

# Inter-American Dialogue

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

**Q** Colombia-Venezuela tensions have flared anew amid Venezuelan accusations that Colombian security agents engaged in a serious violation of Venezuela's sovereignty by kidnapping a top Colombian rebel in Caracas last month. What impact do you expect this dispute to have on Colombia-Venezuela relations? [Editor's Note: Yesterday Venezuela called back its ambassador to Colombia over the incident.]

**A** Guest Comment: Marta Lucia Ramirez: "International cooperation becomes more and more important in facing the risks of terrorism and terrorists moving back and forth between countries. That's why for Colombia it's crucial to have its neighbors' commitment to improve security. We have to use the confidence and the friendship between Presidents Uribe and Chavez to stop the terrorist activity in Colombia and in the entire region, not only through better bilateral cooperation, but through the strength of regional institutions. Colombians want to see guerrilla leaders in jail, and it would be very satisfactory for us if the Venezuelan government had an important role in this achievement."

**A** Board Comment: Diego Arria: "Venezuelan Minister of Interior Jesse Chacon at first declared that Rodrigo Granda had not been in Venezuela, which prompted the FARC

spokesmen to respond that Granda in fact had been attending an international meeting in Venezuela sponsored by the government, a very significant issue that Venezuelan officials have managed not to address so far. After this surprising revelation, the Chavez government then reversed its course, announcing instead that Granda had been abducted in Caracas by corrupted agents of its own security forces (moonlighting as bounty hunters) and not, as President Uribe had declared, in the Colombian city of Cucuta (bordering Venezuela). An even more surprising development occurred when the Venezuelan

*Continued on page 4*

### PHOTO OF THE DAY



Mexico's President Vicente Fox said yesterday that the Zapatista rebellion, for which the public face has been pipe-smoking Subcomandante Marcos, is "practically a thing of the past," according to a local newspaper. See related story on page 2.

Photo: [elzn.org](http://elzn.org)

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## NEWS BRIEFS

**Black Hawk Crash Kills 20 Colombian Soldiers**

A US-made Black Hawk helicopter crashed early Thursday morning in thick fog while on a counternarcotics surveillance mission in Colombia, leaving 20 Colombian soldiers dead. State Department spokesman Richard Boucher said Thursday the US will send a Federal Aviation Administration investigation team to the site to work with Colombian army representatives to look into the causes of the crash. Six Black Hawks have crashed in Colombia since 1999.

Source: US Department of State.

**Enrique Locutura to Run Repsol's New South American Unit**

Repsol YPF SA, one of Europe's largest oil companies, has picked Enrique Locutura, 44, the chief executive of Spain's **Gas Natural**, to run a new South American division for Repsol. Repsol has about half its investments in Latin America. Locutura will run Argentina, Brazil and Bolivia operations, and be based in Argentina.

Source: Bloomberg News.

**China's Huawei Int'l Sales Grew 117% in 2004 to \$2.28 Billion**

Chinese telecom equipment vendor **Huawei Technologies** yesterday announced that its global sales for 2004 grew a record 45 percent year on year to \$5.58 billion, with international sales contributing 117 percent growth from \$1.05 billion in 2003 to \$2.28 billion in 2004, while sales from the domestic Chinese market rose to \$3.3 billion in 2004.

Source: Telecoms.com.

## Political News

**Fox Sees Zapatista Rebellion as Past, Notes Improvement in Chiapas**

Revisiting an issue that made up one of his first controversial public policy initiatives as a newly-elected leader four years ago, Mexican President Vicente Fox said yesterday that the Zapatista rebel movement is "practically a thing of the past," according to local paper *El Universal*. "Here everyone is looking forward, we find a Chiapas with a new face, a Chiapas looking toward the future," the president told reporters during a tour of the state. Fresh in office in 2000, Fox extended an olive branch to the

for poultry in 2004 were Asia, purchasing a total of \$746.5 million, and the Middle East, the largest buyer by volume. Brazil's Textile Industry Association said textile exports increased by a record 26 percent during 2004 to a total of \$2.08 billion. Growth in exports was due to large-scale investment into the sector and the improved quality of locally made goods, according to the trade group. Brazil's IBGE statistics agency released November industrial production figures earlier this week, which were led by strong growth in the automotive and food products industries. Industrial growth expanded 8.1 percent in November compared with the same month of 2003, IBGE reported. Production rose by the same amount in

“Here everyone is looking forward, we find a Chiapas with a new face.”

- President Vicente Fox

rebels, freeing prisoners and pulling back federal troops from areas plagued by sporadic fighting since January 1, 1994, when rebels stormed local government buildings demanding more indigenous autonomy and land ownership. The Zapatista National Liberation Army (EZLN) became known for savvy use of the Internet in its rebellion, and initially garnered international attention, and some sympathy. However, the Zapatistas severed negotiations with Fox administration officials in 2001, and no formal resolution has yet been achieved.

## Economic News

**Brazil Posts Strong Export, Industrial Production Data at End of 2004**

Brazilian exports and industrial production logged stronger-than-expected figures at the end of 2004, according to data released yesterday by several agencies. Brazil exported \$2.6 billion in poultry products last year, an increase of 44 percent from the previous year, according to the Brazilian Poultry Exporters Association. Brazil's main revenue markets

the accumulated index of the last twelve months. November industrial production, which has been growing during the last 15 months, experienced a fall of 0.4 percent in comparison to the previous month, on a seasonally adjusted basis. This may be attributed in large part to significant drops in pharmaceuticals, metal products and electric equipment. The main positive results were verified in electronic material and communication equipment, which were up 11.1 percent. In a research note published Tuesday, **UBS** said industrial production figures are beginning to show lower year-on-year growth rates because the recovery in economic activity began to show strength beginning in the last quarter of 2003. "We expected industrial production to begin to accommodate to a slower output pace, and think it's healthy," UBS said. According to a monthly survey of 3,000 companies in Brazil by the National Confederation of Industries (CNI), industrial sales rose 1.83 percent in November compared with October, Agencia Estado reported yesterday. The survey found that industrial employment rose 0.48 percent from October and 3.16 percent for the first 11 months of 2004 compared to the same period of 2003.

## Company News

### ICA Fluor Wins \$690 Million Mexico Project

Industrial engineering company **ICA Fluor** announced yesterday the signing of a contract for the engineering, procurement and construction services for Package II of the Lazaro Cardenas refining complex, with **Pemex Refinacion**, a unit of state-owned petroleum company **Pemex**. The total contract value for Package II is \$690 million, according to a company release. Fluor booked its 50 percent share of the total contract value in its fourth quarter. The project is scheduled to be completed by the end of 2008. ICA Fluor is jointly owned by California-based **Fluor Corporation** and Mexico's **Empresas ICA Sociedad Controladora**. It focuses on the engineering, procurement, and construction of oil, gas, electricity generation, petrochemical and chemical plants, as well as automotive and telecommunication installations.

### Centennial's Caribbean President Resigns; Income Forecasts Up

New Jersey-based **Centennial Communications**, which offers wireless and integrated communications services in the Caribbean and US, said its Caribbean operations president resigned Tuesday, a week after the company reported higher income expectations for 2005. John de Armas, who has run Caribbean operations at Centennial for more than two years, said he was leaving the company for personal reasons, according to a company statement. De Armas was formerly an executive with **Phelps Dodge Corp.** based in Miami. Last week Centennial revised its 2005 fiscal year forecast, advising investors the company's consolidated adjusted operating income (AOI) growth outlook would be at the high end of the previously-announced 7-12 percent range for fiscal year 2005. That figure for fiscal year 2004 was \$315.5 million. The company reported income from continuing operations of \$18.6 million for the fiscal second quarter of 2005, which grew 12 percent over the fiscal second

## Capitol Hill Watch

*A weekly look at US congressional activity on Latin America*

### Rep. Kevin Brady Plans to Push for CAFTA in 2005, Says China Wants to "Dominate" Region

Rep. Kevin Brady (R-TX), a newly-named member of the House Ways & Means Trade Subcommittee, told a local Houston newspaper this week that quick passage of the Central American Free Trade Agreement will be important to US economic competitiveness with China, and that the Asian giant aims to "dominate" Latin America. "China has set their sights on dominating that region," Brady told Houston Community Newspapers. "But if the US and Central America partner up our textile manufacturers, we can compete against China." The newspaper report said Rep. Brady, who will begin his fifth term in the House this year, will be the "point man" for the Bush administration's effort to seek passage of CAFTA.

*Source: Houston Community Newspapers.*

### Senators Dodd, Nelson and Chafee Seek Better Ties with Venezuela

Three senators on Monday said they would ask the Bush administration to improve ties with Venezuela. After meeting with Venezuelan President Hugo Chavez during a visit to Caracas last weekend, Democratic Senators Christopher Dodd (CT) and Bill Nelson (FL), and Republican Senator Lincoln Chafee (RI) said they would recommend to Condoleezza Rice, Bush's national security advisor and nominee to replace the outgoing Colin Powell as secretary of state, that she take steps to improve ties with the Chavez government. Venezuela is the fourth-largest supplier of oil to the US. While the three senators were also scheduled to visit Argentina, Bolivia, Paraguay and Peru this week, their Venezuela statements captured most headlines. In related news this week, a local Venezuelan newspaper published a letter dated Nov. 29 from Sen. Richard Lugar to US Comptroller General David Walker, questioning the dependability of Venezuela as an oil supplier, recommending creation of contingency plans should shipments from the South American country be disrupted.

*Source: wire reports.*

### Senator Campbell Headed for Holland & Knight

Former Colorado Sen. Ben Nighthorse Campbell, the only American Indian in the Senate until he left office this week, said Thursday he has taken a job with Washington law firm Holland & Knight LLP. In Latin America, the firm has offices in Brazil, Mexico and Venezuela.

*Source: Associated Press.*

quarter of 2004. In its Caribbean wireless business, Centennial said its average revenue per user (ARPU) declined during the quarter primarily due to the continued impact of strong prepaid subscriber growth in the Dominican Republic. A changing postpaid rate plan mix in Puerto

Rico also negatively impacted ARPU due to the company's marketing of rate plans designed to reduce churn, according to a release. Last month, Centennial completed the sale of its Puerto Rico cable television properties to an affiliate of **Hicks, Muse, Tate & Furst** for \$155 million.

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

media published copies of official documents granting Venezuelan nationality to Granda, and registering him as a voter in the contested referendum of August 2004. For the government to admit that a prominent member of an internationally recognized narco-terrorist group was in fact in the country protected by Venezuelan citizenship represents dangerous evidence of aiding terrorists to act freely within and outside the country (not a new charge against Chavez). So instead Chavez's officials are now accusing Granda of falsifying information to become a citizen, and the Colombians of abducting Granda. (Colombia admitted only to rewarding the bounty hunters.) But it is evident that the most disturbing and important issue unanswered by Chavez is: why did his government provide protection, including Venezuelan nationality, to a narco-terrorist? Granda is not the only underworld character who has found sanctuary in Venezuela during the Chavez regime. Another infamous one, Vladimiro Montesinos, was apprehended in Caracas (thanks to the FBI and some bounty hunters) and taken back to Peru. Uribe and Chavez know full well the national and international implications of the affair—closure on this matter is still pending."

**A Board Comment: Beatrice Rangel:** "The incident will certainly lead to some horse trading. But it will not become the trigger for a major crisis. Both governments have negotiating chips to put on the table. On the one hand, eye witnesses indicate that Granda was abducted in Caracas after he exited the Razetti Clinic coffee shop to take a cell phone call. For this event to comply with the laws of Venezuela, it would have needed to be carried out by the country's law enforcement agents. President Chavez made it clear in his weekly television program that this had not been the case. But before President Chavez had time to attempt punitive measures, it was revealed that Granda was carrying legally issued Venezuelan identity papers, which could be interpreted as providing

an official policy to provide safe haven to wanted criminals from Colombia. These intricate details surrounding the case lead me to believe that both nations will soon forget the incident, as both pushed the legal envelope very far."

**A Guest Comment: Phil McLean:** "The capture of Rodrigo Granda is making both countries uncomfortable. President Uribe has repeatedly made clear he does not want trouble with his blustery neighbor. Colombia has enough problems within its borders. The Venezuelan president likes to play at being 'revolutionary,' but he also has reasons not to want a damaging confrontation. His first reaction was the surprisingly adamant claim that he had never met with the FARC. He and Uribe recently initialed a memorandum of understanding for construction of a pipeline to carry gas from both countries to the Pacific Ocean. What is known of the delivery of Granda to Colombian authorities suggests that the Venezuelan chief executive may have problems with his own security services, which appear to have been involved. He and his vice president, the equally intemperate Jose Vicente Rangel, have been unfortunately making provocative statements in recent days, and normally more reserved Colombians have not helped by unnecessarily admitting that 'a payment' (presumably to Venezuelan officials) was made. So the possibility remains that the current rhetoric could get out of hand and do lasting damage to bilateral ties."

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