

# Inter-American Dialogue

## LATIN AMERICA ADVISOR

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

**Q** Labor groups from around the world meeting in Chicago this week were expected to draft a plan to organize workers at Wal-Mart stores in countries outside the United States, including Brazil and Argentina. Do you think labor groups would have success organizing Wal-Mart workers in Latin America? What are the prospects for unionization of Latin America's retail workforce, and what impact would that have on investment in the sector?

**A** **Guest Comment: Armando Cavalieri:** "In this various factors must coincide. One is the labor legislation that there is in each country and whether the governments apply it or do not apply it. The second is how the union is organized. That is, whether the union has power, whether it knows how to maneuver in a collective negotiation, and whether it has a strategy to force Wal-Mart to comply with legislation and with union obligations that the law requires ... The investments (by Wal-Mart) are welcome in all of the Americas. The problem is that ... the investments have to be made respecting labor rights, social justice, and pushing all countries out of poverty. As there is a great globalization that brings so much inequality, so much unemployment, and so much poverty, the union movement is also trying to globalize. It is trying to find a path of unity, a single global union of workers, to negotiate global agreements with these multinational

businesses. For example, if this global union, which is already being created, can sit down with Carrefour and Wal-Mart—in this case two service sector multinationals—we can negotiate global agreements with minimum needs and labor obligations. I believe we are taking a step in that direction. This is not going to impact investment because the multinationals feel very strong, at times with the support of some governments. That is why, with great vision, the global union movement is also trying to obtain multinational agreements with these businesses to guarantee minimal workers' rights."

*Continued on page 4*

### PHOTO OF THE DAY



The United States said yesterday it would try Nicaraguan ex-President Arnoldo Aleman and members of his family in the US on money-laundering charges. See story on page 2.

*Photo: United Nations.*

### Inside This Issue

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## NEWS BRIEFS

**Venezuela, Jamaica Reach Oil Deal**

Venezuela will supply oil to Jamaica at below-market prices, according to an agreement announced Wednesday. After meeting with Venezuelan president Hugo Chavez, Jamaican Prime Minister P.J. Patterson said the two countries had reached an agreement whereby Venezuela will supply oil to Jamaica at a rate of \$40 per barrel, well below the more than \$60 per barrel cost seen of late in world markets.

Source: *Associated Press.*

**Colombian Sen. Alleges Cocaine Buying, Use in Congress Building**

Colombian Senator Edgar Artunduaga said Wednesday that some of his colleagues in the country's legislature are buying and consuming cocaine in the Congress building. "There are important officials who distribute and senators and representatives who consume," said Artunduaga, who is deputy speaker of the senate. Artunduaga did not name names, but said he was considering doing so. Possession of small amounts of cocaine for personal use is legal in Colombia, although selling cocaine is not.

Source: *Reuters.*

**Ten Groups Qualified to Bid in Mexican Airline Privatization**

Mexican state-owned airline holding company **Cintra** said Wednesday that 10 investor groups have qualified to bid in the privatization of the country's two largest airlines, **Aeromexico** and **Mexicana**. Cintra said it hopes to sell at least 51 percent stakes in the two airlines by early next year. Aeromexico and Mexicana together control almost 80 percent of domestic travel.

Source: *Associated Press.*

## Political News

**Ecuadorian Protesters Demand Immunity from Prosecution**

Protesters who have severely disrupted oil production in Ecuador on Wednesday threatened to go on a hunger strike if the government does not grant them immunity from prosecution for blowing up pipelines and vandalizing pump equipment, Reuters reported. "If they do not agree to give us immunity from prosecution, we have a consensus to call a hunger strike as a way of increasing the pressure," protest leader Edmundo Espindola, mayor of the oil town of Shushufindi, was quoted as saying. The issue of immunity is the last remaining obstacle to an agreement between the protesters, the government, and the Andean country's oil industry.

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Under the agreement, the oil companies, including the US' **Occidental Petroleum Corp.**, Canada's **EnCana Corp.**, and Brazil's state-owned **Petrobras** would pave 160 miles of new roads in the north-eastern oil-rich provinces of Sucumbios and Orellana, while about two-thirds of the 25 percent income tax paid by the companies would be diverted to local health, environment, and development projects. However, the government and the companies are hesitant to grant immunity from prosecution in part because they fear that would create a bad precedent. The protesters, who had demanded a greater share of the country's oil wealth, last week brought production by state-owned oil company **Petroecuador** to a virtual halt by attacking the company's installations. According to Reuters, output by Petroecuador has climbed back to 135,048 barrels per day (bpd), but is still below pre-protest levels of about 200,000 bpd. Output by private companies was 316,932 bpd compared to 329,000 bpd before the protests, Reuters reported.

**US to Try Nicaraguan Ex-President Aleman for Money Laundering**

Former Nicaraguan President Arnoldo Aleman will be tried in the United States on money-laundering charges along with his wife and other family members, the US Embassy said on Wednesday, according to the Associated Press. Embassy spokesman Preeti Shah said the trial would begin in Florida in September. US authorities suspect \$740,000 in deposit certificates unfrozen in a bank account in Coral Gables, Florida may be laundered money, Nicaraguan daily *La Prensa* reported. In addition to Aleman and his wife, Maria Fernanda Flores, his oldest daughter, congresswoman Maria Dolores Aleman, and his father-in-law, Antonio Flores Lovo, will also be tried. "That money was deposited some time ago by the sister of Dr. Aleman and represents proceeds from the sale of

coffee from her plantation," Aleman's attorney, Mauricio Martinez, told the AP. The sister in question has since died. Martinez said that Aleman had hired lawyers in the US to defend him. Aleman, who is currently under strict house arrest at his "El Chile" private estate in southern Managua, was sentenced to 20 years in prison on fraud and money-laundering convictions in Nicaragua over two years ago. On November 23, Aleman will be tried in Panama for alleged money-laundering, according to Nicaraguan Attorney General Alberto Novoa, *La Prensa* reported.

## Company News

**Argentine Regulator Approves Sale of EDF's Stake in Edenor**

Argentina's anti-monopoly regulator has approved the sale by **Electricite de France** of a 65 percent stake in electricity distributor **Edenor** to the local **Dolphin** group, a

Dolphin spokesman said on Wednesday, according to Reuters. The regulatory approval would come some two months after EDF announced it had agreed to sell part of its stake to Dolphin for \$100 million, and after more than three years of unsuccessful efforts by EDF to raise Edenor's tariffs and end a tariff freeze imposed on utility companies by the Argentine government in early 2002 amid the country's economic collapse. The takeover of Edenor by Dolphin could pave the way for a renegotiation of Edenor's tariffs and lifting of the tariff freeze, according to Reuters. EDF is the latest French investor to reduce its exposure to Argentina, including **France Telecom**, water utility **Suez**, and financial group **Credit Agricole**. Dolphin also holds a controlling stake in Argentina's largest power transmission company, **Transener**.

### Colombia's State-Owned Telecom to Enter Mobile Market

Colombia's largest fixed-line operator, state-owned Telecom, will enter the mobile phone market, the Colombian government said Wednesday, according to Reuters. "The presence of [Telecom] in the mobile market will generate additional revenue and contribute to its financial sustainability in the medium and long term," the National Planning Department was quoted as saying in a news release. The announcement came just a few days after the government said Monday that Telecom had reached a preliminary agreement with **Telefonos de Mexico** (Telmex) in which Telmex would become a strategic partner. Under the agreement, Telmex will invest in Telecom and take over its administration but not buy a stake in it, according to government sources. However, two other public Colombian telephone companies, **Empresa de Telecomunicaciones de Bogota** (ETB) and **Empresas Publicas de Medellin** (EPM), said Tuesday they and an unidentified foreign partner wanted to challenge Telmex for the right to partner with Telecom. ETB and EPM each own 50 percent in mobile operator **Colombia Movil**, which competes with **Movistar**, the local unit of Spain's **Telefonica Moviles**, and **Comcel**, owned by Telmex affiliate **America Movil**.

## Capitol Hill Watch

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

### Lawmakers Condemn Televangelist's Call to Assassinate Hugo Chavez

Several US lawmakers this week blasted television evangelist Pat Robertson for calling for the assassination of Venezuelan President Hugo Chavez. "It was an incredibly stupid statement and has no reflection on reality," said Senator Norm Coleman (R-MN), chairman of the Senate foreign relations subcommittee on the Western Hemisphere. Rep. Gregory Meeks (D-FL) in a statement called the Robertson comments "a stake in the back of diplomacy" and said Robertson "should be taken off the air." Meeks also called on the Bush administration and Republican congressional leaders to denounce Robertson's statements. Rep. Maxine Waters (D-CA) said in a press release she was "deeply disappointed by President Bush's silence in response to this unconscionable demand that the US government assassinate a foreign leader." The Christian televangelist provoked a storm of controversy after he said Monday during a broadcast of his TV show, "The 700 Club," that the US should "take him (Chavez) out" and that "if he (Chavez) thinks we're trying to assassinate him, I think that we really ought to go ahead and do it." Yesterday, Robertson apologized for the remarks, saying he spoke "in frustration" over the U.S. government's inaction toward a man who has "found common cause with terrorists."

“It was an incredibly stupid statement and has no reflection on reality.”

- Sen. Norm Coleman

Source: New York Daily News, Washington Post, Office of Rep. Meeks.

### Senator Specter Asks Rumsfeld to Lower Rhetoric on Venezuela

Senator Arlen Specter (R-PA) last Friday asked US Secretary of Defense Donald Rumsfeld to scale down anti-Venezuela rhetoric in order to obtain Venezuela's cooperation in the war on drugs, just a few days after Rumsfeld accused Venezuela and Cuba of sowing instability in Bolivia. "I suggest it may be very helpful to US efforts to secure Venezuela's cooperation in our joint attack on drug interdiction if the rhetoric would be reduced," Specter wrote in a letter to Rumsfeld. The Pennsylvania senator, chairman of the Senate judiciary committee, wrote the letter after meeting with Venezuelan President Hugo Chavez in Caracas last Wednesday. Specter said the meeting sought in part to resolve a conflict between the US and Venezuela over drug cooperation. Chavez said earlier this month he was suspending cooperation with the US Drug Enforcement Agency, accusing the Agency of spying. Relations further soured last week when during visits to Paraguay and Peru, Rumsfeld said he had evidence that Venezuela and Cuba had aided Bolivian protesters responsible for ousting two presidents in the last two years.



Arlen Specter  
Photo: Office of Sen. Specter.

Source: Office of Sen. Arlen Specter, Knight Ridder.

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

**A** **Guest Comment: Bill Wertz:** "... In Argentina and Brazil, Wal-Mart is considered one of the most admired companies and one of the best places to work, already, so I'm not sure what basis the union will have for organization efforts. Some of our workers do belong to unions in both countries, and we respect that. That's true in Mexico as well. As you may know, in Brazil and Argentina the unions negotiate with the retail industry as a whole. It's not done on an individual company basis as it is in the US. So we respect the bargaining that is done on behalf of the industry and the unions, and we reflect that in our pay and benefits. We think they (union leaders) will have little success in Latin America because of the fact that we are already considered one of the best places to work. ... We are very enthusiastic about our investments in Latin America. We've been growing in Latin America, and our customers appreciate our low prices and our variety of merchandise. So we anticipate continuing to grow in Latin America and we anticipate continuing to have an excellent relationship with our workers—union and non-union workers ... In the United States, unions are very anti-business and as a consequence they try to block our company's growth and do other things that are very negative for workers. They really restrict the opportunity that workers have for better jobs and new store openings. Outside the US, unions seem more willing to work cooperatively toward mutual benefit; in other words if the company succeeds and grows then everyone benefits—the workers, the company, and the unions."

**A** **Guest Comment: Tapen Sinha:** "Under the banner of Union Network International (UNI), a Swiss-based federation, union leaders are meeting in Chicago to press for better pay, healthcare, and other benefits for the workers. The UNI has stated that they plan to organize workers at Wal-Mart in Brazil, Argentina, South Korea, Britain, and Germany. There are a number of hurdles that the UNI is going

to face. First, the sheer numbers are going to work against the success of organizing Wal-Mart in Latin America (and other countries). The entire base of the UNI is 15.5 million workers. Most of them are in developed countries. Wal-Mart has a global workforce of 1.6 million workers. The workers under the UNI banner do not have enough clout to bring any pressure on any government at all. Second, some workers in Brazil, Argentina, and Germany are already unionized because Wal-Mart has bought retailers with unionized workers. Wal-Mart has not been as successful in some of these countries as they have in others where the workers are not unionized. For example, Wal-Mart in Germany had less success than Wal-Mart in the US. Similarly, comparing Argentina and Mexico, success in Mexico has been far bigger than in Argentina for Wal-Mart. Thus, it would be hard for them to make a case for more unionization! Third, it is unlikely that Wal-Mart workers in Latin America would form unions. The reason: unlike the developed countries, Wal-Mart workers are not in the lowest rung in terms of pay or benefits in Latin America. Wal-Mart is moving out of its retail-only focus to other areas of services. For example, it has sought a banking permit in Utah. It seems set to buy at least one financial service company in Mexico. It will surely follow up with a similar strategy in other Latin American countries. If, in the unlikely event that Wal-Mart employees in Latin America do form unions, Wal-Mart can sidestep the problem of investment simply by moving to other services sectors where unions are weak or non-existent."

**Armando Cavalieri** is General Secretary of the Argentine Federation of Commerce and Services Workers.

**Bill Wertz** is a spokesman for Wal-Mart Stores Inc.

**Tapen Sinha** is ING Comercial America Chair and Professor of Risk Management at Instituto Tecnológico Autónomo de México.

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