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Featured Q&A With Our Board of Advisors

Q With a January 15 registration deadline looming, Mexican electoral officials reported last week that only 2,213 migrants living in the United States have signed up to cast absentee ballots in Mexico's July 2006 elections, in what would be the first time ever that migrants have the opportunity to participate in an election at home. Will Mexican immigrants in the US have an impact on next year's vote? Does their participation favor any one candidate/party over others?

A Board Comment: **George W. Grayson:** "Mexicans casting mail ballots will not directly affect the outcome of the 2006 presidential showdown. Expatriates vote in small numbers. Less than 10 percent of eligible overseas voters cast ballots both in the 2004 election for the Dominican Republic's chief executive and the 2005 selection of Iraq's 275-member National Assembly. And in the case of the New York City-concentrated Dominicans the obstacles to suffrage were minor compared with those confronting their Mexican neighbors. Mexico's Congress knowingly passed legislation that will prevent most of their 4 million countrymen living abroad from submitting ballots. To apply for a ballot, potential voters must show proof of US residency and a valid voter card. If they do not have one, they have to apply in their hometowns and wait three weeks to pick credentials—all before January 15. The few tens of thou-

sands of overseas ballots will constitute a drop in the bucket of the 45 million-plus votes likely to be cast. In the event of a close outcome, however, the handling of the absentee ballots could provide the loser with an argument for condemning the official tally. Ex-Mexico City Mayor Andres Manuel Lopez Obrador—convinced that he is a messiah for his nation's lumpenproletariat—has already castigated the prestigious Federal Electoral Institute as a 'bought entity' for 1) barring candidates from campaigning abroad; 2) allegedly failing to enroll new voters rapidly; and 3) questioning the legality of his raising money via an 800-number. Legislators have handed him yet another weapon with

Continued on page 4

PHOTO OF THE DAY



(L-R) Felisa Miceli and Nilda Garre were sworn in yesterday as Argentina's economy and defense ministers, respectively. Also sworn in were Jorge Taiana (foreign minister) and Juan Carlos Nadalich (social development minister).

Photo: Casa Rosada.

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NEWS BRIEFS

Mexico Says it Will Fight Proposed US-Mexico Wall

Mexican Foreign Minister Luis Ernesto Derbez vowed Thursday his country would fight a proposed wall along the US-Mexico border aimed at keeping out illegal immigrants. "We will use all means necessary, and I am referring to things like international tribunals [and other] international action, to make it clear that this is not an act that would resolve the migration issue," Derbez said. Some US lawmakers support construction of a wall along the entire length of the 2,000-mile border. However, critics say the wall would be ineffective and too costly.

Source: Reuters.

Brazilian Prosecutors Seek to Void AIDS Drug Patent

Brazilian public prosecutors on Thursday asked a federal judge to void US drug company **Abbott Laboratories'** patent on the AIDS treatment drug Kaletra. The request comes less than two months after Abbott cut the drug's price in Brazil by nearly half in an agreement with the government. However, prosecutor Peterson Pereira said the government is still paying too much, putting public treatment at risk. "We're demanding [the] patent be broken so treatment can be guaranteed to every patient," Peterson said.

Source: Bloomberg News.

Pemex Issues \$750 Million on International Bond Market

Mexican state-owned oil monopoly **Pemex** said it successfully placed \$750 million in seven-year bonds on the international market on Thursday. Pemex said it would use the proceeds from the issue to fund long-term infrastructure projects.

Source: Reuters.

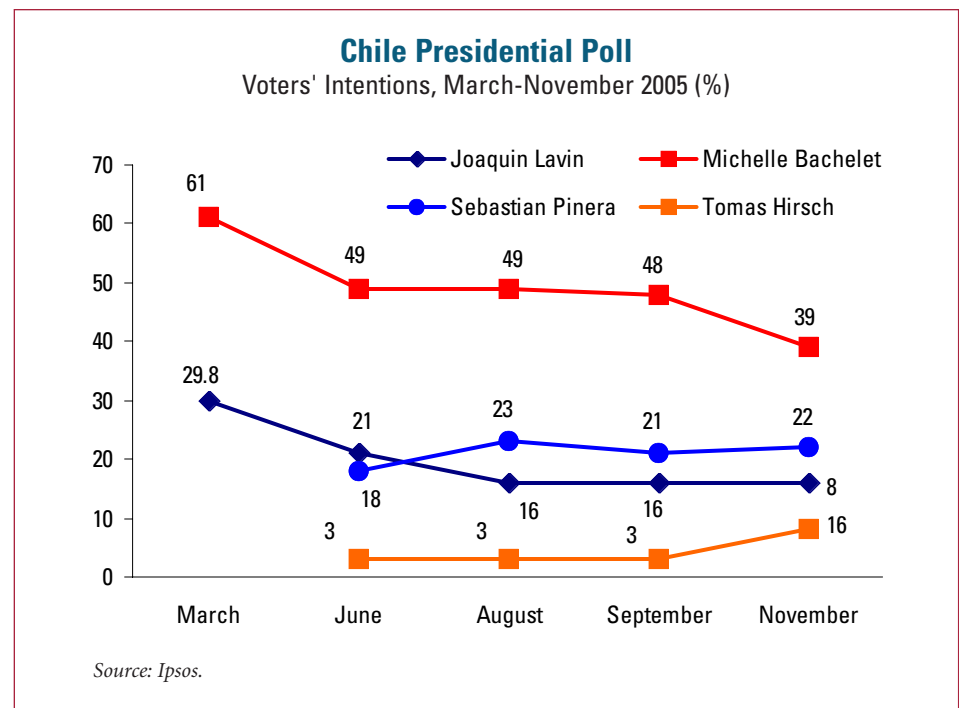
Political News**Support For Bachelet Declines; Poll Finds Second Round Run-Off Likely**

Support for Chilean presidential frontrunner Michelle Bachelet has fallen, according to an **Ipsos Chile** poll released Thursday. Bachelet has led strongly in the polls ahead of the December 11 elections, but the latest poll points to the likelihood that none of the four major candidates will win a majority of votes needed for victory, making a second round run-off vote probable. The poll of 1,006 people surveyed during the last week of November found that support for Bachelet had fallen to 38.5 percent, compared with 48.2 percent in September. The poll has a margin of error of 3.1 percent. Although the poll shows that Bachelet, who represents the ruling government coalition, would fail to garner the majority of votes in the election, she could win in a run-off election in January, which would most likely take place against center-right opposition candidate Sebastian Pinera. Ipsos said Pinera, a businessman and former senator representing the National Renovation party, polled 22.1 support in its most recent survey, one percentage point more than in September. The poll showed that Bachelet would beat

Pinera in a run-off, with 47 percent of votes compared with almost 40 percent for Pinera. Joaquin Lavin, of the conservative opposition Independent Democratic Union party, who narrowly lost to Ricardo Lagos five years ago, garnered 16 percent of votes in the survey, unchanged from September. "The poll means nothing," Chilean daily *La Nacion* reported Lavin as saying Thursday. "There are so many days remaining that I prefer not to discuss it. I am absolutely convinced that I am going to make it to the second round." Tomas Hirsch of the Humanist party gained over four points since the last poll, winning 7.6 percent of votes in the poll, compared with 3 percent in September. When the poll strips out undecided voters and people who said they would leave their ballot blank, Bachelet's support rises to 45.7 percent, although still not enough to win in the first round.

Chavez Says US Behind Opposition Election Boycott in Venezuela

Venezuelan President Hugo Chavez on Thursday accused the Bush administration of engineering a boycott of this Sunday's legislative elections by the country's main opposition parties, Reuters reported. "Another conspiracy has been activated against Venezuela and I am not



going to blame the dogs but the masters, the government of the United States," Chavez was quoted as saying in a late-night address. "The one responsible for this conspiracy is the head of the empire: Mr. Danger. To give him his proper name, Mr. George W. Bush." This week, all of Venezuela's main opposition parties, including Democratic Action and the Social Christian Party, announced they would not participate in the election, accusing the national electoral council of pro-Chavez bias. They also expressed concerns a computerized voting system would not ensure voter confidentiality. US State Department Sean McCormack on Thursday denied any US involvement in the opposition boycott. "These were the decisions of the individual political parties," McCormack stated. US officials have said Chavez seeks confrontation with other countries as a means of energizing his domestic political base. Without the participation of the opposition in this Sunday's vote, pro-Chavez lawmakers are expected to secure a two-thirds majority in the country's 167-seat National Assembly, enabling them to amend the Constitution to, among other things, end presidential term limits and allow Chavez to stay in power indefinitely.

Economic News

IMF Sees "Active Dialogue" with Argentina's New Economy Minister

The International Monetary Fund expects to maintain an "active dialogue" with Argentina's new economy minister, IMF spokesman Thomas Dawson said Thursday, according to Reuters. Dawson said the IMF was not particularly worried by the resignation of Roberto Lavagna and his replacement by Felisa Miceli, a political ally of President Nestor Kirchner who analysts say will carry less weight in the government than her predecessor. "The fact that the minister has changed obviously indicates that we will be dealing with a new minister, but this is not at all unusual ... we have 184 members and we quite regularly get announcements about the selection of a new minister," Dawson was quoted as saying. The IMF spokesman

Research Alert

Report: To Take Advantage of DR-CAFTA, Region Must Improve Infrastructure, Slash Red Tape

A free trade agreement between the US, five Central American nations, and the Dominican Republic (CAFTA-DR) should boost economic growth in the Latin American countries by 1-1.5%, but the region will have to improve physical infrastructure and cut bureaucratic red tape in order to realize the benefits of the trade deal, ratings firm **Standard & Poor's** said in a recent report.

S&P analyst Roberto Sifon Arevalo said the region suffers from poor infrastructure, particularly with regard to roads, ports, airports, and telecommunications.

"At the same time, significant differences in tax codes and customs procedures make transportation of goods in the region costly, slow, and complicated, and constitute a significant disadvantage in doing business," Sifon Arevalo wrote.

"Failure to improve physical infrastructure and to improve the business climate by reducing red tape would deprive the region of DR-CAFTA's potential benefits."

The need to address infrastructure woes and red tape, as well as poor education and health indicators, are included in the trade pact's "complementary agenda," Sifon Arevalo noted.

One major problem facing participating countries is that accomplishing the tasks set out by the complementary agenda will be very costly, and after hurricane season a large portion of already limited government revenue has been dedicated to reconstruction bills, Sifon Arevalo said. In addition, the elimination of tariffs as a result of the trade agreement will only mean less revenue for these countries, he said.

The World Bank, which in a May report also highlighted the need to address the complementary agenda, has approved \$1.14 billion in loans to the region for infrastructure development and to improve the investment climate.

Sifon Arevalo wrote that the best way to increase revenues is not necessarily to raise taxes. Instead, he said, there must be cooperation between the public and private sectors, with the region's governments committing to mitigating tax evasion, adjusting taxes to meet the needs of their peoples, and making spending more efficient, while the private-sector agrees to be flexible in sharing the burden.

CAFTA-DR, which goes into effect on January 1, has been ratified by the legislatures in the US, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. Costa Rica is the only signatory not to have ratified the deal, but will likely do so after presidential and legislative elections in February.

said there have been no "specific new developments" in proposed negotiations with Argentina over a new loan package. Argentina has said it is ready to start talks on a new agreement after suspending the existing one over a year ago in order to

focus on a massive debt restructuring. Dawson also said the IMF stood ready to provide advice and technical assistance on how to contain accelerating inflation in Argentina, which hit 9.8 percent in the first 10 months of the year.

Development in DR-CAFTA Countries

Ranking in UN's 2005 Human Development Index (177 countries total)

Country	Ranking
Costa Rica	47
Dom. Rep.	95
El Salvador	104
Nicaragua	112
Honduras	116
Guatemala	117

Source: S&P, UN.

Featured Q&A*Continued from page 1*

which to attack the validity of what will be the mother of all Mexican elections."

A Guest Comment: Rafael Fernández de Castro: "The high cost of the vote abroad is causing an outcry in Mexico. With two months of registration under our belt, the registration has been very low. The IFE hopes that through a holiday publicity campaign, Mexicans returning home will be convinced to register. Despite the continued effort, the vote of the diaspora will not have an influence on the outcome of the 2006 election. For the next presidential election, the forms of voting and registration mechanisms must be changed to encourage more to register and to simplify the process. In spite of the high cost of these votes, the vote abroad itself represents an important advance for Mexican democracy and demonstrates the recognition of the transnational reality that is created by Mexicans living in the United States. At this point, we have no precedent to give us a precise idea of which party or candidate will win the votes of migrants in the US. Nevertheless, I think that Mexicans in the US will tend to follow the same party patterns of the Mexican population."

A Board Comment: Andrés Rozental: "The issue of allowing Mexicans abroad to vote in presidential elections has been on the political agenda for at least two decades. After many failed attempts to negotiate the details and regulate the constitutional changes that permit it, Congress finally approved a scheme whereby the Federal Electoral Institute (IFE) is supposed to be ready to manage a potential voting universe of up to 4 million Mexican citizens who are presumed to be living outside the country—overwhelmingly in the US—and who have election registration cards previously issued to them in Mexico. The law which was finally cobbled together by the legislature ended up making the process extremely complicated, somewhat costly, and bureaucratically intri-

cate. Individuals who want to vote have to download a request form from the Internet or pick one up at a Mexican consulate, and send it back by certified mail to the IFE, which in turn validates the information and authenticity of the registered voter, and sends back a ballot which has to be filled in and returned to the IFE. The entire process has a January deadline and it appears that the actual numbers of voters might not be more than 10,000, which will obviously not affect the outcome of the July 2006 elections. Those who eventually vote will probably mirror the results of the election as a whole, which promises to be tight in terms of party and candidate support. Nevertheless, the fact that a possibility now exists for Mexicans to exercise their civic and political rights even though they are not physically in the country on election day is a major step forward in the building of the country's democracy and in the future could become more important as a proportion of the total vote."

George W. Grayson is a member of the Advisor board and a Professor of Government at The College of William & Mary.

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Latin America Advisor

is published every business day by the Inter-American Dialogue, Copyright © 2005

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Latin America Advisor is published every business day by the Inter-American Dialogue
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Phone: 202-822-9002 Fax: 202-822-9553

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