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Castillo steps out from Cerrón's shadow

Not for the first time Peru's President Pedro Castillo's attempt to regain the initiative by announcing a major reform proposal has been completely overshadowed by political developments. On 6 October Castillo replaced his prime minister, Guido Bellido, and six cabinet ministers. Replacing Bellido, an unreconstructed Marxist under investigation for alleged 'apology for terrorism', with a predilection for misogynistic and confrontational remarks, with a moderate leftist feminist lawyer and advocate of gender equality, Mirtha Vásquez, looked like a statement of intent. Judging by the fierce criticism of Perú Libre (PL), the far-left party that brought Castillo to power, it has interpreted the move as an attempt by the head of state to cut himself loose from its Marxist-Leninist leader Vladimir Cerrón. This will play well to the opposition-controlled congress, but it will not suddenly begin supporting Castillo, and estranged relations with PL could leave him isolated and struggling to advance a legislative agenda.

President Castillo presented what he described as nothing less than "a second agrarian reform", alongside Bellido, in the ruins of the Incan fortress of Sacsayhuamán overlooking Cusco, the capital of one of the regions where he won most votes in the recent elections, to thousands of indigenous and rural farmers on 3 October. The choice of date was no coincidence. For it was on 3 October 1968 that General Juan Velasco Alvarado (1968-1973) came to power in a military coup d'état against Fernando Belaúnde Terry (1963-1968).

Castillo focused exclusively on the 'first agrarian reform' for which Alvarado is famous, describing it as "a process of structural change rooted in a long fight by the people" which sought to end the exploitation of rural peasants by large landowners. But marking the date of the overthrow of a democratically elected president in this way was consistent with the mixed message for which his government is becoming renowned, raising questions about his commitment to democracy.

"I want to make it very clear that this second agrarian reform is not seeking to expropriate land or strip property rights from anybody," Castillo said, saying that it would put the government "at the service" of farmers "relegated for decades, government after government". Castillo provided some details. He promised to create an agrarian and rural development cabinet, over which he would preside, comprising "productive ministries", and with the active participation of regional and local governments.

Castillo vowed to make some "adjustments" to the price range of some agricultural goods to protect national production from imported products; to build a fertiliser plant; to construct markets in every region of the country; to establish an agrarian development bank; to improve rural infrastructure and connectivity; and to create an 'agrarian civil service' programme through which "thousands of young university students" would provide technical support for farmers.

Motion of censure

President Castillo had held on to Íber Maraví as labour minister when his alleged links to SL came to light. His decision to replace Maraví came after it became apparent that he would be censured by congress. Opposition parties had gathered at least 75 votes in favour of his censure (only 66 votes are necessary). His replacement, Betssy Chávez Chino, a PL deputy, is a lawyer with experience in criminal investigation and fighting against corruption and drug-trafficking, and an expert in constitutional law. During her election campaign, she stressed that combating corruption would be her main priority.

Bellido followed up on the meeting by declaring that if congress failed to approve the second agrarian reform “we will return each and every deputy to face their people”. Legislators from half a dozen parties in congress responded by calling for the government to produce a bill for them to debate before issuing threats. “We have a prime minister whose first course of action is to take out his gun and put it on the table,” Hernando Guerra García, the spokesman for the right-wing opposition Fuerza Popular (FP), said. Guerra then fired a threat of his own: “If he hasn’t understood what democracy and separation of powers is, we will have to make him understand. We have no problem in censuring the prime minister if it is necessary”.

This latest example of Bellido’s hectoring manner followed his threat to serve congress with a vote of confidence if it dared to censure the labour minister, Íber Maraví, who was grilled by legislators on 30 September over alleged links to the militant Maoist guerrilla group Sendero Luminoso (SL). It also came after an incendiary tweet Bellido sent threatening to nationalise the Camisea gas deposits unless the consortium exploiting them renegotiated its contract with the government [WR-21-39].

The fact that Castillo did not move to slap down Bellido, merely issuing tweets couched in much more conciliatory language, gave the impression to onlookers, including investors, that this could be part of a good cop, bad cop routine, with Cerrón, through Bellido, ultimately calling the shots. That Castillo appointed the likes of Bellido and Maraví in the first place upon taking office on 28 July, when it was widely assumed he would need to appoint a moderate left-winger in the interest of forging a more consensual government, suggested that either Cerrón was an *éminence grise* or Castillo was not half as moderate as he maintained.

But, on 6 October, Castillo suddenly delivered a short, televised address announcing that he had decided to take “some decisions in the interest of governability”, and that it was “time to put Peru above all ideology and isolated party positions”. Bellido, he said, would be departing. Castillo later confirmed that Vásquez would replace him. Maraví, meanwhile, facing imminent censure by congress (*see sidebar*), was replaced by Betssy Chávez Chino, a PL deputy who represents the more moderate face of the party.

How did it come to this?

Two developments on 1 October seem to have pushed Castillo towards taking the decision to remove Bellido, who he had stuck by despite the fierce opposition of congress, the negative reaction of the markets, the mounting evidence of SL sympathies, and his confrontational rhetoric.

The first was the release by the recently created *Epicentro TV* of a series of leaked ‘chats’ of the PL congressional bench ‘group’ on WhatsApp, a social networking app. Bellido and Cerrón also formed part of the ‘group’. Within these chats, Bellido openly conspired to bring down moderate members of the cabinet. He called, for instance, for the foreign minister Oscar Maúrtua and his deputy, Luis Enrique Chávez, to resign immediately over comments on Venezuela [WR-21-38]. The moderate justice minister, Aníbal Torres, and economy and finance minister, Pedro Francke, also came in for heavy criticism, and Castillo’s own decisions were questioned.

Not only did these leaked comments suggest a total lack of harmony within the cabinet but they also undercut Castillo’s authority. The first vice-president of congress, Lady Camones, responded on Twitter by saying that Bellido’s position was “untenable” after the publication of the chats. “Do we need further evidence to realise that it is not President Pedro Castillo who is governing?” she asked rhetorically.

New cabinet

The new cabinet more closely resembles what politicians and commentators alike expected to see after President Castillo took office on 28 July. In addition to the appointment of Mirtha Vásquez as prime minister, for instance, Roger Incio Sánchez, who worked at the private investment promotion agency (Proinversión), comes in as production minister, and businessman Eduardo Gonzáles as energy and mines minister. Not all of the appointments are moderate, however, with a radical teachers' union leader, Carlos Gallardo, taking over as education minister, and a lawyer for the PL, Luis Roberto Barranzuela Vite, taking over as the interior minister.

The second development was the presentation to Castillo of a document dated 1 October signed by the head of the judiciary, Elvia Barrios; the attorney general, Zoraida Avalos; the president of the national judicial council (JNJ), Inés Tello; the comptroller general, Nelson Shack; and the public ombudsman, Walter Gutiérrez. The signatories appealed to Castillo to call "an urgent session" of the council of state due to what they described as "the growing political instability that is affecting the smooth functioning of public administration".

What does it mean?

By removing Bellido and Maraví, Castillo appears to be asserting his authority. He also lent credence to his moderate discourse by taking action consistent with his words. Unlike Bellido, Vásquez, a member of the moderate left-wing Frente Amplio (FA), has experience of working with congress, having served as president of congress under interim president Francisco Sagasti (2020-2021). After being sworn-in, Vásquez said that she would lead a cabinet that "seeks to promote dialogue, governance, and teamwork", a thinly veiled criticism of Bellido. She added that "our great objective is to fight for the most vulnerable and we are going to achieve it".

The problem for Castillo is that he was not just beholden to the PL, which brought him to power, but he is also reliant on the party for support in a hostile and fragmented congress, where it is by far the largest party with 37 of the 130 seats. The moderate left only controls five seats.

The right-wing and centrist parties, which between them hold the bulk of the seats in congress, will be delighted to see the back of Bellido and breathe a collective sigh of relief at his replacement; the president of congress, María del Carmen Alva, welcomed the end of "unnecessary uncertainty". But while they are likely to grant her cabinet the requisite vote of confidence in the coming weeks and will be much more open to working with her than Bellido in the future, they continue to have misgivings about Castillo, and they are not suddenly going to start supporting his administration unless it suits them. It is also worth noting that FP, in particular, was previously highly critical of Vásquez, an outspoken critic of corruption in politics.

The PL, meanwhile, could potentially head into open opposition. PL deputy Silvana Robles took to Twitter to accuse Castillo of having "opted for political suicide". She said: "The far-right imposed its agenda, but there is no negotiating with unpatriotic coupsters... Coup mongering won and Peru lost." She added: "The fascist far-right lost the elections but today it has won a cowardly government". The spokesman for PL, Waldemar Cerrón, the brother of Vladimir Cerrón, responded to the removal of Bellido by saying that the PL bench "does not support this cabinet because we consider it to be a betrayal of all the majorities who have waited for so long to come to power to be heard".

Castillo's decision will herald a big change in style of governance. But there is still a significant lack of clarity about his political plans and priorities, and uncertainty about how much more effective his government can be with scant congressional support.

While Castillo has not tacked to the right, contrary to the PL's assertions, there are some parallels between the predicament he could now find himself in and that of Ecuador's former president Lenín Moreno (2017-2021) after he broke with the radical left that supported his predecessor Rafael Correa (2007-2017), which went on to provide the fiercest opposition to his government in the national assembly. Centrist and right-wing parties in Ecuador's legislature, while they openly reviled Correísmo, only worked with Moreno when it was convenient for them or to their advantage.

Moving to reopen the border

Truth Commission

On 1 October Colombia's constitutional court (CC) extended by a further six months the mandate of the country's Truth Commission, which was established as part of the 2016 peace agreement between the administration of Juan Manuel Santos (2010-2018) and the Fuerzas Armadas Revolucionarias de Colombia (Farc) guerrilla group. The Commission did not begin its work until 2018, when it was given three years to complete a report on crimes committed by all sides during the Farc's 53-year insurgency. The CC ruled that the pandemic has impacted the Commission's ability to work to this deadline, and it ordered the government to provide it with the necessary budget to complete its work.

There were some signs of a thawing in the icy relationship between Colombia and Venezuela this week, with the Venezuelan government opening border crossings on 5 October that had been closed since February 2019, and to vehicles since 2015. Whilst Colombia has yet to reopen its side, Venezuela's move was followed a day later by Colombia's President Iván Duque saying that his government is willing to reopen consular services in Venezuela – although there was no sign of any intention to resume full diplomatic relations, the severing of which resulted in the total closure of land borders over two and a half years ago.

The movement of people and goods between Colombia and Venezuela has long been the economic lifeblood of towns and cities on both sides of the border, with residents dependent on free movement for trade and employment. Since Venezuela's economy unravelled in 2015, cross-border migration has been overwhelmingly from the Venezuelan side, with Colombia offering basic goods and work opportunities that are scarce on the other side of the frontier.

The closure of the border in February 2019 was therefore also strongly felt in Colombia, diminishing the flow of Venezuelan customers to Colombian businesses. These economic difficulties on the Colombian side were exacerbated by the coronavirus (Covid-19) pandemic: Colombia's national statistics department (Dane) reported that the principal border city of Cúcuta (the capital of Norte de Santander department) became Colombia's poorest from March-April this year, with extreme poverty rates topping 20%.

Reopening the border was therefore an economic imperative, but efforts to achieve this have been hampered by the severe distrust and lack of diplomatic channels between the countries. Colombia's brief opening of its side of the border in June this year was slammed by Venezuela's foreign ministry as a unilateral decision that it would only reciprocate in the event of an "advance in bilateral coordination in security, trade and health matters". There is no sign that any such advances have been made. Rather, the reopening seems to be a result of economic necessity, as well as a recognition that official border closures have done little to halt the flow of contraband and illegal armed groups in both directions across the porous frontier. Duque highlighted these problems on 6 October, when he inaugurated a new military command (Cenor) for Norte de Santander containing four rapid deployment battalions, which will be tasked with securing the border.

Venezuela was the first to announce a reopening, with Vice President Delcy Rodríguez framing the decision in purely economic terms as she predicted a revival of binational trade and a boost for the productive sectors in western Venezuela. This was followed by a supportive statement from Duque, who said that Colombia would reopen its side "as soon as possible" once provisions were made to "guarantee the security and biosecurity of the Colombian people". A day later, Duque said that his administration is "open to" resuming consular operations in Venezuela "on the condition that we have full guarantees in terms of security". This did not amount to an olive branch for the Maduro administration, however, with Duque adding that "at no moment will [Colombia] stop denouncing the abuses of the dictatorship or its close relationship with Colombian terrorist groups".

Indigenous march

The government is also facing discontent from another of its key voting blocs, with indigenous protesters arriving in the eastern city of Santa Cruz (Santa Cruz department) on 30 September after a 37-day march from Trinidad (Beni). Accusing the government's agrarian reform institute (Inra) of disproportionately granting land titles to MAS-supporting settler farmers, the protesters demanded action against land invasions, violence, and environmental destruction that they said were being caused by these settlers. Santa Cruz department is an opposition stronghold, and its right-wing governor, Luis Fernando Camacho, sought to exploit the cracks in the MAS support base with a speech urging the protesters to back the decentralisation that his Creemos party is demanding.

Cocaleros dispute explodes

The last two weeks have seen increasingly confrontational clashes between the police and rival factions of the La Paz-based coca growers' union Asociación Departamental de Productores de Coca de los Yungas de La Paz (Adepcoca). These came to a head on 4 October, when thousands of union members overpowered police and stormed the Adepcoca headquarters, ousting its disputed leader, Arnold Alanes.

The dispute over the Adepcoca leadership stems from a bodged union election on 20 September that ended with three men claiming to be its president. However, the power struggle goes far beyond union politics, and much of the volatility in La Paz can be connected to the decision by President Luis Arce's ruling left-wing Movimiento al Socialismo (MAS) government to throw its weight behind the pro-MAS Alanes [[WR-21-39](#)].

That support from the authorities, in the form of police intervention preventing Alanes from being removed by his rivals, proved insufficient. After two weeks of smaller clashes with the police, on 4 October thousands of anti-Alanes protesters burst through the security cordon around Adepcoca. They were led by the Comité de Autodefensa (CA), a fourth faction that has been calling for new union elections to resolve the impasse. Launching rocks and small charges of dynamite to force the security forces to fall back, the crowd dislodged Alanes and his cohort from the building and the CA set up base, insisting that it will not leave until the convening of a new leadership election.

On 5 October, at an extraordinary Adepcoca general assembly conducted in the street outside the union building, members agreed to conduct such an election within a period of 20-30 days, with 19 candidates announcing their intention to run. Both Alanes and his main rival, the anti-MAS Armin Lluta, were barred from competing, in an effort to bury the tensions of the past fortnight.

It remains to be seen whether the cracks that have formed between the Arce administration and large segments of Bolivia's coca sector can also be papered over. Coca growers have been a key pillar of MAS support since the election of the coca union leader Evo Morales (2006-2019), albeit there has always been some residual suspicion of him given that he is the leader of the rival coca union, Seis Federaciones del Trópico de Cochabamba, and dwindling approval for the party among this population could be a bellwether for other MAS bastions.

There is a strong sense among many Adepcoca members that the government overstepped its mandate by backing Alanes. The sight of Interior Minister Eduardo del Castillo entering the union building on 21 September to congratulate Alanes well before the Adepcoca election was settled rankled many in the union, and the government has been forced to backtrack – on 5 October, Del Castillo claimed that he “has never backed anyone to lead Adepcoca”, and that he was “supporting the organic leadership that emerged from the [union] assembly...irrespective of Mr Alanes' political beliefs”.

The MAS's sway over the coca sector as a whole is unlikely to be significantly eroded, despite the backlash it has triggered in La Paz department. On 20 September Morales was re-elected as the leader of the Seis Federaciones del Trópico de Cochabamba, which he has presided over since 1996. However, the Arce administration has learned the political costs of being seen to intervene in union affairs, and one consequence of the Adepcoca saga may be that it feels less able to intervene in other key reservoirs of MAS support in the future.

Pandora hits across the political divide

The Pandora Papers scandal has had a significant impact in Argentina, with revelations that political leaders and others have used tax havens to conceal their financial operations. However, neither of the two opposing political coalitions fighting next month's congressional elections appears to have secured a decisive advantage because of the revelations.

Perhaps unsurprisingly, the leaked data obtained by the International Consortium of Investigative Journalists (ICIR) shows that politicians and wealthier Argentines make extensive use of tax havens. The global investigation of over 11.9m leaked documents showed that Argentine citizens were ranked third overall, with a total 2,521 identified as beneficiaries of offshore accounts, behind the Russians (4,437) and the British (3,506). Argentines favour the use of offshore companies and tax havens set up in the British Virgin Islands (BVI), Belize, Panama, and US jurisdictions such as Delaware.

Several prominent individuals were revealed to be holders of secret accounts. They include Mariano Macri, brother of former centre-right president Mauricio Macri (2015-2019); Jaime Durán Barba, the former president's campaign strategist; Zulemita Menem (daughter of the late president Carlos Menem [1989-1999]); Humberto Grondona (son of football impresario Julio); and football stars such as Ángel Di María, Javier Mascherano, and Mauricio Pochettino.

As in many other countries, holding an offshore account is not illegal under Argentine law, although it may suggest the holder is interested in ethically questionable activities such as tax avoidance (also legal). On the other hand, some offshore accounts may be using secrecy to cover up outright criminal activity – tax evasion, money laundering, and corrupt practices.

The Pandora Papers revelations do suggest some cases of illegality. The most prominent is the case of the late Daniel Muñoz, former private secretary to former president Néstor Kirchner (2003-2007) and his wife and successor Cristina Fernández (2007-2015). Kirchner died in 2010; Muñoz died in 2016; Fernández is currently vice president and possibly the most powerful politician in the country. Also named in connection with offshore accounts linked to the Kirchners is financier Ernesto Clarens.

What the papers show is that Muñoz operated a complex network of offshore companies used to buy 16 properties and other assets in the US worth up to US\$73m. Where the money came from is not clear. The activities of Muñoz, who was also named in the Panama Papers leaks of 2016, are at the centre of ongoing Argentine court investigations of money laundering, including the *cuadernos de las coimas* ('bribery notebooks') case which involves allegations of a scheme to pay bribes for public contracts during Fernández's presidency, in which she stands accused of involvement. The current vice president denies any wrongdoing and claims that the various corruption cases in which she is implicated are no more than a form of 'lawfare' – the manipulation of the courts for the purposes of political persecution (*see sidebar*).

It is not immediately obvious who will benefit most politically from the Pandora revelations. The ruling left-of-centre Frente de Todos (FdT) coalition appears to have decided that the best angle of attack is to focus on former president Macri. Axel Kicillof, the governor of Buenos Aires province, and

Supreme Court resignation

One of the five members of Argentina's supreme court, Elena Highton de Nolasco, resigned on 5 October. The resignation of Highton, 78, will complicate things for the government led by President Alberto Fernández, who will struggle to appoint a similarly friendly successor. The balance of opinion on the supreme court is important because it is the ultimate court of appeal in three ongoing corruption cases involving Vice President Cristina Fernández, relating to her time in the presidency (2007-2015).

Left responds

Gabriel Boric, the current frontrunner in the presidential elections standing for the left-wing Apruebo Dignidad coalition, described the revelations as “extremely serious” because they showed, he said, that President Piñera was using offshore operations to evade taxes and putting his family interests above those of the nation. Yasna Provoste, the left-of-centre candidate from Democracia Cristiana (DC), accused the government of failing to protect the environment.

a close political ally of the vice president, set the tone by saying it was primarily wrongdoing by Macri, not the Partido Justicialista (PJ, Peronists) – the main component of the FdT – that was “in the Pandora papers”. This statement was obviously inaccurate since it ignored the fact that the most serious allegations involve Muñoz and what is known as ‘la ruta del dinero K’ (‘the Kirchner money route’). While public sympathy for former president Macri is low (he is largely seen as one of the architects of Argentina’s ongoing economic crisis), targeting him may be a tactical mistake for the government as he is no longer the key figure in the opposition.

In fact, the success of Juntos por el Cambio (JxC), the main opposition coalition, in last month’s primaries is largely due to campaigning by politicians such as Horacio Rodríguez Larreta, the head of government of the City of Buenos Aires, and María Eugenia Vidal, a former governor of the province of Buenos Aires. Focusing the big guns on Macri looks unlikely to help the government escape electoral punishment in the congressional elections on 14 November.

CHILE | POLITICS

Piñera stands to lose most from Pandora

Unlike Argentina where the Pandora Papers claims of financial impropriety have impacted both sides of the political divide, in Chile it is President Sebastián Piñera, on the right of the political spectrum, who looks likely to be hit hardest.

The worst-case scenario for President Piñera is that the Pandora Papers revelations will lead to his impeachment. In fact, on 5 October opposition members of the lower chamber of congress said they were preparing a formal impeachment request.

Camila Rojas, a deputy from the left-wing Frente Amplio (FA), said she believed Pandora Papers revelations were sufficient grounds to impeach Piñera for violating the principle of probity (Article 8 of the Constitution) and for “compromising the honour of the nation”. Another FA deputy, Jaime Naranjo, said formal impeachment papers could be filed next week. Democracia Cristiana (DC) deputies were considering supporting impeachment or a phased escalation of initiatives starting with a commission of enquiry.

In fact, impeachment looks unlikely. Presidential elections are due next month. Piñera is not a candidate, and he has only five months left in office. A simple majority of votes is needed for the lower chamber to trigger impeachment hearings in the senate. Nevertheless, in November 2019 an earlier attempt to impeach Piñera, on the grounds that his government was responsible for major human rights violations during that year’s wave of street protests, failed to prosper.

Taking all these elements into consideration, and particularly given the proximity of elections, it is hard to see impeachment succeeding in this late-in-the-day second attempt. However, for some parties there may still be political and electoral capital to be had from simply initiating the process. Just talking about impeaching Piñera can be a device to weaken the electoral appeal of Sebastián Sichel, the candidate he and the ruling right-of-centre Chile Vamos coalition supports (*see sidebar*).

Central to the accusations against Piñera are a series of transactions concerning Minera Dominga, a copper and iron ore mine. The Pandora Papers

Right responds

The two right-wing candidates, both ideologically close to President Piñera, took distance. Sebastián Sichel, the candidate of the ruling Chile Vamos coalition, called for “total transparency” and for Piñera to “give all explanations necessary”. José Antonio Kast, of the far-right Partido Republicano (PR), called for “an urgent investigation to determine responsibilities”.

leaks show that Carlos Alberto Délano, a businessman and personal friend of the president, bought out minority shareholders in the mining company, including those held by Piñera and members of his family, for US\$152m in 2020. The largest part of the transaction (US\$138m) was conducted offshore through companies registered in the British Virgin Islands (BVI). Payment was to be made in three instalments, with the last conditional on the mine and an associated port receiving environmental approval.

The project, which had failed to obtain environmental approvals during the second centre-left presidency of Michelle Bachelet (2014-2018), did however get a green light in August this year. Environmentalists say developing the mine could harm a nearby nature reserve considered a biodiversity ‘hotspot’ and a unique habitat for 80% of the world population of Humboldt penguins. Critics of the presidency therefore say there are many unanswered questions, including the possibility that the transaction was structured in the BVI so as to evade taxes, and the suspicion that there was a direct conflict of interest, with undue influence being exerted by Piñera on the environmental approvals process.

Piñera has denied any wrongdoing in the transaction and sought to rebut criticism. In a statement Piñera, one of the country’s richest businessmen, said he was not involved since he had ceased all business activities 12 years ago when he went into politics, placing his business assets into a blind trust. He also said there was nothing new in the Pandora allegations concerning Minera Dominga, since there had been an investigation by a Chilean state prosecutor in 2017, eventually dismissed for lack of evidence.

A separate release of data from the International Consortium of Investigative Journalists (ICIR) also claims to show that Piñera transferred a number of his substantial business interests to his four sons as a way of avoiding conflict of interest claims. This was done offshore in the BVI and involved holdings in credit card company Transbank, airline LAN (now known as Latam), and TV channel Chilevisión. What was not clear was whether these donations to his children attracted the 25% inheritance tax liability required under Chilean legislation.

Cartes modifies statement of assets

Paraguay’s former President Horacio Cartes (2013-2018), who remains politically active, is also mentioned in the Pandora Papers as onetime owner of Panama-based offshore companies. Cartes admitted he had failed to declare those assets during his presidency, but, according to his lawyers, corrected the oversight as of 30 September.

Paraguayan legislation requires the president and other public officials to make sworn statements of assets at the beginning and end of their terms in office. As a result of the Pandora Papers revelations, lawyers for Cartes have admitted he failed to declare various offshore companies in Panama, controlled by himself and his family. They said he had amended the record on 30 September, only a few days before the ICIR published its findings.

One of the companies, Dominicana Acquisitions SA, was linked to Cartes and his children. Lawyers for Cartes said the firm had been acquired in 2011, just before he began his campaign for the presidency, and was eventually used to buy a department in Miami (valued at US\$1m), before being wound up. The lawyers stressed that using an offshore company to purchase overseas property remains legal under Paraguayan law.

Apart from his ongoing political activity, Cartes is also a prominent businessman in Paraguay, with interests in tobacco production and banking. He has in the past been accused of money laundering. In 2011, according to intercepts obtained by Wikileaks, there were claims that he was being investigated by the US Drug Enforcement Administration (DEA). In 2019 Brazilian prosecutors issued a warrant for his arrest as part of a money-laundering investigation.

Guedes

The naming of economy minister Paulo Guedes in the Pandora Papers will likely add to the discontent with the Bolsonaro government, particularly given that Guedes, a millionaire former banker, has been known to be publicly dismissive of lower-income Brazilians.

Brazilian public officials in the Pandora Papers

The most eye-catching Brazilian name to appear in the Pandora Papers is that of Economy Minister Paulo Guedes. A banker before he accepted President Jair Bolsonaro's offer to lead the beefed-up economy 'super-ministry' in 2019, Guedes created Dreadnoughts International, an offshore company registered in the British Virgin Islands (BVI), in 2014.

According to *revista piauí*, one of the four Brazilian media outlets to have collaborated with the ICIJ on analysing the leaked documents, a total US\$9.55m was deposited in the offshore account in the months that followed its creation. The company, which is also registered under the names of Guedes' wife and daughter, was still active as of September this year. In local currency, Guedes' assets in the BVI swelled from being worth R\$23m in 2015 to R\$51m today, due to the devaluation of the Brazilian real.

It is legal to hold offshore accounts in Brazil, as long as these are declared to the tax authority. But journalists, legal experts, and the political opposition have pointed out that Guedes' offshore assets could represent a conflict of interest and a case of administrative misconduct. Article 5 of the code of conduct of the federal high-level administration stipulates that high-ranking officials cannot hold financial interests, in Brazil or abroad, which might be impacted by government policies on which the official in question has privileged information.

The ICIJ has highlighted that Guedes is responsible for a tax reform proposal which initially included a 30% tax on profits earned through offshore entities. However, after pushback from the business and banking sector, the levy on offshore profits was removed from this proposal, which is still under discussion.

Guedes has said that all his private assets were duly declared to the Receita Federal tax authority, as well as to the presidential committee of public ethics and other competent agencies, before he entered the government, and that he then withdrew from private sector activities when he became economy minister.

Central bank (BCB) president Roberto Campos Neto is also named in the Pandora Papers. He has similarly argued that all his offshore assets have been adequately declared and that he has not used the offshore accounts since taking public office.

Brazil's federal attorney general's office (PGR) has launched a preliminary inquiry into the Pandora Papers findings to establish whether Guedes and Campos Neto should be investigated for potential wrongdoing. Meanwhile, the chamber of deputies will summon Guedes to give explanations on his offshore activities. Even if the PGR inquiry leads nowhere, the issue could further damage the Bolsonaro government's image.

BRAZIL | POLITICS & ECONOMY

New protests highlight inequality

Brazilians once again took to the streets to protest against President Jair Bolsonaro this week. As well as the usual calls for the president's impeachment and criticism of his handling of the coronavirus (Covid-19) pandemic, which has now claimed almost 600,000 lives in Brazil, the demonstrations served to display Brazilians' discontent with rising socio-economic hardship and inequality.

Thousands of Brazilians turned out in dozens of cities across the country's 27 states to express their rejection of President Bolsonaro on 2 October. Following on from a series of anti-Bolsonaro protests organised by left-leaning movements between May and July, and a pro-impeachment mobilisation held at the initiative of right-wing groups in September, these latest protests were the first to succeed in bringing together representatives from across the political spectrum, albeit in a fragile display of unity.

From the Partido Comunista do Brasil (PCdoB) on the Left to the Partido

Covid-19

With Covid-19 infections and deaths steadily falling and vaccination levels advancing, there is a sense that Brazil is pulling through its Covid-19 epidemic, which has left the country with the second-highest official death toll in the world, behind the US. Public health experts remain wary, however. Some 148m people (around 69% of the population) have had at least one Covid-19 jab, while 96m (45%) are fully vaccinated. Booster jabs are beginning to be given to the elderly, and teenagers are being offered the vaccine. Although he has not contributed to it, Bolsonaro could benefit from this improvement – but the severe public health crisis Brazil lived through earlier this year could be brought back into the public eye when the CPI presents its final report this month.

Social Liberal (PSL) on the Right, 20 political parties were reportedly involved in the protests. The PSL is Bolsonaro's old party, which has recently agreed to merge with the centre-right Democratas (DEM) – also present at the demonstrations – ahead of the October 2022 general election.

Perhaps most notable, however, was the presence of the centre-right Partido da Social Democracia Brasileira (PSDB) at events largely dominated by supporters of its historical rival, the left-wing Partido dos Trabalhadores (PT).

Rivals struggle to unite

Attempts at creating a broad political front to oppose Bolsonaro have been frustrated so far by the irreconcilable agendas of the PT and its allies on the one hand, and the parties of the right / centre-right on the other. The latter are often repentant Bolsonaro voters, having considered the far-right populist preferable to the PT in 2018. With PT member and former president Lula da Silva (2003-2011) currently the favourite to defeat Bolsonaro next October, the Right (and parts of the Left) are seeking a 'third way' alternative [[WR-21-37](#)], an approach criticised by the PT.

These persistent differences were on display last weekend, with PSDB members and Ciro Gomes, from the leftist Partido Democrático Trabalhista (PDT), booed by PT supporters at the protest in São Paulo. Gomes, who is endeavouring to fashion himself as a leftist alternative to Lula, as the PT remains discredited in the eyes of many due to corruption scandals, had recently called Lula a "denialist" after the former president criticised the search for a 'third way' on Twitter.

Discontent and destitution

Despite the protesters' political differences, they found common ground in their criticism of Bolsonaro. The reasons for their discontent have been stacking up. When the opposition first took to the streets earlier this year, anger stemmed primarily from Bolsonaro's mishandling of the pandemic, the extent of which was being laid bare in a congressional commission of inquiry (CPI) spearheaded by the senate (the CPI is expected to present its final report at the end of October).

Protests in September called for Bolsonaro's impeachment over his frequent attacks on democracy and on the country's electoral system. An opinion poll revealed that over half the population worried that he might try and pull off a self-coup.

These issues are still a source of concern; but the pandemic appears to be receding in Brazil (*see sidebar*) and Bolsonaro has for now toned down his radical anti-democratic discourse. Now, the socio-economic hardships resulting from the pandemic and this year's stuttering recovery are top of the list of grievances, with Bolsonaro and his government blamed by many for soaring inflation and rising inequality.

The destitution that a growing number of Brazilians face was brought into sharp focus just three days before the protests, on 29 September, when Rio de Janeiro-based daily *Extra* ran on its front page a photo of people scavenging for food amongst discarded animal carcasses, under the headline 'The pain of hunger'. The poignant image caused an outcry and has been seized upon by both protesters and politicians as a symbol of the socio-economic crisis afflicting Brazil.

Numbers back the image projected by these photos and other newspaper reports. Figures released earlier this year by the Rede Penssan, a network

Unemployment

Unemployment fell in the rolling quarter ending in July to 13.7%, from a record 14.7% three months earlier, according to the national statistics institute (Ibge). Figures also show that over half the working age population is now employed for the first time since the pandemic hit.

of researchers who are specialised in food security, found that as many as 116.8m Brazilians – over 55% of the country's households – suffered from some level of food insecurity in 2020.

Amongst these, 19.1m suffered from severe food insecurity, that is to say that they go hungry – a figure that had risen from 10.3m in 2018. With a pandemic government handout for poor Brazilians having been cut this year and accumulated inflation of 5.67% in the first eight months of the year, these figures will only have risen further still in 2021.

Citing data from the government's 'Cadastro Único' database of families living in poverty, news site *UOL* reported last week that 2m families fell into extreme poverty between December 2018 (a month before Bolsonaro took office) and June 2021. This brings the number of families living in extreme poverty – with a monthly per capita income of R\$89 (US\$16.20) or less – to 14.7m. This is equivalent to 41.1m individuals, the highest figure on available records which began in 2012.

Meanwhile, unemployment is high and expected to remain in the double digits until 2023 at least. The latest unemployment figures released by the national statistics institute (Ibge) show that unemployment fell in the rolling quarter ending in July (*see sidebar*). But this small improvement conceals the fact that 14.1m Brazilians are looking for work; that higher employment levels are sustained by precarious jobs in the informal sector; and that workers' average real income has fallen 8.8% compared with a year earlier.

Bolsonaro on the defensive

There is a degree of willingness on the part of the Bolsonaro government to address these socio-economic issues, if only for political reasons [[WR-21-39](#)]. But it is constrained by both congress and fiscal rules, which for example look set to delay the implementation of a new, supposedly more wide-ranging social programme, Auxílio Brasil [[WR-21-32](#)].

Bolsonaro is resorting to stop-gap measures in a bid to allay social discontent with the rising cost of living. This week he trumpeted on Twitter the various products on which federal taxes have been zeroed or reduced under his government; these include video games, as well as products for tackling Covid-19 and cooking gas.

During his weekly Facebook Live address on 30 September, Bolsonaro blamed high fuel prices on state governments, accusing them of levying too high taxes. A week earlier, at the United Nations General Assembly (UNGA) in New York, he had also attacked state governors, this time blaming inflation on their Covid-19 lockdown policies.

MTST protests

The Movimento dos Trabalhadores Sem Teto (MTST) homeless workers' movement has been staging protests recently denouncing inequality and President Bolsonaro's responsibility for current poverty levels. On 23 September, the MTST protested outside the São Paulo stock exchange; a week later, the social movement was outside a mansion in Brasília owned by Senator Flávio Bolsonaro, the president's eldest son.

"While Bolsonaro's son is buying, in a dubious way to say the least, a mansion worth more than R\$6m, Brazilians are queuing for bones, they are going back to cooking with firewood because of the price of a gas cylinder," Guilherme Boulos, a MTST coordinator, Partido Socialismo e Liberdade (PSOL) member, and prospective candidate for the São Paulo gubernatorial race next year, denounced.

Electricity reform sparks fierce debate

Mexico's President Andrés Manuel López Obrador took the plunge on 1 October and sent to congress a constitutional reform initiative designed to cast his stalled energy reform in stone. López Obrador signalled his intent several months ago when a deluge of legal challenges held up his government's energy reform crafted to give the state-run electricity firm, Comisión Federal de Electricidad (CFE), a pre-eminent role in the domestic market to the detriment of private renewable energy generators. Hostilities resumed the second he sent congress a bill to enshrine the CFE's controlling share of the market in the constitution. There is a lot at stake. Beyond money and energy sovereignty, the cost for domestic consumers, and the future of Mexico's renewable energy industry, there is also the international perception of the government's respect for environmental commitments and the rule of law.

The constitutional reform initiative President López Obrador sent to congress contains a series of amendments to several different articles. The most contentious of these would grant the CFE a 54% controlling share in the domestic electricity market.

During his morning press conference on 1 October, López Obrador accused the 'neoliberal' governments that came before him of having stripped the CFE bare. He compared the 2013 energy reform that opened up the electricity market, which his government is seeking to reverse, to the colonial-era exploitation of Mexico.

Less publicised but just as controversial in its own way is the proposed dissolution of the two energy sector regulators Comisión Nacional de Hidrocarburos (CNH) and Comisión Reguladora de Energía (CRE). This is consistent with López Obrador's concerted effort to dismantle autonomous and independent institutions that provide counterweights to his government or to subsume them under its control. The Centro Nacional de Control de Energía (Cenace) would also be absorbed into the CFE. López Obrador has long accused autonomous bodies of being a waste of public money but disbanding them or denuding them of power will lead to less accountability and less transparency in government.

Backlash

The private sector, renewable energy generators, and the main political opposition wasted little time in venting their discontent. The umbrella business group Consejo Coordinador Empresarial (CCE) released a statement dismissing López Obrador's argument that his government's energy reform would guarantee "fair prices for all Mexicans" as a fallacy, contending that it would "profoundly damage the economy of Mexican families" and "oblige all Mexicans to buy energy from the CFE regardless of how dirty, expensive, and inefficient it is".

In a withering attack, the CCE argued that the reform initiative marked "the point of no return". It said the reform would "cause irreversible damage to the rule of law, the environment, public finances, and the country's competitiveness" by riding roughshod over judicial rulings which have held up the energy reform and international treaties to which Mexico is signed up, such as the Paris Agreement on reducing greenhouse gas emissions, while contravening "a fundamental principle of the constitution on the non-retroactive application of laws".

Solar and wind

In their statement, the solar and wind energy providers argued that there were 300 wind and solar projects in Mexico, amounting to US\$19bn of direct investment and more than 86,000 jobs in the country. They also said that 99% of wind and solar energy generated in Mexico is the result of private investment.

Electoral alliance

One thing that did come out of the meeting between the PAN, PRD, and PRI party presidents was an agreement to contest the majority of the gubernatorial elections in 2022 together in the Va Por México alliance. This includes the gubernatorial elections in Tamaulipas, Durango, and Aguascalientes, which are presently governed by the PAN, and Hidalgo, which is held by the PRI. No agreement has been struck yet on a unity ticket in Oaxaca, a PRI bastion.

Solar and wind energy providers, naturally, echoed these comments. Far from permitting “real and genuine competition”, as López Obrador claimed, they argued in a statement of their own that the reform would “dismantle the renewable energy industry”. They too claimed that, contrary to López Obrador’s assertions, consumers would feel the reform in their wallets. They went on to point to the huge investment in wind and solar projects in Mexico (*see previous sidebar*). And they also maintained that Mexico’s green credentials would be left in tatters, as the CFE “has historically preferred electricity generation from fossil fuels”, with the country swimming against the tide on clean energy and combating climate change.

Congressional debate

The solar and wind energy providers, the Asociación Mexicana de Energía Solar (Asolmex) and Asociación Mexicana de Energía Eólica (AMDEE) respectively, went on to lobby legislators to weigh up “the multiple and irreversible adverse effects of this initiative”. All eyes are now on congress. Simple arithmetic suggests that the constitutional reform initiative will fail. López Obrador’s ruling left-wing Movimiento Regeneración Nacional (Morena) and allies failed to secure a two-thirds majority in the lower chamber of congress in June’s mid-term legislative elections, which is required to amend the constitution. And they are now further short of this threshold than before in the senate after several defections [[WR-21-39](#)].

The main right-wing opposition Partido Acción Nacional (PAN) and left-wing opposition Partido de la Revolución Democrática (PRD) immediately came out against the constitutional reform initiative. The PAN party president, Marko Cortés, said the party would “roundly reject the reform to the CFE because it will directly affect the finances of the middle class and will have unprecedented repercussions for the environment, as it represents a backwards step for the use of clean and renewable energy”. The PRD party president, Jesús Zambrano, denounced what he described as “not a counter-reform but a historic step backwards for which Mexicans will pay”.

The silence from the Partido Revolucionario Institucional (PRI), however, has been deafening. The fate of the constitutional reform lies in the PRI’s hands. On the surface, a PRI alliance with Morena and its allies on the reform would seem improbable. It was, after all, the previous PRI administration led by Enrique Peña Nieto (2012-2018) that pushed through the 2013 opening of the energy market to private investment that López Obrador wants to overturn. In addition to this, more than any other party, the PRI has been on the receiving end of public excoriation from López Obrador. But there is no shortage of members of the PRI that blame Peña Nieto for the party’s diminished state, and this could provide an opportunity for it to play a decisive role in politics once again and potentially extract concessions from the López Obrador administration.

That the PRI could be swayed is a genuine possibility as evidenced by the reaction of the PAN and PRD party leaderships. In a hastily arranged meeting, Cortés and Zambrano sought to persuade their opposite number at the PRI, Alejandro Moreno, to preserve the unity of the tripartite Va Por México coalition that opposed López Obrador in the last elections. Moreno promised not to reach any under-the-table deals with Morena, but he insisted upon more time for the PRI to consider the reform after more debate in public forums.

In the lower chamber of congress, Morena has 198 seats of its own and 79 more with allies, but it is still 57 seats shy of a two-thirds majority. The PRI, pointedly, has 70 seats. It is a similar story in the senate. Morena and its allies have 76 seats in the senate. The loan of the PRI’s 13 seats would bump this up to 89 seats and a two-thirds majority in the 128-seat upper chamber.

International concern

The human rights situation in Nicaragua continues to draw international concern ahead of the vote. On 22 September the US, Canada, Colombia, Ecuador, France, Chile, the Dominican Republic, and the UK signed a joint statement during the United Nations General Assembly (UNGA) highlighting concerns about political repression, human rights abuses, and democracy in Nicaragua. It warned the “current measures taken by the government fail to meet the necessary conditions to stage free and fair elections” – a reference to electoral reforms approved earlier this year which fell far short of demands by the Organization of American States (OAS).

Electoral campaigns kick off

Campaigns have officially begun ahead of the 7 November general elections in which President Daniel Ortega is seeking a fourth consecutive five-year term for the Frente Sandinista de Liberación Nacional (FSLN). With key contenders arrested [\[WR-21-36\]](#), genuine opposition parties excluded [\[WR-21-32\]](#), a supreme electoral court (CSE) widely criticised as partisan, and an absence of credible international observers, opposition groups like Coalición Nacional (CN) continue to dismiss the contest as a “farce” and urge the public and international community alike not to recognise the results.

Campaigns officially kicked off on 25 September. As well as Ortega, whose current vice president, First Lady Rosario Murillo, is also seeking re-election, other presidential candidates registered include Walter Espinoza (Partido Liberal Constitucionalista); Guillermo Osorno (Camino Cristiano Nicaragüense); Mauricio Orúe (Partido Liberal Independiente); Marcelo Montiel (Alianza Liberal Nicaragüense); Gerson Gutiérrez Gasparín (Alianza por la República); and Brooklyn Rivera of the indigenous Yatama party.

The line-up is perhaps more notable for who it does not include. Those not on the ballot sheet include Ciudadanos por la Libertad (CxL), which had headed up the Alianza Ciudadanos por la Libertad (ACL), the main opposition alliance, which had its legal status cancelled in August – a move described at the time by US Secretary of State Antony Blinken as “the final blow against Nicaragua’s prospects for a free and fair election” [\[WR-21-32\]](#). Two other parties had previously been excluded in May [\[WR-21-21\]](#): Partido Conservador and Partido de Restauración Democrática, one of CN’s members, which was going to serve as the political vehicle for the CN to field its candidates.

Amid existing concerns regarding the integrity of the election, days before the official launch of campaigns, the CSE further stoked criticism with its 20 September announcement that mass electoral campaign events (of over 200 people) were prohibited due to the coronavirus (Covid-19) pandemic. The timing of the announcement came as Nicaragua was facing a surge in new infections – a report by Observatorio Ciudadano Covid-19, a collaborative civil society group set up to monitor the outbreak in Nicaragua, tallied 5,123 new cases in the first 22 days of September, the highest total for a month since the start of the pandemic in March 2020. Cynics point out, however, that the constraints stand in marked contrast with the government’s earlier refusal to impose restrictions and its promotion of tourism and rallies involving large crowds [\[WR-20-23\]](#). In a report published on 28 September, a local citizens’ group, Urnas Abiertas, also pointed out that despite this ban the FSLN had organised “4,300 recreational activities” which would appear to fly in the face of these concerns, and more generally accused the ruling party of “permanent propaganda”. Urnas Abiertas cited as an example on 25 September the handover of 150,000 homes in Managua as part of the Bismarck Martínez government programme.

Railing against the Church

President Ortega formally launched his campaign on 4 October with a tirade against the Catholic Church, accusing bishops of being “terrorists”. Such accusations are nothing new and have been levelled by Ortega against his opponents since the eruption of anti-government protests in April 2018. An increasingly vocal critic of the Ortega government, the Catholic Church has repeatedly called for respect for human rights and the release of political prisoners.

Judges' installation proves contentious

New judges added to US blacklist

On 20 September the US Department of State (DoS) added the new SC members, Elsy Dueñas De Avilés, Óscar Alberto López Jerez, Héctor Nahún Martínez García, José Ángel Pérez Chacón, and Luis Javier Suárez Magaña to its list of individuals from the Northern Triangle (Guatemala, El Salvador, and Honduras), first unveiled at the end of June [\[WR-21-27\]](#), accused of corruption, obstructing investigations into corruption, or undermining democratic process. According to the DoS, the five accepted direct appointments to the SC by the legislature “in a process that appears to have contravened the Salvadoran constitution”.

In line with the controversial reforms to the judicial career law approved at the end of August [\[WR-21-36\]](#), El Salvador's supreme court (CSJ) has installed 98 new judges. This comes as the reforms, which force judges and prosecutors to retire once they turn 60 or after completing 30 years of service (excluding those from the CSJ), continue to draw criticism, stoke protests, and fuel legal appeals. All of this adds to existing fears regarding judicial independence which have intensified since the new legislature, in which the ruling Nuevas Ideas (NI) now has a two-thirds majority, took up its seats in May and promptly dismissed five members of the CSJ's constitutional chamber (SC) and attorney general, Raúl Melara, all critics of President Nayib Bukele [\[WR-21-18\]](#).

Widely censured as unconstitutional, the reforms were promulgated by President Bukele on 17 September. The same day a local human rights group, Cristosal, filed a complaint on behalf of at least 50 judges before the Inter American Commission on Human Rights (IACHR) against the Salvadorean state for “violation of judicial independence” in relation to the changes. Among other things, Cristosal's complaint accused the Salvadorean state of violating labour stability and the rights of equality and non-discrimination of people over the age of 60. Five days later a court in San Miguel department also issued an order suspending the law's application for now - which the CSJ has failed to heed and is appealing.

The CSJ has offered some concessions in response to the wave of criticism sparked by the reforms, which also stems from suspicion that they are aimed at ejecting certain judges in particular – not least Jorge Guzmán (aged 61), in charge of investigating the 1981 ‘El Mozote’ massacre, one of the worst human rights abuses of the country's 1980-1992 civil war. On 22 September the CSJ offered severance pay to judges over 60 who agreed to resign voluntarily before 25 September. It added that judges could apply to continue working on an availability basis, particularly in relation to cases involving grave violations of human rights. However, this has failed to convince the judges or government critics. For instance, Guzmán has refused to continue working. In a letter dated 23 September reiterating complaints that the law was unconstitutional, he said he would leave office on the date that it becomes effective (26 September) and would only return if it were declared unconstitutional or revoked.

Protests continue

The reforms to the judicial career law featured among complaints of anti-government protesters who took to the streets again on 30 September in the capital San Salvador. With media reports estimating turnout of some 2,000 people, these are the third major protests in a month against the Bukele government, following a massive demonstration on 15 September – the biggest since he took office in June 2019 – and on 1 September.

As well as the judicial reforms, protesters were demonstrating against the recent SC ruling lifting the ban on immediate presidential re-election [\[WR-21-18\]](#), and adoption of the cryptocurrency bitcoin as legal tender.

Those taking part in the protests included high-profile judges such as Guzmán, unions representing judicial officials such as Sindicato de Empleados y Empleadas Judiciales (SEJES), war veterans demanding higher pensions, health unions, and civil society groups such as Cristosal.

Bukele, meanwhile, has downplayed the protests. In response to the 15 September demonstrations, he changed the bio on his Twitter profile to “the coolest dictator in the world” – an apparent joke in response to concerns about his perceived authoritarianism.

Quotes of the week

“The balance of powers is the bridge between the rule of law and democracy. Votes of confidence, [congressional] hearings, and motions of censure should not be used to create political instability.”

Peru's President Pedro Castillo announces a major cabinet reshuffle.

“Under a policy of pillage and plunder begun under neoliberalism, foreign [companies] came and thought Mexico was a land of conquest. And they plundered us just like during colonial times.”

Mexico's President Andrés Manuel López Obrador on his government's determination to reverse the previous government's 2013 energy reform.

“It is unethical to have accounts in tax havens to evade financial charges. If the account belongs to an economic authority and has been declared, it may well be legal, but it is serious. If there have been any financial transactions, it's misconduct in office. If they used non-public information, it's a crime. If it is not investigated, it's collusion!”

Brazilian opposition politician Fernando Haddad responds to the mention of the economy minister, Paulo Guedes, and the central bank president, Roberto Campos Neto, in the Pandora Papers.

POSTSCRIPT

Controversy rages over land seizures in Paraguay

Nearly 20 Paraguayan indigenous organisations have convened a protest demonstration in the capital Asunción for 12 October, to demand recognition of their land and cultural rights. Together with other groups representing rural workers, they have been campaigning against new legislation, signed by President Mario Abdo Benítez on 30 September, which raises the penalties for land seizures to 10 years.

Disputes over land ownership have been a longstanding contentious issue at the heart of Paraguayan politics: in 2012 a violent land dispute in Curuguaty, in the eastern department of Canindeyú, left a toll of 17 dead and eventually led to the impeachment of President Fernando Lugo (2008-2012).

The government says tougher penalties are needed to protect private property and discourage up to 1,000 land conflicts currently in progress in different parts of the country. Indigenous groups and rural activists argue that the law is unfair, as much of their land (up to 8m hectares) was taken from them illegally during the dictatorship of General Alfredo Stroessner (1954-1989) and given to supporters of the regime.

The bill was approved by the lower chamber of congress on 29 September by 49 votes to three with one abstention, with the backing of the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC), having already been passed by the senate. A total of 27 deputies were absent for the final vote in the lower chamber, from the left-wing Frente Guasú (FG) and other opposition parties, who had opposed the bill.

When the new law was promulgated by Abdo Benítez on 30 September there were violent clashes between police and rural activists, with several cars burnt in central Asunción. Police used water cannon and rubber bullets to disperse the protesters.

The head of the Instituto Nacional del Indígena (Indi), Edgar Olmedo, made a call for “peace and harmony”, saying that Abdo Benítez had requested that he open a dialogue with indigenous leaders, but it is unclear whether this will defuse tensions. If the government refuses to reconsider the new law, there is a possibility that the protests could spread. Organisers had earlier threatened to take further action if Abdo Benítez signed the bill.

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