

HEMISPHERE HIGHLIGHTS

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Upcoming Events

August 13

Panel discussion on the
upcoming Defense
Ministerial of the
Americas

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Headlines

The government of **Canada** encourages Quebec's negotiation of a unilateral labor-mobility deal with France and indicates its willingness to give the provinces greater autonomy in economic affairs. **Mexico** hosts the 17th International AIDS Conference. New reforms to the **PetroCaribe** fossil fuel supply program are announced in response to the rising food crisis in Central America and the Caribbean. Raúl Castro delivers his annual Revolution Day address without announcing any new economic reforms for **Cuba**. Michele Pierre-Louis is confirmed as **Haiti's** new prime minister. **Venezuela** struggles to finalize the candidates for the November 23 gubernatorial and mayoral elections. The European Union offers a tariff break to **Brazil** on sugarcane ethanol, which is rejected due to disagreement over quotas. **Bolivia** prepares for an August 10 national recall election that will decide the tenures of the president, vice president, and nine departmental governors. Three military figures are indicted in **Chile** for the last murders committed under the Pinochet regime. **Argentina's** proposed farm bill to increase agricultural export duties is rejected by Congress, resulting in the resignation of two government officials with more expected to follow.

North America

Canada

On July 29, the government of Stephen Harper announced that it is willing to allow the province of Quebec to negotiate a unilateral labor-mobility deal with France. Lawrence Cannon, Canada's minister of transportation and infrastructure and the Conservative Party's lieutenant for Quebec, made this announcement on the eve of the July 30 Conservative Party caucus meeting in Quebec City, adding that the federal government is willing to provide similar autonomy to other provinces on issues related to trade and the economy. In an environment of increased economic volatility, this move signals a new approach by the federal government to deal with each province's economic needs on an individual basis. Cannon said that the decision was based on Canada's tradition of "open federalism" as laid out in the Constitution, a reaffirmation that the Conservative government recognizes and respects provincial jurisdiction. *Canada's provinces do face individual economic challenges that can arguably be better addressed by the more flexible provincial governments that have familiarity with their economies' unique needs. For instance, a labor-mobility deal with France could help Quebec in addressing its French-speaking labor shortage, particularly for doctors. Freedom to negotiate independent labor deals would also greatly benefit Alberta, which is experiencing a severe labor shortage in its booming oil sector. It would also give British Columbia greater freedom in pursuing its priority of combating climate change and allow Saskatchewan to expand its trade ties with Asia. However, this move also has a significant political and symbolic impact within Canada, particularly in Quebec, a province with a long history of seeking greater autonomy from the federal government. Even though Cannon specified that this concession for greater economic autonomy would be extended to the other provinces as well, critics have characterized this move as an attempt by the Harper government to shore up votes in Quebec in the event of a fall federal election. The province of Quebec accounts for 75 seats in the Canadian House of Commons—just under a quarter of the total seats.* Jessica B. Horwitz

Recent Events

July 24

Presentation by Dr. Gustavo Larrea, Minister of Internal and External Security of Ecuador

July 25

Presentation by Dr. José Bayardi, Minister of Defense of Uruguay

"While attractive on paper, the plan [to allow payments in kind] may not really help the countries of Central America and the Caribbean, many of which are still net food importers."

Mexico

Mexico will focus world attention on the public health goal of ensuring universal access to HIV prevention, treatment, care, and support by 2010 as it hosts the 17th International AIDS Conference, also known as AIDS 2008. Between August 3 and August 8, more than 21,000 scientists, advocates, and policymakers from around the world will gather at Centro Banamex in Mexico City to review progress toward ensuring access to HIV prevention, treatment, and care services and to discuss strategies for reducing discrimination against people living with HIV/AIDS. This year's meeting will be the first of 17 international AIDS conferences to be held in Latin America, and regional experts will gather to share research and plan education and outreach. Prior to the meetings, ministers of health and education convened for the first time to focus on ways to halt the spread of HIV/AIDS in Latin America and the Caribbean and agreed to a declaration of commitment to the incorporation of sexual education into national HIV/AIDS prevention activities. *Although inadequately funded and weak health systems in the region make surveillance a challenge, adult HIV-prevalence rates are generally low compared to those in the hardest-hit African countries. Historically, the Caribbean has had the highest prevalence, with rates above 1 percent in several Caribbean countries; in Haiti, adult prevalence stands at 3.8 percent, the highest rate in the hemisphere. Overall, the Americas are making progress in reaching patients who need access to treatment options. The recently released UNAIDS 2008 Report on the Global AIDS Epidemic notes that among low- and middle-income countries, Brazil, Chile, Costa Rica, and Cuba are close to achieving universal access to antiretroviral treatment. While UNAIDS estimates that the regional epidemic is stabilizing, the concentration of HIV infections among sex workers, men who have sex with men, prisoners, and injecting drug users signals the importance of enhanced outreach and education to at-risk populations, a key theme at the conference. In Central America, rising rates of syphilis suggest that bolstering surveillance for a wide range of sexually transmitted infections may be an important way to confront the HIV/AIDS epidemic. Among the issues participants at AIDS 2008 will discuss is the extent to which addressing HIV/AIDS can also help strengthen health system performance and reduce social inequality.* Katherine E. Bliss

Caribbean

Regional

At the fifth summit of the South-South Alliance on July 14, Venezuelan president Hugo Chávez added a new twist to his fossil fuel supply program, PetroCaribe, noting that the program must become an "anti-crisis shield" to combat hunger. In addition to changing the percentage of money due for delivery of oil determined by the current per barrel price of crude on the global market, Venezuela will also accept remaining payments in kind, so that agricultural goods and other services could be bartered for fuel. The creation of a special development fund that could be drawn on by PetroCaribe members for social and infrastructure projects is yet another component of this proposal. *Whether or not the continued support of oil-poor nations of the Caribbean and Central America achieves this goal of hunger prevention, there is no doubt that in the short run, with oil prices topping \$140 per barrel, any assistance to offset the increased cost of fossil fuels will provide some relief to the 16 Caribbean nations that receive the aid. Costa Rica, for example, agreed to accept the oil Venezuela is offering when President Oscar Arias realized that his government had spent close to \$1 billion between January and April of this year on imported oil alone. However, while attractive on paper, the plan may not really help the countries of Central America and the Caribbean, many of which are still net food importers. It remains to be seen whether Chávez can deliver the oil needed, or whether these programs are sustainable in the medium and long term. In spite of its large reserves of oil, Venezuela will need to expand refining capacity to advance this ambitious program. Investments in Caribbean and Central American oil infrastructure are important but are still in development.* Johanna Mendelson Forman

Cuba

On July 26, 2008, Raúl Castro failed to announce new reforms for Cuba in his Revolution Day address, as was expected by many observers, and instead called on Cubans to prepare for continued economic woes. Since coming to power in February following the continued ill health of his brother Fidel Castro, Raúl Castro has implemented a series of economic and social reforms in an effort to combat food shortages and a stagnant economy. Raúl's reforms allow private farmers to lease 99 acres of land for 10 years, and farming cooperatives to lease land for up to 25 years, in an effort to reverse the 33 percent decline in cultivated Cuban land between 1998 and 2007. Other reforms include allowing Cuban citizens to stay in hotels, buy cell phones, computers, and other electronics—a largely symbolic step in a country where few can afford such luxuries—increasing pension availability and retirement age, and eliminating salary caps. Raúl has acknowledged that some of these reforms will widen the income gap in Cuba but calls them necessary for the country's well-being. *Despite recent reforms, the Cuban government maintains control of nearly all sectors of the economy and can revoke increased agricultural rights, such as land leases, at any time. There is still hope in Cuba and abroad that reforms, which mirror those implemented in China at the beginning of its market expansion, will lead Cuba to a more open system. The reforms implemented so far have moved Cuba away from strict Communist practice—a notable example is control of herbicides and fertilizers being transferred from the state to private producers counter to the Communist ideology of state-controlled means of production. Nevertheless, Raúl Castro's Revolution Day address, combined with the superficiality of reforms allowing Cubans to buy products that they cannot afford, suggest that the Cuban president might still slow or halt reform after a promising first five months in office.* Joseph A. Kapusnick

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Haiti

After three months of failed attempts to confirm a new prime minister, the Haitian legislature finally voted in Michele Pierre-Louis on July 31. Pierre-Louis, the second woman to hold the position of prime minister, previously ran the Open Society Institute in Haiti and was also the leader of Fokal, an important nongovernmental organization in the country. Her confirmation ended an extended political battle in Haiti that arose from a series of events including food riots and increased insecurity in the capital, Port au Prince. The crisis underscored the fragility of the Haitian state and revealed the toxic political scene that had been eclipsed by a sense of progress since René Préval took office in May 2006. *With a prime minister finally in place, President Préval can now move his government forward. Pierre-Louis faces multiple challenges as she assumes her new position. First are the large amounts of donor funding due to Haiti that have not been assigned due to absence of a government. This can easily be remedied, but the gap in funding may have already undermined confidence in the state's ability to deliver. Second, as a new school year approaches in September, parents who have been hit by the dual blows of high food costs and inflation may not be able to send children to classes as they remain unable to pay for uniforms and related materials. In spite of these challenges, Pierre-Louis has the confidence of her president and a chance to start anew with a cabinet that will work for ongoing stability in Haiti. She has almost two months to demonstrate that she can return Haiti to sustained progress before the UN Security Council resolution supporting the presence of peacekeepers must be renewed in October. The United Nations remains the main guarantor of security and stability in Haiti in the short run.* Johanna Mendelson Forman

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South America

Colombia

On July 19, President Álvaro Uribe of Colombia and President Luiz Inácio Lula da Silva of Brazil signed 10 bilateral accords pertaining to investment, trade, and regional security. Of the 10 agreements, 2 relate specifically to security and defense. The first calls for greater bilateral cooperation in weapons

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“With the WTO talks stalled, Brazil is seeking alternative methods to reduce tariffs against ethanol.”

procurement, joint military exercises, and shared intelligence, while the second aims to combat the illegal manufacturing and trafficking of small arms along the 1,500-kilometer shared border between Colombia and Brazil. Illicit trafficking is commonplace in the border region, a factor that exacerbates the threats posed by drug trafficking and the Revolutionary Armed Forces of Colombia (FARC). The accords were announced in Bogotá during President Lula’s three-day trip to Colombia. On the final day of the trip, Presidents Uribe and Lula signed a third defense agreement with President Alan García of Peru in the border town of Leticia. The multilateral agreement also stipulates measures to improve security along the three countries’ shared borders and rivers. *Shortly following the signing of bilateral accords with Brazil, President Uribe announced that Colombia would join the South American Defense Council, a Brazilian-led initiative for regional military cooperation. The Defense Council linked to the Union of South American Nations (UNASUR), a regional bloc of 12 South American countries formed in May of this year. Colombia’s decision to join the Defense Council was on the condition that only state signatories are recognized and that violent groups are never allowed to participate. The accords evidence Brazil’s leadership in the region by obtaining complete membership of all UNASUR countries in the Defense Council, and they are also indicative of a growing assertiveness on the part of Colombia in matters of regional security.* Catherine Rebecca Dooley

Venezuela

All of the candidates still have not been selected for the November 23 elections that will elect 23 state governors and legislatures, as well as the mayor and city council of Caracas and 325 other cities and towns. Both Venezuelan president Hugo Chávez and the opposition have had difficulty settling on a single candidate in each of the mayoral and gubernatorial races to be held throughout the country. As of the end of July, the opposition reportedly had narrowed the field to a single candidate in 10 of the 23 governor’s races. Chávez has complained that the small parties that belong to his socialist coalition but refused to disband and become part of his United Socialist Party have yet to fully embrace his preferred candidates. July saw a series of protest marches against actions by the comptroller general to disqualify hundreds of opposition candidates, including some of the most well-known, for “reckless public spending.” The issue is now before the Chávez-controlled courts. *Although the opposition has much at stake in these elections, they are above all a test of Chávez’s strength. The president has set the tone of the campaign, announcing that the local elections will avenge his defeat in the referendum last November; accordingly, he has resorted to ever more heated declarations, predicting “civil war” if his candidates are defeated. Whether Chávez would be able to prevail in another referendum to permit him to remain in power indefinitely—a proposal now being pushed by his party lieutenants—could depend on how well his candidates do on November 23. While it seems unlikely that the opposition will be able to inflict a mortal wound on the government, at this early juncture, it does seem possible that it could win between six and nine governorships and perhaps as many as 100 municipal governments. This would be a dramatic new setback for Chávez.* Lowell Fleischer

Brazil

The European Union recently offered to exempt some 1.7 billion liters of Brazilian sugarcane ethanol from current tariffs. Inside World Trade Organization (WTO) trade talks, Brazil’s efforts to incorporate ethanol in its global trade discussions with the United States and the European Union have been largely ignored. During the recent meetings in the Doha Round of trade negotiations, Brazilian foreign minister Celso Amorim declared that there would be “no question” of a WTO agreement that neglected ethanol. Marcos Jank, the president of Brazil’s Sugarcane Industry Association, was pleased with the proposal but said that the exemption would be inadequate because the quota would only encompass current Brazilian ethanol trade volume to the European Union, ignoring future demand growth. Even though the offer was turned down by Brazil, it shows an increased willingness of the 27-nation European Union to recognize and support Brazil’s burgeoning sugarcane industry. *With the WTO talks stalled, Brazil is seeking alternative methods to reduce tariffs against ethanol. Brazil’s WTO*

ambassador is claiming that there is a "strong possibility" that Brazil will file a complaint against the current U.S. tariff on imported ethanol, which sugarcane proponents complain protects American farmers from competing against cheaper Brazilian ethanol. The \$0.54 per gallon tariff was extended as part of the 2008 Farm Bill supported by Congress to encourage domestic ethanol production. Now, the United States may have to defend its Farm Bill against challenges that question the bill's compliance with WTO subsidy limits. There are environmental and economic advantages to importing Brazil's sugarcane ethanol. Studies have found that compared to American corn ethanol, Brazilian sugarcane ethanol reduces greenhouse gas emissions by 90 percent compared to fossil fuels, while corn ethanol only reduced emissions by 50 percent. **Russell Prag**

Bolivia

On August 10, 2008, Bolivia will hold a national recall referendum on the tenure of President Evo Morales, Vice President Álvaro García, and the governors of the nation's nine departments (provinces). Morales called for the referendum in May after the opposition-controlled Senate inexplicably approved legislation drafted by Morales's Movimiento al Socialismo (MAS) party setting up the recall. In order to be recalled, officials must have more votes against them than they originally received in favor of their election. Under this system, Morales needs to capture only 46.4 percent of the vote to keep his post as president. However, the nine governors, or department prefects, won between 37.9 and 48 percent of the vote in the last election, meaning that they need to win between 52 and 63 percent of the recall vote to stay in office. If more than 54 percent of the vote is cast against President Morales and he is recalled, he will be allowed to remain in office for 180 days before calling for new elections. In addition, Morales would not be barred from participating in new presidential elections even if he loses the recall referendum on August 10. Recalled prefects must leave office immediately and will be replaced by presidential appointees. Elections to replace recalled prefects must be held within 180 days of their removal. *The recall referendum heavily favors Evo Morales and is designed to deal a blow to the strengthening autonomy movement in Bolivia's eastern departments. Since its approval by the Senate, the opposition has been scrambling to find a means to modify or call off the referendum. The Bolivian survey Apoyo, Opinión y Mercado reported 55 percent approval for Morales in June, leaving little doubt that he will survive the coming referendum. Governors will face a more difficult vote; La Paz prefect José Luis Paredes and Pando prefect Leopoldo Fernández face a high risk of recall. If the outcome of the referendum favors Morales, he will likely take it as a vote of confidence in his policies of consolidation and push for a vote on his new constitution.* **Joseph A. Kapusnick**

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Chile

A Chilean court charged three men this month for what are believed to be the last murders committed during the country's 17-year dictatorship. On July 17, magistrate Mario Carroza indicted ex-deputy army commander and junta member Santiago Sinclair, former army secret intelligence head Hugo Prado, and active Colonel Marcelo Bustos, who was in military intelligence at the time of the murders. Sinclair is said to be one of former dictator Augusto Pinochet's closest aides. The three men are accused of involvement in the 1987 disappearances of five members of the leftist Manuel Rodríguez Patriotic Front (FPMR). The frentistas were killed and then thrown into the ocean from a helicopter, victims of a government crackdown on leftist organizations that followed the September 1986 attempted assassination of Pinochet. Carroza's investigation into the deaths led to the indictments of an additional 18 retired military officers, including former chief of the National Intelligence Service, ex-General Hugo Salas. The accused three are entitled to appeal the ruling. *The court's decision is noteworthy in that it recognizes the responsibility of command, rather than only those who directly carried out the orders. Carroza's ruling also underscores the potential of a recent proposal in the Chilean Senate that would modify the jurisdiction of the Military Honor Court, allowing it to rule over military personnel and retired officers convicted of gross human rights violations and strip them of their military rank and benefits. The indictments come close on the heels of the June 30 sentencing of Manuel Contreras,*

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former head of the National Intelligence Directorate (DINA). Some say, however, that Chile's judicial process is moving too slowly. Despite the murders of 3,000 political prisoners and the torture of thousands more (including current President Michelle Bachelet), only about 30 officials have been convicted in the almost two decades since the end of the dictatorship, with another 500 under investigation. Pinochet was charged in 2002 for the atrocities committed during his years in power, but the case was dismissed in a controversial Supreme Court ruling that found that the former dictator's poor state of mental health made him unfit to stand trial. Pinochet died in 2006 without ever facing a full trial.

Ariadne Medler

Argentina

The dispute between Cristina Kirchner's administration and the four organizations that represent ranchers and farmers over increases in duties on agricultural exports led to a surprising defeat in Congress for the administration on July 17. The controversial increases had been originally sanctioned as an executive order issued by the minister of economy under a questionable delegation of power. Both farmers and opposition leaders had claimed the unconstitutionality of such delegation, and the next obvious step would have been to take this allegation to court. The president then sent to Congress a bill ratifying the order. To everyone's surprise, a rebellion broke out among Peronist and other legislators allied to the administration who in the past had secured comfortable majorities for the government's initiatives. The bill was approved narrowly in the Chamber of Deputies, after suffering many amendments destined to lessen the weight of the duties for medium-size and small producers. But in a tense session attended by all 72 senators, the result was a tie. Before calling for the second vote required by congressional rules, Vice President Julio Cobos, the leader of the K-Radicals (so-called because of their alignment with the Kirchners), proposed that the bill be sent back to the competent committees to seek a compromise. Both the majority leader and the leader of the traditional, non-K-Radical bloc, who spoke for the other opposition parties, rejected the proposal, thereby forcing the vice president to cast the decisive negative vote. *This momentous decision led to the resignation of the two officials directly involved in negotiations with the rural organizations, the chief of the cabinet of ministers and the secretary of agriculture. Other officials are expected to be replaced in the next few months. And important changes are taking place in the political scenario, with Partido Justicialista no longer automatically responsive to the Kirchners' policies and the alliance of the latter with the K-Radicals rapidly deteriorating.* Carlos M. Regúnaga

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