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Knives out for Peru's prime minister despite winning confidence vote

Peru's President Martín Vizcarra celebrated the congressional vote of confidence obtained by his prime minister, Vicente Zeballos, on 29 May. Vizcarra said that "reason and the willingness to work for Peru" had prevailed among deputies who voted by 89-35 with four abstentions to back Zeballos and his ministerial cabinet. But the bald figures do not tell the whole story. Most of the deputies who voted in favour of Zeballos, after a marathon session of more than 17 hours that finished in the early hours of the morning, did so on sufferance rather than with enthusiasm. There was no shortage of deputies who voted for him to avoid the charge of causing a political crisis in the midst of a health crisis - but called for him to resign.

There was a long hiatus between when Zeballos assumed the position of prime minister and when he was finally granted a vote of confidence by congress. Zeballos was appointed last September after President Vizcarra adjudged that deputies had rejected a vote of confidence in his predecessor Salvador del Solar and dissolved congress. This led to fresh congressional elections in January this year, and by the time deputies had taken their seats in March, the coronavirus (Covid-19) pandemic had taken root in Peru and a state of emergency had been declared.

Addressing a near-empty chamber, Zeballos listed the action taken by the government on the public health front and also to attenuate the economic impact of the pandemic. Zeballos acknowledged that some mistakes had been made, and he expressed regret at some corruption committed by officials in various state institutions, especially overpricing and kickbacks, but he insisted that the government could not be accused of failing to act in combating Covid-19.

"In a crisis situation like the one we face decisions have to be taken and we have taken them," Zeballos said. He said the government had approved 70 urgent decrees, the most recent reducing the salary of Vizcarra, cabinet ministers, and other senior officials for June-August to put towards the fight against Covid-19 (the salary reductions, of up to 15%, are not quite of the magnitude of those in Ecuador where President Lenín Moreno and other top officials are taking a 50% cut for a full year). Zeballos went on to spell out the government's commitment to deliver political reform, judicial reform, effective decentralisation, fighting corruption, and bolstering Peru's institutional framework. He also promised to work closely with congress, a point reiterated by Vizcarra in a press conference on 30 May. Vizcarra maintained that the support of 89 deputies in the 130-seat congress was "an important number". But while it was a resounding vote of confidence in his government in form it was not in substance.

Three of the nine political parties represented in congress, the most fragmented since 2001, refused to grant a vote of confidence in Zeballos and his cabinet: the previously dominant right-wing Fuerza Popular (FP, Fujimoristas), a shadow of its former self with just 15 seats; the ultra-nationalist Unión Por el

'Richard Swing'

The diplomat and writer Alejandro Neyra was sworn in as culture minister on 30 May, two years after previously holding the post. Neyra replaced Sonia Guillén, who resigned the previous day just hours after Vicente Zeballos won a congressional vote of confidence.

Guillén tendered her resignation to President Vizcarra over a scandal surrounding the hiring of a musician, Richard Cisneros, known as Richard Swing. The online publication *Lima Gris* reported last week that on 24 April, at the height of the pandemic, while actors, artists, and musicians are struggling for work, and theatres and cultural venues are closed and in a perilous position, Cisneros received PEN30,000 (US\$8,900) for giving a motivational speech at the culture ministry. It said he had been hired on nine occasions since 2018, with his services costing the ministry PEN175,000. Guillén said she was unaware of the contract, which Vizcarra confirmed on 25 May had been annulled.

Perú (UPP); and the moderate left-wing Frente Amplio (FA). The spokesman for the FP congressional bloc, Diethell Columbus, argued that the government was undeserving of support, having shown "a total inability to govern and confront the emergency". He also took aim at the government for dubious contracts, especially the hiring of a musician, Richard Cisneros, which brought down the culture minister (*see sidebar*).

UPP deputies accused the government of a lack of self-criticism and a mistake-laden response to the pandemic. Despite a rigorous and early lockdown, Covid-19 cases are climbing inexorably: Peru earned the dubious distinction of entering the top 10 in the global league table of confirmed cases this week, with more than 170,000 in total. On 31 May the health ministry confirmed as many as 8,000 new cases in 24 hours. The lockdown has not suppressed transmission as hoped, in large part because informal workers have continued trying to earn a living on the streets, perpetuating conditions for the disease to spread [[WR-20-21](#)]. The number of fatalities (nearly 5,000 as we go to press) has also been disputed. There were 35,268 registered deaths in Peru between April and May, for instance, almost twice the figure for the same period in 2018 and 2019.

Fernando Meléndez, the spokesman for the populist conservative Alianza Para el Progreso (APP), the second largest bloc in congress, was just as scathing of the government as the UPP, accusing it of having steered the country into "a health catastrophe", while Luis Valdez, the APP first vice-president of congress, said "somebody will have to assume the political cost" of the "inadequate" response to Covid-19 - and it ought to be Zeballos. But unlike the UPP, the APP still backed Zeballos, along with the centre-right Acción Popular (AP), Partido Morado (PM), Somos Perú (SP), and Podemos Perú (PP), as well as the evangelical fundamentalist Frente Popular Agrícola del Perú (Frepap).

Francisco Sagasti, the PM spokesman, accepted Zeballos's report with "serious reservations" given the economic, health, and social crisis ravaging the country. Daniel Urresti, the PP spokesman, said the government had failed in the fight against coronavirus, but it would be "suicide to be without a cabinet at this time".

The response of AP, the largest party in congress, was perhaps most eye-catching though. While 22 of its 25 deputies gave Zeballos a vote of confidence (three abstained), they did not mince their words. The (AP) president of congress, Manuel Merino, said the government's coronavirus response was "not what Peruvians had hoped for"; AP spokesman Otto Guibovich said the party's support for Zeballos was not "a blank cheque", and that it was backing him because a new cabinet would face a steep learning curve, but he made it clear that changes should be made, starting with Zeballos; and AP Deputy Ricardo Burga also urged Zeballos to resign, saying that the only way to move forwards was with "a cabinet of national unity".

AP legislators earned a public rebuke on 2 June from prominent leaders of the party, who signed a letter to the congressional bloc criticising it for presenting populist bills such as calling for a referendum on constitutional reform, and suspending all debt payments, including interest and arrears payments. "As a result of the global pandemic, the country is in a state of great anxiety that requires prudence and responsibility in economic management," the letter said. "It is not the time for mistaken economic proposals that will exacerbate the country's financial situation," it went on, calling for "internal unity, coherence, and discipline". The previous day Javier Alva Orlandini, a nonagenarian founder of AP who embodied these traits during the party's heyday in the 1960s and 1980s, passed away, widely eulogised. The letter appeared designed to send the message to AP deputies that their actions are jeopardising the party's chance of reliving its past electoral successes in April 2021 and recovering the presidency after 36 years, albeit Vizcarra's successor will face an unenviable task.

Pandemic pact enables humanitarian relief

After months of trading platitudes regarding the importance of national co-operation (or at least co-existence) in the fight against the coronavirus (Covid-19) pandemic, Venezuela's government and opposition have finally taken a significant step towards making this a reality. Suggestions that the pandemic co-operation agreement signed on 1 June could lead to a renewed political dialogue are somewhat premature, but the consequences of this deal for the Venezuelan people, especially in facilitating the arrival of humanitarian aid, should not be underestimated.

The agreement was signed by the health minister, Carlos Alvarado, and opposition health representative Julio Castro, as well as by Gerardo de Cosío of the Pan American Health Organization (PAHO), which brokered these talks. The one-page document stated that "both sides propose to work in co-ordination, with PAHO's support, in the search for financial resources that can contribute to strengthening the country's response capacity in relation to the health emergency". PAHO is now set to take a central role in administering the much-needed provision of medical support in Venezuela.

Both sides were quick to claim victory; the opposition led by Juan Guaidó released a statement celebrating "that the actors of the dictatorship have committed to not obstruct the execution of the [humanitarian] programme", while the communications minister, Jorge Rodríguez, later emphasised that the opposition had relinquished the demand to oversee the humanitarian response itself. Rodríguez described the deal as "a technical co-operation plan to address the humanitarian crisis of the coronavirus".

The sticking point had been a question of political authority. The "financial resources" mentioned in the agreement referred primarily to funds controlled by Guaidó's opposition (a combination of aid pledged by his international allies, and Venezuelan state assets in frozen foreign bank accounts), which the de facto president Nicolás Maduro had refused to allow into the country under Guaidó's remit, and Guaidó had been reluctant to cede to international organisations without guarantees of their autonomy. PAHO will now be able to deliver personal protective equipment (PPE) and Covid-19 testing kits to Venezuela, and to provide support more broadly for the country's long-crippled healthcare system.

There is little suggestion that this agreement is anything more than a practical solution to the escalating health emergency. In the past week, the prospect of political reconciliation and dialogue has if anything become more remote, after Venezuela's supreme court (TSJ) issued a ruling nullifying the Guaidó-led national assembly (formed after the original legislative institution split in two, [\[WR-20-01\]](#)). The assembly, fearing an intensification in the persecution of its officials, once again ratified Guaidó's authority the next day, and appealed to its US allies for a show of support (*see sidebar*).

Fuel price problems

The pandemic co-operation agreement may alleviate the worst of Venezuela's healthcare shortages, but a more complex challenge for Maduro's government will be addressing fuel shortages in the country, triggered by the pandemic but rooted in the long-term decline of Venezuela's oil sector, exacerbated by US economic sanctions. On 30 May, Maduro announced the launch of a new price scheme, under which each citizen will be able to access 120 litres of subsidised fuel each month, at a rate of Bs5,000 (US\$0.02) per litre. Once this allowance has been reached, fuel will be charged at around US\$0.50 per litre.

US support

US Secretary of State Mike Pompeo was quick to reiterate his country's support for Juan Guaidó as president of the national assembly, which provides the justification for recognising him as interim president of Venezuela. Pompeo condemned "the most recent attempt by the Maduro regime to destroy the last democratic institution that exists in Venezuela", and accused the TSJ of "issuing false rulings on parliamentarians and forcing them into exile". Maduro's foreign minister Jorge Arreaza in turn accused Pompeo of criticising Venezuela to distract from the US's own problems, such as the continued spread of Covid-19, and widespread protests over police violence.

Shipping sanctions

The shipping of fuel to and from Venezuela has been at the centre of recent geopolitical tensions. US threats to block five oil tankers carrying fuel from Iran to Venezuela ultimately did not come to pass, but two Greek-owned ships were prevented from making the same journey following threats of sanctions. Both Iran and Venezuela already face substantial US sanctions, making this relationship an important one for both countries. On 1 June, Iran's foreign ministry issued a statement committing to send further fuel to Venezuela if requested, insisting that "the two countries have the right to free trade", despite the "cruel and unilateral sanctions".

Guaidó condemned the scheme, claiming that "today Venezuelans pay the bill for 20 years of corruption", reserving particular criticism for the decision to allow fuel to be paid for in US dollars, which he claims represents an unconstitutional "dollarisation" of domestic fuel. He predicted that the new system would do little to address the long queues at petrol stations, and that the existence of around 200 "premium" private stations, at which subsidies are not available, will create a two-tiered system under which corruption and fuel smuggling will prosper. Guaidó called for renewed public protests in response, invoking the famous 1989 'Caracazo' fuel protests.

As expected, implementation has so far been far from smooth. Long queues have indeed persisted as attendants and customers struggle with the new system, and a number of Venezuelans have reportedly been prevented from buying more than the 30 litres at a time. As yet, however, protests have been no more frequent than they were during shortages – national newspaper *El Nacional* reported that most of those queueing were simply glad to avoid relying on fuel smugglers. Inciting popular action has been a persistent problem for Guaidó, as the government's unpopularity by no means transfers automatically to support for the opposition. A 30 May survey by pollsters Datanálisis revealed that while Maduro's approval rating is just 13.1%, Guaidó is not far ahead on 25.5%.

Progress (however slow) towards political dialogue may improve both figures, with Datanálisis reporting that 61.5% of the population are in favour of such talks. A major reason for Guaidó's limited popularity is his prominent ties with the US, with survey respondents ranking international economic sanctions just behind government mismanagement as a cause of Venezuela's economic crisis. The latest round of oil sector sanctions was announced on 2 June, as the US Treasury's Office of Foreign Assets Control (Ofac) targeted four shipping companies accused of exporting Venezuelan oil (see sidebar).

BOLIVIA | POLITICS

Election date debacle resurfaces once more

Interior Minister Arturo Murillo's warning that the start of 'flexible quarantine' in Bolivia should not be mistaken for the end of isolation seems to have fallen on deaf ears, as large numbers of Bolivians returned to work on 1 June, including in municipalities where restrictions are still officially in place, even as deaths from coronavirus (Covid-19) continue to rise at an alarming rate. This may prove to be a watershed moment in Bolivia's response to the pandemic, and while the consequences for public health may not be clear for some time, this development seems already to have sounded the death knell for the argument that elections cannot be held until the pandemic has passed.

Since the process of economic reactivation was first launched back on 11 May, critics of the interim government have maintained that if Bolivians can be allowed to work, they should be allowed to vote. The announcement on 2 June of a political agreement to hold elections by 6 September at the latest suggested that the interim president, Jeanine Áñez, herself a presidential candidate, could dispute this logic no longer. Electoral tribunal (TSE) president Salvador Romero's description of the deal as "reasonable and satisfactory...even if it is not ideal for either side", made clear the mutual sense of dissatisfaction, but this compromise nonetheless offers a glimmer of light at the end of the tunnel that is Bolivia's electoral stalemate [\[WR-20-18\]](#).

Áñez's main rival, the left-wing Movimiento al Socialismo (MAS), had previously used its legislative majority to demand that the vote, indefinitely suspended in March over public health concerns, should be held by 2 August at the latest. While some associated with the party have voiced discontent at what they perceive as yet another delay, MAS presidential candidate Luis Arce

Áñez accusations

Following Fernando Vásquez's comments, former president Evo Morales (2006-2019) took to Twitter to condemn the interim government as being institutionally "fascist and racist", recalling previous tweets from Jeanine Áñez calling Bolivia's indigenous communities "savages", and their beliefs "satanic". Indigenous activists have been at the forefront of recent protests against the interim government, and their anger towards Áñez is a major obstacle for her electoral prospects. Samuel Doria Medina condemned Vásquez's comments as "an act of ignorance and stupidity the size of Illimani" (the mountain that stands over La Paz).

welcomed an agreement that he claims "gives Bolivia certainty on an election date". The president of the chamber of deputies, Sergio Choque, indicated that the legislature would approve this new calendar, recalling his earlier comments that "no date is set in stone", and claiming that the 2 August deadline had achieved its goal of turning up the pressure to secure a compromise.

Arce's "certainty", however, may be slightly premature. On the eve of the agreement, Áñez posted a statement on *Twitter* calling for the TSE to "define a date once and for all", and her Juntos alliance had previously been insistent that the TSE's decision must be final. Since Romero's announcement, there have been rumblings of uncertainty. Áñez herself has not commented, and a Juntos representative has cast doubt on Romero's claim that the alliance had approved the agreement – although they noted that Juntos would respect the decision regardless. Áñez's vice presidential candidate Samuel Doria Medina further warned that the election date "does not depend on the parties or on the TSE, it depends on the behaviour of the pandemic", reigniting concerns that the interim government harbours hopes of further extending its rule.

The MAS claims that these delaying tactics are indicative not of the interim government's concern for public health, but instead of its concern for Áñez's electoral prospects. While opinion polling has ceased almost entirely since March, the challenge of managing a pandemic has likely done the interim government's reputation more harm than good. On 29 May, the mining minister, Fernando Vásquez, delivered the latest in a string of scandals by claiming that his "white skin", "green eyes", and "frizzy hair" make him "incompatible with the MAS", in reference to the party's indigenous support base. Áñez, no stranger herself to accusations of anti-indigenous racism (*see sidebar*), was quick to remove Vásquez from the post he had occupied for just three weeks.

COLOMBIA | POLITICS & SECURITY

Senators grill Duque officials over peace

Colombia's high commissioner for peace, Miguel Ceballos, and deputy foreign minister, Francisco Echeverri, appeared before the senate on 2 June for a virtual session in which they came under fire over the country's foreign policy. Senators Iván Cepeda of the left-wing Polo Democrático Alternativo (PDA) and Antonio Sanguino of the centre-left Alianza Verde (AV) summoned them to discuss the state of the peace process and mounting tensions with Cuba over the abandoned peace talks with the Ejército de Liberación Nacional (ELN).

Cepeda argued that the foreign policy of the government led by President Iván Duque had been "directed at promoting dangerous initiatives that are dragging Colombia towards international armed conflict [with Venezuela] and undermining the peace process". He also criticised the government for having abandoned the peace talks with the ELN in Cuba. Cepeda said that by demanding that Cuba extradite ELN peace negotiators the Colombian government was resiling from an agreement signed by the state "in violation of international law".

Cepeda urged Ceballos to resign for having "called Colombia's credibility into question before the international community, with all the adverse impact on future peace negotiations that this will entail". The debate called by Cepeda and Sanguino took place the day after the Cuban foreign ministry published a letter blaming the Duque administration for "facilitating the aggressive objectives of the US against Cuba". Cuba was included on the US State Department terrorism blacklist on 13 May for refusing to extradite the ELN peace negotiators; Ceballos described the US action at the time as "a gesture of support" for Colombia.

IMF support

The Argentine government's decision to extend the deadline on its debt restructuring offer came after the International Monetary Fund (IMF), one of Argentina's largest creditors, publicly backed the improved offer it presented to bondholders. A 1 June IMF statement said that, after evaluating the improved offer, it considered it to be "consistent with restoring debt sustainability with high probability", given Argentina's current macroeconomic situation. The statement adds that its technical analysis "suggests that there is only limited scope to increase payments to private creditors while still meeting debt and debt service targets", supporting the Argentine government's argument that in the current scenario it cannot substantially improve its offer, as demanded by bondholders.

Ready to go another round with bondholders

The government led by President Alberto Fernández has decided to extend, for a third time, the deadline for holders of US\$66bn in sovereign bonds issued under international law to accept its debt restructuring offer. The government says that the new extension will allow it to present an amended offer to bondholders in the hope of convincing them to accept it and secure a deal. The failure to reach an agreement with bondholders has already resulted in Argentina once again falling into default [\[WR-20-21\]](#). The aim for the Fernández administration now is to ensure that this default is short-lived so that it does not seriously harm the prospects for Argentina's economic recovery. But to achieve this it will have to make more concessions.

The government has been trying to secure a deal with bondholders since it presented its formal offer on 22 April, which was swiftly rejected by bondholders. The offer was considered too aggressive, demanding that bondholders accept a substantial debt write down and an extended repayment grace period. The government attempted to pressure bondholders into accepting its offer by setting a tight initial deadline (which was subsequently extended), and then by showing that it is prepared to default on its debts rather than continue servicing them on the current terms.

But none of these strong-armed tactics have worked. Bondholders have stood their ground, calling on the government to improve its offer by reducing its debt write down and grace period demands. Some bondholder groups even submitted counteroffers for the government to consider. After carefully analysing these, the government tabled an improved offer, setting a deadline of 2 June for bondholders to accept it. Although the improved offer made some concessions, such as shortening the repayment grace period, this failed to convince enough bondholders to secure a global deal. With the deadline approaching, the government announced on 1 June that it would extend it for a further 10 days until 12 June.

The economy ministry issued a statement saying that the aim of the latest extension is to continue negotiating in good faith with bondholders in the hope of striking a deal. Economy Minister Martín Guzmán explained that the government is currently analysing new counteroffers submitted by bondholders last week and the possibility of incorporating some aspects of these in a new improved offer. Guzmán said that the extension would give the government time to finalise a new amended offer, present it to bondholders, allow them time to consider it, and to open a new round of talks. Raising hopes over the possibility of an agreement being reached, Guzmán said that the government and bondholders are "moving closer" to a deal, suggesting that the two sides have made concessions in their respective offers.

But Guzmán admitted that "there is still a significant distance to cover" for the two sides to meet in the middle. The negotiations are confidential but, according to Argentine media reports, the difference between the government's offer and one of the latest counteroffers presented by bondholders boils down to US\$21bn. This is the 'distance' that separates the two sides and which the Fernández government needs to close either by offering to pay more over a longer period (the longest maturing bond included in the renegotiations runs to 2046) or by extracting further concessions from bondholders by offering 'sweeteners', such as a substantial upfront payment or linking bond yields to GDP growth (a recourse that Argentina has used to secure debt restructuring agreements in the past).

Infections, deaths reach new peak

On 1 June the Chilean authorities reported that 5,471 new Covid-19 cases had been recorded in the previous 24 hours, the highest daily tally since the start of the outbreak in the country. Over 3,000 new cases were reported in the following two days, bringing the total number of infections to 108,686, more than the 83,021 infections registered in China, where the pandemic began. Meanwhile, there were 75 Covid-19 deaths reported on 2 June, the highest daily tally to date, which brings the total number of deaths to 1,188. Chile currently has the third highest number of confirmed infections in Latin America behind Peru (170,039) and Brazil (526,477).

The consensus view among analysts is that closing the gap separating the government and the bondholders is feasible. It is not clear if the Fernández administration is prepared to make the necessary concessions given the aggressive stance it has adopted in the negotiation process but it accepts that failing to reach a debt restructuring deal will be costlier for Argentina. It took Argentina a decade and the payment of billions of US dollars in compensation to resolve its last default. President Fernández experienced first-hand the damage that the prolonged default caused the country, and he has been adamant that he wants to avoid this happening again, not least because the coronavirus (Covid-19) pandemic has exacerbated Argentina's economic recession and without external financing any economic recovery will be difficult.

CHILE | ECONOMY

Economic indicators deteriorate as epidemic intensifies

The latest economic indicators released by the Chilean authorities show further signs of the deep impact that the coronavirus (Covid-19) pandemic is having on the domestic economy. With the outbreak still not under control, there is growing concern that an economic recovery will be a major challenge not just for the incumbent government led by President Sebastián Piñera, but potentially also for the government to emerge from next year's general election.

Chile's macroeconomic indicators make for increasingly worrying reading. The domestic economy had already been struggling due to the social unrest that erupted in October 2019. The unrest paralysed economic activity in many parts of the country, particularly in the capital Santiago, for months. But this paralysis was exacerbated by the arrival of Covid-19 in early March and the imposition of emergency measures to try to contain the virus. The Piñera administration has tried to mitigate the economic impact of the virus by avoiding a nationwide quarantine and by rolling out economic rescue programmes designed to safeguard jobs and support firms. However, the economic data shows that the negative effects of the emergency are still severe.

On 29 May the national statistics institute (INE) reported that the unemployment rate reached 9% in the February-April rolling quarter. This was 1.9 percentage points higher than the same period last year and the highest unemployment rate since the 9.1% recorded in the 2010 March-May rolling quarter. The February-April rolling quarter is the first to capture the fallout of the Covid-19 emergency on the local labour market. But with the Covid-19 infection curve still rising rapidly (*see sidebar*), and the Piñera administration forced to impose a quarantine in the Santiago Metropolitan Region (RM) to try to bring the outbreak under control [[WR-20-20](#)], Economy Minister Lucas Palacios has warned that the unemployment rate is likely to rise further in the coming weeks, as more jobs are lost due to the lockdown in the RM.

Providing further evidence of the ongoing impact that the pandemic is having on the economy, Chile's central bank (BCCh) reported on 1 June that its monthly activity index (Imacec) measure fell by 14.1% in April compared with the same month last year. The April Imacec result is lower than the 10% market forecast and the worst since records began. It came on the back of a 0.1% fall in mining activity and a sharp 15.5% fall in non-mining activity driven by poor data from the retail and services sectors, which the BCCh attributed to the restrictions on movement in the RM and other areas. The April Imacec all but confirms that GDP will contract sharply in the second quarter, after expanding by 0.4% in the first quarter, according to preliminary BCCh data.

The first quarter GDP data only captured a small part of the economic fallout from Covid-19, which reached Chile in early March (the March Imacec fell by a moderate 3.5%). However, the second quarter GDP measure will provide a

Bolsonaristas

President Bolsonaro's supporters have been regularly demonstrating throughout the pandemic, despite lockdown measures in place across Brazil. Their demands often have authoritarian overtones, calling for the closure of the supreme court (STF) and congress, expressing support for the military dictatorship (1964-1985) and demanding military intervention. On 30 May, masked 'bolsonaristas' carrying torches marched on the STF in Brasília, demanding its closure. Some pro-Bolsonaro protesters in São Paulo, who clashed with pro-democracy protesters on 31 May, were bearing symbols associated with neo-Nazism. Sara Winter, a bolsonarista whose phone and computer were seized in a police investigation last week, posted a video online on 27 May raging against the STF magistrate who authorised the police raid and threatening to "exchange blows" and "make [his] life hell".

more accurate representation, and the outlook is bleak. The BCCh is already forecasting a 2020 GDP growth forecast of between -1.5% and -2.5%. The BCCh expects that this will rebound to 3.75%-4.75% in 2021. But not everyone concurs. Some economists warn that if the Covid-19 outbreak is not brought under control by the second half of the year, then the GDP contraction this year will not only be deeper (as much as 4%), but it could also significantly limit growth prospects for 2021.

The warnings of a deep and prolonged economic recession have led many to call for the authorities to adopt further emergency fiscal and monetary policy measures to limit the damage and aid a swift recovery. But this will require a commitment by Chile's political leaders that any adopted measures will be implemented by the new government that emerges following next year's elections.

Reaching commitments that stretch from one presidential term to another, particularly if a rival party comes to power, is never easy, however, and this will most likely form part of the discussions called by Piñera for the establishment of a new national agreement to combat Covid-19 and revive the national economy [WR-20-21]. Speaking on 1 June, Piñera urged the opposition to forge his proposed "great national accord" by mid June, saying that Chile was wrestling with "the toughest weeks of the pandemic" right now.

BRAZIL | POLITICS

Opposition to Bolsonaro grows

A Datafolha poll released on 28 May shows that President Jair Bolsonaro's share of support amongst Brazilians remains steady, at 33%. However, his rejection rates are rising, with 43% of respondents considering his government to be bad or very bad, and 52% believing that he is unfit to lead the country. This reflects growing worries in Brazil over Bolsonaro's response to the coronavirus (Covid-19) pandemic and his public expressions of contempt for the country's democratic institutions. The beginnings of an opposition movement to 'bolsonarismo' and its authoritarian tendencies have now begun to emerge.

As well as an almost unchanged support base, which has hovered at around 33% of the electorate since the start of his presidency, President Bolsonaro has benefited from the lack of a united political opposition, both within and outside of congress. But as institutional tensions escalated last week in the midst of the still-worsening coronavirus outbreak, alongside the often threatening words and actions of the president's more radical supporters (*see sidebar*), there has been a flurry of efforts to form broad opposition fronts, in defence of democracy.

One of these is the 'Estamos Juntos' (we are in this together) movement, launched with a full-page advertisement of its manifesto in three national dailies on 30 May. It bore the signatures of a broad range of politicians and public figures, including leftist former presidential candidate Fernando Haddad from the Partido dos Trabalhadores (PT); former president Fernando Henrique Cardoso (1995-2003) from the Partido da Social Democracia Brasileira (PSDB), the PT's historic rival; Luciano Huck, a television presenter touted by some as a candidate for the moderate right in the next presidential election in October 2022; and prominent artists and influencers. As of 3 June, over 270,000 people had signed the manifesto.

The Estamos Juntos manifesto makes no mention of Bolsonaro, but it calls for a "broad, diverse, and non-partisan front" in defence of "life, freedom, and democracy" and demands that political leaders work for the good of the country. The manifesto draws parallels with the Diretas Já movement of 1983-1984, which united different political views behind a single democratic demand, that of direct elections.

The tanking economy

Plans for economic reactivation in Brazil come amid confirmation of the pandemic's dire impact on almost all sectors of the economy. Figures released by Brazil's national statistics institute (Ibge) on 31 May show that GDP contracted by 1.5% in the first quarter of 2020. According to the central bank's latest survey of market analysts, Brazil's economy is forecast to shrink by 6.25% this year. Following the release of growth figures for the first quarter, the economy ministry warned of the gloomy outlook ahead, highlighting four challenges in particular: a rise in poverty; increasing unemployment; bankruptcies; and stress on the credit market, calling for a reform to make it more efficient.

Other similar movements to have taken form in recent days include 'Basta!' ('Enough!'), launched by legal professionals on 31 May and whose manifesto denounces the president's "systemic attacks" on Brazil's republican institutions; a 'manifesto for antifascist unity' signed on 28 May (antifascist symbols have been widely shared on Brazilian social media this week, merging with expressions of support for an antiracist agenda, driven by the protests in the US); and the 'Somos 70%' campaign (we are the 70%), launched in the wake of the latest Datafolha poll. The pre-existing Pacto pela Democracia movement, which brings together different political and civil society organisations, issued a text entitled 'together for democracy and life' on 2 June, in which Bolsonaro is described as a "fundamental threat to the country's democratic order and wellbeing".

This pro-democracy agenda has taken on yet another form, spilling out on to the streets on 31 May with marches organised by groups of football fans in several cities, notably Rio de Janeiro and São Paulo. Although the past months have been marked by 'panelaços' (pots-and-pans protests) against Bolsonaro, these were the first significant public protests against the president since the start of the pandemic. In São Paulo, the pro-democracy demonstration ended in violent clashes with a rival pro-Bolsonaro march and with the military police (PM). Self-declared "antifascist" football supporters from other cities are now planning similar marches on 7 June, despite concerns over the coronavirus.

There is a sense that these developments could mark a tipping point in the articulation of an organised opposition to Bolsonaro and his political followers, although the number of these different pro-democracy movements illustrates the diversity of their views and demands, and the challenges this represents. Former president Lula da Silva (2003-2011), still seen by some as a leading figure on the left despite his corruption convictions and general disillusionment with his party, the PT, has expressed reservations with the pro-democracy manifestos, arguing that the PT cannot blindly jump on the bandwagon alongside its past rivals.

Confrontation and conciliation

The expressions of support for democracy followed a sharp escalation of tensions between Bolsonaro and the supreme court (STF) last week. These seemed to reach breaking point after a police raid on the houses of Bolsonaro supporters on 27 May, part of an investigation into a fake news dissemination scheme and signed off on by STF Justice Alexandre de Moraes. "Obviously, absurd orders are not going to be observed. This is over!" Bolsonaro told journalists the following day.

There have since been signs of efforts to appease the situation, from both sides. Members of government have reached out to Moraes, who has given nods of conciliation in return. On 1 June, STF Justice José Celso de Mello archived a request to seize the president's, and one of his sons', phones as evidence in an investigation. This request had prompted a particularly heated reaction from the government last week [\[WR-20-21\]](#). Celso de Mello did indirectly reprimand the president, however, stressing that "failure to comply with a judicial order implies a violation of the constitution" and would qualify as a presidential crime of responsibility.

Pressure to reopen despite health warnings

On 1 June, cities in the states of São Paulo, Rio de Janeiro, Amazonas, Ceará, and Pará launched or announced plans to start lifting isolation measures and reactivate the economy. These five states concentrate the worst of the coronavirus outbreak in Brazil, both in absolute numbers and in infections and deaths per 100,000 inhabitants. Nationally, Brazil had recorded a total of 584,016 confirmed Covid-19 cases as of 3 June, including 32,548 deaths.

Although a poll from 25-26 May shows that 65% of Brazilians believe lockdown measures should be maintained to contain the virus, even if they come with a toll

Drug gang threat

The interior minister, Jorge Larrañaga, described an explosion outside the headquarters of the interior ministry's counter-narcotics agency, Dirección General de Represión al Tráfico Ilícito de Drogas (DGRTID), on 9 May as "a narco warning". "It is not criminal gangs but the rule of law that is going to prevail in Uruguay," Larrañaga insisted. Brazil's most powerful criminal gang, Primeiro Comando da Capital (PCC), has become more active in Uruguay, which has become a drug trans-shipment country in recent years.

on the economy and employment, mayors and state governors appear to be caving in to economic pressure.

As with the way isolation and lockdown measures were implemented, their easing is an uncoordinated, localised effort. São Paulo state has a five-step plan, but the mayor of the eponymous city, Bruno Covas, has said the state capital will be following the guidelines at a more cautious pace. The city of Rio de Janeiro started a six-step economic reactivation plan on 2 June, but at state-level, quarantine measures have been extended. Ceará state is easing lockdown in four phases.

This gradual easing of isolation measures comes in spite of scientific warnings about the risks it poses from a health perspective. A World Health Organization (WHO) representative warned on 1 June that Latin America is facing a rapid rise in caseloads (with Brazil leading the way), which has not yet peaked. His point was reinforced the following day when Brazil reported a record number of deaths (as did São Paulo state) and the second-highest daily number of new cases to date.

On 28 May, the Fundação Oswaldo Cruz (Fiocruz), a scientific research institute, presented prosecutors in Rio state with a technical note outlining the importance of social distancing measures in the state and warning about lifting them now. Despite this Marcello Crivella, the mayor of Rio city, went on to announce plans for the city's reopening four days later.

URUGUAY | SECURITY

Marine murders cause commotion

The defence minister, Javier García, relieved the commander of the navy, Marcos Saralegui, of command on 3 June after a triple homicide which shocked Uruguay. On 31 May the bodies of three Uruguayan marines were discovered in a naval outpost in Montevideo, each with bullet wounds to the head.

García appeared before the defence committee of the lower chamber of congress on 2 June to discuss the crime, the most serious against members of the armed forces since the return to democracy in 1985. He said there had been "flagrant procedural failings", especially a lack of communication. He noted that the three marines, who were carrying out the night watch at an old naval radar base near Fortaleza del Cerro overlooking the Bay of Montevideo, had been murdered overnight but their bodies had not been discovered until the morning when colleagues came to relieve them. Saralegui was replaced at the helm of the navy by Rodolfo García.

President Luis Alberto Lacalle Pou condemned the atrocities, declared two days of national mourning, and promised that the perpetrators would be apprehended. The police set to work on two main lines of inquiry around the executions: an internal feud within the navy or a warning from drug trafficking organisations (DTOs) to the Lacalle Pou administration, which has taken tougher action against organised crime and in cracking down on micro drug trafficking (*see sidebar*).

The homicides do not appear to have been the work of DTOs, however, after the police made three arrests upon raiding various houses near the Fortaleza del Cerro outpost. One of those arrested was a 26-year-old former marine, who lost his position in March after failing to report for duty for five days; three Glock pistols that had been carried by the murdered marines were also found. The fingerprints of the former marine, accused of being the material author of the homicides, were found at the scene of the crime. It is believed he managed to gain entry to the outpost because he knew the marines on duty, but the motive for the crime is unclear.

Tensions grow as López Obrador launches Tren Maya

Tren Maya

While inaugurating work on the Tren Maya, President López Obrador claimed that it would bring extensive economic benefits to a neglected region of Mexico. But it is a contentious project. Many local indigenous communities argue that they were ignored in last December's public consultation on the project. In mid-May they joined with environmental and civil society groups in appealing to the Inter-American Commission on Human Rights (IACHR) to grant precautionary measures in their favour against the Tren Maya to avert "irreparable damage" to underground aquifers, which provide essential water supplies for drinking and agriculture.

The coronavirus (Covid-19) pandemic is deepening political polarisation in Mexico. President Andrés Manuel López Obrador resumed his presidential tours of the country's interior this week, inaugurating the first stretch of the Tren Maya in the southern state of Quintana Roo, one of his administration's flagship infrastructure development projects, on 1 June. The political opposition savaged López Obrador's decision to take to the road again at the peak of the pandemic for sending mixed messages to the public, and accused his government of mishandling the health crisis, costing lives and jobs.

"This is the most important federal public investment for many years in the south-east [of Mexico]," President López Obrador said, while inaugurating the works in the municipality of Lázaro Cárdenas, Quintana Roo. The Izamal-Cancún section of the Tren Maya will stretch 260km and is budgeted to cost M\$27bn (US\$1.23bn). The Tren Maya will eventually extend for 1,475km, passing through a further four states—Yucatán, Campeche, Tabasco, and Chiapas—and cost an estimated US\$7.4bn in total. Rogelio Jiménez Pons, the director of the Fondo Nacional de Fomento al Turismo (Fonatur), the federal government agency overseeing the project, said that, as a result of the Tren Maya, between now and 2030 some 715,000 jobs would be created in the 16 municipalities which will have a railway station, a further 150,000 jobs in the rural economy associated with the railway, and 80,000 more in construction.

The political opposition was unimpressed. Instead, leading figures within the three main opposition parties directed some of the most lacerating criticism at López Obrador since he took office in December 2018. The coordinator of the left-wing Partido de la Revolución Democrática (PRD) in the federal lower chamber of congress, Verónica Juárez Piña, criticised the decision to begin the presidential tours again as a "grave act of irresponsibility" that would prompt Mexicans to break the recommended isolation and create the conditions for infections to surge and further deaths. "From beginning to end the president has failed to grasp the magnitude of the pandemic and has always prioritised his political interests over the interests of the public," Juárez said.

The president of the right-wing opposition Partido Acción Nacional (PAN), Marko Cortés, also criticised the decision to start presidential tours again in the midst of "a disorderly emergence from the lockdown". Cortés argued that "aside from not resolving the serious problems the country faces it puts the public at risk of new infections".

But the most savage censure came from Cortés' counterpart at the Partido Revolucionario Institucional (PRI), Alejandro Moreno Cárdenas. "They failed when predicting the peak of the pandemic; they failed in predicting the number of deaths; they failed with the lethality rate of the virus in our country; and they failed with regard to the number of jobs that would be lost," Moreno said. "With more than 1m jobs lost, and more than 100,000 fatalities from the pandemic, the federal government can blame nobody but itself for its ineffectiveness and inefficiency. There is no excuse. It was not corruption, the conservatives, or a plot. It was them and their bad decisions," he added.

Fair criticism?

It is unfair to lay the full blame for the current health and economic crisis at the López Obrador administration's doors, but its mistakes and mixed messages have been in evidence since the outset. At the end of April, the deputy health minister, Hugo López-Gatell, the epidemiologist who is leading the government's response to the pandemic, predicted that Mexico would suffer

Economic recovery

Speaking on 2 June, the finance minister, Arturo Herrera, predicted “a rapid but asymmetric [economic] recovery” in Mexico. Herrera said that public spending would be pumped into projects, such as the Tren Maya, where it “translates into jobs and investment more rapidly”.

some 8,000 deaths, a figure that has already been surpassed. Mexico suffered its highest daily total of cases and fatalities (3,912 and 1,092 respectively), on 3 June, despite López Obrador arguing that the country had “tamed” Covid-19, and just two days earlier López-Gatell announced the end of the Jornada de Sana Distancia period of safe-distancing measures to contain the virus and the return to a new normality. Although this was replaced with a traffic light system (and there is a red light everywhere except Zacataecas, where it is amber), there was a noticeable increase in activity the day after the change was introduced.

López Obrador stressed on 3 June that people should “stay at home” unless they have an essential activity to perform. Speaking in a press conference in the state of Campeche, on the third day of his presidential tour, López Obrador denied sending out mixed messages, however, while saying that it was “natural” that people were “tired” of the lockdown. López-Gatell, meanwhile, warned that failure to abide by the traffic light system in the return to a new normality risked a second wave, and could lead to tighter restrictions in certain municipalities and states.

López Obrador still appeared to downplay the coronavirus threat, arguing that “corruption is the plague that has done most damage to Mexico”. He said that it was “a source of pride” for him that he was coming under attack so much as it was a sign that his government was succeeding in rooting out corruption and leading Mexico’s “transformation”.

Two civil society groups, Frente Nacional Ciudadano (Frena) and Congreso Nacional Ciudadano (CNC), organised protests against his government on 30 May in some 70 cities nationwide across 30 states, with convoys of cars expressing their discontent. López Obrador responded to the protests on social media, saying that he would face a recall referendum in 2022 and would gladly step aside if he was no longer wanted. “A leader without popular support is like a dry leaf,” he said.

TRACKING TRENDS

MEXICO | Crisis? What crisis? The central bank Banco de México (Banxico) issued a bleak first quarter report on 27 May. Banxico predicted that the economy would contract by between 4.6% and 8.8% this year, the most severe decline since 1932, and that between 800,000 and 1.4m jobs would be lost. Not for the first time, President Andrés Manuel López Obrador took issue with Banxico’s forecasts, which he said he did not share, but stressed that he remained “respectful of Banxico’s autonomy”.

In a video on social media on 30 May, López Obrador said that there were clear signs of economic recovery. He said the price of oil was “approaching US\$30 per barrel”, the peso had stabilised, and the tax take was increasing (he said it was up from M\$1.6tn to M\$1.7tn [US\$72.2bn to US\$76.68bn], 2.8% in real terms on 2019, without clarifying the exact base of comparison). López Obrador also said that his government would be creating its own economic growth metric “related to well-being and happiness not just the creation of wealth, because this is insufficient”.

On 2 June the influential business lobby Confederación Patronal de la República Mexicana (Coparmex) called for a ‘solidarity salary’ to safeguard jobs, the burden of which would be shared by the government and businesses.

The national statistics institute (Inegi) revealed on 1 June that 11.3m people did not receive a salary in April due to the temporary suspension of their work, and that the unemployment rate climbed to 4.7%. Coparmex said Inegi’s report was “very discouraging”, with Covid-19 creating “a jobs crisis”, and that the government must roll out employment protection measures as soon as possible. López Obrador has opposed state assistance for large companies, however, and maintained in his morning press conference on 2 June that there would be no more than 1m lost jobs as a result of Covid-19.

Key minister resigns

After just six months in the job, Costa Rica's finance minister Rodrigo Chaves tendered his resignation last week. His departure followed a dispute with President Carlos Alvarado over a new bill approved last month by the legislative assembly removing limits on local government spending which Chaves opposed. Costa Rica has attracted plaudits from the likes of the United Nations (UN) for its response to the coronavirus (Covid-19) pandemic, but the dispute between Alvarado and Chaves points to tensions over spending in relation to the health emergency. It also comes as Costa Rica's fiscal situation, already a priority for the government ahead of the pandemic, remains a cause for concern.

Assuming the post in November 2019, Chaves had replaced Rocío Aguilar, who quit after the comptroller general's office recommended that she be temporarily suspended due to improperly authorising public-debt payments [WR-19-43]. He then announced his resignation on 28 May. While citing differences of "style" with the president, Chaves' departure followed his unsuccessful call for Alvarado to veto a bill approved on 19 May intended to support local municipalities during the pandemic by removing the stipulation that spending could not increase by more than 4.67% annually.

Tensions between the two men had already emerged over Chaves' proposal on 26 March to introduce a solidarity tax for citizens earning €500,000 (US\$878.67) or more to provide relief for those who have lost income due to the pandemic. Alvarado appeared to rule out the move, tweeting the same day that the government "will not submit any proposed legislation that imposes taxes on wages of €500,000".

Alvarado has since announced as Chaves's replacement Elián Villegas, who has run Costa Rica's national insurance institute since 2015, giving him three priorities: to provide protection for those affected by the pandemic; to contain public spending; and to stabilise public finances. However, with Costa Rica's fiscal deficit closing at 6.96% of GDP in 2019 [WR-20-04], the worst in three decades, despite a new fiscal reform implemented last year, Chaves is not the only one expressing concerns about fiscal discipline. Last month international credit ratings agency Fitch downgraded Costa Rica's Long-Term Foreign-Currency Issuer Default Rating (IDR) from 'B+' to 'B' with a 'negative' outlook, citing concerns about the country's fiscal situation.

In a statement Fitch highlighted "increased risks of near-term financing stress due to widening fiscal deficits, a steep amortisation schedule and borrowing constraints, against a background of economic contraction caused by the effects of the coronavirus pandemic". The negative outlook reflects "further downside risks to debt sustainability amid uncertain prospects for post-crisis fiscal consolidation, economic growth and borrowing costs". Fitch expects Costa Rica's GDP to contract by 4% this year; the fiscal deficit to widen to over 9% of GDP; and the central government debt burden to reach nearly 70% of GDP in 2020, up from 58.5% in 2019.

Plaudits

Concerns about the country's fiscal situation come as United Nations Resident Coordinator in Costa Rica Alice Shackelford and World Health Organization Representative María Dolores Pérez-Rosales published a blog on 24 May which praised Costa Rica as an example of "how to face down and tackle this unprecedented global health crisis".

The blog post acknowledges the economic impact, citing estimates that

Other resignations

As well as Rodrigo Chaves, the science & technology minister, Luis Adrián Salazar, and the communications minister, Nancy Marín, also resigned in the recent cabinet reshuffle. According to local reports, Salazar opposed President Alvarado's plan to use resources from the national telecommunications fund (Fonatel) to reduce the fiscal deficit rather than "universalising telecommunications services", as outlined in his resignation letter, while Marín cited family reasons. Salazar has been replaced by his deputy, Paola Vega, while Marín has been replaced by journalist Agustín Castro.

Legalising same sex marriage

On 26 May, Costa Rica became the first Central American country to allow same-sex marriage, and the sixth country in Latin America to do so after Argentina, Ecuador, Brazil, Colombia, and Uruguay, as well as parts of Mexico. In August 2018, Costa Rica's constitutional court ruled that the ban on same-sex marriage was unconstitutional, giving the national assembly 18 months to legislate or the provision would be automatically nullified - which it was. The issue dominated the 2018 presidential contest after Fabricio Alvarado Muñoz, an evangelical preacher, unexpectedly won the presidential first round after capitalising on the conservative backlash to a ruling by the Inter-American Court of Human Rights (Corte-IDH) which found Costa Rica should legalise same-sex marriage.

some 500,000 jobs could be lost due to the pandemic, forecasts of a 3.3% GDP contraction in 2020, and a significant increase in the fiscal deficit "with sharp increases in unemployment and poverty". However, it praises the government for "putting the preservation of life and the protection of health before other issues, including politics". The blog notes that the country, which has over 1,100 confirmed cases with 10 fatalities, had the lowest Covid-19 case fatality rate in the region, with more recovered cases than active ones, no registered community transmission, and a significant fall in daily infections.

EL SALVADOR | POLITICS

Bukele marks first year under political storm

President Nayib Bukele was unable to deliver his first annual state-of-the-nation address before the legislative assembly this week after 'Tropical Storm Amanda' struck El Salvador, resulting in the declaration of another state of emergency and the legislative session being postponed. Bukele's one-year anniversary coincided with an ongoing political storm stemming from efforts to approve new emergency legislation relating to the coronavirus (Covid-19) pandemic. The dispute has subjected Bukele to fresh criticism of acting in an authoritarian manner and disregarding institutional procedure - an increasingly common complaint of his leadership.

Last month President Bukele issued a decree extending the state of emergency in response to the pandemic, despite the legislature's refusal to ratify it (a legal requirement). The opposition-controlled legislature, which had cited transparency concerns, in turn passed its own emergency bill which Bukele said he would veto. His issuance of the decree led to yet another unfavourable ruling on 18 May by the supreme court's constitutional chamber (SC), which has clashed repeatedly with Bukele during the pandemic, and Bukele's accompanying refusal to heed it [\[WR-20-20\]](#). Since then, talks had continued with regard to one aspect of the SC ruling - that the legislature and executive reach a deal over new emergency legislation.

On 30 May after five days of these talks had failed to produce an agreement, the legislature approved a bill establishing new emergency legislation. As with the previous bill vetoed by Bukele, the bill included provisions for reopening the economy which the president rejects. While he has maintained that the country, which as of 3 June had 2,705 confirmed Covid-19 cases and 49 fatalities, is not ready for this stage, Bukele's continued anger with the SC was exposed in a tweet he posted on 31 May explaining his decision to veto the bill. The tweet described the SC's 18 May ruling as "absurd" and "biased".

With the country left in legal limbo, Bukele's perceived authoritarianism continues to attract international alarm. A statement released on 1 June by international human rights NGO Amnesty International summed up his administration as one of "repression and broken promises". Yet it is worth pointing out that opinion polls show his popularity to be higher than ever. In a survey released on 24 May by national daily *Prensa Gráfica*, 84.5% of respondents strongly approved of Bukele's handling of the pandemic, and another 11.2% somewhat approved.

Also key to Bukele's record popularity has been a reduction in crime. On 1 June Security Minister Rogelio Rivas said that, upon taking office, the homicide rate was 52 per 100,000 inhabitants, dropping to 32 at the end of 2019 and 21 between January and May 2020. According to Rivas, May itself was the least violent month in El Salvador's history with just 64 homicides. While the government attributes this to its security plan 'Control Territorial' [\[WR-19-35\]](#), the decline also stems from the measures implemented to stop the spread of Covid-19 which have resulted in fewer people on the streets.

Damage

According to El Salvador's environment ministry (Marn), as of 2 June 20 people had died, six had gone missing, and 24,873 families had been affected by 'Tropical Storm Amanda', which has caused landslides, flooding, and damage to homes and businesses. The worst hit areas are the departments of San Salvador and La Libertad.

Another state of emergency

President Bukele has resisted reopening the economy, which the central bank forecasts will contract by between 2% and 4% in 2020. However, on 2 June he was forced to announce plans to reopen the construction sector in response to 'Amanda', the first named storm of the Pacific hurricane season. On 31 May the government declared a state of emergency, while the national assembly has approved a legislative reform redirecting US\$389m from an International Monetary Fund (IMF) loan, intended to address the impact of Covid-19, to help tackle the impact of the storm.

TRACKING TRENDS

COSTA RICA-REGION | Agreement to end truckers' dispute. On 30 May representatives from the Central American transport federation (Fecatrans) and various Central American Integration System (Sica) institutions announced an agreement to resolve the dispute stemming from decrees establishing border restrictions for foreign truckers imposed by Costa Rica last month to stop the spread of coronavirus [WR-20-21]. Under the agreement Costa Rica will allow foreign truckers to remain in the country for five days to drop off their cargo and leave the country, up from the previous 72 hours.

Also key to the agreement were new biosecurity protocols approved by Sica on 28 May for cargo transport in the region. These dictate that vehicles must comply with the international World Health Organization (WHO) protocols and as well as those of health ministries of each country, with drivers to wear protective equipment and comply with sanitary measures; lorries to be loaded and unloaded by machinery and not by hand; and drivers to receive health screenings at borders, where they will have their temperatures taken and be checked for symptoms. Costa Rica's foreign trade ministry (Comex) added that drivers in Costa Rica can only travel via controlled health routes and will be tracked by a GPS system or an escort.

In a virtual press conference on 30 May, Nicaragua's Guillermo Jacoby, the president of the Central American federation of export chambers (Fecaexca) said that the 12 days since Costa Rica had introduced the restrictions had cost the region some US\$12m in lost trade on a daily basis.

HONDURAS | The post-Covid challenge. The Honduran labour minister, Carlos Madero, confirmed on 28 May that the economy would reopen on 8 June, in a "gradual, orderly, and intelligent" manner, after a trial run of a few days. To begin with businesses in some 200 (of the country's 298) municipalities with no confirmed cases of Covid-19 will reopen, the president of the Consejo Hondureño de la Empresa Privada (Cohep), Juan Carlos Sikaffy, said after a meeting with Madero.

Initially, businesses will only welcome back 20% of their workforces, with a further 20% permitted to return every two weeks thereafter provided there is no surge in cases. Firms in the 11 municipalities with the highest number of cases, including the commercial capital San Pedro Sula and administrative capital Tegucigalpa, will not reopen until late July or August.

The local think tank Foro Social de la Deuda Externa de Honduras (Fosdeh) argued in a report released in Tegucigalpa on 28 May that Honduras must refocus its economic growth policies, and root out corruption to give rise to "a new social order" once the Covid-19 pandemic is over. The report argued that a new global slowdown would pose "great difficulties to placing primary commodities in traditional markets", which could lead to more poverty, unemployment, hunger, and social unrest in Honduras. It urged the government to carry out an effective and socially inclusive response to the pandemic with a "package of internal growth measures", to expand agricultural production, for instance.

The Fosdeh report also argued that it was essential to dismantle the complex criminal structure of corruption in Honduras, comprising government officials, the private sector, and organised crime. With this structure in place, it contended, honest public sector officials are unable to address the serious socio-economic challenges facing Honduras.

Quotes of the week

“São Paulo is the most important state economically and we will not allow a coup-plotting movement to install another dictatorship in Brazil under any circumstances. It will be a bastion of resistance to preserve democracy in Brazil.”
The governor of São Paulo, João Dória.

“Thanos is beating us and taking over Bolivia. Chaos, grief, death. It is particularly disturbing what is happening in La Paz department and for this reason I urge all paceños to bring out your best inner Avenger to protect yourselves and others.”

Using action figures to convey his message, Bolivia's public works minister Iván Arias depicts Thanos, the arch-villain in the Marvel cinematic universe, as the personification of coronavirus, and social distancing, facemasks, and hand washing as the 'Avengers' - Iron Man and the Incredible Hulk - to be used to combat him.

“We have made mistakes but we are sufficiently self-critical to recognise our errors and correct them.”
Peru's President Martín Vizcarra.

POSTSCRIPT

Dominican tourism dominance under threat?

The Dominican Republic government is coming under mounting pressure to expedite the process of reopening the tourism sector. Tourism is an economic mainstay, providing jobs for some 300,000 people in the Dominican Republic and amounting to some 8% of GDP. But the number of tourists visiting the country declined by 43% year-on-year between January and April, the central bank reported on 29 May. Grupo Puntacana, the largest tourism firm in the Dominican Republic, warned that the sector might not recover this year unless urgent action is taken and that it would lose out to other Caribbean destinations.

On 1 June the senate extended the state of emergency due to the coronavirus (Covid-19) pandemic by 12 days until 13 June. President Danilo Medina had sought an extension of 25 days, but on 31 May opposition deputies in the lower chamber of congress denied this length of extension, accusing the government of seeking to take advantage of the health crisis to benefit the presidential candidacy of Gonzalo Castillo of the ruling Partido de la Liberación Dominicana (PLD) ahead of the general election on 5 July.

The president of Grupo Puntacana, Frank Rainieri, is also pushing for Medina to accelerate the return to a 'new normality'. Speaking in a press conference on 2 June, Rainieri said he had urged Medina to provide a firm date for the reopening of airports and hotels and not to leave the country "in limbo". The Instituto Dominicano de Aviación Civil (IDAC) announced this week that airports would reopen on 1 July and hotels are expected to reopen on 5 July but these are provisional dates. Rainieri said that without firm dates the Dominican tourism industry would not recover until the end of the year due to the hurricane season from August to November.

Rainieri argued that other Caribbean destinations had stolen a march on the Dominican Republic. Jamaica's Prime Minister Andrew Holness said in mid-May that protocols were in place as the country gears up for a swift reopening of the tourism sector, arguing that "health and the economy are not mutually exclusive", while the government of St Lucia also confirmed that the tourism industry would reopen on 4 June with international flights from the US.

Rainieri said that the Dominican tourism industry would need to "adjust" prices of hotels and flights to compete as there would be fewer foreign tourists. The central bank reported that, since the lockdown was introduced on 19 March, tourist numbers declined by 60% in March while none arrived in April. Tourist numbers were also down by 6.7% in January and February on the same period in 2019, which the central bank attributed to negative publicity surrounding the deaths of at least eight US citizens in hotels across the country last year.

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