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FEATURED Q&A

Will Preval and Parliament Agree on a New Prime Minister?

Q Haiti's Parliament earlier this month rejected President Rene Preval's nominee for prime minister, Robert Manuel, the second candidate for the post to be rejected by lawmakers in a month. What effect is the delay in filling the post having on Haiti? Will Preval and Parliament reach an agreement on a prime minister?

A **Guest Comment: Johana Mendelson Forman:** "Haiti is currently facing many crises—food shortages a deteriorating security climate manifested by the rise in kidnappings, criminal activity related to drug trafficking, and general reconstruction needs. To move Haiti forward, it must have a government that can sign agreements for continued foreign assistance to support programs in rule of law, health, education, and security. If Preval is forced into a situation where he governs by executive order, donor confidence will erode, as will hard-won democratic gains since 2006. This scenario of parliamentary stalemate to replace Prime Minister Alexis repeats a 1997 crisis of Preval's first administration when it took Preval 21 months to replace Prime Minister Rosny Smarth. With the rejection of Preval's second candidate for prime minister in less than a month, the Haitian Chamber of Deputies—through the Progressive Parliamentarians Conference (CPP), a cross-party voting bloc that includes 52 of the 99 members of Parliament—has challenged President

Preval's leadership again. The technical reasons for rejecting Robert Manuel, a security expert and strategist of Preval's 2006 campaign, arise from a formalistic read of the Haitian Constitution about consecutive years of residency in Haiti. A similar technical objection [based on] proof of nationality was raised against the previous nominee, Ericq Pierre. Rumors of yet another nominee, Michele Duvivier Pierre-Louise, an economist and head of the Fokal, are also circulating. Her close ties to Preval may also suffer a similar fate as the first two candidates. This breakdown in

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Bolivia's Tarija Province Votes in Favor of Autonomy

Mario Cossio, the governor of Bolivia's Tarija province, on Sunday hailed voters' approval of greater autonomy from the central government. See story on page 2.

Photo: ABL

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NEWS BRIEFS

Mexico's Central Bank Hikes Interest Rate to 7.75 Percent

Mexico's central bank raised its benchmark interest rate by a quarter of a percentage point to 7.75 percent on Friday. The bank [cited](#) fears of inflation as prices for food, energy, and other basic goods have risen in recent months. The increase in rates came just days after President Felipe Calderon negotiated a price freeze with makers of numerous foodstuffs in the country. Annual inflation in Mexico reached 4.95 percent in May.

Police in Brazil Arrest Top Execs at Agrenco

Top executives of **Agrenco Ltd.** were arrested in Brazil Friday as part of a nationwide investigation into money laundering, Bloomberg News reported. Chairman Antonio Iafelice and Chief Operating Officer Antonio Augusto Pires Jr. were arrested for alleged illegal currency and stock trades, federal police said. Shares of the Bermuda-based agriculture and biofuels company, which had an IPO on the **Bovespa** stock exchange last October, tumbled to a record low on the news.

Head of Mexico's Modelo Resigns From Anheuser-Busch Board

Carlos Fernandez, the chairman and CEO of Mexican brewer **Grupo Modelo**, has resigned from the board of **Anheuser-Busch Cos.**, the St. Louis-based company announced Friday. Anheuser-Busch is considering a \$46 billion takeover offer from Belgian brewer **InBev**, and Fernandez wanted to avoid conflicts of interest, according to reports. Modelo is the importer and distributor of the Budweiser, Bud Light and O'Doul's brands in Mexico. Anheuser-Busch also owns a 50 percent direct and indirect interest in Modelo, Mexico's largest brewer.

Political News

Bolivia's Gas-Rich Tarija Province Votes in Favor of Autonomy

Voters in Bolivia's Tarija province voted in favor of greater autonomy on Sunday, making the province the fourth to approve increased independence from the central government, the Associated Press reported. Although electoral officials said final results would not be ready until Wednesday, pollsters said the pro-autonomy vote received 80 percent support. "A new Bolivia must be built on a foundation of autonomy," Tarija Governor Mario Cossio told a crowd of supporters Sunday night. "Centralism has left a bad legacy—we are the second-poorest country on the

“Autonomy is the new path.”

— *Mario Cossio*

continent. Autonomy is the new path." Tarija is the fourth eastern province to vote in favor of greater autonomy. Santa Cruz, the country's wealthiest province, approved autonomy on May 4, while the provinces of Beni and Pando followed suit on June 1. The Tarija vote is especially significant, as the province is home to 85 percent of Bolivia's natural gas reserves, the country's main export. Tarija and Santa Cruz want more local control over their gas revenues, which the national government of President Evo Morales needs to support poorer western provinces. Morales has called the referendums illegal, but has ruled out using force to impose central government authority. Santa Cruz and Tarija have yet to test their self-declared autonomy by withholding gas revenues. In other Bolivia news, central government officials on Friday criticized a Santa Cruz prosecutor's decision to release two men whom the officials believe had planned to assassinate Morales, Reuters reported. Police said the men were detained on Thursday at an airport in Santa Cruz shortly before the Bolivian leader arrived there. One of the men was carrying a rifle and ammunition, said

Morales's cabinet chief, Juan Ramon Quintana. But a local prosecutor ordered the men freed hours after their arrest, saying there was a lack of evidence. "We are denouncing to the country and to the world that behind this assassination attempt there is a plot, a sinister plan whose reach we still don't know. But we are aware of the motives," Quintana told reporters.

Colombia Protests Remarks by Nicaraguan President Daniel Ortega

Colombia's government on Friday sent a written protest to Nicaragua over comments made by President Daniel Ortega at a public meeting, Reuters reported. The former Marxist guerrilla called Colombian leader Alvaro Uribe a "terrorist" and criticized the two-term Colombian president for ordering the bombing of a FARC rebel camp inside Ecuador on March 1. "He says he's fighting terrorism but he's the terrorist," Ortega said at a meeting in his Central American country attended by survivors of the raid, according to the report. Colombia sent the letter the following day to Nicaragua "rejecting most energetically" Ortega's comments, according to Reuters. Uribe and Ortega have attacked each other verbally in the wake of the March 1 raid, in which the FARC's number-two commander was killed.

Economic News

Latin America Should Think Twice About Price Controls, Subsidies

Latin American countries should think carefully before funding subsidies and imposing price controls to control inflation, a World Bank official said Friday, according to Reuters. "We're not against subsidies, but subsidies need to be targeted and effective, efficient and affordable," Pamela Cox, the World Bank's vice president for Latin America and the Caribbean, told reporters in Canada. "It's very hard to do that with generalized price controls in any economy." Cox's comments come as more countries in the region look at price controls to contain rising food costs. Last

week, the Mexican government announced it had reached an agreement with Mexican foodmakers to freeze prices on 150 goods. In Colombia, President Alvaro Uribe said Saturday he would seek a deal with business groups and labor unions to control food prices, according to Reuters. In addition, Brazil, Mexico, and Venezuela fund fuel subsidies, a policy that—at least in Mexico's case—is putting extraordinary pressure on government budgets at a time of skyrocketing oil prices worldwide.

Panama joined that group on Friday when President Martin Torrijos announced his government would spend at least \$40 million over the next six months to subsidize gasoline and



Cox

Photo: World Bank.

electricity costs. Cox said such subsidies can become difficult to abandon, even when the inflation subsides, and divert resources away from much-needed investments like infrastructure. "If countries are making a trade-off between short-term consumption subsidies now versus the longer-term investment that you need, we would be concerned that, if subsidies remain and if they eat up large amounts of the budget, it could have a larger-term impact on growth in the region," she said. Cox called for greater reliance on government programs that give cash to the poorest segments of the population, rather than blanket price subsidies.

McCain Defends NAFTA, Attacks Obama's Position on Trade Pact

US Republican presidential hopeful John McCain on Friday defended the North American Free Trade Agreement (NAFTA), criticizing his Democrat opponent in the November election, Illinois Senator Barack Obama, for suggesting the US could opt out of the pact if Canada and Mexico did not agree to revise its labor and environmental provisions. In a [speech](#) to a group of Canadian businessmen in Ottawa, McCain praised NAFTA for creating millions of jobs in the US and Canada, and for boosting trade. "And even now, for all the successes of NAFTA, we

Featured Q&A

Continued from page 1

consensus government, manifested by the CPP, should be considered a warning sign that the days of compromise and political progress are numbered. Many of these opposition legislators are worried that having a Preval ally at the helm may challenge some of the political fiefdoms that have often been part of Haitian politics. The old 'business as usual' model of stalemate and dissent is a bad sign for any hope of moving Haiti forward politically. One of the most compelling reasons to find an agreement is the October 2008 mandate renewal of the UN Mission, MINUSTAH. Failure to get support for it at an international level would mean that Haiti's only stable security force would disappear, causing

untold hardship and suffering, and an upswing in crime."

A Guest Comment: James Morrell: "Rene Preval devoted the first year of his current presidency promoting openness and the healing of past wounds. Elected with an impressive 48 percent of the vote, and with abundant foreign support as well, he had a chance to be one of the best presidents Haiti has ever had. In his second year, he has deteriorated into just another of the petty power-seekers familiar from Haitian history. While his peculiar handling of prime ministerial nominations is one measure of this, he actually touched bottom with another

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have to defend it without equivocation in political debate, because it is critical to the future of so many Canadian and American workers and businesses," McCain stated. "Demanding unilateral changes and threatening to abrogate an agreement that has increased trade and prosperity is nothing more than retreating behind protectionist walls," he added, although he did not mention Obama by name. Obama, however, has softened his position on NAFTA, telling reporters last week that the rhetoric during the Democratic primary had gotten "overheated" and that "I believe in free trade," according to Reuters. Obama also questioned why McCain gave the speech in Canada, instead of in Michigan or Ohio, two battleground states where trade is a key issue. In his speech, McCain also called for Canada and the US to more closely align their energy policies. Canada is a top supplier of energy to the United States.

Ecuador Threatens to Halt Andean Talks with EU Over Immigrant Rules

Ecuadorean President Rafael Correa on Saturday threatened to halt Andean trade talks with the European Union in the wake of the EU's adoption of tougher detention

rules for illegal immigrants, Reuters reported. "What do we have to talk about with a union of countries that criminalizes immigrants?" Correa was quoted as saying during his weekly radio address. "It will be very hard to talk business and ignore human rights." Ecuador holds the temporary presidency of the Andean Community, which includes Peru, Bolivia and Colombia and last year started negotiating a trade and cooperation agreement with the EU. The Ecuadorean president said the rule allowing EU countries to detain illegal immigrants for 18 months violates the human rights of migrant workers and is unfair to Latin America, which welcomed millions of Europeans after becoming independent in the early 19th century and again after World War II. The tougher EU detention policy has come under fire throughout Latin America. Last week, Venezuelan President Hugo Chavez threatened to punish European countries that apply the new rules by cutting off oil supplies and expelling companies. Spanish Prime Minister Jose Luis Rodriguez Zapatero said Friday his government was prepared to explain the new rules to Venezuela and others "so that the EU's relationship with all Latin American countries remains positive," according to Reuters.

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shenanigan on March 18, 2008: his orchestrated expulsion from parliament of the vice president of the senate, Rudolph Boulos, who was threatened with arrest and mistreatment in jail. Last November, Senator Boulos presented at a forum of the Inter-American Dialogue; he is a founding member of our Haiti Democracy Project. The succession of prime ministerial nominations and rejections are but surface reflections of deeper maneuvering for the 2011 presidency. Preval enhances his personal power by diminishing that of both prime minister and parliament. He has hit on the device of half-hearted nominations

“Preval enhances his personal power by diminishing that of both prime minister and parliament.”

— James Morrell

to be slapped down by parliament for laughable technicalities, which discredit the legislators but are really driven by the power struggle. The device is superficially crafty, and he used it with success in his first presidency, finally dissolving parliament in 1999. Never mind that in the process Haiti loses both ministerial government and legislative oversight. The wonder is not that Haitian power-holders should behave in the same way that they have for 200 years. Rather, the wonder is that the international community, with 9,500 troops on the scene, and the Haitian diaspora, with 83 percent of Haiti's professional brainpower, should tolerate this for a moment. In anything they do to correct the situation, they will have the support of the Haitian people, among whom sentiment for Preval has fallen below 20 percent."

A **Guest Comment: Eddy Lagroue:** "Since its accession to power in 1991 with the support of a popular movement against the

old dictatorship that fell in February 1987, Haiti's new controlling party has had trouble managing a power struggle between its main rival groups: extremists, independents, and moderates, and could not produce viable reforms (commercial, legal, socio-economic, and political) promised more than two decades ago to bring governance to new heights. And this was in spite of the [influence] and financial weight of the international community, a new so-called social contract, and a new direction toward poverty reduction promoted by a former planning minister. This has weakened an already miserable economy, worsened by the international crisis of soaring food and energy prices, and is likely to endanger the country's democratic achievements ... Without the wisdom and the will of political and financial [actors] to bury the hatchet, the rebirth of the black pearl and the application of the new Constitution of 1987 seem to have stalled. The delay in the nomination of a new prime minister to replace the influential and active former prime minister, Jacques-Edouard Alexis, will thus have an incalculably destructive impact on the country, and this is likely to destroy a fragile socio-economic structure at several levels, block any imports of commodities, and place the New World's first black republic, a two-hour flight from the US, in a near humanitarian catastrophe, the worst of its history."

Johana Mendelson Forman is a Senior Associate in the Americas Program at the Center for Strategic & International Studies.

James Morrell is Executive Director of the Haiti Democracy Project.

Eddy Lagroue is President of HaitiBel S.A. in Port-au-Prince, Haiti.

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Erik Brand,

General Manager, Publishing
ebrand@thediologue.org

Robert Simpson,

Editor
rsimpson@thediologue.org

Danielle Jetton,

Computer Services Coordinator

Inter-American Dialogue:

Peter Hakim,

President

Michael Shifter,

Vice President, Policy

Joan Caivano,

Director, Special Projects

Dan Erikson,

Senior Associate, US Policy

Claudio Loser,

Senior Fellow

Manuel Orozco,

Director, Remittances and Development Program

Tamara Ortega Goodspeed,

Senior Associate, Education

Marifeli Pérez-Stable,

Vice President, Democratic Governance

Jeffrey M. Puryear,

Vice President, Social Policy

Viron Vaky,

Senior Fellow

Subscription Inquiries are welcomed at fretrial@thediologue.org

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