Haiti celebrated the 200th anniversary of its independence on January 1 amid continuing, volatile divisions between supporters and opponents of President Jean-Bertrand Aristide. Where is Haiti headed? Do you foresee a peaceful, democratic solution to its political crisis?

Guest Commentary: James Morrell: "Haiti is clearly headed toward a post-Aristide era, although it may be a long, hard grind unless the Bush administration has the sense to grease the skids and put itself on the right side of the burgeoning national movement in Haiti. As US Amb. Lawrence Pezzullo pointed out in The Miami Herald a year ago, waiting too long risks letting events spin out of control. Just the revelation in today's news of an Aristide plot to assassinate opposition leader Andy Apaid last July illustrates the danger Pezzullo warned of. So far, as a Haitian writer has pointed out, the US elephant has hidden behind the OAS mouse. Student demonstrators in Haiti are already furious with the OAS for its obvious partisanship toward Aristide. The same resentment awaits the United States if it continues to be 'married to Jean-Bertrand Aristide,' in Georges Fauriol's striking phrase. Policy must be rescued from special interests such as the Congressional Black Caucus, whose former dean Ronald Dellums took $210,000 from the Aristide regime. The lobbying blitz occludes the larger US interest in a stable and developing Haiti, something that the United States could achieve through the current opposition lineup but not if it allows this opposition to be beaten bloody by Aristide's rampaging rent-a-mobs. With the United States clinging to a pro-Aristide formula that its own authors, the Catholic bishops, have already discarded in the onrush of events, it is only weeks if not days before the now universal cry of 'A bas Aristide' is joined by 'A bas America.'"

Guest Commentary: Dan Erikson: "Haiti has suffered 200 years of disquietude, and the political situation will remain incredibly tense in 2004. The current battle between Aristide's supporters and his detractors is the latest version of a power struggle that has been playing out in Haiti since 'Baby Doc' Duvalier fled the country in 1986. The recent, violent clashes are the fruit of an electoral stalemate that began in May 2000 and has..."

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Political News

**Mexico's Fox Praises Bush's Immigration Plan, But Seeks More**

Mexican President Vicente Fox on Thursday called US President George W. Bush's new immigration proposal a “great step forward,” but said it fell short of Mexico's goals, the Associated Press reported. “We're going for more,” he told reporters. Fox has long pushed for the legalized status of the estimated 3-5 million undocumented Mexican immigrants working in the US who send home Mexico's second-largest source of foreign income. Bush unveiled a plan Wednesday that would create a temporary worker program for illegal migrants with proof of employment in the US. By offering renewable, but not permanent, three-year labor visas, the plan seeks to meet the needs of US industries that depend on illegal workers and to provide workers with labor and human rights protections. “It is an achievement of the measures we have been taking during these three years” since his election in 2000, Fox stated. Fox and Foreign Secretary Luis Ernesto Derbez indicated they would lobby the US Congress for passage of Bush’s proposal and would begin discussions at next week's Special Summit of the Americas in Monterrey, Mexico. Mexico’s leading opposition party, the Institutional Revolutionary Party (PRI) questioned whether Bush’s reform was merely election-year pandering to the US Hispanic vote. The PRI, however, affirmed it would “continue working for an integral immigration treaty.”

Company News

**Foreign Miners Say Investment in Chile Endangered by Threats of Tax Increase**

Foreign mining firms warned Thursday that investment in Chile’s mining sector would be at risk if the government continues its “harassment” of companies, Reuters reported. In a letter to Finance Minister Nicolas Eyzaguirre, the country’s two largest mining industry associations -- the Mining Council and the National Mining Society -- blasted government demands the companies pay more in taxes. “The persistence of the campaign against the sector will gravely affect the investment climate in the country,” the letter stated. “... It will keep in suspense large investments that will not be carried out if the current atmosphere of harassment prevails.” The miners were apparently reacting to remarks made Tuesday by Eyzaguirre, in which the finance minister said that if the companies did not stop exploiting tax loopholes to avoid paying taxes, the government would impose a royalty tax on mining output. The miners accused Eyzaguirre of “joining an intense campaign against large copper mining companies that is motivated

Economic News

**South Korea-Chile Trade Pact Held Up by Farm Protests**

A key South Korean parliamentary vote on the country’s free trade pact with Chile was derailed Thursday when lawmakers were physically prevented from voting by 40 legislators representing rural constituencies, according to local papers. The 40 opponents of the trade agreement were backed by roughly 3,000 protesting farmers outside the National Assembly. More than a dozen farmers were injured after the protest turned violent, while others were arrested, according to Reuters. The government now plans to vote on the trade pact on February 9, when the next session opens. The FTA with Chile would be South Korea's first free trade agreement and has been lobbied for heavily by President Roh Moo-hyun. Ratifying the FTA, signed nearly a year ago, would help clear the way for negotiations for similar bilateral free trade deals with Japan and Singapore. Chile's exports to South Korea totaled $715 million in 2002, more than 40 percent of which was copper. South Korea exported $409 million worth of goods to Chile last year. Korean carmakers enjoyed an especially good year in South America in 2003, exporting 27 percent more fully-assembled cars to Chile from a year earlier (23,050 cars), according to the Korea Herald. Chile consumed last year one-fourth of all Korea's car exports to South America.
by political or ideological reasons, or just lack of knowledge." Several lawmakers belonging to President Ricardo Lagos' ruling center-left coalition have demanded foreign miners pay a royalty tax, and are expected to make the proposed tax a campaign issue during Chile's 2005 presidential race. Foreign miners operating in Chile include BHP Billiton, Anglo-American Plc, Phelps Dodge Corp., Placer Dome, and Noranda.

Ecuador Freezes $7 Million from EnCana Subsidiary

Ecuador's tax authority has frozen $7 million from a subsidiary of Canadian oil company EnCana Corp., tax officials said Thursday, according to Reuters. The withholding of the money is part of an ongoing legal dispute between the government and 12 oil companies over tax rebates. The companies claim the government owes them some $200 million rebates for capital acquisitions, while the tax authority insists it only owes the companies $70 million. The companies are also demanding compensation for an increase in value-added tax in 1999. EnCana and Occidental Petroleum Corp. have taken their dispute to an international arbitration tribunal. The government's dispute has slowed investment in Ecuador's oil sector and has attracted the attention of the US government, which is slated to begin free trade talks with Ecuador in April. Crude oil is Ecuador's biggest export.

Brazilian Dairy Producers Seeking Protection from Parmalat Scandal

Brazilian dairy producers have asked for government support to cushion them against the potential negative fallout associated with the financial scandal at Italy's Parmalat, Reuters reported. Luis Carlos Guedes Pinto, the president of the government's Conab crop supply agency, said that dairy producers have proposed the government buy 2,000 tons of powdered milk and make available 500 million reais ($US 175 million) in credit. Parmalat, which has delayed payments to some Brazilian dairy producers since the multibillion-euro accounting scandal erupted last month, has said it would make some of the payments in the form of powdered milk. Dairy producers fear they would not be able to sell the powdered milk on the open market. Parmalat's Brazilian unit is the country's second-biggest buyer of milk.

Chilean Retailer Cencosud Seeking $275 Million in IPO

Chilean retailer Cencosud said Thursday it plans to raise $400 million in an initial public offering in the Santiago and New York stock exchanges, according to Reuters. The offering may take place by March. Cencosud informed Chile's stock market regulator that it plans to issue 350 million new shares to increase its capital by 155.802 billion pesos ($US 275 million). Company Chief Executive Laurence Golborne later said, however, that the figure mentioned in the note to the regulator only referred to the book value, and that the capital increase would actually total closer to $400 million. Cencosud's board of directors will set an exact date and price, to be announced later. The money raised in the IPO could be used to more aggressively finance expansion into Argentina, reports suggest. Three weeks ago, Cencosud and financially distressed Dutch retailer Ahold said their discussions over selling Ahold's controlling stake in the Argentine supermarket chain Disco had ended without a final agreement. With most of its business in Chile and Argentina, Cencosud stores include Jumbo and Santa Isabel supermarket chains, the Easy and Proterra home improvement stores, and several shopping malls. Cencosud is itself owned by Chile's Grupo Paulmann. In related news, Cencosud said Monday it had signed a deal to buy Chilean supermarket chain Las Brisas for around $30 million, according to Dow Jones International News.

US Charges Metalor USA with Involvement in Money Laundering

US authorities have charged the US unit of Swiss precious metal refiner Metalor with illegal activity related to its alleged involvement in a South American money laundering ring, Reuters reported. Prosecutors charged the North Attleboro, MA,

Vehicle Sales Down in Venezuela, Brazil in 2003

Vehicle sales plummeted 50.5 percent in Venezuela in 2003 compared to the previous year and fell to a four-year low in Brazil, according to industry association reports released on Thursday.

Venezuela's steep economic plunge last year, driven by political uncertainty and a two-month opposition general strike at the beginning of the year, took its toll on vehicle sales, which totaled just 63,726 units, according to the Venezuelan Automobile Chamber. That compares to sales of 128,623 vehicles in 2002.

Venezuela is expected to post growth of 6.3 percent this year, according to analysts surveyed last month by the Advisor.

In Brazil, vehicle sales fell 3.4 percent in 2003 to 1.43 million units -- their worst level since 1999 -- amid high interest rates and an economic slowdown, the country's Association of Motor Vehicle Manufacturers (Anfavea) reported.

However, manufacturers produced 2 percent more vehicles in 2003, Anfavea said.
brought the country's government to a standstill, with Aristide's legitimacy contested by a growing number of opposition forces. This bad situation has been made worse by the decision of the Bush administration to reduce economic aid and avoid the tough political choices posed by Haiti. Since compromise is impossible in Haiti's political climate and Aristide is unlikely to step down, the crisis is likely to persist throughout 2004. The result will be rising violence, further economic decline, and political paralysis. Of course, if the US decides to help negotiate a political compromise and provide security for new elections, then this would represent a big step forward for Haiti. Unfortunately, however, the Bush administration has little interest in acting as the guarantor in Haitian politics -- a task that appears to offer more risks than rewards."

**Guest Commentary: Anthony Bryan:** "In the kingdom of the one-eyed man, Aristide is king! He has demonized opposition forces for 'sabotaging' his elected government; portrayed to the populace that the nation's problems are not his fault or of his making; and indicated that he is not able to live up to expectations because of collusion between the international financial institutions to deny the resources that would make a difference. He makes good use of nationalistic propaganda, although last week's lavish celebrations for the bicentennial of Haiti's independence seem to have further energized the opposition elements. The dissonant opposition is a coalition of forces that has stayed together much longer than anticipated by observers of Haitian politics. They are unwilling to compromise with Aristide's Lavalas Family party at any level. Whether Aristide stays or goes will not make a difference to most Haitians except those that are his political rivals. Ordinary Haitians have a tradition of patience and a high level of tolerance for destructive elements. The international community cannot turn away from Haiti, but, as it also finding out, traditional 'carrots and sticks' do not work there. Even with full international financial support, Aristide might crumble under the weight of his own no-performance and the difficult nature of governance in Haiti. There is no guarantee of any peaceful democratic solution to the present crisis, although one can always hope for the best. Throughout their history, Haitians have lived with political instability so often that it is always difficult to predict a breaking point."

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**Dan Erikson** is Director for Caribbean Projects at the Inter-American Dialogue.

**Anthony Bryan** is a Professor of International Relations at the University of Miami.

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based Metalor USA Refining Corp. with one count of having engaged in financial transactions in excess of $10,000 and involving the proceeds of illegal activity. The charge reportedly stems from Metalor USA's receipt of some $423,000 in fees for shipping gold repackaged in shampoo bottles to South America. Prosecutors say the transactions helped support a $4.5 million money laundering ring that spanned from Peru to Colombia to Boston. Metalor USA is one of the largest US gold refiners.