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Featured Q&A With Our Board of Advisors

Q Eduardo Rodriguez last week became Bolivia's third president in three years after Carlos Mesa resigned in a bid to defuse weeks of crippling protests. Will Rodriguez be able to hold the country together before early elections are held within six months? Has Bolivia become so ungovernable that violence and civil war is inevitable?

A **Guest Comment: Ivan Rebolledo:** "Bolivia's newly designated president, Eduardo Rodriguez, will have much on his plate during his caretaker months in office. Perhaps too much. Hence, it is unlikely that he will have the time to completely undertake any radical changes—a referendum on nationalization or an immediate constituent assembly to rewrite the Constitution. It is important to note that President Rodriguez is without a doubt the right man for the task. A noted constitutionalist, foreign affairs connoisseur, reformer, and respected member of Bolivian society, Rodriguez has the 'right stuff' to hold the country together before national elections—if he proceeds with caution. His main task will be setting the stage for new elections, which as per the Constitution must take place within 150 days. The winner would then serve out Carlos Mesa's term until August 2007. However, he should begin the serious task of tackling the root of Bolivia's unrest, which is a deep sense among the impoverished indigenous majority of a lack of

political representation and an inequitable distribution of resources. Traditional political elites must recognize that the country's indigenous social movements are stronger than any political party or president and will not simply fade away. Any lasting solution must include Bolivia's indigenous population. On the not too distant horizon is a constitutional assembly where duly appointed representatives, from all sectors of society, will gather to write a new constitution that would more than likely grant more power to Quechua and Aymara peoples and adopt a new economic model that gives more control to the state, including

Continued on page 4

PHOTO OF THE DAY



Jose Dirceu (left), Brazilian President Luiz Inacio "Lula" da Silva's top political advisor, is expected to step down amid an uproar over a congressional bribery scandal. See related story on page 2.

Source: Agencia Brasil.

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NEWS BRIEFS

Haitian Interim Justice Minister Gousse Submits Resignation

Haiti's interim justice minister, Bernard Gousse, submitted his resignation on Tuesday, becoming the first top official to step down since the interim government was appointed last year following the ouster of former President Jean-Bertrand Aristide. Gousse has been criticized for the prolonged detention of Aristide's former prime minister, Yvon Neptune, who was arrested 11 months ago but charged only last month for the killings of Aristide opponents.

Source: *Associated Press.*

Brazil's TAM Raises \$156 Million in Share Sale to Expand Fleet

Brazilian airline TAM said Tuesday it had raised 380.4 million reais (\$US 156 million) in a share sale in Brazil and the United States. TAM, Brazil's second-largest airline, will use 90 percent of the proceeds from the share sale to lease or buy narrow-body aircraft. The share sale comes as the airline's two year-old cost cutting efforts have paid off. Last year, it posted a profit before interest and taxes of 284 million reais, versus a loss of 32 million reais in 2003.

Source: *Bloomberg News.*

Bavaria Shares Rise 5.15 Percent on Takeover Rumors

Shares in Colombian brewer Bavaria surged 5.15 percent on Tuesday amid rumors that British brewer SABMiller had made a takeover offer. SABMiller and Dutch brewer Heineken are considered the frontrunners to acquire Bavaria, South America's second-largest brewer. Bavaria, which dominates the beer markets in Colombia, Ecuador, Peru, and Panama, is valued at about \$6.4 billion.

Source: *Reuters.*

Political News

Lula's Chief of Staff Jose Dirceu to Resign Amid Bribery Scandal

Jose Dirceu, Brazilian President Luiz Inacio "Lula" da Silva's chief of staff and top political advisor, will resign amid accusations he was aware of a scheme to bribe members of Congress and did nothing, Reuters reported Tuesday, citing an unnamed government source. Dirceu's departure would be part of a broader cabinet shuffle to take place amid an uproar in Brazil over charges—first made last week by Roberto Jefferson, president of the Brazilian Labor Party and a political ally of Lula—that the ruling Workers' Party paid some lawmakers 30,000 reais (\$US 12,000) per month in exchange for their political support, said the source, who did not give a timetable for Dirceu's resignation or the broader cabinet reshuffle. Dirceu, who has denied the allegations

per dollar, according to Reuters.

Argentina's Supreme Court Repeals Dirty War Amnesty

The Argentine Supreme Court ruled Tuesday that two 19 year-old laws granting amnesty for atrocities committed during the country's so-called "Dirty War" are unconstitutional, paving the way for hundreds of accused human rights violators to be tried. The Court struck down the "Full Stop" and "Due Obedience" laws—passed in 1986—which shielded military officers from prosecution for human rights crimes committed during a crackdown on political dissidents by Argentina's 1976-83 military rulers. The Court also re-established the obligation of the state to investigate and punish crimes committed during the dictatorship. About 300 of the 3,000 officers who could be called for questioning in human rights charges are still serving in the armed forces, according to human rights groups cited by the Associated Press.

“Jose Dirceu, if you don't leave there quickly, you are going to make a good man a criminal.”

– Roberto Jefferson

that he knew of the bribe scheme but did nothing, yesterday did not confirm the report of his impending resignation. "I am awaiting the president's decisions to do what is best for the government, as always," he was quoted as saying by Reuters. In much anticipated testimony before an ethics panel of Congress' lower house, Jefferson repeated the allegations and called for Dirceu to step down, saying his continuance in government was a danger to Lula. "Jose Dirceu, if you don't leave there quickly, you are going to make a good man a criminal," he was quoted as saying by local news service Agencia Estado. Jefferson, however, said he had no proof to support his charges. Brazilian markets rose yesterday on the news that Dirceu would leave the Lula government. The **Sao Paulo Stock Exchange's** Bovespa stock index shot up 3.38 percent to close at 25,744 points, while Brazil's currency, the real, strengthened 0.65 percent to 2.434

The decision could also lead to possible trials for 300 to 400 military officers—many of them now retired—for alleged violations, according to rights groups. Human rights groups say up to 30,000 people disappeared during Argentina's 1976-83 military rule in a crackdown on political dissidents, while the government claims the figure is closer to 11,000, Reuters reported. "This is a ruling that restores our faith in the judicial system," Argentine President Nestor Kirchner said after the ruling. Seven of nine judges approved Tuesday's ruling, with one abstention and one dissenting vote.

Bolivian President Rodriguez Swears in New Cabinet

Bolivia's caretaker president, Eduardo Rodriguez, on Tuesday swore in a new cabinet whose main task he said will be preserving democracy and holding fair elec-

tions to choose a successor government, local daily *La Razon* reported. Among the dozens of officials sworn in yesterday as part of what Rodriguez called a national unity cabinet was political scientist Jorge Lazarte as Rodriguez's top political advisor, Gen. Marcelo Antezana as the new commander-in-chief of the army, and Armando Loayza as foreign minister. "This government, with this cabinet, has the obligation to devote itself, as much as possible and with absolute dedication, to this vision, to this vocation of government: preservation of the democratic system and oversight of a free and transparent electoral process," stated Rodriguez, who assumed the post last Thursday following the resignation of Carlos Mesa amid crippling protests. Protesters have suspended their campaign of demonstrations and road blockades to give the new government an opportunity to respond to their demands, although yesterday some 7,000 demonstrators marched peacefully through La Paz to demand early elections, not just to pick a new president but also to replace the entire Congress, according to the Associated Press. Protesters are also demanding the nationalization of the hydrocarbons sector and changes to the Constitution to empower Bolivia's mostly poor indigenous majority. [Editor's note: see related Q&A on page 1.]

Economic News

Ecuador's Main Parties Agree on Scrapping Oil Fund

The main parties in Ecuador's Congress agreed on Tuesday to scrap an oil fund used to make debt payments, although they said some of the proceeds from the export of the country's oil wealth should be put aside in case of oil price declines, Reuters reported. In a report signed by the Social Christian, Democratic Left, and Pachakutik parties, a congressional tax committee recommended using 20 percent of the money from the FEIREP oil fund to create a trust fund to protect against falls in oil prices. The committee proposed using 35 percent of the money to stimulate economic growth and cover debt buy-backs, while 30 percent would go

Special Advisor Report

UN Report: Andean Coca Cultivation Up 3 Percent in 2004

By Devin Finn

WASHINGTON - Coca cultivation in the Andes grew 3 percent in 2004, as a decline in coca planting in Colombia was more than offset by increased cultivation in Bolivia and Peru, according to a report released Tuesday by the United Nations Office on Drugs and Crime (UNODC).

The UNODC said that cultivation of coca—the plant used to make cocaine—fell 7 percent in Colombia last year to 80,000 hectares and has been reduced by more than half since 2000, "one of the most striking reductions of illicit crops in recent history."

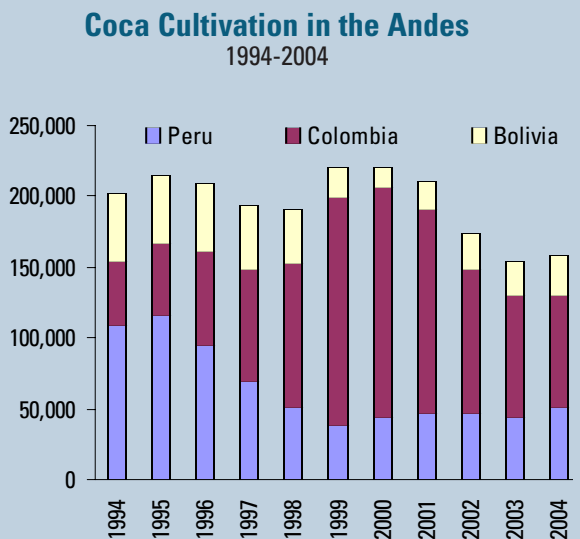
However, cultivation in Bolivia and Peru rose 17 percent and 14 percent, respectively, to 27,700 hectares and 50,300 hectares.

Despite last year's increase, coca cultivation in the Andean region is still almost one-third less than it was in 2000, UNODC said.

"The increase in Bolivia and Peru is worrisome," UNODC Executive Director Antonio Maria Costa said in a statement. "After the sustained decline in the Andean region during the past five years, however, it is too early to characterize the increase in 2004 as a trend reversal."

Costa called for increased aid to Bolivia and Peru—particularly from European countries who are among the largest consumers of Andean cocaine—to help fund programs to encourage coca farmers to grow other crops.

Adam Isacson, a Colombia analyst at the Center for International Policy, a Washington, DC-based think tank, said the UN data contradicts recent US State Department figures that showed cultivation in Bolivia and Peru in decline.



Source: UNODC

As the US Congress is currently finalizing the foreign operations spending bill for next year, Isacson said the UN findings might boost funding for alternative development and "could lead to a better balance in our approach."

"This definitely is going to have an impact," Isacson told the *Advisor*. "After spending \$4 billion just on Colombia, and another billion and a half or so on the rest of the region in the last five years, this is what they have to show for it?"

Featured Q&A*Continued from page 1*

the possible nationalization of the hydrocarbons sector. President Rodriguez must find common ground between the demands of these indigenous majorities and pressure from entre-

“Traditional political elites must recognize that the country's indigenous social movements are stronger than any political party or president and will not simply fade away.”

— *Ivan Rebolledo*

preneurial business leaders and landowners in Santa Cruz who oppose nationalization and want to hold referendums on more autonomy from La Paz. Otherwise, continued autonomy issues/demands will continue to escalate—however not to the point of civil war, which is constantly talked about in many circles.”

A Guest Comment: Phillip McLean: "Pity the daily media as it tries to inform the world about Bolivia in a few words. The tendency has been to try to place the

toward social projects. The remaining 15 percent would be spent on road, environmental, and technical projects.

UNCTAD Proposes "Trade Marshall Plan" for World's Poorest Nations

The United Nations Conference on Trade and Development (UNCTAD) on Tuesday proposed a "Trade Marshall Plan" for the world's 50 poorest countries. Under the plan, developed nations would lift all barriers to exports from the poor countries, known as LDCs (least developed countries), UNCTAD said in a press release. "The duty-free, quota-free treatment alone is likely to bring welfare gains of as much as \$8 billion and could

country's current multilayered drama in emotional, easily understood contexts. Commonly there are references to 'Indian communities' protesting the exploitation of oligarchies going back to the Spanish colony and to a recent economic crisis brought about by US insistence on the destruction of coca cultivation. Forgotten in these brief analyses is that in 1952 Bolivia experienced one of the few true revolutions in the Americas when a labor-campesino-intellectual coalition overthrew and eliminated one of those classic colonial hierarchies. Ever since, the country has been looking for the elusive path to modernity. In the mid-1980s, it was being overwhelmed with 24,000 percent (*sic*) inflation and a burgeoning coca economy that was making Bolivia a pariah state. The new leadership Bolivia needs must make sure that the country does not return to misgovernment of the 1980s, but rather finds a way to convince the poor majority that they above all will be the first to benefit from good government."

Ivan Rebolledo is President of the Bolivian-American Chamber of Commerce.

Phillip McLean is a Senior Associate at the Center for Strategic and International Studies.

increase LDC exports by an additional \$6.4 billion, or 10 percent a year," the UN agency said. The plan also proposes granting preferential treatment to the service sectors of the LDCs, such as their tourism, entertainment, and sporting services industries. Such preferential treatment, which would have to be approved by the World Trade Organization's member states, could generate \$10-\$20 billion per year for LDCs, UNCTAD said. In addition, UNCTAD is proposing the creation of a "trade-for-aid" fund to finance trade-building measures in the LDCs. Most of the countries that would benefit from the plan are in Africa, with Haiti the lone Latin American nation.

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