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Two keys to Venezuela's future: food and soldiers

The battle between pro- and anti-government forces continued in Venezuela this week. Two factors now seem key to determining the outcome. First, the fate of the opposition-controlled plan to distribute humanitarian aid, now set to commence on 23 February; and second, whether the armed forces will split or withdraw their support for the administration of Nicolás Maduro.

'Bolivarian socialism' has been in power in Venezuela for the last two decades. During that time all protests against the regime have failed. Failure has followed a repeated pattern. Mass demonstrations and protests have broken out giving the opposition an initial advantage. Yet this has then been lost in a matter of weeks or months. The government typically buys some time by negotiating but ultimately makes no real concessions. Meanwhile it mobilises its supporters, steps up repression, and arrests selected opposition leaders. Typically, internal divisions within the opposition then contribute to its loss of momentum. The government ends up back in control.

The question now is whether the opposition can break out of that vicious circle. It certainly started well, wrong-footing the Maduro regime by unexpectedly proclaiming National Assembly (AN) leader Juan Guaidó as the legitimate interim president. That happened on 23 January. Three weeks further down the road, the movement still has momentum. It is largely ignoring the 'Montevideo mechanism' – a recent attempt to get a new round of negotiations under way. Instead, there were more well-attended nationwide protest demonstrations on 12 February, called by Guaidó to support his plan, which has the backing of the US and most Latin American governments, to bring humanitarian aid into the country. These demonstrations vastly outnumbered a smaller pro-government rally. The 'parallel president' set a specific date for the aid to flow in – 23 February – and issued what he called a "direct order" to the armed forces to let it though. Guaidó called on the military to "put yourselves on the side of the constitution but also on the side of humanity". For the moment, the initiative therefore still seems to lie with the opposition – the Maduro government has responded reactively by announcing its own mobilisations on 16, 17, 23, and 24 February, purportedly in support of a job-creation programme.

Much now depends on how the humanitarian aid plan works out. The thinking behind the plan has not been made public in its entirety, not least to keep the Maduro administration guessing. However, the hypothesis is that contrary to the regime's claims there is a real, massive, and potentially explosive humanitarian crisis in the country with hundreds of thousands of Venezuelans in dire need of food, medicine, and other basic necessities. If the anti-Maduro forces, operating through a parallel government, can successfully meet those urgent needs, they will gain political legitimacy. In short, they could prove better at meeting the population's basic needs than the existing regime (which also faces the impact of increased US trade sanctions). Associated with this is the idea that actually bringing in the aid across

Struggle for Citgo

According to sources cited by *Reuters* news agency, advisers to Guaidó are proposing that he appoint six executives to the board of Citgo Petroleum Corp, the US-based subsidiary of Venezuelan state oil company Pdvsa. Citgo, which operates 4% of total US refining capacity though plants in Illinois, Texas, and Louisiana, is regarded as the Venezuelan government's most valuable overseas asset. The executives suggested for the board include four Venezuelans currently in the US and two Citgo employees who are US citizens. Seizing control of Citgo and other overseas assets would give Guaidó's parallel administration significant access to funds. Citgo's board is already divided into pro- and anti-Maduro factions. *Reuters* cited sources in the company saying, "Some Venezuelan executives have been recalled to Caracas, others dismissed, and some Maduro loyalists have suddenly re-appeared."

Venezuela's borders will trigger a crisis of authority for the Maduro government. Soldiers or their officers could ignore orders from the high command and let the aid through. The strategy does carry risks: clearly there is a potential for violent clashes in border areas, particularly if there is a confrontation between the army and crowds trying to bring the aid in.

Some details of how the aid operation may work are known, others remain uncertain. The aid is being stockpiled at various points around Venezuela's borders, including Cúcuta in Colombia and Boa Vista in Brazil. There is also talk of some of the aid coming in through staging posts in the Caribbean. Guaidó has spoken of mobilising his supporters in "caravans and protest demonstrations to accompany the aid" and insisted that come what may it will be brought into the country, even if the military try to prevent its entry. He has also claimed that up to 250,000 Venezuelans have registered as volunteers to help bring the aid in. Officials in the US say that there have been discussions about how to get the aid into Venezuela without the use of force, possibly by sea or by air. There is even an idea that Venezuelan volunteers might carry consignments of aid across the border in backpacks. Consideration is being given to the feasibility of creating some kind of humanitarian corridor.

The Maduro regime rejects all this and claims it faces US-orchestrated economic warfare and even an invasion plan. Yet this is standard rhetoric. In a counter-move that smacks of a degree of desperation Maduro's Vice President Delcy Rodríguez told state television that the planned food aid "is contaminated and poisoned, it is cancerous" something she claimed had been confirmed by scientific studies (she gave no sources). Rather than humanitarian aid, what the US and its allies were sending to Venezuela was a form of "biological warfare". At the risk of undermining its own claims that there is no humanitarian crisis, the government also announced on 13 February that 933 tons of medical supplies were due to arrive, coming from China, Cuba, and some other sources "directly purchased" by the government. Health minister Carlos Alvarado said 64 containers had arrived at the port of La Guaira, including diagnostic kits, anaesthetics, antibiotics, analgesics, and nutrients for pregnant women.

Clearly the strategy followed by both Guaidó and the US government is also based on the idea that at some point the Venezuelan military may turn against Maduro. To try to facilitate a change of heart Guaidó has offered an amnesty from prosecution to those who change sides. The US has also offered to lift any financial sanctions against officers who move into the opposition camp. However, the US government's special envoy for Venezuela, Elliot Abrams, admitted in a House Foreign Affairs hearing this week that there has been little progress on this front, although he spoke of positive signs. "We're hearing a lot of discontent in the military," Abrams said. "For one thing, if you are a general looking down at the ranks, you know that your own people in the army are starving. And what about their brothers and sisters and mothers and fathers? So we think that this opinion is spreading in the military that the current situation is untenable."

Abrams is well known as a Cold War warrior and foreign policy hawk, so his views may reflect wish-fulfilment rather than an impartial assessment of the real situation inside the military. But a variety of recent reports do suggest there is deep dissatisfaction within the Fuerza Armada Nacional Bolivariana (FANB), although anonymous officers have also told foreign reporters they are closely watched by the intelligence services and fearful of reprisals.

An example of how the opposition is trying to associate the aid issue with the related objective of undermining military support for Maduro was given by Maria Teresa Belandira, recently recognised as ambassador to Brazil for the parallel Guaidó administration. She said she was meeting the Brazilian minister for defence to discuss the logistics of getting aid from the US, Brazil, and Canada into Venezuela. She said "I call on the National Guard, the Army, Air Force and Navy to allow the humanitarian aid into the country. The Venezuelan people need it, even the families of the military."

Duque aligns with Trump

Busy first visit as president

This was Duque's first official visit as president to the US – although he had met Trump in September last year during the annual UN General Assembly. Trump twice cancelled planned visits to Bogotá last year but said this week that he was again planning and looking forward to visiting Bogotá in the future. Duque, who was due to spend the rest of this week in the US, had a busy agenda including planned meetings with Senate Majority leader Mitch McConnell (a Republican) and House Speaker Nancy Pelosi (a Democrat).

Colombian President Iván Duque met his US opposite number Donald Trump in Washington on 13 September. What to do about Venezuela dominated the agenda; the progress of drug eradication in Colombia came second.

The meeting between Duque and Trump was cordial, essentially a get-together of two regional allies. As might be expected Venezuela topped the agenda. The two men discussed the plan to send humanitarian aid through Colombia into Venezuela. Officials said they were analysing how to do so without the use of force. However, Trump also stuck to his policy of publicly stating that all options, including the use of force, are under consideration. At the press conference that followed the two men's meeting, the US president was asked about the potential dispatch of 5,000 US soldiers to Colombia (a story that started up in January when John Bolton, the hawkish national security adviser, was photographed holding notes to that effect). "We'll see," Trump responded, adding that he had a "plan B, C, and D" for Venezuela.

Duque kept up the pressure on Venezuela, referring to the Nicolás Maduro government as a dictatorship and saying that any action to stop the aid coming in would be a "crime against humanity". Speaking off the record, US officials acknowledged that Colombia is an essential partner in any effort to trigger political change in Venezuela. One official told the *Miami Herald* "Duque is the key player in all this because of the border. You are looking at a country that had to endure more than a million Venezuelans inside its borders. For them it is a national security issue, just like it is for us."

On the drugs issue Trump showed a degree of impatience about the Colombian eradication programme. "I wouldn't say that at this moment you're ahead of schedule, but hopefully you will be at some time in the near future," he told Duque during the press conference. The Colombian leader responded quickly saying that his new government had eradicated 60,000 hectares (ha) of coca crops in its first four months in office, more than its predecessor had in the preceding six months. Duque added that both the US and Colombia had a "clear view" of how to combat illicit drugs, based on a combination of "all possible tools". According to UN estimates, coca cultivation rose by 17% to 171,000ha in 2017 (the latest year for which full data is available). Under the terms of a March 2017 agreement with the US, which the Duque administration has said it will honour, Colombia promised to achieve a 50% reduction in the cultivated area by 2023. The issue is sensitive: in September 2017 Trump threatened to reduce aid to Colombia if it didn't do more to eradicate coca cultivation.

While US-Colombia relations look solid at present, they are not without political challenges. Cynthia Aronson of the US-based Woodrow Wilson Centre, (where Duque was due to deliver a speech on 14 February) has pointed out that the Colombian president has to balance the benefits of political proximity to the Trump White House with the somewhat different demands relating to its role as a regional leader. Trump will want an aggressive policy on Venezuela; to maintain a regional consensus Colombia must be seen to be following its own course, independent of Washington. "The stakes are high for Duque and he has to balance leading a regional coalition on the one hand, with getting too close to Trump on the other," she said. Colombia commentators have also warned that Trump can be erratic and unpredictable.

More movement in congress

The balance of political forces in congress continues in a state of flux. The alliance between the once dominant Fuerza Popular (FP) and the Partido Aprista Peruano (PAP) is now in question.

The fujimorista FP has been battered by the imprisonment last year of its leader, Keiko Fujimori, on corruption charges, and by President Martín Vizcarra's referendum victory last December over constitutional reforms. It has suffered high-profile defections, including that of Daniel Salaverry, the current president of congress. It has seen its presence in the 130-strong single-camera chamber fall from 73 to 55 – still the largest group but now short of an overall majority. Thanks to Salaverry its presence on the 22-strong congressional steering group has dropped from 14 to 10.

The latest development has called into question FP's 'strategic alliance' with the PAP led by former president Alan García (1985-1990; 2006-2011). In a radio interview on 7 February, PAP member Javier Velásquez suggested that the alliance had expired, arguing that when it was first formalised in 2016 his party had agreed to observe it only for three years and then to go its own way for the remaining two years of the government's term. He went on to add that because of the corruption charges against its leader, he doubted FP's ability to be a "responsible opposition". Perhaps to diminish the blow, the FP's Karina Beteta muddied the waters by saying she was unsure that there had been a formal strategic alliance at all. In her telling the two parties had simply agreed to vote together from time to time, such as to elect members to the steering committee. Adding to the confusion Yonhy Lescano, from a third party, Acción Popular (AP), suggested that the alliance was still there under the surface, since both FP and PAP were still defending their leaders (Keiko Fujimori and Alan García) against corruption charges.

It is clear that congress remains in a state of flux and potential realignment. In March the legislature may vote on whether to end the suspension of Kenji Fujimori, Keiko's estranged brother. Kenji was one of the first breakaways from FP, resigning from the party in January 2018, and creating a rival group, Cambio 21. In March of that year he was suspended on the accusation that he had used influence peddling and bribery to swing votes. At least 55 deputies have supported a motion calling for the suspension to be reversed.

Relations between the government and its own small congressional bloc, Peruanos por el Cambio (PPK), have also been strained. Nine of the 11 PPK deputies met the president and Prime Minister César Villanueva on 12 February to rebuild bridges and promise regular coordination. At the meeting there was agreement that the PPK deputies would support the president's reform agenda along with some key government priorities, including initiatives relating to infrastructure, social policy, security and production.

Vizcarra denies 'construction club' claims

The president has dismissed claims that he was involved in the 'construction club', a cartel of contractors including Peru's Graña y Montero and Brazil's Odebrecht, said to have rigged government tenders. On 13 February, in comments reported by the Peruvian media, the president said the corruption scheme had been unknown three years previously, but that as minister of transport and communications at the time he had taken the initiative to reveal its existence. He had told congress that a cartel of construction companies had agreed to collude and add 8% to the cost of all bids. Vizcarra also insisted that he had not been involved in campaign funding meetings in the 2016 elections, a reference to a claim that a 'construction club' company had donated US\$100,000 to the PPK campaign at a meeting in which he had been present.

“Adding to the confusion Yonhy Lescano, from a third party, Acción Popular (AP), suggested that the alliance was still there under the surface, since both FP and PAP were still defending their leaders (Keiko Fujimori and Alan García) against corruption charges.”

Playing the Lavagna card

In the space of a few weeks Argentina's former economy minister Roberto Lavagna has emerged as a potential cross-party candidate in this year's presidential election. The opinion polls suggest he could be a contender, depending on who else is in, or out, of the race.

Although neither have formally declared, the underlying assumption made by many is that the October 2019 presidential race will be a two-way battle between Mauricio Macri, the centre-right, market-friendly incumbent, and Cristina Fernández de Kirchner, the nationalist/populist former president (2007-2015). Fernández, who has not yet thrown her own hat into the ring, has been supported by the Frente Para La Victoria (FPV), a radical group that emerged from the Peronist movement (Partido Justicialista – PJ). If Fernández and Macri represent the major left-right options in play, the middle ground has so far remained a crowded field occupied principally by half a dozen moderate Peronists, none of whom have managed to break away from the pack.

A Lavagna candidacy could potentially change things in the centre ground. The 76-year-old was economy minister from 2002-2005, a period spanned by two different Peronist presidencies (those of Eduardo Duhalde [2002-2003] and Néstor Kirchner [2003-2007]). He has a reputation for successful, pragmatic crisis management, steering the country out of its worst-ever economic meltdown, marked by devaluation, default, and a drastic freeze on bank deposits (known as the 'corralito'). Lavagna later ran as a candidate with cross-party backing in the 2007 elections, coming third with 17% support (the winner that time round was Cristina Fernández). His relevance now is that he may offer an alternative for voters repelled by what they see as the unappetising choice between corrupt populism on the one hand or dreary IMF-backed austerity on the other. Lavagna has certainly been critical of Macri's IMF-supported fiscal squeeze.

The former economy minister is a member of the moderate Peronist Frente Renovador (FR) whose leader, Sergio Massa, has already declared his own intention to run for the presidency. However, that hasn't stopped Lavagna's name going forward as a potential cross-party candidate. Former president Duhalde has given him explicit public support. Lavagna has played his cards close to his chest, but made it known that he will only consider running if he can do so as part of a broad-based multi-party coalition. He has held talks with some members of the ruling Cambiemos coalition including members of the Unión Cívica Radical (UCR). There have even been contacts with the FPV and suggestions that as she decides her own strategy, Fernández believes a Lavagna candidature would be positive.

The 'Lavagna factor' has been deemed important enough for the pollsters to give it some attention. A poll conducted in February by Federico García y Asociados analyses voting intentions in four separate scenarios. The first scenario assumes that both Fernández and Lavagna are presidential candidates in the first round of the vote in October. This puts Fernández (27.8% support) and Macri (26.2% support) in a technical tie for first place, with Lavagna taking third place with 14.2% (ahead of Massa with 10.1%). In the second scenario Fernández runs but Lavagna doesn't. Here Fernández (28.9%) and Macri (28.4%) would again be in a technical tie, with Massa in third place with 13.9%.

The third scenario asks what would happen if Fernández is not a candidate but Lavagna does run. Here the clear beneficiary is Macri, who would come first with 25.5% support. In that situation Lavagna would come second with 14.5%, ahead of Massa (13.7%) and former economy minister and Fernández loyalist Axel Kicillof who would gain 11.3% support. Finally, the fourth scenario, in

Fernández trial date upheld

Ever since stepping down from the presidency in December 2015, Cristina Fernández has faced multiple court investigations into alleged acts of corruption. However, it is only now, more than three years later, that the first of various trials is finally set to begin. A Buenos Aires court, the Tribunal Oral Federal 2 (TOF 2), rejected a plea by her lawyers for another postponement, setting 26 February as the start date for a case where she is accused of improperly favouring Grupo Austral, owned by businessman Lázaro Baez, with government contracts in the province of Santa Cruz. As a sitting senator, Fernández enjoys immunity from prosecution and will

therefore remain free during the course of the trial. However, her co-defendants, including Baez, former planning minister Julio de Video, and former public works minister José López, remain under arrest.

In a separate development a case against Claudio Bonadio, a federal judge who has led various investigations into the affairs of the former president, was dismissed on 11 February. Lawyers acting for Fernández had accused Bonadio of abusing his authority when he ordered a raid on the former president's residence in Buenos Aires last year. However, federal judge Sebastián Casanello dismissed the case. Last year's raids on various of the former president's properties had been authorised by a senate vote.

which neither Fernández nor Lavagna stand, would also be favourable to Macri. In that scenario he would again lead with 26.7% support, followed by Massa in second place on 17.9% and Kicillof on 12.2%. It is still very early days in the presidential race, so these figures are far from definitive. Depending on developments Lavagna could of course grow or shrink in electoral stature: he might, for example, be able to assert himself as the main centrist candidate, drawing votes away from the other Peronist moderates, many of whom have so far failed to appeal to more than 10% of national level voters.

ARGENTINA | POLITICS

Macri-economics: political salvation or destruction?

How the economy behaves in 2019 will be crucial for President Mauricio Macri's chances of re-election. But for the moment the political implications of that performance are not giving him much encouragement.

Economic forecasts for Argentina are mixed, but the consensus is that last year's massive run on the Argentine peso condemned the country to two years of contraction, with a high but still unquantified political cost to the government. According to the research arm of BBVA, the Spanish bank, GDP fell by 2.4% last year, and will contract by a further 1.0% in 2019. Meanwhile inflation soared to 47.6% in 2018 and against a background of tight monetary policy is predicted to come down to 30% in 2019. The centre-right coalition government of President Mauricio Macri is hoping that there will be enough early signs of recovery to persuade voters to give it a new mandate in the October elections, to at last stabilise the economy and lay the foundations for sustainable growth.

Yet this is a really big ask. Having failed to stabilise the economy in its first three years in office, the government is now in effect asking voters for a second chance. BBVA points out that technically speaking, and in a best-case scenario, on a quarter-on-quarter basis the economy will be growing again by the first round of the presidential ballot in October, and inflation will be trending down. But it adds, "in no way does this imply that the economy will be a big help for the ruling party during the election period, since the levels of GDP will be lower than those of the previous year...and inflation will continue processing the abrupt acceleration of 2018 descending, albeit slowly, to 43% during the primaries and to 33% in October". Rather than a V-shaped recovery, capable of impressing undecided voters, it is more likely that Argentina's economic curve will be less impressive and U-shaped.

Other analysts seem to be making similar assessments. Consultancy SBS recently said "Argentina is beginning to experience a contrast between the enormous deterioration of real economic variables and the current significant improvement of financial indicators, which it is hoped, will place a floor beneath economic activity levels." In other words, financial markets may be correctly anticipating a recovery; however, by election day the average voter is ominously likely not to have felt any improvement in his or her pocket.

There is also a sense that the government has very little room to manoeuvre. Nicolás Alonzo from Orlando Ferreres & Asociados commented "You can't do everything at the same time. In the world of economic policies, it is very hard to simultaneously meet multiple targets, which in Argentina's case would be to bring down the inflation rate and expand economically at the same time." The government is already having trouble meeting targets agreed with the IMF – reducing energy subsidies has, for example, triggered unpopular and inflationary utility tariff increases.

There is also a real possibility that protests or sharp falls in business or consumer confidence could force the government to backtrack on its austerity programme, undermining its authority and potentially putting the IMF agreement at risk. That does not look likely in the very short term, but Macri does face a punishing year. A group of opposition trade unions called for new anti-government protests this week.

President's party in disarray

Friends?

Adding to the fact that President Jair Bolsonaro's government is riven with internal divisions is speculation surrounding the president's antagonistic relationship with his vice president, Hamilton Mourão. Mourão has increasingly emerged as a pragmatic and moderate voice in government, often contradicting ministers and Bolsonaro himself on controversial issues. Bolsonaro's determination to remain at work while in hospital instead of making Mourão acting president was interpreted as a sign of his lack of trust in Mourão. Both men have however denied that their relationship is strained.

The advancement of the Brazilian government's policy agenda has been somewhat halted by the absence of President Jair Bolsonaro, who was discharged on 13 February after more than two weeks in hospital. He was admitted on 28 January for a planned operation to have his colostomy bag removed, which was put in after he was stabbed in the abdomen during a campaign rally last year, but was then kept in over concerns of infection. Bolsonaro's two-week confinement to a hospital bed has limited the progress of projects which require his approval or consultation, such as Economy Minister Paulo Guedes' pension reform. Meanwhile, Bolsonaro's Partido Social Liberal (PSL) has become embroiled in allegations of corruption, intensifying disputes in government and congress.

It is national daily *Folha de São Paulo*, which is by now well-established as Bolsonaro's loudest critic in the mainstream media, which has reported the allegations against members of the PSL in a series of articles. On 4 February, *Folha* reported that Tourism Minister Marcelo Álvaro Antônio, who was elected federal deputy for the PSL in Minas Gerais state last October, embezzled public campaign funds through 'façade' candidates. *Folha* reports that four women were put forward as candidates for federal or state deputy and given a total of R\$270,000 (US\$72,000) in funding. They made little to no campaign efforts, failed to get elected and later transferred at least part of the funds back to companies linked to Antônio. An investigation has been launched, but the government did not comment on the accusations, and Antônio remains in his ministerial post.

A week later, on 10 February, *Folha* published a report in which it accused one of the founders and current president of the PSL, federal deputy Luciano Bivar, of also making use of a façade candidate in Pernambuco, the state he represents. According to *Folha's* investigation, a 68-year-old woman, Maria de Lourdes Paixão, received R\$400,000 (US\$106,500) in party money to fund her campaign for federal deputy – the third-largest sum of party funding given to a PSL candidate, after Bivar and 'Delegado Waldir' Soares de Oliveira (who is the party leader in the chamber of deputies). The money was transferred to Paixão mere days before the election took place last 7 October, she was unable to clear up the unsatisfactory explanations of how it was spent to *Folha* reporters, and she received a grand total of 274 votes.

Bivar and Gustavo Bebianno, who was at the time interim president of the PSL, have mutually accused each other of being responsible for the allocation of Paixão's funding. Bebianno, who grew close to Bolsonaro during the election campaign, is now a cabinet minister as he heads the secretary-general to the presidency. On 13 February, *Folha* made further revelations implicating Bebianno directly in the funding of yet another 'façade' candidate, also in Pernambuco.

Attempts by the government, and particularly by Vice President Hamilton Mourão (who is affiliated with the Partido Renovador Trabalhista Brasileiro, PRTB), to dismiss the allegations as the PSL's problem have become harder with Bebianno's direct implication. Bolsonaro's tough discourse on corruption means he will be expected to hold Bebianno, and indeed other members of his party, accountable if they are guilty of wrongdoing. So far, Bolsonaro has said that he has ordered for the allegations to be investigated, and that Bebianno will be forced to resign if he is proven to be involved in the schemes to embezzle PSL funds through façade candidates.

Bebianno is a divisive figure in government and rumours have been flying about his fall from grace. He was publicly accused of lying about having

Permanent committees in congress

After Rodrigo Maia from the Democratas (Dem) was elected leader of the chamber of deputies on 1 February with the support of the Partido Social Liberal (PSL), the PSL is expecting recognition in return. It has been promised the leadership of the constitution and justice committee (CCJ), the most important committee in the chamber responsible for analysing the legal and constitutional aspect of bills. But it also wants the finance and tax committee (CFT), which the established and experienced Movimento Democrático Brasileiro (MDB) has staked claim to also. The MDB has already been allocated three permanent committees in the senate, whereas the PSL only has one.

spoken with Bolsonaro by the president's son Carlos on *Twitter* (with whom Bebianno has reportedly always had a rocky relationship) – a move which some see as an attempt at forcing Bebianno's resignation, while some PSL representatives have criticised Carlos for getting publicly involved in government matters. Bebianno maintains that he has done nothing wrong and has said that he will not resign. Bolsonaro is therefore returning to work amid heightened tensions in an already fragmented government.

PSL in congress

The PSL's difficulties are further bad news for its cohesion in congress, at a time when the party needs to pull together to impose itself in the new legislature. The PSL leapt from being a fringe party with just one elected federal deputy in 2014 to being one of the most represented parties in the new congress with four elected senators and 52 elected deputies (with re-alignments, there are now at least 54 PSL deputies). However, on Brazil's crowded political stage it remains a minority party in the 81-member senate and 513-member chamber of deputies and will need to rely on support from other parties as well as cross-party caucuses to advance Bolsonaro's agenda.

As permanent committees in congress are in the process of being allocated to different parties (*see sidebar*), there have been rumblings of discontent that the PSL is being given too much control. The party is not in a strong position to face this as it struggles with internal disputes and scandal, although it is attempting to put on a united front. The president's son Eduardo, a PSL deputy, uncharacteristically declined to comment on the allegations. Even Bivar, who is second vice president of the chamber's governing board, set aside his quarrel with Bebianno following the latest accusations to assure that Bebianno had always acted correctly as leader of the party.

BRAZIL | POLITICS

Rio assailed by the elements

The city of Rio de Janeiro has been particularly hard hit over the past few days. At a time of year when attention usually turns to Brazil's most emblematic city for pre-Carnival festivities, Rio de Janeiro state authorities declared three days of official mourning last week for the victims of a rain-storm and of a fire in the dormitory of a football training centre.

Rio is accustomed to being hit with torrential rains in the summer, but last week's storm caused serious damage and claimed seven lives in the process. The heavy rain caused landslides in hillside favelas, felled trees, destroyed part of an elevated cycle path, and flooded streets, homes and hotels. Rio state governor Wilson Witzel blamed the destruction on the neglect of previous municipal governments – the cycle path, which was built ahead of the 2016 Olympic Games, has already collapsed twice before. This week, classes were suspended following warnings of more heavy rains.

The 8 February fire at the Ninho do Urubu training centre of Flamengo football club, Brazil's most famous club, was possibly related to the extreme weather. It is believed that a short-circuit in an air conditioning unit, possibly caused by a power surge as a result of the rain, started the fire that killed ten underage football players and injured three more.

The immediate reaction to the death of the teenagers was one of extreme sadness from supporters, rival Brazilian football clubs, and football teams from around the world. It is not just Rio and Flamengo fans who are in mourning. In the football-mad country, the death of ten young players at the start of potentially scintillating careers in Brazil's most popular club is a blow to the national psyche. What is more, it comes as the country is still reeling from the disastrous dam break in Brumadinho, Minas Gerais, last month [[WR-19-04](#)].

Iconic journalist dies

Ricardo Boechat, a well-respected columnist and radio and TV presenter who began his career in the 1970s, died in a helicopter crash in São Paulo on 11 February. His death was mourned across the country, with politicians and journalists of all colours lamenting his loss and praising his work. Boechat has been labelled a reference for good independent journalism at a time when the media is under constant attack. Authorities are investigating the accident. Local media report that the helicopter's licence was in order, but that it was operated by a company that was not authorised to transport passengers.

High-profile tragedy upon high-profile tragedy is not only eroding morale at home but also damaging the country's image abroad, just as President Jair Bolsonaro is trying to project promises of a new, better Brazil. The destructive rains in Rio and deadly fire at the Flamengo training centre have once again drawn attention to the country's poor infrastructure, inadequate safety regulations and prevention measures, and lack of enforcement. The fire especially has led to a bout of national introspection over Brazil's inability to prevent the repetition of past tragedies (a fire in a nightclub in 2013 killed almost 250 people, while it was only last September that Rio's National Museum burnt down). It is the new governments, at both federal and state level, which must now take on the consequences of past mismanagement and neglect.

Authorities are inspecting Flamengo's Ninho do Urubu training centre, which reportedly did not have a fire safety certificate and had already been fined multiple times for irregularities. Lack of compliance and rebukes from the municipality had not prevented the centre from continuing its activities.

The sense of frustration at the lack of prevention and accountability was encapsulated by national daily *O Globo* on its 11 February front page: "Negligence and impunity mark tragedies in the country," the headline read. Respected journalist Ricardo Boechat echoed this feeling on *Radio BandNews'* daily news commentary, mere hours before he died in a helicopter crash (see sidebar). Boechat's untimely death has given more visibility to his calls for the executive, legislative, and judicial branches of government to recognise their responsibility in the recent tragedies, whether through omission or complicity, and to implement the necessary changes to remedy this.

PARAGUAY | POLITICS

Zacarías Irún clan forced out of CDE

The political crisis that has engulfed Ciudad del Este (CDE), Paraguay's second city, following the launch of an intervention by the national government due to allegations of gross corruption and mismanagement by the municipal authorities [WR-18-45] has reached a major turning point. Following a two-month intervention and audit of the CDE municipal administration, the national congress has taken the unprecedented decision to dismiss the elected mayor, Sandra McLeod. This could help to resolve the crisis in CDE but there are concerns that it could create more problems for the government led by President Mario Abdo Benítez, as it has served to further deepen the internal divisions within the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) party.

After a 60-day intervention, the care-taker CDE mayor, Carolina Llanes, and the comptroller general's office submitted the final report on the findings of the respective audits that they carried out on the CDE administration to the national chamber of deputies in early February. On 7 February the chamber of deputies held an extraordinary session to analyse the reports. Following a heated five-hour debate in which the deputies from the Honor Colorado ANR-PC faction (Cartistas), which remain loyal to former president Horacio Cartes (2013-2018), clashed with their colleagues from the Colorado Añetete ANR-PC faction (Abdistas) that answers to President Abdo Benítez, the remaining deputies – after the Cartistas walked out of the session – unanimously voted to dismiss the Cartista McLeod.

The Cartistas, had argued that the intervention and the allegations raised against McLeod, the wife of Senator Javier Zacarías Irún, a close ally of Cartes, were part of a plot by her in-party rivals to try to oust her from office and gain control of CDE. They also accused the Abdo Benítez government of persecuting its political detractors. However, the Abdistas and the opposition deputies agreed that the auditors had gathered sufficient evidence of

Quintana

The nomination of Deputy Quintana is highly controversial given that he has taken a leave of absence to fight off drug trafficking accusations presented against him. In fact, Quintana is currently under arrest at the Viñas Cue military prison awaiting trial for his suspected links to a drug trafficking organisation based in CDE and led by Reinaldo Javier ‘Cucho’ Cabaña, who was himself arrested in September 2018. Pointedly, Velázquez said that Quintana’s candidacy would be contingent on “him proving his innocence first”.

suspected embezzlement of public funds in the McLeod administration (to the tune of some US\$23m) to warrant her dismissal so that she can be prosecuted by the judiciary and that administrative order could be returned to CDE. The chamber of deputies then duly informed the supreme electoral tribunal (TSJE) of its decision, so that it can now organise a by-election in CDE to elect McLeod’s successor (which must be held within 90 days).

Zacarías Irún and his family have controlled CDE, and Alto Paraná department of which it is the capital, for the past 18 years. There have long been allegations of corruption but the political influence and near complete control of the local institutions exerted by Zacarías Irún and his extended family known as the ‘Zacarías Irún clan’ (which includes national deputy Justo Zacarías Irún, Javier’s brother and a former Alto Paraná governor) had allowed them to escape prosecution. Yet this has changed in the current political scenario in the ANR-PC marked by a clear division between Cartistas and Abdistas and their apparently relentless struggle for control of the party.

Pointedly, in another clear sign that the tide has now turned on the Zacarías Irún clan, on the same day that deputies voted in favour of dismissing McLeod, in another extraordinary session, senators voted in favour of stripping Senator Zacarías Irún of his immunity from prosecution so that he can face the illicit enrichment, money laundering and illicit association charges levelled against him and linked to the CDE intervention. Much like in the chamber of deputies the vote of Abdista senators were critical in ensuring that Zacarías Irún’s immunity was lifted. Senator Zacarías Irún is now expected to join his wife in dock to contend with the various corruption, money laundering, illicit enrichment, and illicit association charges presented against them.

Nevertheless, denoting that the struggle for control of CDE is far from over, there have been various political manoeuvres in the CDE municipal council by the competing political forces to try to secure control of the seat. In a first move, Cartista CDE councillors staged an extraordinary session on 4 February in which they had accepted McLeod’s resignation and appointed Councillor Celso ‘Kelembu’ Miranda, a McLeod ally, as interim mayor. However, Abdista and opposition CDE councillors have said that the session in which Miranda was appointed interim mayor was illegal. Instead the Abdista and opposition councillors called an extraordinary council session on 12 February in which they elected Councillor Perla Rodríguez as interim mayor until the holding of the by-election.

Intriguingly, Rodríguez is a Cartista politician and until recently a McLeod ally. However, following the intervention of the municipal administration, Rodríguez turned on McLeod and became a vocal critic of her and the suspected corruption of the Zacarías Irún clan. The fact that Rodríguez is still considered to be loyal to Cartes means that she is seen as a more a ‘neutral’ figure who has the backing of the Cartistas, the Abdistas and even other opposition groups, even if this is conditional on Rodríguez maintaining her neutrality.

Meanwhile the main political forces are already looking for candidates with which to contest the by-election. Sensing an opportunity, five members of the main national opposition Partido Liberal Radical Auténtico (PLRA) have already put their name forward to be the party’s mayoral candidate. Vice President Hugo Velázquez, an Abdista who has been tasked by President Abdo Benítez with leading an ANR-PC party commission, has controversially nominated Deputy Ulises Quintana to be the ANR-PC’s consensus mayoral candidate (see sidebar). But it is unlikely that the proposal of fielding a consensus candidate will be accepted by the Cartistas and there is some speculation that the CDE by-election could drive a further wedge between Cartistas and Abdistas that could precipitate a rift in the ANR-PC that could completely undermine the Abdo Benítez administration by denying it a majority in the national congress.

Calderón lectures gov't

Former president Calderón has strongly refuted the accusation that he may have broken the law by accepting a position of adviser to energy firm Avangrid after he left office. In a 12 February radio interview, Calderón reiterated that under Mexico's current legislation public officials are only banned from working in areas related to the positions they held while in office for 12 months and no more. Noting that his term concluded in December 2012 and that he was hired as Avangrid advisor in 2016, Calderón emphasised that there should be no questions about his actions. Calderón also insisted that he never unfairly benefited any firm while in office, and challenged Bartlett and López Obrador to present evidence to the contrary.

MEXICO

MEXICO | ECONOMY & POLITICS

López Obrador picks new bone of contention with private sector

Mexico's President Andrés Manuel López Obrador is not afraid to confront the business sector if he believes it is acting against the national interest. He proved this when he decided to suspend the new Mexico City international airport project (NAIM) at the start of his term. That decision, which was resisted by the business sector, harmed investor confidence and undermined domestic economic activity. But while the government has been working hard to restore business confidence since then, López Obrador has now decided to pick another fight with the business sector. This time it is over the role that private firms play in the national electricity market, once again threatening to produce a rift between the government and the private sector.

"We need to abandon the perverse plan of destroying the Comisión Federal de Electricidad [CFE] to allow private firms to gain control of the electricity market," López Obrador said during his daily morning press briefing on 11 February, complaining about the financial difficulties and growing decline of the CFE, the state-owned electricity utility firm, as a result of a "privatisation policy" pursued under previous governments. López Obrador claimed that private firms contracted to supply electricity to CFE were unduly benefitting from these contracts at the expense of the CFE. In particular, López Obrador complained some energy firms that were contracted to build pipelines and supply natural gas to the CFE were continuing to receive state subsidies for the projects to the tune of US\$21bn, even though the pipelines are currently non-operational.

López Obrador also accused private energy firms that supply the CFE with charging extortionate prices, which has led to electricity tariffs being high. "Mexico is one of the countries in which we have to pay most for electricity – more than in the US – and this was not always the case... [the private companies] have made juicy deals [with the CFE] under protection of public authority, signing handsome contracts", López Obrador said, suggesting that these contracts were negotiated and signed by corrupt high-ranking officials in previous governments. Furthermore, López Obrador also suggested that these former officials have continued to exploit the domestic electricity market after leaving office by going on to work for firms that have contracts with the CFE and using their influence and expertise against the state-owned firm.

López Obrador, who had voiced his disapproval of such practices before [\[WR-19-05\]](#), left it to his CFE director, Manuel Bartlett, to name and shame the former officials. Bartlett listed nine individuals including former presidents Felipe Calderón (2006-2012) and Ernesto Zedillo (1994-2000); former transport & communications minister Carlos Ruiz Sacristán (1994-2000); former energy minister Jordy Herrera Flores (2011-2012); and even the former CFE director Alfredo Elías Ayub (1999-2011). Bartlett insinuated that by going on to work for energy firms, these individuals may have taken advantage of their knowledge of the sector to exploit it and in the process undermine the CFE. Bartlett said that he had ordered a full investigation into this and while he admitted that the actions of the former officials may not all have been illegal, they were certainly "immoral" and appear to be cases of conflict of interest or influence trafficking.

Based on these considerations, López Obrador called for the immediate renegotiation of the CFE contracts to ensure that they are not detrimental to the Mexican state. Moreover, the president said that restructuring the entire domestic electricity market to strengthen the CFE is also necessary. Specifically, López Obrador said that the government should no longer offer subsidies for CFE suppliers but insisted that consumers should not be made to pay higher tariffs, although he did not provide details. "We want there to

Media merger under scrutiny

During his daily press conference on 8 February, Mexico's President Andrés Manuel López Obrador expressed some concern over the proposed purchase by US entertainment firm Walt Disney Company of US media firm 21st Century Fox. Although Mexico's federal economic competition commission (Cofece) has already endorsed the proposed merger and claimed that it should not affect media market competition in Mexico, if the merger is approved, 73% of paying sport channels in Mexico would be in the hands of a single company. López Obrador also pointed out that a former official at the federal telecommunications institute (IFT), which still has to approve of the merger, is currently working for both companies, suggesting a potential conflict of interest.

be private investment, national and foreign, but we want firms to act ethically," López Obrador stated. López Obrador concluded the press conference by adding that his government would also seek to introduce legislation banning public officials from assuming a job in the private sector related to their areas of public service for "over ten years", as opposed to the current one year (*see page 11 sidebar*).

Bartlett identified the CFE contractors currently under the spotlight as Grupo Carso, a local conglomerate owned by billionaire Carlos Slim; US-registered firm Infraestructura Energética Nova (IEnova); and Canadian firm TransCanada. The three firms operate seven natural gas pipelines that are all currently not in operation for various reasons. However, they quickly rejected López Obrador's accusations. Grupo Carso issued a statement saying that the 620km pipeline that it is laying down in northern Mexico has experienced unforeseen construction delays which has pushed the project back by more than a year and produced cost overruns. But Grupo Carso insisted that the delays and overruns were not deliberate and that it has been forced to trigger clauses in the contract that allow it to pass on the cost overruns to the CFE.

Similarly, in its own statement, IEnova said that its new pipeline had begun operations in May 2017 but that it was forced to shut down in August 2017 after it had been "sabotaged" by suspected fuel thieves, which the firm denounced to the local and federal authorities. The IEnova statement also responded to the accusations that it had secured preferential contracts by saying that all of the contracts that it holds with the CFE "were approved through an open and transparent tender process held to international standards". The fact that neither of the neither Grupo Carso nor IEnova acknowledged López Obrador's call to renegotiate their contracts suggests that the issue could lead to a dispute between the government and the energy firms.

López Obrador is a fierce critic of the 2013-2014 energy sector reform approved under the Peña Nieto administration, which opened up the energy sector – including the electricity market – to increased private sector participation. Although López Obrador has said that his government will not seek to reform the electricity market but will seek to reach an agreement with firms in the sector, the dispute could once again make the business community nervous about investing in Mexico.

TRACKING TRENDS

MEXICO | Industrial production. On 11 February, Mexico's national statistics and geography institute (Inegi) reported that Mexico's industrial production had fallen by 0.4% in real terms in December 2018 compared with the previous month. However, when compared with December 2017, industrial production posted an overall increase of 0.2%. This was mostly due to a 2.1% increase in activity in the generation, transmission, and distribution of electricity, water, and natural gas to the final consumer sub-sector, as well as a 1.7% increase in activity in the manufacturing sub-sector. Although the construction sub-sector registered a slight increase of 0.6% compared with the previous year, the mining sub-sector's production fell by 5.5%. Mexico's GDP is said to have grown by 2% in 2018, which would represent a marginal fall compared with 2.1% in 2017.

MEXICO | Job creation. According to Mexico's social security institute (IMSS), 94,646 formal jobs were created in January 2019, a 95.9% increase compared with the average 46,330 created in the last ten Januarys, and therefore the second-best increase reported in the month of January in the last ten years. Concerning formal job creation in the last twelve months, the figure stood at 641,834 posts, and meant an annual growth rate of 3.3%. The increase in employment was mostly due to a 4.8% increase in jobs in the transport and communications sectors, as well as a 4.6% increase in the farming sector, and a 4.6% increase in the light industry sector. The two states with the highest annual increase in employment were Quintana Roo and Querétaro with growth rates that went over 5.5%.

Moïse marks two-years in office as thousands call for his departure

Haiti's President Jovenel Moïse celebrated his two-year anniversary in power last week amid the biggest show of public unrest since taking office, with protesters across the country demanding his resignation. His Parti Haïtien Tèt Kale (PHTK) government is already deeply unpopular since its ill-fated decision (since reversed) to increase fuel prices last July [WR-18-28] while allegations of financial mismanagement involving Petrocaribe, the discounted oil initiative from Venezuela, have also proven damaging. A worsening economic situation – which last week forced President Moïse to declare a state of economic emergency and unveil new austerity measures – could prove a tipping point.

On 7 February, the anniversary of President Moïse's assumption of office (as well as the end of the Duvalier dictatorship in 1986), thousands took to the streets in the capital Port-au-Prince and across the country calling for him to step down. These protests have since continued, with the local media reporting that at least ten people had been killed in the unrest. This is the fourth significant anti-government protest to take place since July after unrest that month over the proposed increase in fuel prices and demonstrations in October and November in response to the alleged mismanagement of US\$2bn of Petrocaribe funds. Anger over the latter had emerged after the senate passed a resolution last year requesting that the superior court of audit and administrative disputes (CSC/CA) conduct a review of Petrocaribe funds, over the eight-year period spanning the governments led by the late René Préval (2006-2011) and Moïse's predecessor and political mentor Michel Martelly (2011-2016).

While public anger over official corruption remained a major factor in the latest protests, particularly after the CSC/CA recently released the first part of its investigation, which also implicate President Moïse (*see box*), the immediate cause of the latest unrest was economic – rising inflation which reached 15% in January. With the government's problems compounded by the legislature's refusal to approve the 2018-2019 budget law for HG172bn (US\$2.19bn) (on the grounds it did not correspond to the country's needs), local economists such as Eddy Labossière, president of the Association of Haitian Economists, had long flagged up concerns regarding the state of the country's public finances. In particular Labossière and his peers highlight the need to control the budget deficit (which reached HG10bn in the period October-December 2018, the first quarter of the fiscal year 2018-2019) while also pointing to the depreciation of the Haitian gourde against the US dollar which is driving up inflation.

With the United Nations (UN) World Food Programme already reporting that more than half of Haiti's total population (11.3m) suffer food insecurity, any rise in food prices was likely to prompt an immediate response. It also adds to other economic problems. In recent weeks and months, Port-au-Prince and other parts of the country have been hit by electricity rationing and blackouts due to fuel shortages, sparking protests which have turned deadly at times. Last month four people were killed in protests over electricity blackouts in Lascahobas (Centre department). As well as factors such as insufficient water at Haiti's Péligré hydroelectric dam, these fuel shortages stem in part from the suspension of deliveries from Venezuela's state-owned oil company Pdvsas as part of Petrocaribe. According to a June 2018 Venezuelan oil ministry report, Haiti was among eight of the 17 Petrocaribe members where these deliveries were suspended, forcing the country to

Delayed payments

Last month US-based energy company Novum defended its decision to put five cargo ships filled with gasoline and diesel on “financial hold” in waters off Port-au-Prince. In a 19 January statement, Novum said it had been supplying fuels to Haiti via the Bureau of Monetisation of Programs and Development Aid (BMPAD), an autonomous agency which sits under the finance ministry, for more than four years with a good track record of payments. However, it said that in recent months “regretfully the payment performance of BMPAD has deteriorated significantly...Novum's credit limit has been breached on many occasions and now payments have been delayed by more than 60 days (on top of the 45 days credit).”

Austerity measures

On 5 February prime minister Jean Henry Céant revealed 11 new austerity measures which, among other things, include: a ban on the state purchase of new vehicles until 30 September; a travel ban for ministers and secretaries of state without the prime minister's express authorisation; a reduction and harmonisation of salaries of general directors of autonomous bodies; and the obligation of ministers, secretaries of state, and general directors to finalise the declaration of their assets and tax receipts.

seek other sources of fuel – including the US. However, delays in payments for fuel supplies have held up deliveries (*see page 13 sidebar*).

Government response

With the Core Group (comprising the Special Representative of the UN Secretary General, the ambassadors of Brazil, Canada, France, Germany, Spain, the European Union, the US, and the Special Representative of the Organization of American States) releasing a statement on 11 February urging dialogue, President Moïse has yet to issue a response to the protests.

Two days before the unrest began, however, on 5 February, he and his government sought to address these economic concerns. As well as revealing new austerity measures (*see sidebar*) he announced a state of economic emergency. While he failed to provide full details of what this involves, the local media reported that it included: plans to reduce the cost of basic goods; increased access to loans for small and medium-sized businesses (SMEs); and the suspension of customs and tax exemptions until 30 September unless specifically requested by diplomatic missions and consulates or other institutions. Yet this has clearly failed to placate protesters. With political opposition parties like Ayiti an aksyon (AAA), Organisation du peuple en lutte (OPL), Vérité, and Fusion des sociaux-démocrates haïtiens (Fusion) – who are calling for his resignation – refusing to heed his offer of dialogue, there would seem no end in sight to the crisis.

Petrocaribe scheme

At the end of last month in line with a senate request, the CSC/CA delivered its first report on the management of Petrocaribe funds which found the scheme had been the objective of embezzlement with most of the money wasted and mismanaged in what it deemed a “large scale state fraud”.

With President Moïse already forced to dispense with key allies like Wilson Laleu (former minister of trade & industry and economy & finance) and Yves Germain Joseph (a former planning minister), who were implicated when the revelations first made headlines last year, he remains under pressure to ensure that action is taken in response to the allegations. One problem for the president, however, is that among the projects flagged up by the CSC/CA report for irregularities was an initiative for the installation of street lights involving a company, Comphener SA, which he reportedly owns.

CPI

On 29 January the NGO Transparency International (TI) released its latest 2018 Corruption Perceptions Index (CPI) which showed that Haiti continued to deteriorate in the rankings, dropping to 161 out of 180 countries, down from 157 in 2017. Haiti's ranking for 2018 leaves it second only to Venezuela which is ranked 168.

As regards Central America, the CPI had some mixed findings. While Costa Rica registered the highest ranking in the sub-region, in 48th place, this was down from 38th place in 2017. Panama ranked second in the sub-region at 93rd place, up from 96th the previous year. It was followed by El Salvador (105th, up from 112th) and Honduras (132nd up from 135th), while Guatemala ranked 144th, down from 143rd, and Nicaragua slid to 152nd, down from 151st in 2017.

As regards Central American countries to have registered improvements, TI highlights El Salvador, noting that while still low in the overall ranking, there were improvements – in particular the work of the research NGO Fundación Nacional para el Desarrollo (FUNDE) and its efforts to empower citizens to exercise their right to access information.

The same report also points to the steady decline of Nicaragua which remains mired in political crisis stemming from the government's deadly crackdown on its opponents. TI notes “After more than a decade in power, President Daniel Ortega controls most of Nicaragua's democratic institutions, curbing their effectiveness and independence. In recent years, the president also clamped down on the political rights of citizens, who despite a violent backlash, have taken to the streets in overwhelming numbers to protest against his authoritarian rule”.

Remittances

According to the latest figures from Guatemala's central bank (Banguat), released on 7 February, remittance inflows to Guatemala reached US\$688m in January 2018, up from US\$634m the same month the previous year. The country closed 2018 with remittances worth US\$9.29bn, up from US\$8.19bn in 2017.

NICARAGUA | Funides report. On 5 February Nicaragua's respected think-tank Fundación Nicaragüense para el Desarrollo Económico y Social (Funides) released a report which warned that poverty was on the rise in Nicaragua. The Funides report was on the economic impact of the current crisis afflicting the country, stemming from the crackdown by the Frente Sandinista de Liberación Nacional (FSLN) government led by President Daniel Ortega on its opponents, which began mid-April 2018 and has left over 500 dead.

The report, which notes that Nicaragua's GDP in the third quarter of 2018 was down 4.8% on the same quarter in 2017, estimated that 23.5% of Nicaraguans were living in a situation of poverty in 2018 – equivalent to 1.5m people, an increase of 3.1 percentage points on 2017. The same report warns that if this situation continues in 2019, the poverty rate will increase to 30% of the population – meaning around 2m people will be living on US\$1.79 or less a day. Funides directly links the rise in poverty to the reduction in economic activity as a result of the crisis – noting in particular the contraction in the labour market which has resulted in 453,000 people being laid off.

The same Funides report notes that while GDP per capita in Nicaragua grew on average 5.6% between 2007 and 2017 to reach US\$2,151 in 2017, income per capita in Nicaragua was US\$2,061 (-4.6%) in 2018 and it goes on to warn that it could end up between US\$1,901-US\$1,827 (-7.8% and -11.4%, respectively) in 2019.

PANAMA | Largest solar park inaugurated. On 1 February Panama's President Juan Carlos Varela inaugurated Panama's largest photovoltaic solar park, Ikakos, in David city, Chiriquí province. Owned by InterEnergy Holdings (IEH), a firm formed in 2011 by private equity fund InterEnergy Partners LP, the IKAKOS project produces 84.58 GWh of clean energy divided into four solar plants (Ikakos, Ikakos I, Ikakos II and Ikakos III) with an investment of more than US\$48m. President Varela said that with this project "we are expanding the matrix energy of Panama, which allows us to meet the electricity demand of approximately 30,000 families". IEH also owns the Laudato Sí Wind Farm, the largest in Central America and the Caribbean, located in Panama's Penonomé city, Coclé province.

HONDURAS | Conclusion of debt conversion programme with Spain. On 4 February the Central American bank for economic integration (BCIE) announced the official conclusion of Spain's debt conversion programme (PCD) with Honduras (which the BCIE administered). According to a BCIE statement, under the programme, which began in 2006 and ended in December 2018, the Spanish government cancelled US\$138.3m of Honduras's debt while for its part the Honduran government created the Honduras-Spain Fund to which it transferred US\$55.3m for the financing of binationally agreed upon projects that promoted development and poverty reduction. According to the BCIE statement the PCD helped finance 23 development projects, directly benefiting approximately 1.3m inhabitants in 13 of Honduras's 18 departments and in 34 municipalities nationwide. These initiatives were implemented in the three strategic axes of the programme: 12 in the education axis, ten in the environment axis, and one in the energy axis.

EL SALVADOR | First wind-power plant. On 12 February El Salvador's economy ministry announced the ratification of a contract with Ventus SA (a subsidiary of the Guatemalan conglomerate Grupo Centrans) for a US\$73m investment over a ten-year period in El Salvador's first wind-power plant. According to an economy ministry press release, the project, which will be located in Metapán municipality, Santa Ana department, will create 20 new permanent jobs during the operational and maintenance phase and 300 jobs during the construction phase.

“Quotes of the week

“I don't see any Venezuelan soldier using his rifle to try to stop anyone bringing in food for his dad, his mum, or his brothers.”

Gustavo Tarre, the special representative before the Organization of American (OAS) appointed by Venezuela's self-proclaimed interim president Juan Guaidó, rejects the notion that Venezuela's armed forces could resort to the use of force to try stop international humanitarian aid from entering the country.

“It is impunity that governs, that commands the orchestra of national tragedies.”

The late Brazilian journalist Ricardo Boechat in reference to the dam break in Brumadinho and the fire at Flamengo football club, the morning before his death in a helicopter crash.

“A drastic setback to the whole legal system and overall accountability.”

United Nations High Commissioner for Human Rights Michelle Bachelet responds to proposed legislation being discussed by Guatemala's congress which would grant amnesty to those accused of serious crimes committed during the country's internal armed conflict.

Reconciliation law under threat in Guatemala

With uncertainty rife over future of anti-corruption efforts in Guatemala amid the ongoing battle between President Jimmy Morales and United Nations (UN)-backed anti-impunity commission in Guatemala (Cicig), civil-society groups are warning of another potential blow to anti-impunity efforts. Last month the 158-member unicameral legislature approved, in the first of three readings, a bill which seeks to amend Guatemala's long-standing national reconciliation law.

In place since the end of the 1960-1996 civil war which left over 200,000 people dead or disappeared, the current law prohibits granting amnesty to those who had committed international crimes including genocide, torture, and crimes against humanity. According to the International Justice Monitor, a project of the Open Society Justice Initiative, between 2008 and 2018, local courts handed down 16 verdicts in grave crimes cases and convicted 30 former military officials, military commissioners, and former civil defence patrol members of a litany of crimes, including torture, enforced disappearance, extrajudicial execution. However, the proposed legislation, which is still being discussed by congress would change this, terminating all ongoing proceedings against such crimes committed during the civil war, free all military officials and guerrilla leaders already convicted for these crimes, and bar all future investigations into such crimes.

Presented in November 2017 by Fernando Linares Beltranena, a legislator for the opposition Partido de Avanzada Nacional (PAN) and signed by 12 other legislators, including five from the ruling Frente de Convergencia Nacional (set up in 2004 by members of the military veterans' association, Avemilgua), the bill is based on the argument that “to achieve true peace and reconciliation there must be a general amnesty for all the actors of the armed conflict”.

It has, however, provoked outcry from local and international human rights groups. With 100 local human rights groups issuing a statement on 31 January urging congress not to approve the reforms, it has also prompted concern from Amnesty International and the United Nations (UN) High Commissioner for Human Rights, Michelle Bachelet.

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