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## New political era begins in Brazil

Jair Bolsonaro took over the presidency of Brazil on New Year's Day, heralding the start of a new political era in the country. Bolsonaro was sworn in before the federal congress, calling for the reconciliation and unification of Brazil in a speech which echoed his campaign promises. "I call upon every member of congress to help me in my mission to restore and rebuild our nation, rescuing it definitively from the domination of corruption, crime, economic irresponsibility and ideological submission," he said.

All eyes are now on the new president to see if and how he will deliver on his wide-ranging and ambitious promises, but on 1 January it was the First Lady who stole the show. Michelle Bolsonaro broke with protocol and her reputation for keeping a low profile by speaking before her husband in the Planalto presidential palace, delivering a speech in sign language in which she thanked Brazilians for their support and expressed her commitment to helping people with disabilities.

Bolsonaro then addressed the nation in his second speech as president, which was welcomed by supporters gathered on the Praça dos Três Poderes in Brasília, heavily militarised for the occasion, with shouts of 'mito' (legend). Although the 115,000-strong crowd in Brasília on 1 January was smaller than expected, Bolsonaro appears to enjoy broad support amongst the Brazilian population at present. This, along with an encouraging economic outlook and a disarticulated political opposition, provides a favourable environment for the new president as he begins his four-year term.

### First measures, first controversies

Bolsonaro's commitment to forming a government without relying on the support of political parties means that he has thus far avoided the infighting that dominated the first weeks of former president Dilma Rousseff's two terms in 2011 and 2015. Few concrete measures have been taken, however, as Bolsonaro and his new cabinet ministers have muddled through their first 10 days in office with a flurry of announcements and presidential decrees causing unease in some quarters and optimism in others.

One of Bolsonaro's first moves was to sign a decree which increased the monthly minimum wage by 4.6% to R\$998 (US\$267), below the R\$1,006 that had been factored in to the 2019 budget put together by the administration of former president Michel Temer (2016-2019).

The lower-than-expected increase has been explained by a re-adjustment of inflation rates since the Temer government calculated the budget. The fact that it coincided with the planned extinction of Brazil's labour ministry, and

## Satisfaction polls

A poll conducted by Datafolha before Jair Bolsonaro's inauguration shows that 64% of Brazilians are optimistic for the future, expecting Bolsonaro's presidency to be 'good' or 'excellent', while 12% said it would be 'bad' or 'very bad'. There is less support for specific policies: 61% think the government should not privatise as many state companies as possible, while 57% are against reducing the number of labour laws in the country.

was followed by Bolsonaro mentioning the possibility of getting rid of the country's labour courts, has caused some rumblings of concern as to the future of workers' rights.

The R\$8 (US\$2.2) difference to the minimum wage will make a positive difference to the federal budget and fits into the new government's focus on the reduction of state costs. As part of this drive to cut public spending to a minimum, the chief-of-staff, Onyx Lorenzoni, has announced a review of all funding, contracts, and exemptions agreed for each ministry by the Temer government during its last 30 days. Lorenzoni cited an "unusual" movement of public funds during this period.

Some of these first attempts at rendering the Brazilian state more efficient have caused concern as they appear to be targeting those structures and issues of which the new president is most critical. For example, Bolsonaro singled out a contract for vehicle hire signed by the federal environmental regulator, Ibama, as suspicious, casting doubt over its supposedly high value.

Both Bolsonaro and his environment minister, Ricardo Salles, have frequently cast aspersions over Ibama's work, which they see as being an impediment to the country's economic development. Salles has repeated his intention of allowing the development of activities such as tourism or agriculture within environmentally protected areas since taking office.

This comes on top of a presidential decree which transferred the responsibility for demarcating indigenous territories from the indigenous rights agency (Funai) to the agriculture ministry. Funai itself will be moved from the justice ministry to the ministry of women, family and human rights, which is led by Damara Alves, a conservative evangelical pastor. Alves has been both criticised and ridiculed for saying "this is a new era in Brazil: boys in blue, girls in pink" at her swearing in ceremony, in reference to what she and others in government call 'gender ideology'.

Promises to rid Brazil of so-called left-wing indoctrination have remained prominent in the discourses of the new education and foreign ministers as well, and bets are open as to whom Ernesto Araújo, the anti-globalist foreign minister, will clash with first in government. Ministers are already giving mixed signals and contradicting each other on a number of issues. Defence Minister General Fernando Azevedo e Silva, for example, shut down Bolsonaro's recent suggestion that Brazil might house a US military base, saying that such a complex issue would have to be carefully discussed and analysed before a decision could be reached.

## Privatisation

If there is one point on which the government appears to be unanimous it is that of privatisation. The rapid and sweeping privatisation of state assets is a central part of Economy Minister Paulo Guedes' agenda, and Bolsonaro stands behind him on this, as does the business sector. Brazilian markets have soared since Bolsonaro's inauguration, and the index for the São Paulo stock exchange (Bovespa) reached a record high five times in six working days since the markets re-opened on 2 January.

The plan for privatisation remains imprecise, but much talked about. Petrobras, the heavily indebted state-owned oil company, will not be privatised although the firm's new CEO, Roberto Castello Branco, is committed to continuing the ambitious divestment programme that was started by his immediate predecessors. Castello Branco defended less state intervention, more competition, and the sale of the company's non-fundamental assets in a speech at his swearing in ceremony this week.

## **‘Despetização’**

Chief-of-staff Onyx Lorenzoni announced on 2 January that he would rid the public sector of employees who defend “Communist” ideas, as part of President Bolsonaro’s promises to remove ideological leanings, and particularly the influence of the left-wing Partido dos Trabalhadores (PT), from the federal government (‘despetização’). Lorenzoni said that it made “no sense” to work with officials who oppose the government’s project and plans.

The new presidents of Brazil’s state banks, which include Banco do Brasil (BB) and Caixa Econômica Federal (CEF), have also spoken of selling off non-competitive subsidiaries. Joaquim Levy, a former finance minister (January-December 2015) and former chief financial officer at the World Bank, has taken over as president of the national development bank (Bndes). Levy has promised to give “technical support” to the federal and state governments as they look to divest.

The new infrastructure minister, Tarcísio Gomes de Freitas, said this week that the federal government would cut itself free of around 100 state companies, through privatisation and even liquidation, to help relieve some of the pressure on the federal budget. Like his colleagues in government, De Freitas did not expand upon which companies and subsidiaries would be liquidated or sold off. It is perhaps wise to tread cautiously as the government’s privatisation drive is bound to meet with resistance from parts of Brazilian society, even if it does attract investors.

Another key point of Guedes’ economic programme that still remains light on detail is the promised pension reform. Although no concrete changes can be made until the new congress takes over on 1 February, the exact content of the reform that will be put forward by the Bolsonaro administration has remained largely the object of speculation.

Indications given by Guedes this week point towards a revision of the proposal that had been drawn up by the Temer administration, and confirm that the reform will include the implementation of a capitalisation system. Guedes also discarded the possibility of a piecemeal reform.

## **Violence in Ceará**

The first real challenge for the new administration has emerged on the security front. Since 2 January, a wave of violent attacks has swept across the north-eastern state of Ceará, calling for security reinforcements and highlighting the power of organised crime in that region. The violence, which has primarily consisted of arson attacks on vehicles and public buildings, is believed to be orchestrated by criminal organisations from within Ceará’s state prisons in retaliation against the new state government’s announcement of stricter enforcement of prison rules.

Justice Minister Sérgio Moro, whose ministerial portfolio now includes public security, ordered the deployment of 300 federal national guard troops to Ceará’s capital, Fortaleza, on 4 January. The violence remained unabated and a further 200 officers have been deployed since, along with military police (PM) reinforcements from the neighbouring state of Bahia. The Ceará state government has reported over 200 arrests in relation to the attacks, and has also transferred 20 prisoners presumed to be the criminal leaders ordering the attacks to high-security prisons.

Bolsonaro has remained largely quiet on the issue. He simply expressed the federal government’s support to the people of Ceará whose daily lives are disrupted by the violence and making references to some his public security proposals on *Twitter*.

Bolsonaro insists he will be tough on crime, and while none of his proposals would effectively tackle the structural weaknesses of Brazil’s penitentiary system, his promise to give “good citizens” the means to defend themselves by facilitating the ownership and carriage of guns resonates amongst a frightened population. It is, however, unlikely to solve the problem of rising crime in the long-term.

**Maduro poised to go beyond point of no return**

**“I will be sworn-in on 10 January come hell or high water.”** This was the response issued by Venezuela’s President Nicolás Maduro to a declaration issued by the Lima Group of Western Hemisphere countries that it will no longer recognise him as the country’s legitimate president should he be sworn-in for another presidential term. Maduro’s defiance means Venezuela is heading towards the complete breakdown of democratic order which could see it ostracised by the international community and fall into domestic political chaos.

The Lima Group, a 14-strong grouping that includes regional heavyweights Brazil, Mexico, Argentina, Colombia, Chile and Canada, held a meeting on 4 January to discuss the situation in Venezuela ahead of President Maduro’s planned new inauguration after winning last May’s election, called by his government but boycotted by the country’s main opposition parties. The May poll was denounced as illegitimate by the opposition-controlled national assembly (AN) as well as the Lima Group, the US, and the European Union (EU), all of which have not recognised the result and have called on the Maduro government to stage a new free, fair, and transparent election to overcome the political impasse.

During the meeting, all of the Lima Group countries, with the exception of Mexico (*see sidebar*), signed a joint declaration expressing their full support for the AN, which the Maduro government consistently ignores and has effectively supplanted with a national constituent assembly (ANC). The Lima Group urged Maduro to allow the AN to set up a transitional government tasked with calling a new free and fair general election. The declaration is clear that if Maduro refuses to heed the Lima Group’s call, then the signatories will cut off all diplomatic relations with Venezuela until constitutional and democratic order is restored in the country. The signatories also threatened to impose diplomatic and economic sanctions on Maduro government officials after 10 January.

Peru’s foreign minister, Néstor Popolizio, who chaired the Lima Group meeting, said that the declaration “sends an overwhelming political message... that only through the full re-establishment of democracy and human rights can Venezuela’s political, economic, and social crisis be resolved”. Popolizio added that in this light, the Lima Group had agreed to continue supporting all political and diplomatic initiatives conducive towards the restoration of democracy in Venezuela, as well as to continue advancing initiatives designed to pressure the Maduro administration into openly engaging with Venezuela’s political opposition in international forums such as the Organization of American States (OAS) and the United Nations (UN).

**AN pressure**

Emboldened by the unequivocal support expressed by the Lima Group, the new AN president, Juan Guaidó, used his inauguration speech at the start of this year’s legislative session to try and turn up the heat on Maduro. Guaidó, a member of the hard-line opposition Voluntad Popular (VP), issued his own stark warning. “If Nicolás Maduro ignores the voices that have asked him not to swear-in for a new term... then deputies will declare the usurpation of the presidency,” Guaidó said, adding that the AN is prepared to work with the international community to defend democracy in Venezuela, the interests of the Venezuelan people, and the restoration of the constitutional order.

**Mexico demurs**

Although it attended the 4 January meeting of the Lima Group, the Mexican government was the only group member that refused to sign the joint declaration. The government led by President Andrés Manuel López Obrador said that it did not sign the declaration because it felt that it ran counter to Mexico’s traditional foreign policy stance of non-interference in the domestic affairs of other countries, which López Obrador accused the previous Mexican government of ignoring. However, the Mexican government did not announce that it would be sending any official representative to Maduro’s inauguration, due to be attended by only five heads of state – Bolivia, Nicaragua, Cuba, El Salvador, and South Ossetia (which is not recognised as an independent country by the UN).

## Defection

On 6 January Venezuela's supreme court (TSJ) announced that the TSJ Justice Christian Zerpa had abandoned his post and fled the country. According to the TSJ, Zerpa, who has now been dismissed, left the country following the launch of an investigation into sexual harassment allegations made against him. However, the local press reported that Zerpa had fled to the US, where he would be seeking to denounce serious irregularities in Venezuela's justice system. Zerpa, a former member of the ruling Partido Socialista Unido de Venezuela (PSUV), was one of the 33 judges appointed to the TSJ by the Maduro government in December 2015 before the opposition assumed control of the national assembly, in order to ensure their ratification by the legislature.

Guaidó called on the public to mobilise against the Maduro administration and create the conditions for a democratic transition of power. "Today it is sufficiently clear that Maduro is a dictator...[who] will not happily admit that things are not going well, he will not make any gracious concessions to the demands of the people...it will be the product of legislative action and constitutional protests," Guaidó stated. More ominously, Guaidó also urged Venezuela's military to intervene in defence of the constitution. "The military are also citizens and they are suffering just like the rest of us...they must act to restore the constitutional order," Guaidó said.

Guaidó's speech was backed by the US Department of State. The US has previously said that it will not recognise Maduro as the legitimate president after 10 January either. In a press release, the Department of State celebrated Guaidó's election. Describing the AN as "the only legitimate and last remaining democratically elected institution in Venezuela", it said that the US "stands with the national assembly and all democratic actors in Venezuela in their commitment to defend democracy, human rights, and the 1999 constitution".

## Defiance

The Maduro government responded to all these warnings with characteristic defiance. Venezuela's foreign ministry first issued a statement repudiating the Lima Group declaration as an unprecedented attempt to meddle in Venezuelan internal political affairs and to instigate a coup d'état. "On 10 January President Nicolás Maduro will legitimately and constitutionally assume the presidency of the republic for the 2019-2025 period," the ministerial statement reads, pointing out that due to the AN's refusal to recognise him as leader, Maduro would be sworn-in by the supreme court (TSJ), which is under firm government control.

After reading out the statement, Foreign Minister Jorge Arreaza went on to accuse the Lima Group of acting on the orders of the US and he warned that the Venezuelan government would adopt reciprocal measures to any country that cuts off diplomatic relations with it or imposes economic sanctions. These threats were echoed by Maduro. He said that his administration would take "tough" diplomatic measures against any country that refuses to recognise him as president within 48 hours of inauguration.

Maduro derided Guaidó as a "puppet" controlled by the US and accused him and the AN of trying to oust him illegally. "This useless assembly is once again trying to stage a show to remove a legitimate president, usurping the popular will," Maduro said, before expressing support for the calls made by some ANC members for the constituent assembly to order the dissolution of the AN.

Maduro's defiance prompted an immediate response from the international community. On 8 January the US Department of the Treasury's Office of Foreign Assets Control (Ofac) announced the imposition of fresh economic sanctions on seven Venezuelan government officials and individuals linked to the Maduro government, including the former national treasurer Claudia Patricia Díaz Guillén. Ofac also sanctioned 23 firms that have links to these individuals. The same day the president of the European Parliament (EP), Antonio Tajani, said that the EP will no longer recognise Maduro as the legitimate president of Venezuela and that it will continue to pressure the Maduro government to restore the democratic order.

Meanwhile, the Lima Group announced that after 10 January it will ban Maduro government officials from entering the territory of the group's member states in the first joint diplomatic action adopted by Venezuela's regional neighbours against the Maduro government. The Lima Group went on to say that it was also compiling a list of Venezuelan individuals and entities that will no longer be allowed to do business with member states, and it urged the rest of the international community to adopt similar measures to increase the pressure on the Maduro government.

## Vizcarra fortified as Chávarry oversteps

### Chávarry's resignation

Pedro Chávarry did not go quietly. He denounced “illegal action against the institution I represent”, saying he had only decided to resign “in order to prevent other autonomous bodies in Peru facing equally unconstitutional damage”. Zoraida Ávalos, one of the other four members of the supreme council of prosecutors, has taken over as interim attorney general. She promptly declared an emergency in the attorney general's office, as sought by President Vizcarra, and promised to conduct an internal probe into allegations of corruption within the institution.

Peru's President Martín Vizcarra has got the better of the main opposition Fuerza Popular (FP, Fujimoristas) in a series of skirmishes in recent months but he has now won a potentially decisive battle: the attorney general, Pedro Chávarry, in theory non-partisan but in practice locked in a potent partnership with FP, has resigned. Chávarry was forced to step down after a fierce public, political, and judicial backlash to his decision on 31 December to dismiss the two special prosecutors leading the investigations into corrupt links between Brazil's construction firm Odebrecht and, among others, Peru's last four presidents and FP's leader Keiko Fujimori. Ructions in FP followed, with resignations eroding the party's dominance in congress.

Chávarry announced the removal of special prosecutors Rafael Vela and José Domingo Pérez during a press conference in which he took no questions. The grounds for dismissal, just before Pérez was due to sign a plea-bargain deal with Odebrecht on 11 January, rested on the tenuous claim that they had “violated the principle of functional hierarchy”. Ten days prior to his dismissal, Pérez had called for Chávarry to be investigated for allegedly helping to conceal the laundering of US\$1.2m from Odebrecht for Fujimori's 2011 election campaign. Chávarry has frustrated a separate probe by Pérez into his alleged links to the Cuellos Blancos del Puerto judicial corruption network uncovered last July.

Chávarry miscalculated the public reaction to his move. Thousands took to the streets in several days of nationwide protests calling for him to go. President Vizcarra returned home early from the investiture of Brazil's Jair Bolsonaro on 1 January, and personally delivered a bill to congress to declare a state of emergency in the attorney general's office and dissolve the five-member supreme council of prosecutors (upon which Chávarry sits). The two prosecutors chosen by Chávarry to succeed Vela and Pérez declined to take up their positions, forcing him to reinstate them two days after firing them. Vela and Pérez had appealed on 2 January against their dismissals to the council of prosecutors which, in the face of Vizcarra's bill and overwhelming public hostility, called for Chávarry to resign.

Still Chávarry clung on but the council of ethics of the Lima bar association (CAL) suspended him on 6 January, jeopardising his future legal career, and Fujimori abandoned her ally, tweeting from prison that the declaration of emergency in the attorney general's office and judicial reform were essential. Fujimori's decision looks like an attempt to disprove claims she is responsible for obstructing justice, pointedly coming as she seeks to overturn her 36-month preventive detention. An appeals court rejected her case on 4 January and she is now turning to the supreme court.

Chávarry finally succumbed to the pressure and resigned on 8 January. FP had refused to provide quorum in congress to debate Vizcarra's bill to declare an emergency in the attorney general's office's, leading the president of congress, Daniel Salaverry, to rebuke his own party for putting personal motives above the national interest. FP spokesman Carlos Tubino reacted by presenting a motion of censure against Salaverry, who has struck an increasingly independent line in recent months, infuriating FP deputies. Salaverry resigned from FP on 9 January. Four other FP deputies followed suit, one, Glider Ushñahua, justifying his decision on “cumulative political mistakes” by the party. The motion of censure is scheduled to go to a vote on 10 January, but no other parties are supporting it, not even FP's ally the Partido Aprista Peruano (PAP), meaning it is unlikely to gain the simple majority required to pass. The five FP resignations leave the party with just 56 deputies in the 130-seat congress.

**Duque gets a tax reform but not what he wanted****Beneficiaries**

The 'Ley de Financiamiento' includes tax exemptions for new companies investing more than Col\$150m over three years in the 'orange economy' of talent and knowledge, favoured by President Duque, and creating at least three jobs. There are also incentives for the tourism and agricultural sectors, the latter a stronghold of support for Duque upset by his (aborted) decision to increase VAT on food staples.

President Iván Duque promulgated a key tax reform on 28 December known as the 'Ley de Financiamiento'. It was a Pyrrhic victory. Congress had insisted upon watering down the original bill before swallowing it nine days earlier, with the upshot that it will not plug a Col\$14tn (US\$4.37bn) budget deficit in 2019 as planned. Such was the strength of opposition to the extension of value added tax (VAT), before it was dropped from the bill, that Duque's popularity plummeted. Even Duque supporters protested, prompting his party, the right-wing Centro Democrático (CD), to publish a statement, brimming with suppressed discontent, expressing its confidence that he would show the sagacity to change tack.

President Duque presented the 'Ley de Financiamiento' to congress in late October as an essential tax reform to balance the 2019 budget. Its tortuous passage was secured on 19 December in the lower chamber of congress by 97-51, after obtaining approval in the senate late on the previous day by 62-13. "The law retains the original spirit of protecting the most vulnerable and seeking a more equitable tax system, encouraging entrepreneurship, strengthening the tax agency [Dian], and obtaining a larger contribution from high earners," the finance ministry said in a statement.

The spirit of the law might have survived but the substance did not. The expansion of VAT to 80% of products in the basic basket of goods was conceived to generate additional tax revenue of Col\$11tn (US\$3.5bn), but the government was compelled to abandon this core component of the tax reform amid popular protests and widespread political rejection, including being left high and dry by the ruling party.

The climb down was politically damaging: Duque is the least popular Colombian president of the last 20 years so early in his mandate (he has been in office for just five months) with an approval rating of between just 22% and 38%, according to national pollsters. It could also be economically harmful: even with some additional taxes, the government could not make up the shortfall from dropping the VAT adjustments. The modified law will raise only Col\$7.5tn (US\$2.3bn). This could result in a credit downgrade.

The revised tax reform, which took effect on 1 January, includes a higher tax for those earning more than Col\$33m (US\$10,250) a month; a 2% tax on sale of property valued at more than Col\$918m (US\$290,000), to bring in Col\$1.7tn; a 1% tax on liquid assets exceeding Col\$5bn for the next three years, which the government hopes will raise Col\$800bn; a surcharge on financial sector profits (also for three years) to net Col\$1tn; a 15% tax on those earning share dividends over Col\$10.8m; and a multi-phase tax on beer and fizzy drinks. The new law also approved prison sentences of between four and nine years for tax evasion of more than Col\$8.6bn.

The president of BBVA Colombia, Óscar Cabrera, reacted to the new law by saying it was "bad news for banks [as] a paralysed financial system cannot support the country's development in the same way" in reference to the surcharge on financial sector profits. But the government's biggest concern is that the tax reform is not seen as going far enough. Unless potentially unpopular cuts to subsidies and other public spending are made, Colombia could lose its investment grade rating, which would make servicing the public debt more expensive. The finance minister, Alberto Carrasquilla, is confidently predicting GDP growth of between 3.5% and 4.5% this year but this will be complicated by declines in the price of oil and coffee.

**Bomb blast**

The Carabineros are also under pressure to assuage concerns after a bomb exploded on 5 January at a bus stop in Santiago, injuring five people. A local group calling itself 'Individualistas Tendiendo a lo Salvaje' (ITS-Chile) is claiming responsibility. The ITS-Chile missive circulated in the local press warned that "significant executives, politicians, students, and simple citizens are in our view. The explosion is a warning to them. We are...preparing the next [one]." The incident prompted a strong response from President Piñera who announced that the government has filed a complaint invoking the anti-terrorism law against those responsible. ITS-Chile made headlines in January 2017 after sending a parcel to Oscar Landerretche, the-then president of Chile's state-run copper mining firm (Codelco) at his home address in Santiago.

**Another Carabineros chief steps aside**

In late December, President Sebastián Piñera was forced to name Mario Rozas Córdova as his new head of the Carabineros – the third new director of Chile's militarised police in less than a year. Rozas replaced Hermes Soto who was asked to resign over the scandal surrounding the death of Camilo Catrillanca, the Mapuche youth killed in November by a Carabineros special operations unit (Gope) in the southern region of La Araucanía, one of the main sites of the long-running conflict stemming from indigenous claims to land. Rozas takes over at a critical point for the Carabineros: a recent survey by local pollster Cadem found that the crisis affecting the institution was the "main development to have had a negative impact" in the country.

On 21 December President Piñera announced the appointment of Rozas, a close ally, who had served as a presidential aide between 2011 and 2014, during Piñera's first term in office (2010-2014). The latest in a string of high-profile figures to step down over the scandal surrounding Catrillanca's death [WR-18-48], Soto's fate appeared sealed following the release of new videos providing further evidence that there was no clash between the Carabineros and Catrillanca as initially claimed.

As well as announcing that Soto (who had been in the post since March 2018) would step down, Piñera told reporters that he had also called for a further 10 generals to step down to form a new high command. Flanked by Interior Minister Andrés Chadwick and deputy interior minister Rodrigo Ubilla, Piñera said the militarised police needed "new leadership to face, with more will, effectiveness, and opportunity the problems facing the Carabineros today and the big challenges that the institution will face in the future".

As well as the damage caused by the Catrillanca case, Rozas inherits an institution discredited as a result of other scandals. These include a major tax fraud scandal, which broke in 2017 as well as the botched 'Operación Huracán' case which involves claims that the Carabineros tampered with evidence from an operation carried out the same year in Araucanía in which eight Mapuche leaders were arrested.

**Another case**

In what could serve as a further potential headache for the new Carabineros chief, on 1 January Aucán Huilcamán, the spokesperson for the Mapuche organisation Consejo de Todas las Tierras, called for "urgent clarification" of the events surrounding the death of Juan de Dios Mendoza, a Mapuche leader (lonko), whose body was found the previous day in Ercilla commune, La Araucanía.

The discovery of the body of Mendoza, who had reportedly been missing for a week, followed protests in the area called by Catrillanca's family which took place on 27 and 28 December, demanding the demilitarisation of the region and Chadwick's resignation. (Last month in response to the outcry over Catrillanca's death, President Piñera had announced that the Gope would withdraw from the region).

According to the local press, clashes took place between a contingent of Carabineros and Mapuche protesters at the point of access to Ercilla, another group of protesters blocked access to Teodoro Schmidt commune, also located in La Araucanía, while protests in support of the Mapuche cause took place elsewhere in the country, including in Santiago on 27 December.



## New electoral alliance

Venezuela lies behind the decision by one FA faction to abandon the ruling coalition and forge an electoral alliance with the centrist Partido Independiente (PI) led by Senator Pablo Mieres. On 7 January Navegantes released a statement warning that “the errors and horrors committed by self-professed leftist progressive forces have provided an important foundation for...the offensive of the far Right”. Navegantes, set up last September by Esteban Valenti, left the FA to join Mieres’ new alliance, La Alternativa, two months later. Two further factions enlisted in the new alliance, both hailing from the right-of-centre Partido Colorado (PC, Colorados): Avanza País and Batllistas Orejanos.

## Buoyant Blancos go on the offensive

Politics normally takes a holiday this time of year in Uruguay but this was manifestly not the case in the first week of 2019. The centre-right Partido Nacional (PN, Blancos), buoyed by polls suggesting that it could end its 15 years in opposition in October’s presidential elections, is turning up the heat on the left-wing Frente Amplio (FA) government led by President Tabaré Vázquez. The government’s mealy-mouthed stance on Venezuela has provided the PN with its main line of attack.

The PN sought to turn Venezuela into a domestic electoral issue after the Lima Group of Latin American nations plus Canada issued a declaration declaring that President Nicolás Maduro would be shorn of legitimacy if he was sworn-in on 10 January for a second term because his re-election last May was undemocratic. In a statement on 7 January, the PN urged the FA government to subscribe to the Lima Group’s declaration and act in concert with much of the international community. The PN criticised “the regrettable silence of the Uruguayan government, damaging the country’s tradition and prestige” for not condemning the Maduro administration given that “elections were held without any guarantees whatsoever, parties barred from standing, candidates imprisoned...and the power of the [opposition-controlled] national assembly usurped”.

The PN is only too aware of the FA’s internal divisions over Venezuela between radical and moderate factions which has precluded the Vázquez administration from taking a tougher line on the Maduro administration; the FA’s Partido Comunista de Uruguay (PCU) in particular is supportive of Maduro. The PN is also conscious that the Vázquez administration can no longer cite the importance of bilateral trade relations as a factor in preserving good relations. When Maduro came to power, Venezuela was Uruguay’s fourth largest trade partner, but exports of US\$449m to Venezuela in 2013, which provided a huge boost for the domestic dairy industry, fell to just US\$19.9m in 2017, with trade figures for the first nine months of last year suggesting much the same for 2018.

Foreign Minister Rodolfo Nin Novoa dismissed the PN’s request. “We recognise states and Venezuela is a state with which we have relations,” he said, adding that Uruguay was not in the habit of “classifying governments and saying if they are legitimate or not”, and that the Lima Group lacked the authority to do so. Nin Novoa said the Organization of American States (OAS) was the appropriate hemispheric body to coordinate a consensual stance on Venezuela. His remarks were eye-catching because three weeks previously, on 15 December, the FA unanimously voted to expel the secretary general of the OAS, Luis Almagro, a former Uruguayan foreign minister (2010-2015), from the party because of his remarks about Venezuela last September.

The FA’s disciplinary tribunal (TCP) described Almagro’s comment in a press conference back then that “I don’t think any option should be ruled out”, in response to a question about military intervention in Venezuela, as constituting “the most serious violation of principles that can be imagined”. In an open letter in response, Almagro argued that he had been given “the same guarantees as a political prisoner in Venezuela or Cuba during this process [by the TCP]” which he compared to “dictatorships I have confronted”. Almagro insisted that he had made it abundantly clear time and time again that he supported the exhaustion of diplomatic efforts to resolve the Venezuelan crisis.

Shortly after Almagro’s remarks in September, Vázquez said he would not support his re-election as OAS secretary general in 2020. On 6 December,

### Tax collection up

The tax take in Argentina in 2018 increased by 31.2% on the previous year to Ar\$3.38tn (US\$87.63bn at the current exchange rate), according to a report released by the federal tax agency (Afip) on 2 January, which described it as “the best result obtained after the record set in October”.

Almagro announced his intention to run again. Almagro has the support of Uruguay’s political opposition. Indeed, Senator Pablo Mieres, of the centrist Partido Independiente (PI), said the decision to recognise Maduro (Nin Novoa said Uruguay’s chargé d’affaires in Venezuela, José Luis Remedi, would attend Maduro’s investiture) ran counter to Uruguay’s “historic tradition not to accompany dictatorships” and could thus be construed as “the most serious violation of principles that can be imagined”.

## ARGENTINA | POLITICS & ECONOMY

### Macri stakes political future on economic plan

**President Mauricio Macri’s determination to wipe out Argentina’s fiscal deficit in 2019 could exact an electoral toll. There are under 10 months to go before Macri is expected to stand for re-election. It is at this stage of their mandates that heads of state often indulge in some judiciously selected public works and spending increases to boost their electoral prospects. Macri, by contrast, is set on a course of reducing subsidies and raising energy and public transport fares, spurring inflation, to erase the fiscal deficit fast, restore investor confidence, and recover growth. It might make economic sense but it could be political hara-kiri.**

The energy secretary, Javier Iguacel, resigned on 28 December, the day after revealing that electricity tariffs would be increased by an average of 55% between February and August 2019 and gas by around 35%. This followed the announcement on 26 December that public transport fares on buses, trains, and the metro would be increased by 38% from January. No explanation was given for Iguacel’s departure but his relationship with the economy minister, Nicolás Dujovne, was widely rumoured to have soured badly after his ministry was downgraded to a secretary and subsumed by the economy ministry last September in a major streamlining exercise. A presidential adviser, Gustavo Lopetegui, was appointed to replace Iguacel and took up the post on 7 January.

The tariff increases will reduce the drain on state coffers of energy subsidies but they will push up inflation. On 3 January experts consulted on a monthly basis by the Argentine central bank (BCRA) forecast inflation of 28.7% in 2019, up by 1.2 percentage points on their predictions a month earlier. The two factions of the country’s second largest trade union movement Central de Trabajadores de la Argentina (CTA) were joined by the trucker’s union on 3 January in announcing candle and torchlit protests on every Thursday of January, and promised to take legal action against the increases.

The economy contracted heavily for the seventh month in a row in October, declining by 4% year-on-year, the national statistics institute (Indec) revealed on 27 December. Economic activity grew by 0.9% month-on-month in October, according to Indec’s monthly economic activity index but against a low base of comparison. On 3 January, Indec reported that the construction sector contracted by 15.9% year-on-year in November, while industrial activity declined by 13.3% over the same period. By sector, the textile industry suffered the heaviest fall, down by 32.2% year-on-year in November, while the automobile industry contracted by 14.8%. The economists polled by the BCRA predicted that GDP would contract by 2.4% in 2018 and by 1% in 2019.

The one positive piece of news for Macri on the economic front was a surge in the tax take in 2018 (see *sidebar*). On the political front, the continued splits within the main opposition Partido Justicialista (PJ, Peronists), which is no closer to agreeing upon a unified presidential candidate, and the country’s main trade union movement Confederación General del Trabajo (CGT), are providing welcome respite for Macri.

## Zapatistas resist Tren Maya

The Ejército Zapatista de Liberación Nacional (EZLN) marked the 25<sup>th</sup> anniversary of its insurgency in the southernmost state of Chiapas on 1 January by calling for resistance to President López Obrador's flagship Tren Maya railway project across southern Mexico. During the EZLN's annual 'festival of resistance and rebellion against capitalism', celebrated every year since its 1994 uprising, held in La Realidad near the border with Guatemala, EZLN leaders Subcomandante Galeano (previously Marcos) and Moisés described the Tren Maya as a "a project of destruction". They also said Mexicans had been taken in by "a false and deceitful president", arguing that "retaining the same programmes with different names does not constitute fighting corruption". López Obrador said he was unperturbed and that his government would not fall for provocation and was only interested in "peace and reconciliation".

## MEXICO & NAFTA

### MEXICO | POLITICS, ECONOMY & JUSTICE

## Two boosts and one blow for López Obrador

The outlook on the economic and judicial front heading into 2019 looks more encouraging for President Andrés Manuel López Obrador but security poses troubling questions. Approval of a balanced budget for 2019 was a coup for López Obrador. It contains swingeing cuts for the judiciary, which is already at loggerheads with his government over public sector salary cuts, but the outcome of the election of the new president of the supreme court (SCJN) on 2 January augurs well for more harmonious relations. López Obrador has come under fire for his plans to improve public security by forging a national guard, however, amid an altercation with the national daily *Reforma* over violent homicide figures.

President López Obrador's ruling left-wing Movimiento Regeneración Nacional (Morena) and allies, which control both chambers of the federal congress, sped through the passage of the 2019 budget in the space of 10 days. Final approval was secured on 24 December, allowing López Obrador to celebrate "a Christmas present". Congress increased the revenue section of the draft budget by M\$23.77bn (US\$1.19bn) to the original M\$5.8tn proposal tabled by the López Obrador administration in the face of the threat of public protests in the Zócalo about sharp spending cuts for public universities.

Detractors questioned the manner in which Morena elevated the projected tax take and funds predicted from cracking down on tax evasion to achieve this increase but overall the markets reacted positively to López Obrador delivering on his promise to produce a balanced budget. One way in which he achieved this was by cutting resources for the judiciary on top of the reduction by law of public sector wages to the level of the presidential salary of M\$108,000 (US\$5,300) per month. The SCJN suspended the 'Ley de Remuneraciones' on 7 December amid thousands of legal challenges, many by judges, and relations between the executive and judicial branch of government looked set for a sharp downturn. But winds of change in the SCJN suggest ties could improve.

The senate appointed a new SCJN judge on 20 December from a shortlist of three provided by López Obrador after the expiry of José Ramón Cossío's 15-year tenure. His elected replacement, Juan Luis González Alcántara Carrancá, presided over the capital's appellate court, the Tribunal Superior de Justicia del Distrito Federal, when López Obrador was mayor of Mexico City (2000-2005). Despite criticising his affinity to López Obrador, the political opposition reluctantly backed González Alcántara on the grounds that the other two nominees would have constituted eminently political appointments [[WR-18-49](#)].

The outcome of the SCJN's election on 2 January of a new president for the next four years was arguably of greater import to López Obrador as it opted for the most progressive judge on the 11-strong body, Arturo Zaldívar Lelo. This suggests it is intent on cooperating with the López Obrador administration rather than seeking to provide a counterweight to his presidency.

During his inaugural speech, Zaldívar said he had taken over at "an extraordinarily complex time" but spoke of the need to "renew the judiciary because this is society's demand". He outlined his priorities as austerity, combating nepotism and corruption, greater transparency through more regulation, and more meritocratic appointments, including an emphasis on increasing gender equality as 80% of top judicial roles are held by men. He promised independence but stressed that this should not be interpreted as "isolation, intolerance, or lack of dialogue". In all, the address could not have been more to López Obrador's tastes if he had sent Zaldívar his own speechwriter.

## New supreme court judge

“Democracy is not strengthened if there is a friend of the president...sitting on the court,” one of the three members of the international panel of experts for the renewal of the supreme court, Catalina Botero, said last month after President López Obrador presented his shortlist to fill a vacancy on the court. “Mexico missed out on a chance for...civil society participation,” Botero added. Juan Luis González Alcántara Carrancá, the judge appointed by the senate from López Obrador’s shortlist, suggested during his appearance before the upper chamber, however, that he might not be ‘the president’s man’. He rejected the militarisation of public security, arguing that “Mexico should no longer be at a state of war”, and he was progressive on abortion. He was also critical of preventive detention which he called a violation of the presumption of innocence.

These positive developments for López Obrador were overshadowed, however, as so often with his predecessor Enrique Peña Nieto (2012-2018), by security matters. On 1 January Morena’s Alejandro Aparicio was assassinated shortly after his inauguration as mayor of Tlaxiaco in the southern state of Oaxaca. The following day, the national daily *Reforma* published a headline claiming that homicides increased by 65% during López Obrador’s first month in office (December) compared with Peña Nieto’s last month (November): 887 violent homicides compared with 537.

López Obrador reacted angrily to the *Reforma* piece in a press conference during which he insisted that there had in reality been a slight fall in violent homicides. His security minister, Alfonso Durazo, said the *Reforma* figures lacked credibility as they are “well below the real figure [usually in excess of 2,000 per month] but we are not going to take advantage of a newspaper’s error”. Durazo said there had been 1,786 violent homicides between 8 and 30 December.

The *Reforma* figure was misleading. Its so-called Ejecutómetro does not include all violent homicides but only so-called ‘executions’, a subcategory of homicides presumably linked to organised crime but arbitrarily defined. The government’s reaction, however, betrayed a lack of equanimity. It also appeared to pluck figures out of thin air with no explanation of where they came from. Neither of the two official sources on violent homicides, the national public security system (SENSP) and the national electoral institute (Inegi), has published any data for December yet.

López Obrador went on to announce that the armed forces would start recruiting some 50,000 young people between the age of 18 and 30 to his proposed national guard. He immediately faced criticism from the political opposition, human rights organisations, and other civil society groups. The opposition accused him of authoritarianism as the federal lower chamber of congress is not meeting until 16 January for an extraordinary session to debate the necessary constitutional reform to establish the national guard. It also denounced his referendum on the desirability of a national guard, due to take place on 21 March, as mere window dressing, arguing that López Obrador has already taken the decision to form it.

### PAN faces leadership crisis

The former governor of the central state of Puebla, Rafael Moreno Valle, one of the most prominent political figureheads in the right-of-centre Partido Acción Nacional (PAN), died in a helicopter crash on 24 December, along with his wife and successor, Martha Erika Alonso Hidalgo. Moreno was the leader of the PAN in the federal senate at the time of his death, which will create a power vacuum within the PAN at both state and national level.

Alonso had only been sworn in 10 days earlier after electoral authorities dismissed a legal challenge by President López Obrador’s left-wing Morena to its narrow defeat in acrimonious gubernatorial elections last July, fuelling speculation that the crash was more than an unfortunate accident. López Obrador, who expressed his “deepest condolences” on *Twitter*, faced criticism for failing to attend the funeral of a state governor, citing “neofascist groups” on social media who accused his government of being behind the crash.

The lack of any explanation for the crash more than two weeks after the helicopter came down in the municipality of Santa María Coronango, just outside the state capital Puebla, has heightened speculation. In a tribute to Moreno and Alonso on 7 January the PAN party president, Marko Cortés, called on López Obrador to ensure the federal investigation (there is also a separate state-level probe) gets to the bottom of “what really happened”.

Puebla is a PAN bastion, but Moreno’s influence was crucial in keeping Morena at bay last July. Extraordinary elections, expected to take place on 2 June this year, could have a different outcome.

## Inauspicious start to the year

The New Year has not got off to the best possible start for many Mexicans. In the first few days of January thousands of people found themselves having to form large queues to purchase petrol or resigning themselves to making do without any. The government led by President Andrés Manuel López Obrador has attributed the fuel shortages to logistical problems derived from its decision to introduce changes to the way in which the state-run oil firm, Pemex, distributes fuels around the country as part of a bid to stem fuel theft, and rejected concerns that the shortage is the result of a shortfall in oil production. This has not spared the government from accusations of ineptitude and a lack of foresight.

Reports of petrol shortages first emerged on 5 January, when a noticeable lack of petrol at the pumps was denounced in at least eight states spread across northern and central Mexico. The local media reported that long queues had formed in the few petrol stations that were selling fuel, particularly in the Mexico City metropolitan area. Pemex responded to the complaints by issuing a statement explaining that the lack of petrol in some areas was due to the adoption of more secure fuel transport methods introduced by the government in the New Year to tackle oil theft, which involves relying more heavily on tankers to deliver petrol fuels rather than pipelines that are regularly tapped by oil thieves (locally known as *huachicoleros*).

The Pemex statement made clear that the situation was not the result of an oil production shortage but of a purely logistical issue that it was working hard to resolve. Pemex called on the population to remain calm and to avoid resorting to panic buying of fuel. But the reassurances appeared to fall on deaf ears and, as the lack of petrol became more widespread in subsequent days, drivers began buying petrol in bulk wherever they could get it, which only exacerbated the situation. This prompted López Obrador himself to urge the population to exercise patience and allow Pemex time to normalise the situation.

None of this has impressed the local business sector, which has expressed support for the efforts to combat oil theft but has heavily criticised the government's apparent poor planning in rolling out the new plan. The influential Confederación Patronal de la República Mexicana (Coparmex) business owners' association praised the government's "brave" effort to tackle what had become an urgent problem but called the planning of the measures "terrible" and their implementation "inept". Similarly, the Consejo Coordinador Empresarial (CCE) complained that the government's "clumsy" management of fuel distribution was affecting local businesses and their ability to distribute goods around the country, warning that if the situation was not resolved soon, there could be shortages of some basic goods such as dairy, bread, and meat in some areas.

Coparmex, the CCE, and the national union of petrol stations (Onexpo) all called on the government to redouble efforts to normalise the distribution of fuel across the country to prevent further economic losses (see sidebar) and the situation from turning into a "deeper crisis". Mexico's political opposition did not miss the chance to attack the new government over the fuel shortages. Federal senators from the opposition Partido Revolucionario Institucional (PRI) have called for Energy Minister Rocío Nahle and the general director of Pemex, Octavio Romero Oropeza, to be summoned to appear before the senate to provide an explanation on what has gone wrong with fuel distribution and what the government is doing to try to ensure the supply of petrol across the country. PRI Senator Manuel Añorve said that his party was concerned the López Obrador's actions evidenced a "lack of experience and competence".

### Losses

On 9 January the Mexican association of petrol station owners (Amegas) reported that the shortage of fuel in various states across the country had produced over M\$10bn (US\$521.49m) in economic losses for the sector. Noting that petrol shipments from Pemex had yet to be normalised, Amegas president Pablo González expressed concerns that these losses would continue to mount.

**International pressure builds on Ortega****Foreign cooperation**

Foreign cooperation with Nicaragua totalled US\$497.7m in the first half of 2018, according to the most recent (October 2018) report on the matter by Nicaragua's central bank (BCN). Of this, the World Bank accounted for US\$108.8m; the Inter-American Development Bank (IDB), US\$50.1m. On 11 December, private sector lobby Cosep issued a report warning that the crisis had so far cost Nicaragua some US\$1.3bn, or 10% of the country's GDP. It estimated losses to the tourism sector at some US\$500m and lost foreign direct investment (FDI) at some US\$750m.

The secretary general of the Organization of American States (OAS), Luis Almagro, decided at the end of last year to begin the process of applying Article 20 of the Inter-American Democratic Charter (IADC) against Nicaragua. Almagro's announcement followed the latest damning report released on 20 December by the Inter-American Commission on Human Rights (IACHR), an autonomous OAS body, which President Daniel Ortega ejected from the country the previous day, prompting international condemnation. Also indicative of pressure mounting on Ortega, at the end of last year US President Donald Trump promulgated the Nicaraguan Investment Conditionality Act (Nica Act). This is the boldest move so far by the US against the Frente Sandinista de Liberación Nacional (FSLN) government.

On 27 December Almagro announced his decision (a move which ultimately requires the approval of 24 of the 34 OAS member states and could lead to the adoption of sanctions against Nicaragua or its suspension from the hemispheric body) after finding that the "logic of dictatorship is installed in Nicaragua". The article in question can be activated in cases where there is an alteration of the constitutional order in a member state that seriously affects democracy.

Almagro's announcement came days after the interdisciplinary group of independent experts for Nicaragua (GIEI-NIC), established by the IACHR in July and tasked with supporting investigations into the violence, made public a new report on the human rights situation in the country. Released on 21 December, the report, which covers a 42-day period between 18 April and 30 May, found Nicaragua's national police (PNN) responsible for the majority of the 109 deaths reported over that period. (According to latest figures released on 23 November by the local human rights NGO ANPDH, 545 people have been killed and 4,533 injured in the long-running protests). The GIEI-NIC found that given the level of coordination between various police bodies, President Ortega should be investigated to determine any role in ordering the violence. The report also urges that state institutions, from the judiciary to the health ministry, be investigated and purged due to their role in denying victims due process, justice, and even basic medical care.

The report attracted particular attention given Ortega's 19 December announcement of plans to eject the GIEI-NIC and Special Monitoring Mechanism For Nicaragua (Meseni), which had also been sent to Nicaragua to monitor the human rights situation. In a letter to the OAS – which has since warned that the decision "further places Nicaragua into the terrain of authoritarianism" – Nicaragua's foreign ministry accused the groups of meddling in the country's domestic affairs. Accusing the two missions of serving as an "instrument of imperialism" and promoting a coup d'état (an accusation which Ortega has often levelled at his opponents), the letter said the presence of the two missions would be suspended until the conditions had been re-established with regard to a "respect for sovereignty".

**Nica Act promulgated**

The very next day President Trump promulgated the Nica Act, a move which had been widely expected following its approval by the US House of Representatives on 11 December [WR-18-50] and the US Senate in November. The approved version of the Nica Act, which follows other sanctions against Ortega allies such as Vice President and First Lady Rosario Murillo; Néstor Moncada, his national security adviser; and Police Chief Francisco Díaz, among others, also instructs US executive directors in various international financial institutions to use "the voice, vote, and influence of the US" to oppose loans or financial or technical assistance to the [...] government for projects in Nicaragua.

With Nicaragua's economy already tanking as a result of the crisis (the latest [December 2018] figures from the United Nations Economic Commission for Latin America [Eclac] forecast -4.1% GDP growth for Nicaragua for 2018), the Nica Act has prompted fresh concerns about the impact on investment in the country (see *page 14 sidebar*).

## EL SALVADOR | SECURITY

### A key post filled in El Salvador

At the start of this week Raúl Melara was sworn in as El Salvador's new attorney general for a three-year term following his election by the 84-member legislature at the end of last year. Melara was chosen instead of his predecessor Douglas Meléndez who had been seeking a second term. Meléndez had made a name for himself due to his tough stance on corruption – not least the unprecedented conviction for corruption last year of former president Tony Saca (Alianza Republicana Nacionalista [Arena], 2004-2009). As such, the refusal to grant Meléndez a second term could be construed as a step back in anti-impunity efforts.

An alternate magistrate from the supreme court (CSJ) (2015-2017) and former head of the private sector lobby Anep (2004-2010), Melara was elected on 21 December by 83 out of 84 votes. That his appointment was contentious was suggested in an appeal filed before the CSJ on 4 January by Óscar Campos, coordinator of a local civil-society group Iniciativa Social para la Democracia (ISD). Campos said there were various arguments underpinning his complaint that the election was unconstitutional, including possible political affiliations which could jeopardise the independence of the post. The online publication *El Faro* noted that Melara served as legal adviser to Carlos Calleja, the Arena candidate in next month's presidential elections (currently polling second, behind Nayib Bukele [Gran Alianza por la Unidad Nacional] in opinion surveys). *El Faro* also cites as evidence of Melara's closeness with former Arena governments the fact that he held two posts in the Arena administration led by President Francisco Flores (1999-2004), as adviser to the superintendence of electricity & telecommunications (Siget) (2002-2003) and as consultant to the economy ministry the following year.

The concerns about Melara come as Meléndez was able to point to some progress against corruption. As well as successfully prosecuting Saca, under Meléndez's watch another former president, Mauricio Funes (Frente Farabundo Martí para la Liberación Nacional [FMLN], 2009-2014), has been accused of embezzlement and money-laundering. As recently as 4 January the attorney general's office presented new charges against Funes, who is currently living in Nicaragua where he was granted political asylum. These include accusations of divulging a secret document from the US Treasury Department related to the Flores case and, along with five others, money laundering in relation to a contract for the construction of a hydroelectric dam. Meanwhile, Meléndez's own predecessor Luis Martínez (2012-2015) was sentenced to five years in prison last month – El Salvador's first attorney general to be convicted [[WR-18-50](#)].

#### Homicides down

There were 3,340 homicides in El Salvador in 2018, according to the head of the national police (PNC), Howard Cotto, down by 16% on the 3,962 homicides recorded in 2017. In a 3 January press conference, Cotto said that this translated into a homicide rate of 50 per 100,000 residents in 2018, down from 60 in 2017.

In a December statement the PNC explicitly linked the decline in homicides to the "extraordinary measures" first rolled out in 2016 by the FMLN government aimed at stopping the influence of criminal groups – in particular, the country's two main mara organisations, Barrio 18 and Mara Salvatrucha (MS-13) – within the prison system.

#### Doubts over fall in homicides

While the Salvadorean government may hail the fall in homicide figures, recent local press reports have cast some doubt on their reliability, noting that the number of disappearances has increased dramatically over the same period. For example, on 11 December, the national daily *El Mundo* published a report which cited a source from the attorney general's office putting the number of disappeared, as of 7 December, at 3,372 people, 195 more than in 2017.

## POSTSCRIPT

### Quotes of the week

“I stand before the whole nation on this day, the day on which the [Brazilian] nation began to free itself from socialism, from inverted values, from a bloated state and from political correctness.”

*Brazil's President Jair Bolsonaro speaking from the Planalto Palace after his inauguration.*

“Never before in Venezuela's history has there been a process and a government that has combated structural corruption with greater rigour than the Bolivarian Revolution.”

*Venezuela's President Nicolás Maduro.*

“I respect them. I see them as human beings, I don't stigmatise them, they are simply people with their tastes just as some people like fat women and others like young people.”

*Mexico's new supreme court judge Juan Luis González Alcántara Carrancá on the Lesbian, gay, bisexual, and transgender (LGBT) movement.*

### The Revolution becomes a sexagenarian

The Cuban Revolution turned 60 on 1 January. Raúl Castro marked its diamond anniversary in a ceremony in the eastern city of Santiago de Cuba by the tomb of his brother Fidel. “It has not grown old but remains young,” Castro said, praising the efforts of President Miguel Díaz-Canel, who succeeded him last April, to transfer responsibilities to the younger generation. Castro claimed this would be helped by a new constitution, upon which Cubans will vote in a referendum on 24 February, but he warned the country to “prepare for the worst scenario” with the US resuming “a policy of confrontation”.

The national assembly unanimously approved the new Cuban constitution on 22 December, paving the way for the referendum. A 17-strong national electoral commission (CEN) charged with organising the referendum, including state apparatchiks and members of the armed forces, was sworn-in on 28 December. President Díaz-Canel said the constitution, which replaces the current 1976 version, reaffirmed the socialist character of the Revolution with “better inclusion, justice, and social equality”. It restores the aspiration “to advance towards a Communist society”, which had been dropped in the original revisions [[WR-18-31](#)], although this was no more than a symbolic sop to hard-liners expressing disquiet about ‘cuentapropismo’ (self-employment) being enshrined in the constitution, and perhaps to silence some international observers who had construed its omission as the first tentative move towards a democratic transition.

There are signs that the Díaz-Canel government might be less repressive than that of his predecessor. Cuba closed 2018 with 2,873 politically motivated arrests, a monthly average of 240, according to the dissident national human rights commission (CCDHRN), a 44% decline on the previous year.

Díaz-Canel has also called for some Spring cleaning. After the economy minister, Alejandro Gil, told the national assembly on 21 December that annual economic growth was just 1.2% in 2018, falling shy of the 2% forecast, Díaz-Canel promised to root out excessive bureaucracy. Hurricane Irma, which struck in 2017, hit the sugar, and other agricultural, industries and impacted tourism last year so Gil's prediction of 1.5% growth in 2019 does not seem unreasonable, but tightening US sanctions and Venezuela's economic unravelling will pose problems. Cuba will also miss out on US\$300m in 2019 from exporting medical services to Brazil.

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