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FEATURED Q&A

How Is Colombia's Presidential Race Shaping Up?

Q In late October, the party of former Colombian President Álvaro Uribe selected economist Óscar Iván Zuluaga as its presidential candidate ahead of a nationwide vote next May. Zuluaga would be a top opponent of current President Juan Manuel Santos if Santos declares his intention to run for re-election. Why was Zuluaga chosen over his two primary opponents, and how do his positions differ from those of Santos? Will Santos declare his intent to run for re-election soon, and what issues would be the focus of his campaign? What effect will the peace talks with the FARC rebels, which reach their one-year mark in November, have on the presidential race?

A Jorge Lara-Urbaneja, Partner at Arciniegas, Lara, Briceño & Plana in Bogotá: "Óscar Iván Zuluaga was the obvious Uribe candidate, as he was the minister of finance who implemented Uribe's economic policies. For years, Zuluaga and Santos were members of Uribe's ministers council and founded Santos' political party ahead of his election as president. But Zuluaga has been absent from Santos' government so the confrontation between the two looks just normal. Another name on Uribe's list was Francisco Santos, President Santos' firs cousin. But, an electoral race between the cousins would have opened an opportunity for leftist figures like Clara López or Antonio Navarro. Clearly, Uribe would have never incurred such a miscalculation. The main confrontation between the two campaigns will be on security issues and economic growth. Santos has fought subversion intensively, but the general perception is that the FARC is controlling strategic areas and has strengthened its drug-trafficking operation using the peace talks in Havana as an international media show. Santos is about to start his re-election campaign, and the FARC's leaders are supporting him, as their future in a Zuluaga/Uribe

Continued on page 4

Telefónica Seeking to Challenge Slim's Dominance in Mexico

Spain's Telefónica, led by CEO César Alierta (pictured), is seeking to challenge the dominance of billionaire Carlos Slim's companies in Mexico, Bloomberg News reported today. Telefónica has reportedly approached possible partners and acquisition targets in Mexico. See story on page 3.

File Photo: Telefónica.

Inside This Issue

FEATURED Q&A: How Is Colombia's Presidential Race Shaping Up? 1

Colombia Boosts Security for Uribe After Foiling Assassination Plot....2

Paraguay Normalizing Relations With Mercosur Nations 2

Batista's OSX Files for Bankruptcy Protection 3

Telefónica Seeking to Challenge Slim's Dominance in Mexico....3

The Dialogue Continues: What Was Behind the Closure of Tutela Legal in El Salvador? 3

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NEWS BRIEFS

Cuba Among Countries Winning Seats on U.N. Rights Council

Cuba, China, Russia and Saudi Arabia on Tuesday were granted three-year seats on the United Nations Human Rights Council despite concerns about human rights abuses in those countries, Reuters reported. Though she did not specify which countries she was referring to, the U.S. ambassador to the United Nations, Samantha Power, said the new council members include "some that commit significant violations of the rights the council is designed to advance and protect." Mexico also won a seat on the 47-nation council.

Brazil Rings Up Lower Level of Retail Sales Than Expected

Retail sales in Brazil in September rose 0.5 percent as compared to the previous month, failing to match the 0.8 percent increase analysts had predicted after a 0.9 percent increase in August, Bloomberg News reported today. Brazil has been hiking interest rates in an effort to tame inflation which may be slowing down purchases of big-ticket items, analysts said, though a 5.4 percent record-matching low level of unemployment is still generating consumer demand.

Nissan Opens Third Mexico Plant

Nissan Motor Co. on Monday opened its third auto plant in Mexico, a $2 billion facility in Aguascalientes, and said it plans to increase production in the country to 1 million vehicles annually within three years, Bloomberg News reported. Some 700,000 of the vehicles will be exported to the United States, Canada and South America, the company's CEO said, meaning Mexico will rival Japan as one of the company's major export hubs.

Political News

Colombia Boosts Security for Uribe After Foiling Assassination Plot

Colombia's government said Tuesday that it has increased security for Álvaro Uribe after authorities detected an assassination plot against the former president, Agence France-Presse reported. Defense Minister Juan Carlos Pinzón said he met with Uribe and informed him "of the detection of a plan by the FARC's Teófilo Forero Mobile Column to make an attempt on his life," AFP reported. President Juan Manuel Santos ordered that authorities "guarantee the security and integrity of the former head of state and protect him, as well as to get those responsible for these threats," Pinzón added. The defense minister said that Uribe and his family would get whatever security they need. The detection of the plot comes as the peace talks between Colombia and the Revolutionary Armed Forces of Colombia, or FARC, rebels approach their one-year mark on Nov. 19. The two sides have reached agreement on only two points of their six-point agenda for the talks, and it was unclear what effect the foiled assassination plot would have on the negotiations. Uribe, who was president from 2002 to 2010, split with Santos after leaving office and has been a harsh critic of the peace talks, a signature effort of Santos' administration. Uribe decimated the FARC, reducing its ranks by half and driving it to remote parts of Colombia. After the government announced that it had foiled the plot against Uribe, the former president said in Bogotá that he would be more careful about his movements, but added, "You have to stay in the fight." The president of Colombia's Congress, Juan Fernando Cristo, said the news of the plot was "very serious," but added that he would hold judgment. "We have to await the details, what kind of attack or plot was involved. But if it is confirmed, we have to demand that the (FARC) negotiators in Havana explain it to the country," he said. Colombia's army formed a task force earlier this month to pursue the FARC's Teófilo Forero Column and capture its head, a rebel known as "El Paisa." The foiled plot is not the first against Uribe. In May, an Argentine judge disclosed that authorities in Buenos Aires had deactivated a bomb in the city's Gran Rex theater prior to Uribe's arrival to give a speech there. Uribe, who is constitutionally barred from running for a third term, announced in September that he would run for a Senate seat in the legislative elections in March, two months before the presidential election.

Uribe

File Photo: Colombian Government.

Paraguay Normalizing Relations With Mercosur Nations

Paraguay's government is moving toward normalizing relations with Mercosur nations almost a year and a half after the landlocked nation was suspended from the trade bloc following the rapid impeachment and removal from office of President Fernando Lugo, MercoPress reported today. On Tuesday, Paraguay's current president, Horacio Cartes, swore in the country's new ambassador to Venezuela, Enrique Jara, in a ceremony in Asunción. "I'm pleased with the job tasked, re-opening our embassy in Caracas and giving priority to all those pending bilateral issues: trade, energy, culture," said Jara. A professional diplomat, Jara joined Paraguay's foreign ministry in 1980 and has held diplomatic posts in Bolivia, Brazil, Costa Rica, El Salvador, Honduras, Nicaragua and Panama. Also on Tuesday, Paraguay accepted the credentials of Brazil's new ambassador to Asunción, José Martins Felicio, which formally re-established Paraguay's relations with the government of Brazilian President Dilma Rousseff.

Jara joined Paraguay's foreign ministry in 1980.

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Paraguay has already sent its ambassador, Manuel Maria Cáceres, to Brasília. "This is extremely important in the framework of bilateral relations with Brazil," said Paraguayan Foreign Minister Eladio Loizaga. Bolivia and Paraguay are still without ambassadors in each other's capitals, but Loizaga added that his Bolivian counterpart, David Choquehuanca, will meet with Cartes on Nov. 18 to discuss re-establishing relations.

Company News

Batista's OSX Files for Bankruptcy Protection

OSX Brasil, Brazilian businessman Eike Batista's shipbuilding company, on Monday became Batista's second company to file for bankruptcy in less than two weeks, Reuters reported. OSX has 5.35 billion reais ($2.29 billion) of outstanding debt, but it is not clear how much of that debt it wants to restructure. Two of OSX's subsidiaries filed for bankruptcy, but the bankruptcy protection filing did not include **OSX Leasing**, which owns three oil exploration platforms. OSX said in the filing that it had ended leasing contracts with Batista's oil and gas company, **OGX Petróleo e Gás Participações**, for two of the platforms, possibly in order to allow those assets to be sold to generate revenue to aid the restructuring. OSX filed bankruptcy in the same court in Rio de Janeiro where OGX Petróleo e Gás Participações filed on Oct. 30, effectively asking that the two cases be considered together. OGX's filing was Latin America's largest corporate bankruptcy filing, with the company reporting 11.2 billion reais ($4.8 billion) of debt. OGX is OSX's only major client, so once it filed bankruptcy, it became likely that OSX would as well. The court has until Friday to agree to OGX's bankruptcy petition, after which the company will have 60 days to present a restructuring plan. If both OGX and OSX's petitions are granted, the OSX bankruptcy would become part of the OGX proceedings.

Batista

File Photo: Brazilian Government.

Telefónica Seeking to Challenge Slim's Dominance in Mexico

Spain's largest telecommunications company, **Telefónica**, has approached possible partners and acquisition targets in Mexico as it looks to challenge the dominance of billionaire Carlos Slim, Bloomberg News reported today, citing three unnamed people familiar with the matter. Telefónica has been in discussions with companies including **Grupo Iusacell**, said the sources, who asked not to be identified because of the private nature of the talks. Telefónica and Iusacell officials declined to comment to the news service. Telefónica's CEO, César Alierta has been shifting his focus to Mexico after making moves that include boosting the company's indirect stake in **Telecom Italia**, finding a merger partner in Germany and selling assets in Ireland and the Czech Republic.

The Dialogue Continues

What Was Behind the Closure of Tutela Legal in El Salvador?

Q The Catholic archdiocese of San Salvador on Sept. 30 closed Tutela Legal, the church's office charged with investigating human rights abuse cases in the Central American country since 1977. Archbishop José Luis Escobar Alas said in a statement that the office's work was "no longer relevant." The closure occurred 10 days after El Salvador's Supreme Court said it would review an amnesty law that has protected alleged perpetrators of human rights abuses. What was behind the closure of Tutela Legal? How important is its work? What is the likelihood that the Supreme Court will strike down the amnesty law?

A Doug Cassel, professor at Notre Dame Law School and former legal adviser to the U.N. Commission on the Truth for El Salvador: "Rarely does an archbishop so decisively reverse course. On Sept. 30, Archbishop José Luis Escobar Alas of El Salvador closed Tutela Legal, the human rights office of the Church, by simply padlocking the doors before surprised employees arrived at work. This regrettable decision would have deprived the poor of desperately needed legal assistance in human rights cases. It also jeopardized Tutela Legal's 30,000 files on wartime atrocities, just as the Supreme Court was reviewing the constitutionality of the 1993 amnesty law and the attorney general was finally expressing an openness to investigate the army's wartime massacres of campesinos. The lack of prior notice to anyone or consultation with victims and the archbishop's varying and unconvincing explanations for the closure only made his decision worse. Protests were so widespread that the archbishop was forced—after 'consultations' and a meeting of the Salvadoran bishop's conference—to reverse his decision. In a face-saving gesture, Tutela Legal will remain closed, but the Church will create a documentation center for its files and a committee will plan a new human rights office. The support of Auxiliary Bishop Gregorio Rosa Chávez and former Jesuit Provincial José María Tojeira gives hope that the Church will not again betray its people. So, too, does the Church's thus far successful resistance to the attorney general's effort to seize the archives of Tutela Legal. Let us pray that the experience teaches this archbishop to become, like his revered predecessor, Monsignor Óscar Romero, a good shepherd of his people."

Editor's note: The above is a continuation of a Q&A published in Monday's Advisor.

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Featured Q&A

Continued from page 1

government would be uncertain. Hence, FARC leaders have sped up the peace process and generated political momentum. After all, they know that peace talks will continue after the elections and that no commitments will count until the process is finished. They are just trying to assure Santos' place for negotiation in the future. But, in order to remain president, Santos must develop the economic growth plans he announced four years ago. Otherwise, he will lose his re-election bid, regardless of his opponent."

Daniel Freeman, political journalist at Colombia Reports: "It is unclear why former Finance Minister Óscar Iván Zuluaga was chosen to be the nominee for the Uribe Democratic Center party, as all three contenders ran on the same Uribe-era platform. Francisco Santos, cousin and opponent of incumbent Juan Manuel Santos, confidently led the polls until Zuluaga and Uribe arranged for an early closed-door vote with current party members to select the candidate rather than the open primary usually held in March. Francisco Santos nearly left the party fearing a loss with a closed convention, though he ultimately agreed to participate since Zuluaga was only expected to collect 11 percent of the vote. Zuluaga won with a surprising 55 percent. Zuluaga told Colombia Reports that, if elected, his presidency would focus on improving public education, reinstating conservative Uribe-era policies and abandoning peace talks with the FARC in favor of military action. Meanwhile, President Santos currently faces abysmal approval ratings due to recent crises in Colombia's health, education and agricultural sectors, as well as skepticism of reaching a peace accord. More developments such as last week's widely celebrated agreement on the FARC's future political participation, however, could be enough to win Santos a second term. Santos must decide if he will run by the end of the month. Do not be surprised if a re-election announcement coincides with the one-year anniversary of the peace talks, on Nov. 19. These peace talks are essential to the election, as each candidate will use his position to invalidate the other's approach to the FARC. The legacies of Santos and Uribe and the future of Colombia's 50-year-old armed conflict are at stake in 2014."

Juan David Escobar Valencia, director of the Center for Strategic Thought at Universidad EAFIT in Medellín: "The selection of Zuluaga, through the mechanism of a convention and not through a primary that probably would have favored former Vice President Francisco Santos could suggest that Zuluaga is closer than Santos to the political structures of the Uribista movement. Santos has a more limited history with electoral mechanics and a more independent character. Another factor is a potential dispute between Santos and his cousin, President Juan Manuel Santos. It is difficult to tell, but all signs so far suggest that the current president intends to run for re-election. However, he will most likely wait until the last minute to have more room to maneuver, in case the conditions for his candidacy are not favorable, which up until now they are not, and to decide if he will launch his own re-election bid or find a successor who can represent him. Peace talks with the FARC narco-terrorist group are so far the only factor that the current president has that would give him a possibility of being re-elected. The results of his administration have been unsatisfactory, as shown by his low approval rating of less than 30 percent. Obtaining an 'agreement' with the leaders of the FARC is a wild card. The process has many weaknesses that don't assure its viability or that it Colombians will accept it. It's a gamble. "

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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