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## FEATURED Q&A

### Will Canada Succeed at Expanding Trade With Latin America?

**Q** At a Canadian Council for the Americas event Sept. 17, Canada's trade minister, Peter Van Loan, said Canada is planning new free trade agreements with Guatemala and Honduras, and will submit a bill this fall for an FTA with Panama. Will the Harper administration's efforts to expand trade with Latin America and the Caribbean succeed? What factors—domestically in Canada and elsewhere—might get in the way of passage of more FTAs? What economic role will Canada play in Latin America and the Caribbean in the next 10 years? How will the United States, where FTAs have stalled legislatively for several years, be affected?

**A** Carlo Dade, Executive Director of the Canadian Foundation for the Americas (FOCAL): "Over the past three years, Canada has undertaken one of the most aggressive trade agendas in the hemisphere—four agreements approved by Parliament and two more that will be approved this fall or winter. With the current downturn and projected longer-term economic difficulties for Canada's largest trading partner, the United States, access to other markets has taken on new relevance, if not urgency. Canada now has agreements with the European Free Trade Association, Jordan, Peru, Colombia and Panama and talks are ongoing with Caricom, the Dominican Republic and the 'Central American four.' There are also rumors of exploratory dis-

cussions with Mercosur, Turkey and the European Union. In the Americas, though, Canada's aggressive trade stance has been as much about defending its current market position against the United States as about creating new opportunities. With significant competition between U.S. and Canadian exports to countries in the region, the current FTAs give Canadian companies a fighting chance, if not an outright advantage in these markets, at least until the American electorate catches on, which appears unlikely to happen any time

*Continued on page 3*



### Thirty People Feared Dead After Landslide in Colombia

Colombian President Juan Manuel Santos on Tuesday visited the site of a landslide in Antioquia province, where 30 people are believed to have been buried. See story on page 2.

*Photo: Colombian Government.*

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## NEWS BRIEFS

**Fidel Castro Delivers Longest Speech Since Ceding Power**

Fidel Castro delivered his longest public address Tuesday since falling ill and ceding power four years ago, the Associated Press reported. Castro's speech to tens of thousands of people marked the 50th anniversary of the creation of neighborhood watch groups, designed to root out subversive activity. The aging leader avoided the sensitive issue of the country's current economic tumult and kept his remarks limited to Cuba's past and what he described as the evils of American imperialism. He ended his speech after an hour and 14 minutes, saying, "I'm leaving now. It's getting hot."

**Bolivian Farmers Take Over Power Plant**

Peasants protesting the use of local water sources without payment occupied a power plant owned by Israeli firm **Inkia Holdings** in the Bolivian town of Zongo Tuesday, EFE reported. Several cities, including La Paz, El Alto and Potosí, experienced power outages as a result. Deputy Minister Marcos Farfan, a prosecutor and 160 police officers were sent to the town to ensure the restoration of power.

**Repairs at Ecuador Refinery Taking Longer Than Planned**

Ecuador's state oil company, **PetroEcuador**, will need a week longer than planned to complete repairs to damaged equipment at its Esmeraldas refinery, an official at the refinery told Bloomberg News Tuesday. The company plans to finish the repairs to the facility's catalytic cracker unit, which produces approximately 10,000 barrels of gasoline daily, by Oct. 8, the unnamed official said.

## Political News

**Thirty People Feared Dead After Landslide in Colombia**

Officials in Colombia fear that as many as 30 people have been killed in the northwestern part of the country after a landslide, the Associated Press reported Tuesday. "It has been confirmed that about 30 people have been buried in the rubble from this landslide, which is quite large," John Rendon, the disaster preven-

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“In light of the amount of earth that fell on them, we think there is no probability that they are alive.”

— John Rendon

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tion head in Antioquia province, told Agence-France-Presse. Approximately 3.5 million cubic feet of earth fell onto a highway Monday in the town of Giraldo in Antioquia. The victims were apparently bus passengers who were transferring to another bus because their vehicle had broken down. "In light of the amount of earth that fell on them, we think there is no probability that they are alive," said Rendon. Rescue teams suspended their operations at the site about four hours after the disaster for fear that more unstable earth could come crashing down. President Juan Manuel Santos, who visited the site on Tuesday, said people had not heeded warnings to stay away from the area, which was the scene of a previous landslide, BBC News reported. "Sadly, the people who were moving from one bus to another did not pay attention to the authorities," said Santos. At the scene of another landslide in Mexico's Oaxaca state, officials said late Tuesday that as many as 11 people were missing in the town of Santa Maria Tlahuitoltepec, AFP reported. That area has also been battered by heavy rains in recent weeks, including those from Hurricane Karl and

Tropical Storm Matthew. Earlier in the day, Oaxaca Gov. Ulises Ruiz told Mexico's Televisa television network that the landslide may have buried hundreds of people. However, local reporters at the site said that only two homes were apparently destroyed and 30 had been damaged. Officials said late Tuesday that no deaths had been confirmed.

**Santos, Chávez to Meet Next Month in Venezuela**

Colombian President Juan Manuel Santos will meet his Venezuelan counterpart, Hugo Chávez, next month in Venezuela, EFE reported Tuesday. In a speech Monday to a business association in Bogotá, Santos said that he will "happily accept the invitation extended to me by President Chávez to meet on Venezuelan soil." Santos said the meeting is part of an effort to "continue making progress" in improving relations between the two countries. Chávez extended the invitation to Santos on Sunday. Relations between Bogotá and Caracas are on the path to normalization based on "respect, cooperation and diplomacy," said Santos. The two presidents also met in August, days after Santos took office. In addition, Venezuela's currency agency plans to proceed in paying off debts to Colombian exporters, Santos added. "We know how important that income is for small and mid-size firms that export to Venezuela," said Santos. Chávez severed diplomatic ties with Colombia in July after the administration of then-Colombian President Álvaro Uribe told the Organization of American States that Venezuela was giving refuge to Colombian rebels.

## Economic News

**Northeastern Brazil's Sugar Mills Accelerating Sales**

Sugar mills in the northeastern corner of Brazil are stepping up their sales amid higher prices and a backlog that is delaying sugar shipments from producers in southern Brazil, Bloomberg News reported Tuesday. Shipments from northeastern

Brazil to other countries are a month ahead of schedule, Pedro Roberio, who heads the Sindacucar-AL sugar industry group in Alagoas state, told the news service. Northeastern Brazil produces 12 percent of Brazil's sugar output, the Agriculture Ministry said earlier this month. The number of ships waiting to load sugar at the ports of Recife and Maceio in northeastern Brazil as of Tuesday increased to 17 percent as compared to the same time last year, said **Santos Associados** and **Unimar Agenciamentos Maritimos Ltda.**, a shipping agency.

## Company News

### Brazil Clears Western Union to Open Commercial Bank

U.S.-based **Western Union** has received approval from Brazil's government to open a commercial bank and a foreign exchange brokerage in the South American country, the company said Tuesday. The approvals from Brazil's central bank and President Luiz Inácio Lula da Silva allows Western Union, which is based in Englewood, Colo., to offer its money transfer services directly to customers and to also introduce new services including domestic money transfers, consumer bill payments and prepaid cards, the company added. "Our goal is to offer throughout Brazil, a diversified range of fast, reliable and convenient financial services to complement our



Stockdale

File Photo: Western Union.

money transfer business, including the development of electronic channels and payment services to serve consumers better," Stewart A. Stockdale, Western Union's president for the Americas said in a statement. Western Union has provided international money transfers in Brazil through agents since 1998. The agent network includes almost 6,000 bank and foreign exchange brokerage locations.

### Featured Q&A

*Continued from page 1*

soon. Unlike the United States, the only constraint to these discussions in Canada is the capacity of the negotiating divisions at the Ministry of International Trade. Though the debate over the Colombian agreement was long and drawn out, its approval by Parliament was never seriously in doubt. A human rights annex added to the agreement at the eleventh hour eased passage and may join corporate social responsibility, environment and labor annexes as standard features in future Canadian trade agreements."

**A** **Pablo Heidrich, senior researcher at The North-South Institute:** "Prime Minister Stephen Harper's efforts to expand trade with Latin America and the Caribbean are already succeeding, as Canadian exports and imports with the region are growing way above the average, accompanying strong Canadian investments there in mining and services. The domestic factors that might undermine the trend of signing more FTAs in the region (currently Canada has signed FTAs with Chile, Costa Rica, Peru, Colombia, Panama) are basically two: one is the protectionist lobby in the dairy and poultry industries, currently shielded from any significant foreign competition; and the civil society groups concerned about democratic rules and indigenous people's rights. Honduras is a very worrying case in terms of democracy and rights, while Guatemala is questioned on rights, as well. Dairy and poultry products will probably be exempted in these two deals to be signed shortly, but questions will linger in regard to supporting democracy and respect for human rights in the whole Canadian approach to the region. A much more significant trade deal is beginning its negotiation phase now between Canada and the Mercosur countries. These nations will most likely not accept such protectionist exceptions from Canada, and they will also be much more careful on giving any additional benefits to

Canadian investors through this treaty. Nonetheless, the Harper administration is most deeply committed to the policy of recreating a sort of Canada-only FTA and might well use the case of the Mercosur negotiations to bring in more

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“Questions will linger in regard to supporting democracy and respect for human rights in the whole Canadian approach to the region.”

— Pablo Heidrich

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free trade into Canada itself. The obvious corollary for the United States is that U.S. companies that compete with Canadian ones in these countries will be left at a disadvantage. The sectors most affected will be grain producers (wheat, sorghum, barley, etc) and heavy or mechanical machinery. The same will apply to U.S. investors in mining, utilities and banking there."

**A** **Paul Haslam, associate professor in the International Development and Globalization Program at the University of Ottawa:** "Economically speaking, the gains for Canada from free trade with Central America are probably quite small. However, by focusing on Central America, Canada effectively expands a NAFTA-style economic space, as well as the trade standards and disciplines that it represents, southward to the borders of Colombia and Chile. Most importantly, it steers the existing the existing web of agreements (such as CAFTA-DR) away from a hub-and-spoke pattern focused on the United States—a long-standing objective of Canada's hemispheric trade policy. I would argue that Canada's principal eco-

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

conomic interest in these new FTAs is investment protection. All of Canada's FTAs with Latin America include state-of-the-art NAFTA style investment disciplines which protect foreign investors from arbitrary state intervention. While Canada's trade with these countries is relatively unimportant, foreign direct investment in the mining and financial services sectors is significant with potential to grow. The FTAs would represent some concrete achievements for the conservative government's self-professed focus on Latin America. Thus far, the pursuit of FTAs with like-minded governments on the political center and the right has been the most visible manifestation of that policy (Colombia, Panama, Peru). The Colombia agreement faced considerable opposition from civil society groups in Canada concerned about the violation of human rights in that country's civil war. Proposed agreements with the rest of Central America, however, are likely to fly under the radar, although they may draw some media scrutiny on to the activities of Canadian mining firms, a favorite target of civil society groups."

**A** **Teresa Gutiérrez-Haces, professor at the National Autonomous University of Mexico's Economics Research Institute:** "The Harper administration's efforts to expand trade with Latin America and the Caribbean will succeed because it is a pragmatic re-engagement from the Canadian government. Since the 1990s, Canadian foreign investment has gradually increased to more than 35 percent of GDP and has exceeded FDI inside the country. Increasingly, Canada has developed a sort of 'micro multilateralism' that simultaneously negotiated foreign investment protection agreements and FTAs with Latin America. The economic crisis forced Canadian corporations to look at alternative markets other than the United States and the instability of strong currencies, such as the U.S. dollar and the euro, led to a revaluation of natural resources. The dramatic rise in

prices increased the value assets of mining companies, which is a leading industry of Canadian investment, and Latin America offers a great opportunity for natural resources and minerals. Canada is looking for a continental expansion in

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“The economic crisis forced Canadian corporations to look at alternative markets other than the United States.”

— *Teresa Gutiérrez-Haces*

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the Americas and there are new extensions of its free trade project with Caricom, Central America, Peru and Colombia. However, its international economic policy has difficulties adapting to political changes, particularly linked with Bolivia, Ecuador and Venezuela. Under those circumstances, it is preferred in some cases to withdraw investment from those countries. If the Canadian government consistently wants to make a difference in the Americas, it needs to encourage more productive investment in the region. Today, more than a half of the total of Canadian investment in Latin America and the Caribbean is destined for three extraterritorial financial centers: Barbados (30.9 percent), the Cayman Islands (15 percent), and Bermuda (14.9 percent). Other concentrations include: Brazil (7.5 percent), Chile (6 percent), Mexico (4.2 percent), Argentina (2.1 percent) and Peru (1.5 percent). Some trans-Latin corporation have also started to invest in Canada, with Brazil capturing 62 percent of the total. (Mexican investment is a mere 2 percent.)"

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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.*

**Latin America Advisor**

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

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**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)

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