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FEATURED Q&A

How Well-Equipped Is Latin America for Natural Disasters?

Q Hurricane Sandy barreled across the Caribbean and Eastern Seaboard of the United States last month, killing nearly 200 people and leaving billions of dollars of destruction in its wake. A study by the Inter-American Development Bank released earlier this year estimated that Latin America will face annual damages of $100 billion by 2050 as a result of 'diminishing agricultural yields, disappearing glaciers, flooding, droughts and other events triggered by a warming planet.' Do you agree with the IDB's forecast for increasingly extreme weather events? How well-equipped is the region for future natural disasters? What kinds of infrastructure and sectors are most at risk? Which countries have undertaken constructive disaster preparation and prevention steps? Where are they lacking?

A Jean Luc Poncelet, head of the Program on Emergency Preparedness and Disaster Relief at the Pan American Health Organization: "Weather-related events will have a stronger impact on the population for multiple reasons, including an increase in their frequency and intensity as well as the size of population exposed. However, with or without climate change, what is alarming is that countries' vulnerabilities continue to increase as disaster prevention is still not part of the culture. The magnitude of the problem is so large that it cannot be addressed fully within the next decades. Priority must be given to the facilities and services that save lives during emergencies. This will help hospitals save inhabitants during an emergency, attend to the rest of the population and stop the spread of communicable diseases. Critical facilities are therefore a priority and a high return for the money invested. Many countries have done some kind of preventive work, but much more remains to be done. Priority should be given to low-cost measures with great impact. For example, there

Continued on page 4

Correa Announces Bid for Third Term as Ecuador's President

Ecuadorean President Rafael Correa on Saturday formally announced his bid for a third term. Correa, who announced Strategic Sectors Minister Jorge Glas as his running mate, is leading his rivals by a large margin ahead of the Feb. 17 vote. See story on page 2.

File Photo: Ecuadorean Government.

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NEWS BRIEFS

Wave of Violence Hits São Paulo

The city of São Paulo has seen nearly 1,000 homicides this year as a confrontation between the police and the First Command of the Capital, or PCC, gang escalates, *The Wall Street Journal* reported Sunday. At least 140 people have been killed in the past two weeks. The PCC are suspected of ordering hits on current or retired police officers, killing 90 officers this year. The violence has led to some schools and stores closing early, and the governor has responded with a series of measures designed to weaken the gang.

Progressive National Party Wins Power in Turks and Caicos Islands

The Progressive National Party won eight of the 15 parliamentary seats in Friday's election in the Turks and Caicos Islands, which will return the Caribbean territory to local rule after three years of direct control by Britain, the Associated Press reported. The party's leader, Rufus Ewing, will become the new premier. The opposition People's Democratic Movement will control the remainder of the seats. Britain took control of the islands in August 2009 after Premier Michael Misick stepped down amid corruption allegations.

Paraguay Makes Major Cocaine Bust on Brazil Border

Paraguayan officials on Sunday found nearly 1,700 kilograms of cocaine at a ranch near the Brazilian border, BBC News reported. Authorities arrested 20 people, including Paraguay's most wanted man, Ezequiel de Souza, and a suspected Bolivian drug lord, Marco Antonio Rocca Ali. It was the largest drug seizure made in South America this year, according to the Paraguayan police.

Political News

Ecuador's Rafael Correa Announces Bid for Third Term

Ecuadorean President Rafael Correa formally launched his bid for a third term on Saturday, a race he is expected to win because of the country's weak and fractured opposition, Reuters reported. "We've done a lot but there's a lot more to be done, to turn this bourgeois state into a truly popular state that would serve everyone, especially the poor ... that's why we accept this nomination," Correa told supporters at a rally in a Quito soccer stadium after his Alianza País coalition formally backed his candidacy. "We've got a president, we've got Rafael," chanted his supporters, many clad in green shirts, the party's color. Winning the Feb. 17 election would allow Correa to continue tightening state control of the country's economy. He is expected to implement more reforms to increase state revenues from the oil and mining industries. However, if oil prices fall, Correa could be forced to cut state spending. Correa, who has been in office since 2007, has cast his movement as a "Citizens' Revolution" and has called his political opponents elites that have had a tight grip on power for decades. His critics say he has consolidated too much power for himself and cracked down on journalists. They also blame him for a 2008 debt default that scared away investors and for failing to diversify the economy away from oil. In announcing his bid for re-election, Correa selected the country's strategic sectors minister, Jorge Glas, as his running mate. Current Vice President Lenin Moreno decided against running again for health reasons. In a recent poll by Cedatos, Correa was favored by 55 percent of respondents, 32 percentage points more than his closest opponent, Guillermo Lasso. The banker from Guayaquil has vowed to lower taxes and boost job creation by creating incentives for private investors, but he is having difficulty in attracting poor voters away from Correa. "Lasso is seriously stigmatized because he's a banker, that's the main thing he'll have to struggle with," Paulina Recalde, head of the **Perfiles de Opinión** polling group, told Reuters. Also seeking to unseat Correa are former president Lucio Gutiérrez, former Correa ally Alberto Acosta and banana magnate Álvaro Noboa.

Lasso

File Photo: Lasso campaign.

Mexico Charges 14 Officers With Attempted Murder of CIA Agents

Fourteen Mexican federal police officers were charged Friday in connection with the attempted murder earlier this year of two agents of the U.S. Central Intelligence Agency, Reuters reported. In the August incident, gunmen opened fire on the U.S. Embassy vehicle on a road south of Mexico City. The occupants managed to escape and sustained non-life-threatening injuries. Their vehicle was blasted with 152 bullets. Police originally blamed the attack on a case of mistaken identity. However, the police officers involved in the attack used AK47 assault rifles and were not wearing their uniforms, suggesting they were working as gunmen for a drug gang, Mexican security sources told Reuters. The 14 officers charged in the attack are already in custody and are from the Tlalpan district of southern Mexico City, according to Mexico's attorney general's office. "The reputation of our police was already at rock bottom, and this doesn't help one bit," Maximiliano Moyano, a criminal lawyer who handles corruption cases, told Reuters. The attack was the worst against U.S. agents in Mexico since early last year, when a U.S. immigration agent was killed and his colleague was wounded in an attack on a highway. Since 2009, Mexican troops have killed or cap-

> "The reputation of our police was already at rock bottom, and this doesn't help one bit."
>
> — ***Maximiliano Moyano***

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tured more than 20 drug lords. However, that has led to increased infighting among the cartels. Enrique Peña Nieto, who succeeds Felipe Calderón as president on Dec. 1, has said he will focus on reducing violence and fight crimes including extortion and kidnapping. Peña Nieto, of the Institutional Revolutionary Party, has also said that he will not negotiate with gangs. "Calderón hands over to Peña Nieto a very problematic situation, but with one main advantage: it seems that violence at the national level is starting to trend downwards," Eduardo Guerrero, a Mexico City-based security analyst with **Lantia Consultores**, told Reuters.

Economic News

Peru's Central Bank Keeps Key Interest Rate Unchanged

Peru's central bank has kept its benchmark interest rate unchanged, saying the country's economy is growing at near its potential and inflation is decelerating to the midpoint of the bank's targeted range, Bloomberg News reported Friday. The bank, led by Julio Velarde, kept the overnight rate at 4.25 percent, as expected by 14 economists in a recent Bloomberg survey. "Growth in the Peruvian economy has stabilized around its long-term sustainable level," though the global growth outlook is still "uncertain," the bank said in a statement accompanying the decision. In October, Peru's economy experienced "a reversal of the supply shocks that had been affecting inflation temporarily, and with that inflation will return to the target range and trend gradually to 2 percent," the bank added. Annual inflation declined to a 16-month low in October in South America's fastest-growing economy. The central bank also recently boosted reserve requirements for the third consecutive month to curb appreciation of the sol, which hit a 15-year high against the U.S. dollar in October. "Capital inflows and the currency are their main concern in the short term," Mario Guerrero, an economist at **Scotiabank Peru**, told Bloomberg News in a phone interview.

Velarde

File Photo: Peruvian Government.

Comings & Goings

UST Global, previously US Technologies, has opened its first center in Mexico and plans to hire approximately 5,000 people in Latin America over the next two years, *Business Standard* reported Oct. 30. The IT services company is based in Thiruvananthapuram, India but said its customers are targeting emerging markets and want local support. "When we decided to start operations in Mexico, 60 percent of our clients already had a presence there" said Praveen Kumar P, the head of global resource management. The company plans for 95 percent of its staff to be local hires.

Jorge Gómez Díaz has been appointed the chief executive for Collahuasi, the world's third-biggest copper mine. Collahuasi is owned by a joint venture company, **Compañía Minera Dona Inés de Collahuasi**, with **Xstrata** and **Anglo American** each holding a 44 percent stake and the remainder owned by a group of Japanese companies. The mine hit its lowest copper production since 2007 last year, prompting the partners to appoint interim leaders and develop a plan to revive the mine. "During this period, Collahuasi has undergone a thorough restructuring as part of a process agreed by the company's shareholders and the board is confident that, under Jorge Gómez, the progress achieved during this intervention will continue so that the operation achieves its full potential," the company said in a statement. Gómez, who takes office on Dec. 19, was previously the vice-president of south-central operations at **Codelco** and served for five years as vice president of operations at **Antofagasta Minerals**.

José Luis Curbelo was named vice president of development strategies and public policy at the CAF Development Bank of Latin America on Oct. 24. Curbelo, who took office on Nov. 1, previously served as the general manager of the Orkestra-Basque Institute of Development. He also served as director of the investment department at Spain's Compañía Española de Financiación del Desarrollo and the head of the Small Enterprise Investment Facility of the Multilateral Investment Fund (FOMIN) at the IDB.

Judge Joaquim Barbosa was appointed president of Brazil's Supreme Court, BBC News reported on Oct. 11. He will take the post once the "Mensalão" corruption trial ends. He has served as the rapporteur for the case, which has featured convictions for top government aides and officials from the administration of former President Luiz Ínacio Lula da Silva. Barbosa was the first black person to be appointed to the Court in 2003 and will now become the first to be the presiding judge.

Company News

Argentine Subsidiaries of Chevron Appeal Ruling Freezing Assets

Two Argentina-based subsidiaries of U.S. oil major **Chevron** have appealed an Argentine judge's ruling freezing their assets in connection with a long-running pollution case in Ecuador, BBC News reported Friday. The court order freezes assets of $19 billion, the amount an Ecuadorean court ordered Chevron to pay for polluting in the Amazon. Chevron has argued that the judgment is fraudulent and unenforceable and has denied it still has any responsibility for the environmental damage. The Argentine subsidiaries had nothing to do with the Ecuadorean judgment, said Chevron. "Chevron Corp., the sole judgment debtor, has no assets in Argentina," said Kent Robertson, a spokesman for the company.

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Featured Q&A

Continued from page 1

exists a simple tool called the hospital safety index to assess the likelihood of a hospital remaining operational on the day of a disaster. If only one action had to be prioritized before all of the above, it is the systematic application of a safety index to critical facilities. It is cheap, gives a picture of what has to be done first and therefore helpful for generating the solutions."

Mark Konold, project manager of the Energy & Climate Program at Worldwatch Institute: "Hurricane Sandy is just the latest installment of the effects of a warming planet. There is no doubt this trend will continue until we reduce emissions and turn to more fossil-free solutions in a widespread way. The region is moderately equipped to deal with these kinds of storms, particularly island states that are overly reliant on the very fuel sources that are at the heart of this dilemma. Reducing this high reliance means there would be more resources for better investment in mitigation and adaptation. As it is, one of the biggest 'at risk' sectors is electricity infrastructure. Under-invested grids, substations and generation capacity will continue to suffer greatly unless they are refurbished to deal with today's harsh weather conditions. In addition, infrastructure that can help transport people to safer locations is in equally bad shape. Throughout the storm we saw images of submerged towns, washed out bridges and roads and heard stories of people swept away by swollen rivers and flood water. Without adequate measures to address this, we will only see more of the same as these storms become worse over time."

Juan José Daboub, founding chief executive officer of the Global Adaptation Institute (GAIN): "Natural events are occurring more frequently and severely around the world. But, why would a larger earthquake in Chile kill fewer people than a smaller one in Haiti? The answer is adaptation. Chile has a higher resilience, at 23, whereas Haiti is ranked 154 in the GAIN Index's country rankings, which measures a nation's vulnerability to global challenges and overall readiness to absorb investment. The World Bank notes that Latin America's ability to cope is much 'better than other regions.' This is a testament to their resilience, even with some countries highly vulnerable to tropical storms. Infrastructure remains stable due to local investments stemming from roadway tolls, airport revenue outpacing operating costs and the diversification of energy projects. This will be important for coping with more frequent storms. Major urban areas are most at risk for any country. Take Hurricane Sandy in New York City, which wasn't properly prepared to mitigate flooding in the subway system and low-lying areas of Manhattan. However, it was a different story for Stamford, Conn., where $25 billion in damage was prevented by a 17-foot-high, two-mile-long barrier that was raised from the sea floor. That is one example of investment in adaptation that worked. The region's most ready and least vulnerable countries are Chile, Uruguay, Costa Rica, Panama, Colombia, Brazil, Belize, Paraguay and Argentina. The least ready and most vulnerable are Guatemala, Nicaragua, Honduras, Bolivia and Guyana. In recent years, investment in infrastructure projects has increased overall in Latin America. One example is Panama, where investment has funneled into roads, more resilient buildings and earmarks for investment in sanitation, education, health and public transportation. In contrast are two countries that are most vulnerable, but also most ready to absorb the investment to become resilient—Peru and El Salvador, my home country. Peru's weakest scores are in the indicators of health workers per capita and paved roads; whereas, El Salvador requires investment for building resilience in protected biomes, tackling urban excess growth and also a low number of health workers."

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