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Featured Q&A With Our Board of Advisors

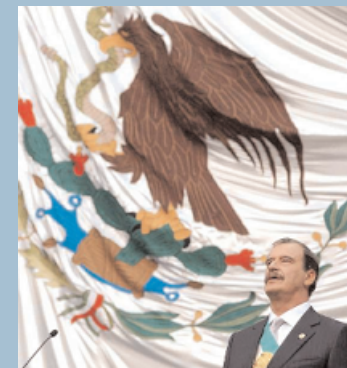
Q Since announcing his proposal for immigration reform and a guest worker program for Mexican immigrants in January, US President George W. Bush has reportedly done little to advance the proposal. Why has Bush not made a greater effort to push immigration reform? Do you think US-Mexico immigration issues will get more attention from the US after the presidential election in November?

A **Guest Comment: Robert Leiken:** "The Bush administration encountered a lot of resistance to its immigration proposal within the Republican base. I don't know how serious the proposal was in the first place, but once it ran into heavy groundfire it basically halted. The Bush administration doesn't want to alienate the base, which they feel they need to win this election. Both parties are doing everything they can to get their base out. The Bush administration made the decision not to push this because of the political risk. At the same time, they have made this decorative proposal which they're able to trot out when speaking to Latino audiences. So in a sense they're getting the best of both worlds. They're not jeopardizing their political base and at the same time they can appeal to Latinos for having made a major immigration proposal which got a lot of attention (it's open to question how deep immigrant support for immigration is— on the

one hand many immigrants feel that once they arrive the door should be shut because additional immigrants would compete with them for jobs. On the other hand, there are those immigrants whose relatives want to enter the country that support immigration). I don't think anything is going to happen until after the election. This is an issue which unites Democrats and divides Republicans. Kerry is going to push the issue and may even bring it up in the debates to expose what Democrats consider a duplicitous position. It's the kind of waffling that Bush has been accusing Kerry of all through the campaign, but it's quite understandable from a political stand-

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PHOTO OF THE DAY



Mexican President Vicente Fox delivered his annual state-of-the-nation address before Congress last night. See related story on page 2.

Photo: Notimex.

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NEWS BRIEFS

Last Menem Justice Leaves Argentina's Supreme Court

Appointee Argentine Supreme Court Justice Adolfo Vazquez, impeached by Congress last month, resigned Wednesday. Vazquez's resignation brings an end to a campaign by President Nestor Kirchner to purge the Court of appointees of former President Carlos Menem. Vazquez was one of four justices appointed to the nine-member Court by Menem during his 1989-1998 rule. The Menem appointees were accused of making politically motivated rulings.

Source: Reuters.

Consumer Prices in Peru Down 0.01 Percent in August

Consumer prices in Peru fell 0.01 percent in August, in part due to lower food and drink costs, government statistics agency INEI said Wednesday. For the first eight months of the year, consumer prices have risen 3.2 percent, and have risen 4.59 percent for the 12 months through August. The government aims for annual inflation this year of 3.5 percent, following inflation of 2.48 percent last year and 1.52 percent in 2002.

Source: INEI.

Cargill to Buy Brazilian Meat Company Seara Alimentos

US food giant Cargill said Wednesday it plans to buy a majority stake in Brazilian poultry and pork processor Seara Alimentos, the third-largest exporter of poultry and pork in Brazil, for \$130 million. Cargill will buy a 62 percent stake in Seara from Bevrexas BV, a Dutch subsidiary of Mutual Investment Limited, and plans to tender for the rest of Seara's shares via a public offer in Brazil.

Source: company statement, Reuters.

Political News

Fox Vows to Strengthen Democracy During Remainder of His Term

Stating the "best is yet to come," Mexican President Vicente Fox said Wednesday he would dedicate the final two years of his presidency to advancing democracy and pushing his economic, political, and social agenda. In his annual state-of-the-nation address to Mexico's opposition-dominated Congress, Fox said he would continue to seek dialogue with the opposition, which has successfully blocked practically all of the president's reform agenda since he took office in 2000. "We will continue pushing dialogue with parties and with political and social actors, we will continue sitting down at the table in search of agreements, as the preferred way for achieving the consensus the country demands," Fox said. "A democracy that produces results assures its permanence."

marred by a one-day strike by 300,000 health, electricity, and telephone workers to protest pension cuts for workers at the government's social security agency, Reuters reported. The cuts were approved last month by Congress, giving Fox a rare legislative victory. During his speech, the president reiterated many of his proposals, including reform of the judiciary and police to fight rampant crime, and changes to the tax system to correct regional inequalities and promote more efficient spending and tax collection. "We are starting the third stage of our government. We have established a firm foundation. We have the firmness, strength, and energy to go forward. The best is yet to come," Fox stated.

New Panamanian President Says He Will Restore Relations with Cuba

Panama's new president, Martin Torrijos, said he would restore diplomatic relations with Cuba and Venezuela following the

“A democracy that produces results assures its permanence.”

- Vicente Fox

Despite his calls for dialogue, more than 200 opposition deputies stood up toward the end of the president's speech and turned their backs on him, while deputies belonging to the Party of the Democratic Revolution (PRD) repeatedly interrupted the address with shouts, according to Reuters. Fox's economic proposals are fiercely opposed by the leftist PRD, which is also angered by Fox's recent attacks against Mexico City Mayor Andres Manuel Lopez Obrador, the likely PRD candidate and overall favorite in the 2006 presidential election. Lopez Obrador may be prevented from running for president if he is found guilty of charges—brought by the Fox government—that he ignored a court order to halt road works by the city on a tract of expropriated land in 2000. Mexico's Congress, dominated by the main opposition Institutional Revolutionary Party (PRI), is expected to decide whether to lift Lopez Obrador's immunity from prosecution in the coming months. Fox's address last night was also

controversial pardon last week by his predecessor of four Cuban exiles accused of plotting to assassinate Cuban President Fidel Castro, Reuters reported. "I will begin the necessary steps to re-establish diplomatic relations with the Cuban republic and normalize relations with Venezuela," Torrijos said during his inaugural address, attended by several heads of state and top foreign dignitaries, including US Secretary of State Colin Powell. Torrijos called the pardon by President Mireya Moscoso of the four men, who allegedly plotted to blow up a university auditorium at which Castro planned to speak during a 2000 summit in Panama, inexcusable. "Terrorism should be fought, no matter what its origin is. There is no room for excuses and there is no way you can justify this act," he said. Three of the men are US citizens and were flown to Miami following their release, while the fourth—Luis Posada Carriles—reportedly entered Honduras using a false US passport and is believed to be in hiding some-

where in Central America. Moscoso said she freed the four men on humanitarian grounds, saying the men could be executed if extradited to Cuba or Venezuela. Cuba cut diplomatic ties with Panama immediately after the pardons, accusing the US of playing a role in the release of the four men. The US has denied persuading Moscoso to pardon the four men, although some analysts remain skeptical [Editor's note: see related Q&A in yesterday's issue of the *Latin America Advisor*.] Venezuela also recalled its ambassador following the pardons. In his speech yesterday, Torrijos, a centrist and son of former dictator Omar Torrijos, blamed Moscoso for overspending and said he could not tackle Panama's myriad economic problems, which include a pension system in disrepair, double-digit unemployment and a growing fiscal deficit, without "major reforms," according to Reuters. He vowed, however, not to pursue privatization. [Editor's note: see a Q&A about the challenges facing Panama's president in the April 30, 2004 issue of the *Latin America Advisor*.]

Company News

Chile's Codelco to Issue \$500 Million in Bonds

Chilean state-owned copper company **Codelco** said Wednesday it plans to issue \$500 million in bonds on the local or international market, Reuters reported. The announcement came a day after Codelco President Alfonso Dulanto, who is also Chile's mining minister, said the company was studying a possible debt issue to finance the \$395 million purchase of the **Ventanas** copper smelter and refinery from another state-owned company, **Enami**. Chile's Congress, however, has to give Enami its okay before the company can sell Ventanas. Codelco did not say yesterday when it would seek to sell the debt. Codelco is the world's largest copper producer.

CADE Fines Four Brazilian Airlines for Price Collusion

Brazilian antitrust agency CADE on

Capitol Hill Watch

A weekly look at US congressional activity on Latin America

Byrd Calls WTO Ruling Against His Amendment Law "Outrageous"

Senator Robert Byrd (D-WV) on Tuesday branded as "outrageous" a World Trade Organization (WTO) decision authorizing the European Union and seven other countries, including Brazil and Mexico, to sanction US imports in retaliation for a four year-old US anti-dumping provision he authored. "It represents another in a long line of obvious attempts by the WTO to limit the ability of the United States to enforce its own trade laws," Byrd said of the ruling, issued earlier on Tuesday. The Byrd Amendment requires the US government to disburse to US companies funds raised from import duties levied against foreign firms accused of "dumping" their products on US markets. Citing the WTO's past failure to find the law an illegal subsidy, Byrd said the funds the amendment supplies are needed to allow US manufacturers and farmers, as well as seafood and steel producers, to remain competitive in the global marketplace. He recommended the Bush administration continue with its efforts to negotiate a solution to the issue with trading partners until a suitable outcome is achieved. The US Trade Representative's office has rejected charges by other Democratic lawmakers that the Bush administration has not been aggressive enough in defending US trade remedy laws at the WTO.

Source: Office of Sen. Robert Byrd.

Martinez to Square off Against Castor in Florida Senate Race

Republican Mel Martinez and Democrat Betty Castor won their respective party primaries on Wednesday and will face off in Florida's US Senate race during the general election in November. Martinez, a Cuban-American and former co-chair of President Bush's Commission for Assistance to a Free Cuba, supports new restrictions on travel to Cuba implemented by the Bush administration and says he favors even tougher sanctions against the Caribbean nation. He says he will secure US borders to end the flow of illegal immigration. Castor opposes the new Cuba travel restrictions and is in favor of cultural and educational travel to the island. She says she supports "free, but fair, trade" that includes labor, human rights, and environmental considerations, as well as limits on outsourcing US jobs abroad. Martinez and Castor are seeking to succeed retiring Democratic Senator Bob Graham.

Source: Roll Call, Mel Martinez for US Senate, Betty Castor for US Senate.

Wednesday voted to fine four top Brazilian airlines for colluding on a fare increase, Reuters reported. Domestic market leader **TAM**, debt-laden **Varig**, **VASP**, and bankrupt **Transbrasil** were fined 1 percent of their gross revenues in 1999, the year before the complaint was filed with CADE. That could mean a fine of 45 million reais (\$US 15.4 million) for Varig,

14.3 million reais for VASP, 8.2 million reais for TAM, and 7.8 million reais for Transbrasil, according to Reuters. CADE Councilor Roberto Pfiffer said the four airlines had held a meeting a week before raising fares for the busy Rio de Janeiro-Sao Paulo route. The companies cannot appeal the ruling with CADE, but could challenge it in court, Pfiffer said.

Featured Q&A*Continued from page 1*

point. Nine-eleven made immigration such an electric issue. Many Americans who saw a lot of benefits from immigration now see dangers. There's a certain difficulty with legalizing illegal immigrants at the same time you're saying you're fighting a war on terrorism. That's a problem for the Republicans and seems to conflict with their message."

A Board Comment: George W. Grayson: "Despite featuring immigrant Arnold Schwarzenegger at the GOP convention on Tuesday, President Bush will not push for immigration reform before the November election. Several reasons explain his stand. First, public opinion is strongly against increasing immigration. A 2002 Zogby Poll, the last to include this question, found that 58 percent of respondents believed the US should 'admit fewer immigrants each year;' 30 percent supported keeping the 'current level;' and only 6 percent advocated 'more immigration.' Indeed, 68 percent of those interviewed backed the deployment of 'military troops on the border as a temporary measure to help the US Border Patrol curb illegal immigration.' Second, the incumbent's base vehemently opposes legislation that would reward men and women who have broken the law by entering this country illegally. Third, additional immigration could drive up unemployment, which is hovering between 5 and 6 percent. Any incumbent's chances of recapturing the White House are diminished sharply if the August-October unemployment rate in the presidential election year averages 5.6 percent or higher. Fourth, as evidenced in the 1986 Immigration Reform and Control Act, amnesties for illegal aliens only encourage more people to sneak into this country in hopes that there will be yet one more amnesty. Finally, a porous border with Mexico combined with a virtually open Mexican-Guatemalan frontier provides an open sesame for terrorists. After November 2, there is little chance of liberalizing immigration statutes. The reasons stated above will still apply and,

should John Kerry win, Republicans will join hands with conservative Democrats to block any move to relax barriers. Often forgotten in this debate is that US immigration laws are hardly draconian—in fact, more than one million newcomers come to the US legally each year."

A Guest Comment: Pieter Speyer: "President Bush is not the only candidate staying quiet. In fact, the current silence about immigration issues is overwhelming. Senator Kerry has promised to propose a 'program' in his first 100 days. So far, there is no hint about the program's content. Teresa Heinz-Kerry's comments in several languages at the Democratic Convention and Gov. Schwarzenegger's speech to the Republicans both reached out to immigrants, but neither one mentioned the immigration reform issue. Undeniable evidence proves our immigration system is broken. National security alone demands its careful, methodical reform. Undoubtedly, the president and both houses of Congress will yield to necessity and confront the entire spectrum of immigration issues in the 109th Congress. As of today, however, the 'swing states' with the key to 14 pivotal, undecided electoral votes include Florida, Ohio, Nevada, West Virginia and New Hampshire. Of those, only Florida has a substantial population of illegal aliens. Attempting to court them at the risk of 'alienating' voters could be fatal. That is why neither candidate is making any noise about immigration reform."

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