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Featured Q&A With Our Board of Advisors

Q Former Panamanian strongman Manuel Noriega is scheduled to be released from a US prison on September 9, and could return to Panama, where he faces a 20-year prison sentence for abuses committed during his 1983-1989 rule. What impact would Noriega's return have in Panama? How has Panama changed—and not changed—in the nearly 20 years since Noriega has been gone?

A Guest Comment: Joaquín Jácome: "If Manuel Antonio Noriega returns to Panama, it definitely would become a destabilization factor for the country, and especially for the Torrijos administration. The current administration's slogan in the 2004 elections was 'Patria Nueva,' trying to portray its government as transparent and distant from a dubious past. However, prominent actors from the Noriega years are leading figures in the Torrijos administration. In most public institutions, you can find people closely associated with Noriega in key positions. Therefore, a few months ago the Criminal Code of Panama was reformed by the PRD majority in the National Assembly, including some articles that could be applied to Noriega's case. Last weekend, mysteriously, some people started painting the former general's mansion without the authorities' knowledge. All these factors lead us to believe that Noriega's return to Panama could become

the Torrijos administration's worst nightmare. Currently, there is a heated political debate in the country about which PRD figure should be president of the National Assembly; the one apparently with the votes and the blessing of the administration is closely associated with the Noriega years and has possible outstanding issues with the United States' [legal system]. We are concerned about how this election could impact the Panama FTA in the US Congress. After three democratic presidential elections since 1990, Panama had developed in many areas. Its democratic institutions (some of them still weak) are

Continued on page 3

PHOTO OF THE DAY



Brazilian President Luiz Inacio Lula da Silva said in an interview published Sunday he would not seek reelection to a third term. See [story](#) on page 2.

Photo: Agencia Brasil.

Inside This Issue

FEATURED Q&A: What Impact Would Noriega's Return Have in Panama?.....	1	Steelmaker Sidor Strikes Deal with Venezuela to Avoid Nationalization.....	2
Lula Says He Could Back Non-PT Candidate in 2010 Pres. Election	2	Banco de Mexico Leaves Interest Rate Unchanged	2
Ruling Clears Way for Noriega's Possible Extradition to France	2	Jamaica Postpones Elections for One Week Because of Dean	2

NEWS BRIEFS

Banco de Mexico Leaves Interest Rate Unchanged

Mexico's central bank kept its overnight lending rate unchanged at 7.25 percent on Friday amid easing inflation and concern that US economic growth is slowing, Bloomberg News reported. Banco de Mexico said its decision was influenced by expectations of an economic slowdown in the US due to the crisis in the US subprime mortgage market. The US buys about 80 percent of Mexico's exports. The bank's decision also came amid easing inflation, although there is still concern consumer price rises will exceed the bank's 3 percent target for this year.

Jamaica Postpones Elections for One Week Because of Dean

Jamaican authorities decided Friday that national elections will be postponed until next Monday, September 3, a week after originally scheduled, as the Caribbean nation struggles to clean up in the aftermath of Hurricane Dean, according to Reuters. As many as 300,000 Jamaicans were displaced by the storm, which killed at least 27 people in Mexico, Haiti, Jamaica, and other parts of the Caribbean.

Ex-Para Leader Faces Extradition for Breaking Amnesty Deal

Colombian authorities said that jailed former paramilitary leader Carlos Jimenez could face a longer prison sentence and possible extradition to the US for breaking a partial amnesty deal with the government, the Associated Press reported. Interior Minister Carlos Holguin said that Jimenez, who would be the first jailed warlord to lose benefits under the 2003 amnesty deal, had continued to oversee a drug-smuggling operation from prison.

Political News

Lula Says He Could Back Non-PT Candidate in 2010 Pres. Election

Brazilian President Luiz Inacio Lula da Silva may back another party's candidate for president when his second term is up in December 2010, rather than sticking with a candidate from his own Workers Party (PT). In an interview published Sunday in local daily *O Estado de Sao Paulo*, Lula said he will not seek a third consecutive term in office, but will use his political position to influence the choice of his successor. "I will not stay neutral. I want to reach the end of my term in a strong position in order to influence the succession," Lula was quoted as saying, according to Reuters. Under Brazil's Constitution, the president is barred from holding a third consecutive term in office. Lula's predecessor, Fernando Henrique Cardoso, worked to pass an amendment allowing his re-election to a second term. When questioned whether he would support a PT candidate or someone else, Lula, who was re-elected last year, responded: "From the PT or not from the PT is a problem for the party to decide ... The important thing is that the PT is ready to talk and that people are ready to have a single candidate." Lula said that Ciro Gomes of the Brazilian Socialist Party and Defense Minister Nelson Jobim of the Brazilian Democratic Movement Party are people to watch.

Ruling Clears Way for Noriega's Possible Extradition to France

A US judge ruled Friday that former Panamanian strongman Manuel Noriega can face extradition to France when his prison term ends on September 9, Reuters reported. US District Judge William Hoeweler said protections awarded Noriega as a prisoner of war under the Geneva Conventions following his capture during the 1989 US invasion of Panama placed no restrictions on his possible extradition to a third country such as France, where he faces up to 10 years in prison on various money-laundering charges. Defense attorneys argued that the

72 year-old Noriega's designation as a POW entitled him to immediate repatriation to Panama upon his release next month. Noriega is due to appear before another US judge on Tuesday, when France's request for his extradition is expected to move forward, according to Reuters. Noriega has been convicted *in absentia* in his homeland for murder and human rights violations. He was convicted in the US in 1992 on drug trafficking, racketeering, and conspiracy charges. [Editor's note: see related [Q&A](#) on page 1.]

Company News

Steelmaker Sidor Strikes Deal with Venezuela to Avoid Nationalization

Facing threats of nationalization by President Hugo Chavez, local steelmaker **Sidor** has struck a three-year cooperation agreement with the government to make its products more available and affordable in the local market, Sidor's parent company, **Ternium**, said Friday. In a [press release](#), the Luxembourg-based Ternium said Sidor agreed to give priority to the Venezuelan market over the international market in the sale of its products, a discount of 2 percent to Venezuelan entities such as cooperatives and social production companies, and a 4 percent discount "to foster special purpose social investment and economic development programs in the country." Sidor also said it would set its local pricing policy by reference to comparable average export prices in a given period, form a technical commission with state-owned mining company **CVG Ferrominera Orinoco** to analyze the quantity, quality, and price of iron ore to be supplied by Ferrominera to Sidor, and facilitate the transfer to the Venezuelan government of the operation of the Sidor port on the Orinoco River. In addition, Sidor said that between this year and 2012 it would invest \$500 million in Venezuela, of which some \$70 million would be earmarked for an environmental protection plan. The deal comes three months after Chavez threatened to nationalize Sidor, accusing it of charging too much for steel.

Featured Q&A*Continued from page 1*

consolidating. I do not foresee that Noriega's return would jeopardize these achievements, but certainly would demonstrate that Patria Nueva is rather old. US District Judge William Hoeweler's ruling Friday in Miami not to block the French government's petition to extradite Noriega to France practically closes off the possibility of the former general's return, at least for the moment, to his homeland. Sending Noriega to France for a while is probably suitable for all governments involved in this saga."

A Guest Comment: Ambler Moss: "Noriega faces a long prison term in Panama, possibly life. Will his return to his country provoke a political impact there? In my opinion, absolutely none. Why not? Deposed political leaders such as Peron in Argentina and Perez Jimenez in Venezuela had significant political followings, but Noriega never did. He came to the head of the Panamanian military by trick and intrigue in 1983 and ruled by force until his downfall. He had hoped to become a popular leader but never developed a political base apart from his immediate collaborators. But the more important reason is that Panama itself has evolved incredibly since Noriega's departure. Today, it is a consolidated democracy with a track record of free elections for nearly 18 years. The country is experiencing an economic boom throughout its economy—its banking sector, tourism, foreign investment in real estate, transportation services, and even in attracting US retirees. Its full ownership of the Panama Canal since the end of 1999 has been an unqualified success. The canal makes more revenue, puts through more ships per day, and has a better safety record than it did when the US operated it. Presently, it is embarked on a \$5.4 billion expansion project, with all external financing coming from the private capital market. Panama has good reason to be self-confident. There's no nostalgia factor about Noriega, and his return will not make a difference."

A Guest Comment: Nivia Rossana Castellón: "To those of us who had to survive the ordeal of Noriega's abuses and the horror of Hugo Spadafora's abominable assassination and beheading, among many other crimes, it is only fair that he should come back to Panama so we can be reminded that he is the symbol of what we never want to live again. In fact, he will be a healthy reminder that democracy is perfectible in our country and in most countries of the world. The alternative—living in an authoritarian regime with a cunning and corrupt dictator as head of government—will never again be an option for Panamanians. Panama has become a solid democracy, with clean elections, and dialogue between social and political actors, where Panamanians are more poised in their capabilities to manage the canal and increase its capacities. Panama has become the *de facto* capital of the Americas. That is a far leap from the other Panama of 17 years ago, suffering a 25 percent contraction of its GDP in one year because of US economic sanctions, with Panamanian families migrating, a 40-day closure of the banking system, and double-digit unemployment. Nowadays, we are a prosperous country, with consistent 8 percent GDP growth for the last five years, single-digit unemployment, and are a favorite destiny for foreign and local investment. As in the case of relatives one is not proud of, Noriega is a Panamanian, but one who no longer makes us dance to his music."

Joaquín Jácome is a Senior Partner at *Jacome and Jacome in Panama*.

Ambler Moss is a Professor of *International Studies at the University of Miami and was US Ambassador to Panama from 1978 to 1982*.

Nivia Rossana Castellón is President of *the National Union of Private Education Centers in Panama and a former Vice Minister of Foreign Relations in Panama*.

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