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Peru's electoral process takes a turn for the absurd

Peru's presidential electoral campaign is descending into farce. With just one month to go until polling day the electoral authorities, normally discreet arbiters of an electoral process, have become the main protagonists, while the candidates have been relegated to bit parts. The Jurado Nacional de Elecciones (JNE) voted on 9 March to expel two presidential candidates, including Julio Guzmán, who is running a strong second in the opinion polls, from the race. The JNE upheld a resolution by the Jurado Electoral Especial (JEE) de Lima, which accepted appeals against Guzmán's candidacy days after declaring it to be valid. The public has reacted to the inconsistencies of the electoral bodies by concluding that the campaign is all about expulsions now rather than expositions. There are legal challenges underway to see the frontrunner, Keiko Fujimori, expelled from the race.

The JNE voted by 3-2 to exclude Guzmán on the grounds that his party, Todos Por el Perú (TPP), had flouted internal procedures. TPP congressional candidates were also barred from running. The JNE accused the TPP of "inexplicable... improvisation...and serious defects". Peru's electoral bodies are vulnerable to the very same criticism meted out by the JNE, however: the JNE confirmed a resolution by the JEE days earlier upholding 10 appeals against Guzmán's candidacy, but the JEE had itself ruled on 24 February that his candidacy was legally acceptable. This muddled response by the electoral bodies led to charges from Guzmán that they were doing the bidding of Fujimorismo or, as he put it, "those that are part of the corrupt system are nervous".

The fact that Peru's institutions were so corrupted under the authoritarian government of Keiko's father Alberto Fujimori (1990-2000) made Guzmán's accusations very easy to make. They may well be completely unjust but the trouble for the JNE and the JEE is that they have not always applied the electoral law consistently, not even within the Guzmán case, and compelling arguments could be made for sanctions to be extended to nearly all of the parties competing.

The TPP implied that if the electoral bodies are going to discover some teeth they should bare them to all. It argued that if they were applying the same standards Pedro Pablo Kuczynski, the new second placed candidate, should also be expelled from the contest because two of the three members on the national electoral tribunal of his party Peruanos por el Cambio (PPK) were not affiliated to the party, a similar reason for Guzmán's expulsion. The TPP also maintained that "a non-competent body" had approved the alliance between the Partido Aprista Peruano (PAP) and the Partido Popular Cristiano (PPC) behind former president Alan García (1985-1990 and 2006-2011).

El Niño

More than 1,000 hectares of plantains, bananas and rice were flooded this week when the river Tumbes in northern Peru burst its banks after four days of heavy rain. After flying over the area by helicopter, President Ollanta Humala attributed the heavy rain to the weather phenomenon El Niño. He said that the agriculture ministry stood ready to assist any farmers who suffered significant crop losses.

There is no shortage of sympathy for Guzmán and the TPP. The overwhelming public perception is that the electoral authorities have interfered unduly in the electoral process, denying voters the right to vote for their choice on a minor technicality. The TPP has vowed to fight on but its options are very limited now. It can present an extraordinary appeal to the JNE, but in theory this could only be accepted if there is evidence of violation of due process. It also intends to turn to the Inter-American Court of Human Rights, although time is hardly on its side.

The JNE did not only exclude Guzmán. It also voted, unanimously, to expel from the race César Acuña, who had been falling out of contention but was clinging onto the coattails of the lead candidates. Acuña, who was running for Alianza para el Progreso (APP), was found guilty of handing out PEN10,000 (US\$2,900) to owners of market stalls in the Lima district of Chosica and PEN5,000 to a handicapped youth in the north-western region of Piura during the campaign.

Acuña's expulsion is important not because he was a realistic contender but because an attempt is now being mounted by various members of the public to have Keiko Fujimori thrown out of the race on the same grounds. The JEE called on the oversight department of the JNE this week to investigate whether Keiko and her Fuerza Popular (FP) party contravened the electoral law by allegedly handing out gifts during her campaign. She has been accused of handing out cash and electronic products, and of making donations on several different occasions, including PEN\$300 (US\$20) to various individuals on 19 February at an event organised by Factor K, a Fujimorista youth group, in Callao. It might not sound like much but it exceeds the sums permitted under electoral law, and Acuña was expelled for much the same.

A protest group, Colectivo Dignidad, is confident of marshalling several thousand people to take part in a march in Lima on 11 March to demand the exclusion of Keiko, who has described the allegations against her as "absurd". There are also moves against her brother Kenji Fujimori, who is seeking re-election as a congressional deputy. Three members of the public accused Kenji before the JEE of handing out US\$20,000 of equipment to a bomb disposal unit of the national police force (PNP) during the campaign. Kenji insisted that this was a donation and that it had been made last September before President Ollanta Humala officially convened the election campaign. The JEE has asked for video footage from Panamericana Televisión as part of the investigations into Kenji.

Who stands to gain?

The immediate beneficiaries of the demise of Guzmán and Acuña are Keiko and Kuczynski. Keiko because she has regained the enormous lead she had at the top of the polls before Guzmán's emergence; Kuczynski because he is back into second, in spite of the decline he has recorded in the polls in recent weeks. But there will be some significant fluctuations in the last month of the campaign. Between them Guzmán and Acuña enjoyed about a quarter of voter intentions which, added to the high number of undecided voters, means another candidate could easily be propelled into the running.

Alfredo Barnechea, of the centrist Acción Popular (AP), and Verónica Mendoza, of the left-wing Frente Amplio (FA), are the only candidates with any momentum in recent polls. They enjoy only single-digit support but are well within range of second place as things stand and a potential berth in a June run-off. A poll carried out between 27 and 29 February by Vox Populi in Lima-Callao, where one third of Peru's electorate resides, put Keiko on 26%, Guzmán 19%, and Barnechea third on 8.3%. It even predicted that Barnechea would defeat Keiko by 46.3%-37.8% in a second round. The poll had a small sample size of just 400 respondents, and a 5% margin of error, but it does attest to Keiko's consistent failure in the polls to add to her support base of around one-third of the electorate.

Another option?**Venezuela's
Birthers**

A group of former CNE rectors have sent a public letter to the incumbent head of the electoral authority, Tibisay Lucena, demanding that she publish President Maduro's birth certificate and his certificate of nationality, arguing that, "under the Colombian constitution, Maduro is Colombian by birth", by virtue of being the son of a Colombian mother and of having lived in Colombia in his childhood. The letter thus suggests the possibility that "the president doesn't even have Venezuelan nationality", which would preclude him from holding the highest office in the land in the first place.

Opposition divided on bid to remove Maduro

Apparently unable to agree upon a single strategy, Venezuela's fissiparous opposition coalition, Mesa de la Unidad Democrática (MUD), has unveiled a multi-pronged campaign to push for the constitutional removal of President Nicolás Maduro. "Venezuela is...more clear [than ever] on the absolute need to get rid of this government. Our hands will not tremble", declared the MUD's executive secretary, Jesús 'Chuo' Torrealba. Not trembling either was Maduro, who remained serene throughout, confident in the ability of the supreme court (TSJ) and the national electoral council (CNE) to block any of these efforts.

Under the logo 'VamosPorTodo', the MUD has decided to throw the book at President Maduro. It will champion all at once a recall referendum, a constitutional amendment to shorten his term, the president's resignation or, should all of these fail, a constituent assembly (see box).

Torrealba said that the decision to pursue all legal avenues for Maduro's removal simultaneously was taken in order to maximise the chances of success. Given a "barricade" by the TSJ, it made "no sense" for the opposition to settle on a single mechanism, he said. "Rather than divide ourselves over what route to take, we decided to unite ourselves and activate a path of fighting," Torrealba said. While Venezuelans are desperate for someone to alleviate their dire situation, and voted in record numbers for the opposition in the December 2015 midterm legislative elections, the MUD is very adept at disappointing. Often, the ruling Partido Socialista Unido de Venezuela (PSUV) government need do no more than stir the pot a little and then sit back, as the opposition's threadbare unity unravels for the umpteenth time.

Maduro declared from the Miraflores presidential palace that he was "well planted here". "Maduro will never leave, because Maduro is the people", he intoned. The powerful second-in-command of the PSUV, Diosdado Cabello, rowed in strongly behind him. "We have no doubt that these initiatives will fail," Cabello declared, signalling that the PSUV leadership intends to close ranks behind Maduro (at least for now).

This latest 'strategy', as belied by its logo (and the fact that its announcement was several times postponed), appears to be the result of the continuing disunity and deep political fractures within the MUD, and may ultimately backfire. Months of bitter rhetoric and political stasis could lie ahead, with a growing potential for unrest.

Calling also for mass peaceful demonstrations against the Maduro government, starting in Caracas this weekend (12-13 March), Torrealba declared: "The current state of the country demands that we place greater emphasis on mobilisation and pressure...Without hoods or stones, we call for the resignation of President Maduro."

Any effort to mobilise Venezuelans on the streets is equally fraught with risk, however. "They want rallies to generate violence," Cabello immediately replied, accusing the opposition of seeking to provoke a coup. Given the fatal violence of February-April 2014, in which over 40 people died in anti-government protests backed by the MUD's radical wing, led by the now-jailed Leopoldo López, it is unclear whether Venezuelans will heed the MUD's call. After all, shadowy armed groups have regularly infiltrated protests for violent ends, and angry though people are, the barely-lidded tensions on the ground might dissuade them from turning out.

Tumeremo massacre

Defence Minister Vladimir Padrino López has said that the government “will not rest” until the fate is determined of 28 informal miners reportedly ‘disappeared’ and their bodies violently dismembered by a gang (on some accounts using chainsaws). Relatives say an armed gang attacked the miners on 4 March in a bid to take control of the Atenas gold mine, near the town of Tumeremo, in the state of Bolívar. They also suggest complicity by local military forces. The long serving state governor, Francisco Rangel of the ruling PSUV, initially denied that anything was amiss, and on *Twitter* accused the opposition of making things up. He was later obliged to backtrack. There is no sign of the miners, prompting comparisons with Mexico’s infamous Iguala case. Critics say this is not the first such incident on Rangel’s watch (he has been governor since 2004).

The four MUD options

1. Recall referendum

Favoured by the moderate but increasingly isolated MUD leader Henrique Capriles Radonski, a recall referendum benefits from having public legitimacy, having been used once before (albeit unsuccessfully - in 2004 - against former president Hugo Chávez [1999-2013]). However the logistics are complicated. This option only opens up at the halfway point of the six-year presidential term (so from mid April this year). If held successfully at this point, the president steps down and new elections are held. If held in the final two years of the term, the vice president takes over instead and sees out the term. So the MUD’s window is limited to this year.

The national assembly can launch the initiative with the signatures of 20% of the 19.5m-strong electoral roll. A successful recall vote requires the same number of votes that elected Maduro in 2013 plus one (so just over 7.59m), on a minimum 25% turnout. The signature drive can only last three days and the CNE validates the signatures (a process that in theory could end up in the supreme court). The opposition’s first step is to approve a new referendum law to make the process more flexible and prevent it from being blocked. Best-case scenario, according to Capriles, is a vote in October.

2. Constitutional amendment

Favoured by the national assembly president, Henry Ramos Allup, this would seek a constitutional amendment by the assembly to shorten the presidential term, including the current one, thereafter reinforced via public referendum, so as to have fresh presidential elections at the end of this year.

A constitutional amendment petition can be launched by 30% of assembly deputies and only requires simple majority approval. The CNE would then be required to hold a referendum within 30 days and, if successful, would thereafter require a presidential signature within 10 days. Again, however, the CNE, the PSUV and/or the president himself might try to throw it back up to the supreme court.

3. Resignation

Favoured by the radical MUD wing led by Leopoldo López as potentially the simplest option in legal terms. For now, however, it is also the least likely, and observers caution that sustained pressure for this option might be interpreted by the Venezuelan armed forces as an attempt on the democratic order.

4. Constituent Assembly

Also a threat of the more radical wing, the national assembly could petition for a constituent process with two-thirds support (which would require it to win over a few dissident *Chavistas* to its side). Once approved by congress the CNE would stage a public referendum, with 51% support required for a constituent assembly to go ahead. The drafting process, plus another public referendum on a new constitution, would take a little over a year, experts suggest.

New FX rates unveiled

Miguel Pérez Abad, the new economic policy czar, has unveiled details of the new dual exchange rate system, as per President Maduro’s emergency economic package (controversially approved by the supreme court without recourse to the legislature). As of 10 March, a new *Divisa Protegida* (Dipro), fixed at BF10/US\$1, will be used for all essential imports, including food and medicines. A second *Divisa Complementaria* (Dicom) will float, starting at BF206/US\$1, and thereafter be determined by the market, according to Abad.

Crucially, the state oil company, *Petróleos de Venezuela* (Pdvsa), will be able to sell dollars at the Dicom rate, which will help boost its parlous financial position, and perhaps settle the nerves of investors wondering about a potential Pdvsa ‘credit event’ in the fourth quarter. Addressing this fear, Abad stressed that Venezuela did not have a solvency problem but a cash-flow problem. Reaction to the new system was muted, as the sharp difference between the upper and lower rates, and the continued dollar scarcity, means continued distortions. The illegal black market rate is still trading at over BF1,000/US\$1.

Correa turns to point man in military dispute

President Rafael Correa has appointed his most trusted confidant to head the defence ministry in an attempt to resolve a simmering dispute with the military. Correa tapped Ricardo Patiño to take over as defence minister after Fernando Cordero resigned from the post in the midst of an impasse with the military over the government's insistence that the armed forces social security institute (Issfa) return some US\$34m from an overvalued land deal. Patiño, who had been serving as foreign minister, has now filled every significant position in the cabinet since Correa took office in 2007.

In addition to the key political, economic and diplomatic roles in the cabinet over the years, Patiño was instructed by President Correa last July to take two months leave of absence to coordinate popular support for his government as opposition groups prepared to stage a general strike. Correa's chief lieutenant will now need to see off protests by retired members of the military and unrest among active members.

Patiño started by meeting the joint command of the armed forces and then, on 7 March, struck a conciliatory note during an official event attended by troops in the La Recoleta palace, the headquarters of the defence ministry in Quito. Patiño praised the bravery, humility, obedience, and loyalty of the country's soldiers and claimed that the government was in the process of implementing "substantial improvements to the wellbeing of armed forces personnel". The new head of the joint command, Oswaldo Zambrano, took the stand afterwards, underlining the military's "respect for the constitution". Carlos Urbina, president of the national confederation of retired military officers, expressed his hope that there would be "better dialogue" with Patiño and "solutions" to overcome the present tension.

TRACKING TRENDS

COLOMBIA | Poverty reduction. The Colombian government received plaudits from international experts on 2 March for successfully reducing poverty in the country in recent years. The praise from experts from the United Nations Economic Commission for Latin America and the Caribbean (Eclac), the World Bank (WB), and the Inter-American Development Bank (IDB) came during a forum held in the Colombian city of Bucaramanga, where President Juan Manuel Santos revealed that multidimensional poverty in the country had fallen by 1.7 percentage points to 21.9% of the national population in 2015, compared to the previous year. According to Santos this meant that, on figures from the national statistics agency (Dane), some 700,000 Colombians were lifted out of poverty last year.

The Eclac representative in Colombia, Juan Carolos Ramirez, said that despite the adverse international economic scenario, Colombia had "done much better than the rest of the countries in Latin America". WB director for Colombia, Issam Abousleiman, said that the latest economic figures suggested that "for the first time Colombia's middle class is larger than the poorer class". Abousleiman said that it was likely that Colombia would start growing at a faster rate in the near future and join the ranks of nations considered to be "middle income countries" by the WB. This prediction was echoed by IDB representative, Rafael de la Cruz, who said that Colombia was "one of the few countries that currently has the chance to achieve middle income status". But highlighting the challenge that this poses, De la Cruz said that "in recent years 20 countries have made this jump...[and] social investment has been key".

Colombia still has a long way to go. According to the latest WB figures it is the second most unequal country in Latin America based on its Gini coefficient score. The richest 10% of Colombians earn four times more than the poorest 40%.

Long new foreign minister

Guillaume Long was sworn in as Ecuador's new foreign minister to replace Ricardo Patiño. Long, who had served as culture and patrimony minister and coordinating minister for knowledge and human capital, has limited experience of foreign affairs although he is president of the international relations committee of the ruling Alianza País (AP). Ana Rodríguez steps up from her position as Long's deputy to become the new culture minister. Correa also appointed Leonardo Orlando as the new director of the tax agency (SRI) after the resignation of Ximena Amoroso, who had held the position since March 2014.

Ruling FA finally loses grip on slippery eel

Inflation has burst through the psychological barrier of 10%. Ever since the left-wing Frente Amplio (FA) coalition came to power in March 2005 the one economic policy objective set in stone was that inflation would not hit double digits. Former president José Mujica (2010-2015), who famously described inflation as “a slippery eel”, went as far as to say that keeping inflation beneath 10% was his government’s main goal as the consequences of failing to do so were politically unpalatable given the risk that it could pick up uncontrollable momentum thereafter. The inflationary threat explains why, despite misgivings within the FA, the coalition has not only closed ranks around its erring Vice-President Raúl Sendic but also launched an extraordinary attack on the political opposition and the media for conspiring against Uruguay’s democratic institutions.

Inflation had been kept below double digits in Uruguay for 11 consecutive years under the FA, the longest stretch since records began in 1939. The abiding fear in government circles, however, has always been that should inflation ever be allowed to breach the 10% barrier it could quickly spiral out of control. Mujica even went as far as to say that “if we cross the 10% barrier we will fall”.

Naturally, there has been no repeat of this apocalyptic prediction by the economy & finance minister, Danilo Astori. While he admitted that inflation was “perhaps the most unjust tax on the public” because it erodes purchasing power, Astori maintained that it would be “a big mistake” to see the annualised inflation figure as heralding “the future multiplication of inflation”. He said that instead it was the result of “cumulative factors” that were “circumstantial” in some cases.

Astori’s actions belied this outward insouciance. Astori ordered an investigation into “possible abuse of dominant positions” as a result of some “surprising price increases”, such as to food and drink, in bringing the consumer price index (CPI) up to 1.6% in February, the same as in February 2014 which was the highest for this month since 1995. There has been a series of price-fixing and collusion scandals in Chile recently but there has been no suggestion at all until now of similar practices in Uruguay which makes Astori’s probe look like an attempt to find a scapegoat for the double-digit inflation.

Astori was also careful to dampen any expectations within the umbrella trade union Plenario Intersindical de Trabajadores-Convención Nacional de Trabajadores (Pit-Cnt) of salary increases to offset rising inflation. He said it would be “a serious mistake” to change course, and part ways with his austerity-driven management of the economy (*see sidebar*).

FA rallies behind Sendic

Such is the scale of the inflationary concern that the FA national plenary (the coalition’s ruling body led by an executive council chaired by the FA president) ordered that unequivocal support be extended to Vice-President Sendic. This looks like an attempt to prevent any potentially damaging infighting within the FA at this delicate juncture when the moderate wing of the coalition led by Astori could need the support of the radical wing for economic reforms in congress.

Sendic appeared before the plenary on 5 March to apologise for any problems he had caused the FA by declaring on his curriculum vitae that he

Pit-Cnt protests?

The president of the Pit-Cnt trade union, Fernando Pereira, responded to the release of the annualised inflation figure by calling for salary accords to be revised to include annual correctives to take the higher inflation into account. If inflation continues to rise, the Pit-Cnt is likely to stage fresh protests against the government as salary negotiations at present are based around inflation of 8% (4% each half), but inflation for the first two months of 2016 alone reached 4.08%.

Meeting the governors

During his Patagonian tour, President Macri met the governor of Río Negro, Alberto Weretilneck, a local powerbroker who took office for *Juntos Somos Río Negro* in 2012. Weretilneck, who had backed Macri's opponent Daniel Scioli in last year's presidential contest, praised the Macri administration's economic measures. Macri then travelled on to Chubut for the opening of the provincial congressional session. Macri met PJ Governor Mario Das Neves in search of support for the holdout deal. "Myself and Mario share the value of truth," Macri said, while promising federal funds for public works. "What will change people's lives is investment not spending," he added. Unlike in Río Negro, where there was no joint investment announced, Macri promised AR\$500m (US\$32.5m) to restore the long pier at Puerto Madryn in north-eastern Chubut.

possessed a degree in human genetics [WR-16-09]. This was exposed as false by the national daily *El Observador*, and Sendic subsequently performed contortions before eventually admitting to having taken a medical degree course in Cuba in 1986 for a year and then having practiced in hospitals.

The national plenary released a statement backing Sendic to the hilt, and President Tabaré Vázquez responded a day later during a visit to the northern department of Rivera by saying that his vice-president "deserves all my confidence and has all of my respect". The plenary went further though. It denounced "a campaign by the opposition and the media designed to damage the image and credibility of members of our government and weaken the country's democratic institutions".

The statement from the FA plenary incensed both the opposition and the media. Pedro Bordaberry, the leader of the right-of-centre opposition Partido Colorado (PC, Colorados), demanded proof of the FA's allegations. Bordaberry accused the FA of responding to Sendic's "falsehood" with a "falsehood" of its own. "I'm not behind any kind of campaign against anyone, let alone against democracy," he said. Uruguay's press association (APU), meanwhile, released a statement of its own, arguing that "one of the fundamental duties of journalism is to inform about things that people are trying to hide...a fundamental value in a full democracy".

ARGENTINA | POLITICS & ECONOMY

Macri clinches support for 'holdout' deal

President Mauricio Macri is leaving no stone unturned in his quest to win federal congressional approval for a deal to repay 'holdout' creditors and grant Argentina access to international capital markets. Not content with picking off governors from the opposition Partido Justicialista (PJ, Peronists) Macri also held a meeting with mayors of provincial capitals, proving receptive to their calls for more funds but stressing that they would not be forthcoming unless congress backed the holdout deal. A significant step was taken in this direction on 8 March when several parties supported his ruling Cambiemos coalition in the combined commissions of the federal lower chamber which should secure him a decisive majority next week.

The Macri administration has gone into overdrive in recent days. In order to hit the looming deadline of 14 April for the first payment to the holdouts to be made it will need to secure congressional backing for the deal by the end of March so that it can then obtain the requisite financing from the markets. Macri held a meeting on 7 March in the presidential palace Casa Rosada with the mayors of the country's provincial capitals along with Interior Minister Rogelio Frigerio. This was the first meeting of its kind with representatives of the full panoply of political parties. Frigerio also announced an imminent summit with all the country's governors. "The natural partners of the president are governors and mayors," Frigerio said. "We are not interested in political banners."

This tactic is politically adroit for two reasons: the governors and mayors urgently need federal financing, and the governors wield significant influence over deputies representing their provinces in the federal congress. Macri has made it clear to the Peronist governors that the federal government is happy to provide additional funds to their provinces but it will only be able to access these funds if the deal with the holdouts is approved. He took this message with him during a trip to the Patagonian provinces of Río Negro and Chubut last week (*see sidebar*).

There have also been fluid meetings between cabinet ministers and federal deputies and senators. For instance, the economy minister Alfonso Prat-Gay

Meeting the mayors

“We have not been able to talk about these issues for 12 years and now we have the possibility of meeting, and that the president and his interior minister listen to us,” Gustavo Sáenz, the mayor of Salta, the capital of the eponymous province said. Sáenz is a member of Frente Renovador, the dissident PJ faction led by Sergio Massa. More surprising was the reaction to the meeting of mayors in the Casa Rosada from Jorge Capitanich, the mayor of Resistencia, the capital of Chaco. “All expectations for a meeting of this kind are positive,” said Capitanich, who served as cabinet chief (2013-2015) under former president Cristina Fernández. “We all represent interests of our communities beyond political colours.”

met Senator Miguel Pichetto, the moderate head of the PJ Frente para la Victoria (FPV, Kirchneristas) in the senate, and Deputy Sergio Massa, the leader of the Frente Renovador (FR), a dissident PJ faction. Frigerio also met Massa whose support for the deal he secured in return for some compromises.

The FPV is trying to deny the government quorum in congress. “It is a serious mistake indebting the country again,” Héctor Recalde, the head of the FPV in the federal lower chamber, said. Recalde, who opposes even discussing the deal, said that the whole bloc would take a decision. Shortly after Recalde made these comments, the (FPV) governor of the central province of Entre Ríos, Gustavo Bordet, exposed this spurious unity by telling local radio that he would call on the five FPV federal deputies representing the province to discuss the matter: “We must debate it...Argentina cannot continue with the same problem of default for more than 15 years.”

The government is well on course not only to secure quorum (129 seats) in the lower chamber but also outright approval for the deal. On 8 March the joint commissions of the lower chamber approved a draft bill which would repeal both the ‘ley de pago soberano’ and ‘ley cerrojo’ and authorise the government to issue more debt with which to repay the holdouts. This was supported by Cambiemos, FR, Bloque Justicialista (composed of FPV dissidents), the PJ Compromiso Federal, and Bloque Social Cristiano (made up of FR dissidents).

This should equate to 149 (out of 257) seats when it comes to a vote in the full lower chamber, scheduled for 15 March; enough to secure the bill’s approval. Massa won several concessions in return for his support, including a reduction in the size of debt issued from US\$15bn to US\$12bn; congressional control over whatever debt issuance is left over after paying the holdouts; and a commitment by the government to inform congress about the debt every three months.

The big challenge for the Macri administration is in the senate. It is banking on Pichetto’s moderate stance and openness to dialogue. On 6 March even FPV Senator Juan Manuel Abal Medina, who served as cabinet chief (2011-2013) under former president Cristina Fernández (2007-2015), called for his bloc to provide quorum in the senate to analyse the deal. His main concern, which the government will seek to allay, was that the deal with the holdouts might open up a can of worms by encouraging the vast majority of bondholders who accepted debt restructuring deals in 2005 and 2010 after the 2001 default to reopen their claims.

Macri explains economic goals to Chaco youth

“It is difficult to persuade a neighbour to lend us a shovel if we still haven’t returned the rake we borrowed some time ago,” President Macri wrote in a letter published in the local daily *Norte* of the north-eastern province of Chaco this week. Macri argued that resolving the conflict with the holdouts was “a key condition” of rebuilding credibility. Emphasising the necessity of honouring debts in this regard, Macri said that “more confidence is more investment; more investment is more work; and more work is the most genuine way of escaping poverty”.

Macri was replying to a letter which he said he had received from a youth called Matías living in Chaco who had appealed to him to develop the north of Argentina so that young people would no longer have to emigrate to other cities in search of jobs. Macri insisted that this was a key objective of his government but that it would take some time to get the Argentine economy up and running again. “We need to create jobs to achieve our objective of zero poverty. If we’re reliable and we build intelligent and mature relations with other countries, they will invest in our country,” he wrote. He added that Argentina had “wasted a lot of energy in fighting among ourselves and isolating ourselves from the world”.

Has Rousseff entered the death spiral?

The Real is trading against the US dollar at a three-month high and stocks in parastatal companies such as the oil firm Petrobras have soared. None of the economic fundamentals of Brazil have changed significantly in the last week. Whatever happens in politics over the next few months, Brazil's economy looks set to continue its slump. But a series of dramatic events over the past seven days have introduced new levels of volatility into the country's darkening political scenario.

Amaral's testimony

On 3 March, the Brazilian news magazine *Isto É* published leaks from the plea bargaining testimony given by Delcídio do Amaral, the former leader of the ruling left-wing Partido dos Trabalhadores (PT) in the federal senate who was arrested last November. Though the testimony is yet to formally approved by the courts, its content was explosive. Amaral claims that President Dilma Rousseff used her powers to keep Petrobras directors accused of corruption in their posts; that she appointed a judge with the understanding he would vote to release business executives accused of corruption; and that she and the former justice minister, José Eduardo Cardozo, intervened three times in 'Operation Car Wash' in an attempt to limit the scope of the inquiry.

Amaral also accused former president Lula da Silva (2003-2011) of full knowledge of the Petrobras corruption scandal, and of ordering payments to silence certain witnesses. In subsequent testimony leaked to the press on 9 March, the PT senator accuses five other members of the senate of complicity in the corruption scandal including Renan Calheiros, the president of the chamber, and Aécio Neves, the failed presidential candidate from the main opposition Partido da Social Democracia Brasileira (PSDB).

On the day of the first leaks, Amaral issued a rather vague statement which did not deny the substance of his accusations. Cardozo gave a lengthy press conference in which he sought to discredit point-by-point Amaral's testimony. Though his refutation appeared convincing, by then the damage had already been done, and the financial markets were starting to bet that President Rousseff would not survive.

Lula's "coercive questioning"

Worse was to come. In the latest phase of Operation Car Wash – the 24th – federal police raided three properties belonging to Lula, and took both the former president and his sons to a police station for "coercive questioning". In a development unrelated to Amaral's testimony, police asked Lula about alleged benefits in kind that he received from some of the major construction companies accused in the Petrobras investigation.

Allegedly, Lula and his family had full use of three properties, registered in others' names, which were refurbished at great expense by these companies. He is also accused of receiving corrupt payments disguised as speaking fees via the Lula Institute, the think-tank which disseminates his ideas.

Scuffles broke out on the street outside Lula's apartment in São Bernardo do Campo between supporters and opponents of the PT. A crew from Globo, the dominant news organisation in Brazil, widely regarded with great distrust by *petistas*, was also attacked. Emerging from his temporary captivity four hours later, Lula held a number of emotional press conferences in which he said he felt

Senators accused

Delcídio do Amaral, the PT senator imprisoned last November, has accused some of his colleagues of involvement in the Petrobras corruption scheme. According to the leaks of his plea bargaining in the local media, at least five other senators, including Aécio Neves, the 2014 presidential candidate of the main opposition PSDB, and Renan Calheiros, the president of the senate, were involved in corruption.

Cunha and the ethics committee

On 7 March, Eduardo Cunha, the speaker of the federal lower chamber of congress, received the official notification of the decision by the ethics committee to investigate him. Now that he has received the document, Cunha has 10 days to present a written defence to the council. Also on 7 March, the supreme court accepted a further case against Cunha, relating to corruption and money-laundering. Cunha has said he has no intention of standing down while the investigation is on-going.

he was “kidnapped” by the police, and angrily insisted on both his innocence and a media/opposition conspiracy against him. Rui Falcão, the president of the PT, accused the opposition of organising a coup.

On 6 March, Rousseff flew down to São Paulo to show her support to Lula. In comments to the press she expressed her “total incomformity” with the manner in which police apprehended Lula. Indeed, much ink was spilt by legal and constitutional experts over the weekend questioning why the police had opted for “coercive” measures, when Lula had shown himself willing to testify voluntarily. Judge Sérgio Moro, the lead prosecutor in Operation Car Wash, claimed that the measure was necessary to avoid a “media scrum” and to ensure no evidence was destroyed.

Whatever the reason, it failed to prevent a media scrum. The use of such a mechanism may also have galvanised Lula’s supporters, who believe that he is being targeted over his politics rather than his probity. That impression is likely to have been compounded by the news on 9 March that state prosecutors in São Paulo are to charge Lula over concealment of goods, money-laundering and larceny over his alleged possession of a luxury apartment in the beach resort of Guarujá in São Paulo state. A judge still has to decide whether there is a case to answer.

Lula’s wife, Marisa Letícia; their oldest son Fábio Luiz; João Vaccari Neto, the former treasurer of the PT, and the former president of the construction firm OAS, Leo Pinheiros (who is currently negotiating a plea bargain with prosecutors) have also been charged. Prosecutors Cássio Conserino and José Carlos Blat allege that there was a concerted effort to conceal the true owner of the property, an effort which they characterise as money-laundering. Investigators claim the flat was refurbished in 2014 at a cost of R\$777,000 (US\$211,000).

Further details about the charges are to be presented in a press conference on 10 March, but Lula’s lawyer, Cristiano Zanin, argued that the former president had never concealed the fact that he made payments towards the apartment but had decided against taking control of the property last year. He also questioned whether the lead prosecutor, Conserino, was politically motivated.

Reports in the local media suggest that the government is seriously considering, under pressure from the PT, giving Lula a cabinet position so that in the event he faces trial, he will do so only in the ‘privileged forum’ of the supreme court. Such a move would likely delay any prosecution; it would also heighten the anger of *anti-petistas*.

The concern now is that political differences will express themselves on the streets rather than via Brazil’s institutions. A long-planned anti-government march on 13 March is likely to receive a boost from the latest police moves against Lula. But now, pro-government demonstrators plan on making their voices heard on the same day. The fear is that the two sides may clash. Supreme Court judge Marco Aurélio de Mello said he was worried that someone could be killed if both sides meet on the streets.

Odebrecht goes down

On 8 March Marcelo Odebrecht, the CEO of the engineering company Odebrecht, was sentenced to 19 years and four months’ prison for corruption, money-laundering and conspiracy. Odebrecht’s importance to the Brazilian economy, and its close links with many of the domestic and foreign policy objectives of the last 14 years of government by the PT cannot be overstated. It is the largest of the six construction companies to be convicted over the corruption scheme targeted by Operation Car Wash.

Cunha and draft bill

A key architect of the draft bill which would require Brazilians to register personal details like their home address is the speaker of the federal lower chamber of congress, Eduardo Cunha, a former president of a major telecoms firm, who teamed up with the evangelical wing of congress in a failed attempt to defeat the marco civil.

Until now, Marcelo Odebrecht has not entered into plea bargaining with the authorities. The fear for the government is that he may now feel he has nothing to do lose, and he may have testimony that proves highly damaging to both Lula and Rousseff.

Odebrecht now follows Mendes Junior, OAS, Galvão Engenharia, Engevix and Camargo Corrêa in the list of companies convicted in Operation Car Wash. In jail since June awaiting trial, Marcelo Odebrecht had refused to admit any liability in an attempt to ensure his company could continue to partner its operations around the world with other companies, many of which have strict rules regarding reputation management. Now, however, there is nothing to lose, and Marcelo's own father, Emílio, is reportedly advising his son to turn whistleblower.

BRAZIL | TECHNOLOGY

Clash between police and tech as Facebook VP arrested

When Brazil launched its 'marco civil', described as a magna carta for digital rights, tech activists across the globe lauded the initiative. In particular, the bill was praised for the way it was developed, via extensive public consultation, and for the fact that it enshrined in law the concept of 'net neutrality', effectively barring telecoms providers from privileging particular internet companies. But over the past year repeated clashes between Brazil's law enforcement agencies and social media companies have called into question the country's commitment to digital rights.

On 1 March, Diego Dzodan, Facebook's most senior executive in Latin America, was arrested outside his home in São Paulo. His arrest had been ordered by a judge in the north-eastern state of Sergipe, who had been irritated by the company's apparent unwillingness to hand over user information from the popular WhatsApp messaging service, bought by Facebook in 2014.

According to the authorities in Sergipe, the information was needed for an investigation into organised crime and drug trafficking. A police spokesperson said that the initial request had been made over four months ago, and that Facebook had failed to even respond, despite increasingly heavy fines for its non-compliance.

In a press release, Facebook stressed that the company operated independently of WhatsApp, and claimed to have cooperated as fully as possible "within the architecture of our service". Put more straightforwardly, it claimed it simply did not have the information that the law enforcement agencies desired. On 2 March, a higher court judge ordered Dzodan to be released.

In some ways, the question at stake is reminiscent of the current battle between the US Department of Justice and Apple, over the US government's request that the technology company circumvent security measures to unlock an iPhone that belonged to one of the terrorists who killed 14 people in San Bernardino, California in December last year. Jan Koum, co-founder and chief executive of WhatsApp, has said he admires Apple's efforts to resist government pressure. "We must not allow this dangerous precedent to be set," Koum said in a Facebook post, shortly after the conflict was made public.

Brazilian issues

However, there is a particular Brazilian context to the Facebook executive's arrest. It is not the first clash between the social media company and the

Argentina re-opens market to Uruguayan beef cattle

On 3 March Argentina's national food safety and quality service (Senasa) announced that it had agreed on a new set of protocols governing the import/export of live beef cattle between the two countries. The authorities of Argentina, the world's 11th largest beef exporter and Uruguay, the 8th largest beef exporter, began discussing the adoption of a common protocol in February after Argentina lifted the ban on beef cattle imports that had been imposed in recent years as part of an attempt to ensure higher prices for local beef producers. But with high beef prices in Argentina now contributing to overall inflation, the government has changed tack and decided to seek to import cattle from Uruguay for the first time since 1998.

Brazilian authorities. In December last year, another north-eastern judge issued a court order obliging Brazil's telecoms companies to suspend access to the messaging app for 48 hours. In the end, a higher court judge overruled his decision, but not before the application's 100m Brazilian users were blocked from using the service for around 12 hours. At the time, Facebook's chief executive, Mark Zuckerberg, said that he was "stunned" by the "extreme" decision.

Telecommunications are expensive in Brazil. Texting, for example, is around 55 times more expensive than it is in the US, according to advisory firm Activate. Phone calls, particularly between states, are also extremely costly. As such WhatsApp, which provides free voice and text-messaging, has proved massively popular, with around half the country's population using the service. As a result, many of Brazil's telecoms providers are extremely unhappy about the app, and many were only too eager to comply with the judge's order to block access to the service.

At present, congress is discussing a draft bill which would require Brazilians to register personal details like their home address, telephone number and other private information when accessing websites (*see sidebar*). It would also expose users to possible charges of libel made on social media sites.

TRACKING TRENDS

BRAZIL | More Olympic Cuts. Rio de Janeiro's Olympic Committee is to cut a further R\$900m (US\$228m) from its budget. Most of the cuts will come from changes to sporting venues, such as the spectator stands for the rowing. But the city is also scaling back its plans for the metro. A new extension due to connect the city's southern zone with the western suburb of Barra da Tijuca, site of the main Olympic park, will only have two functioning stops, rather than the six originally planned. Pão de queijo, the traditional Brazilian cheese bread snacks, will also be served to visiting dignitaries rather than canapés.

PARAGUAY | Growth forecast. The president of Paraguay's central bank (BCP), Carlos Fernández Valdovinos, predicted on 3 March that the domestic economy would post real GDP growth of 3%-3.5% this year. This forecast is unchanged from that made last year by the BCP despite the fact that its own latest trade figures show a significant fall in exports in February. The BCP trade figures show that the value of the country's exports fell by 13.9% to US\$1.72bn in February on the back of a marked decrease in the level of agricultural exports, in particular soya, Paraguay's main export commodity. There was a 17.1% fall in soya seed exports and a 27.3% fall in soya flour exports; exports of beef, Paraguay's second main export, fell by 9.9%.

Fernández said in a press conference that despite the increased global economic weakness marked by falling commodity prices and still weak economic activity in China and the US, Paraguay's economy had shown itself to be resilient and capable of posting positive growth. This was supported by the International Monetary Fund (IMF) at the end of an annual country visit that concluded on 28 February.

Hamid Faruqee, the head of the IMF mission, said that "In a context of a protracted regional [economic] slowdown, the Paraguayan economy remains relatively resilient, and we project growth of around 3% this year and the next, thanks to solid macroeconomic fundamentals, lower oil prices and vigorous activity in the construction sector".

The IMF's latest forecast is lower than the 3.8% growth rate for 2016 it had predicted in October 2015. But Faruqee explained that this was because downside risks such as "the fall in agricultural commodities and the economic weaknesses of [Paraguay's] trade partners, including the deep recession in Brazil", had increased.

Faruqee also said that the current "temporarily high" level of inflation observed in Paraguay, of around 3% in January, was due to volatility in food prices resulting from the fall in oil prices and the depreciation of the Guaraní against the US dollar. However, Faruqee said that the IMF expected that this would stay within the 4.5% target set by the BCP.

Concerns about Velasco

The Chiapas government led by Governor Velasco has faced increasing accusations of political corruption since it assumed office. The most damaging of these came in the run-up to the July 2015 municipal and state legislative elections. The opposition accused the government of committing electoral fraud to benefit the PVEM through the manipulation of the electoral register. An investigation by the national electoral institute (INE) found a series of irregularities, which led it to take the unprecedented decision to dismiss a number of its representatives in Chiapas for failing to notice them. The opposition has linked the irregularities to the 781% increase in votes for the PVEM in the July 2015 elections in Chiapas compared to previous elections in 2009.

Chiapas incident reignites Mando Único debate

The arrest of the mayor of the Chiapas town of Frontera Comalapa, which sits on the border with Guatemala, over murder charges and the deployment of the state police to assume control of the municipality, has served to frame the current debate over the adoption of a state-level single police command across Mexico. The Mando Único initiative, promoted by the federal government, calls for the incorporation of all municipal police forces into single state police forces under the command of governors not mayors to help prevent law enforcement bodies from being infiltrated by criminal organisations. But opponents argue that putting governors in control does not provide any sure-fire guarantee against this, while it opens the way for governors to use the police to harass and intimidate political rivals, as is suspected to have happened in Chiapas.

Jorge Antonio Aguilar, who was elected Comalapa mayor for the nationally ruling Partido Revolucionario Institucional (PRI) in last year's municipal elections, was arrested by state police officers on 3 March after he was implicated in the murder two days earlier of his predecessor and municipal councillor, Jesús Alaín Anzueto Robledo, of the PRI-aligned Partido Verde Ecologista de México (PVEM), by the Chiapas attorney general's office (PGJE). Anzueto was gunned down outside the Comalapa city hall.

Two men were arrested by the authorities in connection with the murder as they attempted to cross the border into Guatemala (bullet casings matching those found in Anzueto's body were discovered in their car). One of the men was identified as Manuel Ventura Dolores, a municipal employee. PGJE investigators believe that Ventura and his companion murdered Anzueto on Aguilar's orders (Anzueto had previously denounced receiving death threats from Aguilar).

Aguilar has a checkered past. He was implicated in a kidnapping case dating back to May 2015 but his election two months later prevented his prosecution. On the back of the PGJE's latest accusations, the Chiapas state congress voted in favour of impeaching Aguilar so that he could be arrested and prosecuted. However, Aguilar's arrest sparked almost instant unrest in Comalapa. On 5 March thousands of Comalapa residents took to the streets of the town demanding Aguilar's release and justice for Anzueto. The demonstrators rejected the allegation that Aguilar had anything to do with the murder and accused his detractors of seeking to "frame him" so as to get rid of him and protect the real perpetrators of the crime.

Governor Manuel Velasco Coello, a PVEM member elected in 2012 on a PVEM-PRI-Partido Nueva Alianza ticket, ordered the state police to take control of Comalapa until the municipal council could elect a new mayor, amid fears that the demonstrations in support of Aguilar could lead to major unrest. The Chiapas state public ministry (SSPC) reported on 6 March that 200 state police officers had assumed control of the town, and begun submitting the entire municipal police force to a vetting process to root out corrupt elements. The state government argued that this was necessary to prevent Aguilar's allies in the municipal government from using the municipal police to intimidate other PVEM councillors and to ensure that the municipal police had not been infiltrated by potential criminals linked to Aguilar.

Yet Velasco, the first ever PVEM governor, has come under fire (see sidebar). The political opposition in Chiapas has long complained that Velasco was

Tierra Blanca case also sparks concern

In addition to the Comalapa incident, a case involving the disappearance of five youths from the Tierra Blanca area of Veracruz state has also highlighted some of the misgivings associated with the federal government's single police command initiative. On 1 March the authorities said that they believe that Veracruz police officers had kidnapped the youths and delivered them to a local criminal organisation. A local mayor then accused Veracruz state police chief, Marcos Conde, of having known links to organised crime. The Tierra Blanca case suggests that state police are just as vulnerable to corruption and infiltration by organised crime as municipal police, and that adopting a single police command does not on its own address this.

"imposed" as governor by the PRI via its 'old dirty tricks'. With such misgivings surrounding Velasco, it is perhaps not surprising that Comalapa residents harbour doubts about the moves against Aguilar.

A decisive case?

Tensions are still running high in Comalapa. Demonstrations have been ongoing, with minor clashes between Aguilar's supporters and the police reported on 8 March. The way in which the case is resolved will be closely watched by the federal congress, where the single police command proposal is currently being debated. After the new ordinary sessions of congress opened last month, President Enrique Peña Nieto urged congress to fast-track the proposal so that it could start being rolled out across the country right away. Peña Nieto highlighted that the level of training and equipment available to the 1,800 existing municipal forces was disparate and that only by unifying them could the state and federal governments make them adequate to fight organised crime.

But legislators and governors from both the right-wing opposition Partido Acción Nacional (PAN) and the left-wing opposition Partido de la Revolución Democrática (PRD) remain unconvinced that the initiative will address the issue of corruption and infiltration of police forces by criminal gangs, or help stem the high levels of violence. Critics argue that subsuming some of the well-trained municipal police forces with a good track record into state bodies with poorer reputations would be detrimental rather than beneficial to local communities. In fact, opposition legislators have proposed adopting a 'mixed single command police system' under which most municipal police forces would be incorporated into state forces, except those that can meet certain performance standards.

Critics have also raised concerns that the changes would give too much power to governors. They argue that corrupt or power hungry governors could more easily use state police forces to do their bidding. There is a history of all of this in Mexico, which helps explain the political opposition's stubborn refusal to accept the government's initiative at face value. This is why the Comalapa case has acquired national significance. Should suspicions that it is an attempt by Aguilar's political opponents (which could include Governor Velasco) to remove him from office prove to be true, it could galvanise the opposition to the government's single police command initiative.

TRACKING TRENDS

MEXICO | Analysts cut growth forecast. The consensus economic growth forecast this year has fallen from 2.70% in January to 2.49% in February, Mexico's central bank (Banxico) reported in the latest instalment of its monthly survey of local economists released on 2 March.

The downward revision was largely attributed to the recent announcement by the government that it will cut public sector spending as well as spending by the state-owned oil firm Pemex by M\$132.3bn (US\$7.4bn) in response to the lower level of projected government revenue expected this year as a result of the fall in international oil prices.

The survey found that as a consequence of low oil prices, continued global economic weakness, international financial volatility, and the peso's depreciation against the US dollar, nearly a two-thirds majority (65%) of those polled believe that the Mexican economy is in no better a position this year than last year. In fact, 44% of respondents said that they believed that this was not a good time to invest in Mexico, with the consensus forecast being that foreign direct investment (FDI) would be US\$29.1bn this year, down from the US\$29.65bn forecast in January. As for inflation, the consensus forecast is that this will close 2016 on 3.38%, higher than the 3.10% previously forecast.

Hernández under strong pressure over Cáceres case

IACHR

response

The Inter-American Commission on Human Rights (IACHR), an arm of the OAS, requested on 5 March that the Hernández government adopt precautionary measures in favour “of the life and personal integrity” of the family and associates of Cáceres. IACHR had previously requested precautionary measures for Cáceres, after which she was assigned police protection. Following her murder, the public security minister, General Julián Pacheco, insisted that this had been provided, but suggested that Cáceres’s security detail was unaware that she had moved to a different house in Esperanza (in the western Intibucá department), where she was shot dead by two unidentified intruders. According to some local reports, Cáceres herself had hinted to close colleagues that she did not trust her protection officers.

The murder on 3 March of the high-profile indigenous activist Berta Cáceres, condemned by the United Nations Special Rapporteur for Indigenous Rights, Victoria Tauli-Corpuz, as indicative of “the high level of impunity in Honduras”, has prompted fresh questions as to the ability of the new Organisation of American States (OAS)-sponsored Mission to Support the Fight against Corruption and Impunity in Honduras (Maccih) to deliver genuine reforms in support of justice in the country.

Cáceres, a leader of the Lenca indigenous community and co-founder of the NGO Consejo Cívico de Organizaciones Populares e Indígenas de Honduras (Copinh), was also a high-profile environmentalist. She had long reported receiving anonymous threats because of her (internationally-recognised) campaigns against hydroelectric projects in particular. In April 2015 she reportedly said that people “close to politicians” and “death squads promoted from government policies” were behind these threats.

Local activists dismissed as an attempted whitewash initial police suggestions that the tragedy could have been a botched robbery. Cáceres’ mother said she held the government led by President Juan Orlando Hernández directly responsible. Gustavo Castro Soto, director of a Mexican NGO, Otros Mundos Chiapas, who was staying with Cáceres at the time of the incident, has also tacitly accused the government of implication, saying that it wanted to protect the various infrastructure projects that Cáceres was campaigning against. Castro has been barred by a local judge from leaving Honduras, as a witness to the murder. While he is receiving Mexican consular support, he says he still fears for his life. Castro also suggested that the crime scene might have been altered.

For months last year, Hernández stoutly resisted large public demonstrations calling for a UN-backed anti-impunity and anti-corruption body similar to the International Commission against Impunity in Guatemala (Cicig). The calls for a ‘Honduran Cicig’ followed a major corruption scandal at the national social security institute implicating the ruling Partido Nacional (PN). Hernández was accused of eventually negotiating with the OAS a solution designed to avoid accountability. Lacking teeth in terms of investigatory or prosecutorial powers, the Maccih is limited solely to an advisory role.

The president (and the OAS itself) will now be under pressure to demonstrate that the Maccih (which has just begun its work) is more than mere window dressing. Ironically, the day after the murder, Hernández said he had asked the UN’s High Commissioner for Human Rights, Zeid Ra’ad Zeid Al-Husseini, to accompany the official investigation. The UN is set to open up a human rights monitoring office in the Honduran capital Tegucigalpa later this year.

The US is also on the case, with the ambassador to Honduras, James Nealon, telling reporters at the Cáceres funeral, “we have asked for a rapid and exhaustive investigation so the full weight of the law is applied to those responsible”. On 9 March US State Department Spokesperson John Kirby reinforced that message: “We have offered assistance to Honduran authorities with respect to their investigation. We have communicated and continue to communicate our desire to see that this investigation proceed, proceed expeditiously but yet thoroughly, and to be done in a credible way. And without predicting the outcome, I can just tell you that we are in close touch with Honduran authorities, and we will stay in close touch with them about this”.

“What is being debated here is not an administrative matter but the right of Peruvians to participate in politics; it is a much stronger and deeper principle.”

Peru's expelled presidential candidate Julio Guzmán.

“This time the international parasites that came for the funeral will leave as they came: with empty hands because there is no money now.”

The president of the national assembly, Henry Ramos Allup, on the third anniversary commemorations of the death of former president Hugo Chávez (1999-2013).

“And what would happen to the provinces if the national government is left without financing? Perhaps somehow the same would not happen to us?”

Argentina's governor of Salta, Juan Manuel Urtubey, on the current debate over the government's deal with 'holdout' creditors.

Colombia's Santos launches great national energy crusade

Colombia's President Juan Manuel Santos warned this week that his government could be compelled to introduce rationing unless daily energy consumption is reduced by 5%. Santos made the announcement during a national address from the presidential palace Casa de Nariño when he admitted that the weather phenomenon El Niño had left reservoirs at minimum levels. Shortly beforehand Santos had held a meeting with the directors of the country's main power generating companies and distribution firms, as well as the mayor of Bogotá, Enrique Peñalosa, who was invited to attend given the capital's large energy consumption. Santos's hands-on approach followed the resignation a day earlier of the mining and energy minister, Tomas González, in the wake of fierce criticism.

For now the government is opting for energy saving rather than rationing, perhaps conscious that the latter could lead to comparisons with Venezuela which it would rather avoid. President Santos said the government was launching a great national energy crusade to encourage consumers to cut usage with a combination of incentives and surcharges. Santos said that they would receive one peso of credit for every peso their bill fell beneath the average level of household consumption. Energy waste, meanwhile, will be punished with higher bills.

González resigned shortly after expressing his confidence that Colombia would see off the threat of power blackouts and rationing as a result of El Niño. Santos said González had assumed responsibility for the delay in implementing savings measures. The fact that González was also under investigation from the prosecutor general's office for alleged mismanagement as well as influence trafficking in relation to lucrative contracts worth around US\$2m that a public opinion research company owned with his wife, Connecta, had won from the state while he was a serving cabinet minister, did not help his cause.

Santos appointed the minister of the presidency, María Lorena Gutiérrez, as the acting mining and energy minister. Her challenge will be to move swiftly to implement an energy savings programme and to get two major power plants back in service after they broke down in mid February.

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