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FEATURED Q&A

What Do the U.S. Election Results Mean for Latin America?

Q In the U.S. midterm elections Nov. 2, Republicans won control of the House of Representatives and picked up seats in the Democrat-controlled Senate, which President Barack Obama called a 'shelacking' for Democrats. What do the election results mean for hemispheric policy and foreign relations? How will the Republican victories affect immigration, trade, and other issues that are relevant to Latin America?

A Jim Kolbe, former Republican congressman from Arizona: "When a president loses his majority in the Congress, it is common for him to turn to foreign affairs, where the shared responsibility with Congress is much less and his ability to shape policy is far greater. However, the public's anxiety over the sluggish economic recovery almost assures that the president's focus will remain on domestic policy in the next two years leading up to his re-election campaign. One of the first 'beneficiaries' of the new Congress could be the pending trade agreements with Colombia, Panama and South Korea. The president has made clear that he wants to complete them and hopes to wrap up a package of changes for the Korea agreement at the G-20 conference later this month. Republicans have a warm spot for Colombia, which they regard as a strong ally in fight against drug trafficking. They will undoubtedly encourage the president

to expedite that agreement—something not possible for him to have done in the current Congress given the implacable opposition of Speaker Pelosi and the Democratic leadership. The expected ascent of Congresswoman Ileana Ros-Lehtinen to the chairmanship of the Foreign Affairs Committee assures a continued hard line in Congress on Cuba. One could expect President Obama to soft pedal any changes in that relationship in order to court favor on other foreign policy priorities. A new president in Brazil will

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Flooding From Hurricane Tomas Heightens Cholera Fears in Haiti

Earthquake survivors living in camps in Port-au-Prince were spared Friday from a direct hit by Hurricane Tomas. However, the storm brought floods that may worsen the country's cholera outbreak. See story on page 2.

Photo: UNICEF.

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NEWS BRIEFS

Peru to Free American Convicted of Collaborating With Rebels

Lori Berenson, an American woman convicted of collaborating with Peruvian rebels, will be freed today after serving 15 years of her 20-year sentence, officials said Saturday, the Associated Press reported. Berenson was paroled in May, but was returned to prison in August due to a technicality. The New York woman took her now 18-month-old son with her when she was re-incarcerated. The judge who reinstated her parole Friday was the same one who originally ordered it in May. Berenson cannot leave Peru until the end of her 20-year sentence, unless the country's president commutes it.

Deadline Passes for Release of Cuban Prisoners

The deadline for Cuba to release remaining political prisoners jailed in 2003 passed at midnight Sunday with no indication of the men's fate, sparking demonstrations and prominent activist Guillermo Farinas to vow to undertake another hunger strike, the Associated Press reported. The Catholic Church negotiated a deal with President Raúl Castro in July to free 52 prisoners within four months. Most have been released into exile in Spain, but 13 refuse to leave the island and remain in prison.

Sara Lee Near Bakery Sale to Mexico's Grupo Bimbo

Sara Lee is near an agreement to sell its North American bakery unit to Mexico's **Grupo Bimbo** for \$900 million to \$1 billion, Bloomberg News reported, citing two people with knowledge of the bidding. Sara Lee sought more than \$1 billion in October, down from its initial asking price of approximately \$1.5 million.

Political News

Leader of Mexican Drug Gang Killed in Shootout With Marines

A leader of Mexico's Gulf drug cartel was killed during a six-hour gunfight with Mexican marines in the northern border city of Matamoros, authorities said Friday, *The New York Times* reported. Antonio Ezequiel Cárdenas Guillén was killed alongside three other members of the gang, said Mexican government spokesman Alejandro Poiré. Two marines and a soldier also were killed during the gunfight, according to the Mexican Navy. Also, Matamoros-based newspaper *El Expreso* reported that one of its journalists was killed as he covered the gunfight. Cárdenas, 48, was responsible for shipping large quantities of cocaine and marijuana to the United States, State Department officials have said. Authorities announced Cárdenas' death the same day that officials confirmed that a body found Thursday in Chihuahua state was that of Mario González, the brother of a former attorney general of the northern state, EFE reported. The body of González, who had been kidnapped, was discovered in the town of Granjas del Valle. Eight people have been arrested for his killing and were presented at a press conference Friday in Mexico City. Friday's events happened just before a particularly bloody weekend in Ciudad Juárez. At least 20 people were killed over the weekend in the violent northern border city, the Associated Press reported. Among the victims were seven men who were gunned down Saturday night outside a house where a family party had taken place, said a spokesman for Chihuahua state's attorney general's office.

At Least Eight Killed as Hurricane Tomas Brushes Haiti

At least eight people in Haiti were killed in flooding caused by Hurricane Tomas, but the storm largely spared the camps in the impoverished country's capital where 1.3 million people remain living after Haiti's devastating earthquake last

January, Reuters reported Saturday. Aid officials expressed relief that the storm mainly missed the camps in the capital, but they also were concerned that flooding could worsen the country's two-week-old cholera epidemic, which has killed more than 500 people and infected more than 5,000. "We do expect the infection rate to jump up due to the flooding and to the bad sanitation conditions in many areas," said Christian Lindmeier, a spokesman in Haiti for the Pan American Health Organization, told Reuters. "Cholera is a water-borne disease and so additional water means additional risk." The storm brushed by Haiti on Friday,

“We have avoided the worst.”

— Elisabeth Diaz

flooding towns along the coast and forced about 10,000 people to flee their homes, government officials said. Haiti was lucky that the storm did not hit the country harder, said Elisabeth Diaz, a spokeswoman for the United Nations Office for the Coordination of Humanitarian Affairs. "We have avoided the worst," she said. The cholera epidemic has affected five provinces of Haiti and seemed to be spreading. Relief workers were sending clean drinking water to areas most affected by the flooding, including Leogane, Les Cayes, Jacmel and Gonaives. The Haitian government and the United Nations also appealed Friday for nearly \$19 million to pay for urgent needs.

Economic News

Strong Colombian Peso Will Help Curb Inflation: Bank Chief

A strong peso will help keep inflation to as low as 2.6 percent this year and about 2 percent next year, the country's central bank chief told Bloomberg News Friday. José Dario Uribe also defended the bank's move to buy "at least" \$20 million each day in the spot market in order to stem the Colombian currency's rally. Critics



Uribe

File Photo: Colombian Government.

peso has increased 12.3 percent against the U.S. dollar.

have argued the effort is not large enough given the market's size. The bank's currency intervention "has had a very important impact," said Uribe. "It has clearly worked." The central bank has said it will buy dollars at least until March 15. This year, the Colombian

Company News

JNBS Expects Higher Sales Through New Regional Mortgage Centers

The opening of four new regional mortgage centers will help **Jamaica National Building Society** boost sales, a company official told the *Jamaica Gleaner* Sunday. "We anticipate that sales will increase," marketing and sales executive Leon Mitchell told the newspaper. "Processing time should definitely improve." JNBS has established the mortgage centers in New Kingston, Mandeville, Montego Bay and Ocho Rios. He added the new offices will help JNBS focus on its core mandate. "JNBS is a mutual building society with core business in mortgage and savings, Mitchell said. "We feel that the mortgage business will pick up as all elements come together for this to take place." Sales agents at the four new locations will provide customers with "hands-on" management of loan applications, said Mitchell. "Our objective is faster, better-quality service to respond to the mortgage needs of our members and clients," he said in a separate statement. "The key element in this is freeing our sales agents, and the new structure allows them greater flexibility to focus on helping clients to finance their real estate needs." JNBS also is focusing on strengthening its savings portfolio, said Mitchell, adding that the company accounted for 46 percent of the country's deposits in June, as reported by the Bank of Jamaica.

Featured Q&A

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necessitate some attention to continue the good working relationship that exists between the United States and Brazil. Other changes in Latin America policy

“One of the first 'beneficiaries' of the new Congress could be the pending trade agreements with Colombia, Panama and South Korea.”

— Jim Kolbe

should be minimal and largely unaffected by the reversal of fortunes in Congress. Finally, hemispheric policy is inextricably tied to the domestic issue of immigration. The new Congress is even less likely than the last to make any changes in immigration policy. Watch for rising Republican stars like Senator-elect Marco Rubio of Florida to see if they try to move the Republican party in a new direction on immigration."

A **Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior fellow at the Brookings Institution:** "The results of the U.S. congressional elections can only be sobering news for Latin America in general, and Mexico in particular. With a political and foreign policy agenda in Washington already crowded with issues unrelated to our region, it would appear that the hemisphere will slip even further down on the list of priorities for both the Obama administration and Congress. The change of control in the House probably means that even if he really wanted to move the immigration and gun control agenda forward, President Barack Obama won't have the political capital needed to counter newly elected right-wing Republicans and Tea Party representatives who generally

oppose comprehensive immigration reform or any limitations on Second Amendment rights to buy and own all types of weapons, many of which find their way to the drug cartels in Mexico and beyond. Although some analysts have forecast an increased foreign policy interest by the White House after the Nov. 2 elections, any such change will most probably focus on Afghanistan, India-Pakistan relations, Iran and the Middle East peace process, not on the immediate neighborhood. Congress has already reduced the amount of assistance under Plan Mérida to Mexico, Central America and the Caribbean, which was meant to materialize the 'shared responsibility' that the United States has rhetorically assumed for the war on drugs since Obama was elected two years ago. Nothing on his or the immediate congressional agenda would indicate today that relations with Latin America might substantially change during the remaining biennium of his first term."

A **James R. Jones, member of the Advisor board and Co-chair of Manatt Jones Global Strategies:** "Elections send messages to politicians who try to respond favorably. Two predominant but incompatible messages seem to have been received from last Tuesday's voting. First, voters said 'you people in Washington should work together, stop the gridlock and get things done.' Second, especially for Republicans, a loud message was 'don't compromise, defeat the Obama initiatives.' It's too early to tell what this means for issues affecting Latin America. It could mean that pending trade agreements, including free trade measures with Panama and Colombia, may move forward. This probably would be pushed by the Republican House and agreed to on a bipartisan vote in the Senate. John Boehner, probably the new speaker, seems to support this not only for substantive reasons but political ones, too. Pushing trade legislation drives a wedge

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between Democrats and the party's support base of labor unions. It could mean additional support for the Mérida Initiative both for Mexico as well as Central America and the Caribbean nations potentially affected by drug organizations. It is a stretch to believe

petition into the U.S. market and advance U.S. foreign policy. The agreements provide plenty of political cover for members of Congress: the deals were largely negotiated by the Bush administration, will be submitted to Congress by the Obama administration, are a priority of the

“Foreign policy issues in Latin America are not likely to get much attention.”

— James R. Jones

immigration reform will be considered before the 2012 presidential elections. Most conservative Republicans oppose this and nearly half of the Democrats do also. The next two years in Congress will see domestic issues dominate as Republicans conduct investigations of the Obama administration, highlight wasted spending and offer spending cuts to Democratic initiatives such as the health reform legislation. Foreign policy issues in Latin America are not likely to get much attention."

A Jason Hafemeister, member of the Advisor board and vice president of Allen F. Johnson & Associates: "The election results create a new opportunity for moving the trade agenda forward, in particular the pending free trade agreements with Colombia and Panama. The president and the Republican leadership have identified moving these agreements as a priority, and trade is an area to demonstrate the cooperation both sides need to show voters that they are serious about their governing responsibilities. The Colombia and Panama agreements are hard for members of Congress not to support: they create new export opportunities for U.S. firms, inject little new com-

Republican leadership and will pass a Republican House and a Democratic Senate. Ultimately, it comes down to counting the votes, particularly in the Republican-controlled House of Representatives. Even if only a handful of Democrats do the right thing and support the agreements, the Republican leadership can afford to let a number of its members vote against the agreements and still ensure passage. The Senate, with its small Democratic majority, has deeper bipartisan support for the agreements and has never been seen as the problem in moving the legislation. The United States will also try to finish FTA negotiations with Korea. The time is right for the president and Congress to move quickly to get all three agreements implemented. Not only will they get well-earned praise for efforts of cooperation, but by opening markets for U.S. exports they advance President Obama's goal of doubling exports in five years and address the primary concern of the electorate: strengthening the U.S. economy."

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

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