

# INTER-AMERICAN DIALOGUE'S LATIN AMERICA ADVISOR

## BOARD OF ADVISORS

**Diego Arria**

Director,  
Columbus Group

**Genaro Arriagada**

Board Member, Banco  
del Estado de Chile

**Joyce Chang**

Global Head of  
Emerging Markets  
Research, JPMorgan  
Chase & Co.

**W. Bowman Cutter**

Former Partner,  
E.M. Warburg  
Pincus

**Alejandro Delgado**

Economist for Latin  
America, Africa, the  
Middle East & Mexico,  
General Motors

**Dirk Donath**

Managing Director,  
Eton Park Capital  
Management

**Jane Eddy**

Managing Director,  
Corporate & Govt.  
Ratings Group,  
Standard & Poor's

**Marlene Fernández**

Former Bolivian  
Congresswoman  
and Ambassador

**Jason Hafemeister**

Vice President,  
Allen F. Johnson &  
Associates

**Peter Hakim**

President,  
Inter-American  
Dialogue

**Donna Hrinak**

Senior Director of Latin  
America Government  
Affairs, PepsiCo

**Jon Huenemann**

Principal,  
International  
Department,  
Miller & Chevalier

**James R. Jones**

Co-chair,  
Manatt Jones  
Global Strategies LLC

**John Maisto**

Director,  
US Education Finance  
Group

**Nicolás Mariscal**

Chairman,  
Grupo Marhnos

**Thomas F. McLarty III**

President,  
McLarty Associates

**Carlos Paz-Soldan**

Partner,  
DTB Associates, LLP

**Beatrice Rangel**

Director,  
AMLA Consulting LLC

**José Antonio Ríos**

Chief Executive Officer,  
Vadium Technology Inc.

**Andrés Rozental**

President,  
Rozental & Asociados

**Everett Santos**

President,  
DALEC LLC

**Shelly Shetty**

Senior Director, Latin  
American Sovereign  
Ratings, Fitch Inc.

## FEATURED Q&A

### How Should Haiti Rebuild in the Earthquake's Aftermath?

**Q** More than a week after Haiti's devastating earthquake, foreign governments and aid groups are facing serious obstacles in providing food, water and medical attention to survivors. What are Haiti's short-, medium- and long-term needs in the aftermath of the catastrophe? Will the international community make a permanent commitment to recovery and reconstruction in Haiti in the coming years, or will donor interest be short-lived? What role will private companies, many of which have donated extensively to earthquake relief, play in rebuilding Haiti's infrastructure and economy?

**A** Gérard Latortue, former prime minister of Haiti: "Right now, the priorities are to help as many people as possible, providing medical assistance, water and food, and building some camps to shelter the persons who have no more housing. The coming weeks will be crucial for that effort. In the aftermath of this very destructive earthquake, the problem of international help should not be approached only on humanitarian grounds. This dire situation calls now for the creation of a nation-building program that would review and solve all the fundamental problems the country has been unable to address, which are in priority: 1) effective decentralization and regional development; 2) establishment and implementation of an anti-earthquake building code; 3) reforestation of the

mountains and protection of the environment; 4) creation of modern infrastructure in terms of roads, electricity, water, communications and irrigation; 5) creation of enterprises and jobs by the valorization of existing natural resources; and 6) a feasibility study for an eventual relocation of the capital city, which is built on the Enriquillo fault. Haiti cannot do these tasks alone. Partnership with the international community, the Haitian Diaspora and the private sector will be needed. It is to be hoped that there will be an effective and harmo-

*Continued on page 3*



### Haiti Plans to Relocate Survivors From Squalid Camps

Haitian officials are planning an effort to move hundreds of thousands of earthquake survivors from the makeshift camps where they have been living to the outskirts of Port-au-Prince. See story on page 2.

*Photo: Agencia Brasil.*

## Inside This Issue

<b>FEATURED Q&amp;A:</b> How Should Haiti Rebuild in the Earthquake's Aftermath?.....1	Rally in Shares of Pinera's Axxion Since Election Sparks Probe.....2
Haitian Officials Plan Mass Relocation of Survivors .....2	Honduras' Micheletti Leaves Presidential Palace .....2
Colombia's Sees Lowest Coffee Production in Three Decades .....2	Brazil's Banco Pine Plans Bond Sale to Boost Lending.....3

## NEWS BRIEFS

**Honduras' Micheletti Leaves Presidential Palace**

De facto Honduran President Roberto Micheletti said Thursday that he would depart the presidential palace and leave his cabinet in charge of the executive branch's daily operations in advance of Porfirio Lobo's inauguration as president next Wednesday, the Associated Press reported.

Micheletti, who took over after President Manuel Zelaya was ousted June 28, said he is not stepping down as president, but only wanted to ease Lobo's transition into power.

**Brazil Raises Economic Growth Estimate to 5.2% for This Year**

Brazilian Finance Minister Guido Mantega on Thursday said the government raised its economic growth estimate for this year to 5.2 percent from 5 percent, EFE reported. In a [presentation](#) at a cabinet meeting, Mantega predicted GDP growth would average 5 percent over the next five years. He added that the country's economy would likely add 1.6 million jobs in 2010 and that domestic demand would grow by 7.3 percent.

**Argentine Lawmaker to Consider Case of Fired Central Bank Chief**

A special Argentine congressional committee chaired by Vice President Julio Cobos will likely meet early next week to discuss a disputed presidential decree firing central bank chief Martin Redrado, Bloomberg News reported Thursday. The commission will issue a non-binding recommendation to President Cristina Fernandez on the decree, which fired Redrado after he objected to a government plan to use the bank's reserves to make debt payments. Redrado has refused to step down.

**Political News****Haitian Officials Plan Mass Relocation of Survivors**

Haitian officials are planning to relocate hundreds of thousands of earthquake survivors from squalid camps to the outskirts of Port-au-Prince, the Associated Press reported today. The plan is an effort to fight the outbreak of disease at the

“They are going to be going to places where they will have at least some adequate facilities.”

— Fritz Longchamp

makeshift camps where survivors have been living without adequate sanitation since the Jan. 12 quake ravaged the capital and the surrounding area. "They are going to be going to places where they will have at least some adequate facilities," President Rene Preval's chief of staff, Fritz Longchamp, told the AP Thursday. The relocation effort could begin later this month, he said. The Haitian government has estimated that as many as 200,000 may have been killed in the quake. Meanwhile, rescue teams are continuing the search for survivors trapped under the rubble of collapsed buildings, but as more days go by, the hope of finding survivors has dimmed. Foreign military and rescue personnel have now intensified their efforts to care for survivors who lack food, medical attention and other needs. In that endeavor, the U.S. military is working to repair Port-au-Prince's only usable industrial pier, which is needed to bring in aid. Construction teams and Navy divers are working underwater to examine the damage. The port's cranes are tipped into the water and the dock has large cracks, making it impossible for more than one truck to drive on it at a time. [Editor's note: See related Q&A on page 1.]

**Economic News****Colombia's Sees Lowest Coffee Production in Three Decades**

Colombia last year saw its lowest coffee output in three decades, a result of poor weather and low use of fertilizer, EFE reported, citing the National Federation of Coffee Growers. The country's coffee output declined to 7.8 million 132-pound bags last year, as compared to 11.5 million bags the previous year. The output for 2009 was the lowest since the late 1970s. "In 2010, the difficulties of last year will not be a cause for concern," said the federation, which added that an expected improvement in the weather, measures to improve fertilization and new production from nearly 247,000 acres of renovated coffee trees will aid production. Last year's low production differed from output levels in the mid-2000s, when Colombia's coffee production was a steady 11 million bags per year. The drop in production pushed export levels down last year. In 2009, exports fell nearly 29 percent as compared to the previous year.

**Company News****Rally in Shares of Pinera's Axxion Since Election Sparks Probe**

Shares of **Axxion**, the company majority-owned by Chilean President-elect Sebastian Pinera, have rallied more than 100 percent since Pinera's election Sunday, leading a regulator to begin an investigation, Bloomberg News reported Thursday. The rally of Axxion, a holding company that has a 19 percent stake in **LAN Airlines** as its primary asset, soared to a seven-year high Thursday on speculation that another main shareholder of LAN will buy the holding company. Pinera said last month that he would sell his stake before taking office in March.



Pinera

File Photo: Pinera Campaign.

However, the candidate he defeated in Sunday's runoff, former President Eduardo Frei, has criticized Pinera for acting too slowly on the sale. Current Chilean Finance Minister Andres Velasco has called on Pinera to get the transaction "sorted out quickly," Bloomberg News reported. The country's securities regulator, SVS, has been asking brokerages for details on Axxion transactions to ensure they were carried out in accordance with regulations. Axxion's shares soared 21 percent on Thursday in Santiago. Pinera, a billionaire and Chile's third-richest man, according to *Forbes* magazine, controls LAN through an agreement with the Cueto family. In November, LAN's chief operating officer said the Cuetos may make an offer for part of Pinera's stake in the company. On Feb. 5, Axxion has scheduled a shareholders meeting to discuss the sale of shares in LAN. The same day, **Costa Verde Aeronautica**, which is controlled by the Cueto family, has a shareholders meeting to discuss the issuance of new shares.

### Brazil's Banco Pine Plans Bond Sale to Boost Lending

Sao Paulo-based **Banco Pine** is planning to sell \$150 million in bonds in order to increase lending in Brazil, Bloomberg News reported Thursday. The bank, which focuses on lending to mid-sized companies, has hired **HSBC Holdings**, **Credit Suisse Group** and **Banco Espirito Santo** to coordinate the sale, Banco Pine's

“The outlook for corporate credit growth is very promising.”

— *Clive Botelho*

chief financial officer, Clive Botelho, told Bloomberg News in an interview. He added that the bank aims to increase this year's lending by a minimum of 800 million reais (\$U.S. 447 million). "Clients can see strong domestic growth in the next three or four years," Botelho told Bloomberg News. "The outlook for corporate credit growth is very promising."

### Featured Q&A

*Continued from page 1*

nious cooperation between the donors' community and the government of Haiti, and that the traditional rivalry among the donors will be this time set aside."

### **A** Ericq Pierre, economist and advisor on Haiti to the Inter-American Development Bank:

"The international community has responded massively to the catastrophic destruction Haiti has suffered. Less apparent and perhaps underestimated is the solidarity among Haitians, all groups included. We need to keep that spirit of solidarity to better rebuild our country. A reverse migration is taking place from Port-au-Prince to the countryside. While food and humanitarian assistance are contemplated for Port-au-Prince, we must continue project execution in the countryside to create jobs and to improve infrastructure. Schools in Port-au-Prince have been destroyed and nobody knows how long it will take to reopen them, but there is no reason for schools in other cities to be closed. In fact, their facilities should be extended to accommodate the newcomers from Port-au-Prince. If the countryside is neglected because it did not suffer directly from the earthquake and distribution of assistance focuses only on Port-au-Prince, I fear in the medium term another exodus from the countryside to Port-au-Prince in search of food and jobs. A reconstruction of Port-au-Prince implies rehabilitation of the countryside."

### **A** Anton Edmunds, chief executive officer of The Edmunds Group International and senior advisor to Caribbean Central American Action:

"The earthquake could not have come at a worse time for Haiti. The country had just seen the smooth transition of a new prime minister, had hosted a major investment conference and its private sector was touting investment in port privatization, energy projects and new industrial zones. Even the funding agencies had recommitted

themselves. Other than dealing with the immediate needs of food, water and medicine, the primary focus has to be infrastructure. The country's ports must be upgraded and dredged, and investment is needed to improve the movement of goods and services beyond the capital. The telecommunications system also needs updating to bring the country into the modern era. The international community must make a commitment to work with the country for at least the next decade to build out major initiatives including a master plan that decentral-

“Other than dealing with the immediate needs of food, water and medicine, the primary focus has to be infrastructure.”

— *Anton Edmunds*

izes Port-au-Prince. This would also help solve housing issues. This long-term commitment is not for the faint of heart and those in it for the short term probably serve Haiti best by staying away. The United States, as Haiti's major trading partner, along with Europe, Latin America and the Caribbean, need to step up in a real way, but I fear that once basic stability is achieved and fears of migration and violence dissipate, the international community will retreat to the sidelines until the next disaster. For the private sector, the earthquake will have the initial effect of slowing outside interest in the country, as Haiti is a market for those who take the long view. Rebooting of commercial flows and new investment will be left to the Haitians. With their families injured or worse, their investments in ruins, they face a tough task. It is however, a task that they have successfully taken on before."

*Continued on page 4*

**Featured Q&A***Continued from page 3*

**A Robert Maguire, chair of the Haiti Working Group at the United States Institute of Peace and associate professor of international affairs at Trinity Washington University:** "If there is a silver lining in the very, very dark cloud of the earthquake that struck Port-au-Prince and its surroundings, it is that there is emerging a massive exodus from the city of mostly poor people going to

Steps that ought to be enacted quickly are the investment in rural 'welcome centers' (not displaced people tent cities) and the creation of a civic service program along the lines of a civilian conservation corps that would mobilize unemployed and dispirited people—especially youth—not just to assist in the renewal of Haiti through public works and repairing the environment, but also to help create the basis of a disaster response mechanism

“There is an opportunity to ... begin to renew Haiti by investing in the entire country—not just the capital city.”

— Robert Maguire

the countryside for refuge, security and a better chance at survival. These displaced people were part of the massive influx of desperate rural residents to Port-au-Prince over the past three decades, when the city swelled by an average of 75,000 a year as off-the-land migrants piled on top of each other on hillsides, in ravines and along river flood plains and coastal alluvial flats. Even though Port-au-Prince offered few opportunities, the neglected, debased rural areas offered fewer. As Haitians stream back to their former communities or those of their parents, there is an opportunity to join them and begin to renew Haiti by investing in the entire country—not just the capital city.

and to help to restore the dignity of people through wage employment (as was the case with New Deal programs in the United States) and provide Haitians with a real stake in their country's future. Let's set aside the tendency to see Haitians as a source of cheap labor and view them, rather, as a source of energy, ideas and determination to restore their own country."

*The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) with comments.*

### Two reasons: 1) cut and 2) paste

Did you know that the Inter-American Dialogue's daily **Latin America Advisor** is available in text-based, HTML format?

Subscribers can easily cut and paste selected content, archive editions in keyword-searchable database systems, and more.

Simply send an email to [freetrial@thedialogue.org](mailto:freetrial@thedialogue.org) for delivery.

### Latin America Advisor

*is published every business day by the Inter-American Dialogue, Copyright © 2010*

#### Erik Brand

General Manager, Publishing  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

#### Gene Kuleta

Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

#### Matthew Schewel

Reporter, Assistant Editor  
[mschewel@thedialogue.org](mailto:mschewel@thedialogue.org)

### Inter-American Dialogue:

Peter Hakim, President

Michael Shifter, Vice President, Policy

Katherine Anderson, Vice President, Administration

Genaro Arriagada, Senior Fellow

Joan Caivano, Director, Special Projects

Dan Erikson, Senior Associate, US Policy

Paul Isbell, Visiting Senior Fellow

Claudio Loser, Senior Fellow

Nora Lustig, Senior Fellow

Aurea Molto, Fellow

Manuel Orozco, Director, Remittances and Development Program

Tamara Ortega Goodspeed, Senior Associate, Education

Marifeli Pérez-Stable, Senior Fellow

Jeffrey Puryear, Vice President, Social Policy

Viron Vaky, Senior Fellow

**Latin America Advisor** is published every business day, except for major US holidays, by the Inter-American Dialogue at: 1211 Connecticut Avenue, Suite 510 Washington, DC 20036 Phone: 202-822-9002 Fax: 202-822-9553 [www.thedialogue.org](http://www.thedialogue.org)

**Subscription Inquiries** are welcomed at [freetrial@thedialogue.org](mailto:freetrial@thedialogue.org)

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each Advisor and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.