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FEATURED Q&A

Does Mexico's Government Need a 'Pact for Security'?

Q In response to the public outcry over the disappearance of 43 students in September from Mexico's Guerrero state, the country's main political parties are reportedly considering a new security pact that would be modeled after the government's 2012 "Pact for Mexico." Would a new agreement between the PRI, PAN and PRD help lawmakers solve problems of violence, security and corruption in Mexico? If so, what should such a pact include? Will the students' disappearance lead to changes in the government's security strategy? Now nearly two years into his term, how would you rate President Enrique Peña Nieto's performance related to security?

A Mary Speck, project director for Mexico and Central America at Crisis Group: "What Mexico faces is a crisis in local governance. This won't be solved by another pact among the leaders of the three major parties. What we haven't seen is genuine soul-searching by party leaders about the rot within their ranks and a persuasive, across-the-board commitment to human rights, citizen participation and transparency. The mayor allegedly complicit in the students' disappearance was from the leftist PRD. But all of the parties, including the governing PRI and the conservative PAN, need to recognize the corruption at their base, especially in regions where local leadership is infiltrated or intimidated by powerful criminal groups. Ending the impunity of local authorities isn't simply a matter of sending some mayors to jail or reorganizing some municipal police forces. It also means changing the way candidates are chosen, campaigns are financed and public contracts awarded. It means building credible, responsive local police forces, subject to professional standards that reward results and punish abuse. It won't be quick, and it won't be easy. As for President Peña Nieto, I would give him an 'I' for incomplete. Security is still Mexico's most urgent

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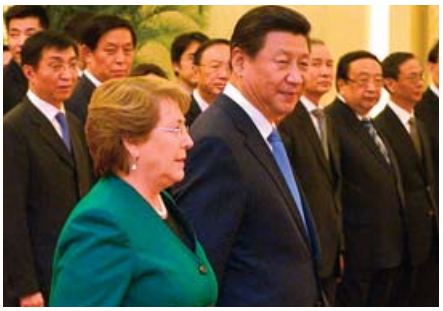

Chilean, Chinese Leaders Discuss Infrastructure, Energy

Chilean President Michelle Bachelet and her Chinese counterpart, Xi Jinping, on Wednesday discussed increased cooperation in areas including infrastructure and energy. The meeting happened after the close of the APEC summit in Beijing. See brief on page 2.

Photo: Chilean Government.

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NEWS BRIEFS

Bachelet, Xi Discuss Cooperation in Areas Including Energy, Tech

Chinese President Xi Jinping and Chilean counterpart Michelle Bachelet, who is in China following the Asia-Pacific Economic Cooperation Summit, on Wednesday agreed to boost cooperation between their nations in areas such as infrastructure, connectivity, clean energy, agriculture, finance and technology, TeleSur reported. Bachelet also highlighted efforts to promote Asia-Pacific integration and offered her support for the use of the Chilean and Chinese currencies in bilateral transactions.

Trial of Venezuelan Judge Again Delayed

The trial of Venezuelan judge María Lourdes Afiuni that was scheduled to occur on Wednesday was delayed again by the court, meaning her trial has now been suspended for more than a year and a half, the Associated Press reported. Afiuni's arrest occurred in 2009 after she freed a banker awaiting trial on charges of violating currency controls, a decision then-President Hugo Chávez criticized, and which led to international criticism that she is a political prisoner. She was allowed to leave jail in 2011 and freed from house arrest in 2013 on medical grounds.

J.P. Morgan's Top Foreign-Exchange Trader Departs

The senior foreign-exchange trader at **J.P. Morgan Chase & Co.** has left the bank amid its shift of some Latin America roles to cities including New York, Bloomberg News reported Wednesday, citing a person familiar with the matter. Gilberto Romero will not be replaced in the bank's Mexico City office, the source told the news service.

Political News

Demonstrators Set Fire to Guerrero Legislature Building

Demonstrators in Mexico's Guerrero state on Wednesday set fire to the state legislature building in the latest violent protest over the disappearance of 43 local university students in late September, Reuters reported. In Chilpancingo, Guerrero's state capital, teachers' union members torched the session hall in the legislature building and also set fire to several cars outside. Firefighters put out the blaze, and no injuries were reported. The administrative offices at Guerrero's education department were also set on fire. Demonstrators' anger about the 43 students who went missing intensified after Attorney General Jesús Murillo Karam said last week that local drug gang members confessed to murdering the students after they were turned over to the gang by local police who had abducted them. Anger at the government was also fueled by reports last weekend that a luxurious home used by President Enrique Peña Nieto and First Lady Angélica Rivera is owned by a company that has won millions of dollars in government contracts.

Economic News

Colombia Issues Advice on Reducing Social Conflict in Oil Sector

Colombia's government on Wednesday issued a set of guidelines for oil companies to follow to reduce social conflicts that have affected investment and oil production in Latin America's fourth-largest producer, Reuters reported. The 150-page book, drawn up by Colombian standards organization Icontec in consultation with around 100 public and private organizations at the request of Colombia's National Hydrocarbons Agency, contains advice on how to consult with communi-

González

File Photo: Ecopetrol.

Featured Q&A

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issue. He has barely begun to tackle impunity or build institutions that can prevent violence, not just respond after the fact to the most horrific crimes."

Maria Velez de Berliner, president of Latin Intelligence Corporation: "A pact for security is unnecessary. Its possible objectives: official accountability, guarantee of personal rights, elimination of violence and combating corruption are already in the Pact for Mexico. The macabre and abhorrent fate the students met in Iguala demonstrates Peña Nieto has fallen short of the Pact's objectives. Could the Pact have saved the students and thousands of others who have been forcibly disappeared or murdered? Not without a top to bottom restructuring of Mexico's culture of personal, violent means to settle accounts and grievances and the defeat of corruption and collusion enabled and sustained by 'la mordida.' The collusion of criminals, law enforcement, security forces and government officials is endemic. The selective decapitation of prominent cartels does little to stem violence. The non-publicity of forced disappearances and murders moves the problem to the back-burner while threats to, and crimes against, persons and property continue. But there is a silver lining in Iguala's tragedy: poor peasants who the government saw as powerless and disposable, and whose existence did not count, continue to protest against corrupt officials. Provided they do not resort to destructive violence, and thanks to social media, they keep bringing Mexico together in revulsion against government corruption and the weakness of institutions. Their courage and persistence mean

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ties before entering an area to begin a new project, as well as best practices for creating jobs, human rights and managing social conflicts. "It's quite instructive on social issues and the participation of local labor. When people see this [implemented] there will be greater acceptance" of oil projects, said Energy Minister Tomás González. An increasing number of protests, mostly peaceful, against oil projects have occurred in recent years and slowed investment in the energy sector, a key driver of Colombia's economy. Oil production has fallen from more than 1.15 million barrels per day in 2012 to just under a million bpd this year. Production over the first 10 months of this year is down 2.8 percent as compared to the same period last year, according to Colombia Reports. State-owned oil company **Ecopetrol** has said conflicts with communities affected its second- and third-quarter earnings, and earlier this year, repairs to one of Colombia's largest pipelines were delayed by a disagreement with an indigenous group opposed to oil exploitation. Analysts have said changes to the royalties law in 2011 helped fuel social conflict as it decreased income to local communities. Andrés Mejía Vergnaud, a consultant at NSG and Desmarginalizar in Colombia, told the *Advisor* in July that "Before the 2011 reform, regional authorities had a clear incentive to mediate constructively in solving these conflicts: their own revenue was at stake. After the reform, authorities have no incentive to help; the frequency and gravity of conflicts has been growing."

Company News

Brazil's JBS Posts Record Profit for Third Quarter

Brazil-based **JBS**, the world's largest producer of meat, on Wednesday posted record profit for the third quarter on higher prices for cattle and lower feed expenses, Bloomberg News reported. The São Paulo-based company said net income increased to 1.09 billion reais ($481 million) from 220 million reais in the same period of last year. JBS reported adjusted earnings per share of 37.8 centavos, which exceeded the average estimate of 24 centavos per share in a Bloomberg survey of three analysts. The company spent $17 billion over the past decade on acquisitions and has experienced strong demand for exports of beef and poultry as well as falling costs for soybeans and corn, which are used as feed. Cattle prices have risen amid shortages, more than doubling the company's earnings before interest, taxes, depreciation and amortization. Over the third quarter, the Brazilian real also declined 9.5 percent against the dollar, increasing revenue from exports. "The ongoing operating improvements made by the JBS units in Brazil and worldwide throughout 2014 also allowed the company to significantly reduce its degree of leverage," JBS said in a statement accompanying the earnings release. On Oct. 29, U.S.-based poultry and processed food producer **Pilgrim's Pride**, which JBS controls, reported a 95 percent increase in EBITDA for the third quarter to $442 million, its highest-ever quarterly level.

The Dialogue Continues

What Are the Top Areas for Latin America-E.U. Cooperation?

Q Colombian President Juan Manuel Santos spent most of last week in Europe to seek support for his country's hoped-for post-conflict transition with the FARC rebel group. Also, Prince Charles and his wife Camilla visited Colombia and Mexico last month to promote cooperation between those countries and Britain, while avoiding recent tensions with Argentina. And the week that Chile's Michelle Bachelet was in Spain signing cooperation deals, Venezuela recalled its ambassador to the European country over statements that Spanish Prime Minister Mariano Rajoy made in support of jailed Venezuelan opposition leader Leopoldo López. Where are there the greatest possibilities for cooperation between Europe and Latin American countries? Will Charles' visit lead to any new initiatives, or was the visit purely symbolic? What kind of help might Santos get from Europe for a post-conflict Colombia?

A Áurea Moltó, managing editor of *Política Exterior* in Madrid: "President Juan Manuel Santos' European tour aimed to achieve political and economic support from the E.U. for the Colombian government's peace talks with the FARC. Specifically, Santos wanted to return to his country with the knowledge that he had the money needed to launch a hypothetical peace agreement. To do this, Santos knows that Spain's support is key. For that reason, he began his European visit in Madrid before also visiting Paris, London, Berlin, Lisbon and Brussels. European support for Colombia could come through the convening of a donors' conference for the creation of a $45 billion trust fund which, according to the Colombian Senate's peace commission, would be needed to implement the peace accords. The Spanish government has already pledged its commitment to Santos in order to win the support of Brussels. With Chile, Cuba, Norway and Venezuela observing the peace talks in Havana, Santos now is looking to the European Union to play a role similar to the one it played in the Central American peace process of the 1990s. In fact, Santos' trip to Europe is reminiscent of the trip that then-Costa Rican President Óscar Arias took in May 1987 to seek support for peace and the end of armed conflicts in Guatemala, El Salvador and Nicaragua. At that time, Arias visited Madrid, Lisbon, London, Bonn, Rome and Paris. That same year, he received the Nobel Prize for his contribution to peace in the region."

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

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Featured Q&A

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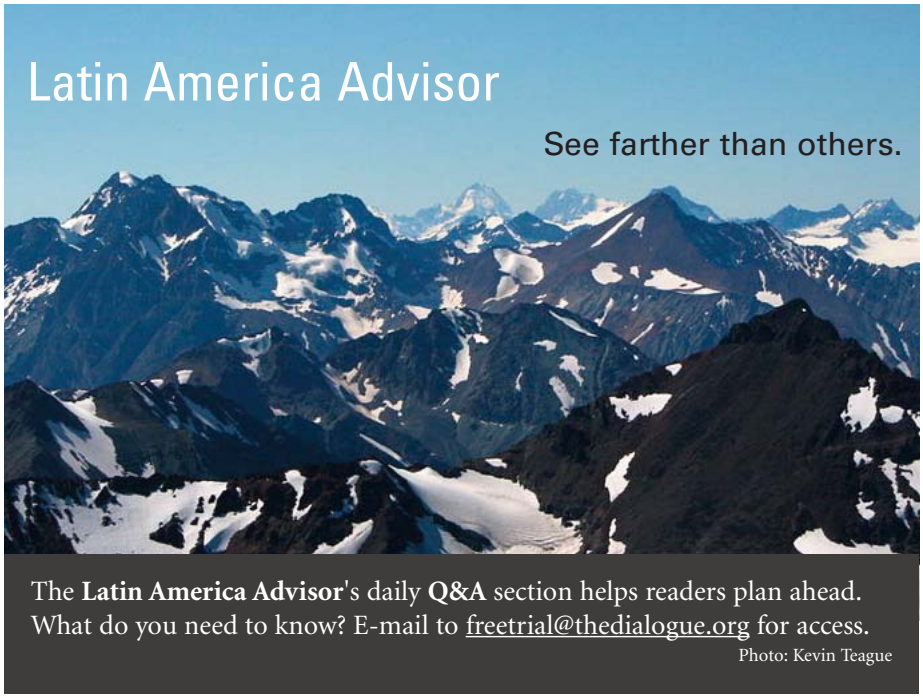
Peña Nieto can no longer hide behind headlines about the detention of cartel heads and platitudes about Mexico's safety and security. Instead, he will be hard pressed to weed out corrupt officials and guarantee the protections of the Pact to all. This is a task to be accomplished, possibly, state by state. Peña Nieto's time for empty pronouncements about security is running out."

Alberto Islas, chief executive officer of Risk Evaluation Ltd. in Mexico City: "A new agreement between the PRI, PAN and PRD is insufficient to solve the problems of violence, security and corruption because we need two key ingredients—citizens and an institutional framework for a long-term solution. A political pact on its own will not render a solution. The country needs to address the issues upfront in order to solve them, like the case in Iguala. The administration inherited 25,000 cases of disappeared citizens from Felipe Calderón, and the lack of response by bureaucrats in the attorney general's office and the Ministry of the Interior has made Peña Nieto responsible in the public opinion for their disappearance as well as the case in Iguala. The biggest harm is that despite the achievements in reducing murders, capturing top kingpins (including 'El Chapo' Guzmán), reducing the level of violence, increasing cooperation with the international community and attacking money laundering, citizens' distrust against security forces has grown. The Peña Nieto administration has to create an agency whose sole mission is to investigate and solve the cases of people who are reported missing because we cannot neglect our past; this is a principle of accountability. Only then will the Mexican state be able to construct a bridge of trust with its own citizens. If we feel safe in making a call to 911 to report a crime, it is because we are sure that the police are on our side and not against us."

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



The **Latin America Advisor**'s daily **Q&A** section helps readers plan ahead. What do you need to know? E-mail to freetrial@thedialogue.org for access.

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