Inside This Issue

FEATURED Q&A: How Much Longer Will MINUSTAH be Needed in Haiti? ..........1
Kirchner Denies Government is Manipulating Inflation Data ..........2
Brazil’s Lula Blames Rich Countries for Global Warming ..........2
News Briefs: Calderon Has Majority Support; Toyota in Venezuela; Telcel Service Outage ..........2
Venezuela Dismisses Cut in US Counterdrug Assistance ..........3
Ecuador to Sue Colombia Over Border Drug Crop Spraying ..........3
**Economic News**

**Kirchner Denies Government is Manipulating Inflation Data**

Argentine President Nestor Kirchner on Tuesday defended his government from accusations it was manipulating inflation data, accusing the media and political opposition of creating the controversy. On Monday, the economy ministry’s statistics institute, Indec, reported consumer price inflation of 1.1 percent in January. Although the figure was in line with some analysts’ estimates and was the biggest monthly jump since March 2005, many analysts questioned it, noting that it did not factor in increases in health insurance and that inflation in the tourist sector was unusually low, at 3.7 percent in January versus 16.5 percent during the same month of 2006, local daily *La Nacion* reported. Some Indec officials say the January figure was in fact closer to 1.5 or 2.0 percent. Suspicion has been further raised by the Kirchner government’s replacement—prior to the release of the January inflation figure—of the top official in charge of overseeing consumer price data at Indec with another official considered a loyalist. Kirchner, however, dismissed the criticism and said the personnel change was meant to improve Indec’s work. "If we have to make changes, we are going to make them," the president was quoted as saying by *La Nacion*. "They are not going to scare us or push us around with two newspaper front pages because we make a change."

— Nestor Kirchner

January's inflation rate of 1.1 compared with 1.0 last month was due to declines in food prices, which fell 1.1 percent. "The wealthy countries are very smart, approving protocols, holding big speeches—there are few countries in the world that have the moral authority to talk about the Amazon rainforest," Lula said in Rio de Janeiro. He said Brazil had reduced deforestation of the Amazon by 52 percent over the past three years. "There are few countries in the world that have the moral authority to talk about deforestation with Brazil," Lula said. However, some analysts note that the annual rate of deforestation in Brazil is still very large, and say the recent slowdown in rates is also due to declines in international prices for agricultural goods [Editor's note: see related Q&A in the November 6, 2006 issue of the *Advisor*]. Lula’s comments came a few days after a United Nations panel of scientists issued a report that concluded for the first time that global warming is "unequivocal" and that human activity is the main culprit [look for Q&A on global warming and Latin America’s potential role in stopping it in tomorrow’s issue of the *Advisor*]. Lula said that instead of telling Brazil what to
do about the Amazon, rich countries should reduce their reliance on fossil fuels and use more non-fossil fuels, such as ethanol and biodiesel. Brazil is the world’s biggest producer of ethanol, which is derived from sugar cane, and has launched a program to increase production of biodiesel. Last month, the government announced it would invest 17.4 billion reais ($US 8.18 billion) in renewable fuels over the next four years. Energy Minister Silas Rondeau forecast that under the plan Brazil’s ethanol output would grow 40 percent to 23.3 billion liters by 2010, while biodiesel production would increase to 3.3 billion liters from about 800 million liters currently. “No country is revolutionizing its energy matrix as we are,” Lula said. “The so-called carbon credits they invented—so far, we haven’t seen a cent of that,” he added, referring to compensation for preserving carbon-absorbing forests.

**Political News**

**Venezuela Dismisses Cut in US Counterdrug Assistance**

Venezuelan Foreign Minister Nicolas Maduro on Tuesday dismissed the US government’s decision, announced the day before, to cut counternarcotics assistance to the South American nation, asserting his country would continue to fight drug trafficking regardless, as an ally in the war on drugs. Maduro responded a month later by decertifying Venezuela as an ally in the war on drugs. Venezuelan officials say they are enjoying growing success against drug trafficking, but Washington asserts that the amount of drugs smuggled through Venezuela is increasing because of corruption and a weak judicial system, according to Reuters. [Editor’s note: see related Q&A in the August 10, 2005 issue of the *Advisor.*]

**Ecuador to Sue Colombia Over Border Drug Crop Spraying**

The government of Ecuador said Tuesday it would sue neighboring Colombia in an international court over fumigation of illicit crops along their border, Reuters reported. Ecuadorian Foreign Minister Maria Espinosa said her government would move forward with plans to sue Colombia at the International Court of Justice and the Inter-American Commission on Human Rights after Ecuador restarted its fumigation program along the border without informing Ecuador, per an agreement reached between the two Andean countries last month. “We know that yesterday fumigation restarted ... They did not inform us and that really complicates matters,” Espinosa was quoted as saying. Colombian President Alvaro Uribe, who was in New York on Tuesday for a meeting with new United Nations Secretary General Ban Ki-moon, said that Colombia respected its neighbors, but insisted the spraying was necessary. “We have to destroy drugs in our territory, but we respect the territory of our neighbors,” Uribe told reporters, according to Reuters. The Ecuadorian government, which in December recalled its ambassador from Bogota to protest continued spraying, says the fumigation poses a hazard to human health and the environment. The Colombian government says the glyphosate herbicides used in the sprayings are safe. [Editor’s note: see related Q&A in the January 5, 2007 issue of the *Advisor.*]
A continued from page 3

experienced businessman, Jacques
Bernard, was at the reins. What the
vignettes point to is government institu-
tions that aren’t going to work for Haiti,
but only for the individuals within them.
But what one also sees is the enormous
difference competent individuals make
when, improbably, they are put in posi-
tions of authority. Eighty-three percent
of Haiti’s trained professionals live
abroad. Recruiting among them and
those remaining in Haiti and giving
them actual authority is the key to
Haiti’s emergence.”

Guest Comment: Stanley
Lucas: “For real progress, I
would actually point to the
strong development of the
NGOs working in the health area
in Haiti to provide effective services needed
by thousands of Haitians. There is good
partnership and ownership of the pro-
gram by the private and public sector.
Haitians are leading the initiative and
have really stepped up to make a differ-
cence in this area. It is remarkable. This is
the sixth United Nations mission to Haiti
in less than 10 years at the request of the
Lavalas party. Previous missions and the
current missions have failed in two areas:
1) holding the Haitian government
accountable to follow through on its
promises to bring stability to the country;
and 2) not taking into account the
nine principles of reconstruction and
development proposed by Andrew
Natsios. These principles, including
ownership, capacity building, sustain-
ability, selectivity, assessment, results,
partnership, flexibility, and accountabil-
ity, should serve as a checklist against all
programs that are developed to target
issues in Haiti. The length of MINUSTAH’s
tenure lies squarely in the hands of the Haitian government and its
ability to bring about real stability.
Currently, MINUSTAH’s strategy is not
to strengthen institutions and build
capacity; rather, they are managing the
process themselves versus giving the
Haitians the tools to build a sustainable
system. Haiti deserves better.”

A

Guest Comment: Eddy Lagroue:
“The length of MINUSTAH’s
stay in Haiti is not as impor-
tant as what it is successfully
doing and who pays the final bill ... There
is no doubt the international commu-
nity is doing its best to stabilize Haiti in
what looks like déjà vu for the last two
centuries. Reducing a vicious cycle by
establishing a virtuous circle is no easy
task in this highly polarized environ-
ment. After establishing new judicial
reforms, a logical step after the Duvalier
era would have been the national securi-
ty system and governance. But it is diffi-
cult to please everyone. Nonetheless, the
World Bank’s country director for the
Caribbean, Caroline Anstey, suggested
Tuesday that this choice to establish
security before nation-building could
result in jeopardizing the previous judi-
cial milestones achieved during the past
Preval and Aristide terms. According to
that report, nation-building and a secu-
ry plan working hand in hand and side
by side could become an obvious and
longer-term winner, while reducing the
presence of MINUSTAH in Haiti gradu-
ally. In other terms, there is no need to
try to disarm thugs if they are not dis-
armed from their survival-minded
endeavors, the real source of insecurity
and concentrated in the Republic of Cite
Soleil, which is not even the size of
Dolphin Stadium in Miami.”

Mark Schneider is Senior Vice President
at the International Crisis Group.

James Morrell is Executive Director
of the Haiti Democracy Project.

Stanley Lucas is Senior Program Officer
for Latin America and the Caribbean at
the International Republican Institute.

Eddy Lagroue is Executive Vice President
of Haiti Bel S.A.