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## FEATURED Q&A

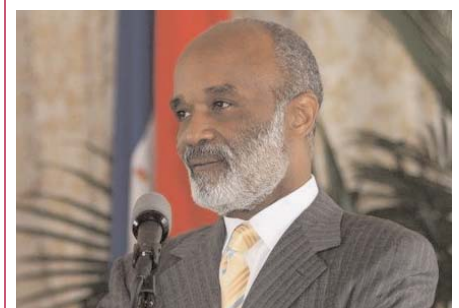
### Does Latin America Need Another Regional Organization?

**Q** During last month's Rio Group summit in Mexico, Latin American leaders agreed to form a new regional bloc that would exclude the United States and Canada, presenting an alternative to the Washington-based Organization of American States. What would be the functions of this new group, and is it needed? What are the implications for U.S. and Canadian policy in the Americas, and for the future of the OAS?

**A** Roger Noriega, managing director of Vision Americas LLC in Washington and former U.S. assistant secretary of state for Western Hemisphere affairs: "We are considering the significance of a new Latin/Caribbean forum just after the United States and 13 like-minded countries met in Costa Rica as part of the Pathways to Prosperity, a grouping that was formed in late 2008 to promote practical, free market solutions to the region's economic challenges and poverty. Membership in that group is inclusive and voluntary, and several countries, notably Brazil, participate as 'observers.' In the wake of the collapse of regional trade talks, few doubted the need for an organization to promote economic integration and sustainable, equitable growth. Regional forums that have positive, constructive agendas may be of some use to the citizens who pay for them. The OAS, with a \$100 million budget, is just one of a dozen other groupings of

nations in the Americas with overlapping mandates and members. It remains to be seen what tangible contribution can be made by another regional organization—particularly if it does not have the budget or institutional capacity to advance common goals. It is fair to note that the group formed in Cancún consciously excludes countries that represent roughly 90 percent of the hemisphere's economy. Moreover, the United States is the leading trade partner of most countries in the region, many of which depend on billions of dollars in

*Continued on page 3*



### Prével Meeting With Obama Wednesday at White House

Haitian President René Prével is scheduled to meet Wednesday with U.S. President Barack Obama at the White House to discuss relief and recovery efforts after Haiti's devastating earthquake. See story on page 3.

*File Photo: U.S. State Department.*

## Inside This Issue

<b>FEATURED Q&amp;A: Does Latin America Need Another Regional Organization? .....</b>	<b>1</b>	<b>Piñera: Troops Will Continue Guarding Quake-Hit Areas in Chile .....</b>	<b>2</b>
<b>Brazil Raising Tariffs on 102 U.S. Exports in Trade Retaliation .....</b>	<b>2</b>	<b>Brazil Coffee Exports Fell 15 Percent in February .....</b>	<b>2</b>
<b>U.S. to Allow Expanded Technology Exports to Cuba, Iran, Sudan .....</b>	<b>2</b>	<b>Haitian President Meeting With Obama Wednesday. ....</b>	<b>3</b>

## NEWS BRIEFS

**Piñera: Troops Will Continue Guarding Quake-Hit Areas in Chile**

The soldiers Chilean President Michelle Bachelet deployed to restore order in areas devastated by the country's Feb. 27 earthquake will remain in place after a new administration takes power Thursday, President-elect Sebastián Piñera said, Dow Jones reported. Piñera's chief of staff said Monday that the incoming administration will send lawmakers a bill to facilitate donations and reconstruction.

**Brazil Coffee Exports Fell 15 Percent in February**

Brazil exported 15 percent less coffee year-on-year in February, the exporters' council Cecafe said Monday, EFE reported. Despite the decline in exports, rising international prices for coffee led to a 1.1 percent increase in the value of sales abroad, Cecafe added. In February, Brazil exported nearly 2.23 million bags of coffee, worth \$361 million.

**Spain's Telefónica May Enter Mexico's Telecom Auction**

Spain's **Telefónica** may join with small telephone and cable operators in Mexico in order to bid in an upcoming auction aimed at bringing more competition into the country's telecom sector, Reuters reported. Francisco Gil, head of Telefónica in Mexico, told reporters Monday that the government's auction of the use of fiber optic lines may result in a team of bidders. Companies mentioned in press reports last month for such a consortium include cable operator **Megacable** and broadcaster **Televisa**, along with smaller local operators. The auction is scheduled to be completed by June. [Editor's note: See related Q&A in the Feb. 25 [Advisor](#).]

**Economic News****Brazil Raising Tariffs on 102 U.S. Exports in Trade Retaliation**

Brazil's government on Monday released a list of 102 U.S. products on which it will hike tariffs in retaliation for U.S. subsidies to cotton producers, Bloomberg News reported. Brazil is imposing tariffs of 14 percent to 100 percent on \$591 million worth of products, with wheat products as the biggest target, according to Carlos Márcio Cozendey, director of the Economic Department of Brazil's Ministry of External Relations. The tariff hikes take effect in 30 days. Brazil also plans to break U.S. patents on an additional \$238 million worth of products and will publish that list on March 23.

“The major goal of the retaliation is that U.S. companies pressure the U.S. government to solve the problem of subsidies to cotton producers.”

— Carlos Márcio Cozendey

"The major goal of the retaliation is that U.S. companies pressure the U.S. government to solve the problem of subsidies to cotton producers," said Cozendey. "We've always been interested in a negotiation with the U.S." In a commentary published March 3 in the *Advisor*, Cozendey said the lack of U.S. action to end the cotton subsidies has left Brazil with little choice. "After years without any concrete indication that the United States is moving to comply with WTO recommendations, Brazil has no alternative but to have recourse to retaliation," Cozendey wrote. In August, the World Trade Organization ruled Brazil has the right to impose the sanctions because U.S. cotton subsidies violate trade rules. U.S. products that will be subject to steeper tariffs include medicine, personal care products, refrigerators, raw cotton, cell phones and auto parts as

well as agricultural goods including pears, cherries, walnuts and potatoes, Bloomberg News reported. "We are disappointed to learn that Brazil's authorities have decided to proceed with countermeasures against U.S. trade in the WTO cotton dispute," Nefeterius McPherson, a spokeswoman at the U.S. Trade Representative's office told Bloomberg News in a statement. "USTR has worked to reach a solution to the issues in this dispute without Brazil resorting to countermeasures and we continue to prefer a negotiated solution." In a statement, the National Cotton Council of America called for more dialogue between the United States and Brazil. "The two governments should engage in discussions to avoid the harmful effects of retaliation," the council said. "But any resolution must recognize the realities of today's cotton market and the previous changes in U.S. programs."

**U.S. to Allow Expanded Technology Exports to Cuba, Iran, Sudan**

The U.S. Treasury Department on Monday amended controversial rules affecting U.S. technology companies in an effort to boost Internet communications in Cuba, Iran and Sudan, three nations with which the United States has tight commercial restrictions. Treasury said it has changed its regulations to authorize the export of "certain personal Internet-based communications services—such as instant messaging, chat and email, and social networking" to Iran, Sudan and Cuba. Last year, technology companies including **Microsoft** and **Google** cut off the use of instant messages by citizens in these countries, saying U.S. regulations prohibited the required downloads. The State Department made a public appeal to ease rules on software in December, suggesting that people worldwide should have unfettered access to information, Bloomberg News reported. "Today's actions will enable Iranian, Sudanese and Cuban citizens to exercise their most basic rights," Deputy Treasury Secretary Neal Wolin said in a statement. Advocates for dropping the U.S. economic embargo against Cuba interpreted the change as a victory. "Treasury has taken an important



Wolin

File Photo: U.S. Treasury.

step to clarify for U.S. technology companies that U.S. sanctions against Cuba should not be interpreted as cutting off Cubans from what the Internet can bring them from the outside world, but it also underscores what a totally counter-productive policy the embargo is," Sarah

Stephens, executive director of the Center for Democracy in the Americas in Washington, said in a statement. "If we need exceptions and clarifications to ensure that information reaches the Cuban people—and others living in sanctioned countries—it would be far easier and more effective to open up Cuba to travel and trade without exceptions so that Cubans can more freely access our ideas without impediments from U.S. policy," Stephens said. Key legislators continue to support the embargo, however. In Monday's *Advisor*, Rep. Connie Mack (R-Fla.) said recent legislation seeking to loosen U.S. travel and trade restrictions with Cuba "will not change the political or economic climate as long as the Castros continue their iron-fisted grip over the Cuban people."

## Political News

### Haitian President Meeting With Obama Wednesday

Haitian President René Préal is scheduled to meet Wednesday with U.S. President Barack Obama at the White House to discuss relief and recovery efforts in the wake of the country's devastating Jan. 12 earthquake, Reuters reported. Préal told reporters Monday in Port-au-Prince that he will tell Obama that emergency food should no longer be sent to Haiti because it is competing with food from Haitian producers. "I will tell him that this first phase of assistance is finished, said Préal. Efforts should focus on areas including creating employment and reconstructing buildings to withstand future disasters, Préal added.

### Featured Q&A

*Continued from page 1*

trade revenue, investment and remittances from the U.S. economy. I know that magnanimity calls for U.S. observers to say 'the more the merrier' when it comes to this new regional forum. However, I am concerned that the same divisive diplomacy that has undermined the OAS' capacity to forge regional consensus around critical issues has inspired a new forum that excludes two particular countries while embracing a dozen others. And, we should all be disappointed that the energy needed to resuscitate an ineffectual OAS is being expended in a new group that already has sown artificial divisions among neighbors and partners."

**A Peter Hakim, member of the Advisor board and president of the Inter-American Dialogue:**

"The decision of Latin American and Caribbean leaders meeting in Mexico to form a new regional institution will not dramatically change the dynamic of inter-American affairs or of U.S. relations with Latin America—at least not anytime soon. The idea of a

“The OAS is not threatened.”

— Peter Hakim

Latin American bloc of nations, able to effectively counter-balance Washington's power, has a long history. It should not be surprising that the concept has particular relevance today, a time when Latin America has become more assertive and independent and when the United States is intensely engaged with its own internal problems and its foreign policy is directed mostly elsewhere. The new institution could well serve a useful and constructive purpose. But, under the most favorable circumstances it will take years before a functioning institution can

emerge with an agreed-upon agenda, rules, resources and leadership. And the history of Latin American institutional initiatives does not include many successes—although some have made important contributions and continue to do so. The OAS is not threatened. Whether the new arrangement succeeds or fails, the OAS will remain the only hemisphere-wide institution, and few countries will want to abandon it—perhaps about the same number who today want to make the OAS a genuinely robust organization."

**A Mark Weisbrot, co-director of the Center for Economic and Policy Research:**

"The new organization is sorely needed because the Organization of American States reflects the power relations of 60 years ago, just as the permanent members of the U.N. Security Council represent primarily the world as it existed at the end of World War II. For the OAS, this was made evident once again last year when Washington, with Canada and just a couple of other right-wing governments blocked the organization from taking a pro-democracy position: that the hemisphere would not recognize an election in Honduras that took place under the dictatorship. During the three-month campaign period, the dictatorship had shut down independent media, arrested and beaten thousands, and a number of opposition activists were killed. But the Obama administration sought to legitimize the dictatorship, and was able to block the will of the vast majority of governments of the hemisphere in the OAS. In 2000, the OAS was used by Washington to de-legitimize Haiti's parliamentary elections, which it initially characterized as 'a great success.' The OAS in 2004 thus played a key role in Washington's efforts to destabilize and ultimately overthrow the democratically elected government of Haiti. There are numerous other examples of the OAS being manipulated by Washington, to oppose democracy and/or national self-determination. Since the United States shows no sign of changing its policies

*Continued on page 4*

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

toward Latin America, the most likely outcome is that it will continue to lose influence, as will the OAS—although it is difficult to project the speed of this trajectory."

**A** **Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City, senior fellow at the Brookings Institution and member of the Inter-American Dialogue:**

"The agreement to move forward on setting up a new regional mechanism, provisionally called the Community of Latin American and Caribbean States, is still in its infancy and may never even reach fruition. To many observers, it isn't at all clear what the justification for such a new mechanism is, given the multiplicity of existing regional and subregional institutions, summits and agendas. According to the Mexican foreign minister's statement—later repeated by President Lula of Brazil—the decision not to include the United States and Canada in this proposal was neither intended to weaken the OAS, nor indicate any reduction in the priority given by most of the region to relations with its northern neighbors. However, it is difficult to understand why Mexico, which has the most intense and economically dependent ties with the United States, would want to spearhead an initiative that at least on the surface gives the impression of being anti-American, or why the call for Latin American and Caribbean unity comes at a time when evidence points to the fact that there is anything but such unity on a host of issues, including Cuba's human rights and democracy record, Honduras' suspension from the OAS (and nonparticipation at last month's summit), the ideological polarization of the region, or the ongoing crisis in Venezuelan-Colombian relations. The U.S. State Department put its best face forward in response to the announcement by welcoming any decision that favors greater unity in the region, and Canada has pointedly remained silent on the whole issue. However, there can be no doubt

that if any new and exclusive club is eventually formed, the already weak and often insignificant OAS will be further undermined, perhaps even extinguished, as President Chávez of Venezuela has proposed."

**A** **Pierre Pettigrew, former foreign minister of Canada, a member of the Inter-American Dialogue's board of directors and executive advisor at Deloitte & Touche in Toronto:**

"My impression is that since we failed in establishing the Free Trade Agreement of the Americas (FTAA) a few years ago, we've been looking for alternative models and alternative plans for our hemisphere. And I think the Mexicans are promoting this new organization as a counterweight to Brazil's plans for integration of the South American states. I think it is more the development of the Mexico-Brazil competition in Latin America than anything else. I don't see it as a rejection of North America in the sense of Canada and the United States. I still regret very much that we weren't successful in developing the FTAA. I think that would have been the best plan for our hemisphere. But it was shelved as a project at the Mar del Plata summit in 2005 because Chávez would want nothing of it, and a few other leaders—not many—didn't like it and that was it. I don't know what Latin American countries would expect of this new organization, if it would be more concerned with economics and trade or if it would be more policy and governance, which are responsibilities of the OAS. But obviously it would mean that Canada and the U.S. would need to follow that development very closely and position themselves even from outside the group in a way that would make sure that our hemisphere—with all the progress that we've made in the last 30 years—continues to be a hemisphere of all of us and not part in different directions."

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*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.*

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