

## HEMISPHERE HIGHLIGHTS

Volume IX | Issue 6 | June 2010

## UPCOMING EVENTS

**Outlook for the Venezuelan Energy Sector**, July 22, 2010. Please visit <http://csis.org/event/outlook-energy-sector-venezuela> for more information.

**Mexican Elections Readout with George Grayson**, July 7, 2010. Please visit <http://csis.org/event/mexican-elections-readout-george-grayson> for more information.

## PAST EVENTS

**Jamaica at the Tipping Point: Civil Society versus Transnational Crime**, June 22, 2010. Please visit <http://csis.org/event/jamaica-tipping-point-civil-society-versus-transnational-crime> to hear an audio recording of the event.

**Outlook on the Argentine Economy: Roundtable Discussion**, June 4, 2010

## Headlines

A new bill could change enrollment requirements for English-language public schools in the **Canadian** province of Quebec, further recognizing French as the primary language of the region. **Mexican** electrical workers continue to protest the liquidation of state-owned power company Luz y Fuerza del Centro. In **Haiti**, the full Interim Haiti Reconstruction Commission (IHRC) had its first meeting. Increased cooperation efforts between the **United States** and **Cuba** on the Gulf of Mexico oil spill are a precursor to further oil activity by both countries in shared waters. **Guatemala** confronts corruption allegations against attorney general of the Constitutional Court. Secretary Clinton's speech at the 40th conference of the Organization of American States (OAS), bringing forth the question of whether to readmit **Honduras** into the OAS, produced strong disapproval from many Latin American countries. In **Colombia**, President-elect Santos seeks a unified government and looks to continue his predecessor's security strategies. In **Bolivia**, a recent incident involving implementation of indigenous justice raises concerns regarding human rights and a new law proposed by Evo Morales that grants greater judicial autonomy to indigenous groups. Though improved relations between **United States** and **Bolivia** looked promising in early June, disputes over the presence of USAID in the Chapare region underscore the lack of unified policy in the Morales administration. **Venezuela** opens a highly regulated foreign exchange market, amid fears of a lack of U.S. dollars in reserves and high inflation of the local currency. Also in **Venezuela**, the end of a lengthy drought has temporarily relieved a serious electricity crisis. LGBT advocate group in **Chile** launches public awareness campaign in Santiago to promote rights for sexual minorities.

## NORTH AMERICA

### Canada

**On June 2, the government of Quebec premier Jean Charest proposed a new bill to amend the current Charter of the French Language.** The bill would require a three-year minimum enrollment in an English language private school before a student can attend a public English school in Quebec. By significantly limiting English public school placement, the proposed bill would attempt to recognize French as a key element in preserving Quebecois identity without entirely blocking non-Anglophones from an English education. The bill, introduced by the Liberal provincial government, has been strongly opposed by the separatist Parti Québécois, which feels that the bill does not sufficiently limit English language enrollment. Others who oppose the bill argue that it will allow only the most wealthy to pay their way to



A school bus in Canada; photo: [http://commons.wikimedia.org/wiki/File:Canadian\\_School\\_Bus.jpg](http://commons.wikimedia.org/wiki/File:Canadian_School_Bus.jpg) (Creative Commons Attribution 2.0 Generic license).

an English language education since private schools are few and expensive. Supporters argue that the new law will require students to demonstrate an English “educational path” and argue that the three year requirement will sufficiently limit the number of enrollees without violating the rights of the English-speaking minority. The new legislation comes more than 30 years after the creation of the original Charter of the French Language in 1977, a Quebec law that defines French as the only official language of the province. The creators of the charter sought to protect the cultural identity of the Quebecois as French-speaking. The charter mandated that public education be taught in the official French language, providing only

minimal access to English language public schools to respect the rights of an Anglophone minority. Despite this legislation, some parents, who view the English language as more nationally and globally prominent, have wished to provide their children with an English language education within Quebec. They argue that the majority of Canadians (58.8 percent) speak English as a primary language, in comparison to a minority of French speakers (21.6 percent) and other language speakers (19.6 percent). Before 2002, these parents, who wished their child to attend a Quebec English language public school, could use a legal loophole to gain admittance. Attendance in an English language private school for a period as short as several months gave the entire family an English language precedent similar to the current bill’s three year requirement and the “right” to attend English language public school. In an effort to preserve the view of French as the “primary” tongue, the government passed a bill in 2002 that made enrollment into public English language schools a more complex process by stipulating that applicants provide a “certificate of eligibility” and meet a number of strict criteria before they could be considered. However, in October 2009, the Supreme Court of Canada reopened the English language loophole by ruling the 2002 reform unconstitutional, arguing that the bill lacked respect for the minority rights of English-speakers within the province and therefore violated the Canadian Charter of Rights and Freedoms. *As evidenced in the 2002 bill and the more recently proposed reform, decisions regarding language choice lead to fundamental questions of cultural identity and the preservation of minority rights. Although the bill’s future is uncertain, the potential law challenges the current precedent for English language school determination and the status of language in Quebec.* **Olivia Singer**

### Mexico

June 23 signaled the two-month mark for 93 hunger strikers protesting against the shut-down of the state-owned power company Luz y Fuerza del Centro (LFC). In Mexico City, these 93 hunger strikers are now being joined by another 100 Mexicans from other areas who in solidarity are also refusing food. This action is the latest in the struggle by members of the Mexican Electrical Workers Union (SME) to be rehired by the Federal Electrical Commission (CFE),

which took over LFC. When the government liquidated the utility in October 2009 and fired its 43,000 employees, the takeover also affected the benefits of 22,000 retirees and the status of 1,500 union technical school students. The administration of President Felipe Calderón defended the takeover as a move toward greater efficiency, arguing that the LFC provided inadequate service at an excessive cost. The protestors view the company takeover as an effort to privatize and a direct threat to the power of state unions throughout Mexico. Angered by the shutdown of more than 100 power facilities, SME has called for a national solidarity strike on behalf of SME members who, because they have been removed from their work, are unable themselves to strike. Over the months since the initial closing, tension has continued to mount as 18,000 workers refusing their severance packages have carried out large protests in an attempt to regain their positions. This most recent hunger strike follows violent confrontations between former workers and federal armed forces. On May 27, protestors who were blocking access to the Teopanzolco substation of LFC in the central Mexican city of Cuernavaca were forcibly removed by police using tear gas and night sticks. At least ten of the protestors were injured in the confrontation. Workers throughout the nation have carried out numerous marches and on June 20 called for larger action if the situation does not change soon. Beyond these demonstrations, both sides have attempted to work the legal system in their favor. SME has brought a number of legal complaints and pushed for legislation against the government action. A district court upheld the decision to liquidate LFC,



Sierra Blanca and Electricity Pole; photo: [http://commons.wikimedia.org/wiki/File:Sierra\\_Blanca\\_and\\_electricity\\_pole.jpg](http://commons.wikimedia.org/wiki/File:Sierra_Blanca_and_electricity_pole.jpg) (Creative Commons Attribution 2.0 Generic license).

but the case is now being presented before the Supreme Court. On the other side, the Mexican government has arrested major campaign leaders on charges that range from disorderly conduct to obstructing public services. The conflict calls into question the potential for labor action to affect Mexican utilities and national markets. The October takeover and the more recent forceful government response to opposition create uncertainty as to the future of state-owned Mexican industries and the treatment of other national labor unions. The government decision on LFC could pose a precedent in future clashes between promises of efficiency and respect for labor rights. **Olivia Singer**

## CENTRAL AMERICA AND THE CARIBBEAN

### Haiti

**On June 17, the full Interim Haiti Reconstruction Commission (IHRC), as mandated by the March**



**31 UN donor's conference Action Plan, had its first meeting.** This body, cochaired by Haitian prime minister Jean-Max Bellerive and former U.S. president Bill Clinton, who is also the UN special envoy for Haiti, will be the governing body that approves the projects and the dispersal of funds that will be used for rebuilding Haiti. The commission of 26 members comprises an equal number of Haitians and international members. With the commission now in place and a decisionmaking mechanism created, many anticipate that rebuilding will move faster than before. An immediate focus of the commission will be to help create credit for those small businesses that were lost in the earthquake. The loss of these businesses, which accounted for 80 percent of Haiti's economy, will require investment money. At the opening of the IHRC, President Clinton announced the creation of a special investment fund with money donated by billionaires Carlos Slim of Mexico and Frank Giustra of Canada (\$10 million each) to help rebuild small- and medium-sized family businesses. A multi-donor trust fund to be administered by the World Bank was also established at an international donor's conference to ensure that funds would be managed in a transparent and accountable fashion. However, the \$5 billion pledged in March at the conference has not been realized. Only Brazil has delivered on its commitment of \$40 million. *There has been much discussion about the slow pace of reconstruction in Haiti. Many fingers pointed at the Preval government's failure to make public land available for resettlement of those displaced by the earthquake. It has been difficult to find ways to use the funding to build temporary housing or to disburse the money beyond the immediate humanitarian needs of those earthquake victims. With the IHRC finally in place, there is now greater hope that projects and money will begin to move,*

*demonstrating tangible evidence of progress rather than mere rhetoric about better rebuilding efforts. The next six months will prove critical to the reconstruction process, as Haiti is poised to hold national elections in November 2010. If Haitians believe that all these funds are not being used for recovery, there is the potential for instability and greater political polarization in an already fragile environment.* **Johanna Mendelson Forman**

## Cuba

**Dialogue between Cuba and the United States has increased after the recent British Petroleum spill in the Gulf of Mexico.** The largest spill in U.S. history, eclipsed by only two larger international spills in Kuwait during the First Gulf War in 1991 and in Mexico in 1979, the Gulf spill will have long-term economic and political consequences for the entire region. Oceanographers predict the oil spill will reach the shores of Cuba—likely with the onset of hurricane season. Preemptive actions taken by Cuban authorities include spill monitoring and the temporary closing of beaches in late May. Although formal diplomatic relations do not exist between the two countries, representatives at the U.S. Interests Office in Cuba



Oil well blowout; photo: U.S. National Oceanic and Atmospheric Administration, <http://response.restoration.noaa.gov/index.php>.

are increasing efforts to communicate by keeping the Cuban government informed on the spill's movement. In the case of oil pollution on Cuban shores, it is unclear whether aid would be offered or accepted. In past disasters, such as Hurricane Katrina, former Cuban president Fidel Castro offered medical assistance, which the U.S. State Department declined. The Cuban Exclusive Economic Zone (EEZ), a maritime boundary agreed in 1977 within the Gulf of Mexico, reaches within 45 miles of the Florida coast. Several areas have recently been leased to oil companies from Spain, Norway, India, Malaysia, Venezuela, Vietnam, and Brazil. These companies plan to begin exploration in the fall of 2010. Drilling is currently not permitted in the U.S.-EEZ portion of the Florida Straits, but an increase in Cuban activities in this area exacerbates recent concern about deepwater drilling. Scientific models show that in the case of a spill in Cuban waters, oil would flow northward toward the Florida coast. The U.S. Treasury Department approved travel to Cuba by the International Association of Drilling Contractors to provide education on technology and disaster mitigation. Although both countries recognize that cooperation is important to prevent and mitigate environmental disasters in the Gulf of Mexico, the trade embargo initiated by the United States against Cuba in 1960 limits the free flow of technology, information, experts, and equipment that could aid in the safe development of oil activities in the Cuban EEZ. The embargo has also forced Cuba to look toward countries such as Venezuela for assistance to improve machinery and refinery capabilities. *The BP Oil Spill represents another issue that has brought U.S. and Cuban officials into closer collaboration. This follows increased efforts between the United States and Cuba to share meteorological data concerning hurricane monitoring and renewed discussions on such issues as migration and drug trafficking.* **Laura Mansfield**

## Guatemala

**On June 10, 2010, the Constitutional Court of Guatemala ordered that Attorney General Conrado Reyes be removed from his position because of allegations linking him with drug trafficking and criminal gangs.** Reyes had held his position as attorney general for less than one month before these

accusations were publicized. Despite denying the allegations, he agreed to comply with the court's ruling. A major factor in the attorney general's removal was the testimony presented to President Álvaro Colom by Spanish judge Carlos Castresana. Castresana stated that firm evidence connected Reyes with parallel organizations and that Reyes had a history of ties to organized crime. Since January 2008, Castresana had been advising Guatemalan judicial members as part of a group of U.S. and European prosecutors, judges, and law enforcement officials brought to the country by the International Commission against Impunity in Guatemala (CICIG). Before reporting to Colom, Castresana resigned from the CICIG, claiming he did not believe the Guatemalan government was meeting its obligations under the CICIG guidelines. CICIG was established in 2007 after an increase in attacks against Guatemalan human rights defenders. The intent of CICIG, set up as an agreement between the United Nations and Guatemala in response to widespread mistrust of the legal system, was to revamp Guatemala's judicial system with the assistance of other countries as well as to help lower the rates of criminal illegal activities and organized crime. Castresana alleges that the Reyes appointment resulted from a pact among Guatemalan lawyers connected, Castresana believes, with illicit trafficking operations. Castresana's resignation raises concerns among many Guatemalans over the future of the judicial system. *Continued allegations of corruption against high government officials underscore the Guatemalan government's difficulty in meeting its obligations against corruption. However, Reyes' removal could send an important warning to members of the Guatemalan government, urging them to take precautions when appointing new members and helping them move the country in the right direction toward meeting its CICIG obligations.* **Tara D. Richardson**

## Honduras

**The readmission of Honduras into the Organization of American States (OAS), supported by the United States but drawing disapproval from many Latin American countries, will be examined on July 30.** At the 40th General Assembly of the OAS, which took place in Lima, Peru, June 4–6, 2010, the United

States called upon the member states to readmit Honduras. U.S. secretary of state Hillary Clinton's call for readmission was based on what most observers believe was a free and fair election of President Porfirio Lobo in November 2009. In her remarks to the General Assembly, Clinton noted that "it was time for the hemisphere as a whole to move forward and welcome Honduras back into the Inter-American community." In spite of this request, Brazil, Ecuador, Argentina, Mexico, Nicaragua, and Venezuela oppose readmission, claiming that Lobo's election took place in the midst of a highly repressive environment in which opposition was cowed and where human rights were violated. Consequently, Lobo was excluded from a European Union–Latin American summit meeting in Spain last month. More recently, former Argentinean president Néstor Kirchner, now head of the Union of South American Nations (UNASUR), cancelled his trip to the Dominican Republic when he realized Lobo was in the country and wanted to avoid appearing to support his presidency. It has been almost a year since former Honduran president Manuel Zelaya was ousted from the presidency in a military coup d'état. Subsequently Honduras was expelled from the OAS. The Obama administration voted for the suspension of Honduras in July 2009. Diplomatic efforts to restore Zelaya failed in spite of active negotiations by President Oscar Arias of Costa Rica and support from the United States. The election of Porfirio Lobo in November 2009 brought closure to the political exclusion of Honduras, but it did not solve its problem with return to full OAS membership. Member states want Honduras to return quickly, though there is disagreement on whether the membership should be conditional on allowing Zelaya to return to Honduras without fear of arrest or exclusion from the country's political life. Honduras is being given until July 30 to form a high-level commission and hold a series of discussions in Tegucigalpa to craft a report analyzing and justifying its reentrance to OAS, which will then hold a vote to decide. Secretary General José Miguel Insulza will head the committee composed of two representatives from South America, two from Central America, one each from the United States, Canada, and the Caribbean. *Whether readmission is taken up again this fall will depend on whether President Lobo*



Hillary Clinton with Brazilian president Luis Inácio Lula da Silva, a key opponent to Honduras's readmission into the OAS; photo: [http://commons.wikimedia.org/wiki/File:Lula\\_Hillary\\_Clinton\\_2010.jpg](http://commons.wikimedia.org/wiki/File:Lula_Hillary_Clinton_2010.jpg) (produced by [Agência Brasil](#), a public Brazilian news agency).

*and his government fulfill all of the stipulations of the bipartisan national reconciliation accord, which includes specifics about reform of the armed forces and the role of executive power in the wake of the 2009 coup. Furthermore, diplomatic efforts between the United States, Brazil, and other key OAS members will also be required to facilitate Honduras' return.* **Angela Ramirez**

## ANDEAN REGION

### Colombia

**After winning the presidency by a wide margin June 20, Juan Manuel Santos has pledged that his will be a government of national unity.** Santos clearly benefited from being seen as the heir of the highly popular president Álvaro Uribe. But he is seeking to set his own image and agenda. One friendly commentator said that "Santos will not allow Uribe to play Putin to his Medvedev." Perhaps the most remarkable difference between the outgoing and incoming presidents is not their policy goals but the evident desire of Santos to mend political divisions that had begun to sharpen in the last years of Uribe's term. Santos has made a show of meeting with some of his strongest rivals in the campaign, including Gustavo



Petro, the candidate of the leftist Polo Democrático, and Rafael Pardo, the candidate of the Liberal Party. Indeed Santos has gone out of his way to stress his own Liberal heritage. His father's uncle was a notably "liberal" president in the 1930s. His grandfather made *El Tiempo* the largest Liberal newspaper in the country. After campaigning for Pardo in the election, former president César Gaviria has now declared his support for the new administration. Santos served as minister of commerce in Gaviria's government nearly two decades ago. *Leading up to Santos' inauguration on August 7, the only voices of opposition remaining are the dedicated left, represented by the core of the Polo, and a share of the urban middle class who, longing for a less elite style of government, voted for Antanas Mockus, Santos' closest competitor in the election. In the second round of the election facing Mockus alone, Santos attempted to win over those skeptical of his ties to traditional politicians by being as emphatic as Mockus on the need for honesty and transparency. In attempting to reach across the political spectrum, Santos is returning to a Colombian tradition best exemplified in the National Accord of the 1960s and 1970s. This may be justified if he uses a spirit of national unity to achieve much needed reforms of the judiciary, health care, pensions and fiscal stability, and fairness. But his approach risks further weakening the party system over the long run.* **Phillip McLean**

**As a former minister of defense, Santos will no doubt continue Uribe's firm security policies and support for the security forces.** After the election, Santos went to the Ministry of Defense to meet with military and police commanders. Yet, even before he left the ministry a year ago, Santos sought solutions different from Uribe's. He, for example, promoted anti-guerrilla "clear-and-hold" tactics that put emphasis on the rapid provision of all government services to rural areas retaken by the armed forces and the use of manual over aerial coca eradication to eliminate the illegal economy supporting the guerrillas without unduly alienating the peasant growers. During the campaign, Santos had to shake off criticism at home and abroad for the multiple cases of civilian murders by members of the armed forces. Vice president-elect Angelino Garzón, a former

labor leader, is being assigned the task of defending the country's human rights record. *The new cabinet coordinator (secretary general of the presidency) will be Juan Carlos Pinzón, who was Santos' vice minister of defense, but as with many of the president-elect's early appointments, Pinzón also has economic expertise. He was Colombia's representative in the World Bank when Santos was economic minister during the Pastrana administration. The new economic minister will be Juan Carlos Echeverry, who was planning minister in that same Pastrana cabinet. To lead the scandal-tainted Transportation Ministry, Santos has chosen Germán Cardona, a well-regarded former governor from the coffee region who served as Uribe's first anti-corruption czar. The new minister of labor will be the man who has been leading a private "good-government"-promoting think tank established by Santos some years ago between his several periods of government service. Perhaps most interesting is the announced appointment of María Angela Holguín as foreign minister. She was Uribe's first ambassador to Venezuela and thus has experience with that country's volatile president. Later, however, as head of Colombia's UN mission in New York, she staged a public resignation after Uribe insisted on appointing members of important political families whom she deemed unqualified. In recent years she has held senior jobs at the Andean Development Corporation. The reputations of Santos' early appointments are high, both for competence and integrity. How they and those who fill out the cabinet work as a team will be a test of the new president's managerial talent.* **Phillip McLean**

## Bolivia

**Relations between Bolivia and the United States took a roller coaster ride during June. They started at a relatively high point with Assistant Secretary of State of Western Hemisphere Affairs Arturo Valenzuela's visit to La Paz on June 1.** Dr. Valenzuela met with Foreign Minister David Choquehuanca (he did not meet with President Morales or Vice President García Linera), who announced that the two countries were "ninety-nine percent" ready to sign a framework agreement in the works for several years that would promote "mutual respect" and cooperation. Less than a week later, however, President Morales, speaking to a group of coca growers in Cochabamba, stated

that the U.S. Agency for International Development (USAID) in Bolivia was financing opposition groups within the ranks of his supporters and that he would not hesitate to expel USAID from the country. Other members of the government subsequently followed up on this threat, with García Linera saying that “AID’s days are numbered” and Morales reiterating his charges that AID is “buying” labor union and *campesino* leaders and again warning that USAID could be expelled. Obliging, on June 23 leaders of the Chapare *cocaleros* and the Confederation of United Labor Unions of Rural Workers of Bolivia (CSUTCB), both bulwarks of Morales support, called on the president to make public his evidence against AID and expel the organization from the country. *The recent contrast in official Bolivian comments reflects several factors. One is the presence within the Morales administration of a dominant element favoring a hard-line position against the United States—led by Vice President García Linera—and a faction supporting a more moderate position, including Foreign Minister Choquehuanca. Another factor is the cracks that are appearing within some groups, including indigenous organizations, aligned with Morales’ party, the MAS (Movimiento al Socialismo)—differences that the president evidently wishes to present as the handiwork of the United States. Two of the groups criticized by Morales are the Consejo Nacional de Ayllus y Markas del Qullasuyo (Conamaq) and the Confederación de Pueblos Indígenas de Bolivia (CIDOB). Both have clashed recently with the government over key indigenous demands for autonomy and control of resources. Given past moves by Morales to declare U.S. ambassador Philip Goldberg non grata*



An Aymara ceremony in Copacabana, Bolivia; photo: [http://commons.wikimedia.org/wiki/File:Aymara\\_ceremony\\_copacabana\\_1.jpg](http://commons.wikimedia.org/wiki/File:Aymara_ceremony_copacabana_1.jpg) (Creative Commons Attribution-Share Alike 3.0 Unported license).

*in September 2008 and the subsequent expulsion of the Drug Enforcement Administration from Bolivia and removal of USAID from the Chapare region, he may well follow up on this latest threat.* **Peter DeShazo**

**The murder of four police agents in the Bolivian department of Potosí highlights the difficulties inherent in establishing judicial autonomy in indigenous regions of the country.** Members of indigenous groups accused the officers, who were sent to the region to investigate car smuggling from Chile, of extortion. The members of these groups subsequently lynched the policemen and refused to turn over the bodies until they were guaranteed that they would not be prosecuted for the killings. This event coincides with attempts by President Evo Morales to enact the independent indigenous justice systems into law. This law will allow indigenous groups who meet certain constitutional requirements to implement an independent indigenous justice system in their territory. The law, part of the complementing



legislation of the 2009 Constitution, has been approved by the lower house of the Congress of Bolivia and will now move to the senate for approval. The law faces opposition because of its ambiguity. Critics contend that the law does not specify the types of cases over which the indigenous justice system will preside—over minor cases, such as land disputes, or more serious cases such as homicide and drug trafficking. Critics further contend that the law does not stipulate or establish any protocol for cases that may require investigation under both justice systems, an oversight that could generate legal conflict. The lack of regulation of indigenous justice also calls into question respect for human rights, particularly highlighted by last month's incident in Potosí. The use of capital punishment is a violation of the Bolivian constitution as well as the OAS Inter-American Charter, the Andean Charter for the Promotion and Protection of Human Rights, and the American Convention on Human Rights "Pact of San José, Costa Rica," to all of which Bolivia is a signatory. *It is quite possible that this indigenous justice law will be enacted in Bolivia due to the majority that Morales holds in Bolivian Congress with the MAS (Movimiento al Socialismo) party. However, to create a harmonious plural justice system requires a protocol that stipulates how to integrate both judicial systems into a unified application of the law as well as a respect for human rights.* **David A. De Micheli**

## Venezuela

**Venezuela opened up a new foreign exchange (forex) trading market on Wednesday, June 9, in an attempt to halt the downward spiral of the bolívar.** The new market—a more tightly controlled exchange in comparison to the previous unregulated market—will be monitored by the Venezuelan central bank and will allow exchanges on a fluctuating trading band. The new market will trade the bolívar on a band that will be set each morning by the central bank. Currently, the band is hovering roughly between VEF4.3 and VEF5.3 for one U.S. dollar; on the first day of trading, Venezuelan central bank chief Nelson Merentes said that 90 percent of all trades occurred at the VEF5.3 level. While the move comes after a nearly 25 percent drop in the bolívar's value this year, there is concern that the new market will overvalue the local currency and create a powerful black market. Caracas-based

*El Universal* newspaper voiced concerns in a June 15 editorial stating that the new market would prevent Venezuelan households from being able to guard themselves against weakening of the bolívar. Before the previous market had closed, the bolívar had dropped to eight against the dollar. Venezuela's current inflation rate of 31 percent is the highest in Latin America. President Hugo Chávez blamed the drop in the Bolívar's currency on speculators in the forex market and said that in the new system all trades would have to be approved by the central bank. The bank will also hold the right to approve or disapprove of any brokerage house attempting to trade in the new exchange. Of the more than 130 brokerage firms that participated in the previous market, Chávez has allowed only around 50 to trade on the new one. Venezuela already has two official exchange rates for its currency. Nonessential imports can be traded for VEF4.3 for \$1, and essential imports such as medicine can be traded at VEF2.6. Trading at those rates, however, requires strict governmental approval. Analysts at groups like the International Monetary Fund, Royal Bank of Scotland, and the Eurasia Group are concerned about a potential lack of supply of dollars in Venezuelan reserves and cite the rash of government spending leading up to elections in the fall as the main cause of this. The import-dominated economy could face a loss of investors and trade partners if currency exchange cannot keep up with the demand for dollars—a demand that is only expected to increase in the future.

**Alex Ott**



Hugo Chavez in Porto Alegre, Brazil; photo: [http://commons.wikimedia.org/wiki/File:Hugo\\_Chavez\\_in\\_Brazil-1861.jpeg](http://commons.wikimedia.org/wiki/File:Hugo_Chavez_in_Brazil-1861.jpeg) (produced by [Agência Brasil](#), a public Brazilian news agency).

Rains have finally relieved Venezuela of a severe drought that nearly brought its electricity generation to a standstill. The drought has wreaked havoc on Venezuela because it relies almost exclusively on hydropower for electricity despite being one of the world's largest oil producers. Moreover, it derives 70 percent of its electricity from one reservoir system—the Guri Dam—whose water level had plummeted nearly 30 feet below normal by January of 2010. The drought left the Guri only 8 centimeters away from having to shut down. As drought persisted, the government imposed country-wide blackouts and electricity rationing, with industry forced to cut their electricity usage by 20 percent. The return of rainfall to the region allowed President Chávez to justify temporarily suspending blackouts, just in time for Venezuelans to watch the World Cup. Although he had blamed the drought almost entirely for the electricity shortages, analysts have pointed to underinvestment, poor management, and the nationalization of the electricity sector in 2007 as the root of the problem. The electricity crisis and resulting restrictions have greatly affected Venezuela's economy, which shrunk by nearly 6 percent in the first quarter of the year. The government has begun to invest more heavily in expanding hydropower capacity and in thermoelectric plants, which are slated to produce approximately 5,000 MW from oil and gas rather than water. Chavez also created the post of electricity minister in 2009, who is tasked with a four year, \$13 billion plan to merge electricity companies into a unitary state enterprise, and improve project management. *Still, critics of the government are skeptical that the government's plans will be an effective solution to the energy problem.* **Kathleen Murphy**

## SOUTHERN CONE

### Chile

**On May 14, 2010, Chile's leading LGBT (Lesbian, Gay, Bisexual, and Transgender) rights group MOVILH (Movimiento de Integración y Liberación**

**Homosexual) launched a public awareness campaign in the capital city of Santiago to raise awareness about the LGBT community and the movement for equality in the country.** MOVILH, with financial support from the Dutch Embassy in Chile, placed ads on 40 buses, as well as in two central sites of the city—Paseo Ahumada con Alameda and Plaza



Marcha Gay in front of La Moneda, Santiago, 2009; photo: [http://commons.wikimedia.org/wiki/File:Marcha\\_gay\\_en\\_Santiago\\_de\\_Chile,\\_2009.jpg](http://commons.wikimedia.org/wiki/File:Marcha_gay_en_Santiago_de_Chile,_2009.jpg) (produced by Derrick Coetzee, an administrator on the English Wikipedia and Wikimedia Commons).

Italia. Chile is one of the more socially conservative countries in Latin America. Homosexuality and divorce were only recently legalized in Chile, in 1998 and 2004, respectively. Though the Chilean senate decriminalized sodomy in the late 1990s, no law is yet on the books that protects sexual minorities against discrimination in the workplace. Additionally, there exist no laws that recognize civil unions or same-sex marriages. Discrimination against gay citizens also manifested itself in divorce cases, as in 2004, when Chilean lawyer and judge Karen Atala lost custody of her three daughters simply because she publicly admitted she was a lesbian. While custody is almost always awarded to the mother, the Supreme Court in Chile ruled against awarding Atala custody, saying that her children would be put in a “situation of risk”

and that living with Atala and her partner would “damage their psychic development.” However, despite the conservative culture of Chile, attitudes of its citizens with regard to LGBT issues is changing, albeit gradually. According to the National Youth Institute of Chile, 56 percent of respondents supported same-sex marriage. More recently, conservative president Sebastián Piñera included gay and transgender people as part of his 2010 presidential campaign commercials, in which at one point, a gay couple said, “Today, people accept us. Now we need a country that respects us.” Piñera also pledged in his campaign that he would support civil unions and allow gays to serve in the military. While it remains to be seen whether Piñera will follow through on his campaign promises, the fact that a conservative candidate looked to appeal to gay and transgender citizens highlights their emergence as a legitimate and potent voting bloc. The push for LGBT equality in Chile appears to be a part of a larger trend that is sweeping Latin America. Cuba in 2007 recognized transgender health issues in its nationalized health care plan, allowing sex-change operations to be performed at no cost to its citizens. In December 2007, Uruguay’s legislature legalized same-sex civil unions, becoming the first country in Latin America to do so; two years later, Uruguay also became the first country to allow same-sex adoption, after the Senate voted in favor of modifying the country’s adoption laws. In December 2009, Ushuaia, the capital city of the southernmost Argentine province of Tierra del Fuego, became the first Latin American city to allow same-sex marriage. Mexico City legalized gay marriage soon after in March 2010. *With countries like Uruguay, Argentina, and Mexico leading the way for the advancement of LGBT rights in the region, coupled with MOVILH’s campaign and Piñera’s promises, it is likely that Chile will soon follow suit. For now, one thing is for sure: sexual minorities and supporters advocating for more inclusive LGBT rights in Chile are more visible and more empowered than ever before.* **Jennifer C. Lerner**

## CONTRIBUTORS

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