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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 After the tally from last week's "reparo" process, Venezuelan electoral authorities said the opposition had secured enough petition signatures to trigger a recall referendum on President Hugo Chavez. What hurdles now remain for a peaceful resolution of the standoff between Chavez and the opposition? How will both sides prepare for an eventual referendum?

A **Guest Comment: Mark Feierstein:** "Foreign observers, namely the Carter Center and OAS, have played an indispensable role so far. During the 'reparo' process, President Carter and Secretary General Gárriga forcefully dismissed suggestions by the Venezuelan government that the opposition committed fraud, and they privately and publicly pressured the electoral council to avoid delaying the certification of signatures. The observers' continued involvement will be essential to help ensure that the referendum process, and subsequent presidential election if Chavez loses the run-off, are fair. Unfortunately, the electoral council, which is perceived to be controlled by Chavez, has not gained the confidence of the Venezuelan people; and systematic harassment and intimidation of opposition supporters persists, according to human rights groups. In the coming weeks, Chavez will likely try to continue to discredit the opposition, portraying them as elite, corrupt, and antidemocratic. The

opposition will need to mobilize its large base to vote in the referendum, since revoking the president's mandate requires not just a majority but more votes than Chavez received in the last election. At the same time, the opposition needs to reach out to uncommitted voters by preaching unity and reconciliation and emphasizing its commitment to combat poverty and unemployment."

A **Guest Comment: Michael Shifter:** "The announcement by Venezuelan electoral authorities opens up an opportunity to use

Continued on page 4

PHOTO OF THE DAY



Spaniard Rodrigo de Rato y Figaredo on Monday started work as the International Monetary Fund's new managing director.

Photo: IMF.

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NEWS BRIEFS

Official: Creditors Ready to Accept Argentina's Revised Debt Offer

Argentine Cabinet Chief Alberto Fernandez said Monday that, contrary to what has been reported, there is a "good predisposition" among creditors to accept the government's revised debt restructuring offer. "We are confident. We do not feel like we are going to be rejected as has been predicted," Fernandez said. The Global Committee of Argentina Bondholders, the largest group of foreign bondholders, has called the offer "unacceptable" and vowed to block the proposal. Under the revised offer, Argentina says it is offering to pay 25 cents per dollar face value of defaulted debt, including past-due interest.

Source: *La Nacion*.

Mexico's Cydsa Reaches Deal with Creditors on Debt

Mexican chemical and textile company **Cydsa** said Monday it had reached a deal with creditors to restructure some \$159 million in debt. Under the restructuring plan, holders of defaulted bonds due 2009 will be able to exchange them for new stock representing 60 percent of the firm's capital, and \$25.5 million in floating rate bonds due May 2007. Cydsa has been in default on the 2009 bonds' interest payments since December 2002.

Source: *Reuters*.

Bavaria to Issue \$160 M in Bonds

Colombian brewer **Bavaria** plans to issue \$110 million in peso-denominated bonds in Colombia and \$50 million worth of bonds in Peru in June and July. Proceeds from the bond issues would go toward managing the brewer's debt. The brewer is South America's second-largest.

Source: *Reuters*.

Economic News

Supreme Court Ruling Opens the Way to Mexican Trucks on US Roads

The United States Supreme Court ruled Monday that Mexican trucks can travel on US highways without an analysis of the environmental effects, effectively opening US roads to Mexican trucks and ending a source of tension in US-Mexico trade relations. In their unanimous decision, the justices sided with the Bush administration and overturned a lower appeals court ruling. That lower court ruling favored labor and environmental groups by requiring the Department of Transportation to study the impact on air quality from allowing Mexican trucks to freely drive on US roads. Since 1982, Mexican trucks have only been allowed to operate within 20 miles north of the US-Mexico border. After the North American

tants emitted by US trucks. Luis de la Calle, a managing director at global consulting firm Public Strategies and former Mexican undersecretary for international trade, hailed the Supreme Court's ruling as a "great victory" and said it ended discrimination against Mexican truckers. "Under NAFTA, the US federal government and state governments can impose all the environmental conditions they would like, but subject to national treatment. That is, if the US imposes an environmental standard on Mexican trucks it has to apply to US trucks as well," he told the *Advisor*.

Gross Fixed Investment in Mexico up 7.1 Percent YoY in March

Gross fixed investment in Mexico rose 7.1 percent in March compared to the same month of 2003, due to higher company spending aimed at increasing production, the government said Monday, according to Reuters. Companies spent 8.0 percent

US labor groups fear US trucking firms will not be able to compete with their lower-cost Mexican counterparts, while environmental groups estimate that by 2010 Mexican trucks may emit double the amount of specific pollutants emitted by US trucks.

Free Trade Agreement (NAFTA) went into effect in 1994, Mexico has demanded its trucks be allowed to drive anywhere in the US in compliance with NAFTA. Mexico, the US' second-largest trade partner, claims to have endured billions of dollars in economic damages due to the restrictions, as an estimated 4.5 million Mexican trucks cross the border each year. The delay in compliance with NAFTA provisions led Mexico to impose similar restrictions on US trucks. In the wake of yesterday's ruling and under new rules backed by the Bush administration, Mexican trucks and drivers will be able to travel between Mexico and the US. They will not be allowed to ship freight from one US destination to another. US labor groups fear US trucking firms will not be able to compete with their lower-cost Mexican counterparts, while environmental groups estimate that by 2010 Mexican trucks may emit double the amount of specific pollu-

more on equipment and machinery in March, as equipment imports—particularly information processing equipment, electrical parts, metalworking equipment, and measuring instruments, among others—grew 11.4 percent. For the first three months of the year, gross fixed investment increased 4.5 percent year-on-year.

Political News

Brazil Urges Greater Latin American Involvement in Haiti

Brazilian Foreign Minister Celso Amorim on Monday urged fellow Latin American nations to support United Nations peacekeeping efforts in Haiti, Reuters reported. "We can't let Haiti always be a problem for the United States and France to resolve," Amorim told reporters. "They can participate, they can and should help, but we

believe this is a problem. We can't let Haiti ... be Latin America's 'forgotten child.'" With 1,200 troops in Haiti, Brazil is leading the UN peacekeeping mission in the impoverished Caribbean nation, having taken over for a US-led multinational force last week. It is Brazil's largest military deployment abroad since World War II. The troops, part of an effort to stabilize Haiti following a widespread revolt and the ouster of former President Jean-Bertrand Aristide in February, are expected to remain in Haiti for six months. President Luiz Inacio da Silva has sought to strengthen ties between his country and Latin America, and to promote Brazil's role as a leader in the region.

Powell Calls on Latin American Countries to Support Democracy

Asserting that "democracy is at a critical juncture in our Hemisphere," US Secretary of State Colin Powell on Monday urged Latin American nations to enforce democratic principles. "The progress we have made and could yet make is at risk," Powell told his counterparts at the Organization of American States' (OAS) General Assembly in Quito, Ecuador. "There must be no backsliding. We must move forward." The secretary's remarks came just a week after Venezuela concluded a closely watched and politically tense process to confirm signatures for a referendum on the presidency of Hugo Chavez, and a few months after a widespread revolt forced former Haitian President Jean-Bertrand Aristide to resign in February. OAS delegates are working to produce a resolution on Bertrand's resignation, but are bogged down amid differences between the United States and the Caribbean Community (Caricom) on the resolution's phrasing, according to *The Miami Herald*. Caricom, which has demanded an independent investigation into charges the US and France forced Aristide to resign, is seeking stronger wording condemning Aristide's ouster. Powell commended Venezuela for completing the confirmation process, and for commitments by the government and opposition to respect the results of the eventual referendum, which could take place in August.

Advisor Profile

Miguel Angel Rodriguez

Editor's note: on Monday, the foreign ministers of OAS member states elected former Costa Rican President Miguel Angel Rodriguez secretary general. Rodriguez will take over the helm of the OAS amid several crises in the region, including Venezuela's political stand-off and Colombia's decades-old civil war. Below is a profile of Rodriguez.

Name

Miguel Angel Rodriguez Echeverria

Background

Born January 9, 1940 in San Jose, Costa Rica.

Rodriguez earned degrees in Economics & Social Sciences and Law from the Universidad de Costa Rica in 1962 and 1963, respectively. He received a Ph.D. in Economics from the University of California at Berkeley in 1966.



Photo:OAS.

Career Highlights

A respected economist, Rodriguez's career in government began in 1966 when he was named director of Costa Rica's Planning Office and served as an advisor to then-President Jose Joaquin Trejos Fernandez. He became minister of national planning in 1968, staying in the post until 1970.

Rodriguez sought to become the Christian Democratic Party's candidate in the 1990 presidential election, but lost his party's nomination to Rafael Angel Calderon. Rodriguez, however, was elected to the Legislative Assembly in 1990, and served as the Assembly's president from 1991 to 1992.

In 1994, he won his party's presidential nomination, but narrowly lost to the PLN's Jose Maria Figueres. He was finally elected to a four-year term in 1998, defeating Jose Miguel Corrales of the PLN. He took office vowing "austerity and work 24 hours a day" and promising faster economic growth, lower inflation, and reduced poverty.

Rodriguez has private-sector executive experience in agribusiness and the beef industry. He was president of **Grupo Ganadero Internacional** from 1974 until 1987, and was a member of the board of directors of several other companies.

Notes

Rodriguez was regarded by some critics as a weak president. A key moment in his presidency came when he called for the privatization of the country's telecommunications sector in 1992. He was forced to retreat from the proposal amid widespread protests.

Rodriguez's supporters call attention to Costa Rica's 4 percent annual economic growth during his presidency and his success in passing a new labor law, as well as an innovative paternity law to pursue dead-beat fathers.

As OAS secretary general, Rodriguez has said he hopes to increase the body's influence. "We want to pursue freedom, justice and development so that every citizen of the Americas can enjoy a decent life and realizing his or her full human potential," he said yesterday.

Source: OAS, La Nacion, The Miami Herald.

Featured Q&A*Continued from page 1*

the recall referendum on President Chavez's rule. It offers a way to resolve the political impasse that has long polarized the country. The opposition's celebration is understandable, in that they finally have something to grab and hold on to. But the date has yet to be set and there is also concern about the possible recourse at any point to a Supreme Court that may soon be stacked in favor of the government. The situation, in short, remains unpredictable. If the ref-

“Opposition leaders have still not proclaimed a platform to counter Chavez' recent emphasis (and large sums of money) on literacy, jobs, and health and education programs.”

- Lowell Fleischer

erendum process goes forward, and assuming it is credibly monitored and deemed to be fair, it is essential that both sides be willing to accept defeat. To prepare for the vote, a confident Chavez will try to rally his supporters, seize the high moral ground, and keep the opposition off balance. This is precisely the moment for the opposition to be generous and fashion proposals and ideas that respond to the concerns of Chavez supporters who may now be wavering. Even under the most favorable circumstances, however, healing Venezuela's wounds will take many years.”

A Guest Comment: Lowell Fleischer: "Many obstacles remain to a peaceful resolution of the bitter 30-month political struggle between Chavez and the opposition. The electoral council still must formally call a referendum, and the question of dates for regional and local elections has to be decided. After resisting the referendum with every possible kind of political maneuvering, the wily Chavez has attempted to turn a personal

defeat into a resounding victory, claiming credit for the referendum. Chavez may still have several tricks up his sleeve and could still subvert the entire process. He is still claiming fraud and it remains to be seen whether his more militant supporters will accept the referendum peacefully. Without the forceful intervention of former President Jimmy Carter, it is doubtful that the election authorities would have announced the results they did. Now, as Chavez has said, 'the decisive battle' begins. It also remains to be seen if the opposition is prepared. Opposition leaders have still not proclaimed a platform to counter Chavez' recent emphasis (and large sums of money) on literacy, jobs, and health and education programs. The Venezuelan opposition has always been a grab bag of groups with all sorts of attitudes and ideologies, and this could still be its undoing. Most polls show Chavez would lose a recall vote, but at least one survey showed he could win because support for the opposition has waned. The Venezuelan crisis is far from over."

Mark Feirstein is Associate Vice President of Greenberg Quinlan Rosner Research.

Michael Shifter is Vice President for Policy at the Inter-American Dialogue.

Lowell Fleischer is a Senior Associate at the Center for Strategic & International Studies.

Correction

Due to an editing error in the featured Q&A on pension reform in yesterday's issue of the *Latin America Advisor*, the Brazilian court deciding the pension reform case was incorrectly referred to as the STJ. In fact, the court preparing to rule on pension reform is the STF (Supremo Tribunal Federal).

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