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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 Trade Promotion Authority (TPA), which gives the president of the United States the vital power to submit free trade agreements to Congress for a simple up-or-down vote, without amendments, comes up for congressional renewal next year. What are the prospects for TPA's reauthorization? Does TPA fare a better chance of renewal with a Republican White House, versus a Democratic one?

A Board Comment: Tony Smith: "The Trade Promotion Authority (TPA) Statute requires the President to give notice to extend it for two years by July 2005. With the negotiated number of Free Trade Agreements, if President Bush is re-elected, he will give the appropriate notice to extend TPA for another two years. When that happens, the TPA is extended to July 2007 unless one House of the US Congress passes a disapproval resolution. With the Senate requiring a supermajority of 60 votes, that is unlikely. If Senator Kerry is elected, I expect he will support an extension of TPA. The difference, however, may be that Kerry may change the negotiating priorities in TPA to strengthen the labor and environmental standards. Congressional Democrats have made it clear that they believe TPA only requires strong and enforceable provisions for the business agenda. When it comes to labor and the environment, they believe TPA

provides only 'flute music'. The fight over CAFTA is really a continuation of the TPA fight over what must be negotiated and included. Right now each side has drawn a line in the sand, but after the elections I believe they will work something out. Whether TPA will be skewed one way or the other depends on who will be elected. CAFTA will be passed either way."

A Guest Comment: Eric Farnsworth: "Fast track, or trade promotion authority, is a grant of authority from Congress to the executive.

Continued on page 4

CHART OF THE DAY

Trade Ministers Sign CAFTA



Central American and US trade ministers sign the Central America Trade Agreement on Friday at the OAS in Washington. Groups both for and against the agreement chimed in. See related story, page 2.

Photo: USTR.

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NEWS BRIEFS

Argentina May Finalize Debt Restructuring Plan this Week

Argentina said it will have a final offer for bondholders to restructure \$99.4 billion in debt today, about two and a half years after the government carried out the biggest default in history. "The proposal will be over in the next hours," Interior Minister Anibal Fernandez said on Radio Mitre Monday.

Source: Bloomberg News.

Mexico's Energy Minister Resigns in Huff with President Fox

Mexico's Energy Minister Felipe Calderon resigned after being criticized by President Vicente Fox. The move will set back the government's efforts to get Congress to approve greater investment in the energy industry, according to reports.

Source: Bloomberg News.

Aristide Departs Jamaica to Begin South Africa Exile

Former President Jean-Bertrand Aristide left Jamaica on Sunday bound for South Africa, where he has gained political asylum and will begin his indefinite exile from his home country. The ousted president left the Caribbean insisting that he is still the rightful president of Haiti, according to the *Miami Herald*. He vowed to return and dismissed allegations that he profited from drug trafficking and stole from the poor country's funds. "There is one elected president of Haiti. There's not two. And it is me," Aristide told reporters at a news conference in Kingston. Rep. Maxine Waters (D-CA), who supports Aristide's return to power, was in Jamaica to see him off.

Source: Miami Herald.

Economic News

Venezuela Referendum Remains in Dispute

Venezuela's heavily monitored recount of contested referendum signatures has yet to yield firm conclusions, according to wire reports at press time. The recount, which began on Friday and was intended to take three days, has thus far yielded no clear results for either side of the dispute between President Hugo Chavez and political opposition leaders seeking a recall election against him later this summer. Without a clear outcome, both sides were claiming victory to their constituents and accusing each other of fraud, but no end to the gridlock is in sight. On Monday, the vice president of the National Elections Council said he had been denied comput-

according to Reuters. News out of the discussions in Guadalajara has focused on debates over the abuse by US forces on prisoners in Iraq, the use of the United Nations in fighting terrorism, and the US economic embargo on Cuba. The leaders ended up strongly condemning the mistreatment of Iraqi prisoners by US troops, and urged Washington to work with the United Nations rather than pursue terrorists abroad on its own. More than 20 leaders representing the EU, Latin America and Caribbean nations condemned "mistreatment of prisoners in Iraqi jails," according to the draft resolution. Britain had put up initial opposition to the draft, according to reports, but in the end joined the resolution that said, in part, "We express our horror at recent evidence of the mistreatment of prisoners in Iraqi jails. These abuses go against international law."

"We have become concerned about the slow delivery of petitions and information to the Carter Center and to the Organization of American States,"

— former US president Jimmy Carter

er information on the vote count, which he said had barely begun, according to CNN. International monitors said they were growing frustrated with the delays, as well. "We have become concerned about the slow delivery of petitions and information to the Carter Center and to the Organization of American States," said former US president Jimmy Carter. Monitor groups said they expected to receive an explanation for the delays later today. If the opposition groups can prove through the recount that they have enough signatures to recall Chavez, the elections would occur on August 8, 2004. He would be up for re-election in 2006, should no recall vote come to pass.

EU, Latin American Leaders Debate US Foreign Policy

European and Latin American heads of state concluded a summit meeting Saturday in Mexico with strong declarations aimed indirectly at US foreign policy,

The leaders also agreed on the need for a reformed and stronger United Nations to lead the way in resolving conflicts instead of allowing individual nations to act alone. The summit's other hot topic of discussion was Cuba. The leaders in the end disagreed over "how strongly to condemn the US economic blockade against Cuba" according to the report.

CAFTA Signing Rallies Forces Both Pro and Con

Trade leaders from five Central American countries and the United States signed the Central America Free Trade Agreement (CAFTA) Friday at the Organization of American States in Washington. Groups opposed to CAFTA, as well as those supporting it, took advantage of the occasion to chime in on the more than 2,000 page document. Robert Zoellick, the United States Trade Representative (USTR), said Friday in a release, "CAFTA will do much to create the new economic opportunity

that will bolster the democratic commonwealth in the hemisphere." A range of business groups and associations also praised CAFTA in press releases to their constituents. However, over 10,000 people in Costa Rica, mostly workers from state-owned industries, took to the streets in the capitol city and closed highways elsewhere, according to Reuters. The workers fear their jobs would be imperiled by privatization that would result for the trade accord. Politicians in the US also spoke out against CAFTA. Democratic presidential candidate John Kerry commented Friday he opposes the CAFTA agreement as it stands. "I will oppose the CAFTA as currently negotiated by President Bush," Kerry said in a release, adding that "CAFTA marks a reversal by not including adequate and fully enforceable protections for labor rights and environmental protections in the core of the agreement." Legislators in sugar-producing states, such as Louisiana, have been particularly outspoken against CAFTA in recent weeks, saying it will ruin their sugar industries. The treaty encompasses the United States, Nicaragua, Guatemala, Honduras, El Salvador and Costa Rica and reduces tariffs on 80 percent of products exported from the US to the region, according to the USTR. The agreement must still be passed by legislatures in each of the six countries.

Political News

Peru's Political Unrest Continues

Planned worker strikes and civil unrest are dominating Peruvian newspaper headlines. Peru's air traffic controllers and others workers are preparing to strike this week against government plans to let private companies run the country's regional airports, according to a Reuters report. Moreover, thousands of farmers in southeastern Peru plan strikes and protests starting June 11 if **Transportadora de Gas del Peru**, the Argentine-led business consortium bringing gas to Peru, refuses to pay \$20 million compensation for alleged environmental damage caused by the gas pipeline, according to the company. Political unrest has rattled the govern-

Advisor Profile

Robert Zoellick

Robert Zoellick signed the Central America Free Trade Agreement on Friday on behalf of the United States. He has championed the Bush Administration's trade efforts abroad, and at home, since 2000. As US Trade Representative, Mr. Zoellick is a member of President Bush's Cabinet, with the rank of Ambassador, and serves as the President's principal trade policy adviser and chief trade negotiator.



Photo: White House.

Name

Robert B. Zoellick

Background

Raised in Naperville, Illinois, Mr. Zoellick received a J.D. *magna cum laude* from the Harvard Law School and a Master of Public Policy degree from Harvard University's Kennedy School of Government in 1981. He graduated Phi Beta Kappa from Swarthmore College in 1975.

Career Highlights

During President George H.W. Bush's Administration, Mr. Zoellick served with Secretary of State James A. Baker as Under Secretary of State for Economic and Agricultural Affairs, as well as Counselor to the Department. He played a key role in working with the Congress on the 1991 vote on "fast-track" negotiating authority.

From 1985 to 1988, Mr. Zoellick served at the Department of the Treasury in various positions.

He worked briefly in the private sector, after leaving government service in 1993, as an Executive Vice President at **Fannie Mae**, the big housing finance company.

Source: White House.

ment of President Alejandro Toledo, who has ruled with approval ratings dipping into the single digits for more than a year. Peru's rural towns continue to struggle against worsening lawlessness. Two mayors of small towns in rural Peru, accused of corruption and terrified of being lynched like another mayor a month ago, fled disguised as police from mobs.

Company News

Alcoa to Invest \$1.4 Billion in Brazil by 2008

US-based aluminum producer **Alcoa** said it plans to invest \$1.4 billion in Brazil over the next four years, Reuters reported yesterday. A new contract that guarantees the

manufacturer power sources is behind the investment, the group's Latin America chief was quoted as saying in the report. Josemar Verillo, president of **Alcoa Latin America**, told a Brazilian news magazine the investments were made possible after its **Alumar** aluminum smelter in north-eastern Brazil secured a 20-year electricity contract from state-owned power utility **Eletronorte** two weeks ago. Verillo is quoted as saying investments could reach as high as \$5 billion as a result of the Eletronorte deal, although he did not lay out a time frame for the spending. Last week, Alcoa said it would invest \$1 billion in Trinidad and Tobago to build an aluminum smelter with a capacity of at least 250,000 metric tons per year.

Featured Q&A*Continued from page 1*

Therefore, prior to the November elections and the seating of the new Congress, it is simply impossible to predict the outcome of a renewal process. But I would note, as a general matter, that the issue of trust between the legislative and executive branches is para-

“ I think it is likely that President Bush, if he is re-elected, will seek such an extension. I think it is less clear what a President Kerry would do ... ”

– *Jon Huenemann*

mount. Consequently, one can surmise that reauthorization would be more complicated if, after the elections, the opposite ends of Pennsylvania Avenue are led by different political parties.”

A Board Comment: Jon Huenemann: “Technically, the President must submit a request for the extension of the existing trade agreement implementation authorities (i.e., trade promotion authority) in the context of seeking the implementation of a trade agreement entered into post June 30, 2005 and prior to July 1, 2007. Then, only if either house of Congress passes a disapproval resolution, which must be referred by the Ways and Means Committee and Rules Committee in the House prior to consideration on the floor, and must be referred by the Finance Committee before it is considered on the Senate

floor, will such authorities not be extended. So, the action-forcing event is whether the President will request such an extension. I think it is likely that President Bush, if he is re-elected, will seek such an extension. I think it is less clear what a President Kerry would do, although I do not think one can assume he would not seek such an extension. I think it will be a more complicated decision for Mr. Kerry. At the same time, we do not know which parties will control the Senate and the House. Again, if the Republicans retain control of both Houses—and the current leadership retains their respective roles—it is not likely that disapproval resolutions, even if introduced by any member, would succeed. If one or more Houses are controlled by the Democrats, again the decision on how to deal with a disapproval resolution would be more complicated. But, one cannot assume such a disapproval resolution would succeed in that scenario. A lot is at stake for US trade policy, and I would hope that no matter who is in control of the White House and Congress we will find a way to continue trade promotion authority.”

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

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

Jon Huenemann is a member of the Advisor board and Senior Vice President at *Fleishman-Hillard Government Relations*.

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Erik Brand,
General Manager, Publishing

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Subscription Inquiries are welcomed at
freetrial@thedialogue.org

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Washington, DC 20036
Phone: 202-822-9002 Fax: 202-822-9553

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