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THEDIALOGUE

FEATURED Q&A

Are Consecutive Terms a Good Idea for DR Presidents?

Dominican President Danilo Medina is poised to be able to run for a second consecutive term next year. // File Photo: Government of the Dominican Republic.

Q General elections are scheduled to be held next May for president, vice president, National Congress and municipal councils in the Dominican Republic, where legislators on Tuesday advanced a controversial measure to amend the Constitution to allow presidents to run for a second consecutive term and pave the way for popular President Danilo Medina to seek re-election. Will the Dominican Republic allow consecutive re-election? Is that a good idea for the country? A year out, how is the race shaping up, and what factors could affect the outcome in the interim?

A Mary Fernández, founding partner at Headrick Rizik Alvarez & Fernández in Santo Domingo: "It is almost a certainty that Congress will modify the Constitution to allow President Medina to run for re-election and establish a U.S.-style presidential election system of only one permitted re-election, with no possibility of running for office again. Modification of the Constitution is a two-step procedure: first, a bill that would declare the need to modify the Constitution has already been approved by Congress. A second bill, to actually amend the Constitution would then need the approval of two-thirds of the members present of a joint session of Congress, which will convene on Friday. The necessary votes to modify the Constitution will come from the PLD party and from some opposition parties, namely the PRSC and the PRD—which, as part of the discussions, may agree to be part of a coalition government to be formed if and when President Medina is re-elected. Although the new constitutional norm of a maximum of two-consecutive presidential terms and then the prohibition to opt for

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TODAY'S NEWS

POLITICAL

Lawyer of Former Dictator Fatally Shot in Guatemala

Francisco Palomo, who defended former Guatemalan dictator Efraín Ríos Montt from genocide charges, was killed as he drove through Guatemala City at midday.

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POLITICAL

Colombian Lawmakers End Presidential Re-election

The lower house of the country's Congress approved the measure, which is backed by President Juan Manuel Santos.

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ECONOMIC

Brazil Boosts Key Interest Rate Half Percentage Point

Brazil's central bank, led by Alexandre Tombini, on Wednesday increased its key Selic interest rate by 50 basis points to 13.75 percent. Policymakers are struggling to lower inflation even as the economy is stagnating.

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Tombini // File Photo: Brazilian Government.

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ECONOMIC NEWS

Brazil's Central Bank Hikes Interest Rate

Brazil's central bank on Wednesday increased its benchmark Selic interest rate by a half percentage point as it struggles to curb inflation amid stagnant growth, The Wall Street Journal reported. Policymakers, led by bank chief Alexandre Tombini, boosted the Selic to 13.75 percent from 13.25 percent in a unanimous decision. Brazil's rate of inflation stood at 8.2 percent in April, and the central bank is aiming to bring inflation down to 4.5 percent by the end of next year. In its statement accompanying the rate increase, the central bank said the decision reflected "the macroeconomic outlook and perspectives for inflation," and it did not give any indication that it was reaching the end of its cycle of rate hikes, the Financial Times reported. Since October, the bank has increased the Selic rate by 275 basis points, among the world's most aggressive interest rate tightening cycles over that time period. The benchmark rate is now at its highest point since January 2009. "It shows they're really committed to reaching 4.5 percent in December 2016," Roberto Padovani, chief economist at São Paulo's Votorantim brokerage firm, told The Wall Street Journal. "They'll look carefully at the inflation data" from now until their next meeting in late July, he added. Persistently high inflation in Latin America's largest economy has led the central bank to hike interest rates even as the country faces an anemic economy. On Tuesday, the government's statistics agency said Brazil's level of industrial production fell 7.6 percent in April as compared to the same month in 2014. The statistics agency also said just days ago that gross domestic product shrank 1.6 percent year-on-year in the first quarter. In a recent central bank survey, economists on average said they expected GDP to contract 1.27 percent this year and added forecasts for a 12-month inflation rate of 8.3 percent by the end of 2015.

The benchmark Selic rate is now at its highest point since January 2009.

POLITICAL NEWS

Lawmakers in Colombia Approve End to Presidential Re-Election

Colombia's House of Representatives on Wednesday overwhelmingly approved a proposal to end presidential re-election, El Tiempo reported. "No citizen can be elected president who has already held the title of president," states the article, which would require a popular referendum to overturn it. The measure's primary opposition was the Centro Democrático party, led by former President Álvaro Uribe Vélez, which viewed it as an effort to block Uribe from running again. But in a 90-10 vote in favor of the measure, the Congress has returned to a practice in the country in the years between 1991 and 2004 of not allowing re-election, which was changed to provide the popular Uribe with a chance to run again. Since then both Uribe and incumbent president Juan Manuel Santos have won re-election. In contrast to Uribe's party, however, Santos has backed the latest change in the law. Critics of presidential re-election say incumbents can accrue too much power for the election to be fair. Officials in Uribe's second administration were accused of vote buying and successfully

Uribe // File Photo: Colombian Government.

NEWS BRIEFS

Lawyer Who Defended Former Dictator Shot Dead in Guatemala City

An attorney who defended former Guatemalan dictator Efraín Ríos Montt was fatally shot Wednesday as he drove through the capital city, BBC News reported. Gunmen on a motorcycle accosted Francisco Palomo and fired at least 12 times, said witnesses. Palomo, 63, defended Ríos Montt against genocide charges. The former dictator was sentenced two years ago to 80 years in prison, but his conviction was overturned, and a retrial still has not occurred.

GM to Downshift Brazil Output as Economy Slows

General Motors is cutting production in Brazil because it expects the economy will get worse before it improves later this year, Bloomberg News reported Wednesday. Facing an industry-wide drop in auto sales of about 20 percent this year in Brazil, GM will reduce local output by roughly 100,000 vehicles, or 17 percent, and furlough 3,500 employees. "The worst is yet to come," GM's regional president Jaime Ardila said in an interview with Bloomberg. "I see that we'll hit bottom in the third quarter. In the fourth quarter, things should start to improve."

Chile May Delay Rate Hikes Amid Slower Economic Growth

Chile's central bank said on Wednesday that slower-than-forecast economic growth and lower inflation indicators could compel policymakers to delay anticipated interest rate increases, Reuters reported. In its quarterly Monetary Policy Report, released Wednesday, the central bank cut its view for 2015 economic growth by a quarter percentage point, to a range of 2.25-3.25 percent, from a prior forecast of 2.5-3.5 percent. Devastating March floods in Chile's north contributed to the slower growth, as did lower private spending.

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prosecuted for bribery, the Associated Press reported. Colombian presidents have held four-year terms under the current constitution, and the next presidential election is scheduled in August of 2018.

BUSINESS NEWS

Dutch Company to Invest $350 Million in Argentina

Trafigura, the Netherlands-based commodities trading firm, said it plans to invest $350 million in Argentina and relaunch the Puma fuel brand there, EFE reported Wednesday. The company plans to build a port and a logistics center with fuel and minerals storage capacity in Campana, a city in the Buenos Aires metro area along the Parana de las Palmas River. The project will create about 100 jobs, Argentina's Industry Ministry said in a statement. Company executives said they planned to resume refining and marketing fuel under the Puma brand, which is owned by Trafigura. Within Latin America, Trafigura also has had port expansion projects underway to handle commodities in Brazil, Peru and Colombia, according to an earnings release issued last year. Trafigura was in headlines last week for a major deal with sanctions-hit Rosneft to handle 38 percent of the Russian company's crude exports. In April alone, it agreed to export $500 million worth of Rosneft's crude from Baltic, Mediterranean and Pacific ports, Reuters reported. In addition to Argentina, Trafigura also exports fuel to Uruguay, Paraguay and Bolivia, according to Reuters.

The project will create about 100 jobs, according to Argentina's Industry Ministry.

South Korean Firm Sells Stake in Peru Pipeline Company for $251 Million

South Korean oil refiner SK Innovation said Wednesday that it sold its 11.19 percent stake in Peru-based natural gas pipeline operator Transportadora de Gas del Perú for $251 million, The Korea Herald reported. Spain's Enagas will take over 3.94 percent of SK's stake in the Peruvian gas firm, while the remaining 7.2 percent stake will go to Habanera, a Canadian subsidiary of Peru-based Corporación Financiera de Inversiones, according to the report. Since commercial operations began in 2004, Transportadora de Gas del Perú has transported roughly 95 percent of all natural gas produced in the country, the report said. The Seoul-based company is planning to raise its investment in U.S. shale fields and increase partnerships with major crude producers to stabilize energy supplies in North America, Reuters reported last week. Last year, SK Innovation invested $350 million in two shale gas assets in the United States, one in Texas and the other in Oklahoma.

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any additional term is a style that could turn out to be advantageous for the country, the fact that the Dominican Constitution will have been modified for a fourth time in 20 years, in most occasions for the sole reason of permitting the incumbent president to re-elect himself as well as other political transactions, works to the detriment of the country's institutionalization. A year from the election, it seems that President Medina will comfortably win re-election for a second four-year term. Factors that could affect the outcome of the election all seem to be in his favor."

Rafael Cox Alomar, assistant professor of law at the David A. Clarke School of Law at the University of the District of Columbia: "Since the Dominican Republic's achievement of independence from Haiti in 1844, no other single issue has been as destructive to the country's internal institutional stability as the scourge of presidential re-electioneering. The long string of bloody civil wars taking place during the 19th century, together with the infamous and tragic human rights abuses of the 20th century, were in no small measure the undeniable consequence of the insatiable (and unethical) appetite for power of despots the likes of Pedro Santana, Buenaventura Báez, Ulises Heureaux, Rafael Leonidas Trujillo and Joaquín Balaguer. While the 1963 and 1994 Constitutions forbade presidential re-election at the urging of Juan Bosch and José Francisco Peña Gómez, respectively, the 1966 and 2002 Constitutions reinstated it. Having put this issue to rest in the 2010 Constitution (after 50 years of zigzagging), President Danilo Medina now appears to be breaking his own word and campaign pledge by seeking a constitutional amendment that would keep him and his Dominican Liberation Party (PLD) in power until 2020. President Medina, despite his solid approval ratings, would be well advised to call a referendum so the Dominican people—and not the political committee of his PLD—decide the fate of re-election. Not only does the legitimacy of President Medina's leadership hang in the balance, but more importantly, the political stability of an important Carib-

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"President Medina, despite his solid approval ratings, would be well advised to call a referendum ..."

— Rafael Cox Alomar

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bean ally in desperate need of consensus among its various political stakeholders in order to transform critical aspects of its infrastructure (such as its energy sector) and successfully compete in the global economy."

Ernesto Sagás, associate professor in the Department of Ethnic Studies at Colorado State University: "The Dominican Republic has tried three modalities regarding the election of its president since the re-establishment of democratic elections in 1966: indefinite re-election (1966-1994), non-consecutive re-election (1994-2002), re-election to a second term with no possibility of running again (2002-2010), and non-consecutive re-election (2012-present). The latest attempt comes at the urging of popular incumbent Danilo Medina, who has been in office since 2012 and is legally barred from seeking a second consecutive term. Opposing Medina is former president Leonel Fernández (1996-2000, 2004-2012), who seeks to regain the presidency, and a divided political opposition, led by the Dominican Revolutionary party (which is still reeling from a recent split). While polls reflect Medina's popularity among the Dominican electorate, Fernández commands a loyal following within the ranks of the ruling Dominican Liberation Party. With this move, Medina seriously threatens to split the party. Even if he were successful, he would still have to face off the political opposition from a weakened position. But it seems that with favorable popularity ratings, a deeply divided opposition and with Fernández's image marred by corruption scandals during his tenure, Medina is willing to bet it all and seek another term. Regardless of the outcome, the big losers are the Dominican people. For the fourth time in a little over 20 years, the Dominican Republic stands to go through a new constitutional revision process—a fact that doesn't bode well for its democratic institutions."

> **"Regardless of the outcome, the big losers are the Dominican people."**
>
> **— Ernesto Sagás**

Editor's note: The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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