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FEATURED Q&A

Is Canada Meaningfully Re-engaging Latin America?

Q Senior Canadian diplomats visited at least nine countries in Latin America and the Caribbean in recent weeks, a flurry of activity following what some observers have described as a period of disengagement with the region. Is Canada's government making a meaningful push to re-engage Latin America, and if so, why now? What do Canada and countries in the region have to gain from each other? What are the most significant opportunities that exist for businesses? In what ways will Canada exert political influence in the region?

A Pablo Heidrich, senior researcher at the North-South Institute in Ottawa: "Canada has been actively engaging Latin America for the last several years, particularly since Prime Minister Stephen Harper designated the region in 2007 as its area of main focus in the developing world. Canada has signed six FTAs and several investment protection agreements since the mid-1990s in Latin America, and is actively negotiating others that will effectively cover the whole region. Aid is mostly focused in Haiti, but trade and investment flows, strongly supported by Export Development Canada have carried most of the effort. In the last five years, Canada has shut down embassies and trade promotion agencies across Africa, Europe and even the United States, while opening six more in Latin America. Canadian mining firms have invested more than $60 billion in the last 20 years in the region, currently owning over half of the region's active mines. Scotiabank has also invested several billion dollars to acquire banks in Mexico, Chile, Peru, Colombia and Central America. Canada also fosters Latin American skilled immigration as people from this region are seen to be easily absorbable by and adaptable to Canadian society. For Latin America, Canada remains a fairly small export destination. In terms of international cooperation, the

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Genocide Trial of Former Dictator Opens in Guatemala

Efraín Rios Montt, who ruled Guatemala for 16 months during the Central American country's brutal civil war, went on trial Tuesday on charges of genocide and crimes against humanity. He had enjoyed immunity for decades as a legislator. See story on page 2.

Photo: Agence France-Presse.

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NEWS BRIEFS

Death Toll Rises to 27 in Brazil Landslides

The death toll from landslides around the city of Petropolis rose to 27 on Tuesday, Agência Brasil reported. At least 1,463 people have been displaced or are homeless in the city, located about 40 miles north of Rio de Janeiro, because of the rains. Brazil's Minister of National Integration, Fernando Bezerra, met with local officials Tuesday. The immediate priority is to provide emergency funds to local governments and to find housing for displaced people, he said, adding that a "change in culture" is needed to prevent tragedies in the future.

Dissident Cuban Blogger Meets With U.S. Lawmakers

Dissident Cuban blogger Yoani Sánchez visited legislators on Capitol Hill Tuesday, McClatchy Newspapers reported. Three Cuban-American members of the House of Representatives from Florida—Republicans Ileana Ros-Lehtinen and Mario Diaz-Balart, and Democrat Joe Garcia—waited for her by the Capitol steps. The State Department said it will present Sánchez with the International Woman of Courage Award today, which it granted her in absentia in 2011 after Cuba barred her from traveling to the United States.

Latin America Lags Behind World in Insurance Sector IT Spending

Latin America accounts for only 3 percent of insurance-sector spending on information technology, according to a new report by **Celent**, *PropertyCasualty* reported Tuesday. European and North American financial institutions currently account for 73 percent of the global IT investments by insurance companies.

Political News

Genocide Trial of Former Dictator Begins in Guatemala

The genocide trial of former Guatemalan dictator Efraín Rios Montt began Tuesday in Guatemala, with the 86-year-old defendant's lawyers arguing he did not knowingly permit the killings of civilians during the country's brutal 36-year civil war, Reuters reported. Rios Montt became the Central American country's dictator through a coup in March 1982 and was toppled in another coup 16 months later. His rule marked one of the bloodiest phases of the war. During the war, more than 200,000 people were killed, mainly indigenous Mayans, according to a 1999 U.N. report. For decades after his ouster as dictator, Rios Montt avoided prosecution for his alleged atrocities because he was a congressman and protected by a law granting immunity to public officials. His term in office ended last year and a judge ordered him to stand trial in January after finding enough evidence that connected Rios Montt to the killing of more than 1,700 indigenous Mayans in a counterinsurgency operation that he commanded. Soldiers carried out a "scorched earth" campaign against leftist insurgents and civilians, using torture, rape and arson to terrorize the population, with Rios Montt looking the other way as the atrocities were being committed, prosecutors allege. One witness for the prosecution, Nicolás Bernal, described a massacre that left 35 men, women and children dead in the town of Nebaj, just days after Rios Montt took power. "Soldiers came and killed the ones who were working, the ones who didn't manage to escape," said Bernal, Reuters reported. "They took out these peoples' hearts, went to their homes and set fire to them." Rios Montt's lawyers had stalled the trial through several appeals, arguing that the then-dictator was not in charge of operations on the battlefield and maintaining that genocide did not happen in Guatemala during the war. On the first day of his trial, Rios Montt listened to the testimony, but told reporters before the proceedings began that he would have little to say. "Whatever I say or don't say will be used against me," said Rios Montt. "I have to keep quiet. I am staying quiet."

> "[Soldiers] took out these peoples' hearts, went to their homes and set fire to them."
>
> *— Nicolás Bernal*

Economic News

Mexico May Slip From World's Top 10 Tourist Destinations

Mexico may drop off a list of the world's top 10 tourist destinations, a grouping in which it has been ranked for years, the country's tourism secretary said Tuesday, the Associated Press reported. Claudia Ruiz Massieu said it was unclear exactly why Mexico may drop in the rankings that are kept by the World Tourism Organization. However, the country's drug violence has affected tourism to border areas and cruise ship stopovers. The number of visitors coming across the country's borders fell 5.3 percent in 2012, while the number of cruise ship passengers stopping in the country declined 3 percent, according to the Tourism Department. Cruise ship passenger stopovers fell more than 15 percent over the past two years. The declines contributed to a drop of 1.2 percent in overall tourism to Mexico last year. Ruiz Massieu added that Mexico had a "very strong turnout" this year from one of its main tourism staples—spring break tourists visiting beach resorts. Mexico's decline in global tourism rankings may have more to do with tourism gains in other countries, said Carlos Vogeler, the World Tourism Organization's regional director for the Americas. "You have to take into account that there are countries that have made a great deal of progress in attracting international visitors," said

Ruiz Massieu

File Photo: Mexican Government.

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Vogeler. "For example, Russia has improved its figures, Malaysia has improved its own, and Austria. There are a number of countries that have increased their numbers significantly." Despite the declines in numbers of tourists, Mexico's tourism revenues have continued to climb, said Vogeler. Revenue from foreign tourists increased 7.1 percent last year, he said.

Company News

Mitsubishi Electric Corp. Investing $33 Million on Mexico Plant

Mitsubishi Electric Corp. announced Tuesday that it is investing $33 million to build a new facility for automotive components in Mexico. The plant will be located in the state of Querétaro, an industrial center north of Mexico City, and should employ 600 people within the next four years. Groundbreaking for the new plant will begin in April with operations expected to commence in October 2014. The company has created a new Mexican subsidiary, **Mitsubishi Electric Automotive de Mexico**, to manufacture and sell automotive equipment from the facility, initially alternators and starter motors. The new company is aiming for annual sales of $300 million by 2017.

Starbucks to Establish Research Center in Costa Rica

Seattle-based **Starbucks** is purchasing a 240-hectare farm in Costa Rica with plans to convert it into a global agronomy research and development center, the company said Tuesday. The center will focus its research on climate change mitigation and long-term crop stability programs. Starbucks expects the center will help develop new coffee varietals that could become proprietary blends in the future. The company added that the center will support its commitment to buying 100 percent ethically sourced coffee by 2015. Of the 545 million pounds of coffee purchased by Starbucks in fiscal year 2012, across 29 countries, the company considered 93 percent of it "ethically sourced." The financial terms of the farm's purchase were not disclosed.

Featured Q&A

Continued from page 1

country has long represented an alternative for sound technical advice in energy issues, public health and education, but without the political costs and conditionalities usually attached to U.S. aid. Canada will continue to expand its networks of mining and financial firms throughout the region, probably adding more energy and infrastructure companies into the mix. On the government side, it will continue to beef up its diplomatic assets in the region, develop programs to support democratic governance and promote Canadian perspectives on universal health care and education. However, Canada remains very vulnerable to changing politics across the region as its investments are highly dependent for profits on favorable regulation. And it is widely accepted that it lacks the leverage to stop or reverse any of those changes if they were to occur."

Carlo Dade, senior fellow at the School of International Development and Global Studies at the University of Ottawa: "The recent trip by the Canadian foreign minister to five countries in as many days in Latin America was in response to the common criticism of all past Canadian engagement efforts, namely that Canada never showed up, unless it needed something. This visit was thus largely a 'maintenance' trip to show the flag. Since Canada has put no real money behind its current Americas engagement and has cut funding to the Foreign Ministry including public diplomacy, high level visits are pretty much all the government has. One specific goal of the trip was to counter negative reactions to Canada's principled stand on Cuba and the Summit of the Americas. Foreign Minister Baird made clear that Canada opposes the U.S. embargo and welcomes pragmatic engagement with Cuba, but draws the line at welcoming it to a meeting expressly identified as one of democratically elected heads of state. On Venezuela, the foreign minister needed to express concern, on a regional stage, over Venezuela-Iran ties in response to the United States' Countering Iran in the Hemisphere Act. Widespread media coverage of his remarks accomplished that despite the visit being canceled. But Canada's real focus in the region is on leveraging ties to promote trade with Asia. The International Trade Committee of Parliament is preparing hearings on the Pacific Alliance where Canada is an observer and has trade agreements with all members, something members-in-waiting Panama and Costa Rica do not. The alliance countries with their commitment to openness, free trade and ties to Asia are arguably the only ones in the region of importance to Canada as it shifts from a Latin American focus to a Pacific one."

Jean Daudelin, associate professor at the Norman Paterson School of International Affairs at Carleton University: "Over the last 10 years and after decades of successive discovery and abandonment, Canada has slowly become seriously engaged in the Americas. This more meaningful stage is driven primarily by Canadian private sector interest in the region's rich mining and energy potential and still underdeveloped financial services. The focus has been on Latin America's liberal economies of the Pacific Coast: Chile, Peru, Colombia and Mexico. These countries have open markets, low inflation, secure property rights regimes and stable political arrangements. They share Canada's liberal outlook and in fact all have free-trade agreements with both Canada and the United States. There is obviously interest in Brazil's large and quickly deepening market, but also a clear recognition that Brazil's openness to business is always very conditional and that high production and transaction costs all but prevent using the country as a platform for re-export, even to neighboring countries. Leaving behind the role of instigator it tried—unsuccessfully—to play in the

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Featured Q&A

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past, the government has instead surfed on these very concrete mutual interests to engage Pacific and liberal Latin America politically. Its confrontational attitude toward Venezuela, however, stands as an exception. It shows a political leadership that tries to combine ideological grandstanding and long-term economic interests. Like Colombia once its war started to decline, under-explored, under-exploited and run-down post-chavista Venezuela will be a resource El Dorado. Hungry for foreign investors who know something about bitumen, Venezuelans could well see Canadian oil sand experts as saviors. With nothing to lose today, why not dream openly about what tomorrow could bring?"

Ken Frankel, chairman of the Canadian Council for the Americas: "Until two decades ago, you may have described Canada's diplomatic engagement in the Americas as spasmodic, interspersed with moments of significant involvement. Except for the several years following 9/11 in which Canada's overwhelming priority was to ensure that its U.S. border did not thicken to the point of jeopardizing its key trading relationship, Canada's relationship with Latin America has deepened since it joined the OAS in 1990. Prime Minister Harper has adopted it as a foreign policy priority. Canada's engagement has been an accelerated journey up the learning curve in regional bilateral and multilateral relationships. After a cautious acclimation period which focused on negotiating several trade treaties, including one with Colombia that contained the most stringent labor protection mechanisms, the Harper government has given more profile to promoting Canada's traditional regional foreign policy pillars: democracy, good government and social development. Foreign Minister John Baird's recent trip and those by Harper himself and other ministers signify a maturation of Canada's approach to the region. Canada is now engaged with regional leaders whose governance style doesn't comport with traditional 'Canadian values.' It has adopted a more muscular approach to promoting Canadian business and political interests. It has leveraged large Canadian investments in the extractive industries to take a leadership role in promoting corporate social responsibility and social investment. And it has helped create the realization among the region's political and business leaders that a visit to Toronto, Ottawa and other Canadian cities is an advisable stop in their North American itineraries. Canada has taken a leadership role within the region's multilaterals, particularly at the OAS where it has been engaged in efforts to enforce greater financial and management transparency, defend human rights and promote a vigorous and consistent application of the Inter-American Democratic Charter. We may expect that the Harper government will continue to evaluate its regional strategy, but any resulting recalibration should not mistaken for retrenchment."

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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