www.thedialogue.org Tuesday, May 27, 2008

INTER-AMERICAN DIALOGUE'S

LATIN AMERICA ADVISOR

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Genaro Arriagada

Board Member, Banco del Estado de Chile

Joyce Chang

Global Head of Emerging Markets Research, JPMorgan Chase & Co.

W. Bowman Cutter

Partner, E.M. Warburg Pincus

Rui da Costa

Managing Director, Latin America & the Caribbean, Hewlett-Packard Co.

Alejandro Delgado

Economist for Latin America, Africa, the Middle East & Mexico, General Motors

Dirk Donath

Managing Director, Eton Park Capital Management

Jane Eddy

Managing Director, Corporate & Govt. Ratings Group, Standard & Poor's

Marlene Fernández

Former Bolivian Congresswoman and Ambassador

Wallace Gardner

Vice President, Worldwide Sales, Chubb & Son

Javier Garza

Chairman and CEO, Grupo Domos Internacional

Peter Hakim President,

President, Inter-American Dialogue

Donna Hrinak

Director for Corporate and Govt. Affairs, Kraft Foods Inc.

Jon Huenemann

Principal, International Department, Miller & Chevalier

James R. Jones

Co-chair, Manatt Jones Global Strategies LLC

John Maisto

Director, US Education Finance Group

Nicolás Mariscal

Chairman, Grupo Marhnos

Thomas F. McLarty III

President, McLarty Associates

Carlos Paz-Soldan

Partner, DTB Associates, LLP

Beatrice Rangel

Director, AMLA Consulting LLC

José Antonio Ríos

Chairman, Global Crossing Latin America

Andrés Rozental

President, Rozental & Asociados

Everett Santos

President, DALEC LLC

Roger Scher

Head of Latin American Sovereign Ratings, Fitch Ratings

FEATURED Q&A

What is the Future of Environmental Protection in Brazil?

Marina Silva resigned earlier this month as Brazil's environment minister, saying she lacked the necessary political support to do her job. What does Silva's resignation mean for environmental protection in Brazil? Is her departure a defeat for environmental activists in the country?

Comment: Cláudio Guest Frischtak: "Marina Silva's resignation was certainly a political blow to President Lula's government. It was not totally unexpected, but the timing was hers, and returning to the Senate she will remain the most potent legislative voice for environmental protection in the country, not the least because of her personal history—rising out of poverty, illiteracy, and disease by sheer willpower and unblemished record of integrity. The government acted quickly, first by stating that current environmental policy is government policy and therefore would not depend on who is sitting as minister; second, by naming Carlos Minc, a relatively effective secretary of environment for the state of Rio de Janeiro with a long history of environmental activism in the president's Workers Party, and for many years a well regarded and popular state legislator, with a knack for attracting media attention to his causes. Minc immediately attempted to gain the initiative by visiting Silva, reaffirming his commitment to the protection of threatened biomes (most importantly the Amazon forest), while expanding the

scope of his mandate to include the 'brown agenda'—urban pollution and environmental degradation in major metropolitan areas—and claiming a 'seat at the table' for all major (economic) policy decisions. A pragmatist and no shrinking violet, he may still prove to be a new and major positive force for environmental protection in the country."

Guest Comment: William
Laurance: "Marina Silva was a
trusted and well-known advocate
for the environment in Brazil.
The daughter of rainforest rubber-tappers,

Continued on page 4



Leaders Found South American Union of Nations

Brazilian President Luiz Inacio Lula da Silva hailed the creation Friday of the South American Union of Nations, or Unasur. See story on page 2.

Photo: Agencia Brasil.

Inside This Issue

FEATURED Q&A: What is the Future of Environmental Protection in Brazil?1
FARC Says Top Commander Manuel Marulanda Dead2
Leaders Found South American Union of Nations2

Scores of Former Chilean Soldiers and Police Ordered Detained	2
Obama Vows More US Engagement	2

NEWS BRIEFS

Scores of Former Chilean Soldiers and Police Ordered Detained

A Chilean judge on Monday ordered the detention of nearly 100 former Chilean soldiers and secret police from Augusto Pinochet's 1973-1990 dictatorship in the biggest single mass arrest for abuses during the period, Reuters reported. Victor Montiglio ordered the detentions in a probe into the kidnapping and killing of 42 people during "Operation Colombo" early in the dictatorship, during which 119 Pinochet opponents died. Only around two dozen other security officials have been convicted for dictatorship-era abuses, while before Monday around 380 others were under investigation.

Haiti's Preval Nominates Second **Candidate for Prime Minister**

Haitian President Rene Preval on Sunday nominated close advisor Robert Manuel to be the country's prime minister, a month after the previous prime minister was ousted amid food riots, Reuters reported. Manuel's appointment must be approved by both chambers of Haiti's parliament, which earlier this month rejected Preval's first nominee, Inter-American Development Bank official Ericq Pierre.

Brazil's Lula Orders Creation of Sovereign Wealth Fund

Brazilian Finance Minister Guido Mantega said Friday that President Luiz Inacio Lula da Silva has ordered the creation of a sovereign wealth fund, Reuters reported. "President Lula determined that we launch the sovereign fund. The bill is practically finished and there are only some legal aspects pending," Mantega was quoted as saying. Mantega said his ministry would send a proposal to the president next week.

Political News

FARC Says Top Commander Manuel Marulanda Dead

Manuel "Sureshot" Marulanda, the aged longtime leader of Colombia's FARC rebel group, is dead, having died of a heart attack in late March, a senior rebel leader said Sunday, according to the Associated Press. Timoleon Jimenez said in a video broadcast that Marulanda died March 26 after a short illness, although Colombian military officials say his death coincided with bombings in southern jungles where he was thought to be hiding. The rebel leader, who was believed to have been 78 years old, was the world's longest-fighting rebel leader. He is the third top leader of

> For the first time, the end of the FARC is in sight ... "

> > — Juan Manuel Santos

the FARC to die in less than three months. The rebel group's number-two commander, Raul Reyes, was killed in a March 1 raid on a FARC camp in Ecuador, while another member of the FARC's seven-member leadership secretariat, Ivan Rios, was killed later in March by a bodyguard who sur-

rendered to authorities. Marulanda has been replaced by Alfonso Cano, who is seen as more open to negotiation than the FARC's hardline military wing. While the FARC's ranks thinned from an estimat- Photo: US State



have Marulanda

ed peak of 17,000 fighters Department. to about 9,000 today under a six year-old military offensive waged by the government of President Alvaro Uribe, it is not immediately expected to enter into talks or to release scores of hostages it holds. Still, the government seized on Marulanda's death as a major step toward victory over the rebel group. "For the first time, the end of the FARC is in sight, that is why we are telling their members to surrender," Defense Minister Juan Manuel Santos was quoted by Reuters as telling reporters on Sunday. "But we haven't won yet, we can't claim victory." [Editor's note: look for related Q&A in tomorrow's issue of the Advisor.

Leaders Found South American Union of Nations

The leaders of 12 South American nations on Friday founded a regional union aimed at increasing political and economic integration, although divisions among countries prevented agreements on closer trade and defense ties, according to media reports. The South American Union of Nations, or Unasur, will have a revolving presidency among member nations, biannual meetings of foreign ministers, and a parliament based in Bolivia. Brazilian President Luiz Inacio Lula da Silva, who hosted the summit in Brasilia, hailed Unasur as a sign that South America was becoming a "global actor" and invited other Latin American and Caribbean nations to join it. "Unasur is born, open to all the region, born under the signs of diversity and pluralism," he was quoted as saying by the Associated Press. Venezuelan President Hugo Chavez said Unasur would serve as a counterweight to the United States, which he called "the number one enemy of the union of the south." A Brazilian-led initiative to establish a South American Defense Council, which would resolve conflicts, promote military cooperation, and possibly coordinate joint weapons production, was blocked due to resistance from Colombia. The Andean nation, which accuses neighboring Venezuela and Ecuador of ties to FARC rebels, said the "terrorist threat" it faces at home from guerrilla groups are an obstacle to military cooperation. In addition, a plan to merge regional trade blocs Mercosur and the Andean Community under Unasur was opposed by some leaders, prompting the organization's first secretary-general, former Ecuadorean President Rodrigo Borja, to resign, according to the AP. [Editor's note: look for Q&A on the future of Unasur in an upcoming issue of the *Advisor*.]

Obama Vows More US Engagement with Region; Criticizes Bush, McCain

US Senator and likely Democratic presidential nominee Barack Obama on Friday promised more active US policy toward Latin America, and criticized Republican presidential candidate John McCain for embracing what he called the Bush administration's "failed policies" toward the region. In a speech before the Cuban American National Foundation in Miami, Obama said that since the start of the war in Iraq, the administration's Latin America policy "has been negligent toward our friends, ineffective with our adversaries, disinterested in the challenges that matter in peoples' lives, and incapable of advancing our interests in the region." The Illinois senator said the administration has alienated itself from Latin America, creating a vacuum filled by demagogues like Venezuelan President Hugo Chavez, while European and Asian countries—especially China—step up their



Ohama Photo: www.barack- trends ohama.com

engagement with the region. "That is the record—the Bush record in Latin America—that John McCain has chosen to embrace," Obama said. "Senator McCain doesn't talk about these in Hemisphere because he

knows that it's part of the broader Bush-McCain failure to address priorities beyond Iraq." He also attacked McCain for planning to continue Bush administration policy toward Cuba, which he said has "done nothing to advance freedom for the Cuban people." Obama said that if elected he would maintain the US embargo against Cuba, but would lift limits on family travel and remittances to the island while pursuing direct diplomacy with the island nation. Dan Erikson, senior associate for US policy at the Inter-American Dialogue, told the Advisor on Friday that Obama "shows signs of hitting his stride on Cuba policy," but that "he has probably misjudged the extent to which Cuban-American sentiment in Miami has changed in recent years, and his stance on Cuba may make it difficult for him to win Florida."

Special Advisor Report

Insulza: OAS Can't Act on its Own in Andes Dispute

Editor's note: last Thursday, Latin America Advisor Reporter Elisabeth Burgess interviewed Organization of American States Secretary General Jose Miguel Insulza. Below is Part I of excerpts from the interview. Part II will be published in tomorrow's Advisor.

Latin America Advisor: I'd like to talk about the crisis in the Andes. Yesterday-



Photo: OAS.

Jose Miguel Insulza: —I don't like the "Andean crisis" expression. I've Insulza read it a lot in the US press, and it makes me nervous ...

LAA: So, how would you refer to the situation?

Insulza: Well, "the problems" between Ecuador and Colombia. The problems with Venezuela are different.

LAA: Yesterday [last Wednesday] Colombia and Ecuador decided to cooperate in defense and police issues [on their shared border]. How do you view this agreement?

Insulza: Well, we've promoted it. I see it very positively, and we'll keep advancing the issue.

LAA: Do you think it will lead to the restoration of diplomatic relations?

Insulza: Yes, eventually. When there's more trust and the resentment [caused by] the March 1 event [is gone], they'll return to that.

LAA: It seems like one of the challenges to restore diplomatic relations is allegations of support by Venezuela and Ecuador for [Colombia's FARC rebels]. If these allegations are proven, what role could the OAS play?

Insulza: Look, in the first place, I think that, beyond that fact that the problems are similar, the truth is that the allegations regarding Ecuador are definitively less than regarding Venezuela ... With respect to [Venezuela], it's of course Colombia's job to decide what it wants to do. And I find it almost funny that people consider demanding that the OAS do something, when neither Colombia nor anybody, nobody has asked the OAS to do it—that is, that the OAS should act on its own, in an autonomous fashion without the protagonists asking. This is contrary to the essence of an organization of states. An organization of states acts at the behest of the member states.

LAA: What does the fact that no country has raised the issue in the OAS say about governments' willingness to address the most serious issues in the Hemisphere?

Insulza: I don't want to judge that. But, I don't believe that the best way to address the challenges is through open conflict. It's better to address it through diplomacy and dialogue, and for that the OAS is very useful.

LAA: In your view, what would be the most positive solution to the allegations that Venezuela has supported the—

Insulza: —I think it is good for the allegations to be clarified ... I understand that Colombia plans to do this by turning the evidence over to all of the different countries' judicial branches. That's their decision. Now, if they turn it over to the OAS, I assure you I know what I will do with it. But first they have to turn it over to me.

LAA: What are you going to, what would you do?

Continued on page 4

Featured Q&A

Continued from page 1

virtually no one doubted her heart was in the right place, and at times she exhibited great courage in fighting for the environment. Ironically, one of the main criticisms of Silva is that she at times tried to put too positive a spin on the environmental situation in Brazil—in effect being a 'good soldier' for the Lula

In the end, Silva felt too marginalized to have a real impact in Brazil, especially in the face of the Lula administration's support for massive dam and highway projects in the

— William Laurance

administration. She argued, for instance, that lower Amazon deforestation rates in 2005 and 2006 resulted mainly from a government crackdown on illegal logging and clearing, when many believed that low soy and beef prices were also a key reason for the decline. In the end, Silva felt too marginalized to have a real impact in Brazil, especially in the face of the Lula administration's support for massive dam and highway projects in the Amazon. She will be sorely missed by

those who care for the Brazilian environment. Ultimately, the Lula administration may come to realize they have lost one of their strongest and most respected voices for sustainable development."

Guest **Comment: Thomas** Lovejoy: "Marina worked long and hard for the Amazon while minister, and it it is both sad and understandable that she finally quit in frustration. Fortunately, as a senator she returns to the Senate where she can continue to work on behalf of the Amazon. The new minister, Carlos Minc. has excellent environmental credentials. so one can only hope with this fresh start that the struggle to preserve the integrity of the Amazon will prevail. My sense is that deforestation is close to a point where external factors like El Nino or changes in Atlantic circulation could undercut the forest's ability to generate a lot of its own rain and as well as the rain that benefits Brazil's hydropower and agroindustry south of the great forest."

Cláudio Frischtak is President of Inter.B Consultoria Internacional de Negocios in Brazil.

William Laurance is a Staff Scientist based in Panama for the Smithsonian Tropical Research Institute.

Thomas Lovejoy is President of the Heinz Center for Science, Economics, and the Environment in Washington, DC.

Insulza Interview

Continued from page 3

Insulza: I will do it when they turn it over to me. I'm not going to get ahead ... But they haven't given me a single paper. I have just as many papers as you have. Would you dare, with the documents you've seen, begin an investigation? I wouldn't dare begin an investigation with the things I read in the newspapers. They haven't given me a single paper. Not a single one. I understand that they won't hand over the Ecuador papers, I understand, because of Colombia's and Ecuador's problems, but of the Venezuelan ones they haven't presented me with a single one.

LAA: People say you have the possibility of raising this issue.

Insulza: Yes, and when they say this, this is why I ask them what the OAS is for. I know what the OAS did in the past: the work they didn't want to do. Well, let them do their work, and don't ask me. That is, that the OAS exists to do the work they don't want to do: the OAS isn't for that.

Latin America Advisor

is published every business day by the Inter-American Dialogue, Copyright © 2008

Erik Brand.

General Manager, Publishing ebrand@thedialogue.org

Robert Simpson,

Editor rsimpson@thedialogue.org

Elisabeth Burgess,

Reporter <u>eburgess@thedialogue.org</u>

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 freetrial@thedialogue.org

Latin America Advisor is published every business day by the Inter-American Dialogue 1211 Connecticut Avenue, Suite 510

Washington, DC 20036 Phone: 202-822-9002 Fax: 202-822-9553

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each Advisor and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.