. “We cannot allow social peace to be damaged by criminal gangs, especially those dedicated to drug-trafficking,” he added in a clear allusion to the Frente Oliver Sinisterra (FOS) group of dissident Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrillas operating in the border area with Colombia, which abducted and murdered three Ecuadoreans working for the national daily *El Comercio* in April.

Defence Minister Oswaldo Jarrín outlined the plan in a military ceremony in Ecuador's border province of Esmeraldas attended by President Moreno and other members of the cabinet. The plan contains 27 strategic guidelines within nine core objectives, including:

- the creation of a joint task force (comprising members of the army, navy, air force, and police) for the northern border provinces of Esmeraldas, Carchi, and Sucumbíos, which began operating last week, to improve public security and combat criminal gangs in the area;
- deepening security cooperation with Colombia;
- increasing controls at informal border crossings;
- guaranteeing the rights and freedom of local inhabitants;
- providing “mechanisms and incentives” to advance socio-economic development in the border area by reactivating production, and improving healthcare and education; and
- improving road and telecommunications networks.

The presentation of the plan follows fast on the heels of an announcement by the commander of Colombia's armed forces, General Alberto Mejía, that they were “closing in on” Walter Patricio ‘Guacho’ Arizala Vernaza, the leader of the FOS. Mejía expressed his confidence that ‘Guacho’ would shortly be apprehended on 14 June, two days after the capture of his brother Juan Gabriel ‘Javier’ Arízala, who was arrested during a military operation in the municipality of Tumaco in the Colombian border department of Nariño.



25 October 2018 | Chatham House | London

Latin America 2018

Leadership, governance and pathways to economic progress

On 25 October, Chatham House will convene leaders from government, the private sector and civil society to look at current political, economic and social dynamics in the Latin America region and to assess prospects for increasing investment, sustainable growth and future prosperity.

Booking and information:

Book online: www.chathamhouse.org/latin-america

Contact **Charlie Burnett Rae**: cburnettrae@chathamhouse.org

+44 (0)20 7957 5727

CHATHAM HOUSE
The Royal Institute of International Affairs

Speakers include:

José Luis Rodríguez Zapatero
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:
www.chathamhouse.org/latin-america

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 © 2018** 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-18-01 will indicate Weekly Report, 2018, issue 1.