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Featured Q&A With Our Board of Advisors

Q Mexico's first lady, Marta Sahagun de Fox, has been mentioned as both a possible presidential candidate in 2006 and as a candidate for mayor of Mexico City. Is Fox a viable political candidate? Why/why not?

A Guest Comment: Armand Peschard-Sverdrup: "Marta Sahagun de Fox has been mentioned as a prospective 2006 presidential candidate, as well as gubernatorial candidate for either the state of Michoacan—her birthplace—or the state of Guanajuato, where she lived most of her life, and most recently even as a prospective candidate for mayor of Mexico City. Although to date she has yet to throw her hat into any of these rings, her current high public opinion rating has, for all intents and purposes, transformed her into a political contender and accordingly the focus of scrutiny and political attacks usually reserved for political challengers. Today Mrs. Fox is a viable political candidate, if solely on the basis of her nationwide name recognition, a popularity that stems from her extremely active and visible role as first lady, and her effectiveness in dealing with constituent concerns. The challenge that she faces is sustaining her high public opinion rating and capturing the official nomination for any of these elected offices. Winning the nomination will depend on the candidate selection process that the National Action Party (PAN) undertakes.

Reminiscent of the resistance encountered by Hillary Clinton in the US, the thought of a politically active first lady, and one that may even possess the necessary attributes to attain an elected office, can undoubtedly incite deep-seated opposition; all the more so in Mexico given the traditional perception of gender roles within Mexico's political culture and underlying machismo. Regardless of what people may think of her personally, or the heightened level of partisan tensions, one cannot refute that Mrs.

Continued on page 4

PHOTO OF THE DAY

Brazilian Senator Joao Ribeiro



Brazil's labor ministry on Thursday reported the discovery of 32 workers living in slave-like conditions on Senator Ribeiro's ranch. See related story on page 2.

Source: Brazilian Senate.

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NEWS BRIEFS

Brazilian Deputy to Introduce Bill Reversing CADE ruling on Nestle

A Brazilian lawmaker plans to introduce a bill reversing a ruling issued last week by antitrust agency CADE that ordered Swiss food company **Nestle** to sell chocolate maker **Garoto**. Renato Casagrande, the leader of the Brazilian Socialist Party (PSB) and a deputy in the lower house from Espirito Santo state, said the bill is aimed at protecting the jobs of 3,000 Garoto employees in his state.

AmBev to Increase its Stake in Dominican Bottler Embodom

Brazilian beverage giant **AmBev** said Thursday it planned to buy an additional 51 percent stake in **Embotelladora Dominicana CXA** (Embodom) for \$60 million. AmBev already holds a 15 percent stake in the Dominican bottler, which had a 56 percent market share in the Caribbean nation as of November 2003. Embodom's bottling plant in the capital, Santo Domingo, produces 2.3 million hectoliters per year.

Committee Recommends Bancomer Shareholders Accept BBVA Bid

A committee appointed by the board of director of Mexican bank **BBVA Bancomer** has recommended that shareholders accept a tender offer by Spanish parent **BBVA** to buy the remaining 40.6 percent stake it does not already own. The committee said the 12 pesos per share offer by BBVA was a "reasonable price from a financial point of view." BBVA announced the 3.3 billion euro (\$US 4.2 billion) cash bid last week as it moves to bolster its presence in Mexico. BBVA Bancomer is Mexico's largest bank.

Source: *Agencia Camara, Reuters.*

Political News

Venezuela's CNE Postpones Ruling on Pro-Referendum Petition

Venezuela's National Electoral Council (CNE) said Thursday it would not be able to meet a deadline it set for today to issue a ruling on whether to allow a recall referendum to go ahead on the presidency of Hugo Chavez, Reuters reported. The announcement, although somewhat expected, was blamed for violent street clashes yesterday between opponents and supporters of Chavez in the cities of Valencia and Barcelona. A clash between opposition students and riot police was also reported in the city of Merida. Chavez's opponents are fearful the CNE is caving in to pressure from the government to delay a ruling on the validity of 3.4 million signatures on a petition the opposition submitted in December in favor of a referendum on Chavez's rule. Opposition leaders have vowed to step street

istry said the workers were not allowed to leave the ranch of Senator Joao Ribeiro, a member of Brazil's right-wing PFL party, were forced to work seven days a week without pay, and had no running water or toilets. A spokesman for Ribeiro said the senator was recovering from medical treatment and unable to comment. The labor ministry's announcement came two weeks after four labor ministry officials investigating slavery in the country were shot dead and while Brazil's Congress debates a bill to seize the land of ranchers who hold slaves. There is an estimated 25,000 modern-day slaves in Brazil, which abolished legal slavery in 1888.

Economic News

IMF: Argentina Must Make March 9 Payment or be Cut Off from Loan

Argentina must make a \$3 billion payment owed to the International Monetary Fund

CNE officials said the body expected to announce its decision by the end of the month.

protests if the CNE delays its ruling. *The Miami Herald* reported this morning that electoral officials were rechecking some 90,000 petition forms containing one million signatures, and that the CNE had hired extra personnel to help with the process. Yesterday, CNE officials said the body expected to announce its decision by the end of the month. Chavez hopes to delay any referendum until after August. According to Venezuelan law, if Chavez loses a referendum after August, he could be succeeded by his vice president, an appointee who is widely expected to be loyal to Chavez.

Thirty-Two Slaves Discovered on Ranch of Brazilian Senator

Brazil's labor ministry on Thursday announced the discovery of 32 workers living in slave-like conditions on the ranch of a senator, Reuters reported. The min-

(IMF) on March 9 before it receives the next disbursement under its \$13.3 billion, three-year loan deal with the Fund, an IMF spokesman said Thursday, according to Reuters. "The Fund cannot approve a loan if there are overdue obligations," the IMF's Tom Dawson told reporters in what was characterized as unusually blunt language. The IMF hopes to schedule an executive board meeting in March for a second review of Argentina's loan accord to discuss whether the country has met fiscal and monetary targets, and made progress in implementing banking and utility sector reforms. The IMF has also conditioned continued support for Argentina on the government's engaging in "good faith" negotiations with creditors holding some \$88 billion in defaulted debt. Argentina's apparent take-it-or-leave-it offer to pay just 25 percent of the face value of the debt in default has been roundly rejected by creditors, and has increased pressure on

the IMF to take a hard line with the government of Argentine President Nestor Kirchner. Economy Minister Roberto Lavagna insists Argentina has fulfilled all the "objective factors" of its IMF loan conditions. Argentina says it will only make the March payment to the IMF if it is assured the Fund will approve the review. Despite the warning, Dawson said "there is no reason not to think that we won't be able to maintain a current relationship."

Bush Seeks to Limit Concern Over Advisor's Outsourcing Remark

US President George W. Bush on Thursday distanced himself from a top economic adviser who said outsourcing US jobs overseas could help the economy, Reuters reported. "The (economic) numbers are good. But I don't worry about numbers, I worry about people," Bush said at a high school in Pennsylvania, pivotal in this year's presidential election and hard-hit by job losses during his presidency. Gregory Mankiw, the chairman of Bush's council of economic advisors has

Mexico Expert M. Delal Baer Dies

M. Delal Baer, a leading expert on Mexican affairs and US-Mexico relations, died Wednesday after a long battle with cancer.

Baer was a senior advisor for the Americas Program at the Washington, DC-based Center for Strategic & International Studies (CSIS), where she founded and built an influential program on Mexico.

"She demonstrated an unyielding commitment to deepening the understanding of Mexico in the United States and playing a constructive role in US-Mexico relations," said CSIS President and CEO John Hamre.

The Inter-American Dialogue (the owner of this publication) has collaborated with CSIS for many years.

characterized US company outsourcing as "something that we should realize is probably a plus for the economy in the long run," a remark on which a bipartisan chorus of critics have jumped as evidence the White House is unconcerned with the plight of unemployed Americans. Bush vowed to keep jobs at home by maintaining low taxes and retraining displaced workers, but offered no new initiatives to reduce outsourcing. Aides reiterated the president's opposition to restrictions on free trade. Democrats have said they would protect workers by requiring outsourcing companies to share their plans with employees and the Labor Department. Some 2.8 million factory jobs have left the US since Bush's inauguration, many for Mexico, India and China, which enjoy lower labor costs. Proponents of free trade say the Bush administration, which is expected to submit a number of trade pacts with Latin America—including the Central America Free Trade Agreement (CAFTA)—for ratification by Congress this year, must do a better job of extolling free trade's strengths. Donald Planty, a consultant and former US ambassador to Guatemala, echoed that sentiment in recent comments to the *Advisor*. "The Bush administration and supporters of CAFTA will need to paint the 'big picture' for voters, reminding them that free trade has historically benefited the US by making a major contribution to economic growth in the post World War II period," Planty told the *Advisor*. [Editor's note: see related Q&A in February 6, 2004 issue of the *Latin America Advisor*.]

Company News

PDVSA Refinery Joint Venture with Exxon Target of Environmental Suit

Two Louisiana environmental groups filed a federal lawsuit on Thursday against **Chalmette Refining LLC**, a 50-50 joint venture between Venezuelan state oil company **Petroleos de Venezuela SA** (PDVSA) and **Exxon Mobil Corp.**, for alleged environmental law violations, Reuters reported. According to the St. Bernard Citizens for Environmental Quality and the

Q&A Index

A review of the featured Q&A in the Latin America Advisor for the week ending February 13, 2004.

Monday: Is a Clash Between Chavez and Venezuela's Central Bank Over?

Tuesday: Where Do FTAA Talks Stand After Last Week's Puebla Deadlock?

Wednesday: What Effect will BBVA's Full Ownership Have on Bancomer?

Thursday: Is Brazil Moving Toward Tighter Control of Competition?

Friday: Is Mexico's Marta Sahagun de Fox a Viable Political Candidate?

Subscribers may pose questions to the Board of Advisors for the Featured Q&A by contacting Editor Robert Simpson at rsimpson@thediologue.org.

Louisiana Bucket Brigade, the 187,000 barrel per day refinery violated emission limits and reporting requirements. "When you drive by the Exxon Mobil refinery, you see rust everywhere," said a Bucket Brigade representative. "They need to start investing in the refinery and in people's health." Chalmette Refining said it was committed to environmental regulation compliance, and that its New Orleans refinery has spent \$100 million-plus in environmental projects. The company face possible fines of up to \$27,500 per day for each violation of the US Clean Air Act and the US Emergency Planning and Community Right to Know Act.

Telmex Management to Propose Increase in Share Buybacks

The management of Mexico's dominant fixed-line operator **Telefonos de Mexico** (Telmex) said Thursday it would propose at a March 1 shareholders meeting a 20 percent increase in its annual share buyback plan. Telmex said it wants to increase the amount it can use to repurchase its own stock to 12 billion pesos (\$US 1 billion) from 10 billion pesos.

Featured Q&A*Continued from page 1*

Fox has elevated the role of Mexico's first lady and demonstrated an Eleanor Roosevelt-like commitment to public service. It remains to be seen whether she will seize any of these opportunities in 2006 or 2007."

A Guest Comment: Olga Wornat: "In the first place, it is important to be clear that if Marta Sahagun de Fox becomes the presidential candidate in 2006, she will succeed her husband in a country where, constitutionally, there is no re-election. And that is called nepotism. Looking for the humor in the situation, ridiculous as it is, what will Vicente Fox become if she

“I don't believe the reasons that she brandishes, or the fact of being a woman in a 'machista' country, are the reasons why she seeks to succeed her husband.”

— Olga Wornat

is a candidate and, above all, wins? The topic has been discussed for a long time and she herself has encouraged it. I believe if it happens the situation will be serious, as there will be a grave institutional schism. On the other hand, I don't believe her capable, and I don't believe the reasons that she brandishes, or the fact of being a woman in a 'machista' country, are the reasons why she seeks to succeed her husband. It is not ethical, nor reasonable, nor does it work institutionally. The democratic transition, which has cost so much work, would be endangered. Perhaps she mentions her desire to be a candidate, which I am sure she wants, to obtain some other candidacy—governor of Guanajuato, mayor of Mexico City, or senator. Maybe. But that is likewise not very ethical."

A Guest Comment: Peter Ward: "I don't believe that Marta Sahagun de Fox is a viable candidate for the presidency. She has no experience of elected public office either to the legislative track or to the executive track. She failed in her attempt to become mayor of Celaya several years ago. However, having said that, I had an opportunity to meet with her and she is extremely smart and has a great deal of political savvy, but it would be premature for her to be considered a candidate for the presidency. There would also be strong opposition from within the PAN from other persons who are also interested in seeking the presidential candidacy and there would be widespread concern in Mexico that this is essentially a way of avoiding the no-re-election clause as it applies to President Vicente Fox. She is eminently capable and suited to seek political office at a lower level and I would have thought that the obvious choices open to her on the executive track would be either the governorship of Guanajuato state or mayor of Mexico City. An alternative could be for her to seek election as a deputy or senator in the 2006 elections. The majority of her support comes from the PAN, but particularly women within the PAN. There's widespread support for her particularly among women, but I think among the Mexican populace at large, they greatly admire her not only for her being smart, but because she's a divorcee who's worked very closely with President Fox."

Armand Peschard-Sverdrup is the Director of the Mexico Project at the Center for Strategic and International Studies (CSIS).

Olga Wornat is a journalist and author of *The Boss: The Public and Private Life of Marta Sahagun de Fox*.

Peter Ward is a Professor of Public Affairs and Sociology, and Director of the Mexican Center at the University of Texas at Austin.

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