

Inter-American Dialogue

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Featured Q&A With Our Board of Advisors

Q The White House last week named Robert Zoellick, a former top US trade official and diplomat, to head the World Bank. If confirmed by the Bank's board, how will Zoellick be received at the multilateral institution? What direction would the Bank take under Zoellick? How is Zoellick viewed in Latin America?

A **Guest Comment: Raul Herrera:** "If confirmed by the Bank's board, Bob Zoellick will be heartily welcomed at the multilateral institution, and more so within Latin America. Zoellick brings a broad and proven skill set to the task of leading the Bank, of which few can honestly criticize. On an objective basis, he is deemed to be a professional with significant multilateral, financial, and managerial experience (USTR, US State Department, G-7, FNMA, Goldman), important requirements to be Bank president but attributes his predecessor grossly lacked. Of course, there are a few that believe the leadership at the Bank should be decided through an open, transparent, and competitive process, but there is limited traction for this opinion (and less so in the face of Zoellick's nomination). He has just embarked on a meet-and-greet trip to get to know some of his future constituents. Although Zoellick will probably retain the anti-corruption program of the Bank launched by Jim Wolfensohn, he should refocus the Bank on its central mission of alleviating poverty. Zoellick is high-

ly respected and will be well received in Latin America, in large part due to his key role in the Central American peace process many years ago and more recently with his steady hand at the helm of the US trade portfolio, which includes many successes—FTA with Chile, CAFTA-DR, NAFTA, and the Uruguay Round. He is an old friend of the region's, which is certainly much better off with him as president of the Bank!"

A **Guest Comment: Rogelio Ramirez de la O:** "This was a good choice for the White House as president of the World Bank."

Continued on page 4

PHOTO OF THE DAY



Ecuadorian Economy Minister Ricardo Patino, seen in the photo above taken last month, on Tuesday reiterated the government's plans not to pay "illegal" debt. See [story](#) on page 2.

Photo: Carondelet.

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NEWS BRIEFS

Cuba's Fidel Castro Makes Appearance in TV Interview

Fidel Castro appeared on television in a 50-minute interview on Tuesday, the Cuban leader's lengthiest appearance since he underwent intestinal surgery and transferred power to his younger brother, Raul Castro, last July, the Associated Press reported. In the interview, taped on Monday, the 80 year-old Castro did not mention any plans to return to governing Cuba.

Brazilian Police Indict Lula's Brother for Influence-Peddling

Brazil's Federal Police announced Tuesday that it indicted the brother of President Luiz Inacio Lula on influence-peddling charges as part of an investigation into illegal gambling, state news service Agencia Brasil reported. The announcement was made after authorities conducted a search of Genival Inacio da Silva's house on the outskirts of Sao Paulo. Lula, wrapping up a three-day state visit to India on Tuesday, said he did not believe the charges against his brother, according to Agencia Brasil.

US Government to Appeal Ruling in Posada Carriles Case

The US government will appeal a ruling last month by a judge who dismissed immigration fraud charges against ex-CIA operative and alleged terrorist Luis Posada Carriles, Reuters reported. Cuba and Venezuela have called the US hypocritical in the war on terror for failing to prosecute the 79 year-old Posada Carriles on terrorism charges. Posada Carriles is wanted in those two countries for allegedly masterminding the 1976 bombing of a Cuban airliner that killed 73 people.

Economic News

Patino Reiterates That Ecuador Will Not Pay "Illegal" Foreign Debt

Ecuadorean Economy Minister Ricardo Patino on Tuesday repeated threats that the government would not pay "illegal" foreign debt and said he plans to determine if past government officials hold Ecuadorean bonds or have any ties to existing debtholders, Reuters reported. Patino, who himself is being investigated by local prosecutors for possible debt market manipulation, said he would put pressure on US financial giant **Citigroup**, which is in charge of transferring some of the government's debt payments, to

Patino said he would put pressure on US financial giant Citigroup, which is in charge of transferring some of the government's debt payments, to release the identity of bondholders in order to draft a debt restructuring plan.

release the identity of bondholders in order to draft a debt restructuring plan. "I will seek information even if the contract [with Citigroup] says it's impossible," Patino was quoted as saying. President Rafael Correa, who took office in January, has vowed to halt payments on "illegal" debt contracted by past, "corrupt" governments. In February, Patino announced that Ecuador would miss a deadline for a \$135 million payment on the 2030 bond because it lacked funds, but two days later the government said it would make the payment on time, raising suspicions that Ecuador was trying to spark sharp fluctuations in bond prices. Late last month, a video became public showing Patino meeting with foreign investors before the debt payment was made. At the meeting, an unidentified voice is heard proposing to "shock" the market to supposedly generate \$150 million in bond sales at a higher price. Patino denies any wrongdoing, saying he rejected the proposal to shock the market and that it was his idea to record the meeting. Correa has stood by Patino, calling him an "honest man."

Brazil's Lula Wraps Up India Visit with New Energy Deals

Brazilian President Luiz Inacio Lula da Silva wrapped up a three-day state visit to India Tuesday, his second official visit to the Asian nation in less than three years. Lula's trip focused on energy collaboration and strengthening trade ties. Partners in the so-called Group of 20—a bloc of developing nations in global trade talks seeking to lower agricultural subsidies in richer countries—Brazil and India hope to increase bilateral trade to \$10 billion by 2010, compared to \$2.4 billion in trade last year, according to wire reports. The trip also focused on sharing oil sector technologies and on boosting ethanol pro-

duction, among other energy agreements. Brazilian state oil company **Petrobras** signed an agreement Monday with Indian national oil and gas company **ONGC** to exploit six deepwater exploratory blocks, three of which are in Brazil while the other three are off the eastern coast of India, according to a Petrobras press release. ONGC produces some 600,000 barrels of oil and 70 million cubic meters of gas per day, and has sought to diversify its operations by investing abroad. It recently pur-



Lula visited a memorial to Mahatma Gandhi on Tuesday.

Photo: Agencia Brasil.

chased a 15 percent stake in the Ostra, Abalone, Argonauta, and Nautilus fields in Brazil's offshore Campos Basin. The fields, in which Petrobras has a 35 percent stake, are operated by **Shell**. Petrobras has participated in bids held by the Indian oil regulator since 2005, but had not struck any deals in India until now.

Mexico's Supreme Court Rejects Parts of "Televisa Law"

Mexico's Supreme Court on Tuesday rejected parts of a year-old media law critics say only benefits big media companies at the expense of competition. In a preliminary ruling, the Supreme Court said parts of the law that automatically let broadcasters add data and telecommunications services on request violate the Mexican Constitution's fairness provisions, Bloomberg News reported. It also ruled that sections of the law allowing the auctioning of licenses to the highest bidder is unjustified and that 20-year license terms are too long. If confirmed in a final decision later, Mexico's Congress may be forced to redraft the law. Former Mexican President Vicente Fox signed the controversial "Televisa Law," so named because it was seen as largely benefiting the country's biggest broadcaster, **Televisa**, in April of last year. Televisa has a 70 percent share of Mexico's television audience, according to Reuters. Current President Felipe Calderon, who took office in December and has vowed to introduce competition in sectors of the economy long dominated by a handful of companies, said while traveling in Europe Tuesday that he would review the Court's ruling. "I will gather up the different points of view of all the interested parties, of society, of Congress so that we have a telecommunications system that is in line with the modern Mexico we want," Calderon told reporters, according to Reuters.

Political News

Freed FARC Official Demands Govt. Create Demilitarized Zone

The recently freed "foreign minister" of Colombia's largest rebel group, the FARC,

Special Advisor Report

IDB: Remittances to Latin America from Spain on the Rise

By Kayleigh O'Keefe

WASHINGTON, DC—Latin American immigrants living in Spain sent some 3.7 billion euros (\$US 5 billion) back to their countries of origin in 2006, the Inter-American Development Bank's Multilateral Investment Fund (MIF) reported on Tuesday.

After the United States, Spain ranks as the second-largest source of remittances to the region, thanks to its growing Latin American immigrant population of over 1.8 million, a three-fold increase compared to five years ago.

"Spain has adopted many of the best practices in the world for bringing immigrants into a host country's economic mainstream," MIF Manager Donald F. Terry told reporters at a news conference in Madrid. "What's more, the links forged by financial institutions in Spain and Latin America are helping to boost the development impact of these remittances," he added.

If current demographic and economic trends persist, remittances from Spain to Latin America could reach \$6.8 billion a year by 2010, Terry said. In 2002, the figure was roughly \$1 billion, according to another MIF report.

The newest MIF survey, financed by Spain's economy ministry, found that 75 percent of Latin Americans in Spain regularly send money to their homelands. Additionally, the survey highlights the continued integration of Latin American immigrants into Spain's mainstream economic life. For instance, 70 percent of those polled reported they contribute to Spain's social security system and 77 percent said they hold Spanish bank accounts.

Latin American immigrants in the US sent nearly \$45 billion in remittances to their countries of origin in 2006, the MIF estimates.

said Tuesday that the government must grant the guerrillas a demilitarized zone as a condition to peace talks, Reuters reported. President Alvaro Uribe announced an initiative on Monday that conditionally freed Rodrigo Granda, who was captured and jailed in 2004, in order to help negotiate a peace accord and the release of kidnaper victims, some held by the FARC for as long as eight



Uribe

Photo: SNE

years. Foreign leaders in France, Spain, and Switzerland, hoping the FARC would release hostages, called on the rebel group's leaders to negotiate positively with the government. "The imperative at

the moment is the humanitarian exchange, but that is only possible with the demilitarization of Florida and Pradera," said Granda, referring to two towns in a zone that is roughly the size of New York City. Uribe has previously rejected a demilitarized zone as part of his get-tough stance toward rebel groups in his country. Colombia has received about \$4 billion in aid from the United States since 2000 to fight rebels and cocaine traffickers. Granda's lawyer said that his client's legal status is uncertain. Granda has stayed at a Roman Catholic Church building in Bogota since Monday, and, as part of his conditional release to broker a peace deal, is under the supervision of the country's peace commissioner.

Featured Q&A*Continued from page 1*

Mr. Zoellick adds to his good reputation as a committed free trader his brief experience at the State Department, where diplomacy is key, thus adding two credentials that Mr. Wolfowitz lacked. He is likely to be well received in Latin America, for he fits the mold of a top US bureaucrat in charge of multilateral economic issues, which is what the Bank does. This is not going to repair the tarnished reputation of the Bank as a junior institution to the IMF and therefore not really focus on improving development policies or the way we or the local bureaucracies think about it, let alone innovate on grand policy design. This will limit the degree to which Latin American countries find any inspiration at all in his mandate. Mr. Zoellick's appointment is not going to spark any sudden burst of enthusiasm in Latin America, but is likely to be respected, provided he does not try to push the US trade policy agenda into South America."

A Board Comment: Andrés Rozental: "Bob Zoellick's nomination to succeed Paul Wolfowitz as head of the World Bank is welcome news for many of us who know him and have high esteem for his diplomatic skills and global outlook. Although it would have been preferable for President Bush to make the change from imposing an American nominee to presenting member states with a slate of outstanding candidates from various parts of the world, had Zoellick been on such a list he would most probably have been the obvious choice. The International Bank for Reconstruction and Development is unfortunately in a crisis after Wolfowitz's tenure, and it will take a sustained healing effort to bring confidence back to the staff and restore the Bank's credibility. Zoellick has the experience gained throughout his career at the State Department and as US Trade Representative to bring this about, although he will need lots of support from the Bank's board and its member states. Bob Zoellick is a good friend of

Latin America. As the principal point person for the NAFTA negotiations in the 1980s when he was counselor at the State Department, the relationship with Mexico was a large part of his agenda. Afterwards, during his stay at USTR he undertook many of the negotiations that led to free trade agreements with Central

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— *Andrés Rozental*

America and the Andean countries. He knows the region well and brings an interesting new focus to the Bank, which desperately needs to reformulate its role at a crucial moment in the life of the Bretton Woods institutions. With an increasing tendency for some hemispheric countries to pay off their debts and look elsewhere for development financing, Zoellick and his senior management will have to ensure that the Bank remains relevant and engaged in the region."

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Andrés Rozental is a member of the Advisor board and Chairman of the Board of Trustees of the Mexican Council on Foreign Relations.

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