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FEATURED Q&A

Are Vacancies in U.S. Diplomatic Posts 'Not a Big Problem'?

Q Vacancies in U.S. ambassadorial posts in Mexico, Ecuador, Venezuela and Bolivia are "not a big problem," because capable people are overseeing those posts and because the United States is making progress on restoring envoys, Arturo Valenzuela told the *Advisor* on July 15, his last day on the job as the U.S. assistant secretary for Western Hemisphere affairs. Do you agree? Are the ambassadorial vacancies and now, the vacancy in the assistant secretary position, hindering U.S. interests in the hemisphere? How long will it take to restore the four U.S. ambassadors and install a new assistant secretary?

A John Maisto, member of the *Advisor* board, chairman of the board of advisors of The American Committees on Foreign Relations and director of U.S. Education Finance Group: "The prolonged absence of U.S. ambassadors at post in Latin America because of political rifts or our prolonged and tortuous nomination and Senate ratification process always causes bilateral problems. Though daily work is carried out by an experienced career professional, the problematic part for the United States is less substantive than perceptive. And in Latin America perception is often more important than reality. The U.S. ambassador, as personal representative of the president and leader of U.S. diplomacy in the host country, is and is seen as the palpable symbol of U.S. interest, policy and sensitivity. Some anti-U.S. governments prefer the absence of a U.S. ambassador. However, U.S. interests are not served by long gaps. The reason is that the ambassador also maintains important contact beyond the host government with political leaders and civil society, from students to business people to human rights activists to intellectuals. This may not sit well with some governments, but U.S. ambassadors represent us to host country citizens, and that is important. Also, if and

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Brazil 2012 Inflation Forecast Raised to Highest Level

Economists have raised their forecast for Brazil's 2012 inflation to a median 5.28 percent, the highest expected level for that year. The survey was released after the central bank, led by Alexandre Tombini, signaled it may end its cycle of tightening. See story on page 2.

File Photo: Brazilian Government.

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NEWS BRIEFS

Healthcare Workers End Strike in Costa Rica

After a four-day strike, a group of public healthcare workers employed at Costa Rica's Social Security System (Caja) agreed to return to work after reaching an agreement with the government over the weekend, Agence France Presse reported Monday. The limited deal did not meet workers' demands for better salary benefits but the government did agree to work toward solving Caja's debt of $1.4 million, which is in part caused by delays in government payments for past services, and form a commission to analyze the problems facing the healthcare system.

Argentine Trade Surplus Shrinks 22 Percent on Energy Imports

Argentina's trade surplus shrank 22 percent year-on-year due to an increase in energy imports, while the country's industrial output rose more than expected, Reuters reported Friday. High domestic demand and strained domestic supplies led to an increase in the amount spent on fuel imports by 90 percent in June from the year before. Also fueled by inflation, imports rose by 37 percent to $6.9 billion, while exports rose 24 percent from a year earlier, according to the national statistics agency.

Starbucks Labor Leaders in Chile Begin Hunger Strike

Three leaders of a Starbucks union in Chile began a hunger strike on Monday as the union seeks to pressure the company to raise pay to keep up with inflation, Reuters reported. "We're on hunger strike because none of our other methods are yielding results, so we had to radicalize," said Andres Giordano, the president of the union.

Political News

Civil War Trial Opens Against Former Guatemalan Soldiers

Trial began Monday in the case of three former Guatemalan soldiers and an officer who are accused in the killings of 201 people during the country's brutal civil war, the Associated Press reported. The defendants maintain they are innocent and were not in the village of Dos Erres at the time of the 1982 massacre. But two witnesses, former soldiers who testified via teleconference from Mexico, said the defendants bludgeoned men, women and children and threw them into a well. Soldiers are alleged to have killed at least 250 people in the massacre in northern Guatemala. The witnesses, Fabio Pinzón and César Franco Ibáñez, acknowledged in their testimony that they were members of the "kaibiles," an elite military force that burst into the village. Ibáñez said in the court proceeding that he blindfolded villagers and brought them to a well. Both witnesses testified that other kaibiles killed the civilians, adding that one of the defendants raped a girl and another killed a boy. "I saw how Manuel Pop Sun took a boy, they took him to a well. The boy was crying and then he threw him in," Pinzón said, referring to one of the accused, who along with Daniel Martínez, Reyes Collin Cualip and Carlos Antonio Carias stand accused of charges including crimes against humanity. Like the other defendants, Carias said he was not in the village at the time of the killings. "That day, at 5 p.m., people arrived to tell me that there had been a problem [in Dos Erres], and since it was not my jurisdiction I couldn't help them," he said during the trial, which was televised in Guatemala. "I directed them to other villages to seek help." The trial is Guatemala's second related to its civil war, which lasted from 1960 to 1996. During the war, more than 200,000 people were killed or disappeared and entire villages were destroyed, according to the United Nations. In the first trial, 13 soldiers and an officer were convicted, but the convictions were overturned on appeal. Prosecutors have said soldiers had entered Dos Erres searching for weapons that guerrillas had stolen from the military. Although the troops did not find the weapons, they accused the villagers of helping the rebels. Soldiers tortured and killed villagers as part of a "scorched earth" campaign to eliminate support for the rebels, witnesses have said.

During the war, more than 200,000 people were killed or disappeared and entire villages were destroyed, according to the United Nations.

Economic News

Economists Boost Brazil Inflation Forecast to Highest Level

Economists covering Brazil's economy, the largest in Latin America, have increased their forecast for the inflation rate in 2012 to 5.28 percent, the highest expected level for that year, Bloomberg News reported. The median forecast of economists in the latest central bank survey was released Monday and was up from 5.20 percent the previous week. It was released after the central bank indicated it may soon stop raising interest rates. "This is basically saying that the central bank won't do enough," Pedro Tuesta, an economist at **4Cast Inc.** in Washington told Bloomberg News in response to the latest survey. "They don't want to harm growth, so they are going to take a long time to bring inflation to the center of the target." The central bank, led by bank president Alexandre Tombini, last week boosted its benchmark lending rate for a fifth consecutive time after inflation quickened in mid-July to a six-year high. The bank withdrew a commitment it had made to increase rates for a "sufficiently-long" time. The bank is targeting inflation at 4.5 percent, plus or minus two percentage points. An official in President Dilma Rousseff's economic

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team said the increase in the latest survey was the result of just 11 analysts of 110 increasing their inflation forecasts. The official, who asked to not be named because he is not authorized to comment publicly about the survey, said eight economists in the survey reduced their expectations for inflation. The economists in the survey kept their median forecast for this year's rate of inflation unchanged, saying prices will increase 6.31 percent in 2011. Economists also maintained their economic growth forecasts at 3.94 percent for this year and 4.0 percent for next year.

Company News

More Than 100 Workers Have Aided in Thefts From Pemex

More than 100 people working for **Pemex** have aided criminals in stealing millions of barrels of fuel from the Mexican state oil company during the past decade, according to a document provided by Pemex to Reuters. Since 2001, 97 Pemex employees and seven of the company's contractors, oftentimes truck drivers, have been connected to thefts of fuel, according to the document, which the wire service obtained through a freedom-of-information request. The workers have helped criminal gangs, some of which are linked to drug cartels, to hijack tanker trucks and siphon fuel out of pipelines.

Suárez Coppel

File Photo: Mexican Government.

Theft of gas, crude oil and jet fuel has cost Pemex, led by CEO Juan José Suárez Coppel, approximately $600 million since last year. The country relies on oil revenue to fund a third of the government's budget. The corrupt workers are only a small fraction of the company's approximately 150,000 employees, said Pemex, which added that the culprits most at fault are organized crime groups. A proposed law in Mexico would impose harsher penalties on employees who collaborate with fuel thieves. Those convicted could face as many as six years in prison. However, only 15 people have been sentenced out of more than 2,600 complaints Pemex filed for thefts of fuel from 2000 until last August. Pemex also has filed lawsuits against several U.S. companies that are accused of buying natural gas condensate stolen in Mexico.

Ecopetrol to Sell as Much as $1.41 Billion of Stock

Colombian state-owned oil company **Ecopetrol** plans to sell stock worth as much as $1.41 billion in the South American country's largest share sale in about four years, Bloomberg News reported Monday. The company, which is working to double production, intends to offer approximately 676 million shares for 3,700 pesos ($2.09) each, according to an Ecopetrol filing Friday on the Web site of Colombia's securities regulator. The shares will represent a 1.67 percent stake and will be offered between Wednesday and Aug. 17. Colombia earlier this year received an investment-grade rating from **Standard & Poor's** and **Moody's Investors** Service and the state oil company is seeking to take advantage of demand for Colombian assets. Ecopetrol wants to increase production this decade to 1.3 million barrels per day and has an $80 billion spending program to accomplish that. The share offering is Colombia's largest since Ecopetrol had a $2.7 billion initial public offering in 2007. The offering will be Latin America's largest since Brazil's **Petrobras** raised $70 billion in September.

Featured Q&A

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when there may be change in a difficult relationship, the role of the ambassador is crucial. Regarding replacements, veteran diplomat Tony Wayne, a wise choice, is on track for Mexico. Hopefully, as Arturo Valenzuela stated, there is progress on Bolivia, Ecuador and Venezuela. Though the assistant secretary job is in excellent career hands with Roberta Jacobson, whose service has covered the entire hemisphere, she would be the first to wish for a quick appointment of Valenzuela's successor."

> "The problematic part for the United States is less substantive than perceptive."
>
> — *John Maisto*

A Peter F. Romero, CEO of Experior Advisory and former assistant secretary of state for Western Hemisphere Affairs: "Vacancies, even lengthy ones, are not a new phenomenon at the State Department or in our embassies abroad. In my 24-year career, I spent more than half of that time in 'acting' positions or as chargé d'affaires because of intra-executive branch deliberation and delay or because of the onerous 'holds' imposed by members of the Senate. The truth is that the U.S. Foreign Service has highly-capable career professionals, recruited and trained to admirably step into the breach when these kinds of vacancies occur. I cannot think of one deputy chief of mission who did not fully prepare to lead in the absence of the ambassador. That said, these lengthy vacancies are exacerbated by the near absence of meaningful, strategic initiatives for the very region that constitutes the neighborhood of the Americas. That is the real problem of U.S. policy toward the region. Regarding the vacancies in Venezuela, Bolivia and Ecuador, few would argue that in terms of public diplomacy having an ambassador would provide greater reach in those countries. In terms of dealing with host governments, it was they who decided that they can live without a U.S. ambassador. In the history of diplomatic representation, having ambassadors (vice ministers) resident in respective capitals reflected a serious, fulsome, robust relationship

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Featured Q&A

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between two countries. The fact is that we do not have such relationships with these three presidents and we should accept that until such time as they become more hospitable. That is the way it should stay."

> "I cannot think of one deputy chief of mission who did not fully prepare to lead in the absence of the ambassador."
>
> *— Peter F. Romero*

Rubens Barbosa, former ambassador of Brazil to the United States: "This is not a new situation. Both key embassies in the region like Mexico and Brazil and the post of assistant secretary for the Western Hemisphere were kept open for many months in a not-so-distant past. Valenzuela is right: this is not a big problem, because it is a normal practice, I would add. The long bureaucratic confirmation process for diplomatic posts is a handicap for the administration. If this question is seen in conjunction with the low priority of the region in the foreign policy decision-making process, one has a clearer picture of what is happening in Latin America from the U.S. government's perspective. The fact that we only now see a group of young specialists in the region in the State Department is a clear recognition that there is a shortfall of brainpower to think about an area of renewed strategic interest for the United States. The lack of a consistent policy for the region and of knowledgeable personnel explain why the United States is losing ground in the region and why China is so easily occupying U.S. space in the area."

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

Energy

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