

HEMISPHERE HIGHLIGHTS

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Upcoming Events

June 20

Presentation by Roberto
Flores Bermúdez,
Ambassador of
Honduras

Headlines

The minister of foreign affairs of **Canada** resigns after a security breach. The president of **Mexico** announces the total elimination of tariffs for certain food items in an effort to lower domestic food prices. Leonel Fernández Reyna is reelected for a third term as president of the **Dominican Republic**. Twelve countries of **South America** meet in Brasilia to sign a treaty establishing a Union of South American Nations. **Colombia** extradites 15 ex-paramilitary leaders to the United States, and the FARC confirms an announcement that its long-time leader died two months earlier of natural causes. The environment minister of **Brazil** resigns under political pressure to change federal regulations on deforestation, and controversy over the true size of Brazil's latest oil discoveries in the Santos Basin continues. President of **Chile** Michelle Bachelet delivers her annual state address outlining several new academic initiatives.

North America

Canada

A recent chain of embarrassments for the Canadian government grew longer this month with the sudden resignation of Foreign Minister Maxime Bernier. Bernier tendered his resignation as cabinet minister to Prime Minister Stephen Harper on May 26, just hours before his former girlfriend gave a television interview in which she revealed that the minister had left classified government documents in her apartment. Bernier had been criticized in recent weeks for a series of political missteps, but this latest gaffe proved to be, as remarked by one Canadian member of parliament, "the straw that broke the camel's back." These mistakes included a pledge to send a Canadian cargo plane to aid in Myanmar when the armed forces didn't have one available and a public call for the replacement of the governor of Kandahar, to the consternation of the Afghan government. The post of foreign minister will be filled in the interim by Trade Minister David Emerson, but Bernier's departure is expected to spur a cabinet reshuffle in which Harper will attempt to shore up his team in preparation for the next election. *This incident is the latest in a series of embarrassing minor crises for the Harper administration. The prime minister's chief of staff, Ian Brodie, will be replaced effective July 1 in the wake of March's so-called NAFTA gate, when Brodie allegedly revealed to the Canadian press the contents of a diplomatic memo that cast doubt on U.S. Senator Barak Obama's pledge to reopen NAFTA treaty negotiations. Last month, federal police raided the Conservative Party's headquarters following allegations that the party had exceeded the elections limit for advertising expenses during their 2005 to 2006 campaign, though the Conservatives are hotly contesting the referenced statute. And in February, allegations by the opposition that Conservative Party officials attempted to bribe independent Member of Parliament Chuck Cadman before a 2005 confidence vote caused Harper to file a libel lawsuit against the Liberal Party. These events have been particularly embarrassing for the Conservatives, who were elected to power largely on their image as a responsible, corruption-free government. Despite the knock to the party's reputation, no single incident in this series has been serious enough to threaten the government. However, it is probable that this latest political imbroglio with Bernier, like previous incidents, will be exploited by the opposition in an attempt to weaken Harper's credibility in the minority Parliament.* Jessica B. Horwitz

"[Foreign Minister] Bernier's departure is expected to spur a cabinet reshuffle in which Harper will attempt to shore up his team in preparation for the next election."

Recent Events

May 7

"A Conversation with President Martín Torrijos of Panama"

May 13

"Working Luncheon on Brazil's role in Regional Security"

"The head of the OAS electoral observation mission found in his final report that the Dominican electoral authority had "acted correctly"... [but] that the electoral process in the Dominican Republic "still suffers from voids in areas such as State participation in election campaigns."

Mexico

In an effort to lower food prices and curb the effects of the highest inflation rate in three years, Mexican president Felipe Calderón announced the total elimination of tariffs on the importation of corn, rice, beans, and wheat and stated that the tariff on powdered milk would be halved. "The government is obliged to make sure that products get to the consumer at the lowest price possible," the president said on May 25. Leaders from the Party of the Democratic Revolution (PRD) and the Institutional Revolutionary Party (PRI), the two main opposition parties in Congress, and various farm organizations criticized Calderón's plan, arguing that the measure was merely cosmetic and would not address the structural flaws of the country's agricultural sector. *Although it is the 11th largest grain producer in the world, Mexico is struggling to meet the basic food needs of its citizens. The federal government warned that the current food shortages and high food costs could last for three years—a situation Mexico's minister of agriculture Alberto Cárdenas labeled a national security issue. In the first three months of 2008, the cost of importing grains skyrocketed 75 percent to \$1.2 billion, and in the first half of May, consumer prices rose 4.83 percent. The terms of NAFTA abolished farm tariffs among Canada, the United States, and Mexico, but other countries are still levied with agricultural taxes as high as 194 percent. With the trade tariffs eliminated, Mexico's secretary of the economy Eduardo Sojo stated that Argentina would be able to supply Mexico with beans, wheat, and soy at very competitive prices. Argentina, however, is in the midst of its own political conflict with protests by farming organizations over export taxes on agricultural products.* Sarah McCune

Caribbean

Dominican Republic

President Leonel Fernández Reyna of the Dominican Republic was re-elected in the country's May 16 presidential election. Fernández clinched 54 percent of the vote, easily clearing the threshold of 50 percent necessary to avoid a runoff election, and securing his third four-year term in office. Miguel Vargas, the candidate of the PRD opposition party, came second with 41 percent of the vote, and populist candidate Amable Arísty Castro of the Social Christian Reformist Party was a distant third with 4.73 percent. Fernández' third term will begin officially on August 16, 2008. Fernández, a progressive liberal who grew up in New York City, is a member of the centrist Dominican Liberation Party (PLD), and has been credited with seeing his country through its 2003 financial crisis during which the inflation rate rose by 30 percent. The president has pledged in his next administration to continue moving his economic development projects forward. The unemployment rate in the Dominican Republic is still near 16 percent, with a quarter of the population living beneath the poverty line. *Fernández was prevented from seeking re-election after his 1996-2000 term due to a 1994 congressional ban on consecutive presidential terms, and is the first president to serve two consecutive terms since the ban was lifted in 2002. The election was mostly peaceful, with Vargas conceding defeat when Fernández' lead became apparent after 60 percent of the votes had been counted. It was marred slightly by the deaths of at least four people in a shoot-out between Fernández and Vargas supporters the Wednesday before the election. This is in comparison to the 2006 mid-term elections in which 8 people were killed, and the 6 politically-motivated deaths on the day of Fernández' 2004 election. The Organization of American States observed the election at the request of President Fernández to increase transparency and alleviate fears of ballot-rigging, a problem the country has struggled with historically. The head of the OAS Electoral Observation mission, Argentine politician and diplomat José Octavio Bordón, found in his final report that the Dominican electoral authority had "acted correctly," and that the elections had achieved "a consolidation of democracy in the country." However, he also noted that the*

electoral process in the Dominican Republic “still suffers from voids in areas such as State participation in election campaigns, regulation of political parties, and investigation, prosecution and punishment of electoral crimes.” He explained that this a recurring problem in the region-- when constitutional reform is passed to allow re-election, but without accompanying legislation to regulate the use of state funds in election campaigns. Jessica B. Horwitz

South America

Regional

On May 23, 2008, representatives of 12 countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela) met in Brasilia to sign a treaty establishing the Union of South American Nations (UNASUR). This marks the culmination of a process that began at the third South American summit held in Cuzco, Peru, in 2004. The goal of UNASUR is “to build...an integration and union...in the cultural, social, economic and political fields...with a view to eliminating socioeconomic inequality, in order to achieve social inclusion...to strengthen democracy and reduce asymmetries within the framework of strengthening the sovereignty and independence of the states.” More specifically, the treaty calls for energy integration, the development of regional infrastructure for interconnection, financial integration “through...mechanisms compatible with the economic and fiscal policies of member states,” and “the consolidation of a South American identity” by creating an EU-like “South American citizenship.” UNASUR’s guiding body, the Council of Heads of State and Government, will meet annually. A Council of Foreign Ministers and Council of Delegates, comprising one representative from each country, will be established in support of the Council of Heads of State. A General Secretariat to be located in Quito will support the other three bodies in carrying out their duties. An executive secretary appointed by the Council of Heads of State for a once-renewable two-year term heads up the General Secretariat. The treaty states that decisions and provisions must be arrived at by consensus and will be binding on member states once they have been incorporated into domestic law in any country. However, another stipulation allows any member state to refrain from implementing an approved policy domestically for any reason. Funding for UNASUR will be provided by quotas assigned at a later date. The treaty also calls for an eventual South American Parliament, to be located in Cochabamba, Bolivia, but created via a separate protocol to the treaty. *UNASUR is certainly an ambitious project, but also very much a work in progress. The treaty will not take effect until it is ratified by 9 of the 11 member states. The stated objectives of the treaty are very broad, and the structure of the organization is open-ended, allowing for the creation of ministerial and other working groups reminiscent of OAS’s support to the Summit of the Americas process. Decisionmaking by consensus in an environment of increasingly disparate policy orientation among members both in the economic and political areas will be challenging. The UNASUR initiative could—given a very large dose of political will on the part of the member states and high levels of consensus—be a vehicle for improvements in regional integration and multilateral approaches to problems. More likely, however, is its potential to create a forum for continued regional debate and discussion with very limited operational capability. Undoubtedly, the various countries of UNASUR approach this new initiative with different expectations and concerns. Whether the initiative leads to greater regional integration and/or becomes a vehicle for creating a stronger sense of hemispheric unity remains to be seen.* Johanna Mendelson Forman and Peter DeShazo

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Colombia

In mid-May, the Colombian government extradited 15 ex-paramilitary leaders to the United States. The indicted defendants face charges including conspiracy to import, manufacture, and distribute cocaine, money laundering, and providing material support to a designated terrorist organization, the United Self-Defense forces of Colombia (AUC). Uribe has held out the promise since the beginning of his administration in 2002 that he would not extradite AUC leaders if they would dismantle their armed bands and cooperate with their own prosecutions. The Justice and Peace Law passed subsequently made no mention of the extradition threat but did give the surrendered leaders special privileges by offering them the opportunity of sharply reducing any time spent in Colombian jails if they gave a full accounting of their misdeeds and agreed to reparations. In the last year, the flow of accusations has turned into an avalanche. Prosecutors recently mentioned investigating some 120,000 separate criminal acts. There has, however, been little progress in satisfying the demands of the AUC’s victims for compensation, and even imprisonment has not entirely broken the power of AUC leaders—six months ago, the U.S.-based Human Rights Watch was complaining because these imprisoned ex-paramilitaries enjoyed cell phones and Internet access. *The extradition of these individuals to the United States will in fact strengthen Colombia’s justice system. Some of the allegedly worst criminals in this hemisphere could receive serious punishment and will not benefit from Colombia’s tradition of impunity. Indeed, Uribe and his fellow citizens may at last understand how past cycles of forgiveness have only led to further rounds of violence and intimidation. There is now a greater chance that the regular justice system and institutions for victims’ compensation will be able to do their jobs free from menacing threats. Some advocates fear the country will now never be able to determine specific guilt for the paramilitary rampages over the last two decades or get the extradited to compensate their victims. But the U.S. government is pledging sympathetic cooperation with Colombian officials and families. A goal for all must be stronger Colombian justice institutions for the future, but that requires as one of the first steps an end to the power and special political status of the AUC leaders.* Phillip McLean

“The serious blows suffered by the FARC during the past 90 days are telling evidence of the shift in the balance of power between the government and the FARC that has evolved since February 2002, when the Colombian armed forces took back the 42,000-square kilometer demobilized zone that had been previously ceded to the FARC in the vain hope of negotiating a peace deal.”

Events during the month of May dramatically highlighted the weakened military and political condition of the Revolutionary Armed Forces of Colombia (FARC). A day after the Colombian army had made the news public, the FARC confirmed on May 25 that its long-time leader Manuel Marulanda had died of natural causes two months earlier. On May 18, Nelly Avila Moreno, “Karina,” commander of the FARC’s 47th Front in Antioquia Department and one of the most feared FARC fighters, surrendered herself to Colombian authorities and urged other FARC members to lay down their weapons. The loss of these two leaders came on the heels of the killing of two FARC Secretariat members in March: Raúl Reyes, the FARC’s top international affairs director, and Iván Rios, killed by his own security detail. Alfonso Cano, a 59-year-old Secretariat member and Communist hardliner, was announced as Marulanda’s replacement. *The serious blows suffered by the FARC during the past 90 days are telling evidence of the shift in the balance of power between the government and the FARC that has evolved since February 2002 when the Colombian armed forces took back the 42,000-square kilometer demobilized zone (“Despeje”) in the south-central part of the country that had been previously ceded to the FARC in the vain hope of negotiating a peace deal. During the 1990s, the FARC, fueled by an infusion of narcotics money, had ramped up its military capability to the point where its 17,000 or so frontline fighters were defeating the undersized and underfunded Colombian military in pitched battles. As late as 2001, a majority of Colombians still thought the FARC could take over the country. In subsequent years, the Colombians, with substantial support from the United States, turned the tables on the FARC, neutralizing them militarily and cutting deeply into their economic base. The surrender of Karina, a battle-hardened veteran commander who had been hounded by the Colombian military to the point of near starvation, is an example of a growing trend of desertions by committed cadres within the FARC. Battle strength of the FARC has been cut by some*

40 percent since its peak, to about 10,000 to 11,000 fighters. The FARC's command and control structure has demonstrated glaring weaknesses, its finances and supply lines have been threatened, and the Colombian government's intelligence capabilities have also taken a heavy toll. The new FARC commander, Alfonso Cano, an old-line Marxist since his days in the Communist Youth during the 1960s, is expected to continue to pursue military action—a dead-end street for an insurgency that is running out of options. **Peter DeShazo**

Brazil

Brazil's environment minister Marina Silva resigned earlier this month amid political pressure. Silva, a longtime advocate for preservation of the Amazon rainforest, said she was frustrated with the pace of development in the region. In leaving the post she held for over five years, Silva cited political pressure from Blairo Maggi, one of the world's biggest soya farmers and governor of Mato Grosso, Brazil's largest agricultural state, to change federal regulations against deforestation. As environment minister, Marina Silva faced many high profile political defeats, the most recent of which was being passed over for the job of managing the government's Sustainable Amazon Plan for regional development (PAS). Silva was replaced by Carlos Minc, a founder of Brazil's Green Party and previously the environmental chief in the state of Rio de Janeiro. *The resignation of Marina Silva, along with reports from Brazil's national space agency (INPE), have sparked a political controversy over the future of conservation policy in Brazil and incited international criticism of the country's environmental protection efforts. Conservationists worry that Brazil's dynamic economy, which grew 5.4 percent in 2007, will require the use of more land in the Amazon for farming and logging. On May 21, Carlos Minc announced that the most recent data from INPE confirm an increase in deforestation in the Amazon region, but INPE has not officially released the new data because of the mounting political debate. A previous INPE report released in January 2008 estimated that the area of deforestation of the Amazon rainforest from mid-2007 through mid-2008 is likely to exceed the total from the previous year. Although the rate of deforestation has decreased dramatically since Brazilian President Luiz Inácio Lula da Silva took office in 2003, the 2008 data marks the first increase after two years of consecutive decline from mid-2005 to mid-2007. Lula has chafed at international criticism of his environmental policies, saying it is not the place of the world's worst polluters to talk about preserving the Amazon. Catherine Rebecca Dooley*

“Conservationists worry that Brazil's dynamic economy, which grew 5.4 percent in 2007, will require the use of more land in the Amazon for farming and logging.”

The Brazilian Director General of the state National Petroleum Agency has been criticized in recent weeks for his arguably premature declaration of the size of Brazil's recently discovered oil reserves. Haroldo Lima stated on April 14 that the offshore Carioca field in the Santos basin may hold 33 billion barrels of oil. The official statement of the National Petroleum Agency (ANP) and of the state-controlled oil company Petrobras were more cautious than Lima. Petrobras, whose shares rose rapidly after Lima's announcement, stated that further test wells must be drilled before estimates can be confirmed. Lima claimed that he did not make the comment to influence the stock market. The ANP official was also criticized by Brazilian President Luiz Inácio Lula da Silva, who observed that the statement was premature and that there is a risk that such statements by officials can fuel popular concerns over government intervention in the oil sector. *Whether or not Carioca is as large as Lima claims, the Brazilian government is correct in their caution. Brazil's Carioca/Sugar Loaf oil field is the second potentially large find that has been discovered in the country in the past year. Both Carioca and Tupi, the first discovery announced in November, are expected to render light petroleum, but lie far below the sea beneath a thick layer of salt and will require costly deep-sea technology and operations to extract. Revenue from the new fields will not be available for several years, due to these high extraction cost and advanced technological requirements. There are also political considerations that*

“Petrobras, whose shares rose rapidly after [the ANP Director General]'s announcement, stated that further test wells must be drilled before estimates can be confirmed.”

must be kept in mind by government officials when they make public statements regarding the new finds. Oil discoveries of this magnitude have the potential to elevate Brazil to the status of a top non-OPEC world oil producer, a role that could bring about fundamental changes in the country's regional and international relationships. **Ana Janaina Nelson**

“This large-scale scholarship program should help Chile to continue to make progress in increasing its economic competitiveness by developing human capital.”

Chile

During her May 21 annual “state of the nation” speech, Chilean president Michelle Bachelet outlined several new academic and technical training scholarship programs intended to boost Chile’s human capital development. She announced the creation of a \$6-billion Bicentennial Fund for Human Capital using windfall copper proceeds. The goal of the fund will be to increase the number of state scholarships for postgraduate study abroad from 500 in 2007 to 2,500 in 2009, with substantial further increases in outlying years. The scholarships will be awarded on the basis of merit, but with no foreign language requirement—students without a foreign language will be given language training as part of the scholarship. President Bachelet also announced that Chile would be preparing a new educational exchange agreement with the state of California and would seek similar plans with the United Kingdom, Canada, Australia, New Zealand, and other countries. The Chilean government will also provide scholarships for technical studies both abroad and in Chile in order to train technicians in areas of special need. *This large-scale scholarship program should help Chile to continue to make progress in increasing its economic competitiveness by developing human capital. By providing language training, the scholarships will be accessible to less economically privileged students who are not graduates of the elite private high schools. Ideally, particular attention will be paid to preparing future scientists and researchers. The special focus on technical-level training also fills an important need and in theory provides a mechanism for the kind of upward socioeconomic mobility that is often lacking in Chilean society. A key challenge also touched on in President Bachelet’s address is improving the quality of public primary and secondary education, a factor that will play an important role in shrinking income inequality in Chile and also in promoting further gains in competitiveness.* **Peter DeShazo**

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