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FEATURED Q&A

Will the US and Mexico Reach a Compromise on Anti-Drug Aid?

Q The Mexican government has warned the United States it will not accept hundreds of millions of dollars in counterdrug aid if the aid comes with conditions attached by US lawmakers. Will a compromise be reached? How can the US and Mexico reach an agreement that respects Mexico's sovereignty while addressing US concerns about accountability and human rights?

A **Guest Comment: Chris Dodd:** "Unfortunately, the Merida proposal was made without consultation or input from either the Mexican or American national legislatures. I believe that demanding accountability from both governments does not in any way send the 'wrong signal.' This is an important program with important goals, but neither Mexico nor the US should be in the business of writing blank checks. My primary concern is that, as written, Merida focuses too much on short-term fixes for what is a long-term problem. No one denies that we need well-trained and equipped police forces to confront the most violent criminals. But we also need equally well-trained and equipped civilian judicial authorities and institutions to enforce and uphold the rule of law. In addition, the United States must take responsibility for our contributions to these problems. America provides an enormous market for illegal drugs and is by far the largest supplier of weapons to some of the most

violent cartels in Central America and Mexico. Any sustainable effort to reduce trafficking and violence must seriously address problems on both sides of the border, and here Merida falls short. Therefore, rather than characterizing these ongoing negotiations as 'rejecting Merida,' 'abandoning Mexico,' or an 'infringement on sovereignty,' I believe that we all have an obligation to tone down the rhetoric, to lower the temperature, and to work together to craft an effective, broad-based strategy that combats drug-trafficking, organized crime, and related violence based on accountability and the rule of law."

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Protesters Demonstrate Outside US Embassy in La Paz

Protesters demanding the US extradite two former top officials faced off with riot police outside the US embassy in the Bolivian capital of La Paz on Monday. See story on page 2.

Photo: ABI.

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NEWS BRIEFS

Three American Hostages Held by FARC Were Spotted in Jungle

Colombian soldiers a few months ago spotted three US contract workers held hostage by Colombia's FARC rebels since 2003 in the jungle, Colombian Defense Minister Juan Manuel Santos said Monday, according to media reports. The soldiers were close enough to hear the three Americans, who were bathing in a river, speaking English to each other, but conditions made any rescue attempt impossible. The three US Department of Defense Contractors were captured after their plane crashed during an anti-drug mission.

Inflation in Mexico Rose to 4.95 Percent in May

Mexican consumer prices rose 4.95 percent in May over a year ago, the Central Bank [said](#) Monday. Inflation climbed last month at the highest rate in more than three years, according to analysis from Bloomberg News. Prices for food, housing and air transportation led the increase. Mexican President Felipe Calderon recently called for more cash payments to help poor families adjust to higher grocery bills.

US Awards Virtual Border Fence Contracts to Boeing

The US government will award St. Louis-based **Boeing** contracts for the construction of two sections of a high-tech fence to be built along the border with Mexico in Arizona, Reuters reported. Department of Homeland Security Secretary Michael Chertoff said Monday the two fence sections would be an "operational configuration" of a 28-mile section of "virtual fence" built by Boeing and tested earlier. No financial details were reported.

Political News

Thousands Protest Outside US Embassy in La Paz

Thousands of protesters demonstrated outside of the United States embassy in the Bolivian capital of La Paz Monday to demand the US hand over former President Gonzalo Sanchez de Lozada and ex-Defense Minister Carlos Sanchez Berzain to face trial in Bolivia for their role in a bloody 2003 military crackdown on anti-government protests that killed at least 60 people. Police used tear gas to disperse the protesters, who threw rocks and tried to push through a police line, while helmeted US Marines looked on from the embassy's roof, according to media reports. The protests came after Sanchez Berzain, who now lives in Key Biscayne, Florida, last week told a Bolivian radio station that a US court had granted him

tion request, according to US Ambassador Philip Goldberg.

Economic News

Argentina's Fernandez Refuses to Budge on Grain Export Taxes

Argentine President Cristina Fernandez on Monday gave no ground in her government's three month-old confrontation with farmers who demand the government scale back taxes on grain exports, instead announcing a plan to use revenues from the taxes to fund social programs. Speaking just hours after her government refused to attend a meeting called by the national ombudsman with leaders of Argentina's four main farm groups, Fernandez said revenue from the sliding-scale tax on grains, imposed in March, would be used to fund social programs including the construction of 30 new hos-

“The government of George Bush has decided to give refuge to the butcher Sanchez Berzain, and also I suspect to the genocidal Gonzalo Sanchez de Lozada ... We cannot tolerate [that]”

—Roberto de la Cruz

political asylum. "The government of George Bush has decided to give refuge to the butcher Sanchez Berzain, and also I suspect to the genocidal Gonzalo Sanchez de Lozada ... we cannot tolerate [that]," protest leader Roberto de la Cruz told a local radio station, according to Reuters. In a US civil case, plaintiffs, including families of the those killed in the 2003 crackdown, accuse the former defense minister and the ex-president of authorizing the use of deadly force against protesters and say they are liable for the deaths. Bolivian President Evo Morales has repeatedly demanded the two men be sent to Bolivia to face trial. In September, Bolivia's top court asked the government to start extradition proceedings against Sanchez de Lozada, who fled to the United States during the 2003 violence, just 13 months into his second term. But the government has not made a formal extradi-

pitals, housing for the poor, and rural roads, the Associated Press reported. The Argentine president criticized farmers for "refusing to contribute to the redistribution of income to those who have the least" and urged Argentines to join together to fight poverty, Reuters reported. Argentine farmers on Sunday ended their third strike since the tax was imposed in March, Fernandez in the hopes of restarting talks with the government. But Fernandez has shown few signs of giving in, even as the strikes, which have caused food shortages, take a toll on her popularity. The conflict has led to a decline in Argentine bonds amid worries the strikes are hurting the country's economic outlook. Agriculture is a major economic



Photo: Casa Rosada.

driver in Argentina, one of the world's top suppliers of soy, corn, wheat, and beef. The protests have helped fuel a surge in global soybean prices.

Company News

Petrobras Signs Deal to Study Oil Shale Development Project in Utah

Brazilian national oil company **Petrobras** announced Monday it signed an agreement with **Oil Shale Exploration Company** (Osec) and Japanese investment and trading company **Mitsui** to study the feasibility of an oil shale development project in Utah. In a press release, Petrobras said it will undertake a technical, economical, and environmental commercial feasibility study of mineral resources on 30,000 acres of oil shale property controlled by Osec in Utah. Mitsui will provide advice concerning project management and promotion, Petrobras said. Petrobras and Mitsui will each have the right to acquire a 10-20 percent stake each in the project from Osec, the Brazilian oil giant said. According to Reuters, Japanese business daily *Nikkei* said the three companies aim to produce about 5,000-10,000 barrels per day (bpd) worth of oil by 2013 and gradually raise output to as much as 50,000 bpd. The area contains a total of some three billion barrels, Petrobras said in its statement. The three companies "have great potential to demonstrate and develop the greatest unexplored energy resource in the US," Petrobras said.



The 30,000-acre oil shale property in Utah contains some 3 billion barrels, according to Petrobras.

Photo: Petrobras.

Featured Q&A

Continued from page 1

A Board Comment: Andrés Rozental: "The counterdrug 'aid' is neither a gratuitous nor spontaneous gesture of assistance from the United States to Mexico. The so-called Merida Initiative was designed to have the United States share in the overall responsibility for the drug problem that has led to so much violence and criminal activity in Mexico and at the border. It has become, once again as in the case of comprehensive immigration reform, a convenient political opportunity for members of the US Congress to sabotage an important binational initiative that adds to the enormous degree of cooperation and shared intelligence that both executive branches of government have built around the fight against organized crime. The amount of money involved is minuscule compared to the costs of fighting the battle against illicit drugs moving from Mexico to the United States. Adding totally extraneous conditions on human rights, transparency, and accountability is a smokescreen. The funds aren't meant to be disbursed to Mexican authorities as cash, but are for the purchase of training and equipment from the United States to be used in the collaborative fight against organized crime and drug trafficking. By diverting attention from the real source of the problem—America's never-ending appetite for narcotics and hallucinogenics—those members of Congress who are insisting on conditionality clauses are in effect showing their lack of desire to actually do something about America's drug problem. In my opinion, the Mexican government is absolutely right to refuse this assistance if we are treated as another untrustworthy recipient of US aid."

A Guest Comment: Raúl Benítez Manaut: "For the first time, the debate is entering Mexico's Congress. It is regrettable that in the debate the losing issue is that of human rights, since it is known that this

is a weak spot for Mexican institutions of security, which have not been able to fully incorporate respect for human rights in their tactical operations. The two governments are looking for alternatives to cooperation. It is still uncertain whether the Merida Initiative has collapsed. If it survives, it will be with changes, or with another plan. For example, an alternative is the continuation of bi-institutional assistance programs, like the 2002 Smart Border Agreement and the the 2005 Security and Prosperity Partnership of North America. The big question is, does the Merida Initiative help the war on drugs or not? A reasoning different from that of Mexican lawmakers is, who benefits if the Initiative is frozen? The logical answer is that the big beneficiary from the debate and the Initiative's freezing is drug-trafficking. They are the primary beneficiaries of the Mexican Congress' erecting barriers with its defense of sovereignty argument. That is, Mexican nationalists prefer to defend the abstract concept of sovereignty rather than having Mexico benefit from an assistance program to fight the war on drugs. By their logic, the argument is, 'better to be full of cocaine than to be invaded by the United States.' They do not realize that the true predator of Mexico's sovereignty that is hurting governability and democracy is drug trafficking, and that the priority should be to stop it. The enemy of national security in Mexico, in this context, is organized crime, and national efforts and proposed cooperation should be aimed at strengthening Mexico's capacity for fighting it."

A Guest Comment: Eliot Engel: "As the House and Senate move to approve a final Supplemental Appropriations bill this week that includes counterdrug aid for Mexico, I believe that a compromise can and will be reached that adequately respects Mexico's sovereignty, while addressing US concerns about

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Featured Q&A*Continued from page 3*

accountability and human rights. If the Bush administration had adequately consulted Congress as it developed the Merida Initiative, we all would have been better equipped to grapple with these issues months ago. Nevertheless, we must now redouble our efforts to make sure that the Merida Initiative is a success. Recent events in Mexico—including the murder of the Mexican federal police chief and the deputy police chief of Ciudad Juarez—make the Merida Initiative more crucial than ever. Let us not forget that narco-violence in Mexico is not only undermining the safety and security of our friends to the south, but it is also fueling the drug trade and violence here in the United States. It is nothing new for Congress to attach human rights conditions to its military assistance to foreign nations, and it is important to include human rights language in the Merida Initiative. However, it is crucial that the inclusion of such provisions be done in the spirit of partnership and with respect for Mexico's sovereignty. After all, that's what the Merida Initiative is all about—bringing the US-Mexico relationship to a historic new level by working together to confront the challenges we jointly face. I look forward to working with my colleagues to include human rights and accountability mechanisms in the Supplemental Appropriations bill that promote partnership and enhanced relations between our two countries. The stakes are simply too high for a compromise not to be reached."

A Guest Comment: Enrique Bravo: "The Merida Initiative faces a conceptual disagreement between the US Congress and Mexico that will be difficult to overcome during electoral times. For US legislators, these funds are the typical unilateral, foreign aid package for which the US usually sets policy change and monitoring conditions. Their concerns over human rights and accountability are expressed through several strings attached. On the other hand, for Mexico this is a bilateral cooperation package.

The funds are not very large—\$350-\$400 million in the first year, and about \$1.4 billion over three years, much less than funds allocated to Plan Colombia since 2000—and certainly not enough to solve Mexico's equipment and training needs. Instead, they are a symbolic recognition that drug trafficking is a shared problem that requires shared responsibility. If the package is not allocated with that spirit, Mexico will not accept it. With a complicated domestic political environment, President Calderon will not pay the political cost of accepting such little funds; in fact, he could even benefit politically from rejecting them, appealing to Mexico's nationalism. For now, the Bush and the Calderon administrations will seek to work with Congress to come up with alternative measures and performance indicators to be implemented on the side of the counternarcotics policy these funds seek to support. But unless they reach a shared understanding of the nature of these funds and the problem they seek to address, and despite the significant levels of bilateral cooperation, an agreement will be hard to reach."

Chris Dodd is a member of the US Senate from Connecticut and last weekend led a Senate delegation to Mexico for the annual Mexico-US Interparliamentary Group Meeting.

Andrés Rozental is a member of the Advisor board and President of Rozental & Asociados in Mexico.

Raúl Benítez Manaut is a Researcher at the Center for Research on North America at Universidad Nacional Autónoma de Mexico.

Eliot Engel is a member of the US House of Representatives from New York and Chairman of the House Subcommittee on the Western Hemisphere.

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