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Advisor ANALYSIS

Q

US President George Bush came away from this week's Special Summit of the Americas with mixed success, re-establishing close ties with Mexican President Vicente Fox but facing criticism or lack of

support from other countries in the region for US policy initiatives on trade, anti-corruption, and Cuba. Where do US-Latin America relations stand after the Summit? How will the US react in the face of the region's growing assertiveness?

A

Guest Commentary: Jose Angel Gurria: "The Summit can be considered as positive both for the US (and therefore for President Bush), as well as for the region. Expectations were very negative. The host of problems and tensions that arose with a number of countries prior to the meeting (Argentina, Brazil, Venezuela), and the distance with Mexico did not augur well. Then came the US initiative on migration, which although not the ideal formulation was generally considered an important step forward on an extremely complex issue which does not only involve Mexico, but many of the countries present at the Summit. There was the long and apparently very cordial and positive meeting with President Fox, which got bilateral relations back on track. With Lula, the issue of fingerprinting and airport controls was

“ Bush left Monterrey with a clearer picture of the magnitude of the challenges posed ... ”

-- Beatrice Rangel

not resolved, but there was a deliberate effort to tone it down, which worked. The 'knockout' which Kirchner promised to provide to Bush didn't materialize, and he got his IMF clearance for the next disbursement, with obvious help from the US, in yet another setback to the creditors of Argentina and to the IMF itself. The Chavez issue was also finessed, and Chavez himself chose to moderate both his discourse as well as his deeds in deference to his host. The Cuba issue was also skirted and did not become divisive. The FTAA goal was strengthened, which was truly a substantive accomplishment, and there was a general impression of a better mood. The anticorruption theme was a new, unexpected element, and although it did not go as far as the US wanted, it was incorporated. On balance, the Summit was good. The US' message was delivered: Latin America did not fall off the map. Now the challenge is to follow up."

Board Commentary: Tony Smith: "The Summit ends with mixed reviews, but the mix

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Political News

Democrat Dean Promises "Special Relationship with Latin America"

Howard Dean, frontrunner for the Democratic Party's presidential nomination in the United States, on Wednesday promised a "special relationship" between the US and Latin America based on equal partnership, versus what he called President George W. Bush's policy of "humiliation," Reuters reported. Dean told an audience in New Hampshire that if he is elected president in November the US "will have a special relationship again with Latin America, but it will be a relationship of equals, not like the longstanding relationship we've had where we are the big economic power and we treat them like second-class citizens." The former Vermont governor said Bush had failed to foster democracy and economic growth in the region and that relations with Mexico were at a low. "The extraordinary thing is, four years into [Mexican President] Vicente Fox's presidency, this president has blown the biggest chance that we have had in a century to fundamentally change Mexico," Dean said. "The president of the United States abandoned him because he disagreed with him on Iraq." Bush spent time at this week's Summit of the Americas in Mexico mending relations with Fox, including a discussion of his proposal to grant temporary guest-worker visas to Mexican immigrants. Asked whether he supported Bush's "Colombia plan," Dean admitted he did not know "what the Colombia plan is," but added he did not support the FARC, Colombia's largest rebel army. Dean also praised Brazilian President Luiz Inacio "Lula" da Silva for "sound economic principles" and social commitment, and expressed reservations about Venezuela's leftist President Hugo Chavez.



Howard Dean. Photo: John Pettitt/DeanForAmerica.com.

Berger Sworn In as President of Guatemala; Vows Unity

Oscar Berger was sworn in as president of Guatemala on Wednesday, vowing to create jobs, increase investment, and fight cor-

ruption, Reuters reported. "The word confrontation is part of the past," the 57-year-old former Guatemala City mayor said. "Today's words are unity, security, justice, work, and health and education for all." On Sunday, Berger's Gana party signed a governability pact with two of Guatemala's main opposition parties, the National Unity of Hope (UNE) party and the National Progress Party, giving Berger a working majority in Congress. Berger's inauguration brought to an end Alfonso Portillo's four-year presidency, which many critics have accused of being riddled with corruption. "We need to eliminate from public institutions any suspicion of impunity and corruption," Berger stated. He has previously pledged to support efforts to prosecute ex-dictator Efraín Ríos Montt for human rights crimes committed during his 1982-83 rule. Ríos Montt, whose unsuccessful bid for the presidency ended in November with a first-round defeat, officially lost his parliamentary immunity from prosecution yesterday.

US Pilot Arrested in Brazil for Protesting Airport Measures with Obscene Gesture

Brazilian police arrested a US commercial airline pilot Tuesday for raising his middle finger while being photographed by immigration officers at Sao Paulo International Airport, Reuters reported. "He made an internationally known obscene gesture when he was being photographed by the Federal Police," said Federal Police agent Wagner Castilho. **American Airlines** Pilot Dale Robin Hirsch was fined 36,000 reais (\$US 12,775) and released, but his passport was confiscated pending receipt of the payment. American Airlines, which apologized to Brazilian authorities for the incident, agreed to pay the fine. Hirsch apparently made the gesture to protest new Brazilian security measures that require fingerprints and photographs of US citizens upon entry in Brazil. The policy was implemented January 1 in retaliation against a similar program launched in the US on January 5 for Brazilians and other foreign visitors traveling to the US on visas. US officials have complained that the measures unfairly single out US citizens and subject US travelers to extensive waits. Brazilian President Luiz Inacio "Lula" da Silva on Tuesday appealed to US President George W. Bush to waive the visa requirement for Brazilians.

Company News

DaimlerChrysler Sued for Alleged Support of "Dirty War"

The relatives of victims in Argentina's 1976-1983 "Dirty War" on Wednesday filed a lawsuit against automaker **DaimlerChrysler AG** in US federal court, seeking unspecified damages for the company's alleged collaboration with the South American country's 1976-1983 military junta in the disappearance and presumed death of nine employees, and the torture of eight others, Reuters reported. DaimlerChrysler, which also faces criminal charges in Argentina, is being taken to court under the US Alien Tort Claims Act, a 200-year-old law which allows foreign nationals to file suits in US courts against US companies accused of human rights abuses [Editor's note: see related Q&A in the October 16, 2003 issue of the *Latin America Advisor*]. Lawyers for the plaintiffs say that in 1976 and 1977 managers at the plant, located on the outskirts of Buenos Aires, gave security forces the names and addresses of union leaders, who were subsequently detained. A DaimlerChrysler official said an internal company investigation found no evidence of wrongdoing by Mercedes-Benz management. An estimated 30,000 people were killed during Argentina's Dirty War.

Peru's JRL Starts Due Diligence on Local Unit of Chile's Embonor

Peru's **Corporacion Jose R. Lindley** (JRL) has started conducting due diligence on **Embotelladora Latinoamericana** (ELSA), bringing JRL one step closer to acquiring the Peruvian subsidiary of Chilean bottler **Coca Cola Embonor**, Reuters reported Wednesday. Last month, Embonor said it was studying JRL's revised bid of \$215 million for a 100 percent stake of ELSA under "certain terms and conditions." Embonor would reportedly use proceeds from the sale of ELSA to pay off debt.

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is interesting. The large Latin American countries, in particular those with competitive agriculture sectors, are dissatisfied. The smaller countries, such as the Central American republics, are enthusiastic. While President Bush made efforts to appear conciliatory toward Brazil, Argentina, Venezuela, and Mexico (among others), the US' unilateral Latin America policy and distorted focus on Cuba and terrorism is unacceptable. The US is talking about access to Latin American markets, not their access to the US markets. The US is talking about US security from terrorism, not a policy that reduces poverty and results in economic development in Latin America, and therefore increases security in Latin America. The US position is: 'what are your countries going to do to meet US demands?' None of these policies were received well. In fact, it appears that some of these countries' presidential speeches were tailored to throw cold water on the administration's initiatives. On the other hand, lowering the cost of remittances, and the possibility of immigration reform and ratification of CAFTA played well with many of the smaller countries, such as the Central American republics, which accept their dependency on the US. As a result, their presidents' speeches were laudatory and crafted to increase the belief within the Bush administration that their policies are on the right track and should be continued."

Guest Commentary: Richard Feinberg: "The Bush administration used the Summit to try to halt the momentum toward an antiglobalization bloc in South America by repairing relations with Mexico, engaging with new initiatives for Peru and Bolivia, and courting the countries of Central America and the Caribbean. For Fox, Bush offered reforms in immigration and the cost of remittances. For Alejandro Toledo, the US returned \$20 million in assets seized from Fujimori-era corruption. Alarmed by the prospect of a failed state in the heart of South America, the US is joining with Mexico to co-chair an emergency Bolivia Support Group. For countries of Central America and the Caribbean, there are promises of freer trade, immigration reform, and assistance in combating HIV/AIDs. More generally -- and contrary to some media reports -- Bush appeared engaged and relaxed, and advanced a cooperative, multilateral agenda: his remarks at the private leaders' working sessions made no mention of terrorism or the Middle East, instead focusing on foreign assistance, combating corruption, and negotiating free trade; his one 'spontaneous' intervention centered on his pledge to allocate \$15 billion to fight HIV/AIDs. Bush did not have to respond directly to the anti-imperialist polemics of Presidents Hugo Chavez and Nestor Kirchner. Throughout the private working sessions, many other leaders indirectly denied that globalization and poverty alleviation were incompatible by showcasing successful social programs, and by calling for increased collective action to fortify fragile democratic institutions and tackle common problems. With Fox firmly chairing the meetings, and with most leaders adopting pragmatic, even optimistic tones, Lula maintained a modest profile, and his bid for continental leadership generated few echoes."

Board Commentary: Beatrice Rangel: "While the meeting was essen-

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tial to re-establishing a meaningful dialogue with Latin America, this Summit failed to address the crucial issue of growth and development. Forecasts of growth for the region are a meager 3.4 percent for this year, which will hardly have an impact upon political stability given that structural rigidities such as patterns of income distribution, lack or insufficient trade infrastructure, and agricultural protectionism stand in the way of making this growth beneficial to many. The Summit, however, was very successful in establishing a quiet exchange between the US and the leaders of Latin America -- an exchange which could influence the course of hemispheric relations. While there were no glitzy agreements to disclose to the media with respect to these exchanges, President Bush left Monterrey with a clearer picture of the magnitude of the challenges posed by political instability and economic downturns to US national security than was the case before he engaged in these *tete-a-tetes*."

Guest Commentary: Eric Farnsworth: "The Summit was a step in the right direction. So much of international politics revolves around 'atmospherics' and personal relationships among leaders, and President Bush left Monterrey having strengthened relations with President Fox, new Canadian Prime Minister Paul Martin, and others. Such relations provide the political space to accomplish much in the hemispheric context, including the complicated and nuanced FTAA. That's not to say all is now well in Latin America and the Caribbean or that leaders now agree on the full agenda. Clearly, that is not the case. What it does show, however, is that if expectations are realistic and leaders find areas of mutual interest, progress will occur. Two quick points to note: implementation remains critical. As a report just issued by Canada's FOCAL, the Council of the Americas, the North-South Center, and UCSD makes clear, commitments without a focus on implementation will do the Hemisphere little good. Second, the proposal for a humanitarian fund to respond to natural disasters and the like should be seriously considered, and might be an area of common ground to develop with Venezuela. It tracks closely with Argentina's 'White Helmets' initiative from the Miami Summit in 1994, an initiative of great promise that languished in the implementation phase. But the timing is right, and the need is self-evident; witness the international response to the recent earthquake in Iran."

Jose Angel Gurria is former Mexican Minister of Finance, Foreign Relations, and Commerce.

Tony Smith is a member of the ADVISOR board and a Partner at Schmeltzer, Aptaker & Shepard.

Richard Feinberg is Professor of International Political Economy at the University of California at San Diego.

Beatrice Rangel is a member of the ADVISOR board and Senior Advisor to the Chairman at the Cisneros Group of Companies.

Eric Farnsworth is Vice President of Washington Operations at the Council of the Americas.

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Erik Brand,
General Manager, Publishing

Robert Simpson,
Editor

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Reporter

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Computer Services Coordinator

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Subscription Inquiries are welcomed at
freetrial@thedialogue.org

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Washington, DC 20036
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