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FEATURED Q&A

How Will Golding's Resignation Affect Jamaica's Elections?

Q The governing Jamaica Labor Party announced Sept. 25 that Prime Minister Bruce Golding, 63, will resign once the party picks a new leader, which is likely to occur in the coming weeks. Golding, the head of the government since 2007, had been expected to lead his party into the 2012 general elections. What factors were behind Golding's resignation? How does his decision affect the upcoming national elections?

A Anthony T. Bryan, senior associate in the Americas Program at the Center for Strategic and International Studies: "In his resignation speech, Prime Minister Golding was publicly explicit about his decision to step down as leader of the Jamaica Labor Party (JLP) and as prime minister. He identified the challenges of the last four years and the 16-18 hour workdays as taking their toll; noted that the effects of the recession are still painful for many Jamaicans although the economy has returned to a modest growth path; and he denied that the 'Dudus' Coke affair was central to his decision. He stressed that it was time for his generation to make way for younger more energetic and creative people in sync with 21st-century realities. What he did not say was that he had become a lame duck within the JLP and even the 'backbenchers' had lost trust in his leadership. Those who know Golding are aware that he has high ideals and probably

took his decision in the best interest of the country. Indeed, his political career has been mercurial in respect of a chronology of party affiliations and leadership roles (JLP, NDM, JLP again). Although the JLP will accept nominations for the party's new leader until Oct. 20, it is almost certain that Golding's nominee, 39-year-old Andrew Holness will succeed and become Jamaica's next prime minister. Although the Peoples National Party (PNP), led by the most popular politician in the country, Portia Simpson, is ahead in the polls, the JLP will

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Mexico Captures Reputed Cartel Leader Accused in Casino Arson

The Mexican army announced Thursday that soldiers had captured Carlos Oliva Castillo, a reputed leader of the Zetas drug cartel, who allegedly ordered the arson attack on a Monterrey casino that killed 52 people in August. See story on page 2.

Photo: Procuraduría General de la República.

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NEWS BRIEFS

Venezuela Spends More Than \$1.5 Billion on ALBA Aid

In the past three years, Venezuela has spent more than \$1.5 billion to finance projects in allied countries, *El Nuevo Herald* reported Thursday, citing a document obtained by the Economic Social Development Bank of Venezuela. Nearly 90 percent of the total covered financial projects in Cuba. "It is not possible for Venezuela to continue increasing its external debt to the point of already surpassing \$124 billion, while the president continues to finance the governments of Cuba, Nicaragua and Bolivia," said Julio Montoya, an opposition Venezuelan lawmaker.

Harley-Davidson Opens Latin America Headquarters in Miami

Milwaukee-based **Harley-Davidson** announced Thursday that it is opening an office in Miami to serve as headquarters for its Latin America division. The new location will better serve the region, where many countries "have well-established motorcycle cultures and thousands of avid enthusiasts," said the vice president for Latin America, Mark Van Genderen. The company expects that foreign sales will exceed 40 percent of its total by 2014.

Colombian Bank Denies Report of Takeover by Scotiabank

Colombia's **Banco Colpatría - Red Multibanca Colpatría** has denied a report that it agreed to sell a 51 percent stake in itself to **Bank of Nova Scotia** for \$1 billion, the *Edmonton Journal* reported Thursday. Eduardo Pacheco, Colpatría's president, said the bank is in discussions with investors about acquiring a stake, but has not reached any agreement. Colombia's *Semana* magazine on Oct. 1 reported Scotiabank had agreed to purchase the stake.

Political News**Mexican Army Captures Reputed Cartel Leader Accused in Attack**

Mexico's army announced Thursday that it captured a reputed top drug cartel leader who allegedly ordered the arson attack on a Monterrey casino that killed 52 people in August, the Associated Press reported. Soldiers captured Carlos Oliva Castillo, known as "The Frog," on Wednesday in the northern city of Saltillo. The capture of Oliva Castillo, a reputed leader of the Zetas cartel, led gunmen for the cartel to open fire on security forces in an effort to free him. The shooting went on for several hours, causing panic among the city's residents. News of Oliva Castillo's capture also may have been the reason for a fight among imprisoned gang members at a jail in Cadereyta, just outside Monterrey. Seven inmates were killed in the melee that only ended after soldiers were called in to restore

*The attack on Monterrey's
Casino Royale killed 52 people
in August.*

order. The death or arrest of cartel leaders often unleashes violence as other gang members fight to move up in gangs' ranks. Oliva Castillo is reputedly number three in the Zetas' hierarchy, ranking behind Heriberto "Lazca" Lazcano and Miguel Angel Trevino, the AP reported. Authorities flew Oliva Castillo to Mexico City and presented him, handcuffed, to journalists. "Several pieces of evidence" indicate Oliva Castillo ordered one of his subordinates, Francisco Medina Mejia, to douse the inside of Monterrey's Casino Royale with gasoline and ignite it on Aug. 25, said Defense Department spokesman Col. Ricardo Trevilla. More than a dozen people have been arrested or identified in connection with the attack, which authorities say appeared to have been carried out because of the owners' refusal to pay the Zetas protection money.

Economic News**Chilean Central Bank Keeps Benchmark Rate at 5.25 Percent**

Chile's central bank on Thursday kept its benchmark interest rate unchanged for a fourth consecutive month and signaled it may reduce rates if the global economy suffers a further deterioration, Bloomberg News reported. The central bank's board, led by bank chief José De Gregorio, kept the overnight rate at 5.25 percent. The decision was in line with economists' expectations. The bank's policymakers, who raised the key interest rate five times earlier this year, said a worsening



De Gregorio

File Photo: Chilean Central Bank.

global economic environment is leading to slower growth than expected. In a central bank survey published this week, economists said they expected a rate cut to 5 percent in December and 4.75 percent by March. The bank's last interest rate cut happened in 2009 amid Chile's worst recession in more than a decade. "If the risk scenario becomes concrete, we probably will see the central bank act, and we'll probably see it act with strength," Jorge Selaive, chief economist at **Banco de Crédito e Inversiones**, told Bloomberg News. Chile's peso last month declined 11 percent against the U.S. dollar, marking the second-worst performance among major Latin American currencies after the Brazilian real. Prices for copper, Chile's main export, declined 25 percent last month. The metal makes up more than half of Chile's exports and approximately a third of the country's fiscal revenue. "This central bank has never reduced the monetary policy rate in the face of a depreciation of this type and this strength," Selaive told Bloomberg News last week. "Cutting rates would feed inflationary pressures created by this change in the exchange rate." Chile's rate of inflation quickened in September to 3.3 percent from 3.2 percent in August. The central bank targets inflation at 3 percent.

Company News

Foxconn to Begin Producing iPads in Brazil This December

Taiwan-based **Foxconn** will begin making iPads in Brazil, but is still in the process of negotiating a major expansion plan in the South American country, officials from the company and the government announced Thursday, Reuters reported. During a visit to China in April, President Dilma Rousseff originally announced that Foxconn would start producing **Apple's** tablet computer in Brazil. The length of the talks between the company and the government over the plan reflect the country's sometimes-difficult climate for investment, the wire service reported. However, Foxconn Chairman Terry Gou and Brazilian Science and Technology Minister Aloizio Mercadente announced Thursday that Foxconn would start producing the iPad at its plant in Jundiá in São Paulo State in December. "They're maintaining the deadline they had announced, which is December. The iPhone is ready for large-scale production and for the iPad they're working with that deadline," Mercadente said after Gou and Rousseff met in Brasília to discuss the plans. Foxconn is considering as much as \$12 billion in investments in Brazil over the coming years and the company is discussing several of the company's planned investments, including two new plants to manufacture touch screens, said Mercadente. "We haven't finished the process, it's moving ahead but there's no date," he said. Mercadente added that the governments of six Brazilian states are competing to attract the factories.



Rousseff

File Photo: Brazilian Government.

to the mill. In this connection, Golding's going will not affect the election. It will be determined which of the two parties the electorate believes can do better on jobs, cost of living and crime."

Italy-Based Pirelli to Build New Tire Factory in Argentina

Italy's **Pirelli** is planning \$300 million in investment to build a new factory to pro-

Featured Q&A

Continued from page 1

receive a strong boost with the current sea change and force the PNP to see it as a very serious contender. In the end, Golding's legacy because of his decision may be more positive than negative on all counts."

A Ronald Sanders, international consultant and former Caribbean ambassador: "Bruce Golding was severely damaged as prime minister over the handling of last year's extradition to the United States of the accused trafficker in drugs and guns, Christopher 'Dudus' Coke—an influential JLP supporter and a drugs chief in Golding's own constituency. His 'too-late' public apology for trying to obfuscate his government's involvement with the Manatt law firm which sought to intervene with U.S. authorities on the matter, and subsequent revelations in a Commission of Inquiry further hurt his standing. These factors, however, were not sufficient for him to resign. His leadership of the JLP was not under threat, and he could have brazened-out the period leading to the next general election. The real reason for Golding's resignation lies in his personality. He is not the type to ignore the loss of faith in him by several sectors of the Jamaican society. Instinctively, he is committed to democratic governance; his panic handling of the 'Dudus' affair caused that commitment to slip. Golding, the man, could not continue to lead with that stain on his career. The JLP was in danger of losing

duce truck tires in Argentina, Dow Jones reported. The company also is considering an additional \$200 million in investment to increase capacity. Pirelli's announcement follows its decision last year to invest \$100 million in Argentina to increase tire production for sport-utility vehicles and light trucks to five million annually at its existing plant in the country. The company's announcement Thursday of the new investments came after Pirelli's chairman, Marco Tronchetti Provera, met with Argentine President

the next election over other factors, including the country's poor economic performance. 'Dudus' was further grist

“He is not the type to ignore the loss of faith in him by several sectors of the Jamaican society.”

— Ronald Sanders

to the mill. In this connection, Golding's going will not affect the election. It will be determined which of the two parties the electorate believes can do better on jobs, cost of living and crime."

A Ivelaw Lloyd Griffith, professor of political science, provost and senior vice president of York College of The City University of New York: "Expediency is a cardinal feature of politics, whether in a mature democracy such as the United States or in developing one such as Jamaica. Thus, Golding's move is not unusual. His calculus is simple: a personal sacrifice in hopes that the leadership change will avert political disaster for the Jamaica Labor Party at the next elections, due by October 2012. What's extraordinary, although expected, is the precipitant of the move: fallout

Continued on page 4

Cristina Fernández de Kirchner. Pirelli will start building the new factory early next year. Argentina's government intends to finance the project at preferential rates and is guaranteeing Pirelli an adequate supply of energy. The new plant would add 700,000 tires annually to the company's current capacity. It currently operates plants in Italy, Brazil, Turkey, Egypt and China. If the company proceeds with its additional \$200 million expansion, it would double its output to 1.4 million truck tires annually.

Featured Q&A*Continued from page 3*

from the Christopher 'Dudus' Coke affair—a saga involving someone who was a criminal entrepreneur cum power broker; his garrison was critical to JLP power pursuits. The saga involved JLP lobbying to stymie Coke's extradition, Golding's about-face after the matter became a political bombshell and armed confrontation that resulted in 73 deaths, among other things last year. The Economic Commission for Latin America and the Caribbean put the cost of the unrest at \$258.8 million, about 50 percent of Jamaica's 2009 tourism GDP. Golding really had no choice. Last year June, he survived a no-confidence vote by a razor-thin 30-28 majority, which mirrored a broad loss of confidence in his leadership within the society. Later that month he reshuffled his cabinet, firing Attorney General and Minister of Justice Dorothy Lightbourne. He also separated the Ministry of Justice from the attorney general's chambers, as urged by the Commission of Inquiry set up earlier. Moreover, Tivoli Gardens is Golding's constituency. Citizens there consider him a traitor for ordering Coke's arrest and extradition. Thus, it's no longer tenable

for him to represent them. Golding also boosted his expediency move by pushing for next-gen leadership. Andrew Holness,

“Golding really had
no choice.”

— Ivelaw Lloyd Griffith

the 39-year-old education minister, soon will become Jamaica's youngest-ever prime minister. This strengthens JLP re-election prospects and complicates things for the opposition PNP, whose leader, Portia Simpson, is 65 years old."

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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