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FEATURED Q&A

What Should Be Done to Reduce El Salvador's Homicides?

Q El Salvador suffered its highest monthly homicide rate in a decade in March, with 481 murders. And since the beginning of the year, 23 police officers and six soldiers were killed in confrontations with gang members in the Central American country. In response to the growing homicide rate in El Salvador, where a gang truce broke down last year, President Salvador Sánchez Céren created three new "rapid response" battalions for the army and one for the police. Why is El Salvador's murder rate increasing? Is Sánchez Céren taking the right steps to reverse it? What more should he be doing?

A Ricardo A. Cevallos, partner at BLP Abogados in El Salvador: "Statistically, it was the worst month when it comes to murders, but the murder rate has been high for the last decade. It decreased in the last administration for two reasons: some murder victims were reported as missing persons, and a truce that was agreed to by the government and the gangs. During the truce, the gangs probably regrouped and reinforced their possession of heavy weapons. At that time, the government likely committed to maintaining the truce, which involved payments to the gangs. However, due to financial constraints, the government was not able to sustain the payments during the presidential and congressional elections. As the payments ceased, violence has increased. There is also huge pressure on President Sánchez Cerén to take action. Both help in understanding the reasons that prompted a reaction from the gangs. Of the figures quoted, not all military and police officers who died were killed in events relating to gang activity, though most were. One of the main problems for the government is that the police force is not adequately trained to deal with organized crime; it was designed to be a civilian force. Putting soldiers into the streets may be fruitful, but it pushes the constitutional limits of government. What

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Former Leaders Urge Venezuela to Free Opposition Politicians

A group of 26 former world leaders, including former Brazilian President Fernando Henrique Cardoso, on Thursday sent an open letter to Venezuela's government, urging it to free imprisoned opposition leaders. See story on page 2.

File Photo: Brazilian Government.

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NEWS BRIEFS

Mexico's Central Bank Leaves Interest Rates Unchanged

Mexico's central bank, led by Agustín Carstens, on Thursday kept borrowing costs at the same record low rate of 3 percent for a seventh straight month, Bloomberg News reported. All 26 economists surveyed by Bloomberg had expected the rate to remain unchanged. The bank made a surprise reduction by a half point in June, but since then has maintained the overnight rate in an effort to boost the Mexican economy, which has missed growth forecasts in eight of the last 11 quarters.

Guatemala Extradites Alleged Drug Kingpin to United States

Alleged narco-kingpin Elio Alexander Lorenzana Cordón on Thursday was extradited to the United States, where he is wanted for his purported role in international drug trafficking, Guatemalan officials said Thursday, according to the Associated Press. Lorenzana Cordón, who has been in custody since August 2011, is the son of Waldemar Lorenzana Lima, one of Guatemala's main drug traffickers.

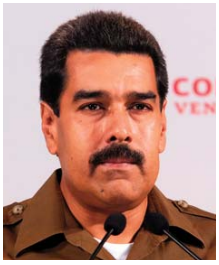
Mexico Taps Former Banamex Spokesman for Branding Strategy

The government of Mexican President Enrique Peña Nieto has hired the former spokesman of Citigroup's **Banamex** unit to oversee a branding strategy aimed at attracting foreign investment and also promoting the country's cuisine and role as a tourism destination, Bloomberg News reported Thursday. Paulo Carreño's hiring comes amid ongoing protests about the disappearance of 43 college students in September and conflict of interest questions surrounding homes of Peña Nieto and his wife.

Political News

Former Leaders Urge Venezuela to Free Jailed Opposition Politicians

A group of 26 former world leaders has signed an open letter to Venezuela's government, calling on it to release imprisoned opposition leaders and also expressing concerns about "the difficult social, economic and political situation" in the South American country, BBC News reported Thursday. The 26 signatories of the open letter are members of the independent Madrid Club and include former leaders of Latin American, European, African and Asian countries. Among them are Brazil's Fernando Henrique Cardoso, Mexico's Felipe Calderón, Colombia's Andrés Pastrana, Poland's Aleksander Kwasniewski, the Netherlands' Ruud Lubbers and Nigeria's Olusegun Obasanjo. In their message, the former leaders call on Venezuelan President Nicolás Maduro's government to release "all those citizens who are in prison today for having exercised their right to freedom of expression," including opposition leaders Leopoldo López and Daniel Ceballos as well as Caracas Mayor Antonio Ledezma. Maduro's administration has accused them of plotting to destabilize the government, but the opposition leaders' supporters say the charges are trumped-up and politically motivated. The former leaders also urge Maduro's government to allow former Spanish Prime Minister Felipe González to travel to Venezuela to be part of López's legal team. Last week, Venezuela's National Assembly, which is controlled by Maduro's party, declared González "persona non grata" after Maduro accused him of perpetrating a "psychological war" against his government. Maduro recently called the former Spanish prime minister a "lobbyist, who is getting a huge salary in euros for publicly joining the campaign against Venezuela, backing a coup against the country, a coup against me." In the letter to Maduro's government, the former leaders also say they have the "right to appear in the oral hearing of Leopoldo López." Maduro's government has not responded to the letter.



Maduro

File Photo: Venezuelan Government.

Ex-Head of Colombian Intelligence Agency Sentenced to 14 Years

Colombia's Supreme Court on Thursday sentenced the former head of the nation's secret police, María del Pilar Hurtado, to 14 years in prison for spying on politicians, judges and journalists, BBC News reported. Pilar was the head of the Administrative Security Department (DAS), which is now defunct, and was charged with illegal wiretapping and intercepting phone calls as well as abusing public office and falsifying documents. The offenses occurred in 2007 and 2008 and were targeted at the political opponents of then-President Álvaro Uribe. Uribe's former chief of staff, Bernardo Moreno, was also found guilty of conspiracy to commit aggravated crimes, intercepting communications and abuse of public office and was sentenced to eight years of house arrest for his involvement in the scandal, according to *The Wall Street Journal*. After sentencing the two aides, justice officials on Thursday also called for an official investigation of the former president and another five of his aides—a former head of the intelligence service, a former communications secretary and three former advisors—for their roles in the scandal. Uribe, who is now a senator with the right-wing Democratic Union party, has denied knowledge of the illegal intercepts in the past, and on Twitter wrote, "On Tuesday we will

The spying was targeted at political opponents of then-President Álvaro Uribe.

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answer to the Supreme Court." The scandal has outraged many Colombians, and more than a dozen high-ranking officials from the Uribe administration are under investigation for crimes. Uribe's supporters say the investigations are politically motivated attacks from Uribe rival current President Juan Manuel Santos.

Company News

HSBC Eyeing Sale of Portion of Brazilian Unit

Britain's **HSBC Holdings** has hired advisors to determine the interest of potential buyers of a large portion of its operation in Brazil, *The Wall Street Journal* reported Thursday, citing unnamed sources familiar with the matter. **Goldman Sachs** is working with HSBC to gauge the interest of banks including **Banco Bradesco** and **Banco Santander** for most of HSBC's unit in the South American country, the sources told the newspaper. Goldman Sachs and HSBC declined to comment on the matter to *The Wall Street Journal*. Critics have called HSBC too big to manage, and in about a month, the London-based bank is expected to present a strategy aimed at quelling those criticisms. The bank's Latin America division saw its adjusted profit before tax decline 50 percent last year as Brazil's economy slowed. Inflation and salary hikes agreed to by unions also led to higher costs in the region for HSBC. In 2014, HSBC's Brazil unit swung to a $306.8 million loss last year. **HSBC Brazil** is the country's seventh-largest bank in terms of assets and has a market share of 2.7 percent. On Wednesday, Bradesco said it is open to potential acquisitions. However, Luiz Carlos Angelotti, the head of investor relations at Bradesco, said there were no ongoing negotiations about a possible deal. Also, the chief executive officer of Santander's Brazil unit, Jesús Zabalza, told reporters in a conference call that it is also open to acquisitions, though it is more focused on organic growth. "Our strategy is to expand organically, however, we will analyze all opportunities that arise," said Zabalza.

Featured Q&A

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has been done so far is experimentation, but whether it will bring the desired results is yet to be seen. Is it enough? Most certainly not. What else needs to be done is the difficult question. Has the government been penetrated by corruption coming from gangs and drug traffickers? Has security become a business for some government officials and private supporters? President Sánchez Cerén and the FMLN are also considering a security tax, but taxpayers want a commitment from the government as to where the money will go and with good reason: not only have murder rates increased, but the level of public debt is also the highest it has ever been."

Adam Blackwell, secretary for multidimensional security at the Organization of American States: "The decisions being made in El Salvador to create new military and police capabilities is, like any sovereign state and member of the OAS, theirs to make. That being said, the issue of gangs in El Salvador, and other security challenges, is a complex one that requires, as stated in the title of my secretariat, a multidimensional response. While I follow the principles of non-intervention, I try to balance this with one of non-indifference as well. So in the spirit of the latter, as I have often said (for all countries), it is not just a question of more security, but rather a smart and integrated application of security and public policy, that will make a difference. 'Mano dura' style policies have already failed in El Salvador, and a return to them will in all likelihood produce the same results. Therefore, in El Salvador, it is important to continue improving and professionalizing law enforcement agencies. It is equally important to do the same for prevention institutions. An example of a multidimensional security response is seen in the proposed law for the reintegration of gang members, currently only in a draft stage, which may help to ease some of the stressors. Gangs in general are not only a criminal problem but a social and economic phenomenon that requires a balanced and strategic response. Comprehensive prevention initiatives and social programs as well as the reintegration law need to be effectively introduced and successfully built upon to help the current situation in El Salvador."

Christine J. Wade, associate professor of political science and international studies at Washington College in Chestertown, Md.: "What we see today in El Salvador is a result of the failure of previous administrations to address the legacy of societal violence, invest in education and social programs, and implement reforms that would strengthen the rule of law while respecting human rights and address impunity. While some minor advancements were made in these areas during the Funes administration, the reliance on militarized policing by both the Funes and Sánchez Céren administrations is disappointing but unsurprising given the past dependence of such policies. And while militarized policing may be popular, it is also ineffective and counterproductive—not to mention a violation of the peace accords. The Sánchez Céren administration needs a comprehensive program to address societal violence, impunity and corruption. This is key because anyone who thinks that the violence in El Salvador is just about gangs is kidding themselves.

> "While militarized policing may be popular, it is also ineffective and counterproductive—not to mention a violation of the peace accords."
>
> *— Christine J. Wade*

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Featured Q&A

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But a comprehensive program in addressing these issues is the long game, and the escalating gang violence in the country demands a short game as well. Stemming the current wave of violence is not only key to saving lives and building public confidence, but is also necessary to create the political space to engage in dialogue to develop a more comprehensive plan. Last week, the administration introduced a draft gang rehabilitation law. At first glance, it appears to be the most comprehensive and promising policy we've seen on gangs to date. If the draft law becomes a reality, it will require sustained domestic and international support to succeed."

Douglas Farah, president of IBI Consultants and senior nonresident fellow of the Americas Program at the Center for Strategic and International Studies: "El Salvador's murder rate is rising in large part because of the changing dynamics of the county's cocaine trade. The gangs used the ill-fated truce to expand their territorial control, increase their ties to outside cocaine transport networks, purchase sophisticated weapons and develop into a political force. The result is that the gangs, for the first time, have the capacity not only to control territory but also to negotiate politically and vie for direct control of major drug trafficking routes. Many of the recent high profile killings are the results of the gangs entering into bloody conflict with traditional transportista networks, for whom the gangs traditionally provided protection services. Now many sectors of the gangs fight to directly control the routes, leading to wars with powerful, politically influential transportista groups like Los Perrones. The gangs also feel deeply betrayed by Sánchez Cerén and the FMLN, whom most of the gang structures supported in the 2014 presidential election. The gangs have a consistent negotiating strategy—dump enough bodies on the street to wring concessions from the government. That is what they are doing now, to open more direct negotiations on prison conditions and co-existence. The strategy of creating the 'immediate reaction' battalions carries significant psychological baggage, as it is the exact term used for the elite U.S.-backed special units during the war to fight the FMLN. That the FMLN leadership is simply doubling down on the failed 'mano super dura' of the previous, reviled right-wing governments, and using military tactics of their enemies during the war, has led to widespread bafflement in the FMLN ranks. The strategy only strengthened the gangs in the past, and is unlikely to produce different results now."

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