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FEATURED Q&A

What Political Capital Will Hillary Clinton Bring to Latin America?

Q On Monday, US President-elect Barack Obama named his former rival, Senator Hillary Clinton, as his nominee for Secretary of State. What is Clinton's reputation in Latin America and what type of political capital will she bring to the region? Does she have significant differences with Obama on Latin America?

A **Board Comment: Andrés Rozental:** "President-elect Barack Obama has added to his masterstrokes by offering Hillary Clinton the State Department. By bringing his earlier rival for the Democratic nomination into his cabinet, Obama has shown that he values intelligence and stature, that he wants to bring his party together after a bruising and often vituperative battle, and that he considers the task of repairing the country's image abroad as one of his major priorities. Senator Clinton meets all of these criteria, in addition to having a good relationship with Congress and many followers among the American people who consider her one of the brightest and most accomplished women. In addition, by putting Mrs. Clinton in charge of foreign policy, Obama simultaneously removes her from serious contention on the domestic policy scene and effectively trumps any possibility of her challenging him again for the presidential nomination in 2012. Clinton has more experience in Latin America than Obama—mostly through being First Lady—and is looked at favor-

ably as a result of her stands on immigration reform, free trade and social issues. Her political capital in the region will mainly rest on her relations with fellow senators and her strong ties to the Latino community in the US. Her main differences with Obama are her strong support for free trade and NAFTA, and her stance on the war in Iraq. However, these are likely to dissipate once the foreign policy team, with Vice President Biden also playing a crucial role, is in office and able to coordinate single positions on global issues."

Continued on page 3



Venezuelan President Urges Supporters to Call Referendum

Venezuelan President Hugo Chavez on Monday called on his supporters to push for a referendum that would abolish presidential term limits. Venezuelans last year voted down such a ballot question. See story on page 2.

Photo: Venezuelan Government.

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NEWS BRIEFS

Gunfight Among Traffickers in Guatemala Border Town Kills 17

A gunfight that erupted among drug traffickers in a rural Guatemalan border town has left 17 people dead, police said Monday, according to the Associated Press. The traffickers had been drinking and arguing over bets on a horse race when they began shooting at each other in the town of Santa Ana Huista on Sunday afternoon, said Donald Gonzalez, a spokesman for the national police. He said the men were racing down a road in trucks while shooting. One of the trucks bore license plates from the Mexican state of Tamaulipas.

Parker Hannifin Acquires Brazil's Detroit Plasticos e Metais

Parker Hannifin, a US-based manufacturer of electromechanical controls and related components, said Monday that it had acquired Brazil's **Detroit Plasticos e Metais**, a manufacturer of high-performance fittings, manifolds, valves and thermo-plastic tubing. Detroit's products are used in industries including oil and gas, pulp and paper, mining, transportation, construction and steel. The terms of the acquisition were not released.

General Atlantic Names New Managing Director in Brazil

Global growth equity firm **General Atlantic** on Monday announced a new managing director in Brazil. Fernando Marques Oliveira has joined the company as head of the Sao Paulo office and the firm's Latin American program. Oliveira will head the firm's investment activity in the region. He has been an investor in Brazil's private equity industry since 1997. Oliveira was most recently a director of **Grupo Icatu**.

Political News

Chavez Calls on Supporters to Back Referendum to Abolish Term Limits

Venezuelan President Hugo Chavez on Monday called on his supporters to push for a referendum on abolishing presidential term limits, the Associated Press reported. In a referendum last year, Venezuelans rejected a proposal to do away with term limits. However, if another referendum is put before voters and Venezuelans approve it, Chavez could be in office for another decade. "The truth is I wouldn't like to spend 2009 in a debate, a long campaign," Chavez said in a televised speech. "Today the battle for the constitutional amendment begins." The president said he wanted the country's constitution to be amended in "December and January—quick and well-done." Chavez wants members of his party to begin a petition drive for the referendum. If Chavez is re-elected in 2012, he could remain in office until 2019. Chavez's opponents say he wants to be in office for the rest of his life.

Lula Proposes New Government Aid Package for Flood Victims

Brazilian President Luiz Inacio Lula da Silva on Monday said the government plans to offer new aid programs to help victims of last month's flooding and landslides, the Associated Press reported. Torrential rains on November 22 and 23 have caused at least 116 deaths as well as widespread damage in the southern state

of Santa Catarina. Rescue teams are still searching for 31 people who remain missing. Approximately 80,000 were forced from their homes. An additional 8,000 were evacuated in Rio de Janeiro state. On his weekly radio show, Lula said

“We're only asking God to stop the rains soon.”

— *Luiz Inacio Lula da Silva*

flood victims may be allowed to take withdrawals from their unemployment accounts in order to reconstruct their homes and businesses. Also, he said farmers hurt by the flooding may be able to secure special loans from the state-owned **Banco do Brasil**. Last week, Brazil announced \$830 million in emergency aid and \$650 million in loans for victims from the state-owned **Caixa Economica Federal**. The president also said a study of the flooding and mudslides is needed, saying rain should not be able to cause such destruction. As intermittent rains continued in Brazil, Lula also asked for divine intervention. "We're only asking God to stop the rains soon so that we can start to rebuild the state of Santa Catarina," he said.

Venezuela, Russia Begin Naval Exercises in Caribbean

Venezuela and Russia on Monday started a series of joint naval exercises in the

Market Snapshot

Indicators From the Region's Largest Economies as of Yesterday's Close

	Index	Closing Value	Percent Change	Yearly Percent Change
Argentina	Merval	925	-6.92	-57.75
Brazil	Bovespa	34741	-5.07	-45.03
Chile	IPSA	2335	-2.98	-27.15
Colombia	IGBC	7174	-1.92	-35.55
Mexico	IPC	19533	-4.88	-34.39
US	Dow Jones	8149	-7.70	-39.04

Source: Bloomberg.com

Caribbean Sea off Venezuela's coast, the Voice of America reported. Several Russian warships and approximately 1,600 officers of Russia's navy are involved in the exercises. The last time Russia deployed naval ships in the Caribbean was during the Cold War. The exercises are called "VenRus 2008" and include work on rescue and navigation skills, said officials of the two countries. Officials also say the exercises are aimed at testing procedures in the fight against terrorists and drug traffickers. The US State Department has said it is not threatened by Russian warships in the Caribbean. Still, the State Department has said it is closely watching the exercises. Venezuelan President Hugo Chavez has said the exercises are peaceful and are not meant to provoke the US.

Economic News

Argentine Official: Country Will Maintain Farm Export Restrictions

A top Argentine official says the government has no plans to change its policy of restricting farm exports, Bloomberg News reported. Ricardo Echegaray, the head of the country's Office for Agriculture Commerce Control, also said officials will work to stop farmers from evading taxes. The policy of restricting farm exports was implemented by former President Nestor Kirchner, the husband of current President Cristina Fernandez. Echegaray said the government is seeking to make the restrictions permanent. The policy restricts exports of grain and meat to ensure the country has enough of the products. Farmers oppose the restrictions because they force them to sell their products more cheaply. Argentina will allow only 7,000 tons of corn to be exported for the remainder of this year, said Echegaray. His agency will establish 20 new offices across the country to police farmers who sell their goods illegally.



Echegaray

File Photo: Telam.

Featured Q&A

Continued from page 1

A Board Comment: John Maisto: "All the strengths that made Senator Clinton one of the strongest presidential candidates of her party certainly make her qualified to be Secretary of State. First, as a gifted politician, she is also a gifted diplomat and a good listener, as anyone who has seen her in action close-up can attest. Her service in the 90s, which included policy-focused travel and engagement with leaders, introduced her to social exclusion, underdevelopment, and poverty in the hemisphere. This is particularly important with regard to education, health, and entrepreneurship focused on women, the region's untapped potential. Then there is her senatorial experience in security and defense, an excellent basis for the upcoming decision-making in the deployment of smart power in addressing terrorism, international crime, drug, human, and arms trafficking, and, particularly, their links to our relationship with Mexico. Smart power includes larger use of the US Southern Command in disaster relief (Cuba?) and civic action, all with diplomatic dividends. Her past work in international conferences prepares her to engage the hemisphere's sometimes

maddening regional institutions as they seek relevance in the globalized world. President-elect Obama's immediate challenges, and hers as his Secretary of State, will be on immigration and trade. The hemisphere will judge the new administration's seriousness by the creativity and energy it brings to resolving them."

A Guest Comment: Roger Noriega: "Most of my Latin American colleagues will be delighted with the appointment Senator Clinton, whom they regarded as the most intelligent and prepared of all the candidates. She's a known quantity in the region, respected as experienced and empathetic. Personally, I hope she brings toughness to the foreign policy portfolio. It remains to be seen whether Hillary the 'Rock Star' will make time for the Western Hemisphere, given the many global challenges. She certainly understands the need to give the career diplomats the leadership and backing they deserve. If it is true that President-elect Obama has agreed to allow her to choose her own staff, we may see seasoned folks like former NSC and State Department official

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Company News

Toshiba Announces Acquisition of Air Insulated Switchgear Maker

Japan's **Toshiba Corporation** announced Monday that it has acquired **Camargo Correa Equipamentos e Sistemas**, a Brazilian manufacturer of air insulated switchgear (AIS). The Brazilian company also provides full turnkey construction of AIS substations. Toshiba acquired the company from Brazilian construction and engineering company **Camargo Correa**. The transaction, which had been ongoing since the beginning of the year closed Monday. Toshiba says the deal will allow it to advance its strategy of expanding and reinforcing its transmission and distribution systems business by entering the AIS market in Brazil. Camargo

Correa Equipamentos e Sistemas changed its name to **Toshiba Transmission and Distribution Systems Brazil** upon the closing of the transaction.

Mexicana Unveils New Corporate Image

Mexican airline **Mexicana** on Monday unveiled a new corporate image. The new logo was unveiled at Mexicana's maintenance base in Mexico City. The new blue-and-white logo contains free-flowing letters, which the airline says "transmit the hospitality and flexibility of an airline dedicated to customer service." The logo also still maintains the image of an eagle, which the company says reflects "the stability, consistency and solidity that have characterized Mexicana."

Featured Q&A*Continued from page 3*

Arturo Valenzuela and Clinton administration Pentagon hand Pedro Pablo Kuczynski on her regional team. She may be the sensitive topic of immigration reform and the associated flow of remittances; and establishing a clear framework for

“The US must get its 'house in order' before it can successfully engage the region.”

—Carlos Mateo Paz-Soldan

also welcome the help of a special envoy for the region, in light of the creditable job that Mack McLarty did for President Clinton. We can hope that she will find a way to continue US support to Colombia—to consolidate the gains of a bipartisan policy. But she will have to be creative to reverse Democratic opposition to the Colombia free trade agreement to preserve US credibility in the region. I also hope that she will take a higher profile in the defense of US values *vis-a-vis* the 'authoritarian populism' of Hugo Chavez.”

A **Board Comment: Carlos Mateo Paz-Soldan:** "The Clintons are well regarded in Latin America and the Clinton presidency is remembered for several important regional initiatives including its support and passage of NAFTA in 1993, its establishment of the Summit of the Americas process in 1994, and its effective response to the devastation caused by Hurricane Mitch in Central America in 1998. These antecedents provide Hillary Clinton and the Obama Administration with considerable prestige and political capital that can be leveraged to tackle some of the challenges that the region is facing. Among these are: developing a comprehensive regional response to the hemisphere-wide violence and instability resulting from the illicit drug trade, as current policies have failed to curtail production and trafficking; re-engaging on

trade. Latin American leaders have traditionally complained of neglect by successive US administrations. While expectations are that US-Latin America relations will improve in the Obama Administration, the region has matured and deepened its ties to the EU, the Middle East, and the rising powers of Eurasia during the past eight years. Moreover, there is a broad recognition that the US must get its 'house in order' before it can successfully engage the region on immigration, trade, human rights, and security issues.”

Andrés Rozental is a member of the Advisor board, President of *Rozental & Asociados* and former deputy Foreign Minister of Mexico.

John Maisto is a member of the Advisor board, a Director of US Education Finance Group and a former US Ambassador to Nicaragua, Venezuela and the Organization of American States.

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