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FEATURED Q&A

Will El Salvador's Gang Truce Continue to Hold?

Q Police registered 2,576 killings in El Salvador in 2012, down from 4,371 the year before, EFE reported. A top police official said the decline was partially due to a truce last March between gangs. What is keeping the truce together? Is it likely to continue holding? Will the decline in killings encourage the governments of other Central American countries to seek similar truces with gangs?

A Francisco Altschul, El Salvador's ambassador to the United States: "The 41 percent decrease in the number of homicides and the 11 percent reduction in extortion are the result of two things: the gang truce and the efficient operation of the Security Cabinet. One of the next steps is to focus on sustaining these reductions in the long-term through strong government intervention in communities and investment in social violence-prevention projects. It is important to discourage our youth from joining gangs and organized crime through the creation of jobs and other opportunities. Our government is improving institutional coordination at the local level. The Ministry of Justice and Security together with four municipalities have agreed to carry out common efforts to innovate strategies for the social prevention of violence and foster new security policies. Furthermore, the sustainability of these achievements requires the inclusion of society as a whole in which the academic, religious, social and private sectors participate in the solution of such a complex issue. We celebrate the efforts of different members of civil society to create the Humanitarian Commission to support the current achievements in Salvadoran public safety."

A Adam Blackwell, secretary of multidimensional security at the Organization of American States: "The truce is being kept together through leadership, the gang's

Continued on page 3

Costa Rica May Impose Additional Currency Controls

Costa Rica's central bank may put additional currency controls in place in an effort to curb the country's overheating currency, President Laura Chinchilla said Thursday on the sidelines of the World Economic Forum in Davos, Switzerland. See story on page 2.

File Photo: Costa Rican Government.

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NEWS BRIEFS

Chávez Still Facing 'Most Complex' Phase of Illness

Venezuelan President Hugo Chávez has yet to face the "most complex and profound part of the sickness," Foreign Minister Elías Jaua said after visiting Chávez in Cuba, Bloomberg News reported Thursday. It was the latest in a string of vague announcements from the country's leadership about Chávez's cancer, the type of which has not been disclosed. "We'll give the good news if there is good news and the bad news if there is bad news," said Information Minister Ernesto Villegas, who added Chávez is making decisions from Havana.

Latin American, European Leaders Gather for CELAC Summit

Political and business leaders from Latin America and Europe are gathering in Chile for the two-day CELAC-E.U. business summit, which opens today. The summit's host, Chilean President Sebastián Piñera, has called it a way to usher in "a new era, a new stage in relations between Europe and Latin America and the Caribbean based less on aid and welfare and more on strategic co-operation for development, in having more open, more integrated markets," the *Financial Times* reported.

Republic Airways Buys 47 Jets from Brazil's Embraer

Indiana-based **Republic Airways Holdings** has agreed to buy 47 E-175 passenger jets at an estimated cost of $2 billion from Brazil's **Embraer**, the Associated Press reported Thursday. Deliveries will begin in mid-2013 of the 76-seat aircraft, which will be operated under the American Eagle brand. The deal includes an option for an additional 47 planes.

Political News

Colombia Peace Talks Accelerating: Rebel Group Spokesman

Peace talks between Colombia's government and the Revolutionary Armed Forces of Colombia, or FARC, rebels are speeding up, said a FARC spokesman, BBC News reported Thursday. The two sides have found common ground on land reform, one of the main points of negotiation, said Jesús Santrich, who likened the rhythm of the talks to a dance. "We believe there are concrete results in these advances in the land reform proposal," he said. "We believe this is mambo rhythm. It's subdued but accelerated." The chief negotiator for the government, former Vice President Humberto de la Calle, said large differences remain, but acknowledged some agreement. Among the FARC's land-reform proposals is a demand that Colombia turn over more than 20 percent of the country, or 62 million acres, to the poor. The FARC had called a unilateral and temporary cease-fire, which expired Sunday. The government has refused to observe a cease-fire. "We want peace, but not at any cost. Not if as a result of the conversations the guerrillas are able to get stronger and continue to wage war," de la Calle told reporters. The government has said it will only cease military operations against the rebels if the two sides sign a peace deal. Colombian officials have said their main goals are for the FARC to lay down their weapons and become part of the legal political process.

de la Calle

File Photo: Colombian Government.

Economic News

Argentina's Industrial Production Falls for First Time in a Decade

Argentina's level of industrial output declined in 2012, the first annual drop since the country's economic crisis a decade ago, the government announced Thursday, Reuters reported. The country's factory production slid 1.2 percent for the year on slowing output of vehicles and basic metals in addition to weak external and domestic demand. High inflation, sluggish economic conditions abroad, government controls on imports, currency controls and a drought that affected the country's grain harvest contributed to ending a boom in the South American country, Latin America's third-largest economy. In December, industrial output fell by 3.4 percent year-on-year, a larger drop than analysts had expected in a recent Reuters survey. Factory production declined a seasonally adjusted 0.6 percent in December as compared to November, according to the government. Vehicle manufacturing fell 6.6 percent last year and production of basic metals, such as primary aluminum and raw steel, dropped 8.7 percent. The government's virtual ban on purchases of dollars has hit Argentina's construction industry, where the majority of transactions were being made in dollars. However, analysts expect neighboring Brazil to help boost Argentina's economy in the year ahead. "The industrial sector is expected to benefit from the recovery in Brazilian activity forecast in 2013," **BNP Paribas** said in a research note early on Thursday. The bank added that private economists estimate that Argentina's industrial production fell by 1.9 percent last year, a bigger drop than the government announced. Argentina's government has long been suspected of underestimating inflation and overestimating growth. It is facing International Monetary Fund sanctions over its statistics.

> "The industrial sector is expected to benefit from the recovery in Brazilian activity forecast in 2013."
>
> ***— BNP Paribas***

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Costa Rica May Impose Additional Currency Controls: Chinchilla

Costa Rica's central bank may put in place additional currency controls in order to curb inflows that have driven up its currency, the colón, President Laura Chinchilla told Bloomberg News Thursday in an interview. "It is very likely that the bank will have to announce some measures on their own in the coming days," Chinchilla said in Davos, Switzerland on the sidelines of the World Economic Forum. "I wouldn't dare anticipate what kind of measures." Chinchilla has called capital inflows from developed countries "weapons of mass destruction" against the Central American nation's economy. Earlier this week, her administration sent lawmakers a measure to boost taxes from 8 percent to 38 percent on foreign investors who transfer profits from capital inflows out of the country. "Short-term capital seeks to make money fast," said Chinchilla. "The types of controls that we are using are ones that focus on that kind of investment. We cannot send a message that harms foreign direct investment, which has been a very important part of our economic development."

> "We cannot send a message that harms foreign direct investment, which has been a very important part of our economic development."
>
> *— Laura Chinchilla*

Companies including **Hewlett-Packard** and **Intel**, as well as manufacturers of medical devices, have invested in Costa Rica based on factors such as its open economy, free-trade agreement with the United States and its educated workforce. The World Bank ranked it 110 out of 185 for ease of doing business. The colón has gained 1.4 percent against the U.S. dollar so far this year. Costa Rica has a $40 billion economy, the second-largest in Central America after Guatemala's.

Featured Q&A

Continued from page 1

commitment to the process, the work of the facilitators (Monsignor Colindres and Raul Mijango) and the government's acknowledgment that it has a responsibility to facilitate the process as a real, sustainable and viable option in order to reduce crime and violence in El Salvador. The OAS and other actors are playing a role in coordinating and integrating different efforts to strengthen the process through the Technical Coordinating Committee of the Process of Crime and Violence Reduction in El Salvador. I view the process with both optimism and realism. There needs to be a whole-society approach; all levels of the government, private sector and civil society are key to the sustainability of the process. That is why we are working with the political parties on an agreement not to politicize the process, collaborating with four municipalities of different political affiliations on plans for communities free of violence and including the private sector in our prevention and reinsertion plans. Another important aspect is the international donor community's support for programs and projects addressing critical issues: the penitentiary system, prevention of crime, disarmament and victims' support. The process in El Salvador has helped us learn about gang cultures and the lessons that we have learned can be a viable option for the reduction of violence in other countries. We have to keep in mind that the context in each country is unique and that, in some cases, the closeness to narcotraffickers will make our work more difficult, but not impossible. The key is to speak with the communities; by and large, families are fed up with the violence. We have started preliminary conversations with the gang leaders in other countries to first talk to each other and then look at how ready they may be to stop the killings. If well-supported, the process in El Salvador will illustrate that peace and public security can be attained through other less costly, nonviolent options."

Alex Sanchez, executive director of Homies Unidos and co-chair of the Transnational Advisory Group in Support of the Peace Process in El Salvador (TAGSPPES) and Steve Vigil, co-chair of TAGSPPES: "El Salvador experienced a 60 percent reduction in homicides in 2012 due in large part to a truce that began last March between the imprisoned representatives of the MS-13 and 18th Street gangs. The truce has allowed El Salvador some respite from the violence that has plagued it over the last 40 years. It is held together by a small group

> "The truce has opened a window of opportunity for investment in business and programs to deter future violence ..."
>
> *— Alex Sanchez & Steve Vigil*

of facilitators and the gangs themselves. The truce has opened a window of opportunity for investment in business and programs to deter future violence by providing opportunities to El Salvador's under- and unemployed citizens, key drivers of the level of violence it has experienced in the last several years. To sustain the truce, the Salvadoran government should coordinate all sectors of society and the international community to promote job development, education and holistic policies that address the root causes of violence and provide viable alternatives. Key to this is a reform of the failed 'mano dura' policies that had the opposite effect of their stated intent of lowering violence and led to an unprecedented increase in incarceration that is too costly and does not provide opportunities for rehabilitation. Neighboring governments might balk at seeking a truce in their own countries but should take note and begin to make the same

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Featured Q&A

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sorts of investments in their citizens that provide opportunities and deter future violence."

Michael Allison, associate professor of political science at the University of Scranton: "Decade-long terror, ongoing extortion, uncovering of clandestine graves and the secrecy behind the truce's negotiations made it challenging for Salvadorans to get behind this once-in-a-lifetime opportunity. In many ways, the truce has held because gang leaders and government officials have wanted it to succeed. Gangs stopped killing and the government made life behind bars more bearable. However, the government has supported the truce in spite of the gangs' continued extortion and occasional killings, and the gangs have kept to their promises even though nighttime police raids have not been suspended, a law allowing for the arrest of suspected members based upon physical appearance has not been repealed and members continue to suffer occasional police brutality. Restraint has given other actors time to get behind the truce, such as the sanctuary cities initiative. For the truce to hold, President Mauricio Funes needs to recommit to a comprehensive anti-gang strategy that emphasizes prevention, reintegration and rehabilitation, including a reform of public security institutions. The truce has provided an opening for the government, the Salvadoran people and the international community to tackle the lack of youth employment, education, health and recreational opportunities. Guatemalan and Honduran authorities have had little choice but to study whether similar truces might work in their respective countries. However, their gangs are more involved in organized crime and drug trafficking than their Salvadoran counterparts. Neither are they involved in turf wars to the extent Salvadorans gangs were. Thus, such truces would be more difficult to achieve and may have unclear results."

> "In many ways, the truce has held because gang leaders and government officials have wanted it to succeed."
>
> — *Michael Allison*

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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