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FEATURED Q&A

Is Haiti's Presidential Runoff Election Now on Track?

Q The second round of Haiti's presidential elections was postponed from its original date in January after the country was plagued by widespread unrest over the first-round results. After reviewing the recommendations of the OAS, which determined that fraud had tilted the results of the first round in favor of the ruling party's candidate, Haiti's Electoral Council on Feb. 3 announced that Mirlande Manigat would face Michel 'Sweet Micky' Martelly in a presidential runoff election to be held on March 20. Is the second round election on track to be held successfully? What steps should be taken to ensure a free and fair election? What issues will matter most to voters? How has the election controversy affected recovery efforts from last year's devastating earthquake and cholera outbreak?

A Raymond A. Joseph, former ambassador of Haiti to the United States: "The international community seems especially satisfied that Jude Célestin, the hand-picked candidate of President René Préval, was ousted. However, many decry the methodology by which this was done. Experts from the Organization of American States determined that some of the votes for Mr. Célestin were fraudulent, but in concentrating on three of the 18 presidential candidates, they cheated the others of some percentages too. Few people believe that the low percentages scored by some of the candidates were accurate. Are the March 20 elections on track? Yes, if one focuses on the two presidential candidates that have been campaigning since Feb. 17. No, if one considers the opposition to the elections by a large sector. Although Michel Martelly had called for a new or revamped Provisional Electoral Council (CEP) to carry out the second round of the elections, nothing has happened in that sense. The same CEP that bungled the Nov. 28 vote is still in place. Will the international observers do a better

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Guatemala's First Lady Announces Presidential Bid

Guatemalan First Lady Sandra Torres de Colom, pictured earlier this year, on Tuesday made the long-expected announcement that she is running to succeed her husband, President Álvaro Colom. See story on page 2.

File Photo: Torres campaign.

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NEWS BRIEFS

Mexican Legislators Want Probe into Weapons Flow From U.S.

Lawmakers from Mexico's three largest political parties are demanding talks with the United States to probe accusations that U.S. authorities allowed hundreds of guns to be taken illegally into Mexico as part of an effort to build cases against drug gangs, the Associated Press reported Tuesday. Mexican Congressman Humberto Treviño said guns that were improperly allowed into Mexico have been linked to shootings in which 150 people were either wounded or killed.

Colombian Troops Free 21 Kidnapped Oil Workers

Colombian authorities freed 21 oil workers, Colombians contracted by Canada's Talisman Energy, on Tuesday, a day after they were kidnapped at gunpoint by members of the FARC, the *Financial Times* reported. One hostage escaped and was able to provide information for the Colombian authorities to pursue the kidnappers, who still have one prisoner in their possession. Amid soaring investment in the Colombian oil sector, kidnapping and attacks on infrastructure remain a threat.

Tisur to Expand Matarani Port in Southern Peru

Terminal Internacional del Sur (Tisur), which is owned by Grupo Romero, will invest $262 million to expand the storage terminal at Matarani Port in Arequipa, Peru, state news agency Andina reported. "Until now, a large proportion of investments have benefited the lower part of the port, however, it's time to start an expansion," said Erick Hein, Tisur's general manager. The investment will add 30.1 hectares to the port.

Political News

Guatemalan First Lady Announces Candidacy for President

Guatemala's first lady, Sandra Torres de Colom, on Tuesday officially announced her candidacy to succeed her husband. In the announcement, which had been long-expected, Torres conformed that she will be the candidate for the ruling National Unity for Hope party in the September election, the Associated Press reported. At a rally in Mixco, just outside Guatemala City, Torres said "popular clamor" drove her to enter the race, adding that she wants to help bring the country "social peace and hope," BBC News reported. Torres has supervised poverty relief initiatives during the administration of her husband, President Álvaro Colom. Torres' opponents argue that her candidacy violates the country's constitution, which says close relatives of the president are ineligible to seek that office. However, officials of the party argue that another clause in the constitution gives all Guatemalans the right to run for office. In recent polls, retired Gen. Otto Pérez Molina of the Patriotic Party has led the field of presidential hopefuls, with Torres trailing as a distant second, the AP reported. "It is an unconstitutional candidacy, but we will have to go through all the processes that the law requires," Pérez Molina said, according to BBC News. Guatemala's constitutional court would have to make the final decision whether Torres can run. If elected, she would be the country's first female president.

Economic News

Chile's Monthly Rate of Inflation Edges Up, Matching Forecasts

Consumer prices in Chile edged up 0.2 percent in February as compared to January, in line with forecasts, Bloomberg News reported Tuesday. Prices excluding fuel and fresh food edged up while the overall annual rate of inflation remained unchanged at 2.7 percent, the country's National Statistics Agency announced. The monthly increase matched the median forecast of 18 economists in a Bloomberg survey. Expectations for inflation rose this year after Chile's central bank began buying dollars and oil prices soared. That expectation for higher inflation has led to a stronger belief that the central bank will hike interest rates. "February is typically a month with very low or even negative inflation and we already have 0.5 percent accumulated in the year," Rodrigo Aravena, chief economist at **Banchile Inversiones** in Santiago, told Bloomberg News. "And even though the headline inflation wasn't high, costs are rising fast. The most likely result is that the bank raises by 25 basis points, but the discussion isn't going to be whether to raise or hold, but whether to raise by 25 or 50 basis points." Data from February show that Chile's economy is growing and inflation is under control, but the government will closely monitor rising prices, Finance Minister Felipe Larraín told reporters Tuesday in Santiago.

Larraín

File Photo: Chilean Government.

Company News

Telmex to Split Less Profitable Phone Lines into Separate Company

Teléfonos de México is planning to split phone lines it has in rural areas into a separate company, Bloomberg News reported Tuesday. The move will create **Telmex Social**, which will provide telephone service in the 46 percent of the country where competitors have not entered, Telmex said in a regulatory filing. Telmex is still determining whether the new company will be a spinoff or a holding company unit, a Telmex spokeswoman told Bloomberg News. "This is separating the profitable from the unprofitable," Martin González, an analyst at **Invex Casa de Bolsa** in Mexico City, told Bloomberg News. The decision comes as billionaire Carlos Slim, who controls Telmex, is asking regulators

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to allow the company to provide television service over phone lines in order to compete with **Televisa**, which sells video, voice and Internet packages through its cable television units. Telmex has 15.6 million phone lines and is Mexico's largest telephone company. Some 1.8 million of its phone lines are located in areas where competitors are not present, Telmex said in its report for the fourth quarter.

Slim

File Photo: The George Washington University.

Bancolombia Expects 15 Percent Increase in Lending This Year

Colombia's largest bank, **Bancolombia**, is expecting a 15 percent increase in loans this year, the bank's chief executive said Tuesday in a conference call, Dow Jones reported. Carlos Yepes added that the increase would continue a trend that started in last year's second half. Stronger demand for loans aided the bank's earnings in the final quarter of 2010. Bancolombia reported consolidated net income of 429 billion pesos ($227 million), a 16 percent year-on-year increase. During the quarter, the bank's net loans increased by 16 percent. "This growth confirms the improvement in credit demand," the bank said. For all of 2010, Bancolombia reported net income of 1.4 trillion pesos, a 14 percent increase from 2009. Colombia's government estimates that the economy grew at least 4 percent last year after an 0.8 percent expansion in 2009. Consumer credit and domestic demand have fueled economic growth in past months, the central bank has said.

> "This growth confirms the improvement in credit demand."
>
> ***— Bancolombia statement***

Featured Q&A

Continued from page 1

job this time around? The mess that happened under their watch last time doesn't augur well for the future. The issues that dominate the discourse in Haiti are the following: Who will deal with the problem of housing better, especially for the nearly one million citizens still living under tents and tarps more than a year after the killer earthquake? Who will coherently address the cholera epidemic? Who will have programs to generate jobs? And who will better negotiate the departure of Minustah (which has become increasingly unpopular)? Undoubtedly, the election controversy has affected Haiti's recovery. Nearly four months have been wasted because Mr. Préval tried to steal an election for his protégé. There is also a perception that Mr. Préval has done little to combat corruption. The lack of transparency in the Préval administration is a major stumbling block. Consequently, those in the international community that were poised to help are still waiting to see what will come after the elections. And Haiti still awaits the promise made at the U.N. conference last March 31 of 'Building Haiti Back Better.' "

Ernest H. Preeg, chairman of the Haiti Democracy Project and former U.S. ambassador to Haiti: "The November first round of elections were discredited by widespread fraud and voter intimidation for both the presidential and the legislative candidates, as reported by election observers, including those of the Haiti Democracy Project. This led to international pressures for a revised count that excluded President Préval's presidential candidate from the March 20 runoff. No changes were considered, however, for the discredited legislative results, despite numerous protests. The second round is likely to be more closely monitored, which should result in a more fair and open presidential outcome. It is less clear how the legislative races will fare, especially in the countryside, which is more difficult to monitor. The impact on the new government's capability to manage earthquake relief is open to serious question. Most experienced opposition leaders boycotted the elections because the election commission was rigged in favor of Préval's party. Presidential candidate Michel Martelly is a pop singer with prominent name recognition, but no experience as a public policy leader or manager. If Préval's party retains a majority of the legislature, largely through fraud, it could control selection of the prime minister and the cabinet. The failings of this election centered on the Préval-rigged electoral commission which, under the constitution, should be independent and balanced, with a strong management mandate. In the 2006 election of President Préval, the commission was so constituted, and the resulting basically free and fair elections surprised international observers. This time, the negative opposite has been the case. Looking ahead, it is not too soon for aid donors, who pay for the elections, and the OAS to make unequivocally clear to the new government that the prompt creation of a truly independent and balanced electoral commission, with a strong management mandate, is sine qua non for international financial support for the next legislative elections in 2012."

Alex Dupuy, professor of sociology at Wesleyan University: "First, the elections were recognized to have been seriously flawed and therefore should have been annulled and redone, as the majority of the presidential candidates called on the Provisional Electoral Council (CEP) to do right after the polls closed on Nov. 28. Mirlande Manigat and Michel Martelly were among them until they learned that they might have won enough votes to go to the second round. Second, according to a report by the Center for Economic and Policy Research, the OAS' recount was also flawed methodologically and statistically and its conclusion that Martelly edged Jude Célestin in the first

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Featured Q&A

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round rather than the other way round as the CEP had reported was equally flawed and arbitrary. Third, the international community, and the United States in particular, exerted great pressure on President René Préval—including threats of exile, freezing the funds of Haitian government officials and cutting off foreign aid to Haiti—and the CEP to accept the (flawed) recommendations of the OAS to drop Célestin and send Martelly to the second round. Four of the eight members of the CEP refused to sign the official declaration of the CEP that Martelly had won enough votes to go to the second round. In my view, then, the OAS recommendations have more to do with heavy-handed political interference in the electoral process than with expressing the 'will of the Haitian people' as Secretary of State Hillary Rodham Clinton said. As such, the entire election should be done over if the sovereignty of the Haitian voters is to be respected."

> "The elections were recognized to have been seriously flawed and therefore should have been annulled and redone."
>
> — *Alex Dupuy*

James Morrell, director of the Haiti Democracy Project: "The Obama administration's approach to Haiti has been marked by good intentions and high-flown rhetoric, but amateurish execution. Whereas a previous administration required the appointment of a capable, honest election administrator before doling out U.S. funds, this one entrusted funds to an election apparatus dominated by an entirely-traditional Haitian president intent on perpetuating his power. It then desperately played catch-up by sending an improvised Verification Mission to partially correct the fraudulent results. Even more naive is its reliance on an OAS electoral mission whose agenda is set by Latin American countries and consists of partisan support for the regime-in-place. The mission ignored the removal from quarantine of 19,000 fraudulent votes for the president's candidate, while claiming publicly that it was 'closely monitoring' operations at the Tabulation Center. This vote heist threw the country into turmoil, so alarming the United States that it hastily sent the Verification Mission to put those votes back into quarantine. Then to complete the bureaucratic disarray, the OAS tried to suppress the report of the Verification Mission. No U.S. official who was not completely sleepwalking would have allowed that OAS mission another dollar, but the Obama administration found a million more to fund the mission's likely cover-up in the second round. This astonishing decision will saddle Haiti with an illegitimate parliament at odds with the popularly elected president. Last-minute solutions remain available in the imposition of an effective administrator, the dismissal of the aberrant OAS mission and the dispatching of sharp-eyed election observers drawn from the Haitian diaspora. As difficult as these policy reversals would be, they are still easier than letting the fraud go forward and trying to correct it afterwards."

> "No U.S. official who was not completely sleepwalking would have allowed that OAS mission another dollar ..."
>
> — *James Morrell*

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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