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FEATURED Q&A

Do Brazil and Other Countries Need an Internet Bill of Rights?

Q Brazilian lawmakers are considering legislation that would define the rights of Internet users. The measure, which has languished in Brazil's Congress since 2011, was revived after the United States was reported to have conducted electronic spying in Brazil and other countries in the region and even intercepted the communications of heads of state, including Brazilian President Dilma Rousseff. Do Brazil and other countries in the region need an Internet bill of rights? If so, what should it contain? Would a national email system, like one that Brazil has also proposed, do a better job of protecting privacy than current email programs? What would the proposed changes mean for businesses in Brazil?

A Maria Medrano, director of global policy at the Information Technology Industry Council (ITI) in Washington: "Reactions to U.S. National Security Agency surveillance have led to a number of proposals from the Rousseff administration that could damage global digital trade flows and the information and communications technology (ICT) industry. Of particular concern is the push for inclusion of a requirement to store data in-country in Brazil's Internet Framework Bill. President Rousseff has issued a constitutional urgency measure requiring that the Brazilian Congress vote on the bill on a fast-track basis. This requirement would effectively force global ICT companies to build data centers in Brazil. If implemented, other countries may emulate Brazil and similarly require in-country data storage. This would balkanize the Internet, undermining its decentralized nature, which has enabled the growth of global cross-border data flows and the digital economy. An environment where country after country invokes similar requirements would effectively shut foreign companies and their technologies out of markets, thereby disrupting global digital trade and restricting local users'

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At Least 21 Killed in Mexico After Heavy Rains, Mudslides

At least 21 people were killed in Mexico over the weekend after torrential rains from Tropical Storm Manuel caused flooding and mudslides, *El Universal* reported. The state of Guerrero has been hit hardest, with 14 dead there. See brief on page 2.

Photo: Associated Press.

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NEWS BRIEFS

At Least 21 Killed in Mexico After Heavy Rains, Mudslides

At least 21 people were killed in Mexico over the weekend after torrential rains from Tropical Storm Manuel caused flooding and mudslides, *El Universal* reported. The state of Guerrero has been hit hardest, with 14 dead there. Meanwhile, Hurricane Ingrid is threatening Mexico's Gulf Coast today, prompting thousands of evacuations. State oil company **Pemex** has closed more than 24 offshore wells as a safety precaution. A national state of emergency has been declared.

Government Intervention Ends Drummond Strike in Colombia

Colombia's government on Friday intervened to end more than seven weeks of strike action that shut down two mines and the port operations of Alabama-based coal miner **Drummond**, Reuters reported. The stoppage had halted about one-third of national production and was the second major strike in Colombia's coal sector this year. "We should be returning to normality of work from the night shift of today, September 14th," the company said in a statement Saturday. Drummond has also faced troubles this year in Colombia over media reports that it collaborated with paramilitaries between 1997-2006, which it denies.

Brazil Weighing Fuel Price Hike

Brazil's government may allow state-run oil company **Petrobras** to raise fuel prices by Oct. 21, Reuters reported today, citing *O Estado de S. Paulo*. Petrobras imports gasoline to meet domestic demand, but sells it at a loss due to the government's effort to stem inflation, which is currently running close to the central bank's official target ceiling.

Political News

Teachers Pledge to Renew Protests After Police Eviction

Police in Mexico City on Friday used water cannons to clear the capital's massive main square of educators protesting recently passed education reforms, EFE reported. Thousands of members of the

Protesters clash with police Friday.

Photo: Ronaldo Schemidt, AFP/Getty Images..

CNTE teachers' union, the more radical and smaller of the country's two main educator unions, were given an ultimatum by authorities to peacefully abandon the Zocalo plaza before planned independence day celebrations there on Sunday. As police closed in on the square in riot gear, some protesters hurled objects, including Molotov cocktails, EFE reported. More than 30 people were arrested. About 15 police sustained bumps and bruises but no protesters were injured, authorities said. Union officials on Sunday said they planned to resume their protest in the square this Wednesday and that 14,000 union members would be mobilized for the protest. They also called for a 48 hour national strike beginning on Thursday. [Editor's note: See Q&A on Mexico's education reforms in the Sept. 10 issue of the *Advisor*.]

Brazilian, Argentine Ministers Plan to Partner on Cyber Defense

Defense ministers of Brazil and Argentina on Friday pledged to cooperate on cyber defense capabilities following revelations of U.S. spying on Latin American countries, Agência Brasil reported. "We think this matter of espionage, which had its epicenter in Brazil but is also reflected in other Latin American countries, deserves an attempt to find a regional response," Brazil's defense minister, Celso Amorim, told reporters after a conference in Buenos Aires. The countries have agreed that later this year, Brazil will host a bilateral cyber security meeting, and starting in 2014, Brazil will provide cyber warfare training to Argentine officers. Argentine defense minister Agustín Rossi said the goal is to "diminish situations of vulnerability." The ministers signed a broader military cooperation agreement on Friday as well. In related news, police in Argentina have arrested a 19-year-old man accused of heading a gang of hackers that targeted international money transfer and gambling websites, BBC News reported Friday. The teenager, who could face 10 years in prison, was making $50,000 a month working from his bedroom in Buenos Aires, police say.

Peruvian President Approval Ratings Fall to Lowest Level of Term

A poll released Sunday suggests the approval rating of Peruvian President Ollanta Humala fell in September for the seventh straight month to the lowest level of his term, Reuters reported. The popularity of Humala slipped to 27 percent in September from 29 percent in August, the **Ipsos Apoyo** poll found. The president's approval rating has plummeted 27 percentage points since March. Public perceptions of higher crime and "unfulfilled promises" were cited in the report as causes for the decline. Peru's economy has been slowing as global demand for commodities cools and exports have slowed. Decreased global demand for metals, which comprise nearly 60 percent of Peru's exports, will keep economic growth to around 4 percent to 5 percent over the next two years, former finance minister Pedro Pablo Kuczynski told Bloomberg News earlier this month. Peru's economy will grow 5.7 percent this year and 6 percent next year, the Finance Ministry forecast on Aug. 28. Humala, who won election with 51 percent of the vote, was sworn in just over two years ago. The poll of 1,200 people has a margin of error of 2.8 percentage points.

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Economic News

Nicaragua Receives $91 Million IDB Loan for Road Improvements

The Inter-American Development Bank said Friday it had finalized a $91.5 million loan for Nicaragua to improve its roads. The project aims to reduce vehicle operating costs, increase travel speeds, reduce accident rates and involves studies on the impact of climate change on infrastructure. One of the main challenges faced by Central American countries like Nicaragua is the low level of logistical integration that is needed for the region to compete in the global economy, the IDB said. Nicaragua has a road network of nearly 24,000 kilometers, of which just over 3,100 kilometers are paved, resulting in high transport costs. The loan will fund improvements of 36.4 km of the Villa 15 de Julio-Malpaisillo junction highway, rehabilitation of 24.7 km of the Boaco-Muy Muy highway, rehabilitation of 31.4 km of the Chinandega-Guasaule highway that is part of the Pacific Corridor, and the improvement and maintenance of 60.5 km of roads at the Las Piedrecitas-Nagarote-Izapa junction. The project also aims to increase the total number of new shops and businesses that are operating in the service areas of the road sections being rehabilitated by a minimum 5 percent.

Company News

Jamaican Government Sells Wallenford Coffee for $39.5 Million

Jamaica's government on Friday said it had divested its stake in **Wallenford Coffee Company** to Barbados-based **AIC International Investments Limited** in a deal worth $39.5 million, the *Jamaica Gleaner* reported. AIC is a wholly owned subsidiary of **Portland Holdings**, both held by Jamaican-born Canadian billionaire investor Michael Lee-Chin. The deal will bring a payment of some $16 million to Jamaica's government, with an additional $23.5 million committed to the development and expansion of Wallenford over the next four years, according to the report. Wallenford is Jamaica's largest coffee estate and the largest processor of green beans originating from the Blue Mountain and high mountain regions of the country. It has the capacity to process over nine million pounds of coffee in its facilities, but has been running at a financial loss under government oversight. The four-year development plan includes the resuscitation of established farms, upgrading of equipment and renovation of buildings and facilities, and increasing the acreage for coffee and extension services to coffee farmers. The divestment of the company marks the departure of Jamaica's government from commercial coffee operations, having previously divested the **Mavis Bank Coffee Company** in October 2011. Coffee exports earned $18.1 million in the crop year ending July 2012. But destruction from Hurricane Sandy last fall, along with rising losses due to leaf rust disease, were likely to have cut production by some 30 percent this crop season, the *Jamaica Gleaner* reported in March.

Lee-Chin

File Photo: Jamaica Gleaner.

Featured Q&A

Continued from page 1

ability to access customized and localized services globally. Local infrastructure mandates are discriminatory and contrary to the notion of cross-border trade. Brazil should instead focus on establishing government policies and the necessary infrastructure that will encourage competitive investment in data centers in Brazil and on legislation that protects individuals' privacy while allowing them to benefit from the digital economy and the information flows that support it. While the NSA revelations are certainly causing concern in many quarters, the enormous benefits of the Internet and the broader digital economy should not be undermined in response."

A Isabel Franco, partner, and Ana Carolina D'Atri, senior associate, at KLA-Koury Lopes Advogados in Brazil: "Brazil definitely needs an Internet bill of rights so as to have clear rules for Internet providers and users. But we believe that such legislation should follow the current standards adopted by the industry to avoid any obstacles for Brazilian and international Internet services providers' activities in Brazil. Brazil does not have a specific privacy and data protection statute. The Brazilian Constitution and other norms contain general principles for privacy protection and the use of personal data, but no express provisions on the collection, storage and handling of personal data. Neither are there provisions on security measures for Internet services providers to protect personal data. In addition, Brazil does not have specific rules on the liability of service providers for the acts of third parties. However, Brazilian courts have consistently upheld the liability of the service provider even when it has no control over the content. As is widely known, with all of the spying scandals involving the Obama administration, the Brazilian government suggested changes to the bill to force providers to maintain personal data of Brazilian Internet users in the country or the creation of a national email system. We do not believe that this measure will protect Brazilian citizens. This will probably impose extra costs to Internet service providers and create difficulties for their services in Brazil or even encourage them to leave the country or reduce their services. This would

> "Brazil definitely needs an Internet bill of rights ..."
>
> *— Isabel Franco & Ana Carolina D'Atri*

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Featured Q&A

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isolate Brazil from the global Internet."

A Wally Swain, senior vice president for emerging markets at The Yankee Group in Bogotá: "It is hard to connect the Brazilian government's outrage over U.S. spying on members of the government and, apparently, Petrobras, to the need to revive a moribund Internet bill of rights. Perhaps after a summer of discontent in the streets, a wobbly economy and ministers falling like nine-pins over corruption, protecting good and worthy citizens from a foreign threat provides a useful distraction. However, Internet bills of rights are unlikely to protect citizens from the prying eyes of the NSA or, for that matter, the prying eyes of their own governments. In fact, one can construct a scenario in which, in the fine tradition of Orwell's double-speak, the Brazilian 'bill of rights' will create a national email system so that the Brazilian government can spy on its citizens but those nasty foreigners cannot. That may be too paranoid, but it certainly is designed to force telecom operators to buy 'made in Brazil' equipment that somehow telecom regulator Anatel will have certified has no inappropriate code planted by the NSA. Or perhaps it will force Google and Yahoo to move their mail servers to Brazil behind some thick government-managed firewall. That will favor Brazilian suppliers, especially government-owned manufacturer Cpqd, and, in turn, perpetuate Brazil's productivity trap where protectionism forces costly and at times inadequate technology on unwilling service providers. Certainly the Chinese have experience building such firewalls for Cuba, Venezuela and Iran. Anatel just better be careful about what software the Chinese leave behind."

> "Internet bills of rights are unlikely to protect citizens from the prying eyes of the NSA or, for that matter, the prying eyes of their own governments."
>
> — *Wally Swain*

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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