



Inter-American Dialogue

LATIN AMERICA ADVISOR

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Featured Q&A With Our Board of Advisors

Q An Ecuadorean foreign ministry official said last week his country would probably not extend beyond 2009 an agreement with the United States that allows the US to use the Manta air base in Ecuador for counternarcotics operations. Do you think the US and Ecuador will renew the agreement? What effect would its non-renewal have on counternarcotics efforts in the region?

A **Guest Comment: Adrian Bonilla:** "As in the rest of Latin America, the anti-US ideological climate is very intense in Ecuador. The treaty that allows the use of the Manta base for counternarcotics operations was signed by the government of President Jamil Mahuad (1988-2000), and has been questioned ever since then. The treaty expires and ought to be renewed in 2009. The issue will probably be one of the central topics in the campaigns of the different presidential candidates before the first round in October of this year, since the next Ecuadorean government will have to make that decision. The perception exists in Ecuador that the Manta base has not been used just to combat drugs, but to neutralize illegal Ecuadorean immigration and help the Colombian government in its fight against guerrillas. Nationalist feelings have increased and the chances are high that the new president to be elected will promise not to renew the agreement in his campaign. Counterdrug efforts based on mili-

tary strategies have failed, no matter the means used for control, over the past 30 years. The Manta base and its operational capacity have not been an exception. The problem with this phenomenon is not the tools, but US involvement, which has securitized an issue that, strictly speaking, should be about public health."

A **Guest Comment: Gabriel Marcella:** "The Manta issue must be seen in the larger context of regional security. Ecuador is a key partner with the United States, Bolivia, Peru, and Colombia in the fight against illegal narcotics, its violence, and corruption. Operating jointly with the
Continued on page 4

PHOTO OF THE DAY



US Senator Dianne Feinstein (D-CA) on Tuesday proposed a bill that would make it illegal to dig a tunnel into the United States. See story in Capitol Hill Watch on page 2.

Photo: Office of Sen. Dianne Feinstein.

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NEWS BRIEFS

First Three out of 15 Russian Helicopters Arrive in Venezuela

Three Russian-made transport helicopters arrived in Venezuela on Tuesday as part of a broader arms deal between the two countries, Venezuelan Defense Minister Orlando Maniglia said. The three helicopters were the first of 15 to be delivered under two contracts worth a total of \$201 million signed last year. Russia and Venezuela also signed a contract in May for 100,000 Russian-made Kalashnikov rifles. The United States, a critic of Venezuelan President Hugo Chavez, has called the deals unnecessary.

Source: *Associated Press*.

Lula Denies Campaigning

Brazilian President Luiz Inacio Lula da Silva on Tuesday denied accusations by opposition politicians that he was using public funds for a campaign trip. Lula said his visit yesterday to northeastern Brazil was legitimate official travel to promote education for the rural poor. "All I ask of God and the politicians ... [is] let me govern the country until the end of my term because there are a lot of good things yet to happen for the Brazilian people," Lula said yesterday. Congressional Deputy Luiz Gonzaga Mota of the opposition PSDB party called the trip "unethical and unjustifiable."

Source: *Reuters*.

Bavaria Posted Wider Loss in 2005

Colombian brewer **Bavaria** on Tuesday reported a full-year 2005 loss of 110.57 billion pesos (\$US 49.1 million), versus a loss of 86.96 billion pesos in 2004. Bavaria, which was acquired by **SABMiller** in October for \$7.8 billion, is South America's second-largest brewer.

Source: *Reuters*.

Political News

Commander of Colombian Military Steps Down Amid Abuse Scandal

The commander of Colombia's army, General Reinaldo Castellanos, resigned Tuesday amid a scandal in which 21 soldiers were allegedly beaten, branded, and sexually assaulted by their superiors, the Associated Press reported. President Alvaro Uribe named General Mario Montoya, the military joint chiefs commander for the Caribbean, to replace Castellanos, according to a statement issued by the presidential palace. Colombian weekly news magazine *Semana* carried graphic photographs in its Sunday edition of 21 soldiers it says were beaten, forced to eat animal excrement, burned on their faces and arms, and raped

years in a war that claims thousands of lives each year.

Ecuador Declares State of Emergency in Province Amid Protests

The Ecuadorean government on Tuesday declared a state of emergency in the eastern jungle province of Napo amid clashes with hundreds of protesters occupying an oil pumping station that have forced the closure of a key pipeline, Reuters reported. "We will not allow anybody to damage state infrastructure," Jose Modesto Apolo, the government general secretary, was quoted as telling reporters. The occupation of the Sardina pumping station has to end before there could be any talks with the protesters, he said. Under the state of emergency declaration, protests and marches in the province are prohibited. However, some 600 protesters continue to

“It's deplorable that the army, in this crucial moment in our country's history, has engaged in such painful and very serious misconduct.”

— *Alvaro Uribe*

by army officers during a January survival training exercise. Uribe vehemently condemned the military's reported abuses and its failure to disclose the alleged incidents, which he said should have been reported through the chain of military command rather than the media. "It's deplorable that the army, in this crucial moment in our country's history, has engaged in such painful and very serious misconduct," Uribe said. Army officials only made the alleged abuses public on Saturday, hours before the *Semana* report was expected to be released. Colombia's attorney general Mario Iguaran announced Tuesday afternoon that the Justice ministry would take over the investigation of the alleged torture cases from the Defense ministry, according to local daily *El Tiempo*. Colombia's army has been battling leftist guerrillas—who profit from drug trafficking and kidnapping—for 41



Alvaro Uribe
Photo: Casa Narino.

occupy the pumping station, and at least three protesters were wounded after soldiers fired on them, according to protest leaders and a doctor at a local hospital cited by Reuters. Local television reportedly showed troops firing their rifles at dozens of rock-hurdling protesters. The protesters are demanding that the government spend \$100 million in their local communities to build roads, bridges and a new airport. Officials confirmed that the protests have forced the closure of the OCP pipeline, which has the capacity to transport 450,000 barrels per day. Ecuador is Latin America's fifth-largest oil producer, with an output of about 530,000 barrels per day, according to Reuters. On Monday, protesters damaged another pumping station owned by state-owned oil company **Petroecuador**, forcing it to shut down its main pipeline and suspend exports for several hours. The suspension of exports cost Petroecuador some \$11 million, according to local Ecuadorean daily *El Comercio*.

Economic News

Brazil Records First Current Account Deficit in 14 Months in January

Brazil posted its first monthly current account deficit in 14 months in January, amid higher interest payments and a strengthening local currency, which encouraged multinational companies to increase repatriation of profits, Reuters reported. January's deficit compared to a \$802 million surplus in January 2005 and a \$570 million surplus in December 2005. Foreign direct investment totaled \$1.5 billion in January, up from \$1.22 billion a year earlier. For the 12 months through January, Brazil had a current account surplus of 1.62 percent of gross domestic product, down from 1.79 percent of GDP for the 12 months through December 2005. For all of 2005, it posted a record current account surplus of \$14.19 billion.

Company News

TV Azteca Posts Decline in Q4, Full-Year 2005 Profit Amid Slump in Sales

Mexico's second-largest broadcaster, **TV Azteca**, on Tuesday reported declines in its fourth-quarter and full-year 2005 profit amid a drop in sales. In an earnings statement, TV Azteca said net income for the three months through December totaled \$8 million, down from \$45 million for the year-earlier period, as net sales fell 3.4 percent. Sales for the full year fell 1 percent to \$797 million, while net income declined 24 percent to \$114 million. However, fourth-quarter and full-year EBITDA (earnings before interest, taxes, depreciation, and amortization) grew 8 percent and 1 percent, respectively, to \$116 million and \$359 million, as the company cut costs and expenses, including a 12 percent reduction in the fourth quarter. TV Azteca owns **Azteca America**, which is aimed at Hispanics in the United States. Late last year, Azteca America was officially recognized by the Nielsen television ratings agency as a network with national coverage in the US, which could result in an increase in advertising revenues going forward, TV Azteca said.

Capitol Hill Watch

A weekly look at US congressional activity on Latin America

Congress Should Criminalize Building a Tunnel Into the US—Feinstein

Sen. Dianne Feinstein (D-CA) on Tuesday proposed a bill that would make it illegal to dig a tunnel into the United States, a measure aimed at combating illicit drug trafficking and immigration. Feinstein's bill, co-sponsored by Sen. Jon Kyl (R-AZ), would criminalize "the act of constructing or financing a tunnel or subterranean passage across an international border into the United States." The upsurge in the occurrence of cross-border violence and crime highlights the need to make border tunnels unlawful, Feinstein claims. "For years smugglers have tried to go around our border checkpoints. Now they are trying to go under them," Feinstein said. "This is a serious issue not just for San Diego and California, but the entire country." The proposed bill would impose a maximum of 20 years in prison for constructing or financing a tunnel into the US. Forty such tunnels and underground passages have been found in the country since 2001, some of which are equipped with lighting, ventilation, and water removal systems.

Source: Office of Sen. Feinstein.

Citgo to Provide Information for House Investigation

Citgo Petroleum Corp. says it plans to cooperate with the House Energy and Commerce Committee chairman's request for documents on Venezuela's program to provide heating oil to poor Americans. Committee Chairman Joe Barton (R-TX) last week asked Citgo, a subsidiary of Venezuela's state-owned oil company **PDVSA**, to provide all records about the program by February 23, expressing concern that the oil deals are "part of an unfriendly government's increasingly belligerent and hostile foreign policy" toward the US. Citgo President and CEO Felix Rodriguez said in response that Citgo is working with existing charities that have provided low-cost heating oil to the poor in the past, and that Citgo would likely provide copies of the documents within 30 days. Houston-based Citgo has discounted heating oil programs in Massachusetts, New York, Maine, Rhode Island, Vermont, Connecticut, Delaware, and the Philadelphia area.

Source: Associated Press.

Engel Takes Over as Ranking Member on Western Hem. Subcommittee

Democrats on the House International Relations Committee last Thursday elected Rep. John Engel of New York to be the ranking member on the Western Hemisphere Subcommittee. Engel was chosen to fill the slot vacated by former Congressman Robert Menendez (D-NJ), who was recently appointed to the Senate. "The United States has critical relationships with our neighbors in the Western Hemisphere, and I look forward to working in the Subcommittee to show our goodwill as a nation while promoting our economic and political interest throughout the region," Engel said in a press release. Engel's district, which encompasses parts of the Bronx, Rockland, and Westchester, is home to many people of Caribbean and Central and South American heritage.

Source: Office of Rep. John Engel.

Featured Q&A*Continued from page 1*

Ecuadorean air force at Manta, American aircraft track and help interdict narcotics flights. Accordingly, since 1999 US reconnaissance aircraft have flown some 17,000 hours in the Andean region and helped confiscate over 52,000 kilos of illegal drugs with a street value of over \$2 billion. The counternarcotics effort extends beyond air interdiction;

“In the face of the multiple threats around it, it would be foolish for Ecuador to weaken its resolve.”

— *Gabriel Marcella*

the United States has also helped Ecuador improve its border control and its ability to intercept maritime shipments. In addition, the Ecuadorean army is making a great effort to defend against intrusions from Colombia's FARC, who have used Ecuador to rest and replenish and who depend on cocaine money for their war chest. Therefore, the announcement by the foreign ministry official is troubling. In the face of the multiple threats around it, it would be foolish for Ecuador to weaken its resolve. Terminating the agreement in 2009 would be a blow to the multilateral commitment to combat the scourge of narcotics. Moreover, it would seriously increase the threat to Ecuador's own security. A *modus vivendi* should be found to continue the arrangement."

A Guest Comment: Adam Isacson: "A non-extension of the Manta base agreement would likely anger the US government, which spent more than \$60 million in 2000 to improve the facility. We can expect a diplomatic offensive to renew the agreement, an offensive that—combined with pro-base pressure from coastal Ecuadoreans who have benefited economically from the US presence—

will probably be successful. If the base agreement is not renewed, however, it will have little effect on US drug interdiction efforts. Relations with Ecuador would suffer, but US aircraft monitoring suspicious flights and boats in the eastern Pacific would likely find another facility out of which to operate, likely in Colombia. (It must be noted, however, that even with the Manta facility currently in place, a great deal of trafficking goes undetected and uninterrupted, and the interdiction effort suffers from chronic shortages of air assets that are assigned to 'higher priority' missions elsewhere in the world). Either way, it is unlikely that this is Ecuador's final word: the country elects a new president at the end of this year, and could have a very different foreign ministry in 2009—especially if conservative Guayaquil Mayor Jaime Nebot is elected."

Adrian Bonilla is Assistant Academic Director and Research Coordinator at the Latin American School of Social Sciences (FLACSO).

Gabriel Marcella is Director of Third World Studies at the US Army War College.

Adam Isacson is Director of Programs at the Center for International Policy.

Latin America Advisor

is published every business day by the Inter-American Dialogue, Copyright © 2006

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Devin Finn,
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Inter-American Dialogue:

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Subscription Inquiries are welcomed at fretrial@thedialogue.org

Latin America Advisor is published every business day by the Inter-American Dialogue
1211 Connecticut Avenue, Suite 510
Washington, DC 20036
Phone: 202-822-9002 Fax: 202-822-9553

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