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## LATIN AMERICA ADVISOR

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### FEATURED Q&A

#### What Was Accomplished at Last Week's Unasur Meeting?

**Q** At a meeting of the Union of South American Nations (Unasur) last week, Colombian President Alvaro Uribe defended his country's deal to allow US troops greater access to Colombian military bases from the criticism of other South American presidents. Who emerged as the winners and losers of Friday's heated debate? Were regional concerns over the US-Colombia military deal assuaged? Was the relevance of Unasur diminished or enhanced by the summit?

In addition, the members of Unasur recognize the importance of establishing a plan of action and a South American strategy to fight illicit drug trafficking through strengthening cooperation between the relevant agencies in each member country. Cooperation with the United States is valued, but it needs to occur within a framework of transparency and respect the sovereignty and integrity of every country in the region. It's also important to note the shared responsibility when it comes to the problem of illegal drugs and

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**A** Luis Gallegos, Ecuador's ambassador to the United States: "At last Friday's extraordinary Unasur summit, the biggest winner of all was integration. The presence of all member presidents at the Bariloche meeting shows the importance given to this forum. In addition, Unasur proved to be a space in which countries can express concerns and resolve differences. In this sense, the member states of Unasur came out as winners and succeeded in strengthening the system. It's undeniable that concerns over the US-Colombia military agreements still persist in the region. The primary concern is that operations to combat drug trafficking, guerrillas and other irregular armed groups in Colombia could extend beyond its own borders. The case of the attack at Angostura in Ecuador, which was rejected by the entire region—including the OAS and the Rio Group—is a recent precedent that generates concern in



#### Cuba Reportedly Considers Relaxing State Control of Retail

Cuban President Raul Castro is reportedly considering a loosening of the government's control of the island's retail sector. The move would be an attempt to cut thefts and legalize the underground economy. See story on page 2.

*File Photo: Juventud Rebelde.*

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## NEWS BRIEFS

**Uribe Re-Election Effort Clears Another Hurdle in Lower House**

Colombia's lower house on Tuesday approved a referendum to ask voters whether President Alvaro Uribe should be allowed to run for a third term, local daily *El Tiempo* reported. The bill, which passed in an 85-5 vote and has already been approved by the Senate, will now go to the country's constitutional court for approval. Uribe supporters said they expect a ruling from the court by December and hope to hold the referendum concurrently with congressional elections in March.

**US Releases \$214 Million in Merida Initiative Aid to Mexico**

The United States released \$214 million as part of the Merida Initiative to bolster anti-drug efforts in Mexico, a state department official said Tuesday, the Associated Press reported. US Assistant Secretary for International Narcotics and Law Enforcement David Johnson said the funds have already been spent or committed and would go toward the purchase of five helicopters, technology to detect drugs at border crossings and training federal investigators.

**No Major Damage Reported as Hurricane Hits Baja California**

Hurricane Jimena drenched Mexico's Baja California Peninsula Tuesday before weakening to a less-powerful Category 2 storm, with 105 mile an hour winds, Reuters reported. The storm had been a more dangerous Category 4 storm as it headed toward Los Cabos. Tourists and local residents sought shelter in boarded up hotels as the storm hit, but there were no immediate reports of serious property damage, said Jose Gajon, Baja California state's head of civil protection.

## Political News

**Clinton to Meet This Week With Ousted Honduran President**

US Secretary of State Hillary Clinton plans to meet Thursday with ousted Honduran President Manuel Zelaya, the State Department said Tuesday. "Secretary Clinton plans to meet with him to discuss the best way forward on the situation in Honduras," State Department spokesman Ian Kelly told reporters Tuesday, Agence France-Presse reported. Zelaya, who was



Zelaya

File Photo: OAS.

ousted in a coup June 28, is in Washington this week for several meetings, including with the Organization of American States. He also is scheduled to speak today at George Washington University. Zelaya's upcoming meeting with Clinton comes as the secretary of state is considering a recommendation from her staff to formally declare Zelaya's ouster a "military coup." That designation could lead the United States to cut off as much as \$157 million in aid to Honduras. Already, the State Department has suspended its issuance of nearly all visas at the US Embassy in Tegucigalpa. The United States and the OAS have pressed to restore Zelaya to power, which the government of de facto Honduran President Roberto Micheletti has consistently rejected.

## Economic News

**Cuba's Government Considers Relaxing Hold on Retail Sector**

Cuba may relax its hold on the country's

retail sector in order to cut thefts and also legalize the island's underground economy, the *Financial Times* reported Tuesday, citing a Communist Party communique discussing the policies of Cuban President Raul Castro. "Raul stated the key premises for economic policy to the end of the year and next were decentralization of the assignment of resources to services and production that generate the most earnings for the country ... and the search for new formulas that free up productive potentials," the newspaper quoted the communique as saying. The global financial crisis has helped plunge Cuba into a liquidity crisis with falling production levels. This year, Cuba has slashed imports 30 percent and its budget 10 percent. It also reduced its forecast for economic growth this year to 1.7 percent from 6 percent. Cuban officials believe that as much as 20 percent of goods going to the retail sector, such as foodstuffs, cement and tools, are stolen. The rest is often not put to good use, Cuban economists have found. "The only way to stop theft is to give workers an incentive not to steal and to work, and that means they have to have a real interest through a cooperative form of property or small business," a Cuban economist told the *Financial Times* on

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“The only way to stop theft is to give workers an incentive not to steal and to work.”

— Cuban economist

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condition of anonymity. Recently, Cuba's planning and economy ministry seemed to support cooperatives and possibly even small privately operated businesses. The ministry has led efforts to strengthen the economy since Castro replaced the entire economic cabinet that he inherited when he officially took over for his brother Fidel early last year.

## Company News

### Mexican Antitrust Agency Announces Wireless Auction Limits

Mexican antitrust authorities on Tuesday announced limits on the amount of wireless spectrum bidders can purchase at auction this year, Bloomberg News reported. The move ensures that companies can purchase sufficient airwaves to compete with **America Movil**, which is controlled by billionaire Carlos Slim. During the auction, buyers will be able to acquire no more than 80 megahertz of spectrum in the 800, 1700 and 1900 megahertz bands, according to a statement from Mexico's



Slim

File Photo: Mexican Government.

Federal Competition Commission. In addition to America Movil, **Grupo Televisa** has expressed interest in the auction in parts of the spectrum that can be used for high-speed Internet access and telephone calls. US-based **NII Holdings** has also expressed interest in the auction. After the adoption of the limits, Mexico's Federal Telecommunications Commission can start to solicit bids. The commission is planning to license 120 megahertz of the wireless spectrum. The bands sold can be used for third-generation, or 3G, wireless networks. [Editor's note: See related Q&A on wireless Internet networks in the June 2 [issue](#) of the *Advisor*.]

### Ecuadorean Judge in Chevron Case Rejects Bribery Accusations

An Ecuadorean judge who appears in a secretly recorded video released by US oil company **Chevron** on Tuesday dismissed accusations of bribery in the \$27 billion environmental case pending against the company, which the judge is overseeing, Reuters reported. Chevron accuses Judge Juan Nunez of misconduct, which the judge rejected. "My duty is to decide a sentence according to procedure, nothing more," Judge Juan Nunez told a local

### Featured Q&A

*Continued from page 1*

related criminal activities, since drug consumption in the United States and

“The member states of Unasur came out as winners and succeeded in strengthening the system.”

— *Luis Gallegos*

other developed countries is the primary driver of the problem. Unasur countries have decided to continue discussing this topic during the upcoming meeting of defense and foreign ministers and in the South American Defense Council, which will both meet in the coming days as one of the outcomes of the Bariloche meeting."

**A** **Myles Frechette, international trade and business consultant and former US ambassador to Colombia, from 1994 to 1997:**

"There were no winners or losers among the presidents who spoke because no minds were changed. The concerns of

the ALBA countries (Bolivia, Ecuador and Venezuela) were not assuaged. The other presidents affirmed they don't like the idea of the US being able to use Colombian bases but respect Colombia's sovereignty. In short, regional concern about US unilateralism did not end when President Bush left the White House. Unasur members did not condemn the US-Colombia base deal, both because the US is important to all of them and because such condemnation would have killed Unasur after only 15 months of existence. President Lula noted that after seven hours of palaver,

“It was Unasur that lost credibility.”

— *Myles Frechette*

the presidents were still discussing the same issues. It was Unasur that lost credibility. Unasur has the same difficulty as

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newspaper, the wire service reported. The video appears to show Nunez saying he will rule against the San Ramon, Calif.-based oil company and reject any appeals.

“My duty is to decide a sentence according to procedure, nothing more.”

— *Juan Nunez*

The video also shows Patricio Garcia, who claimed to be a representative of Ecuadorean President Rafael Correa's political party, discussing a \$3 million

bribe connected to environmental cleanup contracts and saying the judge would get a third of the money. On Tuesday, Ecuadorean authorities said they had opened a probe. "We have to analyze everything here and carry out an investigation," said Ecuadorean Solicitor General Diego Garcia. A spokesman for the country's attorney general, Washington Pesantez, said his office was also investigating. Correa's administration also has said a preliminary probe of the matter has uncovered no government corruption. In the lawsuit, indigenous groups argue the local operations of **Texaco**, which Chevron purchased in 2001, caused environmental damage along with damage to area residents' health. Chevron argues it and Texaco have complied with Ecuadorean law.

**Featured Q&A***Continued from page 3*

the OAS. The ALBA countries have radically different views from the other members on many issues, including democracy. Also, although most governments in South America are left of center, their ideological differences tend to outweigh their similarities. Finally, sovereignty as an expression of independence in the region is at a fever pitch. That augurs ill for Unasur, which was modeled after the European Union. The Europeans, having suffered two disastrous world wars, were prepared to cede a measure of sovereignty in order to prosper in unity and peace under strong institutions. South American nations, having had very different experiences, are not there yet."

**A** **Sérgio Fausto, director of the Instituto Fernando Henrique Cardoso in Sao Paulo:** "The Unasur meeting in Bariloche reflected the difficulties that member states currently have in reaching common ground on issues perceived as being crucial to their own security and the security of South America. As far as one can see, these difficulties will not be easy to overcome in the short run. The reason is that they stem from very different, if not opposing, world views, encompassing—and to some extent binding together—development strategies, political models and security policies. A lot of political capital has been invested in these different strategic choices, which compete

between themselves for the hearts and minds of domestic and regional constituencies. At the center of this competition are the Andean countries, with Venezuela, Bolivia and Ecuador on one side, and Colombia and Peru, on the other with the Southern Cone countries, especially Brazil and Chile, trying to play a moderating role. In each one of the Andean countries, security issues have taken a central place in domestic politics, as they have been emphasized by personalistic presidents. In most of these countries, current administrations either face imminent electoral challenges (Bolivia and Colombia) or increasing political opposition (Venezuela and Peru). It was very symptomatic in this respect that all of the heads of state except President Lula approved of the live broadcast of the meeting in Bariloche. Given the context and circumstances, however, the meeting ended up with a better outcome than one might have expected. An unintelligible—as President Garcia ironically and exaggeratedly put it—but reasonably balanced communique is better than a clear-cut one that would have set the house on fire."

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*The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) with comments.*

**What's keeping you up at night?**

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