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FEATURED Q&A

Where Will Former Argentine President Kirchner Take Unasur?

Q Leaders of the Unasur bloc of South American nations on May 4 selected former Argentine President Néstor Kirchner as the organization's first secretary general. What does Kirchner's election mean for the future of Unasur and South American integration efforts? To what do you attribute Kirchner's support among South American leaders? Will Kirchner be able to find enough consensus among the continent's politically diverse governments in order to achieve common goals?

ideologically equidistant between the region's governments, which has made it difficult to classify Argentina's government in the 'populist vs. social democratic' matrix. Some analysts place Kirchner in the populist club (with Chávez and Morales) and others place him in the social democratic club (with Lula and Bachelet). That equidistance has resulted in Argentina being the best at maintaining simultaneous relations with the entire region. Without a doubt, that helped Kirchner win election to lead Unasur."

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A Julio Burdman, president of the Observatorio Electoral Latinoamericano and director of the School of International Relations at the University of Belgrano in Argentina:

"Kirchner's selection confirms the Argentine government's alignment with Brazil's policies toward the region. It would have been impossible to choose a Unasur secretary general without Brazil's encouragement and consent during this phase of the integration project. Kirchner faces a difficult agenda, as his main goal should be to achieve member countries' formal recognition of the union, which the majority of members have not yet done on a domestic level. With regard to the election of Kirchner instead of another candidate, there is a paradox in that Kirchner was a candidate with good relations with the entire continent despite his reputation for being confrontational. Over the years, Argentina has developed a policy of being



Lula's Visit May Be Last Chance to Avert Sanctions Against Iran

Brazilian President Luiz Inácio Lula da Silva's upcoming visit to Iran may be the last chance to engage Iran over its nuclear program before a final push for more sanctions, a State Department official said Thursday. See story on page 2.

File Photo: Brazilian Government.

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NEWS BRIEFS

Haitian Prosecutor Argues For Imprisonment of U.S. Missionary

Trial began Thursday in the case of a U.S. missionary accused of illegally trying to take 33 children out of earthquake-ravaged Haiti, the Associated Press reported. A prosecutor said Laura Silsby should be sentenced to six months in prison for trying to take the children to the Dominican Republic in January. Nine other Americans were also charged but have been released. Silsby, who has said she thought the children were orphans, was originally charged with kidnapping, but now faces a lesser charge of arranging illegal travel. All of the children have at least one living parent, the AP reported.

Strong Latin America Revenues at Telefónica Help Fuel Q1 Profit

Spain's **Telefónica** said Thursday its first-quarter net profit increased 2 percent from the previous year to 1.66 billion euros (\$U.S. 2.08 billion), as strong revenues from its Latin American and European units made up for losses in Spain. The company said Latin America's telecom sector is "enjoying a significant revival," adding that revenues from the region increased 4.2 percent to 5.63 billion euros.

Peru's Silver Production Increased 30% in Last Five Years

Silver production in Peru increased 30 percent in the last five years due to greater investment in the mining sector, a local industry group said Wednesday. Between 2005 and 2009, the country produced 17,000 metric tons of the precious metal, consolidating its position as the world's largest silver producer, according to Peru's National Society of Mining, Oil and Energy. Peru now accounts for 18 percent of global production.

Political News**Lula Visit May Be Last Chance to Engage Iran Before Sanctions: U.S.**

Brazilian President Luiz Inácio Lula da Silva's upcoming visit to Iran may be the West's last chance to engage the Middle Eastern country over its nuclear program before a final push for new U.N. sanctions, a top State Department official said Thursday on condition of anonymity, according to wire reports. "I think we would view the Lula visit as perhaps the last big shot at engagement," the official told reporters, Agence France-Presse reported. Lula is scheduled to visit Iran Sunday and Monday as the United States continues pressing for new U.N. sanctions if Iran refuses to stop enriching uranium. The United States and some of its allies accuse Iran of pursuing development of nuclear weapons, but Iran denies the accusation, saying its nuclear program is intended only to produce energy. Lula has defended Iran, arguing it has the right to use atomic energy for peaceful purposes. The Brazilian president also has said that

imposing further sanctions on Iran would be counterproductive. The State Department official said the Obama administration has not given up on finding a diplomatic solution to the standoff with Tehran but added the administration believes Iran will not sideline its nuclear

“I think we would view the Lula visit as perhaps the last big shot at engagement.”

— *State Department official*

program unless new sanctions are imposed, Reuters reported. "It's not that we've given up on engagement. We just remain skeptical that Iran is going to move on its own absent some additional pressure," said the official. If Iran does not change course after Lula's visit, "countries like Brazil, Turkey and others on the [U.N. Security] Council should very definitely draw conclusions from that," the official added.

Featured Q&A

Continued from page 1

A **Patricio Navia, master teacher of global studies at New York University and a professor of political science at Universidad Diego Portales in Santiago:**

"Néstor Kirchner's election as the first secretary general of Unasur is very indicative of the strengths and weaknesses of that organization as well as the challenges it faces. Kirchner is a former president of Argentina whose first priority is to make sure that someone named Kirchner—himself or his wife—remains in power in Argentina after the 2011 election. Thus, it would be safe to suggest that Unasur will not be his first priority. The presidency of Unasur is a stepping stone for Kirchner's political future in Argentina. Yet, Unasur does exist and the decision to appoint a secretary general signals that the member countries want to strengthen it. Though it is a good idea

to strengthen an organization that can speak for all of South America, it would be better to do so by focusing on building institutions rather than appointing

“The presidency of Unasur is a stepping stone for Kirchner's political future in Argentina.”

— *Patricio Navia*

well-known figures. Institutional strength is what makes organizations function and gain legitimacy. Unasur has

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Economic News

No Risk of Leak After Sinking of Venezuelan Gas Rig: Minister

There is no risk of a natural gas leak after Wednesday's sinking of a gas platform off the coast of Venezuela, the country's energy and oil minister said hours after the incident, Agence France-Presse reported. Rafael Ramírez also said officials would investigate the sinking of the Aban Pearl platform. All 95 workers aboard the rig were safely evacuated. The gas well was sealed immediately and all of its safety valves were properly activated, said state oil company PDVSA. President Hugo Chávez first announced the incident via a posting on his Twitter account.

Company News

Banco do Brasil Considering Possible Acquisition of U.S. Banks

Government-controlled **Banco do Brasil** is examining several U.S. banks for possible acquisition, a top executive of the bank told reporters Thursday. "Today, there are some 500 U.S. banks for sale," said Allan Toledo, Banco do Brasil's vice president for international affairs, Dow

“Today, there are some 500 U.S. banks for sale.”

— *Allan Toledo*

Jones reported. "We are analyzing them carefully with a view to making acquisitions in the U.S." The Brazilian bank, which currently has offices in the United States, received permission earlier this year from the U.S. Federal Reserve to operate in the United States as a retail bank. The bank is prepared to open 15 U.S. branches over the next five years, the news service reported. "In addition to

Capitol Hill Watch

A Look at U.S. Congressional Activity on Latin America

Stalled FTA Led to Drop in U.S. Agricultural Exports to Colombia: Report

Congress' failure to pass a free trade agreement with Colombia is largely to blame for a 48 percent drop in U.S. agricultural exports to the South American country last year, according to a report released Monday by three House Republicans. "American farmers and ranchers lose economic opportunities every day that Congress fails to pass the Colombian free trade agreement," said Rep. Frank Lucas of Oklahoma, ranking Republican on the House Agriculture Committee, who oversaw the report along with House Ways and Means Committee members Dave Camp of Michigan and Kevin Brady of Texas. "This report shows in one year, from 2008 to 2009, our farmers lost over \$800 million in market access in Colombia," Lucas said. The report said U.S. agricultural producers have lost out to farmers in Argentina and Brazil, who benefited from the implementation of a trade agreement between Colombia and the Mercosur trade bloc. U.S. producers could suffer even greater losses if Colombian free trade agreements with Canada and the European Union go into effect before the United States acts on its stalled pact, according to the report. Committee staff estimated that U.S. exports of wheat and livestock to Colombia would decline by 38 percent and 27 percent respectively if a Colombia-Canada trade deal takes effect. In all, U.S. exports in seven commodity sectors would fall by an additional \$57 million if the FTAs with Canada and the European Union are approved first, the report said.



Lucas

File Photo: U.S. Congress.

Dodd Attends Inauguration of Costa Rican President

Senator Christopher Dodd (D-Conn.) traveled to Costa Rica May 8 for the inauguration of President Laura Chinchilla, pledging to further strengthen relations between the United States and the Central American nation. "I am looking forward to working with President Laura Chinchilla to strengthen the already robust U.S.-Costa Rican relationship, and I am confident that President Chinchilla will guide her nation through a period of continued prosperity," Dodd said in a statement. He also paid tribute to outgoing President Óscar Arias, a Nobel Peace Prize winner, who he called "an outstanding leader both in Costa Rica and the region." Dodd, who is not running for re-election in November, is chairman of the Senate Subcommittee on Western Hemisphere, Peace Corps and Global Narcotics Affairs and has long been an advocate for Latin America in Congress. On Tuesday, he applauded the Peace Corps' decision to return to Colombia after a 25-year absence. Dodd, who served as a Peace Corps volunteer in the Dominican Republic during the 1960's, said the group's renewed presence would "will help the United States and Colombia grow even closer."

that, we are also interested in acquisitions," said Toledo. "We are interested in retail banks but also in banks that will allow us to become active in capital markets." Also on Thursday, Banco do Brasil reported net profit of 2.35 billion reais

(\$U.S. 1.32 billion), an increase from 1.66 billion reais last year. The bank said an expanding credit portfolio and a one-time 568 million-real gain due to a labor liability reversion fueled profits in the quarter.

Featured Q&A*Continued from page 2*

failed to build such institutions. Because its goals and objectives are unclear, its vision and principles are too general and its mandate is too broad, Unasur is little more than an idea that many consider a pet project of retiring President Lula. To make an omelette, you have to break some eggs. President Kirchner's appointment signals that Unasur is more concerned with the name of the chef—who has his own restaurant on the side—than with the business plan, kitchen, ingredients and the working team. To work well, Unasur first needs to have a narrower, clearer and identifiable mandate rather than a high-profile secretary general."

A **Myles Frechette, international trade and business consultant and former U.S. ambassador to Colombia:** "Unasur came into being on May 23, 2008 in Brasília. It is a regional organization modeled on the European Union. It has been slow creating the architecture required of an organization intended to provide political leadership that would eventually lead to a supranational union of South American states. It has taken two years to name former President Néstor Kirchner to a two-year term as its first Secretary General. Unasur's headquarters were planned to be in Quito but it appears likely that during Kirchner's term as secretary general the headquarters will function in Buenos Aires. The former president still plays a key role in Argentine politics. It seems unlikely that Kirchner will be able to make much progress toward unifying

member states' views. Although a former president of a large South American country, his international stature is not evident. Further, several respected South American political leaders and analysts continue to point out how deeply divided

“Unasur was able to mediate differences between Brazil and Bolivia. Beyond that, its achievements are meager.”

— *Myles Frechette*

Unasur's member states are on almost every issue. During the first two years of its existence, Unasur was able to mediate differences between Brazil and Bolivia. Beyond that, its achievements are meager. Unasur did, however, perhaps as a unifying theme, promote criticism of the United States. The best example of that was Unasur's loud and repeated complaints about the Colombia-U.S. military base agreement signed in 2009. Kirchner was a critic of the United States when he was president of Argentina. It should be assumed that he will continue that criticism as secretary general of Unasur."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

Advisor Audio

Click [here](#) to listen to the May 11 Inter-American Dialogue discussion (in Spanish) with

Luis Castañeda Lossio

the mayor of Lima
and potential candidate for president of Peru

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