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Featured Q&A With Our Board of Advisors

Q In a referendum on Sunday, Brazilian voters roundly rejected a proposal to ban gun sales. With firearms still on the market, what can be done to curb rampant gun-related violence in Brazil?

A **Guest Comment: David Fleischer:** "In the gun control referendum, Brazilian voters rejected the prohibition of firearm sales by a wide margin (64 percent) and over 80 percent in some states like Rio Grande do Sul, which has experienced three civil wars. This referendum was innocuous because 'the day after' nothing changed in Brazil. The disarmament statute remains on the books and now needs to be regulated. Brazil has more police per 100,000 people than the US, but three times as many gun-related deaths—the US resolves 80 percent of these homicides versus only 10 percent in Brazil. With more judges per 100,000 population than the US, the average time for a homicide conviction in Brazil is 10 years, versus 10 months in the US. To curb rampant gun-related violence, Brazil needs to elaborate a totally new federal/state public security policy, and provide sufficient funds to this end. So far, Congress has shirked this task and only called the referendum. Faced with the current corruption storm in late 2005 and elections looming in 2006, major proposals might be forthcoming only in 2007—with new governments (state and federal) and a new Congress."

A **Guest Comment: Georges Landau:** "The referendum itself was an exercise in democracy, took place without any incident, and, owing to Brazil's very sophisticated voting system, results were known the same evening. However, it was expensive and a waste of good money. The question itself was poorly formulated, with a double negative ('are you for [or against] the prohibition to sell arms,' etc.) that many people didn't quite understand. Moreover, it referred to a single section of the disarmament statute, which remains in force with draconian conditions and penalties for the possession and bearing of arms. But the

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PHOTO OF THE DAY



Brazilian Mines and Energy Minister Silas Rondeau said Tuesday Brazil would be self-sufficient in oil by next year. See related story on page 3.

Photo: Agencia Brasil.

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NEWS BRIEFS

Havana Flood Recedes, But Possible Housing Crisis Looms

Floodwater in the Cuban capital city of Havana brought by Hurricane Wilma-related storm surges began receding on Tuesday. Although there were no reported deaths, there are concerns that damage from salt water to Havana's old and dilapidated buildings could make some uninhabitable and create a housing crisis.

Source: *Associated Press*, *The Miami Herald*.

FARC Denies Role in Car Bomb Attack on Senate Ally of Uribe

Colombia's largest rebel group, the Revolutionary Armed Forces of Colombia, or FARC, denied Tuesday that it was responsible for an October 10 car bomb attack against Senator German Vargas, a top ally of President Alvaro Uribe. The FARC instead said the attack was the work of politicians linked to right-wing paramilitary drug smugglers. Vargas, who survived the attack, said he suspected it was carried out by political enemies linked to Colombia's drug trade.

Source: *Reuters*.

Argentina to Re-attempt Bond Sale

Argentina will today offer at least \$300 million in dollar-denominated 10-year bonds at a fixed price on to help finance debt payments, the economy ministry said Tuesday. The announcement came a month after the government canceled the sale of \$800 million of 10-year dollar-denominated bonds because investors demanded too high a yield. CSFB said this morning there was a "very low" chance the government would price today's bond issue in line with market demands and that the main buyers would likely be local public banks or provincial governments.

Source: *Reuters*, *CSFB*.

Political News

Minister Urges Help for Poor Nations to Prepare for Flu Pandemic

The immediate transfers of the necessary technology to nations such as Mexico, India, China, and Brazil will allow the world to be better prepared in the event of a global flu outbreak, Mexico's health minister said on Monday.



Julio Frenk
Photo: *Los Pinos*

"The pandemic has not occurred and that's our biggest advantage ... there's no time to waste," Julio Frenk told Reuters on the sidelines of an international conference in Ottawa, Canada on readiness for a human flu pandemic. A lethal strain of wild avian influenza has killed more than 60 people in Southeast Asia,

countries could not let national boundaries get in the way of combating any future pandemic, BBC News reported. The Pan-American Health Organization (PAHO) allows all countries to purchase seasonal influenza vaccine at lower prices, a PAHO official told the *Advisor* last week. [Editor's noted: see related Q&A in the October 17, 2005 issue of the *Advisor*].

Brazilian Lawmaker to Ask US for Help in Probing Campaign Scandal

The head of an inquiry by Brazil's Congress into a campaign finance scandal involving the ruling Workers Party will travel to the United States next week to ask US authorities for help in obtaining confidential bank documents needed to identify the source of illegal campaign contributions, Reuters reported. Senator Delcicio Amaral said he would travel to the US on

“Probably the only worse thing [than] the pandemic itself would be a situation where only the rich countries of the world had access to drugs and vaccines and the rest of the world just watched and suffered.”

- Mexican Health Minister Julio Frenk

triggering fears it might mutate and start spreading from person to person, killing millions. "Probably the only worse thing [than] the pandemic itself would be a situation where only the rich countries of the world had access to drugs and vaccines and the rest of the world just watched and suffered," the minister stated. Frenk proposed that wealthy nations offer 10 percent of their stockpile of flu vaccine and antiviral drugs to developing nations to improve the chances for people to overcome a possible worldwide spread of avian flu from birds to humans. He said that sharing this technology would not mean violating patents or intellectual property rights. Canadian Prime Minister Paul Martin offered his country's resources and said he would "support a proposal to expand our projected vaccine supply with the goal of sharing these resources," according to the Canadian Broadcasting Company. World Health Organization Director General Jong-wook Lee said that

Monday to meet US Justice Department officials and Manhattan District Attorney Robert Morgenthau. "Our objective is to find out who funded this scam here in Brazil," Amaral was quoted as saying. Last Friday, Amaral and opposition congressman Gustavo Fruet asked US Ambassador to Brazil John Danilovich to help present their case to US officials. Amaral said an existing agreement between the US and Brazil to cooperate in money-laundering investigations does not cover the legislatures of either country, but said he hoped the US would make an exception in this case. Last month, Brazilian President Luiz Inacio "Lula" da Silva's 2002 presidential campaign manager, Duda Mendonca, told the inquiry he received 10.5 million reais (\$US 4.6 million) in a Miami bank account of an offshore company in the Bahamas for running the PT campaign, according to Reuters. Last week, Brazil's Congress started expulsion hearings Monday against 11 lawmakers accused of

taking illegal funds. Two other lawmakers resigned to avoid the hearings.

Economic News

Brazil Expects to be Self-Sufficient in Oil by 2006

Brazil should achieve self-sufficiency in oil next year, Mines and Energy Minister Silas Rondeau said Tuesday, according to the Associated Press. "Self-sufficiency in petroleum should be reached ... in 2006," Rondeau was quoted as telling local radio, confirming a prediction made by Sergio Gabrielli, the CEO of state-owned **Petrobras**, last month. Under a plan announced in August, Petrobras will invest \$56 billion from 2006 to 2010 to boost production. Currently, Brazil produces about 1.73 million barrels of oil per day and projects year-end consumption of 1.85 million bpd, having come a long way from the 1970s, when the country imported some 85 percent of its oil needs. Rondeau said Tuesday Brazil is also exploring for natural gas to reduce its dependence on neighboring Bolivia, its largest supplier. "We estimate that in 10 years we'll have 70 million cubic meters of gas a day—about four times what we have now," Rondeau was quoted as saying by

official news service Agencia Brasil. "With this, the role of gas coming from foreign sources, like Bolivia, is going to lessen." The government also will develop alternative and "clean" energy sources for remote areas like the Amazon rain forest, according to Rondeau. "We're stressing wind energy, small hydroelectric dams and biomass energy, which can come from wood residue or sugar cane bagasse," he said. Rondeau also said the government expected to bring electricity to 2 million poor people in rural areas by the end of next month under its "Electricity for All" initiative, launched at the beginning of 2004. The government aims to invest 9.5 billion reais to bring electricity to 9 million of the rural poor by 2008.

Company News

SABMiller to Buy Out Remaining Stake in Peru's Backus

British brewer **SABMiller** said Tuesday it plans to spend around \$478 million buying the remaining shares it does not already own in Peru's largest beverage maker, **Backus y Johnston**. According to a statement on SABMiller's Web site, the company placed an offer for the rest of the shares of Backus on the **Lima Stock**

Exchange, at a cash price of \$25.34 per share. Peru's **Cheswick Comercial**, which holds around 20 percent of Backus' shares, has agreed to sell SABMiller its interest, the company said in a statement. The London-based SAB and the US number two brewer **Miller**, which SAB bought in 2002, said the cash needed to buy the rest of the stock was expected to be around \$478 million. As required by Peruvian securities law, SABMiller will launch a public offer for any remaining Backus shares following the offer's expiration in ten days. SABMiller owns a 79.7 percent stake in Backus after its purchase this month of a majority stake in Colombia's Bavaria, South America's second-biggest brewer. SABMiller shares were down 6 points, or 0.59 percent on the **London Stock Exchange** at the market's close on Tuesday.

America Movil Reports 40 Percent Decline in Third-Quarter Profit

Mexico-based regional mobile giant **America Movil** on Tuesday reported a 4.4 billion-peso (\$US 409 million) third-quarter net profit, down 40 percent from 7.48 billion pesos for the same three months a year ago, as higher taxes and interest payments weighed on results, Reuters reported. Interest expenses in the period doubled as the company's net debt rose by about 10 billion pesos in the quarter following acquisitions in Paraguay, Chile, and Peru as part of an aggressive regional expansion. America Movil also reported a foreign exchange loss compared with a gain of 1.6 billion pesos a year ago. However, revenue rose 30.1 percent to 45.5 billion pesos and the company added 9.9 million new subscribers during the quarter. One of America Movil's fastest-growing units, Colombia's **Comcel**, added the most subscribers during the quarter. On Tuesday, Comcel shareholders voted on a proposal to sell up to \$218 million in debt under a shelf registration, although results of the vote were not known at press time. America Movil, which has operations in 13 Latin American countries in the United States, ended September with 83.6 million total subscribers. Mexico accounts for about half of the company's revenue.

Subscriber Notice

Institute of the Americas Conference on

Latin American Energy Policy and Electoral Implications

November 9, 2005
L'Enfant Plaza Hotel
Washington, DC

For more information and to register,
visit www.iamericas.org
or contact Ana Lima at (858) 453-5560, ext. 125
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Featured Q&A*Continued from page 1*

country was intensely polarized on the issue, with two opposing parliamentary fronts proselytizing for and against. Those against the prohibition carried the day by emphasizing that voting 'yes' would be tantamount to abdicating a constitutional right of choice. What is

“Brazil has more police per 100,000 people than the US, but three times as many gun-related deaths.”

- David Fleischer

really significant in this referendum—the third to be held under the Constitution of 1988—is that it was a protest against the country's rampant insecurity for lack of a national policy on public safety, which compels law-abiding citizens to acquire arms for self-defense. Both the Lula administration and its predecessor neglected this important aspect of Brazilian life on the narrow grounds that responsibility for security belongs to the states, not the federal government, but this is begging the issue. Weapons in the hands of criminals (often better armed than the police) tend to be either stolen from the military or smuggled across the porous Paraguayan border, and both fall within federal jurisdiction. It would be a mistake to see in the outcome of the referendum a turn towards the political Right; rather, it is a demonstration that the citizenry cannot trust the state to protect it.”

A Guest Comment: Thomaz Guedes da Costa: "Few Brazilians have not been affected by violent crime in their country. My father was shot three times in his home last year (luckily he survived and kept his good spirits and humor!) The Brazilian criminal justice system has basically collapsed, spreading despair among citizens confronted with violent crime, corruption, negligence, and incompetence. Due especially to the

highly centralized federal legal codes, mistrust of the police in general, and slow judicial processes, communities and citizens feel impotent to promote and advance a local sense of progress against crime, and they feel besieged. Homes, commercial buildings, and schools are becoming fortresses. Rising individual and business costs against crime are the new facet of the "custo Brasil." Sadly, impunity has been an enduring label. As a result, values and attitudes are changing, and the fight against crime has climbed to the top of the political agenda. Fighting crime could be a significant issue in the next electoral rounds at all levels. The debate on death penalty is on. When citizens wish to retain the right to have guns (beyond hunting), they are reserving the right to challenge the legitimacy of the sovereign. Brasilia be aware!"

David Fleischer is a Professor of Political Science at the University of Brasilia and author of the weekly Brazil Focus.

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