

Inter-American Dialogue

LATIN AMERICA ADVISOR

BOARD OF ADVISORS

- | | |
|--|--|
| Bernard Aronson
Managing Partner,
ACON Investments LLC | Peter Hakim
President,
Inter-American
Dialogue |
| Diego Arria
Director,
Columbus Group | Donna Hrinak
Director for Corporate
and Govt. Affairs,
Kraft Foods Inc. |
| Genaro Arriagada
Board Member, Banco
del Estado de Chile | Jon Huenemann
Principal,
International
Department,
Miller & Chevalier |
| Joyce Chang
Global Head of
Emerging Markets
Research, J.P. Morgan
Chase & Co. | James R. Jones
Co-chair,
Manatt Jones
Global Strategies LLC |
| Adrian Cruz
Founder and Senior
Partner,
Crisis Simulations
International, LLC | Nicolás Mariscal
Chairman,
Grupo Marhnos |
| W. Bowman Cutter
Partner,
E.M. Warburg
Pincus | Juan Felipe Muñoz
President,
The Otun Group |
| Rui da Costa
Managing Director,
Latin America & the
Caribbean,
Hewlett-Packard Co. | Thomas F. McLarty III
President,
Kissinger McLarty
Associates |
| Dirk Donath
Managing Director,
Eton Park Capital
Management | Carlos Paz-Soldan
Partner,
Saul Ewing, LLP |
| Jane Eddy
Managing Director,
Corporate & Govt.
Ratings Group,
Standard & Poor's | Beatrice Rangel
President & CEO,
AMLA Consulting |
| Jonathon Flott
Senior Economist for
Latin America, Africa
and the Middle East,
General Motors | José Antonio Ríos
International President,
Global Crossing |
| Wallace Gardner
Vice President,
Worldwide Sales,
Chubb & Son | Andrés Rozental
Chairman of the
Board of Trustees,
Mexican Council on
Foreign Relations |
| George W. Grayson
Professor of Govt.,
The College of
William & Mary | Everett Santos
President,
DALEC LLC |
| | Roger Scher
Head of Latin
American
Sovereign Ratings,
Fitch Ratings |

Featured Q&A With Our Board of Advisors

Q Organization of American States Secretary General Jose Miguel Insulza said last week that "the OAS should get involved in at least initiating a significant dialogue with Cuba"—which was expelled from the OAS in 1962—adding "the sooner the better." Do you see Cuba's return to the OAS on the horizon? How would nations in the Western Hemisphere that favor dialogue with Cuba overcome US resistance to such a move?

A **Guest Comment: Luigi Einaudi:** "The OAS engages countries on many fronts, but the three most important are respect for non-intervention in internal affairs, peaceful resolution of conflicts, and the effective exercise of representative democracy. All three concerns are highly relevant to relations with Cuba, which is a founding member of the OAS. For more than 40 years, Cuba's absence has denied both it and the rest of the Hemisphere the opportunity to share in the growing search for strengthening the human, social, and political rights of all citizens of the Americas. I would welcome a democratic Cuba back to the OAS in an instant. In practice, of course, all OAS member states, including Cuba, would have to agree on how and when. Secretary General Insulza would certainly have my confidence should he seek to encourage such a dialogue, which might contribute not only to democracy, but also to mutual respect and peace."

A **Guest Comment: Kirby Jones:** "Cuba is now a member of regional, economic, and political organizations, and has established diplomatic relations with virtually all of Latin America. Almost all other countries in the region have recognized Cuba, trade with Cuba, and have welcomed Fidel Castro at regional meetings of heads of state. There is no reason why the OAS should not take the unilateral step to invite Cuba back into its body. By so doing, the OAS would only recognize and ratify what already is a reality anyway. Cuba is a member of the Latin American community."

Continued on page 4

PHOTO OF THE DAY



OAS Secretary General Jose Miguel Insulza said "the OAS should get involved in at least initiating a significant dialogue with Cuba."

OAS file photo.

Inside This Issue

- | | |
|---|--|
| FEATURED Q&A: Is Cuba's Return to the OAS on the Horizon?1 | News Briefs: Chile's Stock Markets; Colombian Refugees; Argentine Industrial Production2 |
| New Mexican Ambassador: Mexico to Lobby for US Immigration Reform.....2 | Venezuela Agrees to Provide Cheap Oil for London Buses3 |
| Chertoff: Use of Troops Has Cut Flow of Illegal Immigrants from Mexico2 | Wal-Mart to Invest \$49 Million in Costa Rica to Open 14 New Stores3 |

NEWS BRIEFS

Chilean Stock Markets Record Biggest Drop in Eight Months

Chilean stock indexes on Tuesday recorded their biggest one-day fall in eight months, Reuters reported. The all-market IGPA index ended 1.78 percent lower at 13,608.15 points, while the trade-weighted blue-chip IPSA index dropped 2.28 percent to 3,011.43 points, preliminary closing figures showed. Heavily weighted retail and energy companies led the decline. Analysts speculated that profit-taking by investors following an extended rally may have been the main cause for Tuesday's steep decline.

UN Refugee Agency Requests \$14.4 Million for Colombia

The United Nations' refugee agency (UNHCR) on Tuesday requested \$14.4 million from donor countries to aid its work with an estimated 3 million internally displaced people in Colombia, Reuters reported. The UNHCR's director for the Americas, Philippe Lavanchy, said Colombia's internal refugee problem was mostly a result of the Andean nation's decades-old civil war, in which illegal armed groups terrorize civilian populations.

Argentine Industrial Output Rose 6.1 Percent in January

Industrial production in Argentina increased a lower-than-expected 6.1 percent in January from the same period a year earlier, the country's national statistics institute (Indec) reported on Tuesday, according to Bloomberg News. Automobile production led the sector with year-on-year growth of 41.1 percent in January. On a seasonally adjusted basis, overall industrial output declined 2.4 percent from December, Indec said.

Political News

Mexico's New Ambassador: Mexico to Lobby for US Immigration Reform

Mexico plans an aggressive lobbying effort for an immigration reform agreement with the US, Mexico's new ambassador to the United States, Arturo Sarukhan, said Tuesday, according to the Associated Press. "We are going to put into place the same kind of diplomatic and lobbying effort that we did in the early 1990s when [the North American Free Trade Agreement] was being decided," Sarukhan was quoted as saying in Mexico City before leaving for his new post in Washington. He said Mexican consulates in the US would meet with state and federal lawmakers, business chambers, civic organizations and "all actors of US society" who support comprehensive immigration reform. "There are few matters so important to the future of this country," he stated. Sarukhan said Mexico only has a limited amount of time to mount a lobbying effort before campaigning begins for the 2008 US presidential election. Since the previous six-year

administration of Mexican President Vicente Fox, Mexico has pushed for immigration reform in the US that would allow more Mexicans to live and work legally north of the border, including through a temporary guest-worker program. As many as 12 million illegal immigrants live in the US currently, according to some estimates. US President George W. Bush supports comprehensive immigration reform that includes a guest worker program, but the previous Republican-controlled Congress rejected such a measure, instead late last year approving legislation, which Bush signed, to build 700 miles of fencing along the 2,000-mile US-Mexico border. Tamar Jacoby, an immigration expert at the Manhattan Institute, told the *Advisor* last month that the new Democrat-controlled Congress may not be able to overcome divisions on immigration in attempts this year to pass a comprehensive reform bill, although she said it was not impossible "because the American public, fed up with the dysfunctional immigration system, is hungry to see Congress get something done." [Editor's note: see related Q&A in the January 31, 2007 issue of the *Advisor*.]

Chertoff: Use of Troops Has Cut Flow of Illegal Immigrants from Mexico

The number of immigrants entering the United States illegally from Mexico has fallen by more than 40 percent since June, a month after President George W. Bush ordered 6,000 National Guard troops to help secure the 2,000 mile-long border, US Secretary for Homeland Security Michael Chertoff said Tuesday, according to Reuters.



Chertoff

Photo: DHS.

Chertoff told reporters while visiting an area along the Arizona-Mexico border that the number of illegal immigrants arrested crossing the border had fallen by between 40 and 55 since troops were first deployed.

"This is the kind of tangible indication of progress that the American people have been waiting for," Chertoff was quoted as saying. "We are ... walking the walk and actually getting the tools on the border that the Border Patrol needs to do the job," he said. Bush ordered the deployment last May as part of a broader effort to reform immigration laws and tighten security along the US-Mexico border.

The National Guard soldiers do not have the authority to arrest illegal immigrants, but only to provide support for the Border Patrol, performing tasks such as building vehicle barriers and access roads along remote stretches of the border and keeping watch for illegal immigrants crossing into the US, according to Reuters.

Economic News

Venezuela Agrees to Provide Cheap Oil for London Buses

The government of Venezuelan President Hugo Chavez agreed Tuesday to provide discounted oil for London buses in exchange for urban planning advice from the city, Bloomberg News reported. Under the agreement, signed by London Mayor Ken Livingstone and Venezuelan Foreign Minister Nicolas Maduro, Venezuelan state-owned oil company **PDVSA** will provide a discount of up to \$32 million a year on London's annual transportation fuel bill of 100 million pounds (\$US 195 million), said the mayor, a socialist who is

“This is an incredibly generous offer by the president of Venezuela.”

- London Mayor Ken Livingstone

known locally as "Red Ken" and who praises Chavez and his socialist agenda, according to Bloomberg News. London will use the savings to offer half-price bus fares to 250,000 poor Londoners. "This is an incredibly generous offer by the president of Venezuela," Livingstone was quoted as telling reporters. "This builds on work his government is doing across the world to tackle poverty." Maduro said that by providing urban planning advice the city of London "will help us in a big, historic task, which is reorganizing the [Venezuelan capital] of Caracas." Venezuela has also made deals to provide discounted heating oil for low-income residents in some cities of the northeastern United States, a move which critics see as aimed at subverting US policy toward Venezuela and poking a thumb in the eye of the Bush administration. Critics in Venezuela say money for such programs would be better spent on helping to fight widespread poverty and investing in infrastructure in the South American country.

Subscriber Notice

Discussion on

US-Cuba Policy: The Choices Ahead

with

Vicki Huddleston,
Former Chief of the US Interests Section in Cuba

William Leogrande,
American University

Juan Del Aguila,
Emory University

Friday, February 23, 2007

2:00 - 3:30 p.m.

Inter-American Dialogue

1211 Connecticut Avenue NW, Suite 510
Washington, DC

To RSVP and to inquire about phone access, send an email to meetings@thedialogue.org.

Please include your name and affiliation.

Company News

Wal-Mart to Invest \$49 Million in Costa Rica to Open 14 New Stores

US-based retail giant **Wal-Mart Stores Inc.** announced Tuesday it would invest \$49 million to open 14 new stores in Costa Rica this year, Reuters reported. Wal-Mart announced the investment after its chief executive officer for the Americas, Craig Heckert, met Costa Rican President Oscar

Arias. The new stores will create 1,500 new jobs in Costa Rica, in addition to the 9,000 workers Wal-Mart already employees at its stores in the country, the company said. **Wal-Mart Central America**, which was created a year ago when Wal-Mart obtained majority control of the **Central American Retail Holding Company**, has about 375 supermarkets and other stores in Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. It recorded sales of about \$2.2 billion in 2005, according to Reuters.

Featured Q&A*Continued from page 1*

Only the United States is isolated in this regard. To be sure, the US would continue to 'stay the course' with its unilateral policy of embargo and non-recognition. What might have been acceptable in 1962 has no place in the world of 2007. The US can be expected to exert pressure on those ever-decreasing number of countries which still are tempted to bow to such pressure. But just as in the

“There is no reason why the OAS should not take the unilateral step to invite Cuba back into its body.”

- Kirby Jones

United Nations, where all Latin American countries have voted to end the embargo and against the US position, so too in 2007 it may very well be the time and the case that these same countries may also decide to demonstrate their independence from the US by voting in favor of Cuba's readmission to their own international body.”

A **Guest Comment: Dennis Hays:** "There has never been a bar to Cuba's re-entry into the OAS—merely a condition. That condition, of course, is that Cuba show respect for the foundation upon which the OAS was conceived and built—the foundation that states that

representative democracy is indispensable for the stability, peace, and development of the region. Article 3 of the Inter-American Democratic Charter puts the issue very plainly: 'Essential elements of representative democracy include *inter alia*, respect for human rights and fundamental freedoms, access to and the exercise of power in accordance with the rule of law, [and] the holding of periodic, free, and fair elections based on secret balloting and universal suffrage.' It is the Cuban regime's steadfast refusal to respect the rights of the individual that has kept the country on the outside of the OAS looking sadly in. If the secretary general's remarks are geared toward working with the growing democratic movement in Cuba, his thoughts will be welcomed. If, on the other hand, his intention is to work with the existing regime as it attempts to perpetuate itself, then his efforts will undermine his very institution and result in continued misery for the 12 million Cubans not named Castro."

Luigi Einaudi is former Acting Secretary General of the OAS.

Kirby Jones is President of the US-Cuba Trade Association.

Dennis Hays is former Coordinator for Cuban Affairs at the US Department of State.

Latin America Advisor

is published every business day by the Inter-American Dialogue, Copyright © 2007

Erik Brand,
General Manager, Publishing

Robert Simpson,
Editor

Elisabeth Burgess,
Reporter

Danielle Jetton,
Computer Services Coordinator

Inter-American Dialogue:

Peter Hakim,
President

Michael Shifter,
Vice President, Policy

Joan Caivano,
Director, Special Projects

Dan Erikson,
Senior Associate, US Policy

Claudio Loser,
Senior Fellow

Manuel Orozco,
Executive Director, Remittances and Rural Development Project

Marifeli Pérez-Stable,
Vice President, Democratic Governance

Jeffrey M. Puryear,
Vice President, Social Policy

Viron Vaky,
Senior Fellow

Subscription Inquiries are welcomed at freetrieal@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

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each Advisor and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.

Correction

In the Featured Q&A of the February 7, 2007 issue of the Latin America Advisor, guest commentator Stanley Lucas was incorrectly identified. Lucas is Executive Director of the Washington Democracy Project.