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## Bolsonaro government grapples with crisis in Brazil

President Jair Bolsonaro's first 50 days in office have been far from plain sailing. His international debut at the World Economic Forum (WEF) in Davos, market confidence, and promises of ambitious economic reform have all been overshadowed by episodes of violence across Brazil, deadly infrastructure failings, an 18-day stint in hospital, and various allegations of corruption implicating members of his party, government, and family. It was not until 18 February that the first major crisis came to a head, however, with the dismissal of cabinet minister and (former) presidential ally Gustavo Bebianno.

Rumours surrounding the secretary-general to the presidency's imminent dismissal had begun to circulate after the national daily *Folha de São Paulo* reported that Bebianno was involved in the misuse of party funds through phony candidates during last year's general election [[WR-19-06](#)], when he was interim president of Bolsonaro's right-wing Partido Social Liberal (PSL). The emerging scandal evolved into a full-blown government crisis over the following days as it took on a personal tone tinged with animosity.

President Bolsonaro fed the rumour mill when, on 13 February, he re-posted a tweet by his son Carlos. The tweet accused Bebianno of lying about having spoken to Bolsonaro following the accusations. Subsequent leaked conversations and comments to journalists indicated that Bolsonaro and Bebianno's once close relationship had taken a turn for the worse.

One columnist reported on 16 February that Bebianno told an ally that he must "apologise to Brazil for having made Bolsonaro's candidacy viable" – Bebianno managed Bolsonaro's ultimately successful presidential campaign last year – although he then went on to retract his more bellicose comments. Uncertainty reigned as the spat dragged on for several days, with Bebianno's dismissal finally announced on the afternoon of 18 February and published in the official gazette the following day.

Bebianno's dismissal will not have surprised the more critical or pessimistic observers. Considering Bolsonaro's atypical government in which technocrats, high-ranking military figures, and opinionated political novices frequently cross each other, and even the president, in their attempts to impose sometimes conflicting agendas, a resignation, whether forced or voluntary, had been expected sooner or later. What is more surprising is that it is one of Bolsonaro's more loyal and least publicly controversial supporters who has been the first to go.

## Moro's revised anticrime package

An anti-crime package outlined by Justice Minister Sérgio Moro on 4 February [WR-19-05] was presented to the chamber of deputies on 19 February. A bill to criminalise the practice of 'caixa 2' (undeclared campaign financing) was made separate to a draft law containing most of the other proposed measures after objections were raised by lawmakers and politicians, who argued the practice is not as serious an offence as corruption or violent crime. Moro caved in to the political pressure, despite having personally lambasted caixa 2 as a crime worse than personal enrichment through corruption in the past.

The fallout has been messy. Bebianno, who reportedly turned down offers of other positions including a diplomatic posting in Rome, is not going down quietly. In an interview with the radio station *Jovem Pam* on 19 February, Bebianno attacked Carlos Bolsonaro, saying that his nefarious influence over his father had driven the president to fire his former ally. Recordings of Whatsapp audio messages leaked to the press on the same day indicate that Bebianno was telling at least a version of the truth when he said that he had spoken with Bolsonaro.

The recordings also point to a possible reason for Bebianno's dismissal, separate from the allegations of embezzled funds: Bolsonaro's loss of trust in him after a series of disagreements. In the messages, Bolsonaro accuses Bebianno of planting information in the press and expresses his displeasure at a planned meeting between the then-minister and a representative from the national media group *Globo*, whom Bolsonaro calls "the enemy". In anticipation of the existence of further leaked audio recordings, presidential advisers are now braced for the possibility of potentially compromising comments emerging.

As well as turning Brasília into the scene of an unfolding political drama, the still-deepening crisis has exposed layers of divisions within the president's inner circle. The role played by Carlos, a Rio de Janeiro city councillor who has no formal position in government, has come under particular scrutiny. His interference earned him criticism from PSL representatives, and also raised concerns amongst Bolsonaro's military base in government as to the president's sons' undue influence over their father and in matters of the executive branch (Bolsonaro has three sons in politics).

"The old saying goes, you wash your dirty laundry at home, not in other people's houses," Vice President Hamilton Mourão, a retired army general, told *Bloomberg News* after Carlos's Bebianno-bashing on *Twitter*. Following the leaked Whatsapp messages, the three other retired high-ranking generals who are serving in government reportedly expressed their discontent with Carlos to the president.

As reported by *Folha*, Defence Minister Fernando Azevedo e Silva, Secretary of Government Carlos Alberto dos Santos Cruz, and the head of the institutional security cabinet (GSI), Augusto Heleno Ribeiro, spoke to Bolsonaro about his son's behaviour and their worry at the government's lack of cohesion. Bebianno's dismissal has, however, strengthened the military's ranks in power as yet another retired general, Floriano Peixoto Vieira Neto, has been named to replace him as secretary-general to the presidency. Neto is the eighth member of the military to join the government in a ministerial position.

With parts of the PSL disgruntled and the government perceived as weak, doubts are now being raised as to the executive's capacity to first establish, and then maintain, a successful working relationship with the federal congress. Joice Hasselmann, a high-profile PSL federal deputy who had tried to plead Bebianno's cause, has admittedly been measured in her comments about Carlos overstepping the mark, but she also voiced the opinion widely held amongst both government allies and the opposition, that Bebianno's dismissal will hurt the government's relationship with congress.

Tellingly, Bolsonaro suffered his first defeat in the legislature on 19 February, when the chamber of deputies voted to block a presidential decree that was passed in January. A bill to block the decree, which would have increased the number of government officials authorised to classify information as secret, was approved with 367 votes in favour, 57 against, and three abstentions.

## A new old party

Flávio, Eduardo, and Carlos, President Bolsonaro's three eldest sons who are respectively federal senator, federal deputy, and Rio city councillor, are reportedly planning on breaking away from the Partido Social Liberal (PSL) to form their own political party, a re-edition of the previously defunct União Democrática Nacional (UDN). The younger Bolsonaros joined the small PSL when their father did ahead of last year's general election. But they have not always been well received by fellow PSL members, and the party is now embroiled in scandal over phony candidates. The UDN was a centre-right party which opposed the dictatorship of Getúlio Vargas but supported the military coup of 1964.

Two PSL deputies, including the party president Luciano Bivar, voted in favour of blocking the decree. Bivar has been implicated in the same accusations of funding of phony candidates that sparked the crisis with Bebianno. His press office said that his vote against Bolsonaro was a mistake due to an "input error" (congressional votes are electronic).

Despite the turmoil, the government is pushing on with its agenda, which this week included concrete steps in the advancement of flagship reforms. Justice Minister Sérgio Moro delivered his anti-crime package to the chamber of deputies as planned on 19 February, although changes to the initial proposal show that he has already had to bow to political pressure (*see sidebar*). Moro denied the existence of a crisis in government when talking to journalists that same day.

On 20 February, Bolsonaro opted to deliver in person a proposal for a constitutional amendment to overhaul the country's pension system to the presidents of the federal senate and chamber of deputies, Davi Alcolumbre and Rodrigo Maia, respectively. The success or failure of the much-publicised pension reform, which could make or break both the country's economy and Bolsonaro's legacy, now lies in the hands of the government's support base in the legislature.

### Pension reform unveiled

Members of Economy Minister Paulo Guedes's team outlined the pension reform's specifics to the country's 27 state governors. With an overall pensions deficit totalling R\$290bn (US\$77.8bn) last year, and the outlook of an ageing population, the overhaul of Brazil's overly generous pensions system is an urgent necessity to restore the health of public finances and reduce a significant burden on the country's economy in the long run. The government expects the reform under its current format to represent an economy of R\$1.07tn (US\$288bn) over the next 10 years.

One of the reform's key changes is the establishment of a minimum retirement age, which is different for men and women, coupled with a minimum contribution period, with both varying according to the industry (for example different rules apply to rural workers and public sector workers). Notably, the new system would apply the same retirement age for most public and private sector workers, with some exceptions, such as for teachers and members of the security forces.

The general system would allow for retirement at the age of 62 for women and 65 for men, after 20 years of contributions, and the minimum age will be gradually increased in line with higher life expectancy. Under the current system, workers can retire at any age after 30 or 35 years of contributions, or at the age of 60/65 after contributing for 15 years. Public sector workers can retire as early as 55 or 60 years old.

Another major change is a shift to an individual capitalisation system, whereby workers contribute towards their own pension pot rather than current workers sustaining retirees, as is currently the case. The government says that under a capitalisation system, pensions would be managed by both private and public entities, with all being overseen by a national regulator for maximum transparency.

While politicians will see a change in their contributions, a reform to the pension system for members of the armed forces, something which has been a point of contention with Bolsonaro's military supporters, is not included in the main proposal. Changes to military pensions are separate as they do not require a constitutional amendment and will be presented within the next 30 days, the pensions secretary, Rogério Marinho, said.

## Fresh elections

Nicolás Maduro challenged Juan Guaidó on 19 February to “call elections”, ignoring the fact that the whole reason he won re-election almost unopposed in May last year was down to the opposition refusing to contest elections which are neither free nor fair. Maduro issued the challenge on the same day that the opposition-controlled national assembly agreed, in principle, to reform the electoral system to designate independent rectors to the five-member national electoral council (CNE) to pave the way for fresh presidential elections and to “re-institutionalise” the supreme court (TSJ). Both bodies are at present subservient to the Maduro administration.

## ANDEAN COUNTRIES

### VENEZUELA | POLITICS

## Showdown over aid looms

The intensity of the verbal sparring in Venezuela is escalating ahead of the impending arrival of humanitarian aid. As we go to press Juan Guaidó, the widely recognised interim president, is visiting the border with Colombia near the city of Cúcuta, one of three designated points of entry for essential food and medicine on 23 February. Guaidó is urging the Venezuelan armed forces to lift the blockade of the border ordered by the government led by Nicolás Maduro, while US President Donald Trump threatened the military with “losing everything” unless it allows the aid in and switches allegiance. Maduro denounced a foreign military invasion, lurching from an insistence that Venezuela does not need humanitarian aid to announcing its arrival from Russia, and then challenged Guaidó to “call elections”.

Three US air force C-17 large transport aircraft, each bearing food supplements for some 3,500 children and hygiene kits for at least 25,000 people, touched down in Cúcuta on 16 February, a week ahead of the date announced by Guaidó for humanitarian aid to enter Venezuela. The operation is being coordinated by the United States Agency for International Development (Usaid). Aid is also being flown into Curaçao, under 100km from the Venezuelan coast, and stockpiled by the Brazilian government in its northern border state of Roraima.

Maduro ordered the military high command to carry out “a special plan of permanent deployment”, with soldiers, tanks, and missiles stationed across the country. The military has used a road tanker and two shipping containers to block the Tienditas border bridge linking Cúcuta and the Venezuelan town of Ureña. Vice President Delcy Rodríguez also announced the closure of the maritime border with Curaçao, as well as the neighbouring Dutch islands of Aruba and Bonaire, on 20 February to block aid shipments from entering Venezuela by sea.

Guaidó issued a direct order to the armed forces to unblock the border and remains confident that at the appointed hour it will not stand in the way of essential food and medication getting into the country. But there is much more at stake than humanitarian assistance. For Guaidó, if the military disobeys Maduro’s explicit orders not to allow the aid across the border it could provide the catalyst for bringing down his government. Maduro is well aware that this is the most serious test yet of the loyalty of the armed forces and has appealed to their sense of patriotism by insisting that the aid would be the prelude to a foreign invasion.

If the military stands its ground, the aid could still make it into Venezuela across the long, porous, borders with Colombia and Brazil via numerous routes used for drug and contraband smuggling. But this would have nothing like the same political impact. If the food and medical supplies make it into the country, it is unclear what will happen. On 19 February the opposition-controlled national assembly approved a special regime for 180 days, instructing all relevant officials to “facilitate access and distribution” of the humanitarian aid.

President Trump urged Venezuela’s armed forces on 18 February to allow the aid into the country, during a speech in Miami. He said there would be “no safe harbour, no easy exit, and no way out” for members of the armed forces if they resisted on 23 February and said they should accept Guaidó’s offer of an amnesty. The threat played into Maduro’s hands, allowing him to

## Costa Rica

Costa Rica's foreign ministry issued a statement on 20 September condemning the decision by María Faría, the Venezuelan ambassador to the country designated by Juan Guaidó, to take over the Venezuelan embassy in San José. Faría's credentials were accepted on 29 January by the Costa Rican government, which recognises Guaidó as the legitimate president, but the foreign ministry stressed that it had given the diplomatic staff appointed by the Maduro administration 60 days to abandon the country on 15 February.

maintain that the US was trying "to install in Venezuela a puppet government to help in plundering the country's resources". Although Guaidó gave as good as he got, saying that he did not need "to lift the receiver to call an island in order to take decisions" in reference to Cuba, he needs the broadest possible coalition of international support to avoid the charge now (and potentially down the line) of being a stooge of US imperialism.

Foreign military intervention in Venezuela, even for some of the Latin American governments most hostile to the Maduro administration, would cross a red line. The same goes for European governments supportive of Guaidó. Spain's foreign minister Josep Borrell expressed disquiet on 18 February at unconfirmed reports of US military deployments along the Colombian border with Venezuela, insisting that precedent suggested that "the remedy would be worse than the disease" if Maduro was removed from power as a result of foreign military intervention.

Borrell said he could not accept the confrontational position of US Vice-President Mike Pence at the Munich security conference on 16 February. Borrell said that while it was "difficult and perhaps slower", the dialogue process advocated by the European Union (EU), bringing political pressure to bear on the Maduro administration, was the best course of action. This despite the fact that a delegation comprising six members of the European parliament (MEPs) was denied entry into Venezuela on 17 February and expelled, accused of conspiratorial intent.

For its part, Venezuela's military high command issued a statement rejecting Trump's "threats" and "extreme arrogance". Defence Minister Vladimir Padrino López called upon the international community, while reading the statement, to bear witness to the "economic and financial blockade with which [the US] seeks to cause ungovernability, chaos, and anarchy". The foreign ministry issued a statement accusing the US of "military aggression in clear violation of the principles established in the Charter of the United Nations" and Trump of "trying to issue direct orders to Venezuelan soldiers to violate the constitution". The president of the government-controlled constituent assembly, Diosdado Cabello, meanwhile, acknowledged that there were "problems" but attributed them to "the blockade" on Venezuela.

Maduro, for his part, flipped between tweeting on 5 February that he would not permit "humiliating" and unnecessary humanitarian aid into the country to revealing on 18 February that the country would receive 300 tonnes of such aid from Russia this week. He also announced that Venezuela would send 20,600 food boxes to Cúcuta, as well as surgeons and dentists to provide free healthcare, because "40%, almost 300,000 people [in the city] are living in poverty...with almost 20,000 children on the streets". Guaidó dismissed the announcement as "the height of cynicism".

### Battle of the bands

Venezuela's food minister, Luis Medina, said the humanitarian aid would be sent to Cúcuta between 22 and 24 February when a three-day concert dubbed 'Hands off Venezuela' would be held on the Venezuelan side of the Tienditas bridge. The acts have not been announced but the government said the concert would feature international artists as well as Venezuelan.

The concert was a response to the 'Venezuela Aid Live' concert being organised by the British tycoon Richard Branson on the Colombian side of the bridge on 22 February. Various popular bands – Mexico's Maná, the Franco-Spanish band Manu Chao, Spanish songwriter Alejandro Sanz, Dominican artist Juan Luis Guerra, and Venezuelan-Argentine singer and songwriter Ricardo Montaner among others – have been enlisted to play. The concert aims to raise US\$100m in donations.

## Vizcarra slips as Odebrecht deal sealed

President Martín Vizcarra has seen his approval rating decline by five percentage points in one month. This was headline-grabbing news in Peru because Vizcarra's popularity has spiralled ever-upwards since he came to power in March last year and set about tackling corruption by squaring up to the main opposition Fuerza Popular (FP, Fujimoristas), the dominant force in congress. The opinion survey was carried out shortly before Vizcarra celebrated the signing on 14 February of a plea-bargain deal with the Brazilian construction firm Odebrecht, which could lead to more damaging revelations of bribery and corruption, some of which could implicate FP.

President Vizcarra's five-point decline to 58% in a poll by Ipsos for the national daily *El Comercio* fuelled debate over whether it was a blip or the start of a sustained fall from grace. His disapproval rating climbed six points to 32%. Vizcarra is far more popular than his government and FP is trying to erode his popularity with an attack on his integrity, recently voting in favour of congress investigating links between Odebrecht and his former consultancy firm C y M Vizcarra [[WR-19-02](#)].

FP's counterattack could have impacted Vizcarra's popularity. While 52% of respondents view his fight against corruption favourably (up 12 points on October when this was last measured), 41% felt either that more could be done or that there was corruption within his government. Other factors could be at play, however, and it is worth noting that Vizcarra's popularity in Lima and central Peru held steady, while it fell by as much as 13 points in the south of the country, and by eight points in the north, where recent floods and mudslides have claimed 30 lives and affected 8,000 people.

### Odebrecht deal

Peru's special prosecutors in the Odebrecht corruption case, Rafael Vela and José Domingo Pérez, argued that the "successful negotiation" of the plea-bargain deal with the Brazilian construction firm would permit the Peruvian justice system to access "very valuable information" on serious crimes committed in Peru (*see sidebar*).

Vizcarra and FP faced off over the deal with Odebrecht. Vizcarra said the deal was "a necessity to get to the bottom" of the Odebrecht case. "All Peruvians have the right to know this," Vizcarra said. But FP contended in a tweet on 15 February that Peru's attorney general's office had granted "excessive benefits" to Odebrecht.

Odebrecht accepted its "guilt" in paying millions of dollars in bribes to secure four public works contracts in Peru. Under the terms of the deal Odebrecht will hand over documents and pay compensation to the tune of NS\$610m (US\$182m) over the course of 15 years. It will also pay taxes of some NS\$450m after which it will be entitled to bid for public works contracts in Peru once again. Senior executives also received the assurance that they will not be prosecuted in Peru. Vela said the deal would "contribute to establishing the guilt of other people" and that without it there would be no way of "accessing any evidence".

FP criticised the deal which it said amounted to "a tiny sum of compensation payable over 15 years with a risible interest rate", as well as offering "impunity for [Odebrecht] officials". The party argued that it was not opposed to a deal but insisted upon "transparency at all times" and that "the

### Odebrecht

On 17 February Peru's special prosecutors in the Odebrecht corruption case, Rafael Vela and José Domingo Pérez, began taking declarations from various officials in the Brazilian construction firm, including its former director in Peru, Jorge Barata, in the city of Curitiba, in the capital of the south-eastern state of Paraná.

## Colombia ratings

On 22 February 2018, Moody's changed its outlook on the government's ratings from 'stable' to 'negative' but confirmed Colombia's issuer and senior unsecured ratings at 'Baa2'. Other credit ratings agencies rate Colombia as 'BBB' (Fitch Ratings), the second lowest investment grade, or 'BBB-' (Standard & Poor's).

economic, social, and legal implications" should be disclosed. Given that FP's leader Keiko Fujimori is being held in preventive detention accused of accepting bribes from Odebrecht, and that the party fought hard to conceal this, the party's remonstrance rang somewhat hollow.

Peru's second appeals court dealing with organised crime rejected an appeal by Vela against the recusal in mid-January of Judge Richard Concepción Carhuancho from Fujimori's case [[WR-19-05](#)]. And on 14 February Fujimori's lawyer also successfully forced his replacement, Judge Elizabeth Arias, to recuse herself from the case.

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## TRACKING TRENDS

**COLOMBIA | Fiscal adjustment falls short.** On 14 February Moody's Investors Service warned that even the higher taxes that came into effect in January, as part of Colombia's recent fiscal reform, are not enough to achieve the government's fiscal deficit targets set for 2020-2022.

Moody's said that Colombia's fiscal outlook remains challenging as the tax reform will help it to reach this year's fiscal deficit reduction objectives but will fall short and will not be able to address the structural deficiencies in the country's finances in the medium term unless a more comprehensive tax reform is conducted.

The tax reform implemented by the government led by President Iván Duque has so far generated only half of the revenue predicted under the original plan, and Moody's expects that tax revenues will decrease further until 2022 as tax cuts for the business sector come into effect.

Mass migration from Venezuela and the eventual implementation of a peace deal with the Ejército de Liberación Nacional (ELN) guerrillas have also increased the challenge of reducing government spending in Colombia, according to Moody's (*see sidebar*). A peace deal with the ELN is highly unlikely, however, as Duque decided to terminate negotiations with the guerrilla group, and issue international arrest warrants for its most senior leaders, shortly after it launched a lethal car bomb attack on a police training centre in Bogotá on 17 January.

After an uncertain start to his presidency, much of which could be put down to his tax reform which was rejected by his own right-wing Centro Democrático (CD) and upset his own supporters, Duque's approval rating has surged, according to a poll conducted by Invamer for *Noticias Caracol*, *Blu Radio* and *Semana*.

In February Duque had a 42.7% approval rating, up by 15 percentage points on the 27.2% registered last November, Invamer said. The rise was attributed to his tough stance on the ELN and on the crisis in Venezuela. The poll found 54.9% approved of the government's response to the ELN attack and 59.2% approved of its response to the Venezuela crisis.

**VENEZUELA | National assembly appoints new Pdvsa board.** On 13 February, Venezuela's opposition-controlled national assembly (AN) designated a new management board to control the country's oil industry, including the state-owned oil company Pdvsa and its US subsidiary Citgo Petroleum Corporation (Citgo).

The Pdvsa management board appointments comprise Simón Antúnez, Gustavo J Velazquez, Carlos José Paisa, Ricardo Prada, and David Smolanski. Luisa Palacios, Edgar Rincón, Oswaldo Nuñez, Fernando Vera, Elio Tortolero, and Andrés Padilla will be the board members of PDV Holding Inc, the company that owns Citgo.

This measure is part of a larger offensive by the AN to assert its legitimacy and challenge that of the government led by Nicolás Maduro. Juan Guaidó, the opposition leader and self-proclaimed interim president, said the new management boards would protect Venezuela's economic assets. In practice, however, Maduro's military appointments remain in charge of the country's oil industry.

**Bullrich targets young criminals**

Argentina's security minister Patricia Bullrich and justice and human rights minister Germán Garavano unveiled plans on 19 February to reduce the age of criminal responsibility from 16 to 15, part of a package of tougher law enforcement measures. Some believe the government led by President Mauricio Macri is preparing to make law and order a big issue in this October's elections, not least because it is vulnerable to criticism on its management of the economy.

According to Bullrich, the draft law of more than 100 articles, which will go before congress after the current recess in March, is essentially dissuasive, as it aims to reduce the number of criminals without increasing the prison population. A key change is that the age of criminal responsibility would be lowered to 15 (down from 16) for those convicted of serious crimes (where the recommended sentence is 15 years or more). This covers crimes such as theft with firearms, rape, kidnapping, and homicide. Those aged 16 to 18 will also be deemed criminally responsible if they are convicted of lesser crimes, carrying recommended sentences of two years or more.

The changes represent a toughening of the rules but are not simply a knee-jerk response. They are the result of 'Justicia 2020', a wide-ranging consultation with legal experts and stakeholders conducted over a three-year period. They include creating a specialised justice system for youth offenders, using multi-disciplinary approaches, encouraging adolescents to take responsibility for their actions, developing routes to rehabilitation, and actively involving the victims of crime. Bullrich says that under current rules no action whatsoever is taken against those under 16 who commit serious crimes. Instead, the new system will allow earlier intervention and an opportunity to steer young offenders away from a life of crime in a meaningful way (*see sidebar*).

Not everyone agrees with the initiative. Protestors outside the justice ministry, where the draft law was announced, described it as "criminalising childhood". Gabriela Tosoroni, of lobby group Secretaría Nacional de Niñez, Adolescencia y Familia (Sennaf), claimed the changes mean that adolescents between 16 and 17 years of age could be facing sentences of up to 24 years. She said it would be better to invest more in social care than to approach the problem by imposing tougher sentences.

Politically, the background is that concern over crime among the electorate has been rising in an election year. In neighbouring Brazil, the demand for tougher law enforcement helped carry the far-right Jair Bolsonaro to victory in last year's presidential election. Although a politically very different character, some believe Bullrich is positioning herself and her government to capture a similar constituency. While Bolsonaro is a former paratrooper who has been on the right for his whole career, in the 1970s and 1980s Bullrich was a radical Peronist with links to the Montoneros guerrillas, nicknamed 'La Piba'. Beginning in the 1990s she transitioned to the centre-right and has become the public face of a crackdown on drugs and crime.

According to Mariel Fornoni, a political analyst at pollsters Management and Fit, the Macri administration is preparing to fight the election campaign with "Bullrich front and centre and a focus on the issue of law and order" not least because the country is suffering a toxic combination of high inflation and recession. "The focus of the campaign can't be centred around the economy," Fornoni says.

**Regional trend**

At present around 7% of all homicides in Argentina are committed by under-age youths. The move to reduce the age of criminal responsibility is part of a regional trend. At present it is fixed at 14 in some countries (Bolivia, Chile, Colombia among them) at 13 (Uruguay) and at 12 (Brazil, Ecuador and Mexico).



## Abortion

Large demonstrations took place in Argentina on 19 February in support of abortion. Argentina's senate voted last August against a bill legalising abortion up to 14 weeks after conception which had been approved by the federal lower chamber of congress in June. The result ensured that the 1921 law remains in place, with up to a four-year prison sentence applicable for any voluntary abortion with the exception of rape or if the mother's life is endangered. Senator Cristina Fernández, who opposed legalising abortion out of religious conviction while serving as president (2007-2015), voted in favour of legalising abortion last August, saying she had been swayed by "thousands of young girls who took to the streets". She might now seek to turn abortion into an electoral issue ahead of a widely anticipated bid for the presidency in October.

Bullrich has certainly been active. She has spoken of equipping police with stun-guns, and of trialling facial recognition cameras at railway stations. She has been in touch with Chinese suppliers to discuss the possibility of buying body cameras for Argentine police. "Insecurity is a concern of the Argentine people, and so it is a concern of our government. We're trying to have the best tools," she recently told *Reuters* news agency.

Most controversially Bullrich has changed regulations on the use of deadly force by police, in effect allowing officers to fire their weapons if a suspect is fleeing and, in some cases, without prior warning. The change was condemned by human rights groups and caused ructions within the ruling centre-right Cambiemos coalition. The Cambiemos governor of Buenos Aires, María Eugenia Vidal, said she would not adopt the new rules in the province, and congresswoman Elisa Carrió, a maverick ally of the Macri administration, said the new policy was a violation of human rights.

Some also question whether there is a real need to toughen law enforcement further since homicides fell by 21% between 2015 and 2017, down to 5.2 from 6.6 per 100,000 inhabitants. That said, however, Bullrich seems to be on the up politically. According to a survey of Argentine elites conducted by Poliarquía she is now seen as the third-most influential member of the cabinet, up from eighth in 2017. Another survey by Synopsis has found that 56% of respondents approve of the government's handling of crime, its highest score for any issue. There has been some speculation that Macri might choose Bullrich as his vice-presidential running mate in October.

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## TRACKING TRENDS

**URUGUAY | Tax take up.** Tax collection in Uruguay grew by 1.7% in January compared with the same month of the previous year, reaching Ur\$33.57bn (US\$1.03bn), the national tax authority (DGI) reported.

The DGI said that there was an expansion in income tax collection and a 1.5% decrease in collection of taxes on consumer goods in 2018, amounting to a 1% real growth in accumulated tax collection for the whole of last year. The 1.5% decrease in the collection of taxes on consumer goods is associated with the decrease in sales of new vehicles and in retail sales, problems in the labour market, a decrease in tourism, and a deterioration of confidence indicators in the country.

The accumulated gross tax collection has been slowing down in relation to the previous year since April 2018, when it showed an increase of 7.6%. Taxes on consumer goods increased by 2.2% in January year-on-year, leading to a collection of US\$645m. On the other hand, income tax collection decreased a slight 0.1% in relation to January 2018, with the greatest contribution coming from the personal income tax (IRPF), totalling US\$222.5m.

**PARAGUAY | Positive economic climate.** Paraguay fell in the latest economic climate index (ICE) compiled by the Fundação Getúlio Vargas (FGV) and the IFO Institute for Economic Studies. While remaining with a positive evaluation, Paraguay's ICE rating fell from 31 to 23.6 points on the index from October 2018 to January 2019.

Despite this decrease, when compared with all other Latin American countries in the study Paraguay remains at the top of the list as the country with the most favourable economic climate in the region. Paraguay was also the only Latin American country to have an ICE score of more than 20 points in January, higher than most of the developed nations included in the study, such as Germany, France, and the United Kingdom.

At the same time, the overall ICE score for Latin America increased from -10.7 to -9.1 points, due especially to an increase in Brazil's score, which showed significant growth albeit still remaining negative.

**López Obrador seeks to get business sector on side**

After railing against private energy sector firms last week [WR-19-06], this week Mexico's President Andrés Manuel López Obrador has reached out to the business community by holding a meeting with the Mexican business council (CNM). López Obrador heard the concerns of the business leaders grouped in the CNM and announced the launch of a new initiative, the Consejo para el Fomento a la Inversión, el Empleo y el Crecimiento Económico, under which business leaders, government officials, and civil society groups are to discuss ways in which to promote the country's economic development. The overture was well received by the business leaders even if some remain critical of López Obrador's confrontational style and the negative impact this is having on investor confidence.

The timing of the 18 February meeting between López Obrador and the CNM, which groups some of Mexico's leading business tycoons, was eye-catching. Not only did López Obrador cause a stir a week earlier when he accused private energy firms of exploiting the domestic energy sector and called for a renegotiation of the contracts they hold with the Comisión Federal de la Electricidad (CFE) but also that morning in his daily press briefing López Obrador accused the energy regulation commission (CRE) and its head of being complicit with the private firms (see box). Nevertheless, CNM members attended the meeting with López Obrador and his cabinet and appeared to hold a frank conversation on how best to promote economic growth and development.

After the meeting there was a joint press conference in which López Obrador announced that the two sides had agreed to work together and form a new Consejo para el Fomento a la Inversión, el Empleo y el Crecimiento Económico, which is to include representatives from the finance, energy, agriculture, tourism, environment, and foreign relations ministries; business leaders; academics; and representatives from the technology sector. "Reaching higher levels of development and wellbeing will not be achieved with the public sector alone; we need the participation of the private sector and social actors," López Obrador said. López Obrador went on to argue that the "neoliberal" policies pursued by successive Mexican governments in the last 30 years only led the country to post an average annual economic growth rate of 2%, which "if you discount population growth leaves a growth rate of zero", and that a different approach is needed.

"That is what this is about; that we can agree to work together because we need to create wealth," López Obrador stated, urging the private sector to make a concerted effort to invest more in the country. In particular, López Obrador called for the focus of the new council to be the promotion of "horizontal" economic development – boosting the development of all corners of the country including the more underdeveloped areas, such as the south of the country, while not neglecting the continued development of the industrialised north. The president maintained that the formation and execution of a plan along these lines would produce an annual average GDP growth of around 4% throughout his term ending in 2024.

**CNM demands**

For its part, the CNM representatives welcomed López Obrador's call for businesses and the government to work together to promote economic growth and development. They also agreed with López Obrador that a coordinated approach to this could result in Mexico's GDP growth rate doubling and they expressed their support for his government's efforts to combat

**New CNM president**

After the meeting with President López Obrador, the CNM announced that Antonio Del Valle Perochena had been elected as the organisation's new president. Del Valle is the CEO of Grupo Kaluz, a local conglomerate with interests in the mining, petrochemical, construction, and financial sectors.

## Disruption

In complaining about disruptive trade union protests, Alejandro Ramírez pointed to those recently staged by the Coordinadora Nacional de Trabajadores de la Educación (CNTE) teachers' union in Michoacán state and that of maquila factory workers in the state of Tamaulipas. The CNTE protestors have been blockading railway lines as part of their protests over salaries, which Ramírez said had produced M\$24bn (US\$1.24bn) in losses for the private sector. Meanwhile, the takeover of factories by striking unionised maquila workers in Tamaulipas since mid-January has led to work being stopped at 45 maquila factories, which Ramírez said could result in closures and the loss of thousands of jobs.

corruption and criminality. However, they demanded that the government do more to uphold the rule of law. The outgoing CNM president, Alejandro Ramírez Magaña, called for the government to ensure that the country's trade unions are not allowed to "extort" business and workers through the staging of disruptive protests, as has recently been the case (see sidebar). Ramírez was adamant that allowing unions to get away with disruptive actions "sends a negative" signal for investors.

Pointedly, Ramírez asked the government to address this issue when presenting its proposed labour reform and not to just focus on increasing union freedom. "Respect for the rule of law must be the axis of the labour reform," Ramírez said, adding that legislators "must not only guarantee that there is union freedom but also that there is no extortion by the unions". In addition, Ramírez called for the proposed changes that López Obrador wants to introduce to the 2013 education reform, which sought to reduce the influence of teachers' unions, not to eliminate the provisions for the periodic evaluation of teachers and promotions based on merit – the main gripe of the teachers opposed to the reform. "We can't go back to the allocation of posts through an opaque system," Ramírez said. López Obrador stressed that his administration would uphold the rule of law.

### Attack on the CRE

While discussing the situation of Mexico's energy sector during his morning press briefing, President López Obrador said that "I have information of a conflict of interest affecting the president of the so-called CRE, if this is true he should not be there". The president did not provide further explanations but recently the CRE head, Guillermo García Alcocer, recognised that one of his brothers and his wife's cousin are employed by private energy firms. López Obrador went on to accuse the CRE, the energy sector regulator, of protecting the interests of private businesses rather than the public interest and of "betraying" the Mexican people by insisting that it is an independent body of experts when "it is subordinated to the neoliberal policies of privatisation".

López Obrador's accusations were rejected by García, who pointed out that he had fully disclosed his familial links to the senate when his appointment was ratified in 2016 and that it was accepted that there was no risk of a conflict of interest. Insisting that he has never faced formal accusations of influence trafficking or corruption, García, whose seven-year term ends in 2022, said he would not resign. Meanwhile, the local media have noted that López Obrador's accusations against García came after the CRE head criticised the lack of sector experience of those included in the short list of candidates to replace outgoing CRE commissioners that López Obrador has submitted to the senate, which has also been criticised for including individuals affiliated to the ruling left-wing Movimiento Regeneración Nacional (Morena) seen as being too close to López Obrador. This has raised concerns that López Obrador's accusations are an attempt to force out García in order to appoint a new CRE head that shares his ideology.

## TRACKING TRENDS

**MEXICO | Pemex and CFE in need for greater corporate transparency.** On 13 February, Mexican NGO México Evalúa, maintained that both the state-owned oil firm Pemex and the Comisión Federal de Electricidad (CFE), the state-owned electricity utility firm, lack clear corporate transparency. Indeed, only 28% of the examined variables in the case of Pemex, and 22% in the case of the CFE, recorded a 'good' or 'excellent' rating of best corporate transparency practices. The NGO's recommendations were mostly aimed at strengthening the firm's governing bodies, more specifically their board of directors, and called for a better system of checks and balances that could reduce the risks of corruption. Such reforms seem particularly relevant considering that, on 20 February, Mexico's federal chamber of deputies rejected a government-proposed reform of Pemex's board of directors, which was meant to centralise power and could have potentially increased the risks of political interference in Pemex's decision-making apparatus.

**Bukele hounds defeated traditional parties**

Nayib Bukele was formally proclaimed president-elect of El Salvador on 15 February. Two days later he proposed that the legislative assembly reassign US\$16m (which he pointedly noted was half the sum deputies had set aside to construct a new building for congress) to construct 50 schools and 14 libraries. By issuing this challenge, Bukele revealed that he has no intention of building bridges with the two traditional parties, Alianza Republicana Nacionalista (Arena) and Frente Farabundo Martí para la Liberación Nacional (FMLN), that control the legislative assembly with 60 of the 84 seats between them.

The president of the supreme electoral tribunal (TSE), Julio Olivo, confirmed the legitimacy of Bukele's emphatic victory in the first round on 3 February. Bukele, who takes office in June, promptly called upon deputies to reassign half of a US\$32m loan extended by the Central American bank for economic integration (Cabei). In so doing he intimated that rather than seeking to build consensus with the opposition-controlled legislative assembly his modus operandi could be to apply popular (and in this case moral) pressure in order to try and get his way.

The 10 deputies from Bukele's centre-right Gran Alianza por la Unidad Nacional (Gana) promptly backed his request, which Norman Quijano, the (Arena) president of the legislative assembly, said Cabei viewed as "inappropriate". Quijano said the building housing congress was in a poor state of repair, dismissing Bukele's proposal as "populist". He added icily that Bukele could always reassign the presidential budget when he takes office if he wants more funds to construct schools and libraries. Given the public perception of deputies as enjoying a privileged life, Quijano's rejoinder is unlikely to endear his party, already punished at the polls, to voters.

At present, Arena and the FMLN are engaged in painful post-mortems. Medardo González, the FMLN secretary general, indirectly confirmed that what Bukele could not achieve as a member of the party he had brought about after leaving it: the FMLN old guard, 14 former veteran guerrillas, the most influential members of the party's political commission, announced that they would no longer seek re-election in future internal elections expected to take place in the coming months.

Arena party president Mauricio Interiano, meanwhile, announced the resignation en masse of the party leadership committee (Coena), and elections to be held as soon as possible, after the party suffered its third consecutive presidential defeat. This comes in the face of a rebellion by deputies and mid-ranking officials, some of whom are demanding a different relationship with the party's main donors, the business sector, and major internal renewal.

The scale of El Salvador's political shake-up could be matched by a diplomatic realignment. Bukele spoke on the phone with the US national security adviser, John Bolton, on 13 February. Bukele tweeted that the US would find in El Salvador "not only an ally, but also a friend". Bolton tweeted that the two men had discussed "ways...to collaborate to restore democracy in Venezuela and counter Chinese predatory practices in the hemisphere". El Salvador established diplomatic ties with China in August last year, severing relations with Taiwan, while the outgoing FMLN administration has preserved close ties with Venezuela and Nicaragua.

**Legislative relations**

What are the prospects for Nayib Bukele if he chooses to seek a conventional relationship with the legislative assembly? He will enjoy the support of the 10 Gana deputies as well as the one deputy representing the left-wing Centro Democrático (CD), while the independent deputy Leonardo Bonilla has said he will back all of Bukele's initiatives that benefit the general public. The right-of-centre Partido de Concertación Nacional (PCN), which has nine deputies, has said it would be prepared to work with Bukele, and the centre-right Partido Demócrata Cristiano (PDC), which has three seats, has promised cooperation rather than confrontation. Altogether this would still only bring him 24 seats in the 84-seat assembly, meaning he would be compelled to reach a consensus with Arena (37) or the FMLN (23).

## Ortega's dialogue offer rings hollow

### Mairena

Medardo Mairena's case has long attracted concern from international human rights organisations like the OHCHR, the IACHR, Amnesty International and Human Rights Watch, whose Americas director José Miguel Vivanco tweeted in response to the December conviction that the accusation against Medardo Mairena had been presented "without ANY proof". Meanwhile, the length of Mairena's prison sentence was slammed by his lawyer Julio Montenegro who pointed out that the country's constitution (Art.37) establishes that no Nicaraguan can spend more than 30 years in prison.

"An important effort to open a door that has been closed for a long time." This was the response by José Adán Aguerrí, the head of the leading private sector lobby Cosep, to a meeting held last week by President Daniel Ortega and private sector representatives, along with Cardinal Leopoldo José Brenes Solórzano, Archbishop of Managua, and Bishop Waldemar Stanislaw Sommertag, Apostolic Nuncio to Nicaragua. This was the first attempt at dialogue since the Catholic Church-mediated process (aimed at addressing the political crisis which began in April) broke down in June. Ortega's commitment to dialogue has since been called into question, however, by a 216-year prison sentence handed down to a leading opposition figure: a key demand by the opposition and the Organization of American States (OAS) for dialogue to take place was the release of political prisoners (who number 777 on reports from human rights groups).

The 16 February meeting was hailed as a step forward by local opposition groups such as Alianza Cívica por la Justicia y la Democracia (ACJD) as well as members of the international community like the Inter-American Commission on Human Rights (IACHR), the United Nations Office of the High Commissioner for Human Rights (OHCHR), and the US. Five of the country's most prominent business figures attended: Carlos Pellas (Pellas Group), Ramiro Ortiz (Grupo Promérica-Banpro), José Antonio Baltodano (Cisa-Agro), Roberto Zamora (Lafise Group), and Juan Bautista Sacas (BDF). As well as the involvement of the private sector, which had ended its pragmatic alliance with the government soon after the violence began, the presence of the Church was also significant given Ortega had previously accused it of seeking to stage a coup in the country.

Some local commentators, such as former foreign minister Francisco Aguirre Sacasa (2000-2002), attributed Ortega's seeming change of heart to the situation in Venezuela, where Nicolás Maduro (Ortega's key ally) is no longer recognised by most of the international community as Venezuela's legitimate president. Others point to international pressure such as US sanctions [\[WR-19-01\]](#). The day before the meeting with the private sector took place, a delegation from the OAS - which has threatened to begin applying Article 20 of the Inter-American Democratic Charter (IADC) against Nicaragua - visited the country.

An OAS press release dated 15 February noted the visit was at the Nicaraguan government's initiative "with the purpose of holding exploratory talks regarding the situation in the country". According to the communiqué, the OAS is proposing the release of political prisoners as well as "the need for progress in the electoral political process..."

Ortega's willingness to hold talks had already been called into question by the OAS statement which cites the government as stating that political detainees "have been subjected to due process". Meanwhile, the prison sentence handed down on 18 February to Medardo Mairena, who played a prominent role in the protests and was a leader of the Consejo Nacional para la Defensa de la Tierra, Lago y Soberanía Nacional protest group which opposes the (stalled) US\$50bn 'Gran Canal' project, has cast further doubt on the sincerity of Ortega's intentions. Arrested in July accused of murder, terrorism, and organised crime, Mairena, who maintains he is the victim of political persecution, was convicted in December 2018 (*see sidebar*). Two of his peers, Pedro Mena and Orlando Icabalceta, also received prison sentences of 210 and 159 years, respectively for similar crimes. The ACJD condemned the sentences, while Francisca Ramírez, another Consejo Nacional leader, said dialogue was now "impossible".

## Céant under pressure

With President Moïse adamant that he will not quit, it appears that Prime Minister Jean Henry Céant is facing growing pressure from the top to step down. On 14 February *Miami Herald* journalist Jacqueline Charles tweeted that she had just spoken to Céant who “confirmed that he is under pressure to resign by the palace” although he told her “I will not resign”. Céant, who was a 2016 presidential candidate for the opposition Renmen Ayiti party, has only been in the post since September 2018. His predecessor Jack Guy Lafontant was forced to quit in July last over the government’s mishandling of a rise in petrol prices.

## Moïse clings on

A week after the mass protests began calling for his resignation [[WR-19-06](#)], President Jovenel Moïse finally ended his silence, insisting he would not resign. His government has since unveiled nine measures aimed at addressing the key demands of protesters - the economic crisis and alleged embezzlement of some US\$2bn of funds from Petrocaribe, Venezuela’s discounted oil initiative - although these have yet to quell the unrest.

In his address to the nation on 14 February, President Moïse said that he would not step down and “hand the country over to drug traffickers”, alluding to government officials who he said had taken to the streets along with “heads of gangs wanted by the law”. These remarks were likely to exacerbate existing security concerns, already heightened after all 78 prisoners escaped from a prison in Aquin town, Sud department on 12 February while the police were dealing with nearby protests.

While in his speech Moïse failed to provide any proposals to address the economic crisis, two days later, on 16 February, Prime Minister Jean Henry Céant revealed the nine measures. Among other things, these include a 30% reduction in the price of rice, one of the main staples of the Haitian diet; a 30% reduction in the office of the prime minister’s budget; abolition of “unnecessary privileges” of senior state officials; the pledge to crack down on illegal smuggling, amid estimates that Haiti loses about G\$60bn (US\$724m) a year as a result of this activity (with the money to be invested in domestic production); and abolition of all monopolies to protect workers in the production sector.

The new measures also addressed the public anger over the continued failure to prosecute the alleged corruption involving Petrocaribe (in which Moïse himself has been implicated [[WR-19-06](#)]). They included promises to appoint a new director of the central financial intelligence unit (UCREF) and a new director of the anti-corruption unit (ULCC) to speed up efforts to recover the money lost.

The government’s response is yet to satisfy protesters or the opposition Secteur Démocratique et Populaire (which brings together some 20 political parties and has called for the unrest to continue until Moïse steps down). The blockades and protests have also sparked humanitarian concerns.

### Humanitarian concerns

On 12 February the Haitian association of private hospitals (AHPH) warned that its 28 member hospitals “are starting to face major challenges: lack of electricity, lack of fuel, lack of oxygen, impoverishment of medication inventories and stoppage of means of transportation and communication”.

This comes on top of more general humanitarian concerns. A report dated 28 November 2018 from the United Nations Secretary-General cites the partial results of an Integrated Food Security Phase Classification (a standardised scale that integrates food security, nutrition and livelihood information) conducted in October 2018 in drought-affected areas which found 5% of the population analysed (145,078 people) are in an emergency phase, and 25% (629,082 people) are in a crisis phase, representing approximately 30% of the population analysed.

Projections of the situation indicate that from October 2018 to February 2019, 774,159 people will be “food insecure” and in need of assistance. The 2018 humanitarian response plan, which is aimed at reaching 2.2m Haitians with humanitarian and protection assistance and requires US\$252.2m, was only 11.2% funded as at 23 November 2018.

## New Panama Canal administrator

On 15 February the Panama Canal Authority (ACP) announced that Ricaurte Vásquez had been appointed as the new Panama Canal administrator. Vásquez will succeed current director Jorge Luis Quijano on 4 September for a seven-year term. Vásquez previously worked as finance director of the Panama Canal (1996-2000), deputy administrator (2000-2004) and, most recently, minister for Canal affairs and chairman of the Panama Canal board of directors (2004-2006), playing a role in the first steps towards the Panama Canal expansion programme. As the waterway approaches 20 years under Panamanian administration, Vásquez will become the fourth administrator in its history.

## Transparency setback for Varela

President Juan Carlos Varela received a major blow last week after the European Union (EU) included Panama on its blacklist of countries with weak anti-money laundering and terrorist-financing regimes. The EU's decision comes despite ongoing efforts by the Panamanian government to restore credibility to the country's image, which was seriously damaged by the April 2016 'Panama Papers' scandal (in which more than 11m confidential documents were leaked from the offices of Panama-based offshore law firm Mossack Fonseca).

Back in December 2017, in the aftermath of the Panama Papers scandal, the EU announced that it had included Panama on its first ever 'grey list' of non-cooperative tax jurisdictions – a decision slammed at the time by the Varela government which claimed that the country had "adopted international commitments in record time". It cited as evidence of this, the adoption in 2016 of the automatic exchange of information mechanism, in line with the objectives of the Organisation for Economic Co-operation and Development (OECD) Global Forum's Common Reporting Standard (CRS) as well as Panama's adhesion in 2016 to the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters, and to the OECD's Inclusive Framework of the Base Erosion and Profit Shifting (BEPS). The following month, just over a week after Panama signed a CRS Multilateral Competent Authority Agreement (CRS MCAA) – the prime international agreement for implementing the automatic exchange of financial account information under the Multilateral Convention on Mutual Administrative Assistance – the EU then announced it was removing Panama from this list.

On 13 February, however, the EU issued a press release stating that, based on a new methodology which "reflects the stricter criteria of the 5th anti-money laundering directive in force since July 2018", it had come up with a new list – which again included Panama. EU member states now have one month, which can be extended to two, to endorse the list. The EU's decision prompted an immediate response from the Varela government which announced it was recalling its ambassador to the EU, Miguel Verzbolovskis, for consultations.

Varela went on to complain that the process of compiling the list was "opaque", adding that Panama was not given "the opportunity to report or respond on the actions taken in legislation and practice, to address any deficiency perceived by the Commission". He also pointed to improvements "in terms of strengthening and modernising its financial platform and international services, governed today by robust legislation and adequate to the highest standards, recognised by institutions such as the Financial Action Group of Latin America (GAFILAT) and the Global Forum of Transparency and Exchange of Information of the OECD" (see box).

### Recent efforts to improve transparency

Government efforts to bolster tax transparency include the approval of a new law (Ley 591) last month by the 71-member unicameral national legislature which makes tax evasion a crime. This was long a demand by international organisations such as the OECD, its Financial Action Task Force (FATF), and other Latin American countries.

More recently earlier this month, Panama became the 76<sup>th</sup> signatory of the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (CbC MCAA), an agreement designed to make it easier for countries to exchange country-by-country reports on large multinational enterprises (MNEs) and thereby detect tax avoidance by MNEs through transfer pricing and other means.

## POSTSCRIPT

### Quotes of the week

“My outrage is that I served as a soldier willing to kill and die, to at the end of the day be crucified and branded a liar, all because Carlos Bolsonaro worked some psychological black magic in his father’s head.”

*Gustavo Bebianno lashes out after his dismissal from the cabinet by Brazil’s President Jair Bolsonaro.*

“You have to be so far removed from reality to mock the needs of the Venezuelan people in this way.”

*Venezuela’s interim president Juan Guaidó on the government’s announced humanitarian aid for “the poor people of Cúcuta”.*

“If someone applies for a loan to build a house and later decides to buy a car with this money, the financial institution is going to say ‘no’.”

*Norman Quijano, the president of El Salvador’s legislative assembly, rejects an appeal by the president-elect Nayib Bukele to reassign funds from a loan to construct a building for congress to build schools and a library instead.*

### Duque considers JEP changes Colombia

The future of Colombia’s transitional justice system (JEP), a key component of the 2016 peace accord with the Fuerzas Armadas Revolucionarias de Colombia (Farc), is hanging in the balance, as President Iván Duque decides whether to sign it into law, veto its provisions, or suggest new amendments.

The JEP has been almost, but not quite, a done deal. It took shape as a result of the peace negotiations. It was approved in congress in June last year. In August, it was approved by the constitutional court (CC) which nevertheless modified some clauses. Transitional justice courts, created to judge crimes committed in the half-century long internal conflict running up to 1 December 2016, have been functioning. But President Duque has not yet signed the enabling bill into law (he must do so by 11 March at the latest). And it has become clear that he is considering whether to make significant changes to the system.

Broadly speaking, those on the right of the political spectrum, including Duque’s Centro Democrático (CD), have been deeply suspicious of the JEP and want changes. Former president Álvaro Uribe (2002-2010) has called for the JEP to be “eliminated”. The hawkish prosecutor-general, Néstor Martínez, wrote to Duque asking him to modify the law, to close perceived loopholes. According to Martínez, as it stands the JEP allows more lenient treatment for former guerrillas who continue committing drug trafficking or other crimes and allows impunity for human rights violations committed by lower-level Farc leaders.

There is also, however, a vocal group urging Duque not to modify the law. The head of the United Nations (UN) mission in Colombia (Carlos Ruiz) and the European Union (EU) envoy to the peace process (Eamon Gillmore) wrote in the national daily *El Tiempo* urging Duque to ratify the bill. The weekly publication *Semana* warned that a failure to ratify the bill would constitute a “death blow” for the peace process. Fernando Carrillo, the prosecutor general, said modifying the JEP at this stage would pose “a risk to judicial security”. Patricia Linares, the head of the JEP courts, said the political debate on the law had been concluded last year. She insisted that as it stands the JEP is designed to ensure there is no impunity for crimes.

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