INTER-AMERICAN DIALOGUE'S

BOARD OF ADVISORS

Diego Arria Director, Columbus Group

Genaro Arriagada Nonresident Senior Fellow, Inter-American Dialogue

Joyce Chang Global Head of Emerging Markets Research, JPMorgan Chase & Co.

W. Bowman Cutter Former Partner, E.M. Warburg Pincus

Dirk Donath Senior Partner, Aimara Capital LLC

Jane Eddy Managing Director, Corporate & Govt. Ratings Group, Standard & Poor's

Marlene Fernández Corporate Vice President for Government Relations, Arcos Dorados

Peter Hakim President Emeritus, Inter-American Dialogue

Donna Hrinak President, Boeing Latin America

Jon Huenemann Vice President, U.S. & Int'l Affairs, Philip Morris Int'l **James R. Jones** Co-chair, Manatt Jones Global Strategies LLC

Craig A. Kelly Director, Americas International Gov't Relations, Exxon Mobil

John Maisto Director, U.S. Education Finance Group

Nicolás Mariscal Chairman, Grupo Marhnos

Thomas F. McLarty III President, McLarty Associates

Carlos Paz-Soldan Partner, DTB Associates, LLP

Beatrice Rangel Director, AMLA Consulting LLC

José Antonio Ríos Chief Executive Officer, Vadium Technology Inc.

Gustavo Roosen Chairman of the Board, Envases Venezolanos

Andrés Rozental President, Rozental & Asociados and Senior Policy Advisor, Chatham House

Everett Santos President, DALEC LLC

Shelly Shetty Head, Latin America Sovereign Ratings, Fitch Inc.

FEATURED Q&A

Are Correa's Actions Stifling Public Debate in Ecuador?

Ecuador's government on Feb. 13 ordered El Universo to publish an apology after a newspaper cartoonist lampooned a lawmaker with a photomontage that government communications agency Supercom called racially offensive. The order was among the latest actions against critics by the government of Rafael Correa who has been accused of bullying tactics in incidents ranging from suing journalists for libel to encouraging his supporters to attack his detractors online. Is Correa unable to accept criticism and acting in a way that is unbecoming of a head of state, as his critics suggest? To what extent is there a chilling effect on Ecuador's news media? How are such incidents affecting **Correa's popularity?**

Cely, **Ecuador's** Nathalie ambassador to the United States: "In Ecuador, we value honest criticism and open debate. They are hallmarks of a healthy society and a vibrant democracy, both of which we have for the first time in our modern history under President Correa. If you simply read the papers in Ecuador or go online or on social media on any given day, you will see that there are many colorful and diverse opinions being expressed on an endless array of topics. At the same time, it is important to remember that for decades, the people of Ecuador and throughout our region were lied to by their governments and by the media,

Inside This Issue

FEATURED Q&A: Are Correa's Actions Stifling Public Debate in Ecuador?	1
Venezuela Orders U.S. to Slash Embassy Staff to 17	2
Drop in Oil Revenue Widens Fiscal Deficit in Mexico	2

which was strongly controlled by banks and other vested institutions. Their lies and scapegoating nearly ruined us economically, and it tore apart the fabric of our societies. No free society can survive in the absence of factual information because democracies rely on their people to make decisions. The government has a right and an obligation to identify falsehoods and correct them publicly when necessary. We have a duty to protect those who are threatened or defamed and take the appropriate legal actions according to the rule of law. Open debate and truth are

Continued on page 3



Venezuela Orders U.S. to Slash Embassy Staff to 17

Venezuelan Foreign Minister Delcy Rodríguez said Monday that the United States must cut the number of diplomats in the country from about 100 to 17, the number of Venezuelan diplomats in the United States. See story on page 2.

File Photo: Venezuelan Government.

Brazilian Truckers Resume Protest Despite Government Crackdown2
Chilean Authorities Evacuate 3,500 as Volcano Erupts2
Britain's Hamleys Planning to Open Store in Mexico3

NEWS BRIEFS

Brazilian Truckers Resume Protest Despite Government Crackdown

Striking truckers in Brazil on Monday resumed some roadblocks that disrupted grain and meat shipments to southern ports despite a government crackdown against the protestors and a promise to pass a new truckers' bill that would lower toll costs, among other measures, Reuters reported. By mid-afternoon, there were 23 blockages on roads in southern states as compared to 99 points across the nation last week. The protests, which have been occurring for nearly two weeks, have slowed grain deliveries, delayed soybean harvesting and forced meatprocessing plants to close.

Chilean Authorities Evacuate 3,500 as Volcano Erupts

Authorities in Chile have evacuated some 3,500 people from near the Villarrica volcano, which began erupting today at about 3 a.m. local time, the Associated Press reported. The volcano spewed smoke and lava and threatened to cause mudslides. The volcano is located about 400 miles south of Santiago.

Panama's Economy Grew 6.2 Percent Last Year

Panama's economy grew by 6.2 percent in 2014, the slowest rate in four years and down from an annual rate of 8.4 percent a year earlier, as exports dropped and the pace of building projects slackened, data showed Monday, Reuters reported. The Central American country's economy has slowed after a series of infrastructure projects, including the Panama Canal expansion, pushed growth into the double digits in 2011 and 2012, and exports to Venezuela and Colombia also fell, the government said.

Political News

Venezuela Orders U.S. to Slash Embassy Staff to 17

Venezuela's government on Monday ordered the United States to slash its embassy staff in the Andean country to 17 from its current level of about 100, *The Wall Street Journal* reported. Venezuela currently has 17 diplomats in the United States, BBC News reported. Venezuelan Foreign Minister Delcy Rodríguez said in a televised statement that the United States has just over two weeks to tell the government who would remain in the embassy, *The Wall Street Journal* reported.

"We have given a

timeframe of 15

days to present a

plan," Rodríguez

said after meeting

with the top U.S.

Venezuela, Chargé

United States and

Venezuela have not

in

Lee

The

diplomat

d'Affaires

McClenny.



Maduro

File Photo: Venezuelan Government.

had ambassadors in each other's capitals for five years. Venezuelan President Nicolás Maduro announced Saturday that his government would move toward cutting the U.S. embassy staff in Caracas. Maduro has said that reducing the number of U.S. embassy staff in Venezuela will help to "regulate imperialist aggression." U.S. President Barack Obama's administration has said Maduro's accusations about U.S.-backed plots to topple his government are part of his efforts to distract Venezuelans from a crumbling economy. The country is suffering from shortages of many basic goods and a plunge in the price of oil exports. The International Monetary Fund has said that the country's economy is likely to contract by approximately 7 percent this year. The U.S. embassy in Caracas, the White House and the State Department declined to comment Monday to The Wall Street Journal about Venezuela's demand that the embassy staff be cut to 17. Maduro also said that U.S. citizens will be required to apply for

visas before traveling to Venezuela and will have to pay \$160, the same amount that the United States charges Venezuelans for U.S. visas. On Saturday, Maduro also named several current and former U.S. officials whom he said would be banned from visiting Venezuela. Among them are former U.S. President George W. Bush, former Vice President Dick Cheney and several members of Congress, the Associated Press reported. "They can't come to Venezuela because they're terrorists," Maduro told a crowd of supporters. "Out of here, terrorists." Some members of Congress said they considered their ban from Venezuela a badge of honor. Rep. Ileana Ros-Lehtinen (R-Fla.) said she was pleased to be listed in such "good company," the AP reported. Rep. Mario Diaz-Balart (R-Fla.) reacted with a tongue-in-cheek posting on Twitter, saying, "I've always wanted to travel to a corrupt country that is not a free democracy. And now Castro's lapdog won't let me!"

Economic News

Drop in Oil Revenue Widens Fiscal Deficit in Mexico

Mexico's fiscal deficit stood at 91.5 billion pesos (\$6.1 billion) in January as compared to 4.9 billion pesos in the same month last year, the Finance Ministry said Monday, Reuters reported. The fiscal deficit grew amid the plunge in oil prices,

Crude oil exports fund about a third of Mexico's federal budget.

Mexico's main export. In the first month of this year, Mexico's tax revenue grew, but total income declined 3.4 percent due to a 43.5 percent fall in oil revenue. Exports of crude oil fund about a third of Mexico's federal budget. In January, the country's oil production declined 6.5 percent year-on-year, according to the

Finance Ministry, which said Mexico's crude prices averaged \$52.40 per barrel. The price of Mexico's crude oil was \$91.80 on average in January of last year. Mexico planned its 2015 budget with a barrel price of \$79. Just over a month ago, the Finance Ministry reduced its spending plan for this year by an amount equal to 0.7 percent of the country's gross domestic product. Some economists have said that the country may be forced to cut its budget further this year. Mexico's public sector oil revenues declined to \$3.86 billion in January, according to the Finance Ministry, EFE reported. In addition to the fall in oil production, natural gas production also declined. However, the Finance Ministry added, "These effects were partially offset by the higher price of natural gas, by 12.5 percent, and the depreciation of the exchange rate," EFE reported.

Company News

Britain's Hamleys Planning to Open Store in Mexico

British toy retailer Hamleys is planning to open its first location in Mexico, which would mark its first entrance into Latin America, The Telegraph reported Saturday. The London-based company already has stores across Europe, the Middle East and Asia. Britain's government has been working to increase exports to Mexico and is planning a 650 million pound (\$1 billion) export credit facility to help companies based in Britain to export goods to Mexico, the newspaper reported. Bilateral trade between the United Kingdom and Mexico amounted to 3.3 billion pounds in 2013, a 15 percent increase from 2012. Mexico is Britain's fourth-largest export goods market. Mexican President Enrique Peña Nieto is visiting Britain this week. Queen Elizabeth II is due to welcome Peña Nieto and his wife Angélica Rivera today at Buckingham Palace, where the couple is to be the guests of honor at a banquet, Agence France-Presse reported. The Mexican president is also planning to visit Prime Minister David Cameron and then will travel to Scotland.

Featured **Q&A**

Continued from page 1

not mutually exclusive concepts in Ecuador."

Ramiro Crespo, president of Analytica Securities in Quito: "President Correa has a long track record of hypersensitivity unbecoming of an elected official. He has had police detain a rock musician who showed him the middle finger, dared police who taunted him to shoot him on Sept. 30, 2010 in one of the worst dis-

** The administration has set up media regulators that target private media, while ignoring offenses the president proffers against critics... **

- Ramiro Crespo

plays of crisis management ever and maintained a running war with private media for the most trivial of alleged offenses. As a result, the administration has set up media regulators that target private media, while ignoring offenses the president proffers against critics in his Saturday media program. One of the regulator's luminaries recently said that they won't permit 'double entendres' because 'humor is serious.' A respectable iournalism advocacv group, Fundamedios, has noted an increase in attacks on private media as a result. Correa has most recently attacked critics on social networks, in particular the anonymous manager of a satirical site called 'Crudo Ecuador.' The individual, who had published a photo of Correa shopping at a luxury mall in Amsterdam and spoofed his English language skills in a video, stated that he would shut it down after receiving anonymous veiled threats naming his family while he was hiding at a relative's place. Correa also aims to turn freedom of speech into a 'public service,' and has disingenuously

applauded the United States' FCC ruling that the Internet is a public service as support for his nationalization of a basic right, confusing data neutrality for regulation of content. While the immediate chilling effect may satisfy him personally, Correa risks shutting a social escape valve just as the economy is cooling."

Marc Becker, professor of historv at Truman State University: "It goes without saying that Correa is a notoriously thin-skinned head of state, but personality is not policy and focusing on such superficial characteristics dodges more important and fundamental issues. It is also inappropriate to apply libel standards from one country to a different legal tradition in another country. No one, for example, accuses England of not being democratic for having quite different libel legislation than the United States. Rather than a diminishing freedom of speech, what we are witnessing in Ecuador is a significant

We are seeing a flourishing of democratic access to the media with local communities enjoying unprecedented access to the airwaves.

— Marc Becker

shift of political and economic power away from the previously hegemonic control of a small group of wealthy individuals and corporations. In its place, we are seeing a flourishing of democratic access to the media with local communities enjoying unprecedented access to the airwaves. Naturally, those who previously ran the country cry foul, and now opportunistically level charges of a crackdown on press freedoms when such concerns were never a priority when they wrote the rules and ran the

Continued on page 4

Featured Q&A

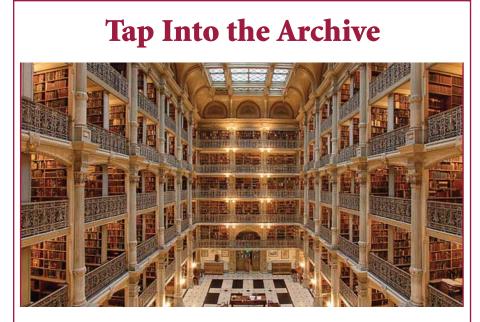
Continued from page 3

country. A discredited former ruling class uses its newly found interest in press freedoms as nothing more than a mechanism to advance a conservative political agenda. Rather than supporting the democratization of access to the media, their goal is to halt a redistribution of political and economic power to the lower classes."

Carlos Lauría, senior Americas program coordinator at the Committee Protect to **Journalists:** "Since it went into effect on June 25, 2013, Ecuador's Communications Law has led to dozens of sanctions, including fines approaching \$100,000, while many decisions are still pending. The restrictive provisions and vague language of this legislation run counter to constitutional guarantees and international standards on freedom of expression. The law not only undermines journalists' ability to report critically, but also threatens the right of citizens to be informed about sensitive issues, according to research by the

Committee to Protect Journalists. It is clear now that the legislation was designed to muzzle critical journalists. That this has been extended to cartoonists like the case of Bonil is certainly ridiculous. But perhaps one of the worst consequences of the Communications Law is the negative impact it has had on the work of journalists and the Ecuadorean media. The overall effect of the law has been chilling for journalists trying to do in-depth reporting, according to journalists and analysts consulted by CPJ. The administration of President Rafael Correa has a dismal press freedom record, including criminal defamation lawsuits and smear campaigns against journalists as well as restrictive legislation. And the most recent attempts to amend the Constitution to categorize communications as a 'public service' opens the door for the government to exercise broad regulatory powers over all media outlets."

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



Subscribers can now access more than 2,000 archived editions of the **Latin America Advisor** through a new IP-protected, keyword search portal. That's more than 6,000 expert commentaries, all at your fingertips. Send an email to <u>freetrial@thedialogue.org</u> for access. **Latin America Advisor**

is published every business day by the Inter-American Dialogue, Copyright © 2015

> Erik Brand Publisher ebrand@thedialogue.org

Gene Kuleta Editor gkuleta@thedialogue.org

Megan Cook Reporter, Assistant Editor <u>mcook@thedialogue.org</u>

Inter-American Dialogue

Michael Shifter, President Peter Hakim, President Emeritus Genaro Arriagada, Nonresident Senior Fellow Sergio Bitar, Nonresident Senior Fellow Joan Caivano, Director, Special Projects Maria Darie, Director, Finance & Administration Ariel Fiszbein, Director, Education Program Claudio Loser, Senior Fellow Nora Lustig, Nonresident Senior Fellow Margaret Myers, Director, China and Latin America Program

Manuel Orozco, Senior Fellow

Jeffrey Puryear, Senior Fellow

Lisa Viscidi, Director, Energy Program

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at: 1211 Connecticut Avenue NW, Suite 510 Washington, DC 20036 Phone: 202-822-9002 Fax: 202-822-9553 www.thedialogue.org ISSN 2163-7962

Subscription Inquiries are welcomed at freetrial@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.