



# Inter-American Dialogue

## LATIN AMERICA ADVISOR

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### Featured Q&A With Our Board of Advisors

**Q Cuban President Fidel Castro's fall following a speech last week, in which he broke bones in his left leg and right arm, brought to the fore questions about how long he will remain at the helm of the communist island and what will happen in Cuba after he is gone. Is the Cuban government prepared for Castro's eventual departure? Is the United States prepared?**

**A Guest Comment: William Rogers:** "One would suppose that the Cuban Government is prepared, but only in the limited sense that it is ready to designate some successor, or a cabal of successors acting collegially, to inherit Fidel's monopoly of power. The US government is distinctly not prepared for that. It favors, and is doing what it can to bring about, a sharper break with the existing political system. A soft landing is conceivable. But the higher probability is that Castro's departure will let loose a storm of unforeseeable consequences for which neither government is ready. The risk of conflict and confrontation is all too serious. The only thing we can be certain of is that the future in this instance will not be surprise free. There are lessons here from the post-Communist experience in East Europe and the Soviet Union. When a long-embedded socialist system loses its grip—and, as Raul Castro has admitted, there will never be another Fidel—a smooth and easy transition to market-ori-

ented democratic institutions is not inevitable."

**A Guest Comment: Dennis Hays:** "Fidel Castro and his regime have both been ossifying for decades, to the point where the only question is which one of them is the more brittle on a given day. His recent fall thus provides an apt snapshot of Cuba at present—Castro makes a serious misstep and his aides are powerless to prevent it. The real damage from all of this, of course, is inflicted on the Cuban people. Outside of Robert Mugabe and Kim Jung Il, it is hard to think of anyone who has willfully beggared a rich

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### PHOTO OF THE DAY



Spanish oil company Repsol on Wednesday named a new chairman, Antonio Brufau. See related news brief on page 2.

*Photo: Repsol.*

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## NEWS BRIEFS

**Haitian Police Deny Executing 13 Pro-Aristide Slum Dwellers**

Haitian police on Wednesday denied accusations that they executed 13 supporters of exiled former President Jean-Bertrand Aristide in a Port-au-Prince slum. Residents of the slum said police raided a house on Tuesday and killed 13 people after forcing them to lie on the ground. At least 70 people have died since September 30 in a wave of pro- and anti-Aristide violence.

Source: Reuters.

**New Repsol Chief Affirms Commitment to Argentina**

The new chairman of Spanish oil giant **Repsol** on Wednesday reaffirmed the company's commitment to Argentina. In a statement, Antonio Brufau, who is replacing outgoing Chairman Alfonso Cortina, said Repsol was willing "to seek a level of understanding with the Argentine government." Repsol bought Argentina's **YPF** in 1999 for \$15 billion.

Source: company statement.

**Chile's July-September Jobless Rate 9.7 Percent**

Chile's unemployment rate fell to 9.7 percent for the July-September period, down 0.2 percentage points from the June-August period, but an increase from the 9.4 percent rate recorded during July-September 2003. The number of employed rose for the second straight quarter.

Source: INE.

**Brazil: 5 Percent Growth in 2005**

Brazilian Industry and Foreign Trade Minister Luiz Fernando Furlan on Wednesday predicted the country's economy would grow 5 percent next year. The government projects 4.5 percent growth for this year.

Source: Reuters.

**Economic News****US Disappointed by EU Proposal on Banana Tariffs**

The United States on Wednesday expressed disappointment with the European Union's offer on tariffs on bananas from Latin America, Reuters reported. Richard Mills, a spokesman for the US Trade Representative's office, said the EU's proposed import duty of 230 euros (\$US 294.20) per ton of bananas was "much too high." EU Trade Commissioner Pascal Lamy announced the tariff proposal yesterday to kick off negotiations over the EU's tariff regime, which pits Latin American countries—led by the world's largest banana exporter, Ecuador, and backed by the US—against former

Paulo offices after a federal court issued warrants to investigate Kroll's alleged illegal tactics in investigating the Brazilian unit of Parmalat. Police also searched the Rio de Janeiro offices of private equity fund **Opportunity**, a partner of US financial giant **Citigroup**. Police said offices belonging to four other companies were expected to be raided later, but provided few details. The raids came amid government outrage about reports in July claiming Kroll investigated senior government officials on behalf of **Brasil Telecom**, which wanted Kroll to investigate **Telecom Italia** for possible wrongdoing. Telecom Italia is a key Brasil Telecom shareholder and is battling Opportunity for control of the telecom firm. According to police, the Parmalat investigation's primary focus is Kroll. Parmalat is being separately investigated by prosecutors in Milan for a multi-

“This definitely goes against the poorest countries in Latin America, like mine.”

- Honduras' ambassador to the WTO, Darcio Castillo

European colonies in Africa, the Caribbean, and the Pacific. The US' **Chiquita Brands International** is a major supplier of Latin American bananas to the EU. Currently, Latin America banana suppliers pay a 75 euro per ton tariff. Darcio Castillo, Honduras' ambassador to the World Trade Organization, said the EU's proposal, if implemented, would hurt Latin America. "This definitely goes against the poorest countries in Latin America, like mine," Castillo stated. Honduras is Latin America's fifth-largest supplier of bananas to the EU by volume.

**Company News****Brazilian Police Raid Kroll Offices in Connection with Parmalat Probe**

Brazilian police on Wednesday raided the offices of investigation firm **Kroll Inc.** to seize documents related to a probe into the local unit of bankrupt Italian food group **Parmalat**, Reuters reported, citing local police officials. Police searched Kroll's Sao

billion euro fraud scandal that now involves 29 individuals and four international banks.

**Femsa Reports Third-Quarter Net Income Almost Double a Year Ago**

Mexican bottler and brewer **Femsa** said Wednesday its third-quarter earnings nearly doubled from a year ago, driven by rising beer sales, expansion of its convenience store chain, and a stronger peso. Femsa's consolidated third-quarter net income rose 98.1 percent to 2.245 billion pesos (\$US 194.87 million), up from 1.133 billion pesos for the same quarter of 2003. Femsa, Latin America's top bottling and brewing company, and the world's second-largest Coca-Cola bottler, said third-quarter beer sales rose 3.9 percent to 5.89 billion pesos, while soft-drink sales reached 11.38 billion pesos, a 0.2 percent increase from a year ago. In a statement, Femsa said domestic beer sales volume rose 4.3 percent in the third quarter, led by higher demand for its Tecate Light, Sol, and Indio brews. The company also makes Tecate,

Dos Equis, and the Carta Blanca brands. Improvement of inventory and distribution routes through a new computer system has accelerated Femsa's advances in beer sales. Due to the peso's appreciation during the third quarter against the dollar, Femsa reported a foreign exchange gain of 62 million pesos, compared to a 1.16 billion peso foreign exchange loss in the same period last year. Femsa also attributed revenue growth to the expansion of its convenience stores. "Almost 90 percent of the increase in total revenues is related to the growth at Femsa Comercio, which added 718 net new convenience stores in the last twelve months," the company said. Femsa Comercio revenues increased nearly 29 percent during the quarter on the rapid expansion of its **Oxxo** convenience store chain. Femsa added 173 new Comercio stores during the quarter, now totaling 3,259 stores nationwide. Femsa's Coca-Cola unit, **KOF**, reported a 130 percent surge in third-quarter earnings aided by lower costs. KOF became the largest Coke bottler in Latin America last year when it bought **Panamerican Beverages** (Panamco) for \$2.7 billion plus \$880 million in debt.

### CANTV Posts Third-Quarter Profit Amid Mobile Growth

CANTV, Venezuela's largest telecommunications company, on Wednesday reported a third-quarter net profit of \$60 million, versus a net loss of \$15 million for the same period of 2003, Reuters reported. The turnaround in the company's third-quarter earnings came amid growth in revenues from the its mobile operations, which increased to \$175 million from \$114 million a year ago. The number of mobile subscribers rose 11.9 percent to 2.74 million. Total operating revenues rose 14.6 percent year-on-year to \$542 million. CANTV, which is controlled by the US' **Verizon Communications**, said earnings before interest, taxes, depreciation, and amortization increased to \$177 million from \$173 million a year ago. CANTV's positive third-quarter results also came amid a recovery in Venezuela's economy, which had been battered by two years of recession but is expected to grow more than 11 percent this year.

## Special Advisor Report

### Interview with Brazilian Ambassador Roberto Abdenur

*Editor's note: This week, the Latin America Advisor sat down for an interview with Brazil's ambassador to the United States, Roberto Abdenur. Below are excerpts from that interview.*



Roberto Abdenur. Photo: Embassy of Brazil.

**Latin America Advisor (LAA):** What is the timeline for the FTAA? What is the significance of the agreement for Brazil in the short and long term?

**Amb. Abdenur:** There has been a pause in this dialogue for the past three months or so, for two major reasons: on the one hand because of all the tensions, not just on the part of [US Trade Representative Robert] Zoellick and [Brazilian Foreign Minister Celso] Amorim but all over, the priority became the Doha round, the WTO global negotiations in the efforts to achieve at least a basic framework agreement, which would lay the groundwork for more concrete, specific negotiations, multilateral trade negotiations. The international community was successful in drafting the framework agreement, and Bob Zoellick and Celso Amorim were key players in this respect. So this of course drew all the attention, all the efforts of the major negotiators in the US and Brazil and elsewhere. Secondly, we have now the US presidential elections, and of course, it is only too natural that not just on the Brazilian side but in the US, there is a bit of wait and see to see what the outcome of the election will be.

**LAA:** How would Brazil use its seat as a permanent member of the UN Security Council?

**Amb. Abdenur:** There are different situations in the world where poverty can be a factor for insecurity in the world. So what we preach is a need for the international community to tackle very seriously threats to peace and security all over the world—for instance terrorism, proliferation of weapons of mass destruction, regional situations which are dangerous to peace and security, sometimes internal crises; for instance the Sudan now, on the one hand—but on the other hand, we have a broader view of the need to tackle the issues of poverty, hunger, social injustice in the world, the issues of development ... If and when Brazil joins the UN Security Council as a permanent member, it will do its utmost to contribute to broader agreements and consensus about major security issues because that is very much what the UN Security Council is about.

**LAA:** How long will Brazil continue to stay the course in Haiti as a guiding force?

**Amb. Abdenur:** Brazil's commitment to Haiti is a long-term commitment. In terms not just of the presence of troops there and peacekeeping, it is a long-term commitment to help the poorest nation in our part of the world; this is a very interesting example of Brazil's commitment to the United Nations and Brazil as a factor for the preservation of stability and democracy in the Americas, beyond our immediate neighbors. It's not just Brazil; Argentina is there, Chile is there, Uruguay, Paraguay, Peru will be there too. China has sent 150 policemen; countries from other parts of the world are coming too. It is a difficult mission, but a mission that our military in Haiti are performing very well, and Brazil's commitment to Haiti is beyond any ques-

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**Featured Q&A***Continued from page 1*

land and proud people more effectively than Castro. Even those regime adherents who dream of succeeding Castro must be getting to the point where they rediscover just enough religion to pray that his passing is sooner rather than later."

**A** **Guest Comment: Phil Peters:** "It's a safe bet that Cuba will carry out a constitutional succession. But it is simply unknowable whether a political system built and dominated for decades by a single figure will be truly prepared, after he's gone, to manage its future challenges (growth, pluralism, reconciliation, US relations) and to adapt to change. The US government has prepared, but badly, by cracking down on Americans who want to build people-to-people contacts, punishing Cubans with economic sanctions that now even block small acts of family charity, harassing foreign companies for doing in Cuba precisely what US businesses do in other communist countries,

issuing a 'transition' blueprint that reminds Cubans of the colonial past, and designing solutions to non-US property disputes that should be resolved among Cubans alone. Today, the result is limited communication, narrow contacts, reduced US influence, and suspicions that the United States represents one segment of the exile community rather than the democratic cause in general. On the day Castro leaves office, these self-inflicted impediments to US diplomacy will still be with us."

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**Special Advisor Report, Continued from page 3**

tion. When Secretary of State Colin Powell visited Brazil a few weeks ago, one of the things we talked about was precisely how Brazil and the US can work together within the UN and in our bilateral contacts with major partners, to make sure the military contingent will be complete in a few weeks' time. We hope that by the end of November we will have the about 7,000 troops that are needed, and beyond that we are working bilaterally with Haiti. We've already sent two missions to assess the possibilities of technical cooperation from Brazil to Haiti. We are supporting Haiti in the Inter-American [Development] Bank, the international institutions; we are sending envoys to Haiti, to the region, to try and contribute to the utmost to stability and recovery in Haiti.

**LAA:** What is the relationship between President Lula and President Bush?

**Amb. Abdenur:** I heard from President Lula and President Bush that they get along very fine; the personal understanding between them is very good. Please keep in mind that when President Lula came here in June 2003, not only was there a very good meeting between the two of them, but there was a meeting of the two cabinets. Lula was accompanied by a big number of his ministers; the American counterparts were there, and the two Presidents set in motion a very interesting process of dialogue and exchange between the two countries on economic growth, on trade, agriculture and energy, and those things are moving forward. They were not just words. All of those exchange-dialogue cooperation mechanisms have had a follow-up to them. So the good chemistry between Bush and Lula is really having concrete impacts on our bilateral relations.