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HONDURAS

President-elect Zelaya Prepares to Take Office

Hondurans are in for a change as Liberal Party (PL) president-elect Manuel “Mel” Zelaya assumes the presidency on 27 Jan, after defeating the ruling National Party (PN) candidate by a mere 3.7% and capturing 49.9% of the votes in the 27 Nov election. Despite some skepticism, the election was deemed fair by the Organization of American States, the US Embassy in Honduras and other election observers. Liberals also won leadership of 55% of the 298 municipalities, as reported by the Honduran daily *El Heraldo*.

During his campaign, Zelaya stressed *poder ciudadano*, or citizen power. In Oct '05, Zelaya and the other presidential candidates signed a pact with the Association of Honduran Municipalities affirming that the new president would promote a policy to decentralize power to the nation's individual municipalities, transferring much of the decision-making to local governments (Vol. 24, No. 10).

Zelaya has named Hugo Noé Pino as Minister of Finance and Gabriela Núñez as president of the Central Bank of Honduras (BCH). He met with these and other members of his economic team on 8 Jan to define his strategies, which he said will help eliminate existing monopolies and oligopolies as well as lower the cost of daily living.

One of Zelaya's first proposals is to implement an open market policy. “I don't believe in artificial state controls because they provoke more conflicts,” he said. “I believe in freedom and competition in the market place.”

According to Núñez, the BCH “will play a more active role in the economic life of the country. We will not only generate statistics, but will promote and facilitate economic growth by being closer to the productive sectors.”

Zelaya has also promoted employment, citizen security, environmental protection and the fight against corruption. In early Jan, he committed to giving the Garífuna indigenous community land titles and improving their public services and infrastructure.

According to the daily *La Prensa*, residents of San Pedro Sula are optimistic about the change in government, hoping it will improve the economy as well as the health care and education systems in the country.

The marketing research agency Mercaplan Centroamérica recently conducted a survey that showed that a little more than half of the respondents were dissatisfied with former President Ricardo Maduro. Sixty-one percent of those polled were not happy with the current condition of public security, the economy or employment, although 80% expect these issues to improve. Ninety percent think that gangs and poverty are the worst afflictions of society. In San Pedro Sula, trash is said to be the principal problem and in Tegucigalpa, road repair.

Economy Perks Up

The Honduran economy perked up in '05 with reduced inflation and increased export and service revenue.

The inflation rate was reported to be 7.75% in '05, one of the lowest in Central America and just above the average Latin American rate of 6.3%. According to the Consumer Price Index, this is a 1.5% reduction with respect to the '04 inflation rate of 9.2%.

Increased export revenue benefited the country tremendously. The country's primary export, coffee, generated \$325.1 million in the '04-'05 harvest that ended 30 Sep '05, according to the Honduran Coffee Institute. The international market price of coffee is currently quoted between \$100 and \$105 per 46 kilo sack, more than double that of three to five years ago. This year's highest prices reached \$120 per sack, which coffee producers in Honduras found encouraging.

The price of bananas has also increased, currently \$9 per box, the highest price in the last decade. Though Honduras exported fewer boxes of bananas in '05—between 25 and 26 million compared to 29 million in '04—the industry exceeded \$240 million in revenue in '05, nearly \$32 million more than the previous year. According to the BCH and the Ministry of Industry and Commerce, this is the most income generated in the last six years, despite losses due to floods and restrictions in access to the European market.

Honduras had the most growth of all Central American countries in non-traditional exports in '05, generating \$400 million, a 10% increase over '04 according to the Federation of Agroexports (FPX).

The manager of FPX, Medardo Galindo, emphasized the importance of shrimp in exportation revenue. Its value reached \$140 million in '05, making it the third most important export for the economy following coffee and bananas. Melons generated \$50 million, and Honduras continues to gain leadership among Latin American countries in the exportation of tilapia, a fresh-water fish, to the US.

Honduras' lush terrain, numerous beaches and mysterious archeological sites continue to provide an important source of income: tourism. The Honduran Institute of Tourism reported 749,394 tourists in '05, who generated \$454 million, a \$51 million increase from '04 according to the BCH.

Carlos Barquero, president of the Chamber of Industry and Commerce in Trujillo, noted the impact of tourism despite the increase in unemployment and poverty in the region. "This sector sustains the economy," he said. "Our dream is to turn this area into a tourist destination."

13 Die in Prison Massacre; Government Pushes for Penal Reform

Thirteen inmates were killed on 5 Jan at the Casa Blanca national penitentiary, located 20 miles north of Tegucigalpa, in a massacre involving prisoners of two opposing organized crime gangs.

A burst of gun shots that lasted less than five minutes was heard at approximately 3:20 p.m. When police investigators arrived nearly an hour later, bodies were found in five different sites, one of which had been cleaned up. Some bodies had knife wounds, others were riddled with bullets. Bomb-squad dogs detected two grenades in another part of the prison later in the evening. The lone survivor was transported to Escuela Hospital in Tegucigalpa for treatment.

Authorities confirmed 8 Jan that there are suspects, though no identities have been revealed. Special Attorney of Human Rights Sandra Ponce said that testimonies from 50 inmates will be taken, nearly 10% of the prisoners housed in that section of Casa Blanca Prison. Authorities believe that at least three prisoners committed the crimes using a 9 mm pistol and another firearm that was registered to the national police, both of which were found in that section of the prison the day after the massacre. According to the director of Special Preventive Services, Jaime Banegas, it is not known how the guns were obtained, though guards frequently find weapons among the inmates.

The Jan incident is part of a chain of prison massacres that have occurred since '99, which have left nearly 200 dead. Prison director Marvin Rajo, who has been suspended indefinitely by President Maduro, maintains that the incident was an internal power struggle between rival gangs who are fighting over the drug market and crimes committed outside the prison, such as kidnappings and assaults.

Casa Blanca is one of Honduras' 24 national prisons. Built 11 years ago for an intended capacity of 1,500 inmates, the penitentiary houses 3,126 of Honduras' most dangerous prisoners, who have been involved in kidnappings, bank robberies and drug-trafficking. Only 227 security guards are on site. Government authorities recognize that overcrowding and security issues are of major concern. "The lack of internal control in the prisons is not tolerable," said Maduro.

Five months ago a reform bill was presented to Congress that would create a penitentiary separate from the Security Ministry.

"To prevent more bloodshed inside the prisons, it is necessary to separate the central prisons from the Ministry of Security," said president-elect Zelaya.

On 6 Jan the Supreme Court urged executive and legislative powers to design and execute a public policy to improve Honduras' prisons.

"Our prisoners should have sufficient physical space and modern services," said judge Sonia Marlina Durón, coordinator of the Constitutional Chamber of the Supreme Court. "The intention is that the State rehabilitate the prisoners before putting them back into society."

—Ashley Blake