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## LATIN AMERICA ADVISOR

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### Featured Q&A With Our Board of Advisors

**Q** The new head of Peru's anti-corruption unit, Antonio Maldonado, last week vowed to pursue investigations into charges of corruption against the government of President Alejandro Toledo and his Peru Posible party. Will Maldonado have the independence and autonomy needed, and which he has demanded, to investigate corruption? What is the potential impact on political stability in Peru from the anti-corruption investigations?

**A** Guest Comment: Carlos Mateo Paz-Soldan: "Chile's recent experience suggests that it may take Peruvian society several years before it is ready to fully exorcise its Fujimori-era demons. Despite the abuse and corruption that took place during his regime, Fujimori still maintains relatively high levels of political popularity among Peruvians. From this perspective, the work being done by the anti-corruption unit and even the open attention and discussion displayed by the media to Maldonado's appointment indicate a substantial improvement in Peru's evolution toward a more transparent and accountable society when compared to the situation only five years ago. Maldonado is considered an honest and capable professional, and it appears that he will be able to count on the support of the team that had been pursuing investigations against Toledo's government as well. Moreover, Maldonado's back-

ground in the human rights arena in Peru, Guatemala, and Colombia (the latter two as part of the UN) should energize the work that lies ahead in dealing with the recommendations of the country's Truth and Reconciliation Commission, including reparations for victims of humans rights abuses in the 80s and 90s. While these are monumental tasks for a single person, or government, Peru's long-term stability depends in large part on its ability to tackle these challenges."

**A** Guest Comment: Michael Shifter: "Antonio Maldonado has one of the toughest, and most sensitive, tasks in Peru. His appointment as

*Continued on page 4*

### PHOTO OF THE DAY



Cuban Foreign Minister Felipe Perez Roque said Monday that Cuba had restored official contact with the embassies of eight European Union nations. See related story on page 2.

*Photo: Cuban foreign ministry.*

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## NEWS BRIEFS

**Brazil Recorded Record Trade Surplus in 2004**

Brazil posted a record trade surplus of \$33.7 billion in 2004 amid broad export growth, high commodity prices, and diversification of markets, the government said Monday. Last year's trade surplus was up from \$24.8 billion a year ago, as exports surged 32 percent to \$96.48 billion. Imports rose 30 percent to a record \$62.78 billion.

Source: Reuters.

**Sempra Awards \$670 Million in Contracts for Mexico LNG Project**

Sempra LNG said Monday that it had awarded \$670 million in engineering, procurement, and construction contracts to build a liquefied natural gas receipt terminal in Mexico. Sempra said it awarded a \$500 million contract to a consortium made up of **Techint SA de CV of Mexico**, the US' **Black & Veatch**, Japan's **Mitsubishi Heavy Industries**, and France's **Vinci Construction Grands Projects**. A \$170 million contract to build a breakwater for the terminal was given to a joint venture between the London-based **Costain Group PLC** and Chinese construction company **China Harbour**. The LNG terminal, slated to be finished in 2008, will have the capacity to process 1 billion cubic feet of natural gas per day.

Source: company statement.

**Ecuador's Urban Jobless Rate Falls Slightly in November**

Unemployment in Ecuador's three largest cities fell to 11.0 percent in November, down slightly from 11.1 percent the previous month, the Central Bank said Monday. However, urban unemployment was higher than November 2003, when it stood at 9.3 percent.

Source: Reuters.

## Political News

**Peruvian Rebel Leader, Most of His Followers Surrender to Police**

A Peruvian rebel leader and some 90 of his followers surrendered to authorities early this morning, three days after seizing a police station in the southern town in Andahuaylas on Saturday and killing four policemen, the Associated Press reported. Former Army Major Antauro Humala, who had promised his group would turn themselves in to authorities at noon yesterday but then changed his mind after what he said was a violation of the terms of surrender by the government, was in police custody, a government spokes-

allegations of corruption. They were imprisoned briefly before being pardoned.

**Honduran Police Arrest Alleged Mastermind of Bus Massacre**

Honduran President Ricardo Maduro said Monday that police had arrested a gang leader accused of masterminding the December 23 murder of 28 public bus passengers, the Associated Press reported. Maduro said police arrested 24 year-old Juan Carlos Miralda, a leader of the Mara Salvatrucha gang, for his role in the attack on the bus in the northern city of San Pedro Sula. "He is in the authorities' hands and will be put at the mercy of the courts so that he rots in jail," Maduro was quoted as saying. Ten other gang members have

*Some 35 members of the rebel group remained barricaded in the police station, holding 10 police officers hostage, while soldiers and police encircled the area.*

woman said, according to the AP. However, some 35 members of Humala's group remained barricaded in the police station, holding 10 police officers hostage, while soldiers and police encircled the area. Prime Minister Carlos Ferrero demanded the holdouts release the hostages and surrender their weapons. "If this does not happen, it is the obligation of the government to re-establish order and it will with the combined force of the police and armed forces," Ferrero was quoted as saying. The government has declared a state of emergency, sending 1,000 extra police and soldiers to the town and telling residents to evacuate the area. The group, which aims to establish a nationalist indigenous movement, has demanded that President Alejandro Toledo resign. It accuses Toledo of selling out to business interests in neighboring Chile. This past weekend's revolt was the second led by Humala in four years. In October 2000, the former army major and his brother Ollanta Humala staged an uprising against then-President Alberto Fujimori. They eventually surrendered after Fujimori's government collapsed a month later amid

been arrested in connection with the bus attack and charged with murder. The 28 victims were killed by gunmen in apparent retaliation for a government crackdown on gangs and organized crime. The December 23 attack came just two days after President Ricardo Maduro announced that he was increasing his and his family's security due to a reported plot by criminals and drug traffickers to assassinate him. Maduro has launched a zero-tolerance campaign against gang activity, last year pushing through Congress a law that mandates prison sentences for gang members of up to 12 years. Gangs in Honduras, which claim more than 100,000 members, are known for extorting "protection" money, according to the AP. [Editor's note: look for a related Q&A in the January 10 issue of the *Latin America Advisor*.]

**Cuba Restoring Official Contact with EU Embassies**

Cuba is restoring official contact with eight European Union nations' embassies after the countries agreed to stop inviting

dissidents to some embassy events, Cuban Foreign Minister Felipe Perez Roque said Monday, according to Reuters. Perez Roque said the government was restoring official contact with the embassies of France, Britain, Germany, Italy, Austria, Greece, Portugal and Sweden, which in 2003 started inviting dissidents to diplomatic cocktail parties to protest a government crackdown on dissent. "As a result of the decision by the EU's Latin American committee to renounce invitations to national day celebrations of mercenaries paid and directed by the United States, Cuba has decided to restore official contacts with the embassies of a group of EU countries," Perez Roque was quoted as saying. The EU committee recommended last month that the invitation policy be dropped in favor of more discreet contacts with political opponents after the Cuban government released 14 of 75 dissidents jailed in 2003. European diplomats noted, however, that Cuba could not expect Europe to abandon the dissidents, according to Reuters.

## Company News

### Mexico's Cofetel Lowering Fixed-to-Mobile Calling Rates

Mexico's Federal Telecommunications Commission (Cofetel) said Monday that it had approved a reduction in the rates local fixed-line giant **Telefonos de Mexico** (Telmex) can charge to connect calls to mobile phone users. In a statement, Cofetel said Telmex would be required to lower its fixed-to-mobile rate from 2.50 pesos (\$US 0.20) per minute to 2.25 pesos, effective January 1, with gradual reductions to 1.82 pesos per minute by 2007. "The rate adjustment seeks to transfer the benefits of competition to the consumer and provide [the consumer] certainty about the rates applied to fixed-to-mobile calls, as well as grant legal certainty to concessionaires in the medium and long term." Cofetel said. In addition, the reductions will allow rates to fall into line with international rates and let mobile operators to gradually upgrade their networks to handle increased call volume, Cofetel said.

## Special Advisor Report

### *Tsunami Warning System Protects Latin American Nations*

By Devin Finn

WASHINGTON - Experts say that the death toll from the December 26 tsunami in southeast Asia, which as of the latest count stands at some 155,000, could have been less if the countries struck by the giant ocean waves had been part of an international or regional tsunami warning network.

Latin American Pacific coast nations, which have had their share of devastation from so-called *maremotos*, or "sea-quakes," over the past century, hope that local and regional warning systems will prevent the kind of tragedy seen in Indonesia, Sri Lanka, and Thailand.

Mexico, which is one of nine Latin American members of the International Coordination Group (ICG) for the Tsunami Warning System, is vulnerable to tsunamis along an approximately 1,000 mile-long stretch of Pacific coast between the states of Jalisco and Chiapas, according to Modesto Ortiz, a professor of physical oceanography at the Center for Scientific Research and Higher Education in Ensenada, Mexico.

Ortiz said that communities along Mexico's Pacific coast will have little warning in the case of a tsunami generated just off the coast.

"For local tsunamis, there is no time for an alert, so the alert itself is the earthquake," Ortiz told the *Advisor*. "We have been working with local communities, teaching them that after feeling a strong earthquake they should run up."

"The warning system is not perfect," he said. "We should improve our national communications, have more people involved in the alert, and have more coastal residents educated to know what to do in case of a tsunami warning."

Chile, another Latin American member of the ICG along with Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Nicaragua, and Peru, has one of the most sophisticated tsunami warning systems in the world. The system was created in the wake of a May 1960 tsunami which killed some 6,000 Chileans.

Last year, Chile installed an underwater buoy system—the first of its kind in the southern hemisphere—which is capable of detecting tsunamis and transmitting information an hour before their arrival.

The head of Ecuador's Naval Oceanographic Institute, Capt. Arturo Romero Velasquez, said last week the Andean country was protected against the type of disaster that struck southeast Asia because of its participation in the ICG, *Prensa Latina* reported. If a tsunami is detected approaching Ecuador's coast, civil defense authorities would spring into action to help evacuate people to high ground, Romero said.

In the wake of the southeast Asia disaster, authorities in Caribbean nations are considering the establishment of a tsunami warning system, according to *Prensa Latina*. The system would supplement a Caribbean agency that studies climactic changes and tidal variations, in addition to monitoring an underwater volcano near the northern coast of Grenada.

**Annual Predictions Survey***Continued from page 3*

head of Peru's anti-corruption unit was well-received, but his start in the job was inauspicious. Two highly respected deputy prosecutors resigned because they thought Maldonado had not given them sufficient assurances that they would have complete independence in

“In the end, [Maldonado] will be judged by his actions and the results of his efforts.”

- *Michael Shifter*

pursuing cases against Toledo government officials. Though Maldonado has claimed otherwise, the resignations hardly inspire a lot of confidence. Still, Maldonado can demonstrate his independence and willingness to investigate allegations of corruption against the government. In the end, he will be judged by his actions and the results of his efforts. A great deal is at stake politically for a government whose credibility has been widely questioned, and whose stability at various points has been in doubt.”

**A Board Comment: Beatrice Rangel:** "By the time Maldonado finishes the investigation, there will probably be another tenant at Palacio Pizarro. To be sure, these investigations are complex and intricate, even when the investigating entity has all the government support and enjoys a high degree of autonomy. What seems encouraging, however, is that the investigation is taking place and that it has been commissioned after events in Costa Rica shocked the world. The Alcatel dealings in that Central American country and the subsequent indictment of two former heads of state are watershed events in the fight for transparency. Given the effectiveness of the institutional framework in Costa Rica to guarantee the rule of law, there is no other path for law enforcement and anti-corruption authorities in Latin

America when dealing with corrupt practices than that taken by Costa Rica. Finally, the Jericho trumpet has been heard loud and clear by those that believed they could profit from public service without anyone ever knowing about these dealings. Technological change is empowering communities and authorities to effectively build honest governments.”

**A Guest Comment: Dennis Jett:** "Corruption is a cancer that seems to undermine and delegitimize governments throughout Latin America from the day they take office. Even when the president is a man (or woman) of integrity, there will be those around the presidency that will offer to peddle influence even when they don't have it. In the US, such corruption is called campaign contributions, and it is becoming more pervasive. Whether in the US or to our south, unless there are independent authorities with the ability and autonomy needed to go after those who would use public office for personal gain, the people will be justified in having no confidence in their government.”

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