



UPCOMING

PUBLICATIONS

Policy Paper on the Americas

Volume XV, Study 1 "Canadian Defense Priorities: What Might the United States Like to See", by Dwight Mason

Volume XV, Study 3 "Political Reform in Brazil: Promises and Pitfalls" by Amaury de Souza

Volume XV, Study 4 "Ogdensburg Revisited: Adapting Canada-U.S. Security Cooperation to the New International Era", by Ben Rowswell

Hemisphere Focus

Mexico Alert: "U.S.-Mexico Counter-Narcotic Cooperation", by Guadalupe González

Mexico Alert: "Tax Reform in Mexico", by Rogelio Ramirez de la O

U.S.-Mexico Binational Council Report

The United States and Mexico: Border Security and the Evolving Security Relationship

UPCOMING EVENTS

April 8 - The state of human rights in Venezuela

April 9 - Smart Border North Working Group, Border Policy and US-VISIT

April 15 - Latin America Technology Forum

April 15-16 - Canada Project presenting at Duke University Conference on "Canada-U.S. Security Relations: Partnership or Predicament?"

HEADLINES:

THE IDB HOLDS ITS 45TH ANNUAL BOARD MEETING; ARGENTINA'S \$1.3 BILLION PAYMENT DUE TO THE IMF THREATENS TO BECOME A SHOWDOWN; BOLIVIAN PRESIDENT CARLOS MESA HAS TROUBLE GETTING CONGRESS TO SUPPORT MEASURES; COLOMBIAN PRESIDENT ANNOUNCES COLOMBIA WILL BEGIN NEGOTIATION OF A FREE TRADE AGREEMENT; CARICOM REFUSES TO RECOGNIZE NEW HAITIAN GOVERNMENT; STEPHEN HARPER BECOMES FIRST LEADER OF THE NEW CONSERVATIVE PARTY OF CANADA; CORRUPTION SCANDAL ERUPTS IN THE GOVERNMENT OF MEXICO CITY MAYOR; ECUADORIAN STATE OIL COMPANY SHUTS DOWN OIL EXPORTS; EFFORTS TO TRIGGER A REFERENDUM ON PRESIDENT HUGO CHÁVEZ'S TENURE SUFFERES TWO SETBACKS; EL SALVADOR'S RULING RIGHT-WING NATIONAL REPUBLICAN ALLIANCE CANDIDATE WINS PRESIDENTIAL ELECTIONS.

HEMISPHERE WIDE

The meeting of vice ministers scheduled for March was postponed until April 22, to take place in Puebla, Mexico. The problem has been lack of agreement among the 34 countries, particularly between Brazil (speaking for MERCOSUR) and the United States (joined in this case by its two NAFTA partners) about the scope of the potential FTAA agreement. Oversimplifying, Brazil wants less and the United States more in terms of areas covered. There were private Brazil-US meetings in Washington, D.C. on March 24 and 25 at which some general understandings were reached. Major differences remain, however. Brazil wants agricultural concessions up front and the United States says it must defer changes in agricultural price supports for the WTO Doha Round where the other developed country subsidizers will be involved in the negotiations. *The FTAA negotiations are now structured to have a common set of concessions covering all areas, but with the focus on market access (reducing tariff and other trade barriers), coupled with plurilateral agreements (less than the 34 countries involved in the FTAA process) which countries can join or not as they see fit – the à la carte aspect of the framework agreement reached in Miami last year. What seems to be shaping up is a large grouping of some 14 countries, including the United States, Canada, and Mexico, joining together in a*

April 20 - Deputy Commander of ISAF

April 21 - Book Release, "The U.S. and Mexico: The Bear and the Porcupine," by Former U.S. Amb. to Mexico Jeffrey Davidow

April 22 - Conference, President of the Mexican Federal Electoral Institute Luis Carlos Ugalde

May 6 - Conference, President of the Mexican Senate Enrique Jackson

RECENT EVENTS

March 2 - Meeting with the former President of the Dominican Republic, Leonel Fernandez

March 3 - Conference on "Middle East Terrorism in Latin America", Dirksen 562

March 4 - Discussion on the current political situation in Venezuela

March 5 - USAID agenda for Latin America

March 9 - Brazilian Amb. Rubens Barbosa on US-Brazil relations: Progress and potential for the future

March 9 - Reform Experience of Colombia: The Perspective of Practitioner with Rudolph Hommes

March 16 - Discussion on labor rights policy in Ecuador

RECENT PUBLICATIONS

Policy Paper of the Americas

Volume XV, Study 2
"Mexico's Political Parties", by José Antonio Crespo

North American Integration Monitor

Protection(ism), by Greg Anderson

Congressional Report Series

Fall 2003 Term of the Mexican Congress in Review, by Jeffrey Weldon

comprehensive plurilateral agreement covering, among other areas, services, government procurement, investment, and intellectual property. Brazil and Argentina are not part of this agreement. This is merely the current situation in a shifting atmosphere. **Sidney Weintraub**

The Inter American Development Bank held its 45th annual board meeting in Lima March 28-31. As it does every year, the IDB sought to use the meeting to emphasize a particular development theme. This year's discussion focused on encouraging commercial banks to support investment by small and medium size enterprises. The IDB's meetings always draw large attendance by investment bankers. This year it was possible to detect that investors were perplexed by mixed signals. On one hand, Argentina's failure to come to terms with the holders of its defaulted bonds cast a pall over discussions here. That pessimism was not helped by the foreboding political news from the Andean countries, particularly for the host country, Peru. Yet, attendees heard optimistic forecasts about Latin America's growth prospects, estimated by UN-ECLAC to reached 4 percent in the coming year. *Next year the IDB board will meet in Japan, a country that contributes heavily to the Bank's grant programs.* **Phillip McLean**

Gas shortages have agitated energy problems across the Southern Cone. A sharp increase in gas consumption by the industrial sector spurred on by economic recovery and ensuing increases in demand have resulted in Argentine gas shortages. This comes on top of a fall in investment by gas producers over the past two years as well as a fall in capacity from hydroelectric power generators due to dry weather conditions. Argentina's reaction has been to reduce electricity voltage by 5 percent in a bid to save energy, heightening concern that a shortage may prompt blackouts and hurt economic recovery and growth. Neighboring Uruguay and Chile, who are heavily reliant on gas exports from Argentina, find themselves in a precarious situation. Argentina has suspended electricity export contracts with Uruguay and also foresees a reduction of gas exports to Chile, where it is predicted energy costs will substantially increase beginning in October. Argentina and Uruguay are turning to Brazil, Bolivia, and Paraguay for gas imports. Chile has announced that, in order to avoid gas and oil dependence, it plans to adjust energy policies. Meanwhile, Venezuela has agreed to supply Argentina with fuel oil and gas oil during the forthcoming southern hemisphere winter in exchange for Argentine foodstuff products. *Collaboration, between members of the Southern Cone, and with Venezuela, in order to avert an all-out energy crisis, shows progress in regional cooperation—and may even serve as another positive step toward regional economic integration. Chile's intentions to shift its energy policies may indicate a economic trend in the region away from gas toward alternative sources of energy. In order to promote long-term sustainable growth, it is in Argentina's interests to stimulate greater investments by both gas producers and distributors in order strengthen the infrastructure of its energy industry.* **Christina Jacobs**

NORTH AMERICA

CANADA

Two major initiatives were launched to guide the future of EU-Canada relations.

Canada and the European Union held the first of two annual Canada-European Union summits in Ottawa on March 18. The summit was the first for Prime Minister Paul Martin, and featured an EU delegation led by European Commission President Romano Prodi and Irish Prime Minister Bertie Ahern (Ireland currently holds the six-month rotating presidency of the Council). Two major initiatives were launched to guide the future of EU-Canada relations: the EU-Canada Partnership Agenda, a framework for advancing bilateral cooperation and coordination in areas such as foreign and security policy and justice and home affairs; and the New Bilateral Trade and Investment Enhancement Agreement, which will adapt regulatory barriers to trade and investment in an attempt to increase economic ties between Canada and the EU (negotiations will begin later this year). The leaders also discussed ways to ensure effective multilateral governance, which both Canada and EU see as vital to defeat transnational threats such as terrorism, as well as transnational problems such as weapons proliferation, HIV-AIDS, and global warming. *The summit was overshadowed by the recent terrorist attack in Madrid. Nonetheless, it achieved significant results. A new framework has been created that could significantly strengthen the economic and political relations of a bilateral relationship which should be especially important for Canada. To be sure, economic and political relations with the United States will remain Canada's top priority, but close relations with other partners are equally important for Canada.* **Andre Belelieu**

Annan called on the Martin government to continue fighting poverty and international terrorism.

Secretary General of the United Nations Kofi Annan visited Canada on March 8-9. During his stay, Annan addressed a joint session of the Canadian parliament and called Canada a “pillar” of the United Nations, calling on the Martin government to continue fighting poverty and international terrorism, protecting the environment, and fostering good governance around the world. Specifically, he called on Canada to undertake a long-term commitment to Haiti, stating that the international community “cannot afford to fail this time”. Despite lauding Canadian accomplishments within the UN, Annan also cautioned that Canada needs to “aim higher” and help build a system of “collective security” and increase its current role in peacekeeping operations. *Annan's visit marked only the third time a sitting Secretary General of the United Nations has visited Ottawa. In recognition of his visit, Martin promised \$25 million dollars of aid to various UN special projects, including funding to prevent AIDS and a contribution to the Millennium Fund that seeks to fight poverty and raise education in the world's poorest countries (on top of Canada's annual \$53 million dollar commitment). The visit was well received in a country that continues to hold the UN in high regard.* **Andre Belelieu**

Stephen Harper became the first leader of the new Conservative Party of Canada on March 20. The former leader of the Canadian Alliance won the leadership vote with 56.2 percent over former Magna CEO Belinda Stronach (34.5 percent) and former Ontario health minister Tony Clement (9.4 percent). Harper becomes leader of a party created in December through the merger of the Canadian Alliance and the Progressive Conservative Party with the intention of creating a

Harper supports conservative policies such as smaller government, stronger military, and closer ties to the US.

viable alternative to the Liberal Party. In his first caucus meeting, Harper appointed Peter MacKay, former Progressive Conservative Party leader as deputy leader. He supports conservative policies such as tougher criminal laws, smaller government, a stronger military, closer ties to the United States, defense of the traditional definition of marriage, lower taxes, and universal healthcare with more options for the private sector to grant medical services. *Harper's first challenge will be to unite the party and convince its members that it is more than a simple reconstitution of the old Reform-Alliance Party. The second major challenge facing Harper is the upcoming federal election, which could be called as early as this spring. In order to win, Harper needs to enhance his popularity in Quebec and the Atlantic provinces, where he failed to win a majority in the leadership election, and take advantage of the declining popularity of the Liberals due to the aftermath of the recent patronage scandal.* **Genevieve Cote**

For the seventh consecutive year, the Canadian Government has presented a balanced budget.

Finance Minister Ralph Goodale released the Martin government's first budget on March 23, a budget focused on debt reduction and controlling expenditures. It earmarks CDN \$1.9 billion dollars of this fiscal year's surplus to reduce the national debt, in addition to restoring the CDN\$ 1 billion economic prudence fund (to cover unforeseen circumstances). Significant spending measures include the creation of a public health agency to manage infectious diseases and better respond to national health emergencies, on top of CDN\$2 billion already promised to the provinces for health care. It also includes CDN\$7 billion over 10 years for municipalities in sales tax rebates. In order to address the ongoing patronage scandal affecting the Liberal government, Goodale reestablished the Office of Comptroller General of Canada to oversee all government spending. Moreover, the budget foresees CDN\$ 605 million over five years to address security issues and CDN\$ 250 million for Canada's peacekeeping missions in Afghanistan and for the war on terrorism. *For the seventh consecutive year, the government has presented a balanced budget. This one is deliberately conservative in spending promises in response to uncertainty surrounding economic recovery in the United States and the impact of the Canadian dollar's rise. Overall, with a mix of fiscal conservatism and social liberalism, the budget seems to indicate that Prime Minister Martin wants to set the stage for the upcoming election by underlining his reputation as a prudent financial manager.* **Genevieve Cote**

MEXICO

A corruption scandal erupted in the government of Mexico City mayor and presidential hopeful Andrés Manuel López Obrador in early March. A videotape showed one of López Obrador's closest political associates and former leader of his party's faction in the Mexico City legislature, René Bejarano, pocketing millions of pesos. Within days a local politician, the husband of another close associate of the mayor, admitted that he too had received an illegal campaign contribution, and the city treasurer admitted to misusing funds under orders from the mayor. López Obrador insisted that he had no knowledge of these illegal activities and then redefined the scandal. He argued that the disclosure of the videos was part of a plot, organized by the federal government, rightist groups, the Drug Enforcement Administration, and Carlos Salinas, to weaken a politician whose reputation is built on honesty and integrity. Although he has offered no evidence to support this

The scandal raised serious questions about the sort of president Obrador might be.

accusation, this populist damage control strategy seems to be working. After a drop in the polls immediately following the scandal, his numbers recovered by the end of the month. *The scandal and López Obrador's damage control strategy created a sensation in the Mexican media, dented the armor of integrity about him, and raised serious questions about the sort of president he might be—more like Lula or more like Hugo Chávez. Potential voters initially recoiled from the hint that the mayor might be involved in corruption, but they soon came to see this event within the context of Mexican politics—it involved relatively small amounts of money, López Obrador did not personally receive any of the money, there is no smoking gun connecting the mayor to the corruption, and it is easy to imagine that the mayor's political enemies would have used these events to discredit him. Although López Obrador has lost some of his luster with the electorate, he continues to be the front-runner in the 2006 Mexican presidential race.* **Pamela Starr**

This conflict within the PRD mirrors similar struggles in the PRI and the PAN.

The Democratic Revolutionary Party, PRD, is suffering the worst internal crisis in its history. A party known for internecine battles among its competing factions has begun to splinter further in the wake of the recent corruption scandal in the Mexico City government. The scandal implicated a number of prominent PRD politicians, including party leader in the local legislature, René Bejarano. Although Bejarano resigned his party posts, his allies in the PRD implemented a damage control strategy to save themselves at the price of party unity. Rather than distance themselves from the guilty politicians, they accused their main rival within the party—former Mexico City Mayor Rosario Robles—of enabling the crisis by introducing party members to the businessman who made the illegal campaign contributions. Robles resigned from the party before she was expelled. Two weeks later, party founder, moral leader, and close ally of Robles, Cuauhtémoc Cárdenas, proposed a different sort of damage control—denounce corruption in all its forms, restructure the party, and renew its leadership. When the party rejected these proposals, Cárdenas stunned the party by resigning from all his party posts. *Lurking behind this battle for control of the PRD lies the presidential candidacy of Andrés Manuel López Obrador. Bejarano is clearly aligned with López Obrador in the latter's campaign to become the party's presidential candidate, despite the opposition of Cuauhtémoc Cárdenas. Undermining the Cardenistas benefits Bejarano and López Obrador, while a weaker PRD helps the mayor sidestep other power centers within the party in his quest for the nomination. The consequence has been a weaker, less institutionalized PRD and one more likely to back López Obrador. This conflict within the PRD, mirroring similar struggles in the PRI and the PAN, is a reminder of the troubled state of Mexican political parties and the challenge to democratic consolidation this implies.* **Pamela Starr**

Former Mexican Foreign Minister, Jorge Castañeda, formally declared his candidacy for the presidency. Castañeda defined himself as a citizen politician, independent of the three dominant parties that have “taken democracy hostage”, and he took advantage of recent corruption scandals to position himself as the outsider challenging Mexico's sclerotic political class. *To reinforce his image as an outsider and to increase his visibility as a candidate, Castañeda entered the race without the formal backing of an established political party. This is prohibited under Mexican electoral law, enabling Castañeda to demand media attention by challenging the constitutionality of this law with the ancillary benefit of jumpstarting his candidacy. Should the courts rule against him, Castañeda will ultimately attach his candidacy*

SOUTH AMERICA

ARGENTINA

A \$1.3 billion payment due to the Fund on March 9 threatened to become the cause of a showdown with serious consequences. In December and January, the G-7 clearly indicated to Argentina that achieving the quantitative goals would not be enough when the approval of a report on Argentina's compliance with the IMF agreement was delayed. When the report was approved by the Executive Board of the IMF, key European countries abstained. A qualitative requirement, that of "negotiating in good faith" with creditors, was the stumbling block. President Kirchner responded that he would not accept any condition that would hamper Argentina's recovery. In the end, sanity prevailed on both sides. Miguel Angel Broda, a prominent Argentine economist said the following about the process (summarized in my words): *If the current Argentine leadership ever doubted the convenience of reaching an agreement with creditors, it does not any more. On the other hand, some demands by the IMF, such as a special recognition of one group of creditors, the need to obtain 80 percent approval of the final offer among creditors, and the obligation to maintain the banks hired to handle the restructuring until an agreement is reached, seemed exaggerated and, possibly, counterproductive. Each of these conditions would have given veto power to a minority of creditors or to a bank, a situation that would clearly have hampered chances of reaching a satisfactory agreement. Fortunately, President Kirchner successfully resisted them. A few days after payment, the IMF's governing board unanimously approved Argentina's performance of the agreement. Thus, the door was opened for the same sum to be lent again, together with additional loans by the World Bank and the IDB.* **Carlos Regunaga**

The stumbling block for key European countries in the report approved by the IMF Executive Board was a qualitative requirement.

ARGENTINA-BRAZIL

The presidents of Brazil and Argentina, Luiz Inácio "Lula" da Silva and Néstor Kirchner, met in Rio de Janeiro, on March 16, to forge a united front in demanding more flexibility on primary budget surplus requirements from the International Monetary Fund. Lula and Kirchner signed two documents: the Declaration on Cooperation for Economic Growth with Equity and the Act of Copacabana. The Act of Copacabana calls on the IMF to view public expenditures in infrastructure and social projects as "investment" and to exclude them from the budget deficit. *Argentina and Brazil's debt accounts for almost 50 percent of the IMF's loans. By joining forces, the two countries are sending a message to the international community that, together, they have much leverage and are in a position to bargain with the international financial institutions. Although a default is unlikely, especially in Brazil's case, the coming together of the two countries to demand softer treatment from the IMF is a reflection of the pressures that both governments have been facing to keep their international commitments, as well as to stimulate their economies and respond to domestic demands to increase social*

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BOLIVIA

Despite enjoying the support of nearly 70 percent of the population, President Carlos Mesa is having trouble getting Congress to support measures needed to narrow a 9 percent of GDP budget gap. Congress, in particular, voted down in March the president's proposal to impose a 1.5 percent property tax on those whose holdings surpass US\$50,000. The Nueva Fuerza Republicana (NFR) party, led by Manfred Reyes, and the Movimiento al Socialismo (MAS) Party, led by indigenous Evo Morales, led the charge against the president's initiative, calling upon the government to raise funds from the petroleum companies and those companies that have been privatized. The president also suffered a setback last month when his minister of energy resigned. According to the minister of development, Xavier Nogales, many of the traditional parties are asking for patronage jobs for their membership in exchange for their political support. On the positive side, the Group of Friends of Bolivia met last month in Washington and pledged additional support for Mesa. Also late in March, the U.S. deputy assistant secretary for Andean Affairs, Peter de Shazo, traveled to La Paz to try to talk party leaders into supporting Mesa. *The president has little leverage to compel the parties to support him and caving in to the parties' demand for patronage jobs will only undermine the support and legitimacy that he enjoys. Unless the political parties change their ways, the anti-systemic forces in Bolivian society may take to the streets again, raising concern about a return of violence.* **Miguel Diaz**

Group of Friends of Bolivia pledged additional support for President Mesa.

BRAZIL

Labor Party members, supporters, and those in the opposition have recently increased their criticism of Lula's economic policies. The centrist PMDB (*Partido do Movimento Democrático Brasileiro*) demands audacious economic policies and has threatened to leave the government coalition if effective economic measures are not implemented in the medium term. PMDB leaders claim that their support is contingent on economic policy that promotes growth, more equitable income distribution, and higher employment, none of which has thrived under the new administration. On the other hand, PT members are starting to worry about their performance in the upcoming municipal elections. *José Dirceu, whose image is already tarnished by the Waldomiro scandal, claimed that the opposition is trying to destabilize the government and, to Lula's discontent, criticized two PSDB (Partido da Social Democracia Brasileira) governors and a senator. Dirceu's comments come at a crucial moment when Lula is trying to build a strategy for a stronger alliance with the opposition and allies to overcome the political crisis. It seems that Dirceu's less prominent role, resulting from the Waldomiro case, has led cabinet members and party leaders to show more dissent. Brazil is not only facing a difficult political situation, but sound macroeconomic policies are not proving enough to stimulate the economy. Many blame the still high interest rates, which discourage investment and growth for this.* **Viviane Vanni**

Lula is trying to build a stronger alliance with the opposition and allies to overcome the political crisis.

COLOMBIA

Trade will become major item in an already complex U.S.-Colombia bilateral agenda.

President Alvaro Uribe announced that Colombia would begin negotiation of a free trade agreement with the United States May 19. Uribe gave the news to the press as he exited the White House after a meeting with President Bush on March 23. Colombians believe the announced timing will assure that talks can be concluded in early 2005 (significantly, after the U.S. elections), leaving time to get an agreement through the U.S. Congress before trade promotion authority expires, and implemented before the Andean trade preferences expire in 2006. The preferences have stimulated a rapid growth of manufacturing exports and a healthy increase of flower shipments to the United States. Colombia leads the Andean countries in the use of the preferences. *The Colombian president has come to Washington regularly every six months since he was elected in mid-2002. Trade will now become a major item in an already complex bilateral agenda dominated by anti-drug and anti-terrorism concerns. One of Uribe's tasks in Washington is to urge continued support from a U.S. Congress that is being asked again this year to fund nearly a half a billion dollars of assistance to Colombia.* **Phillip McLean**

Colombians seek to deprive guerrillas and paramilitaries of their major funding source.

Coca cultivation in Colombia is declining. This good news from the CIA's Counter Narcotics Center came just as Uribe arrived in Washington. The CNC estimated that in 2003 the area being used for coca cultivation decreased by 21 percent in comparison with 2002, and that was 15 percent less than the year before. Further good news is that total Andean production of the drug is declining. The so-called "balloon effect" has not kicked in, at least not to date. The area under coca production in Peru continues to shrink, and while Bolivia's is expanding, its production is nowhere near enough to make up for that lost in Colombia and Peru. *The United States has made a heavy investment in narcotics control in Colombia. Colombians support the effort in multiple ways (e.g., over 90 drug-related extraditions since Uribe took office) because they seek to deprive guerrillas and paramilitaries of their major funding source. There are pressures in both countries to change the focus and move resources away from the counter narcotics objective and increasingly more to a counter insurgency goal. The U.S. Southern Command is already asking congress to raise the limits on the number of U.S. military and civilian contractors in the country (now 400 for both versus a requested increase to 800 and 400 respectively).* **Phillip McLean**

ECUADOR

Ecuador's oil output is expected to rise by 17 percent this year.

The Ecuadorian state oil company, Petroecuador, shut down oil exports on March 12, declaring force majeure, as the SOTE oil pipeline was shut after being ruptured by landslides. Force majeure, which enables the company to legally suspend crude shipments due to an act of nature, was declared to assure local fuel supply. The company has contracts to export about 132,000 barrels per day (bpd). Petroecuador resumed exports on March 24. Despite this incident, the finance minister said that Ecuador's oil output is expected to rise by 17 percent this year to about 600,000 barrels a day as foreign oil companies produce more. Finance Minister Mauricio Pozo said Wednesday night after a presentation before the Caracas-based Andean Development Corp. that the country is now producing about 512,000 barrels a day. *This is the second time in the last three years that this pipeline has been shut down because of landslides. Oil is Ecuador's largest export and key source of foreign exchange.* **Beth Hetzler**

Ecuador has long been the primary destination for external refugees fleeing the violence in Colombia.

Colombia and Ecuador reached an accord to strengthen their shared border. During an official visit by Ecuadorian President Lucio Gutierrez to Colombia, the two governments agreed on March 17 in Bogotá to strengthen cooperation along their shared border. The cooperation is to include efforts against kidnapping, extortion, and contraband such as drugs, drug-processing chemicals, illegal weapons and explosives. President Lucio Gutiérrez said there had been no requests for Ecuador to become militarily involved in the Colombian conflict. Some human rights advocates and Ecuadorian military officials questioned the pact's value given the border's control by Colombian guerrillas. Former Ecuadorian Defense Minister Gen. René Vargas Pazzos noted that the accord doesn't address his country's response when the Colombian military drives guerrillas across the border. The agreement calls for Colombia to add more than 1,500 military personnel and build a new Marine infantry base along the frontier. It also calls for a joint task force to inspect the border region for effects of Colombia's anti-drug fumigation on people and the environment. *Ecuador has long been the primary destination for external refugees fleeing the violence in Colombia, and recently it has been pulled further into the conflict by guerrillas staging operations in Colombia from the safety of Ecuador. This could be an important agreement between the two countries, because it reinforces mutual cooperation to ensure the safety of Ecuadorians living along the border with Colombia, but maintains Ecuador's military non-involvement in Colombia's conflict.* **Beth Hetzler**

VENEZUELA

Efforts to trigger a referendum on President Hugo Chávez's tenure suffered two setbacks last month. On March 2, the National Electoral Council (CNE) disqualified 1.1 million petitions of the 3.4 million collected because of technical irregularities, mostly (876,000) because of discrepancies in the handwriting used in filling out the petitions. The CNE ruled that it was up to the signators to prove the validity of their petition, although a mechanism to do that has yet to be agreed upon. Weeks later, the Electoral Tribunal of the Supreme Court ruled that it was the state that had to prove the petitions invalid and that consequently, the 876,000 petitions put aside could be added to the 1.8 petitions already been validated – adding up to 2.6 million petitions, or 200,000 more than minimum required to trigger the referendum. However, days later, the Constitutional Tribunal abrogated the Electoral Court decision arguing that the latter did not have jurisdiction over the matter. Consideration is now being given to calling for a plenary session of the Supreme Court to consider the matter. *The reaction of the international community to the rulings of the CNE and the Constitutional Court, and to the campaign of government harassment that followed, has been muted so far. The official international monitors -- the OAS and Carter Center -- have yet to make a pronouncement on the spate of recent developments and are still in Caracas trying to mediate an agreement on a process to repair the "suspect" signatures. The situation could become quite tense in the months ahead.* **Miguel Diaz**

International monitors are still in Caracas trying to mediate an agreement on a process to repair the "suspect" signatures.

CENTRAL AMERICA AND THE CARIBBEAN

HAITI

Caricom has pressed the UN to launch an investigation into the circumstances surrounding former President Aristide's departure.

The Caribbean Community (Caricom) has refused to recognize the new Haitian government led by Prime Minister Gerard Latortue. Caricom leaders have also pressed the United Nations to launch an investigation into the circumstances surrounding former President Jean-Bertrand Aristide's departure. Aristide is now in Jamaica after a brief stay in the Central African Republic. He claims the United States, not the advancing rebels, forced him to leave Haiti. Caricom says future recognition of the Latortue government rests on the return to constitutional and representative democracy. *Latortue's failure to secure recognition from Caricom is a blow to his interim government. Critics previously pointed out that the prime minister's cabinet is mainly composed of business, civic, and political leaders from the Group of 184 and lacks representation from Aristide's Lavalas party. Diplomatic support for Aristide from Caricom leaders and Venezuelan President Hugo Chávez could further complicate efforts to restore order and stability to Haiti. Despite Aristide's promises to avoid politics, his presence in the region has served to encourage followers to continue resistance—forcing U.S. Marines to take a more aggressive approach to disarmament and increasing pressure on Latortue's interim government to restore the rule of law.* **Giulia Christianson**

EL SALVADOR

Saca's victory further affirms El Salvador's position as one of the most pro-US governments in the hemisphere.

Tony Saca, the candidate of the ruling right-wing National Republican Alliance (Arena party), won the presidential election on March 21 with 57 percent of the vote. Saca, a 39-year old businessman, defeated Schafik Handal of the leftist Farabundo Martí National Liberation Front (FMLN). Voter turnout was measured at 63 percent, the highest since the end of El Salvador's civil war in 1991. The Arena victory is the fourth consecutive one for this pro-American party, which has been in power since 1991. Handal conceded defeat—he won 36% of the vote—but argued that Arena intimidated voters by claiming that he would jeopardize the \$2 billion dollar flow of remittances that Salvadorans receive from family members in the United States. *Saca's victory further affirms El Salvador's position as one of the most pro-U.S. governments in the hemisphere. The Saca administration is expected to continue current Arena policies for economic integration with Central America and the U.S. Saca's promise to implement the recently negotiated Central American Free-Trade Agreement (CAFTA) is of particular significance to the U.S., which views CAFTA as a necessary precursor to an eventual Free-Trade Area of the Americas. In order to avoid increasing domestic polarization, however, Saca may find it necessary to balance these outward-oriented policies with others that will address rising crime and poverty rates.* **Giulia Christianson**

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