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FEATURED Q&A

Is the U.S. Immigration Debate Going in the Right Direction?

Q New Mexico Gov. Susana Martinez, a Republican who became the state's first Latina governor after the November elections, rescinded an executive order by former Gov. Bill Richardson that prohibited law enforcement officials from asking people about their immigration status for the sole purpose of determining if the individual had violated immigration laws. Opponents have likened the bill to Arizona's SB1070 and claim the order will lead to racial profiling. Will other states follow suit and enact similar legislation? Is comprehensive immigration reform likely to be addressed this year and, if so, what would that consist of?

A Alfonso Aguilar, executive director of the Latino Partnership for Conservative Principles and former chief of the Office of Citizenship at the U.S. Department of Homeland Security: "States are frustrated that the federal government hasn't done anything to effectively address the immigration question. So we shouldn't be surprised that some states, especially border states that are concerned with the violence in Mexico, are deciding to take steps—unfortunately, many times not the ideal ones—to address the issue. In the meantime, the President continues to tell the Latino community that he is committed to immigration reform, but hasn't done anything serious to move the issue forward. He hasn't genuinely reached out to

Republicans, like he did on the Bush tax cuts, to begin an open and transparent dialogue with them. There was, of course, the White House failed attempt to pass the Dream Act, but even this was not a serious effort. It was introduced at the last minute—during the lame duck session—once again without consulting the Republican leadership or allowing them to present amendments. It's clearly in the administration's best political interests to just talk about immigration, instead of actually doing something. They want to use the

Continued on page 4



Venezuelan Student Hunger Strikers Taken to Hospital

Three students protesting outside the OAS office in Venezuela were taken to a hospital Monday after they fainted while on a hunger strike to demand an international probe into alleged human rights abuses by President Hugo Chávez's government. See brief on page 2.

Photo: Associated Press.

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NEWS BRIEFS

Three Venezuelan Student Hunger Strikers Taken to Hospital

Three students in Venezuela were taken to a hospital Monday after they fainted while on a hunger strike to demand an international probe into alleged human rights abuses by President Hugo Chávez's government, the Associated Press reported. The protesters passed out outside the offices of the Organization of American States. One of the students temporarily stopped breathing but later recovered. Last year, a hunger striker opposed to the administration's land reforms starved himself to death.

Zurich Buys Santander Insurance Ops in Latin America for \$1.67 Bn

Zurich Financial Services today agreed to pay \$1.67 billion for a 51 percent stake in the insurance operations of **Banco Santander** in Brazil, Mexico, Chile, Argentina and Uruguay, Bloomberg News reported. It also agreed on a 25-year distribution agreement in Latin America. The deal will double Zurich's revenue from Latin America to about 8 percent.

Chilean Banks Plan to Increase Lending Up To 20 Percent in 2011

Chile's five largest banks plan to increase lending this year by double digit percentages, with some aiming to expand credit as much as 20 percent, according to a report Monday in local daily *El Mercurio*. The positive outlook is based on a scenario of low unemployment and rising business investment in a good economic climate. Chile's GDP is expected to surpass 6 percent this year. Small- and medium-sized enterprises, which haven't always had access to loans in the past, will be key targets of lenders in 2011, according to the report.

Political News**Chile, Israel Collaborated to Spy on Iranian Diplomats, Report**

A leaked U.S. diplomatic cable from 2008 suggests that Israel enlisted Chile to help spy on the Iranian ambassador in Santiago amid fears of growing ties

“The Chilean intelligence service and the Israeli government are screening for anything they deem suspicious.”

— U.S. Diplomatic Cable

between Tehran and countries of the region, Agence France-Presse reported Monday. "Israel is monitoring Iranian influence in the region, which includes enhanced Iranian diplomatic relations with Colombia and Venezuela," reads a cable sent from the U.S. embassy in Santiago in July 2008 which was leaked to whistleblower website WikiLeaks. "Israel is also watching as a growing number of Muslims immigrate to Chile," says the cable, which was written by an economic and political adviser to the U.S. ambassador. Quoting Israeli defense attaché Yoeli Or, it says Israel was "working with the GOC (government of Chile) to monitor any unusual activities by the new Iranian ambassador" Kambiz Jalali, according to the report. They were also monitoring around 37 Palestinian Muslim immigrants from the Iraqi-Syrian border who were resettled in Chile earlier in the year, it said. "While there are no signs of GOI (government of Iran) affiliation with terrorist groups in Chile, the Chilean intelligence service and the Israeli government are screening for anything they deem suspicious," it said.

Colombia to Focus on Japan FTA After Finishing South Korea Pact

Colombia's trade minister said Monday he expects to finish a free trade pact with

South Korea before the end of June and then focus on a deal with Japan, Reuters reported. "The treaty is fundamental for the entry of Colombia into Asia, to open up more markets, it'll help us as the first exercise to open (trade) with other countries," Trade, Industry and Tourism Minister Sergio Díaz Granados said. "We've expressed to the Korean negotiating team our interest to finish the pact this year and we could start the formal paperwork in our Congress, hopefully this year too because we want to transfer part of the time and dedication of the negotiation team to Japan," he told journalists. Colombian exports to South Korea grew by 248 percent in 2010 compared to the year before, but still only account for 5 percent of total Colombian exports, Reuters reported. A long-stalled trade pact with the United States, traditionally Colombia's primary trading partner, may come up for approval this session in Congress, but will likely entail a number of revisions over labor relations and human rights, analysts say. [Editor's note: See related [Q&A](#) in the Feb. 14 issue of the *Advisor*.]

Economic News**Peru Forecasts Fiscal Surplus of 4 Percent of GDP in First Half of Year**

Peru should post a fiscal surplus of about 4 percent of gross domestic product in the first half of this year, the country's finance minister said Friday. "We are aiming in the first half at a fiscal surplus of between 3 percent and 4 percent of GDP," said **Benavides**, Ismael Benavides, state news agency



File Photo: Andina.

Andina reported. Mining, petrochemical and infrastructure investment in Peru will surpass \$50 billion over the next five years, Benavides added. Last week, the country's national statistics agency said Peru's GDP expanded by 8.8 percent in 2010. Peru's GDP for the first three quarters of 2010 was \$113 billion, nearly reaching the \$127

billion in GDP for the entire year of 2009. Peru's domestic demand helped fuel this growth, registering an expansion of 11.6 percent in December 2010 compared to the same period in 2009, for a total increase in domestic demand of 12.5 percent in 2010. Peru's rising fortunes have put pressure on its currency, which is trading at near record highs. The country's net international reserves totaled \$45.29 billion as of February 15. The figure is \$787 million more than at the close of January, the Peruvian Central Reserve Bank said last week. So far this month, the increase was mainly driven by the increased deposits of the financial sector, for \$512 million, and purchases of foreign currency for \$497 million. Emerging-market countries have been undertaking interventions to hold down the value of their currencies. [Editor's note: see related [Q&A](#) in the Jan. 13 issue of the *Advisor*.]

Company News

Brazilian Refineries Reach Capacity Amid Rising Crude Output, Demand

Brazil is quickly reaching the limit of its oil refining capacity, the CEO of national oil company **Petrobras** told an investors conference Monday, Dow Jones reported. "Oil output is going to grow faster than refining capacity," said José Sergio Gabrielli. "Demand is also going to grow faster...and we are already at the limit of capacity." Brazil's proven oil reserves rose nearly 11 percent last year to more than 14 billion barrels, MercoPress reported last week.



Gabrielli

File Photo: Petrobras.

Petrobras began a multi-year investment program in 2010 worth \$262 billion for the period 2010 through 2014. Of that total, some \$40 billion is earmarked for development of refineries. Petrobras is predicting total crude oil and natural gas output of 5.38 million barrels per day-equivalent by 2020, not including the new concessions from the government.

Legal Briefs

Crystallex Files \$3.8 Billion Arbitration Claim Against Venezuela

Canadian gold producer **Crystallex International Corp.** last Tuesday filed for arbitration against Venezuela to seek as much as \$3.8 billion in damages after the South American country revoked its gold mining license earlier this month, the *Edmonton Journal* reported. The Toronto-based miner filed the request with the World Bank's International Center for Settlement of Investment Disputes hoping to resolve a two-year conflict relating to the Las Cristinas gold mine. Crystallex said the claim is for breach of the Canada-Venezuela bilateral investment treaty's protections against "expropriation, unfair and inequitable treatment and discrimination." Crystallex said in a release on Feb. 6 that it had received a letter from state-run **Corporación Venezolana de Guayana** (CVG) stating that Crystallex's mine operating contract for the Las Cristinas Project had been "unilaterally terminated" by CVG. As the basis for the termination of the contract, the letter cited Crystallex's lack of activity to progress the Las Cristinas Project for more than one year and "... for reasons of opportunity and convenience."

Mexico, Canada Cited by Music Association for Lax I.P. Protection

The Washington-based Recording Industry Association of America (RIAA) last Tuesday submitted its annual comments to the Office of the U.S. Trade Representative in connection with the "Special 301" provision to identify countries that "deny adequate and effective protection to U.S. intellectual property." Within the Americas, Mexico and Canada were given specific attention in the association's press release. "The Mexican market continues to suffer under the weight of piracy, resulting in a situation where there are 45 percent fewer domestic releases than there were five years ago," stated Neil Turkewitz, an executive with the RIAA. He added that the Canadian government "has inexplicably consumed yet another year without modernizing its copyright regime, leaving a legal structure in place that is not adequate to respond to present challenges." But three countries outside the Americas—Spain, Russia and China—received the harshest rebuke in the report. "There are some music markets that have essentially evaporated in the face of government inaction to stem the tide of online theft, perhaps most notably in Spain where the market has decreased by 55 percent over the past five years, and where no new Spanish artist has been capable of breaking into the top 50 for more than two years," Turkewitz said. [Editor's note: see related [Q&A](#) in the Mar. 10, 2009 issue of the *Advisor*.]

DLA Piper, Davis Polk Expanding Latin America Practices

Two law firms last week announced expansions of their practices in Latin America. **Davis Polk** said in a press release Friday that it plans to open an office in São Paulo, Brazil, later this year. Davis Polk partners Manuel Garciadiaz and Maurice Blanco will lead the office. The firm has more than 750 lawyers in its nine existing offices. Separately, **DLA Piper** announced last Thursday it will open a Miami office on March 1 with the addition of international arbitration lawyers Pedro J. Martinez-Fraga and C. Ryan Reetz, who have left **Squire Sanders & Dempsey** where Martinez-Fraga served as head of that firm's International Dispute Resolution practice in Florida and Latin America. In conjunction with the launch of the Miami office, DLA Piper has also reached an agreement with law firm **InterJuris Abogados** to establish a presence in Venezuela. InterJuris will operate as DLA InterJuris Abogados with an office in Caracas. InterJuris founders Juan José Delgado and María Cecilia Rachadell plan to join the Miami office as foreign legal consultants.

Featured Q&A*Continued from page 1*

immigration issue politically so they can continue to blame Republicans as the 'enemies' of Latinos, hoping this will allow them to garner the majority of the Latino vote in the next election. I hope the GOP leadership in the House and Senate decides to call the Democrats' bluff and pro-actively propose specific solutions to the immigration crisis that go beyond enforcement only measures, like the creation of a sensible guest worker program."

A Jim Kolbe, former US congressman from Arizona and a member of the Inter-American Dialogue: "It is ironic that it is a Hispanic governor who has rescinded the standing New Mexico executive order forbidding law enforcement officials from asking questions about immigration status for the sole purpose of determining whether that person was legally entitled to be in the United States. No state or federal law requires any of us to carry proof of citizenship, so how is the law enforcement officer going to decide if an individual should be detained or not?"

“What is the 'probable cause' that suggests federal immigration laws have been violated?”

— Jim Kolbe

What is the 'probable cause' that suggests federal immigration laws have been violated? But the episode only illustrates the growing division in the United States over immigration. Despite the increasing evidence that legal immigration needs to be expanded to meet a skill shortage in many labor fields, we are instead single-mindedly focused on preventing illegal immigration. We have both the right and the duty to protect our borders, but we also must think proactively about future labor needs and fashion immigration laws that meets those needs. However, as the New Mexico action suggests, Americans are miles apart on the immi-

gration issue. As a consequence, the chance of a comprehensive approach to immigration reform in this Congress is close to zero. The time may come when Americans join together to support a common sense approach to immigration in this country. But we are not there yet."

A Mark Krikorian, executive director, Center for Immigration Studies: "What Gov. Martinez has done in New Mexico is different from the Arizona law, but driven by the same concerns. This Hispanic Republican woman, elected by a convincing majority to run the nation's most Hispanic state, has simply ended New Mexico's status as a sanctuary for illegal aliens. Police are not required to examine immigration status, as in Arizona's SB 1070, but now may do so if it serves their specific law enforcement purposes. The idea that this is inappropriate—that law enforcement should be barred from enforcing the law—is a self-evident absurdity. But while the details are different, Martinez's move is consistent with the broad national unease over our feckless immigration policies. For too long our political and business elites have paid lip service to the public's demand for tight borders by supporting tough-sounding rules, while ensuring they are not enforced. This fundamental breach of faith is the source of the broad and vocal public support for 'Arizona-style' legislation, by which people simply mean: 'Enforce the law, already!' The move by Gov. Martinez—and similar measures around the country—represents an attempt to regain the trust of the public. Until this credibility gap is closed—until the public believes the government is actually doing everything it can to enforce the law—there is no possibility of 'comprehensive immigration reform,' i.e., amnesty for illegal aliens and large increases in future immigration in exchange for promises of future enforcement."

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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