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FEATURED Q&A

Will Dominicans' Discontent Cost the PLD the Presidency?

Q A 24-hour strike in the Dominican Republic July 11 that paralyzed services and transportation suggests that discontent with the ruling PLD may threaten the party's hold on the presidency in the country's election next May, according to the Eurasia Group. Will Dominicans be 'patient' and not 'despair' as PLD candidate Danilo Medina has asked? What must he do between now and the election to win over more voters? Will President Leonel Fernández's efforts to follow through on economic reforms promised to the International Monetary Fund cost his party the presidency?

influx of more than \$1 billion in loans under the standby agreement that the International Monetary Fund's board approved last week, plus the already announced participation of Fernández in the campaign, will all help Medina. However, only 38 percent of voters approve of Fernandez's administration, where corruption is rampant. He doesn't speak to voters, not even to the local press. Mejía's big liability is his record as president (2000-2004). During his last two years, he faced a great banking crisis

Continued on page 4

A Bernardo Vega, president of Fundación Cultural Dominicana and former ambassador of the Dominican Republic to the United States: "Ten months to election day and it is too close to call. Penn, Schoen & Berland and Gallup published polls in May. PS&B showed former President Hipólito Mejía of the opposition PRD winning 51 percent to 39 percent against Danilo Medina of the ruling PLD. Gallup showed similar results. However, at that time Medina had not even won his party's primary, which he did with 87 percent of the vote. The PS&B poll showed that if he chose Leonel Fernández's wife as his vice presidential running mate and if he could get the vote of the Partido Reformista, estimated at 5 percent, he would be very close to Mejía. The use of government resources for Medina's campaign and the



Ortega Proposes Referendum to Demand Damages From U.S.

Nicaraguan President Daniel Ortega on Tuesday proposed asking Nicaraguans to vote on whether to demand \$17 billion from the United States for its involvement in the Central American country's civil war. See story on page 2.

File Photo: Nicaraguan Government.

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NEWS BRIEFS

Venezuelan Court Annuls Complaint Against Chávez Foe

Venezuela's Supreme Court on Tuesday dropped a corruption complaint that had been lodged against a leading critic of President Hugo Chávez, the Associated Press reported. The court quashed the complaint against Henrique Capriles four days after its judges had originally approved it. The court said Tuesday that the socialist party leader who filed the complaint did not have authorization to do so. Capriles is a state governor and possible presidential hopeful.

India's NSL Group May Invest \$50 Million in Chilean Wind Farm

India's NSL Group is close to buying a wind project in Chile for \$50 million, Bloomberg News reported Tuesday, citing a story in India's *Economic Times* newspaper. The Hyderabad-based company, which owns **Regen Powertech**, a wind power firm, plans to acquire the development rights to build a wind farm in phases across five adjacent sites in the South American country, the report said, without citing sources. The acquisition is part of a plan to spend \$650 million over the next three years to develop 400 megawatts of wind capacity, it said.

ICSID Agrees to Arbitrate Koch Case Against Venezuela

The International Center for Settlement of Investment Disputes (ICSID) said Tuesday it will hear a case requested by Kansas-based **Koch Industries** after Venezuela nationalized a fertilizer plant it owned with national oil company **PDVSA** and Italy's **Eni**, Reuters reported. The Fertinitro plant, which the government took over in October, is one of the world's largest nitrogen-based fertilizer factories.

Political News**Ortega Proposes Referendum on Demanding Damages From U.S.**

Nicaraguan President Daniel Ortega on Tuesday proposed asking voters whether to demand \$17 billion from the United States for its involvement in the Central American country's civil war, BBC News reported. Ortega proposed the referendum during a rally in Managua to mark the 32nd anniversary of the ousting of dictator Anastasio Somoza by the Sandinista National Liberation Front. It would be the decision of "the Nicaraguan people" whether "the debt owed by the Yankee state" should be pursued, said

“It is an absurd proposal.”

— *Francisco Aguirre*

Ortega. The claim for damages dates to 1986 when the International Court of Justice ruled that the United States violated international law by supporting the counter-revolutionary Contras. The court ordered the United States to pay compensation, but did not specify the amount. The U.S. government blocked the ruling's implementation and the administration of the next Nicaraguan president, Violeta Chamorro, who was in power from 1990 to 1997, dropped the claim. Opposition lawmaker Francisco Aguirre said it was "absurd" for Ortega to call for a referendum. "So people vote, then what? What will be done? Nothing because it is an absurd proposal," Aguirre told local media. Ortega is proposing the referendum as Nicaragua prepares for its presidential election in November. The constitution bans presidents from seeking consecutive terms, leading the opposition to call Ortega's candidacy illegal. However, the Supreme Court ruled in 2009 that the constitutional prohibition was "unenforceable," a decision that the electoral court accepted. Ortega was president from 1985 until Chamorro defeated him

in 1990. He returned to the presidency after winning the presidential election in 2006.

Autopsy Confirms Allende's Suicide During 1973 Coup

An autopsy has definitively confirmed that Chilean President Salvador Allende committed suicide during the 1973 coup that overthrew his government, court officials announced Tuesday, the Associated Press reported. Allende's body was exhumed in May for the autopsy as Chile's judiciary started a criminal probe into his death and those of hundreds of others who died during the dictatorship of Gen. Augusto Pinochet. Allende died after two bullets were fired from an assault rifle that was held under his chin and secured between his legs, said David Prayer, a British ballistics expert. The AK-47, which Fidel Castro had given Allende during a visit to Chile two years before, had been set to fire automatically, Prayer added. There is no evidence that anyone else was involved in Allende's death, he said. The conclusion of the forensics team is unanimous, added Spanish expert Francisco Etxeberria. "We have absolutely no doubt" that Allende committed suicide, he said. The autopsy ruled out theories that members of the military killed Allende as troops stormed La Moneda during the coup, which engulfed the palace in flames, smoke and tear gas. Allende had said he would not be captured alive as Pinochet ordered the attack. Allende's daughter, Isabel, for years had refused to allow her father's body to be exhumed before finally agreeing to it. Now, she said it is a relief to know science has proven what her family has always believed to be the truth. "President Allende, on Sept. 11, 1973, faced with the extreme circumstances that he was living through, took the decision to end his life, rather than be humiliated," said Isabel Allende, who is currently a member of the country's Senate.



Allende

File Photo: Chilean Government.

Economic News

Unemployment in Brazil Falls to Lowest Level Since January

Brazil's unemployment rate dropped in June to its lowest level since January, the national statistics agency announced Tuesday. Unemployment declined to 6.2 percent last month, from 6.4 percent in May and 7 percent in June 2010, the agency said in a report. Last month's unemployment rate was the lowest ever recorded for June and comes as policy-makers attempt to cool the country's growth and inflation. The central bank is expected to hike the benchmark interest rate today, which is currently at 12.25 percent, for the fifth time this year.

Company News

Amyris to Begin Supplying São Paulo Buses With Sugar Cane-Based Diesel

Amyris said Monday its Brazil unit will begin supplying 160 city buses in São Paulo with renewable diesel derived from sugar cane. The supply contract runs through the end of 2012. "Over the next year, as we expand our fuel supply agreements with bus fleets in São Paulo, we expect to achieve \$10-12 million in annual diesel sales," said Amyris CEO John Melo. Starting in August, buses operated by Viação Santa Brígida will run on a blend of 10 percent Amyris renewable diesel, with the balance made up of biodiesel and petroleum diesel supplied by state-run oil company **Petrobras**. Brazil's government hopes to reduce diesel fuel imports, which comprised nearly 20 percent of Brazil's diesel needs in 2010, according to Amyris. São Paulo has more than 15,000 buses consuming about 450 million liters of diesel per year and wants to cut fossil diesel use by 10 percent annually through 2018.



Melo

File Photo: Amyris.

The Dialogue Continues

Is Pulling Torres From the Ballot Good for Guatemala?

Q Guatemala's Supreme Court on July 11 rejected an appeal from former First Lady Sandra Torres, affirming that her divorce from President Álvaro Colom does not allow her to get around a law barring relatives of Guatemalan presidents from running for office. What does Torres' absence from the race mean ahead of the country's Sept. 11 election? What did her attempt to run and the courts' rejection of her candidacy say about the health of Guatemala's political system? How is the race shaping up otherwise? What is at stake for Guatemala-U.S. relations in the election?

A Alfred Kaltschmitt, dean of the School of Communication of the Universidad Panamericana de Guatemala and owner of Radio Infinita in Guatemala City: "I believe that it is the legal institutions that must determine whether the candidacy of Sandra Torres is legal or not. Mrs. Torres should exhaust all of her legal resources and then submit herself to the outcome without exercising outside political influences. Personally, I would prefer for her to run because I believe that her participation would address the desires of a considerable number of Guatemalan voters who support her. The feeling of frustration and hostility that would result from a rejection of her candidacy would, in my opinion, be damaging to democracy. But 'dura lex, sed lex' (the law is harsh, but it is the law). Our constitution provides mechanisms by which it can evolve and be improved over time. Constitutional reforms or amendments are an issue that has been knocking on the doors of the political establishment for quite some time and can no longer be ignored. The case of Sandra Torres and Harold Caballeros is a clear example."

A Víctor Gálvez Borrell, professor of political science at Rafael Landívar University in Guatemala City: "The ban on the participation of the president's relatives in an election appears in Guatemala's current constitution as well as in its three previous ones. It exemplifies the country's political culture: a deep distrust for presidential reelection, as well as the use of special privileges to favor a candidate. In part, this explains why, since 1986, no official successor candidate has been able to win an election and why no political party has returned to the central government. Add to that the visceral rejection of the conservative opposition to the wife of President Colom (stigmatized as a 'Chavista'). Her absence would weaken the center-left's options, strengthening those of the right and center-right. It would also facilitate electoral opportunities for other conservative candidates that are part of neither the right nor the center-right, giving them the ability to participate in a second round of voting. The past 25 years of 'electoral democracy' and five general (relatively free and fair) elections, incomplete promises, corruption and citizen insecurity has resulted in disenchantment and general public fatigue for the system. This would suggest an increase in abstention as well as the emergence of a rejection movement (inspired by 'outraged' Europeans). Whichever candidate wins, there will be little change in U.S.-Guatemala relations. Thus, the growing concern about the pace of remittances from migrants and their situation would continue regardless of who wins."

Editor's note: The above is a continuation of a Q&A published in the July 15 issue of the Advisor.

Featured Q&A*Continued from page 1*

which he mishandled. Voters remember the inflation and devaluation under his watch. Higher oil prices, increased costs of electricity (required under the IMF agreement) and high price for imported food, plus the international situation in general, make the outcome at this moment unpredictable."

A **Carina Perelli, executive vice president of the International Foundation for Electoral Systems in Washington:**

"Convened by the 'Foro Social Alternativo' (Alternative Social Forum), the July 11 strike that paralyzed services and transportation was a protest orchestrated by different sectors of Dominican society and not restricted to the 'usual suspects': organized labor or members of the subordinate sectors of society. It was therefore an expression of profound malaise and discontent with the implementation of the reform policies of the ruling PLD. A rate of inflation that has reached 6 percent (an increase of 31 percent in the price of fuel and 19 percent in the cost of electricity in the first half of this year without a concomitant reduction of the blackouts that have historically plagued the Dominican Republic) has not only been felt by the majority of the population but also by a business sector already worried by the recommendations of the IMF regarding the regulation of investments and capital attracted by the real estate bubble in Santo Domingo. All signs, including the Penn, Schoen & Berland public opinion poll in May, indicate that the malaise and discontent will be expressed at the polls and contribute to the demise of the PLD. Before selecting Danilo Medina as the candidate of the PLD, President Leonel Fernández explored several options to remain in power. Whereas the electoral defeat of candidate Medina is bad for the PLD, it increases the chances of President Fernández to regain control of the party and propel him to the presidency in the following election."

A **Elena Viyella de Paliza, president of Inter-Química in Santo Domingo and a board member of the Inter-American**

Dialogue: "I believe both candidates have significant challenges to face ahead of the presidential election next May. The global situation and uncertainty today (higher food demand and grain prices, higher oil and energy prices) have a significant impact on the economy as a whole, as the country has to rely on fuel imports and is still working on turning the electricity supply into a reliable, price-efficient system. There have been significant advances in the electricity sector, and as the recent and continuing investments in the transmission and distribution lines start to improve the reliability of the system and the collections rates increase, the population will start to understand the impact of the changes in a positive way and hopefully be more willing to support the process. The fact is that the PLD has been in office for two consecutive periods with the normal popularity wear that results, especially with the above referenced conditions. That, accompanied with the amount of support Danilo Medina can secure from President Fernández and his followers within the PLD, will also be counterbalanced with the challenges that the presidential candidate from the opposition party, the PRD, Hipólito Mejía, faces today trying to unify the PRD into a machine to campaign for his candidacy. It is too early to tell, but both candidates will have to work with the necessary economic reforms promised to the IMF, which will present difficult situations that will have to be dealt with as they are implemented and affect the population and its capacity to react and adapt to these. What happens with oil prices will be key to the election results as well."

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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