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## FEATURED Q&A

### Who Would Take Hugo Chávez's Place at ALBA?

**Q** Venezuelan President Hugo Chávez, the founder and leader of the leftist ALBA bloc, has not been seen in public since his Dec. 11 cancer surgery in Havana. What would happen to the coalition if Chávez were unable to continue as Venezuela's president? Would another regional leader take his place? How might the group change or evolve? What effect might the absence of Chávez's leadership have on regional bodies?

**A** Michael Shifter, president of the Inter-American Dialogue: "Since its inception, ALBA, a bloc of ideologically like-minded governments, has been largely driven and financed by Chávez. Without Chávez, ALBA will not disappear but will probably lose some of its force, visibility, and stridency. Chávez was uniquely able to get ALBA off the ground because of his money and enormous ambitions. He has long modeled himself after his idol Simón Bolívar and, since coming to power in 1999, has been intent on fostering a cohesive anti-U.S. bloc of Latin American governments. He has managed to bring in a handful of governments, but has failed to construct the region-wide solidarity that he envisioned. Some analysts have speculated that perhaps Ecuadorean president Rafael Correa might be in a position to assume ALBA's leadership mantle. But like other ALBA leaders, Correa lacks Chávez's resources and also appears content to per-

petuate himself in power in his own country. To be sure, Chávez has contributed and given shape to a number of regional organizations in recent years such as UNASUR and CELAC, but at the same time he has been a polarizing figure who has helped accentuate divisions among Latin American and Caribbean countries. The result is a notably fragmented political landscape, marked by more regional groupings, but also considerable disunity on key economic and political questions.

*Continued on page 2*



### Paraguayan Presidential Candidate Killed in Crash

Lino Oviedo, a former general and candidate in Paraguay's presidential race, was killed Saturday night in a helicopter crash. Oviedo is pictured at the campaign rally from which he was returning in Concepción province. See story on page 2.

*Photo: Oviedo campaign.*

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## NEWS BRIEFS

**IMF Censures Argentina Over Inflation, Growth Data**

The International Monetary Fund said Friday that its board had censured Argentina over its widely dis-trusted inflation and growth data, Bloomberg News reported. The cen-sure could lead to sanctions includ-ing barring the country from receiv-ing IMF loans. Argentina has not adequately implemented remedial measures to "address the inaccuracy" of its economic data, said the execu-tive board. It now must do so by Sept. 29, and IMF Managing Director Christine Lagarde is to report on Argentina's progress by Nov. 13. The censure represents "a new mistake" by the IMF, Argentina's economy ministry said in a statement.

**Venezuela, China in 'Urgent' Loan Talks**

Venezuela's government and nation-al oil company PDVSA are in "urgent talks" over \$6 billion in loans from China and California-based **Chevron**, Reuters reported Friday. The top priority is to seal a previously announced deal with China Development Bank for a \$4 billion loan this year. Separately, PDVSA is negotiating a private loan of \$2 billion with Chevron for their joint venture.

**Mexican Tomato Growers, U.S. Reach Deal to Avoid Trade War**

U.S. Commerce Department offi-cials announced Saturday they had reached agreement with Mexican tomato growers that would avoid a trade war, the *Los Angeles Times* reported. Tomato growers in Florida had accused their Mexican counter-parts of selling their produce below fair market value. The parties faced a deadline today before the dispute escalated.

**Political News****Paraguay's Oviedo Killed in Helicopter Crash**

Lino Oviedo, 69, a candidate in Paraguay's upcoming presidential elec-tion and one of the country's most con-troversial figures, was killed Saturday night in a helicopter crash while returning from a campaign rally in the city of Horqueta, in Concepción province, gov-ernment officials announced Sunday. Oviedo, of the National Union of Ethical Citizens party, had been polling in single digits ahead of the April 21 vote, far behind front-runner Horacio Cartes of the Colorado Party, *The New York Times* reported. A retired general, Oviedo helped topple the dictatorship of Alfredo Stroessner, who ruled the country for 35 years. Sunday was the anniversary of Stroessner's ouster, and some in Oviedo's party questioned whether the crash that killed the candidate, the pilot and an aide resulted from foul play. "Twenty-four years ago today, Gen. Oviedo overthrew the dictatorship," César Durand, a

spokesman for Oviedo's party, told Radio Ñanduti, *The New York Times* reported. "This is a message from the mafia." Aviation authorities in Paraguay said the helicopter went down in a storm. They said the crash was accidental, but added

“This is a message from the mafia.”

— César Durand

that there would be a full investigation. Oviedo had sought exile in Argentina and then in Brazil in 1999 after being charged with organizing a failed coup against then-President Juan Carlos Wasmosy. Oviedo had also been accused of master-minding the assassination of Vice President Luis María Argaña in 1999. Oviedo returned to Paraguay in 2004 and spent time in prison in connection with the aborted coup, but the country's Supreme Court cleared him of other charges. A populist, he came in third in Paraguay's most recent presidential race in 2008.

**Featured Q&A**

*Continued from page 1*

To some degree, the exception may be Petrocaribe, through which Chávez has provided discounted oil to a collection of poor countries, especially in Central America and the Caribbean, with the most generous subsidy going to Cuba."

**A Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:** "It seems quite unlikely that ALBA will transcend its founding figure. To be sure, President Chávez has been one of the defining political leaders in Latin America's 21st century. His vocal defense of populism, along with his charisma and personal magnetism, redefined Latin American political geogra-phy, establishing a clear divide between his standing, which has staunch follow-ers, and those leaders who have a mar-

ket-oriented vision of economics. President Chávez's leadership has also sailed on the tail winds of high energy prices, which allowed him to uphold a wholly subsidized domestic economy and extend subsidies to other Latin American nations. But none of the lead-ers of ALBA nations have President Chávez's political appeal or Venezuela's oil income. Thus ALBA might well become a memory sooner rather than later."

**A Mark Weisbrot, co-director of the Center for Economic and Policy Research:** "If President Hugo Chávez were to step down from the presidency, very little change would be likely in terms of ALBA, CELAC or other regional bodies. The government of Venezuela would

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## Economic News

### Remittances to Mexico Decline for Sixth Consecutive Month

Remittances from Mexicans living abroad fell in December for a sixth consecutive month, Dow Jones reported Friday. Money transfers declined 4.5 percent to \$1.71 billion in December, according to new data from Mexico's central bank. After posting gains earlier in the year, remittances have fallen since July and for all of 2012 declined to \$22.45 billion, down 1.5 percent from the amount sent in 2011. One factor has been persistent doldrums in sectors of the U.S. economy that employ Mexican migrants. Another is the exchange rate between the Mexican peso and U.S. dollar, which has cut into the buying power of Mexicans receiving transfers back home. The peso appreciated 8.6 percent against the dollar last year. Despite slight declines in Mexico, the amount of remittances sent globally has tripled in a decade and is now more than three times larger than total global aid budgets, *The Guardian* reported. If remittances at the level recorded by the World Bank were a single economy, it would be the 22nd largest in the world, bigger than Iran or Argentina, according to the report. [Editor's note: See [Q&A](#) on remittances trends in the Oct. 12 issue of the *Advisor*.]

## Company News

### MetLife Agrees to Acquire Chile's AFP Provida for \$2 Billion

U.S.-based insurer **MetLife** has agreed to acquire one of Chile's largest pension-fund administrators, **AFP Provida**, for approximately \$2 billion, *The Wall Street Journal* reported Friday. The deal comes as MetLife is advancing with its plans to earn a growing portion of its income abroad. MetLife will conduct a public cash tender offer for Provida's outstanding shares while Spain's **Banco Bilbao Vizcaya Argentaria** has agreed to transfer its 64.3 percent stake in Provida to the New York-based insurer. Provida had 1.8 million contributors and \$45.3 billion in assets as of Sept. 30.

## Capitol Hill Watch

### A Look at U.S. Congressional Activity on Latin America

#### Reid Confident Menendez 'Did Nothing Wrong' in Association With Donor

U.S. Senate Majority Leader Harry Reid (D-Nev.) on Sunday expressed confidence that Sen. Robert Menendez (D-N.J.) "did nothing wrong" in his association with a political donor who is reportedly under investigation by the FBI, Fox News and the Associated Press reported. In an appearance on ABC television's "This Week" program, Reid added that the Senate Ethics Committee will determine whether there was any impropriety. "I have the utmost confidence that he did nothing wrong, but that is what investigations are all about," said Reid. Menendez's office disclosed last week that the senator wrote a personal check, reportedly for more than \$58,000, to reimburse Dr. Salomon Melgren for the cost of two trips to the Dominican Republic in 2010. In a raid late Tuesday, FBI searched the West Palm Beach, Fla., office of Melgren, an ophthalmologist. Menendez has denied any wrongdoing, including allegations that he had sex with prostitutes in the Caribbean country. "Any allegations of engaging with prostitutes are manufactured by a politically-motivated right-wing blog and are false," Menendez's office said in a statement. Menendez became chairman of the Senate Foreign Relations Committee last week, replacing Sen. John Kerry (D-Mass.), who took office Friday as secretary of state.



Menendez

File Photo: U.S. Senate.

#### House Democrats Call for Investigation Into Drug Raid Deaths

Democrats in the U.S. House of Representatives are demanding the State Department launch an investigation into allegations that the U.S. Drug Enforcement Agency participated in a drug raid that resulted in the deaths of four black Hondurans last year, *The Hill* reported Thursday. Rep. Hank Johnson (D-Ga.) is spearheading the effort with the support of 57 colleagues who have signed onto a letter saying the black Honduran community is a victim, not a perpetrator, of drug violence. "We request a thorough and credible investigation on the tragic killings of May 11 in Ahuas to determine what exactly occurred and what role, if any, was played by U.S. Drug Enforcement Administration (DEA) agents," states the letter, which is addressed to Secretary of State John Kerry. "We also call for an immediate investigation into alleged abuses perpetrated by Honduran police and military officials in the country." Last year, the Obama administration held back \$50 million in aid to Honduras, approximately half its aid to the nation, over concerns including corruption, a problematic criminal justice system and killings of judges and journalists.

#### Fortuño Joins Steptoe & Johnson

Former Gov. Luis Fortuño, a Republican who represented Puerto Rico in the U.S. House of Representatives from 2005 to 2009, has joined the law firm of **Steptoe & Johnson LLP** as a partner, the Associated Press reported Thursday. Fortuño lost his bid for re-election in November. The governor, a one-time chairman of the Congressional Hispanic Conference, is planning to work with U.S. companies seeking to expand in Latin America.

**Featured Q&A***Continued from page 2*

continue with the same foreign policy. It would continue to work in alliance not only with the left governments of Brazil, Argentina, Ecuador, Bolivia, Uruguay and others, but also with non-left governments. The recent high praise from right-wing Chilean President Sebastián Piñera for Chávez, whom he called 'the father of CELAC,' shows how much the left vision of Latin America's second independence and integration has been institutionalized in the region. Chávez has of course played an important role in bringing this about, but it has always been a collective project among the left governments, including Brazil and Argentina, which have repeatedly rallied against threats to democracy and independence: in Bolivia in 2008, against Washington following the Honduran military coup in 2009, against the U.S. attempts to increase its military presence in Colombia in 2009 and so on. Of course, there is the possibility that Chávez's party could lose the presidential election that would be held if he were to step down. But this seems extremely unlikely, given that Chávez's party increased their share of governorships from 15 to 20 out of 23 in the December elections, and the opposition's inability to appeal to the majority of Venezuelans whose living standards have increased considerably under the Chávez administration."

**A** **R. Evan Ellis, associate professor at the Center for Hemispheric Defense Studies in Washington:** "In the event of Hugo Chávez's death, ALBA would likely survive as an alliance of mutual interest, underwritten by Chinese capital and guided by the intellectual leadership of Rafael Correa, with the grudging consent of Cuba. Any foreseeable successor to Chávez—Nicolás Maduro, Diosdado Cabello or Henrique Capriles—will probably have to reduce Petrocaribe subsidies and ALBA programs to focus more on domestic constituencies, creating a

crisis for the organization. Yet the post-Chávez ALBA regimes will remain bound together by a common interest in remaining independent from the United States and insulated from attempts by Western governments and institutions to 'supervise' its political and human rights

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“Rafael Correa, despite his reputation for not playing well with others and a lack of resources to contribute, will rise as a leader among equals.”

— R. Evan Ellis

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practices, fiscal and monetary policies, treatment of contracts and property, and combating of criminal organizations. Pragmatists such as Daniel Ortega in Nicaragua, Dési Bouterse in Suriname and Roosevelt Skerrit in Dominica will turn more to the Chinese and quietly protect key investors to preserve that independence with less Venezuelan money. Rafael Correa, despite his reputation for not playing well with others and a lack of resources to contribute, will rise as a leader among equals. He will lead ALBA in a vision of how to coherently use Chinese loans for development, and attracting more of it for all of ALBA, from a PRC comfortable with the technocratic approach and greater predictability he brings. His ability to win during the first round in February's national elections will impact how quickly he can make that vision heard. Evo Morales will have the power to spoil, but not replace, Correa's leadership."

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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.*

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