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FEATURED Q&A

Will Martinelli's Party Remain in Power in Panama After 2014?

Q Panamanian President Ricardo Martinelli promised supporters in a May 27 speech that his Democratic Change party would remain in power after the 2014 general election. However, most Panamanians would reject candidates backed by Martinelli in the next election, according to recent polls, and Martinelli himself is constitutionally barred from immediate re-election. How much of a chance does Martinelli's party have of retaining power? What have been Martinelli's successes and failures since taking office in 2009?

A Joaquin Jácome Diez, senior partner at Jácome & Jácome in Panama City and former Panamanian trade minister: "Since Panama recovered its democracy in 1990, no political party in office has been re-elected. President Martinelli is determined to change that. He has spared no effort in transforming his political party, Cambio Democrático, into the country's largest party in terms of people registered. He conducted an aggressive campaign in order to persuade elected officials from other political parties to register with Cambio Democrático. All this would not be enough for the party to win the 2014 general elections by itself. It will have to forge an alliance with other parties (such as Molirena and Arnulfista) in order to have a real chance, despite the enormous amount of wealth that Cambio Democrático is planning to invest in winning the elections. Data analyzed from elections after 1990 has shown that the only way to beat the Partido Revolucionario Democrático (PRD) is having an alliance of parties. Martinelli's administration has implemented several positive policies in social, economic, infrastructure, transportation and others areas, which have greatly contributed to the country's development. However, the perception that Martinelli's picking endless fights with the media, professional associations, political opponents, unions and for-

Continued on page 3

Capriles Formally Registers for Venezuelan Election

The opposition's Henrique Capriles on Sunday led a six-mile march through Caracas that ended with his registering as a candidate in Venezuela's Oct. 7 presidential election. President Hugo Chávez is expected to formally register today. See story on page 2.

Photo: Capriles campaign.

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NEWS BRIEFS

Peruvian Police Find Bodies of Helicopter Crash Victims

A police rescue team on Sunday recovered the bodies of all 14 people killed in a helicopter crash in southern Peru, the Associated Press reported. The helicopter had exploded after crashing into a mountainside high in the Andes on Wednesday. It was carrying eight South Koreans, thee Peruvians and citizens from Sweden, the Netherlands, and the Czech Republic. The South Koreans had been scouting locations for a hydroelectric plant.

Colombia Not Considering More Efforts to Curb Credit: Echeverry

Colombia's government is not eyeing additional measures to curb the growth of credit, Finance Minister Juan Carlos Echeverry told newspaper *El Espectador*, Bloomberg News reported today. The government took some measures last month to hold down banks' increasing level of credit to customers and is waiting to see the effects, said Echeverry. The finance minister said he is also asking the central bank to be "more active and aggressive" in preventing exchange rate volatility.

India's Jindal Steel to Pull Out of Bolivian Mining Project

India's **Jindal Steel & Power** on Saturday said it plans to pull out of its contract to develop a $2.1 billion steel project in Bolivia, Reuters reported. The company signed the deal in 2007, but has said the government of President Evo Morales has failed to live up to its promises, including the amount of natural gas it could supply and the amount of land needed for the project. According to the statement, the Bolivian government has 30 days to resolve the issues.

Political News

Mexico's Vázquez Mota Attacks Rivals in Presidential Debate

Josefina Vázquez Mota, the candidate of Mexico's ruling National Action Party, attacked her rivals for the presidency in Sunday's second and final presidential debate ahead of the July 1 election. Vázquez Mota, who polls show is trailing in third place, accused Enrique Peña Nieto of the Institutional Revolutionary Party of using public money to establish a spy agency and also of hiding from students who were protesting against him in May, the Associated Press reported. "Mr. Peña Nieto, we don't want someone who is going to hide in the bathroom of a university to solve the country's problems," Vázquez Mota told the candidate of the Institutional Revolutionary Party, or PRI. Peña Nieto denied that he hid from protesters and said he welcomed students' participation in Mexico's politics. "It's a voice I respect," he said. The students' protest movement brought about 90,000 protesters to the streets of Mexico City just hours before the candidates squared off in the debate, which was held in Guadalajara. Also, Vázquez Mota accused López Obrador, of the Democratic Revolution Party, of supporting government attacks on student demonstrators in 1968 and 1971. López Obrador told Vázquez Mota that he was in high school when those attacks happened. Three weeks before the election, Peña Nieto has 43 percent support, as compared to López Obrador's 29 percent and Vázquez Mota's 25 percent, according to the average of six surveys from different polling firms compiled by **Consulta Mitofsky**, *The Wall Street Journal* reported. In the debate, which lasted more than two hours, the candidates pledged to create jobs, boost salaries, improve education, reduce violence and put an end to hunger, the AP reported. They gave few details, however, on how they plan to accomplish those goals. The debate also included a fourth candidate, Gabriel Quadri of the New Alliance Party, who has been polling in the single digits. Vázquez Mota accused him of being a puppet for the leader of Mexico's teachers' union.

> "Mr. Peña Nieto, we don't want someone who is going to hide in the bathroom of a university to solve the country's problems."
>
> — *Josefina Vázquez Mota*

Venezuela's Capriles Registers for October Election

Opposition candidate Henrique Capriles on Sunday led a march through Caracas that ended with his formally registering as a candidate in the country's Oct. 7 election, the Associated Press reported. Capriles, who stepped down last week as governor of Miranda state in order to focus on his campaign, marched and jogged six miles from a park on the eastern side of the capital to the National Elections Council headquarters. "I want to be everybody's president, not the president of a single group," Capriles told supporters, keeping with his campaign theme that he wants to reduce the size of the country's political divisions. "I am not anybody's enemy. I am the enemy of problems." Most polls in Venezuela show that Capriles is trailing President Hugo Chávez, who has been in office since 1999.

Chávez

File Photo: Venezuelan Government.

Chávez has dismissed Capriles, saying he represents only the wealthy. Chávez is expected to formally register for the election today. He told reporters on Saturday at the presidential palace that medical tests following his treatment for cancer came out well, including imaging exams that check for the resurgence of any tumors. Chávez returned to Venezuela on May 11 after a round of radiation therapy that he said was difficult. In the past year, the president has undergone two

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surgeries to remove tumors from his pelvic region. He has not specified what form of cancer he is fighting. Chávez's medical treatment has forced him to keep a lower profile than usual, and he said that he has not yet started to campaign. Capriles, however, has been traveling around the country to seek voters' support.

Economic News

Analysts Boost Forecasts for Peru's Economic Growth

Economists have increased their forecast for Peru's economic growth to 6 from 5.8 percent, according to the latest survey released by the country's central bank, state news agency Andina reported today. Analysts expect the growth rate to stay steady over the next two years. In the survey, analysts said on average that they are expecting a rate of inflation of 3.2 percent for this year.

Analysts are expecting inflation of 3.2 percent this year in Peru.

Company News

Britain's GKN Investing $100 Million to Expand Mexico Operations

British engineering company **GKN** is investing $100 million over the next three years to broaden its operations in Mexico, the *Financial Times* reported today. The investment follows several announcements by vehicle manufacturers seeking to capitalize on Mexico's free-trade agreements with other countries. GKN plans to expand its plant in Celaya that the company says will allow it to manufacture 15 million driveshaft components each year. The expansion and other planned improvements will bring GKN number of employees making driveshafts in Mexico to 1,700 from the current level of 1,300 over the next year. Reynolds Smith, the head of GKN's Driveline division, told the *Financial Times* that the expansion will help its presence in the U.S. and Mexican vehicle markets. "Mexico is a very important market in itself. Light vehicle production there should rise from 1.7 million today to 3 million within the next three years," said Smith. "But it also gives us exposure to the U.S., where sales are strong, and there is still a lot of pent-up demand after people put off buying cars in 2008-09." Mexico's vehicle production grew 14.4 percent last year, according to international vehicle manufacturers' association OICA. GKN is expanding on the heels of announcements by automakers that they are broadening their operations in Mexico. **Nissan** is building a new $2 billion plant in Aguascalientes, while **Honda** and **Mazda** are constructing factories in Guanajuato. **Audi** announced in April that it will establish its first North American plant in Mexico. Also, **Volkswagen** has the world's second-largest vehicle plant in Puebla. Relatively low wages in Mexico, combined with the country's free-trade accords with 45 countries boost its appeal as a location for vehicle manufacturers. However, the supply base of Mexico's auto industry still trails those of China and South Korea.

Featured Q&A

Continued from page 1

mer political allies, combined with his disdain for democratic institutions, a lack of transparency and his ambition to control all branches of government, are not only creating a tense political climate in the country, but also endangering his legacy for future generations."

Luis Manuel Botello, senior director of special projects at the International Center for Journalists in Washington: "While President Martinelli's popularity is rapidly decreasing, his political party, Cambio Democrático (CD) still has a chance to retain power in the 2014 general elections because his government has relied on heavy public expending to finance huge mega projects long desired by Panamanians, such as a new metro system, the construction of new roads and hospitals as well as the Panama Canal expansion, which has given the perception that growth is helping everybody. Martinelli's government has also cleverly used tax dollars to finance some popular economic plans to help the elderly and youth, boosting its popularity at the beginning of the administration. On the other hand, there is also a weak opposition leadership unable to come up with credible political plans for a population extremely disillusioned with its political leaders. However, the steady string of corruption scandals shadowing President Martinelli and his family, some of his closest cabinet members and political party allies have affected the ruling party in ways not seen before. The government's popularity has almost disappeared even though President Martinelli has consolidated a lot of power by controlling all branches of government. With this political situation, it is too early to predict who may win in 2014, considering that Panama still has a political system where political loyalty is bought with cash, campaign finances are not transparent, independent media are constantly under attack and democratic institutions—especially the judiciary—remain extremely fragile."

> "Panama still has a political system where political loyalty is bought with cash ..."
>
> — *Luis Manuel Botello*

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Featured Q&A

Continued from page 3

Eric Jackson, editor of *The Panama News*: "In an honest election, the Martinelistas would get less than 20 percent of the vote. But look to Panamanian history to see the possible alternatives. The U.S.-backed election theft of 1984 may be the model that Martinelli has in mind, although it is not clear that he'd have the American embassy's blessing for that sort of thing. A more relevant example might be the chaotic period between the coups of 1941 (José Remón, at Franklin Roosevelt's urging, deposed pro-Axis Arnulfo Arias in favor of the civilian vice president and remained the power behind the scenes) and 1968 (Omar Torrijos and Boris Martínez, with the United States indifferent, deposed Arnulfo Arias in favor of a military regime that lasted for more than 21 years). Between 1941 and 1968, there were many rigged elections and unscheduled changes of government. Earlier this year, the National Police forced Martinelli to back down from a proposal for a quasi-independent review system. We are again in a period of discredited civilian rule with police holding veto power behind the scenes. It's very unstable. Most Panamanians dislike the president and will vote to oust his party, but no alternative excites much public enthusiasm. Martinelli has advanced several necessary infrastructure projects—such as a commuter rail system and a modernized sewage system for the capital—but his and his entourage's corruption, assaults on the rural poor and organized labor, overspending, disregard for environmental concerns and decision-making by manic whim outweigh all positive aspects of his administration."

> "We are again in a period of discredited civilian rule with police holding veto power behind the scenes."
>
> — *Eric Jackson*

Jaime E. Figueroa Navarro, managing director at Panama All In One, Inc. in Panama City: "Since the return to democracy in 1989, no ruling party has won re-election in Panama. This in itself is a clear indication that voter satisfaction is low with ruling politicians and campaign promises have not been met in the past or present. The alternatives, however, are not pristine either as they represent political parties which in the past have also failed the electorate. What seems to be missing in the political equation is the involvement of individuals of high moral standards and ethics to thrust the country to the next level. On the positive side, the government has modernized the public transport system, renovated and expanded the highway footprint and provided technological breakthroughs, such as free nationwide Internet access. Political power is concentrated in the president, and independence in the judicial and legislative branches is missing. In the absence of an autonomous comptroller's office and the ritual of awarding contracts to supporters and cronies, a common praxis by all governing parties, there is a general feeling that corruption is rampant. High inflation levels without corresponding income adjustments have eroded the buying power of the lower and middle classes. The dismal distribution of income persists as well as a very pitiable record on environmental issues. It's mortifying that a country that has the potential to become a global logistics leader is limited by the lack of farsightedness of its political class."

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

Latin America Advisor
is published every business day by the Inter-American Dialogue, Copyright © 2012

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Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at:
1211 Connecticut Avenue, Suite 510
Washington, DC 20036
Phone: 202-822-9002 Fax: 202-822-9553
www.thedialogue.org ISSN 2163-7962

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