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Headlines

Lawmakers in Panama repeal a controversial law affecting labor codes and environmental considerations. Mexican president Felipe Calderón submits to Congress a proposal to overhaul and unify the Mexico's disparate police forces. Venezuela's president Hugo Chavez signs 69 diplomatic and economic agreements during an eight-nation tour. In Peru, leftist candidate Susana Villarán becomes the first female mayor of Lima. In Bolivia, the senate passes and President Morales signs a "Law against Racism and All Forms of Discrimination." Bolivia prepares to begin production of lithium carbonate and potassium chloride this month at a pilot plant in the western part of the country. Brazil raises taxes on foreign inflows.

PANAMA

Lawmakers in Panama have repealed a controversial law affecting labor codes and environmental considerations that sparked bloody protests after its passage last summer.

In early July, a ten-day strike of roughly 5,000 banana workers in the western border region of the country marked the most obvious display of resistance to legislation that critics were calling el Chorizo, or the "Sausage Law." Passed on June 12 after a brief four-day session of the National Assembly, Law 30 contained nine different provisions implying significant changes to labor and environment law, the penal code, commercial aviation, and sanctions for human trafficking. Most worrying to critics were changes to the labor code that, among other things, banned the mandatory payment of union dues and limited the effectiveness of unionized strikes by allowing employers to suspend the contracts of striking workers and hire replacements. Environmentalists were also concerned with provisions in the legislation that allowed government projects deemed of "social interest" to proceed without first undergoing an environmental-impact study specifically related to copper-mining projects supported by President Ricardo Martinelli. Others expressed concern over changes to the penal code that made it harder to hold police accountable for abuses and killings committed while on duty.

Martinelli and Law 30 were also harshly criticized by opposition leaders, among them Mitchell Doens, secretary-general of the Democratic Revolutionary Party (PRD), who asserted that the president had, "started to show his claws."

In July, facing increasing criticism and citizen unrest over the law, the Cabinet Council, a body within the executive branch appointed by the president approved a "National Dialogue," announcing it would suspend implementation of the law's three most controversial provisions for 90 days. In October, lawmakers decided to repeal the law altogether, replacing it instead with six new bills dealing with aviation, the criminal code, labor, environment, police, and public law.

Despite the controversy over the "chorizo," President Martinelli's popularity remains high—in the neighborhood of a 70 percent approval rating. Nonetheless, the experience of the "Chorizo's" original appearance, repeal, and redrafting continues to be a product of domestic debate. **Tara Brian**

MEXICO

In October President Felipe Calderón submitted to the Mexican Congress a proposal to overhaul and unify the nation's disparate police forces. The proposed legislation would require an amendment of the Constitution of 1917 to establish the new law enforcement body, which would report directly to the governor in each of Mexico's 32 states. The legislation is intended to strengthen law enforcement at the local level by promoting coordination among the municipal, state, and federal police forces and by standardizing recruitment and training of police in order to enhance the fight against organized crime and reduce corruption within the police forces themselves. The overall number of police officers in Mexico is estimated to be around 433,000, with the greatest proportion concentrated at the municipal and state levels. Opposition parties have raised questions about the proposal, and the PRI's congressional delegation has argued that it is important to clarify the constitution's current intent regarding the distribution of police powers before moving forward with reform.

This is not the first time Mexican authorities have sought to create a unified police force. In 1995, under President Ernesto Zedillo, Mexico launched the Sistema Nacional de Seguridad Pública (SNSP) to raise the education levels and qualifications of Mexico's law enforcement personnel. Municipal police have long been viewed as the weakest of Mexico's police bodies, and at present seven out of ten municipal police officers have no more than an elementary school education. With low wages and relatively few opportunities for advancement, they are considered vulnerable to bribes and corruption; the majority of municipal police officers earn less than $400 a month. Since assuming office in 2006, Calderón has made fighting drug-trafficking organizations a priority, and violence and homicide rates have skyrocketed as drug cartels struggle with the government and fight over turf among themselves. Several high-profile sweeps have also revealed the complicity of municipal police in drug-trafficking operations. Calderón has deployed the federal army to compensate for ineffective police forces in some areas, but the army is not trained to investigate crimes and has been accused of carrying out human right abuses in some cases. Creating a new police culture in Mexico will not happen overnight, but international cooperation can help facilitate the process. U.S. assistance to Mexico in the form of the Mérida Initiative will contribute to the police reform agenda, and one-third of the more than $1.3 billion package is aimed a law enforcement and judicial reform initiatives. So far, more than 4,000 Mexican officers have been trained as investigators through U.S.-funded programs. **Katherine E. Bliss**

VENEZUELA

On October 13, Venezuelan president Hugo Chavez began a tour through eight countries in the Middle East and Europe, including Russia, Belarus, Ukraine, Iran, Syria, and Portugal, signing 69 agreements on energy, agriculture, education, technological interchange, trade, and housing.

Chavez began his tour in Moscow, meeting with President Dmitry Medvedev. The two presidents signed 15 documents of "strategic cooperation." These agreements include joint plans to build Venezuela's first nuclear power plant as well as plans to develop a new Russian-Venezuelan Bank to facilitate jointly financed projects and to promote independence from international financial institutions. The head of the Russian Agency for Nuclear Energy also signed an agreement with President Chavez for Russia to build a nuclear plant in Venezuela. Following his trip to Moscow, Chavez traveled to Belarus to discuss with President Alexander Lukashenko the two countries' growing cooperation in energy, industry, and agriculture. As a result of the visit to Belarus, Venezuela's energy minister announced that Venezuela would double its crude oil shipments to Belarus in 2011 to 200,000 barrels per day, up from 80,000 barrels per day at present.

In Ukraine, Chavez and President Viktor Yanukovych signed a Political Declaration officially initiating diplomatic relations between Ukraine and Venezuela and opening a Ukrainian embassy in Caracas and a Venezuelan embassy in Kiev.

In the Middle East, Chavez first met with Iranian president Mahmoud Ahmadinejad at the presidential palace in Tehran. The two presidents have enjoyed a good political and economic relationship since 2005 when Ahmadinejad became president of Iran. On this visit Chavez sought to further strengthen bilateral relations, particularly by emphasizing collaboration in the energy sector, including an agreement on the formation of a joint company for oil transport and the joint construction of petrochemical plants. Following his visit to Iran, Chavez traveled to Syria to discuss building a refinery with a daily processing capacity of 140,000 barrels. Additionally, Chavez signed an agreement establishing a binational fund for financing projects with Syria. The agreement aims to raise bilateral trade and technology transfer between the two nations. Chavez and Syrian president Assad discussed establishing an education exchange and collaborating to prevent illegal drug use and trafficking. In Libya, President Chavez and President Muammar Al-Gaddafi discussed energy, geopolitics, and South-South integration. They also addressed details of the organization of the 3rd South America–Africa Summit in 2011 in Libya. After stopping in Algeria, Chavez concluded his tour in Portugal. There, Prime Minister José Socrates, whom Chavez recently described as a "good friend of Venezuela," signed seven agreements for cooperation. These agreements include plans for Portugal to build and sell 12,500 prefabricated homes and two ships for the transportation of asphalt as well as smaller passenger vessels to Venezuela. Also, Venezuela and Portugal will develop joint renewable energy projects with the support of Portuguese wind and solar energy technologies.

Chavez's tour underscores his increasing efforts to strengthen economic and diplomatic relations, particularly by bolstering Venezuela's global collaboration in the energy sector. Additionally, the trip highlights Chavez' continued efforts to act independently of the United States in the global arena. However, it remains to be seen whether these agreements will ultimately come to fruition. Some analysts see them as intentions based on personal ties between the presidents rather than realizable economic or political initiatives. **Jessica Carlton**

PERU

In Lima, leftist candidate Susana Villarán won the mayoral election on October 27, becoming the first elected female mayor of Lima and the first leftist mayor of Lima since 1983. Villarán, of the Fuerza Social Party, won when opponent Lourdes Flores, of Partido Popular Cristiano (PPC), a traditional conservative party, conceded after more than three weeks of recounting ballots.

Although the election took place on October 3, technical errors, including missing the mandatory signatures and fingerprints of citizen poll workers, delayed the results for more than three weeks. By the last week of October, with 97 percent of votes counted, Villarán had obtained 38.39 percent of the votes, while Flores received 37.57 percent, a difference of 36,525 votes. The close result surprised many, as Villarán had led Flores by as much as 12 percent in opinion polls through the last week of campaigning. However, in the last few days before the election, Flores closed the gap by raising concerns about a possible resurgence of the Shining Path insurgency should the left come to power in Peru.

Villarán is a former teacher and human rights activist whose support of controversial issues such as gay marriage and decriminalization of abortion have concerned members of the business elite and traditional conservative sectors. On the other hand, Villarán is popular among poorer residents of Lima, who feel they have been excluded from the benefits of Peru's recent economic boom and see in her an agent of social inclusion.

Villarán's victory appears to be part of a broader trend in Peru to reject traditional political parties, including the governing APRA party, which did not win a single major provincial city during the municipal elections. Additionally Villarán's victory reflects a general dissatisfaction among the poor with current leadership in Peru and a demand for novelty, regardless of ideological stance or political platform. **Heather Hutchison**

BRAZIL

For the second time in October, Brazil has raised taxes on foreign inflows, increasing the IOF tax from 4 to 6 percent. The tax increase, along with the closing of a loophole that allowed some investors to avoid the tax on margin deposits, is meant to curb the continuing appreciation of the real, which had strengthened about 7 percent in the three months prior to the announcement. The measure was expected by many as Brazil seeks to maintain the competitiveness of its exports in international markets and keep its domestic economy from overheating. With U.S., European Union, and Japanese interest rates near zero, investors have been flocking to developing countries, particularly Latin America, in the search for higher yields. With increasing investment into the region, Brazil is not alone in worrying over currency appreciation; Colombia has seen its currency climb 13 percent in the last year while the Mexican and Chilean peso have both increased by about 5.5 percent. As imports have surged due to currency appreciation, the specter has been raised that Brazil, along with several other Latin American countries, face the threat of increasing inflation and rising current account deficits. The International Monetary Fund (IMF), in its October Regional Economic Outlook, argued that Brazil needed to implement a quick slowdown in public spending and limit the quasi-fiscal operations of public banks that limit the effectiveness of monetary policy. The IMF report went on to state that if those measures prove ineffective at dampening domestic demand, Brazil should consider raising reserve requirements on deposits and limit the foreign exchange position of banks. Brazil may soon have to heed these recommendations, as many analysts have argued that taxing foreign capital flows is ineffective. Following the increase of the tax from 2 to 4 percent, the real continued to increase, gaining 1.4 percent from October 4 until the second tax-hike announcement on October 18. The Bank of America Corp., in a letter to investors, stated that, as long as the developed countries maintain low-yield levels, any efforts to tax capital inflows will be fruitless. *Neither of the two candidates in the presidential runoff set for October 31 gave much attention to the need to stem domestic demand, likely fearing an electoral backlash. However, with limited growth prospects in much of the developed world signaling continued low interest rates, policymakers in the newly elected Rouseff administration will likely face difficult decisions to maintain the growth and competitiveness of the Brazilian economy as investors continue to flock to the country.* **Michael Graybeal**

BOLIVIA

On October 8, the Bolivian Senate passed a "Law against Racism and All Forms of Discrimination" signed by President Evo Morales on the same day. The stated purpose of the law is to "establish mechanisms and procedures to prevent and punish acts of racism and all forms of discrimination" and "eliminate racist conduct" in Bolivia. The law penalizes discrimination, defined as "any form of distinction, exclusion, restriction or preference" based on a broad array of variables—gender, race, religion, ideology, background, culture, nationality, language, political affiliation, education, physical handicap, dress, appearance, sexual orientation, and others. It calls for the creation of a "National Committee Against Racism and all Form of Discrimination," directed by the Ministry of Culture and Vice-Ministry of Decolonization, to oversee the application of the law—with broad government membership as well as representation from "social organizations," indigenous groups, Afro-Bolivian communities, "human rights defenders," and others. The law stipulates that "any private institution that becomes aware of a charge (*denuncia*) of racism or any form of discrimination against one of its employees" must report such charges to the Vice-Ministry of Decolonization for "follow-up." Article 16 refers to "mass communications media," stating that "a communications media that authorizes and publishes racist and discriminatory ideas will be subject to economic sanctions and the suspension of its operating license." Article 23 lays out the criminal penalties for violating the law—three to seven years in prison for those found liable for illegally engaging in racist or discriminatory behavior against indigenous persons or Afro-Bolivians and one to five years penalty for similar behavior motivated by other variables—gender, sexual preference, education, etc. Article 23 also states that journalists or media owners cannot avoid prosecution under the law by citing immunity or any other sort of protection. Representatives of Bolivia's journalist guild (Asociación Nacional de Periodistas) and media owners "Asociación Nacional de Prensa" have vigorously criticized the law, claiming that articles 16 and 23 constitute an attack against freedom of expression and a "gag" on journalists. The Inter-American Press Society (SIP in Spanish) representing independent media in the Americas has also expressed its concern over the terms of articles 16 and 23. For his part, President Morales, speaking on Telesur, stated: "The SIP…from a personal viewpoint, are confessed racists." *All commentators—opponents and proponents of the law—appear to concur that countering racism and discrimination in Bolivian society is an important goal. Legal barriers discriminating against indigenous persons in Bolivia have been dismantled since the coming to power of the revolutionary government in 1952, but social discrimination and economic disadvantage have long affected indigenous communities. Much more specificity, however, is needed to determine whether the law can or will be applied as a political tool of the Morales government—which controlled every aspect of its drafting and approval—or if it can play a positive role in dealing with discrimination without limiting other rights.* **Peter DeShazo**

Bolivia is set to start producing lithium carbonate and potassium chloride this month at a pilot plant in the western part of the country. Bolivia, which contains the largest reserve of lithium in the world, has been nicknamed the "Saudi Arabia of lithium." The reserve lies under the Salar de Uyuni salt flat located in the Andean high plains of southwestern Bolivia; it holds 5.4 million metric tons of lithium. Lithium is a strategic commodity used in cell phones, laptops, and other hydride battery technologies. Bolivia could potentially have a large influence in the energy market when it begins lithium production.

President Evo Morales pledged that Bolivia will not export lithium carbonate as a raw material. Morales told reporters, "The state doesn't see ever losing sovereignty over lithium. Whoever wants to invest in it should be assured that the state must have control of 60% of the earnings." The government is attempting to diversify past practice of exporting raw commodities and implement economic policies that promote sustained growth. Morales has further stated his goal of increasing the value-added of Bolivian exports by facilitating the manufacture of batteries and even vehicle products in Bolivia.

In a recent visit to Tehran, Morales and Iranian president Ahmadinejad signed an agreement to establish a joint cooperation strategy to develop lithium. During a recent visit to the Salar, Vice President Alvaro Garcia Linera stated that while Bolivia does not need foreign investment to extract the lithium, it does need investment and technology in the value-added stage—the "industrialization" of batteries—and that it would look to Iran or another country or corporation for cooperation. Iran has confirmed it will provide a revolving credit of 200 million euros in order to fund industrialization projects.

Bollore, a French corporation, also seems eager to contribute to the industrialization of lithium in Bolivia. Thierry Marraud, the Bollore Group's financial director, apparently agreed with President Morales' announcement: "We told him, 'for you, it's better to transform the lithium than just to export it straight.'" Bollore and Japanese companies Mitsubishi and Sumitomo have agreed to participate as members of a scientific committee that will advise the Bolivian government as it transitions into the next phase of industrialization.

While rich in mineral resources, Bolivia, one of the poorest countries in Latin America, struggles with limited infrastructure and will be competing with other countries heavily involved in lithium production, such as Argentina, Chile, Australia, and China. These infrastructure challenges as well as a relatively high ratio of magnesium to lithium may prove a costly barrier to developers and an impediment to achieving the production rate the government has projected. **Lisa Manrique**

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