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Featured Q&A With Our Board of Advisors

Q Chile, Argentina, and Great Britain are expected to submit competing claims on parts of Antarctica in what some experts are describing as the last big carve-up of territory in history. What are the stakes involved for the three countries? What is the value of the claims for Chile and Argentina?

A Guest Comment: Alan Hemmings: "Seven states claim Antarctic territory, and see themselves as 'coastal states' able to assert territorial seas, EEZs (exclusive economic zones), and extended continental shelf rights under UNCLOS (United Nations Convention on Law of the Sea) Article 76. Most of the world's 192 states, including other Antarctic states, don't recognize their claims—and thus don't see their continental shelf aspirations as legitimate—and Argentina, Chile, and the UK claim the same area. The Commission on the Limits of the Continental Shelf (CLCS) won't act on areas subject to international dispute. And there are interpretations of Article IV of the 1959 Antarctic Treaty which see claimant state rights over territory, sea areas, or continental shelf as inappropriate. The substantive issues posed by the UK's intended CLCS submission (and those of Australia, New Zealand, and any future submissions by Argentina, Chile, France, and Norway) are not that they will be agreed—they won't. But, by breathing new life into archaic ideas of territorial sov-

ereignty early in the 21st century, and flagging interest in a future where claimants have privileged resource rights in this last wilderness, it risks destabilizing Antarctica's limited international governance. The geopolitical situation of Argentina, Chile, and the UK, in relation to the Antarctic Peninsula (and for Argentina and the UK, the even more vexed Falklands/Malvinas, South Sandwich, and South Georgia groups to the north) is plainly and unhelpfully complicated by new assertions of supposed rights in the area."

A Guest Comment: Jack Child: "What's at stake? Minerals on the seabed, the possibility of oil, which is a little remote, but the

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PHOTO OF THE DAY



A mudslide caused by flooding buried a village in Mexico's Chiapas state. See [brief](#) on page 2.

Photo: Notimex.

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NEWS BRIEFS

Mudslide Caused by Flooding Buries Mexican Village

A mudslide caused by flooding and heavy rains buried a village in Mexico's southern Chiapas state on Monday, the BBC reported. At least 16 people are missing, with some fearing the number could be as high as 30. The landslide was the latest damage caused by a week of flooding and heavy rains that has left 80 percent of Tabasco state under water, destroying or damaging the homes of about half a million people. At least 20,000 people remain trapped on rooftops across the state, according to the Associated Press.

Chile's LAN Orders \$5 Billion Worth of Aircraft from Boeing

Chilean airline LAN has ordered 28 jets from US aircraft maker Boeing in a deal worth \$5 billion. In a press release, Boeing said LAN ordered 26 787 Dreamliner passenger jets, worth \$4.5 billion, and two 777 Freighter aircraft, valued at \$500 million. LAN is leasing an additional six 787-9s from **International Lease Finance Corp.**, and two 777 Freighters from **GE Commercial Aviation Services**, Boeing said.

Small Turnout for Peruvian Mining Sector Strike

Only about 6 percent of Peru's unionized miners participated Monday in a political strike called by the National Federation of Mining, Metallurgy, and Steel Workers, officials said, according to Dow Jones. Few people turned out because workers' demands were political—they want legislation that protects workers—and not related to the mining companies, asserted Ysaac Cruz, president of a private-sector industry group.

Political News

PNM Party Holds Onto Power in Trinidad and Tobago

Trinidad & Tobago's governing People's National Movement (PNM) party won a majority of seats in parliament in elections on Monday, but fell short of the two-third majority needed to push through controversial reforms to the Constitution, Thomson Financial reported. Prime Minister Patrick Manning said the PNM won 26 out of 41 seats in the parliament, short of the 28 seats needed to replace the current parliamentary system with a presidential one. He said the opposition United National Congress Alliance (UNC) and the Congress of the People (COP) won 15 seats. UNC leader Basdeo Panday said the two opposition parties won 16

Prime Minister Patrick Manning said the PNM won 26 out of 41 seats in the parliament, short of the 28 seats needed to replace the current parliamentary system with a presidential one.

seats versus 25 for the PNM. The PNM held onto power in the Caribbean nation despite public concerns about rising crime and high inflation. There were close to 400 murders in each of the past two years, triple the number in 2001, according to Reuters. The soaring murder rate and a

**Manning**

Photo: Office of the Prime Minister.

slew of kidnappings have been blamed on the growing influence of the South American drug trade and weak law enforcement. In addition, last month annual inflation hit 10 percent, the fastest pace in 12 years, Reuters reported. Food prices increased 26 percent from a year earlier, while vegetable prices rose 63.4 percent. However, economic growth has been strong, reaching 12 percent last year, while unemployment has fallen to historic lows. Trinidad and Tobago is the world's fifth-largest exporter of liquefied natural gas (LNG) and the single-largest supplier of LNG to the United States, according to Reuters.

Chavez's Ex-Defense Minister Calls Constitutional Reforms a "Coup"

Venezuelan President Hugo Chavez's former defense minister on Monday called a plan to rewrite the country's Constitution a "coup," Bloomberg News reported. Raul Isaias Baduel, who stepped down as defense minister in July, called the proposed reforms a threat to democracy and urged voters to reject them in a December 2 referendum. "The constitution should limit and control powers, not the opposite," Baduel was quoted as telling reporters. "They're taking power away from the people without cause. They will be carrying out a coup." On Friday, Venezuela's

**Baduel**

ABN file photo.

National Assembly approved the 69 proposed constitutional reforms, which include abolishing presidential term limits, reducing the minimum voting age from 18 to 16, and increasing the number of signatures required to trigger a presidential recall vote. Tens of thousands of Chavez supporters marched in Caracas in support of the reforms on Sunday, just days after student-led protesters demonstrated in the Venezuelan capital against the reforms.

Colom Vows to Use Military to Take Back Territory from Drug Gangs

Guatemalan President-elect Alvaro Colom said Monday he would dispatch the military to win back jungle and border areas controlled by heavily armed drug gangs, Reuters reported. The center-left Colom, who defeated conservative former army general Otto Perez Molina in Sunday's election, said he would use troops to attack powerful drug gangs that control large parts of rural Guatemala, particularly in remote areas near the Mexican bor-

der. "You can't go in there with the police alone; you have to go in with the army like a war operation if you really want to get the territory back," Colom was quoted as saying. Colom said past governments had failed to take on organized crime and that he was prepared to impose temporary emergency powers in specific areas to fight the drug traffickers. Colom had said previously the drug fight could only be won with the support of the US, but stopped short of calling for a Colombian-style plan for US counternarcotics aid, which includes US military trainers and advisers.

Company News

Brazil's Vivo Turns Third-Quarter Profit

Vivo, Brazil's biggest mobile operator, reported a 4.4 million-real (\$US 2.51 million) third-quarter profit, a turnaround from a loss of 196.9 million reais for the same period of 2006, Reuters reported. Vivo, a joint venture of **Portugal Telecom** and Spain's **Telefonica**, said earnings were boosted by a 15 percent year-on-year jump in net revenues to 3.25 billion reais, as the operator's subscriber base rose 9 percent to 31.32 million on the back of an aggressive marketing strategy and the acquisition of two smaller rivals. EBITDA (earnings before interest, taxes, depreciation, and amortization) grew 17 percent year-on-year to 833.3 million reais. Vivo has been struggling to maintain profitability and hold onto its position as Brazil's top mobile operator amid fierce competition. Vivo controls 27.78 percent of Brazil's mobile market, just ahead of **TIM Brasil**, the local unit of **Telecom Italia Mobile**, with 25.87 percent, and **Claro**, the local unit of Mexico-based regional mobile giant **America Movil**, with 24.82 percent, according to Brazilian telecom sector regulator Anatel. At its peak a few years ago, Vivo controlled more than 56 percent of Brazil's mobile market. Last month, Anatel said it approved the acquisition by Telefonica and its Italian partners of an indirect controlling stake in Telecom Italia. However, Anatel conditioned the deal on the two companies' maintaining separate operations in Brazil.

The Dialogue Continues

How Will Cristina Fernandez Fare as President of Argentina?

Q Argentines on Sunday elected First Lady and Senator Cristina Fernandez de Kirchner to succeed her husband, Nestor Kirchner, as president of the South American country. How will Fernandez fare as president? How will she tackle tough issues such as inflation, energy shortages, and corruption? What is the future of private foreign investment in Argentina under Fernandez?

A Guest Comment: Graciela Römer: "The challenges that Cristina Kirchner will face over the next four years are several. Among them is reconciling with an important sector of the middle class that in the last stretch of her husband's term has shown enormous dissatisfaction due to growing inflation, accusations of corruption, and crime that showed few signs of improving during his term. That was reflected in the drastic turn of votes to opposition factions, basically Elisa Carrio and Roberto Lavagna. If Cristina Kirchner was elected with a majority by sectors historically tied to peronism, she had important setbacks in cities such as Buenos Aires, Rosario, and Cordoba, cities where the

middle class frames the mood of public opinion. Despite this, President Nestor Kirchner ends his term with a high positive image (between 45 and 48 percent), not a small detail in a country like Argentina, where presidents end their time in office on terms not comparable to democratically advanced countries. Cristina Kirchner ought to create a climate of negotiation that favors attracting investors, as a result achieving a reconciliation with middle sectors worried about the lack of trust or the concentration of power. During the final stretch of the campaign, the president-elect gave clear signs that she will have a government different from that of her husband. This translates into greater dialogue as much internally as outside of the country, with more conventional relations and an administration much more correct politically."

Graciela Römer is Director of Graciela Römer and Associates in Buenos Aires.

Editor's note: the above is a continuation of a Q&A published in the October 30, 2007 issue of the Advisor.

Featured Q&A

Continued from page 1

area of hydrocarbons—oil, coal, gas—for Argentina and Chile is the southern area of the continent, and there's a geological continuity between the southern part of South America and Antarctica. It swings way out to the east and then moves way back to the Antarctic Peninsula. And since there is oil, gas, and coal in Argentina and Chile in that area, there could very well be oil, gas, and coal in that part of the Antarctic Peninsula. So that may be what's at stake in the long run. They've been playing a diplomatic game with the Antarctic claim for years,

so until something is actually discovered I don't think there is going to be any real problem. In other words, they will simply deny the claim. I think Chile has already done so, saying 'we don't accept this.' Argentina is likely to do so, and I don't think there is going to be anything beyond that at this point. But if something is discovered which is worthwhile ... which is oil, then I think tensions could rise. Everybody is doing science. Nobody is exploring for oil. And the reason is everybody signed a moratorium, which ends in 2048, that says that we will

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Featured Q&A*Continued from page 3*

not exploit minerals. But notice what I first said: everybody is doing science. And whether you discover something by science or by looking for it for money reasons, it doesn't make much difference."

A Guest Comment: Michael A. Morris: "This kind of situation keeps recurring, and then the dust settles (which is not at all what your statement suggests). The Antarctic Treaty remains in place and freezes claims, and I would say most parties are happy enough with that situation. So I would not frame the question the way you have. It states that claims will be submitted, when they were long-standing already long before the Antarctic Treaty largely resolved the matter. Each party keeps insisting on the legitimacy of its claim, but since claims are frozen by the treaty this is more in the realm of posturing than really trying to enforce a claim. More problematical and unsettled, I would say, is the situation in the Arctic, where claims are emerging, and there is no easy way to settle them and no overarching treaty for the entire region."

A Guest Comment: Ben Stewart: "In April, the British foreign secretary, Margaret Beckett, took climate change to the UN Security Council for the first time. A major concern of the government, she said, were the expected "major changes to the world's physical landmass during this century" that would result from unabated climate change. It is a bitter irony, therefore, that it should now be that same British Foreign Office which is trying to profit from the melting ice of Antarctica and exploit precisely the changes to the world's landmasses that Beckett warned us about. There is already more than enough oil and gas available to us to destabilize the climate. That's why the most reprehensible part of this latest 'sea-grab' is that our government, whilst claiming to be a world leader on climate change, is seeking to increase its supply of the very fuels that

brought about this crisis. Worse still, by seeking to destructively exploit reserves in one of the most pristine ecosystems on the earth, they are threatening to decrease the value of Antarctica as a place for conducting scientific research into global warming and are placing an already seriously fragile ecology under yet more pressure. There are more maps of the moon than there are of the deep Southern ocean wildernesses. Prospecting for oil and gas in these regions could exterminate species we don't even know exist yet. That's why Greenpeace is calling for marine reserves to protect vulnerable marine wildlife, including the new species that are constantly being discovered by deep-sea fishermen. If global emissions are to peak and be in decline by 2015—as the scientists warn is necessary—this dash to Antarctica is totally irresponsible. But it should come as no surprise given that it's being instigated by a prime minister who is also currently considering approving the first new coal-fired power stations in 30 years and who is giving the green light to expand airports like Heathrow. Going after new fossil fuels at this stage epitomizes this government's lack of a coherent approach to energy policy and tackling climate change ... To instead defy the 1959 Antarctic treaty—of which Britain was a founding signatory—by claiming ownership of one of earth's last untouched ecosystems is hugely hypocritical, as well as dangerously short-sighted."

Alan Hemmings is a Senior Fellow at the Gateway Antarctica Centre for Antarctic Studies and Research at the University of Canterbury in New Zealand.

Jack Child is a Professor of Spanish and Latin American Studies at American University in Washington, DC.

Michael A. Morris is a Professor of Political Science and of Languages at Clemson University in South Carolina.

Ben Stewart is Chief Media Officer at Greenpeace UK.

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