

# 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

### Will IP Barriers Limit Green Technology in Latin America?

**Q** Countries and corporations worldwide are investing in increasingly advanced renewable energy technologies to improve the productivity of wind generation, solar power and biofuels in an effort to reduce carbon emissions and diversify their energy matrices. What kinds of barriers—intellectual property (IP), trade or otherwise—might countries in Latin America and the Caribbean face in obtaining these technologies from developed nations and their companies? What models are currently being used for energy-sector technology transfer in the region, and how can these be improved upon? Will renewable energy become a battleground pitting IP rights against the public interest in the way pharmaceutical patents have?

**A** Harley Lewin, partner at **McCarter & English in New York:** "Will intellectual property rights inhibit or prevent the use and growth of green technologies in Latin America? Perhaps, but it need not be so. The profits to pharmaceuticals are such they result in strong patent enforcement, forcing many to evade or disregard patent law. While profits may be great as well in the 'green' industries, there is such speed of development it is unlikely that the profit motive itself will drive strong enforcement. Licenses at a reasonable price or royalty are far more likely. A recent article in *USA Today* highlighted one of the 'dirtiest'

industries in China, coal, and how one of the worst offenders has recently developed a technique for the reuse of carbon, the primary pollutant given off when coal burns. This factory has gone from one of the world's pariahs to a savior almost overnight. There is no reason this cannot happen in Latin America as well. Where there is need, there is development. As a consequence, one would see the speed of development in green industries coupled with the more likely licensing programs to enhance use and income coupled with

*Continued on page 2*



### Haitian Government: More Than 150,000 Already Buried

More than 150,000 victims of Haiti's massive Jan. 12 earthquake have already been buried, a government official said Sunday. An international conference is scheduled for today in Canada to assess Haiti's needs. See story on page 2.

*Photo: Agencia Brasil.*

## Inside This Issue

<b>FEATURED Q&amp;A:</b> Will IP Barriers Limit Green Technology in Latin America?.....1	Chile's Axxion Tumbles on Concerns Rally Was Overdone .....2
Haitian Government: More Than 150,000 Already Buried After Quake .....2	Brazil's Banco Bradesco Agrees to Buy Ibi Mexico .....3
Venezuela Takes Opposition Television Station Off the Air .....2	<b>Human Capital:</b> In Rebuilding Haiti, Improving Education Must Be a Priority. ....3

## NEWS BRIEFS

**Venezuela Takes Opposition Television Station Off the Air**

Venezuela on Sunday removed an opposition television station from the air after the channel failed to show a speech by President Hugo Chavez as required under new regulations, the Associated Press reported. Radio Caracas Television Internacional, which Chavez has previously accused of backing a 2002 coup against him, had its broadcast license revoked in 2007 but until Sunday was still available to cable subscribers. The station has called the move "illegal" and appealed to the Supreme Court to block the new regulations.

**Chile's Axxion Tumbles on Concerns Rally Was Overdone**

Chile's **Axxion**, the holding company owned by President-elect Sebastian Pinera that controls 19 percent of LAN airlines, saw its share price tumble on Friday on concerns the stock's recent surge was overblown, Bloomberg News reported. Axxion shares fell 21 percent to 24.5 pesos in Santiago after reaching a seven-year high the day before at 31 pesos. Share prices had risen on speculation Pinera would sell his stake in LAN.

**NCB Jamaica to Participate in Country's Debt Exchange**

**National Commercial Bank Jamaica** will fully participate in the government's debt-exchange program, the *Jamaica Gleaner* reported Sunday. However, the banking group said its participation would lead to lower income yields. The debt exchange program's main objective, reducing "the interest-cost burden on our government," can only be achieved with the financial sector's backing, said Patrick Hylton, **NCB Group's** managing director.

**Political News****Haitian Government: More Than 150,000 Already Buried After Quake**

Haiti's government has already buried more than 150,000 victims of Haiti's massive Jan. 12 earthquake, a government official said Sunday, the Associated Press reported. That total does not include bodies that relatives have carried away, those that are still trapped in debris and victims who were killed outside the Port-au-Prince area. "Nobody knows how many bodies are buried in the rubble—200,000? 300,000? Who knows the overall death toll?" said Communications Minister Marie-Laurence Jocelyn Lassegue. The number of victims buried came from CNE, a state-run company that is collecting bodies. Officials have said the quake may have killed as many as 200,000 people, a figure that would make it one of the deadliest natural disasters in modern times. Other natural disasters of the same scale include the 2004 Indian Ocean tsunami, which killed 226,000; the 1974 earthquake in northeast China, which left 242,000 people dead; and the

1970 cyclone in Bangladesh, which is believed to have taken 300,000 lives. By Friday, the U.N. World Food Program had delivered about 2 million meals to needy Haitians, the organization's leader, Josette Sheeran, told the AP. Today, Haitian Prime Minister Jean-Max Bellerive, U.S. Secretary of State Hillary Clinton and foreign ministers from several other nations

“Nobody knows how many bodies are buried in the rubble.”

— Marie-Laurence Jocelyn Lassegue

are meeting in Montreal to discuss progress that relief workers have made in delivering aid. They will also begin planning a larger meeting to focus on long-term plans to rebuild the devastated country, said Canadian Foreign Minister Lawrence Cannon, the AP reported. [Editor's note: See Q&A on Haiti in Friday's *Advisor*.]

**Featured Q&A**

*Continued from page 1*

need—the mother of invention—together with strong public and government pressure in favor of expanding the use of green technology, giving those in Latin America as much of an opportunity to make use of technology and develop their own as any other country."

**A Kirk Haney, CEO of SG Biofuels in Encinitas, Calif.:** "One of the keys to success in biofuels is using the best, most profitable seed for growers. In order for Latin America to have access to the best genetic material, it needs to have a framework for protecting proprietors' innovations. Historically, the IP systems in Latin America have been relatively weak. However, these systems are advancing and many nations are taking key steps to improve their regulatory framework. The World Intellectual Property

Organization and the International Union for the Protection of New Varieties of Plants (UPOV) play a crucial role in promoting and providing effective IP structures. Brazil, Mexico and

“The reality of enforcing [IP] legislation has been the challenge for many countries in the region.”

— Kirk Haney

Colombia are now members of the UPOV, while Guatemala, Honduras and several others are in the process of gaining membership. This is a great first step in helping to foster innovation in Latin

*Continued on page 4*

## Company News

### Brazil's Banco Bradesco Agrees to Buy Ibi Mexico

Brazil's **Banco Bradesco** said Friday that it has agreed to purchase **Ibi Mexico** for an undisclosed amount, Reuters reported. The acquisition marks the first international expansion in retail banking for Bradesco, Brazil's second-largest non-government bank. Bradesco signed a memorandum of understanding with Ibi's parent company, Switzerland's **Cofra Holding**. The cash transaction is expected to be final by March 30. Bradesco's takeover of Ibi extends from an agreement last year between the Brazilian bank and Cofra, in which Bradesco bought

“If we consider the size of the market, obviously Mexico is an extremely important market.”

— *Marcelo Noronha*

Ibi's Brazilian operation for 1.4 billion reais (\$U.S. 766.7 million) in stock. Ibi mainly operates inside **C&A** clothing stores, which Cofra also owns, and offers credit cards and other consumer finance products. "If we consider the size of the market, obviously Mexico is an extremely important market," Marcelo Noronha, who heads Banco Bradesco's credit card operations, told reporters in a conference call, Reuters reported. "Mexico and Brazil are the two main economies in Latin America. Obviously there is enormous potential in that market, the consumer finance market." The deal also includes a 20-year agreement for Bradesco to be able to exclusively offer financial products in C&A's Mexican stores. Ibi Mexico has 1.3 billion pesos (\$U.S. 100 million) in loans and more than 1 million credit card customers. The deal is pending approval by Mexican and Brazilian authorities.

## Human Capital

### *A Look at Education in Latin America by the Dialogue's Jeffrey Puryear* ***In Rebuilding Haiti, Improving Education Must Be a Priority***



WASHINGTON—The recent earthquake has placed Haiti on the world's radar, sparking an outpouring of aid and commanding the attention of world leaders including Barack Obama, Bill Clinton and Ban Ki-moon. Foreign governments, private institutions and individuals have responded admirably—the only silver lining to appear so far in the terrible cloud that has enveloped the country.

But the severity of the earthquake's impact on the Haitian people is due in large part to the country's poverty and its weak government.

Countries that are poor, and poorly educated, seldom have the human resources and institutions that can plan for emergencies and respond quickly and effectively when they occur. If Haiti's friends truly want to avoid a recurrence, they will need, once the dust settles, to shift their attention to Haiti's longer-term problems, like education, governance and economic growth.

Education is one of the most important challenges. Haiti is not only the poorest country in the Western Hemisphere, it is also the least educated. Roughly half the population is illiterate. Only two-thirds of children who begin primary school complete it.

Student learning falls well below acceptable norms. Public spending on education is about 2 percent of GDP—among the lowest in the world. By most measures, Haiti's school system is closer to the poorest countries in Sub-Saharan Africa than to any country in Latin America or the Caribbean.

Haiti's schools stand out for another reason: they are almost entirely private. Private schools account for 80 percent of primary and secondary enrollments, compared with just 20 percent for the public sector. (Higher education is largely public.)

No other country in the hemisphere—and few anywhere in the world—educates nearly all of its children in private schools. These include a mix of church, "community" and for-profit institutions. Most of their students are poor. They are sometimes better and sometimes worse than the public schools, which for the most part are severely overcrowded and badly managed. A few private schools, usually supported from overseas and located in the cities, are of good quality.

The private character of Haitian schools is likely to endure. The government would need to more than quadruple its education spending just to enroll the children currently in private schools—and even so would still have the lowest per-pupil expenditure in the hemisphere. Given its history of incompetence and corruption, the government is unlikely to be able to raise that much money or to manage it well any time soon.

The international community needs to recognize that, for the foreseeable future, most poor children in Haiti will attend private schools, and find ways to make those schools better. It should fund any school—public or private—that serves the poor and is willing to adopt improvements that increase quality.

It should work directly with associations of private schools, as well as with the government, to establish policies and institutions that promote quality, assess progress and certify results. This means establishing sound teacher training, modern learning standards and a testing system that can verify whether children are learning.

If Haiti's longer-term problems, especially education, are not addressed, the country

*Continued on page 4*

**Featured Q&A***Continued from page 2*

America, specifically as it relates to bringing the most advanced innovations to the market, whether created locally or abroad. The next critical phase of protecting innovation is enforcement. This is a structural issue that will result in improvements for the entire legal system. Countries may even consider a 'fast-track' status for technology-related litigation. Several regulations have already been established, which has greatly improved the landscape for patent owners in the region. Passing laws in support of protecting private industry has rarely been a problem. The reality of enforcing the legislation has been the challenge for many countries in the region. With the right legal enforcement and support of foreign investment and IP, Latin America has the potential to unleash itself into the global marketplace as a key supplier to the world's bioenergy needs."

**A** David Vivas-Eugui, deputy programs director at the International Centre for Trade and Sustainable Development, and Andrew Aziz, editor of ICTSD's *Bridges Trade BioRes*: "Clean technology is predominately exchanged and transferred among the industrially developed countries. In the case of Latin America, most of the locally generated clean technology initiatives are related to producing biofuels and cleaner oil and gas products, establishing flex-fuel refineries, optimizing electricity distribution efficiency and improving building technologies in Brazil, Mexico, Argentina and, to a lesser extent, Venezuela. Initial results of patent landscaping show that, over the past few years, there has been a marked increase in

patenting activity in clean-energy technologies as compared to that using fossil fuel energy. In particular, recent years have seen a rapid growth in wind power, solar photovoltaic (but not thermal) and CO2 capture and storage technologies. John Barton, an expert on technology transfer, argues that photovoltaic cells, biofuels and wind technologies are not subject to the same level of market concentration and aggressive licensing practices found in sectors such as pharmaceuticals and biotechnology. In the case of these three technologies, patents are not concentrated in the hands of few companies and part of the technology relates to patents belonging more to the field of the know-how of the specific business sector than to core technology. But as more weight is given to the application of technologies and know-how embodied in utility models and trade secrets in the clean technology field, licensing practices and standards setting processes could become more relevant. It is still too early to predict the degree to which certain IP practices and licensing processes could become a barrier to technology transfer and access to clean technologies in Latin America. For the time being, some of the technology needed may be more closely linked to efficient energy use than energy generation. In this case, factors such as environmental regulation, market creation and subsidies could be highly relevant to emissions reductions."

---

*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.*

**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, U.S. 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 U.S. 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.

**Human Capital***Continued from page 3*

will not develop the resilience needed to respond more successfully to future natural disasters—like earthquakes—that can neither be predicted nor prevented.

*Jeffrey Puryear is vice president for social policy at the Inter-American Dialogue and co-director of the Partnership for Educational Revitalization in the Americas (PREAL).*

[Editor's note: PREAL's September 2008 report "Education in Haiti: The Way Forward" is available [here](#).]