

Latin America: Ten to watch in 2012

Summary

With both Mexico and Venezuela gearing up for presidential elections in July and October, Latin America in 2012 is set to be dominated by hard-fought campaigns and the prospect of political change in two of the region's big hitters. A number of other issues also appear set to shape the region during the year, including in Central America – where an alarming downward spiral in security conditions is set to continue – and the Central Andes, where national governments face the challenge of containing rising social unrest.

1. Venezuela: Chávez, Cancer and Capriles

The 7 October presidential election will dominate politics in 2012. The opposition Democratic Unity Table (MUD) coalition will be hoping to prevent President Hugo Chávez from securing another six-year term, which – if his health permits – would see him retain the presidency until 2018. Chávez goes to the polls weakened both politically – by increasing voter weariness in the face of mounting evidence of government inefficiency, mismanagement and corruption – and physically, by an as yet unspecified form of cancer (from which he claims to have recovered).

At the same time, opposition to Chávez is stronger and more united than it has been for years. An early test of this new-found unity will come on 12 February, when several MUD candidates will vie for the coalition's backing to take on Chávez. We believe that Miranda state Governor Henrique Capriles Radonski is most likely to win the primary and go on to challenge Chávez; he is certainly the strongest potential MUD candidate. The Governor of Zulia state, Pablo Pérez, will have the backing of the Democratic Action (AD) party machine, but history is against him; Venezuela has never elected a president from Zulia. Meanwhile, the government has probably done enough to damage the candidacy of Leopoldo López, a former Caracas district mayor, by maintaining a spurious bar on him holding office.

Although a deterioration in Chávez's health could alter the outlook, he remains the marginal favourite to win re-election because of his greater campaign resources, de facto control over the electoral authorities and undoubted charisma. A dirty campaign is likely, with Chávez pulling no punches as he seeks to hold on to power.

2. Rio+20: More than just a talking shop

It would be easy to dismiss the UN Conference on Sustainable Development (UNCSD), which is scheduled to take place in Brazil in June, as little more than a talking shop; expectations in some quarters are that it will produce as few concrete outcomes as its precursor, the Rio Earth Summit of 1992. Major breakthroughs on sustainable development, poverty or the green economy are certainly unlikely – there is at best a remote prospect that a wide-ranging global compact will materialise, especially because US President Barack Obama will not want to undermine his re-election prospects by agreeing to a pact that Republicans can denigrate.

Away from the headlines, however, some countries in the region may re-calibrate their sustainable development goals in the light of Rio+20 – Colombia and Guatemala have already indicated their interest in doing so. This could have implications for the future of environmental regulations for companies. The conference will also mobilise social groups and NGOs, which will lead to increased scrutiny of the environmental impacts of infrastructure, construction and extractives activities in particular. In this context, we expect NGOs to increase their efforts to hold companies accountable for their environmental impacts, especially in Peru, Colombia, Chile, and Brazil. The World Social Forum,

which will take place in Brazil at the end of January, will provide an early gauge of the mood among local organisations.

3. Colombia: Security environment to become increasingly complex

The Catatumbo region of Norte de Santander department, which is used for coca-cultivation and as a drug-trafficking corridor to Venezuela, is likely to emerge as one of the most problematic areas for security in Colombia in 2012. The likely presence in the region of the new leader of the Revolutionary Armed Forces of Colombia (FARC), Rodrigo Londoño (alias Timochenko), will lead to increased pressure from the security forces, while the smaller National Liberation Army (ELN) guerrilla group is also active in the region. The presence of paramilitary successor groups (bacrim) further complicates the situation. Catatumbo's complex security environment reflects the broader security challenges that President Juan Manuel Santos continues to face despite security gains in recent years. In this context, substantive peace talks between the government and leftist guerrilla groups will remain elusive in 2012.

The situation in the Catatumbo also underlines the wider trend of '*bacrimización*', under which leftist guerrilla groups and paramilitary successor groups fuse into multiple criminal organisations built on paramilitary structures and often using guerrilla tactics in pursuit of profits from drugs, extortion, kidnapping, mining and other illegal activities. We see this trend deepening across Colombia in 2012, with the result that companies are likely to remain exposed to extortion demands and sporadic operational disruption, particularly in more remote rural areas. Moreover, should the link between the security situation in the Catatumbo and its proximity to Venezuela become too obvious to ignore, strains could well emerge in relations between Colombia and Venezuela. As such, the course of Venezuela's presidential election could have an important bearing on security conditions in eastern Colombia.

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