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Latin America Advisor

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

Featured Q&A *With Our Board of Advisors*

Q The United States and Mexico last week signed a border security agreement, which includes a controversial proposal to repatriate illegal Mexican immigrants to their hometowns instead of just dumping them on the Mexican side of the border. Do you think the repatriation plan, if implemented, would have a significant impact on the flow of Mexican illegals into the US? How will such a plan be received in Mexico, especially by the political opposition?

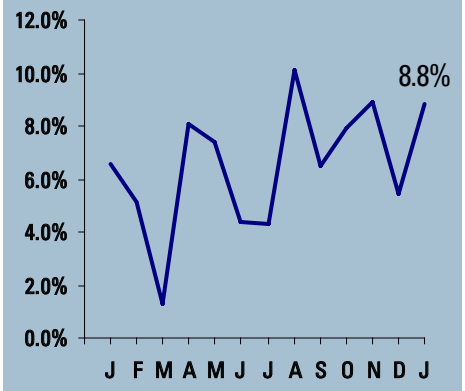
A Guest Comment: Andres Rozental:
"Repatriation of undocumented Mexicans to the interior of the country is not new. A pilot program was established and implemented in the early 1990s whereby the United States funded the transportation cost of returning individuals apprehended by the Border Patrol without papers to their hometowns instead of just having them cross the border back into Mexico. The logic then, as now, was to make it 'more difficult' for deported Mexicans to turn around and try to re-enter the US by taking them further away from the border and making it more costly for them to attempt another illegal crossing. The earlier program was fairly small and didn't make much of dent in the overall numbers of migrants who crossed the border in those years. Unless this more recent plan encompasses a far greater number of deportees and a much larger budget appropriation than ten years ago, it is doubtful whether it would be any more successful in making a major difference in the flows of undocumented Mexicans. One must keep in mind that repeated, unilaterally adopted measures by the US to create new difficulties for Mexicans who cross illegally into the US have in the long run failed to significantly impact the overall numbers. Border fences, antiterrorism measures, employer sanctions, and strengthened enforcement on the US side have never had the desired result of reducing the flows. Only a comprehensive, bilaterally negotiated migration program that

Continued on page 4

CHART OF THE DAY

Mexico's ANTAD Retail Sales

YoY % change, Jan 2003-Jan 2004



See related news brief on page 2.

Source: ANTAD

Inside This Issue

FEATURED Q&A: Will Repatriation Stem the Flow of Illegal Mexican Immigrants?.....1

Haitian Opposition Rejects Power-Sharing Proposal.....2

Videotape Prompts Probe of Mexico's Green Party President for Corruption.....2

Mexico Bans All US Poultry Imports; Beef Boycott Continues to Irk US.....2

Repsol CEO: Construction of Mexico Plant Hinges on Bolivia Gas Project.....3

On the Campaign Trail: Quotes on Latin America from US Presidential Candidates.....3

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NEWS BRIEFS

Retail Sales at Top Mexican Retailers Rose in January

Mexico's National Association of Supermarkets and Department Stores (ANTAD) said its members' same-store retail sales, or sales at stores open at least a year, rose 3.1 percent in January compared to the same month of 2003. Total sales increased 8.8 percent year-on-year. ANTAD's members include 100 of Mexico's largest retailers.

Moody's Raises Ecuador Ratings

Moody's Investors Service announced Tuesday it had raised two ratings assigned to Ecuadorean debt. Moody's said it upgraded its rating for Ecuador's foreign currency bonds from Caa2 to Caa1 and its rating for the country's local currency bonds from Caa1 to B3. Moody's attributed the upgrades to Ecuador's improved fiscal management.

Member of Board of Directors of Centennial Steps Down

Centennial Communications Corp. announced Tuesday that Lawrence H. Guffey had resigned from the company's board of directors. Centennial, which offers mobile and fixed-wireless telecommunications services in the Dominican Republic, Puerto Rico, the US, and the US Virgin Islands, appointed Robert Reid to complete Guffey's term.

Teledensity in Peru Has Increased

The number of fixed telephone lines in service in Peru has grown 178 percent in the past 10 years, according to the country's dominant fixed-line operator, **Telefonica del Peru**. As a result, teledensity has increased to 6.7 lines per every 100 people, from 2.9 lines a decade ago.

Sources: Reuters, El Comercio

Political News

Haitian Opposition Rejects Power-Sharing Proposal

Haiti's political opposition on Tuesday rejected a proposal to share power with President Jean-Bertrand Aristide, frustrating attempts by a US-led peace mission to defuse an armed uprising that threatens to topple the embattled president, the Associated Press reported. "We sent out position (paper) and a signed letter saying 'no' to the proposal," opposition leader Paul Denis stated. Maurice Lafortune, president of the Haitian Chamber of Commerce—part of the umbrella Democratic Platform opposition group—said the opposition would not change its mind. "Our answer remains the same. Aristide must resign," Lafortune said. Despite the opposition's rejection of the power-sharing plan, which proposed that Aristide cede some powers and appoint an opposition-friendly cabinet, US and French officials said they were still working to forge an agreement between both sides. The US fears that without a political agreement, Aristide may be violently overthrown by armed insurgents and the country will be plunged into chaos, triggering a massive exodus of Haitian refugees. Aristide warned of such an exodus yesterday and appealed to the international community to send police to save his country from "the terrorists." Rebels have seized most of the northern half of the Caribbean nation and threaten to move on the capital, Port-au-Prince. At least 70 people have been killed thus far in the three-week-old revolt. An unnamed US official said yesterday the United States was considering seeking a resolution authorizing the dispatch of international peacekeepers to Haiti if an agreement is reached between Aristide and the opposition.

Videotape Prompts Probe of Mexico's Green Party President for Corruption

The leader of Mexico's Green Party is being investigated for corruption after a videotape surfaced Tuesday showing him soliciting a bribe from a real estate developer, the Associated Press reported. Mexico's attorney general said he would conduct a "careful, rigorous analysis" of the blurry black-and-white video, which shows Green Party President Jorge Emilio Gonzalez asking the developer, a businessman named Luis Lara, for $2 million dollars as payment for help in securing permits for two development projects in the resort city of Cancun. Authorities will determine whether the videotape of Gonzalez, who is also a senator, merits a request to strip him of legislative immunity. Federal election officials are also planning to investigate the matter to determine if election laws were violated. Gonzalez, who inherited the leadership of the Green Party in 2001 after his father—the party's founder—died, denied any wrongdoing and said he had no plans to resign. "I never committed any crime whatsoever. There was never any bribe." The video was made by Santiago Leon, a member of a dissident faction of the Green Party which has been seeking to wrest control of the party away from Gonzalez's family. Gonzalez also accused the government of President Vicente Fox of being behind the videotape in an attempt "to destroy the Green Party." With 17 of 500 seats in the lower house of Mexico's Congress and five of 128 seats in the Senate, the Green Party has frequently provided swing votes against Fox's legislative proposals. The government issued a statement denying any involvement in the videotape.

Economic News

Mexico Bans All US Poultry Imports; Beef Boycott Continues to Irk US

Mexico banned all imports of US poultry products yesterday, amid fears a more severe-than-expected avian flu discovered in Texas could spread. The European Union and South Korea also banned the import of all poultry products from the United States, while Russia, for now, blocked poultry imports from Texas only, according to the Associated Press. For several years Mexico, where chicken is the key source of protein and an industry-wide outbreak would be devastating to producers and consumers alike, has been pressing

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the United States to better control and monitor its poultry sector. Since 2002, Mexico has closed its borders to poultry imports from at least eight states, according to Reuters. Industry analysts say the bans yesterday are in line with actions the US and other countries generally take in such cases. The ban on poultry comes at a time of increased friction between the US and Mexico over agriculture trade. Yesterday, US Agriculture Secretary Ann Veneman criticized Mexico for being too slow to reopen its borders to some US beef following December's discovery of mad cow disease in Washington state, according to Reuters. "We are getting a little bit frustrated with Mexico," Veneman told a group of US governors. Last year, the US filed a WTO case against Mexico in connection with Mexico's antidumping orders on US beef. Veneman added that Mexico continues to buy beef from Canada, even though that country also had a case of mad cow disease last year. Mark Ritchie, who heads the Minneapolis, MN-based Institute for Agriculture and Trade Policy told the *Advisor* that the real question now is what Mexico will require before it opens the border to US beef imports again. "The US ban on Canadian beef went on for many, many months," Ritchie said, "so we're likely to see the Mexico ban go on until the US makes more aggressive moves, like the United Kingdom did, in addressing its feed supply, testing methods, etc." In 2002, the United States exported $829 million of beef products to Mexico, according to the US government, making it one of the top importers of US beef.

On the Campaign Trail

Quotes on Latin America from US presidential candidates

"The current crisis in Haiti is yet another example of Bush administration neglect in our own Hemisphere ... As a result, Haiti is now on the verge of collapsing into a failed state, potentially creating untold hardships for the Haitian people and an enormous influx of refugees on our shores."

– US Senator and Democratic frontrunner John Kerry (MA) in a statement issued Tuesday.

"The [Democratic] candidates are an interesting group, with diverse opinions: For tax cuts, and against them. For NAFTA, and against NAFTA. For the Patriot Act, and against the Patriot Act. In favor of liberating Iraq, and opposed to it. And that's just one senator from Massachusetts."

– President George W. Bush, addressing the Republican Governor's Association on Monday, referring to Kerry.

"I believe that NAFTA should exist. I think NAFTA is important—it is an important part of our global economy, an important part of our trade relations."

– US Senator and Democratic candidate John Edwards (NC), in an interview with *The New York Times* on Monday. Edwards has criticized NAFTA for causing job losses in the US and has said he would seek to renegotiate the trade pact.

Company News

Repsol CEO: Construction of Mexico Plant Hinges on Bolivia Gas Project

Spanish oil and gas group **Repsol YPF** on Tuesday said its investment in a Mexican regasification plant could be cut short if plans to export gas from Bolivia to the US and Mexico falter, Reuters reported. Chairman Alfonso Cortina told a news conference that Repsol could sell its Mexican regasification operations at a capital profit, and that there were four multinational oil firms interested in joining the project as a partner. Repsol announced last week that Mexico had awarded it a site to build a liquefied natural gas regasification plant in the Pacific port of Lazaro Cardenas that would begin operating in 2008. The Bolivian project to export gas to the United States and Mexico faltered last year when opponents of a plan routing Bolivian natural resources through Chile helped bring down the business-friendly administration of President Gonzalo Sanchez de Lozada. The entire issue of whether the country should export gas is now being debated anew in Bolivia's congress. Repsol's fourth-quarter 2003 profit more than doubled, according to Bloomberg News, as output of oil and natural gas jumped 19 percent. Despite the fact Repsol's net income rose to $517 million, the company's shares traded slightly down yesterday as markets were expecting even better results. Repsol aims to raise output from Trinidad and Tobago, a Caribbean island nation that holds the third-biggest gas reserves in Central and South America, by 44 percent a year in the next four years, according to Bloomberg News.

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Featured Q&A

Continued from page 1

takes into account the millions of Mexicans currently in the US, as well as those yet to come, will truly address the issue of undocumented migration from Mexico in the short term."

Board Comment: George W. Grayson: "Repatriation to their home areas will complicate efforts by illegal aliens to sneak back into America. Yet Mexican Government Secretary Santiago Creel—the likely PAN presidential candidate in 2006—says any program must be 'voluntary.' If this is the case, many illegals will resist being bused to Michoacan or Oaxaca, deep in their country. Still, returning home where they have family, friends, and a plot of land may be preferable to the US' experimental, 'lateral' deportation policy by which illegal border crossers are sent into Mexico hundreds of miles from their apprehension point. Although the fine print has yet to be revealed, US taxpayers will probably pay the lion's share of the new scheme, just as Uncle Sam picks up the tab for the dispatch of Central Americans arrested in Mexico to their villages in Guatemala, Honduras, and El Salvador. As President Bush prepares to welcome Vicente Fox to his Crawford ranch early next month, he is searching for initiatives that will prevent the death of illegal immigrants in the Sonoran desert and other dangerous venues. Making nice with Fox, Bush's political gurus believe, will help the GOP capture a bigger slice of the Hispanic-American vote in November. What the White House won't admit, however, is that border control schemes won't prevent unlawful entries unless they are complemented by workplace enforcement of laws against hiring illegal workers."

> "Although the fine print has yet to be revealed, US taxpayers will probably pay the lion's share of the new scheme ..."
>
> *– George W. Grayson*

Guest Comment: Francisco Alba: "This plan probably will have just a very marginal impact on migratory pressures. We know that the fundamental factors that drive migration, such as demand forces in the US and the lack of growth in Mexico, are going to be unchanged. As to how such a plan will be received in Mexico, I would imagine that if this agreement is clear on the fact that those being repatriated assent to their repatriation and is seen as a collaboration between the US and Mexico, then the opposition will not be very strong-voiced. What the opposition complained about in the recent past—last year—was the unilateral aspect of repatriation of those who were caught. This agreement is a product of the fact that the two governments sat down together and collaborated. I don't see major voices in the opposition against this agreement."

Andres Rozental *is President of the Mexican Council on Foreign Relations and was a member of Mexico's diplomatic corps for more than 30 years, including a stint as Undersecretary for Foreign Relations from 1998 to 1994.*

George W. Grayson *is a member of the* Advisor board *and a Professor of Government at The College of William & Mary.*

Francisco Alba *is a Professor in the Center for the Study of Demography and Urban Development at El Colegio de Mexico.*

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