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The Role of Canada and the Inclusion of Latin Americans of African Descent

Judith Morrison

Conservative estimates demonstrate that 150 million people, or a third of the population in Latin America and the Caribbean (LAC), are of African descent. Historic inequalities and lack of access have left most blacks living in poverty, where they constitute over half of the poor and live in many of the most remote and marginalized regions. The Inter-Agency Consultation on Race in Latin America (IAC)—a coordinating body of international development institutions, including, but not exclusively, the World Bank and the Inter-American Development Bank—finds that LAC governments and leaders can benefit from learning about the anti-discrimination work of other countries. Canada is a particularly important ally in this process. As a world leader on multi-culturalism and diversity, Canada has unique experiences and achievements to share with others. In addition to the impact Canadian involvement can make in the region, we believe that Canada can also play a larger role in shaping the policy agenda by sharing lessons learned and elevating the debate in societies that are struggling with ways of incorporating blacks. A greater understanding of Canadian practices combined with Canadian leadership could be two important contributions that Canada can make to promote the inclusion of African descendants in LAC.

Canada currently invests the majority of development assistance in LAC in three basic program areas: governance, economic production, and basic human needs. Over 30 years of international development experience in Latin America suggests that Canada's resources work to address income inequality in the region. The inequality that programs target is often driven by pervasive racial discrimination that leads to the exclusion of blacks. Despite Canada's clear leadership in this area, like other international donor countries, it gathers relatively little statistical data on race for the projects it funds. Unfortunately, this is further compounded by the fact that many Latin American governments do not report racial data in official statistics. Through our experiences at the IAC, we have observed that just asking questions on the racial composition of programs can often lead to greater program diversity and a higher level of consideration for projects in marginalized communities. Moving racial impact questions to the table is an important step for improving international development policy.

Despite the challenges that governments and institutions face when promoting diversity there is growing optimism in the region. At least 13 countries have specific anti-discrimination policies aimed at defending minority rights. Brazil recently established a Ministry for Social Inclusion (SEPPPIR), responsible for promoting the racial inclusion of Afro-Brazilians, who are almost half of the population. Colombia, Peru, and Ecuador have similar government entities in place to promote equality. Latin American governments initiating racial inclusion programs can greatly benefit from Canada's acclaimed First Nation policies, which recognize the inherent right of self-governance for indigenous peoples while respecting their traditions, languages,

institutions, and relationship to land and resources. This discussion on the inclusion of indigenous communities is clearly applicable to the 40 million native peoples in Latin America, but is also very relevant to the rapidly growing African descendent community. This is a community that makes up a near-majority in some countries and in many rural areas shares a similar relationship to land as their indigenous counterparts. In some rural parts of Central and South America we also find that these communities are practically indistinguishable and African descendants and indigenous peoples are relatives and neighbours.

Outside of rural areas, governments can also benefit from learning about urban diversity projects such as the Inclusive Cities Canada program underway in five cities. This program promotes the inclusion of marginalized and immigrant community voices. These areas face questions of integration that are similar to the *favelas* of Brazil which receive high levels of migration, and have populations that are rapidly redefining their racial and cultural

Honduras

The devastation of the tsunami in Asia in December 2004 has once again revived discussions about the need for coordinated contingency plans to cope with natural disasters and early warning mechanisms to reduce their negative effects. The salience of this tragedy is also a good opportunity to re-examine the response of the international community to the devastation in Honduras following hurricane Mitch—the largest tropical storm to hit Latin America.

In 1998, Mitch struck Central America, leaving 6,746 people dead, 8,373 missing and some 800,000 evacuated from their homes (Canadian Red Cross, 10/02/05). Honduras was the most affected country, with total economic losses mounting to US\$3.6 billion (ECLAC, 15/12/1998). Immediately following the disaster the United Nations called for the mobilization of the international community to collect US\$15 million for an emergency fund (FAO, UN, 01/22/99), followed by the pledge of the international community to assist in the reconstruction of the infrastructure and villages that had been affected by the hurricane.

Currently, international assistance for reconstruction in Honduras is waning, despite the fact that the country has not yet been able to overcome the precarious situation that much of the population has been living in since the hurricane. Three years after the disaster, 20,000 people still lived in temporary shelters, compounding existing problems of extreme poverty and high levels of unemployment (Le Courier International, 26/01/05).

The support of the international community is essential if vulnerable nations are to cope with natural disasters. More needs to be done to coordinate international prevention programs, institute infrastructure standards and establish early alarm mechanisms and evacuation procedures (La Jornada, 15/02/05).

identity in fast-paced urban settings. The ability to incorporate a community-based urban agenda that includes diverse voices in policy processes will also clearly benefit Latin American policy-makers and stakeholders struggling to address the challenge of diversity.

Canada has the credibility to raise issues of social inclusion as part of the hemispheric agenda, precisely because of the success of domestic policies for diversity and inclusion. There are crucial regional processes that call out for the inclusion of African descendants—greater Canadian leadership in these processes is critical. This is an important year for hemispheric initiatives on race. The UN World Conference Regional Prep-Comm in Santiago Chile is celebrating its five-year anniversary, and a major Santiago +5 conference is planned for December in Brazil. A *Special Rapporteurship on People of African Descent and Racial Discrimination in the Americas* has been established in the Inter-American Commission, with limited support from governments outside of South America—a strong voice from the North can clearly raise the visibility of the work of these governments. There are also strategic opportunities to give greater visibility to African descendent policy concerns in the Summit of the Americas. Canada's participation and leadership is crucial to the success of all of these inter-American initiatives.

Canada is on the vanguard of social inclusion in the hemisphere and should play a greater role in promoting the inclusion of African descendants in the region. Latin American governments are beginning to implement policy measures to correct historic injustices, and citizens are engaging in national debates on affirmative action and equal opportunity. Despite significant advances, governments and civil rights groups from Mexico to Argentina continue the struggle for social inclusion in Latin America and are looking for a new ally with a credible vision of diversity. ■

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Colombia-Venezuela: Trade in a Volatile Relationship

Vladimir Torres

Albeit officially over, the recent diplomatic impasse between Colombia and Venezuela that followed the capture of the Revolutionary Armed Forces of Colombia's (FARC) leader Rodrigo Granda, highlighted the ideological differences between the two countries, the complexity of their internal situations and the volatility of the bilateral relationship. Bilateral trade serves as a clear indicator of the scope and depth of these potentially disruptive circumstances.

Throughout history, Venezuelan-Colombian relations have been like those of most neighbouring countries in South America: they maintain strong historic links, long borders with high porosity, almost indistinguishable identity features in the bordering regions, and an endless list of mutual accusations, petty conflicts and pending matters. Fluctuations in the closeness of political ties have always been a reflection of internal politics, whereas trade links—legal or otherwise—have continued to exist through thick and thin, until the Hugo Chávez administration.

The single biggest decrease in trade between Colombia and Venezuela was in 2002, when commerce was deeply impacted by the currency exchange and price controls implemented by the Venezuelan government, the resulting artificial revaluation of the *bolívar* and the introduction of new bureaucratic obstacles. It took a long time for the ad-hoc commission created to administer foreign exchange (CADIVI) to re-start transactions and enable Venezuelan private sector importers to have access to foreign currencies.

After plummeting from nearly US\$4 billion per year at the end of the 1990s to US\$1.7 billion in 2003, bilateral trade bounced back significantly in 2004 to US\$2.5 billion. Of this, Colombian exports to Venezuela (second only to those destined for the United States) amounted to US\$1.5 billion. These figures, with such a favourable balance for Colombia, prompted optimistic projections of sustained increases for 2005, prior to the diplomatic row.

But Chávez decided to use bilateral trade as leverage in the impasse by announcing in one of his weekly broadcasts the "freezing of bilateral trade, projects and programs".

There are not many bilateral agreements *per se*. Most of the agreements pertaining to trade are multilateral, either involving the Community of Andean Nations (CAN) or the Group of Three (G-3). Although these agreements cannot be suspended unilaterally, Chávez's expressed intention to proceed in that direction casts a shadow on Venezuela's commitment to existing agreements.

There is one project at a bilateral level. An agreement to build a gas pipeline between Ballenas (Guajira, Colombia) and Maracaibo (Zulia, Venezuela) was signed last July and ratified in November by both presidents. Teams from both countries had already met and were analyzing financial and technical options for the first stage of 177 kilometres of pipeline, at a cost of US\$150 million.

Arguably, the first stage is more beneficial for Colombia, as it will ensure an outlet for some 150 million cubic feet per day of natural gas to the Venezuelan

market. However, it is expected that after seven years the flow will be reversed. A second stage of the project aims to extend the pipeline to Central American countries and enable Venezuelan oil to reach ports on the Pacific coast. This is part of Venezuela's long-term strategy to export significant amounts of oil to Asia, specifically to China. The project is currently on hold.

Trade promotion initiatives, agreed upon by both governments, were also affected. The second "Binational Business Macro Round Venezuela-Colombia" that was to take place in Cartagena, Colombia, in March of 2005 was initially cancelled by Venezuela's government export bank, Bancoex, and has now been postponed to a date yet to be determined.

Perhaps the private sector in both countries—particularly in border regions—was the most directly affected by Chávez's decision. In the absence of further specifications of what "freezing trade" meant, many government officials took it upon themselves to implement his commands as they saw fit. This translated into actions as diverse as blocking the access of Colombian coal to Venezuelan ports or demanding visas for Colombian citizens.

The serious disruption of the flow of people and goods across the border had immediate consequences, as road freight transportation accounts for 60% of the bilateral trade. Gravely disrupted by measures implemented at the border—and a critical component for Colombia—was transportation to and from the Department of Arauca, whose main roads to the rest of the country run through Venezuela.

Naturally the increased road controls also had an impact on the illegal activities that take place across the border. The standard practices of bribing and "turning a blind eye" were temporarily replaced by more thorough customs checks. The magnitude of the gasoline smuggling trade was exposed by the shortages experienced in the Colombian border cities.

Aside from the hurdles derived from this recent conjuncture, violence and crime in the region are still the main obstacle to bilateral trade. Although a factor for many decades, the situation has worsened in recent years. All of the insurgent

factions in Colombia finance their activities mostly through drug trafficking and other criminal activities. The laxity of border patrolling and controls has enabled the Colombian guerrillas to act within Venezuelan territory.

The diplomatic impasse has shown how critical it is to find a bilateral approach to deal with the ramifications of the Colombian internal conflicts. However, this is an unlikely scenario, given the profound ideological differences between both governments, their lax interpretation of international laws, the increased erosion of democratic institutions, dubious human rights records and two leaders playing to their internal constituents in displays of macho bravado.

Relief for Guyana

Guyana is recovering from the worst natural disaster in the country's history—a devastating flood whose impact has been made worse by years of neglect and mismanagement of the country's antiquated drainage and dam systems. Most of the inhabited parts of the country were under up to five feet of water for over four weeks, and flooding and related diseases claimed close to 40 lives in a population of just over 700,000. The disaster, which happened three weeks after the Asian tsunami, was not covered extensively in the international or Canadian press.

Minus the usual padding, current donor pledges realistically total some US\$2 million, including approximately US\$300,000 from the United States Agency for International Development, US\$1 million from the European Union to the Guyana Committee of the International Red Cross, US\$700,000 from the Caribbean Development Bank and US\$100,000 in grant assistance from China. The government of Canada has contributed just over US\$300,000. These amounts may rise.

The Guyanese Diaspora, estimated at over 700,000, has raised hundreds of thousands of dollars through individual community efforts, as well as through a coordinated international concert in London, Toronto, New York and Guyana. The Guyanese community in Canada has sent teams of medical professionals, medical supplies and drugs valued at more than CAD\$80,000. While firm estimates are difficult to obtain, Diaspora contributions may outstrip official Canadian and US government contributions.

Coming after a record year for hurricanes in the region and constant footage of the Asian tsunami, the flooding in Guyana has moved disaster prevention and management to the top of the regional political agenda. However, it will take years for the flood damage to be repaired, especially in rural farming communities where crops must be replanted. In the longer term, there is likely to be political fallout from the lack of disaster preparedness on the part of the government. In a country as politically polarized as Guyana, this could be as devastating as the flooding itself.

The disruptions in bilateral trade illustrate well the underlying tensions between these neighbouring nations. The countries of the Americas should continue to keep a watchful eye on the destabilizing effects of this apparently solved impasse, as none of the structural causes that triggered it have been addressed.■

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Two Days in the Sun: The CARICOM Heads of Government Meeting

Laurie Cole and Noel Waghorn

Leaders of the 14 CARICOM nations met in Paramaribo, Surinam on February 16-17 for the annual Heads of Government meeting. This normally low-key gathering was elevated to an event of regional consequence, falling at the most critical juncture in the campaign for Secretary General of the Organization of American States (OAS). Three very different candidates—José Miguel Insulza of Chile, Francisco Flores of El Salvador and Luis Ernesto Derbez of Mexico—are currently in a deadlocked race for the OAS top job. The winning candidate will require 18 of the 34 votes of OAS member states to win the race. Based on publicly-available endorsements prior to the CARICOM meeting, each candidate had the support of approximately seven of the OAS member countries. This made wooing 11 of the 14 CARICOM members who have not yet endorsed a candidate (Belize, Surinam and St. Vincent and the Grenadines have already publicly announced their support) the focus of the OAS contest; a situation that the CARICOM members eagerly and adroitly exploited.

CARICOM Flexes Muscles

In this pre-election courtship, the main focus of the CARICOM countries is to ensure continued influence of the Caribbean within the OAS on key issues. Capturing a high profile and influential position would be useful in this regard, and CARICOM has already endorsed Albert Ramdin of Suriname for the position of Assistant

Secretary-General (ASG), that opens up in 2005. Ramdin will no doubt be looking for support from all three of the Secretary General candidates. The premise is that an ASG from Suriname would ensure Caribbean interests are kept on the agenda throughout the next five years, and not simply confined to fleeting pre-election promises.

In a similar vein, CARICOM countries also want to protect the 28 OAS country mission offices, a prime target of cuts in times of budgetary crisis, though they have escaped the knife thus far. These small offices—whose utility and effectiveness have long been questioned—are a source of jobs in

Caribbean countries, and are a sensitive subject at budget meetings. The location of the Free Trade Area of the Americas (FTAA) Permanent Secretariat is also being used as a potential bargaining chip. Many cities are lobbying for the rights to house the trade headquarters, including Atlanta, Miami, Panama City and Port-of-Spain in Trinidad. CARICOMers would no doubt love to see a lush new headquarters in the heart of the Caribbean, despite severe transportation problems for the rest of the Americas.

Candidates for the OAS SG

There will soon be a new Secretary General of the Organization of American States (OAS), but no one can say exactly when, as the date for the election has not yet been set. It is hoped that the election will happen before the 35th General Assembly meeting in Fort Lauderdale, Florida this June. The winning candidate needs 18 of 34 member state votes to secure the post. The top spot opened up when Miguel Ángel Rodríguez resigned in October 2004 to face corruption charges in his native Costa Rica. The candidates for the position are:

Luis Ernesto Derbez (Mexico):

Derbez is Mexico's current Foreign Minister and has held positions with the World Bank, the Inter-American Development Bank, and as a university professor. Derbez's background in economics is reflected in his candidacy for Secretary General. He is an avowed backer of economic integration and multilateralism. He currently has the support of Belize, Bolivia, Canada, Honduras, Mexico, Paraguay and St. Vincent and Grenadines.

Francisco Flores (El Salvador):

Flores is the former president of El Salvador (1999-2004). He has listed poverty alleviation as one of his highest priorities, along with economic growth, support for small economies and natural disaster assistance. He has shown support for US policies and was one of the two Latin American leaders who supported the war in Iraq. Perhaps as a result, he has garnered the backing of the United States. Flores also has the support of Costa Rica, the Dominican Republic, El Salvador, Guatemala and Nicaragua.

José Miguel Insulza (Chile):

Insulza is currently the Chilean Minister of the Interior and a former university professor. An exile in Mexico during the Pinochet years, he returned to Chile to hold high-level government positions in international relations and cooperation. He has focused his campaign on improving democracy and governance. He has also stressed the need to harmonize anti-corruption laws and migration policies across the region. Insulza supports the Free Trade Area of the Americas (FTAA), particularly the potential benefits for small countries. He is currently supported by Argentina, Brazil, Chile, Ecuador, Suriname, Uruguay and Venezuela.

CARICOM's attempt to use their position in the current campaign to leverage additional gains is understandable. The "micro states" of the Caribbean live in constant threat of being politically and linguistically overwhelmed, and have to join forces to protect their needs and interests. Additionally, the OAS is the only forum within the multilateral architecture where the Caribbean nations can exert influence. Continued access to Washington via an ASG position and a regional integration headquarters could further empower CARICOM countries and keep the collective Caribbean foot in the door on critical issues.

On substantive policy issues CARICOM is looking at the candidate's positions on subjects of relevance to it, including the OAS' role in ongoing trade negotiations, its plans to support small economies, promote tourism, and devise coordinated strategies to combat organized crime, drug trafficking and to respond to natural disasters—currently salient issues for the sub region. The Caribbean nations will also be paying special attention to the candidate's plans for Haiti. While the Haiti issue has long been on the US back burner, it is of particular importance to the Caribbean countries. Also, many Caribbean nations continue to harbour resentment toward regional acquiescence in what they view as a US instigated coup in Haiti.

The Candidates are Listening

In addition to traveling to Surinam for the Heads of Government meeting, the candidates have been attentive to CARICOM's messages. All have flagged Haiti as a challenge for the OAS. Both Derbez and Flores have stated that the CARICOM countries are best placed to assist in

bringing peace and stability to Haiti, due to their extensive knowledge and interest in the situation. Insulza has echoed this, adding only that the OAS must do its part to help the United Nations (UN) peacekeeping effort. It may work to Chile's advantage that Chilean diplomat Juan Gabriel Valdés is currently the *Special Representative and Chief of the UN Stabilization Mission in Haiti*, while Brazil—who has also endorsed Insulza—is heading up command of the UN Peace Force there.

All candidates have also highlighted disaster relief as a priority. After Hurricane Ivan blew through the Caribbean last September, the call for relief was renewed. Flores has said that the OAS should be the channel for disaster relief from across the hemisphere, and proposed strengthening the existing OAS mechanisms that help countries prepare for—and recover from—disasters. Both Derbez and Insulza have said a special fund for natural disaster relief should be created and managed by the OAS, with additional funds going to disaster prevention and training.

At the close of the meeting no formal endorsements were made. The Prime Minister of Barbados, Owen Arthur, did note that his country has maintained a rich and productive relationship with Chile, while Trinidad indicated that it is leaning towards Insulza. However, everyone is still formally weighing their options. One very important question, which remained unanswered following the gathering, is whether the remaining 11 CARICOM members will vote as a block—as they have tended to do in the past—or split their vote and support different candidates. They are apparently working towards consensus, but there is no guarantee of unanimity.

Days Ahead

Regardless of who wins, the new Secretary General-elect will face a host of challenges, both within the OAS, and throughout the hemisphere. Internally, the Secretary General must deal with the immediate issues of institutional reform and the financial crisis currently threatening the organization (a \$5 million budget shortfall for 2005 alone). Overdue quotas, stagnant funding levels and salary negotiations will need to be dealt with promptly. Externally, supporting democracy through the refinement of the application of the Democratic Charter, confronting challenges to security and peacebuilding, negotiating trade agreements and continuing the OAS' involvement in specific domestic situations—including Haiti, Venezuela and potentially Cuba—will top a long list of priorities for the organization.

In the short-term, whoever *wants* the head job at the OAS must convince the CARICOM members that he has—and will keep—their best long-term interests in mind when he takes over as Secretary General. However, whoever *gets* the needed votes must make some quick and difficult decisions and deal with institutional issues, financial difficulties and a host of pressing hemispheric challenges. While votes may be secured through simple handshakes and a few promises at the CARICOM conference, it will take much more than that to reinvigorate and reshape the OAS for a healthy future—or indeed a future at all. ■

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The European Union-Cuba Relationship: More of the Same?

Joaquín Roy

On February 1, 2005 the European Union Council announced the suspension of the June 2003 diplomatic measures that were imposed on Cuba as a result of the summary executions of hijackers and the imprisonment of 75 dissidents. On February 2, barely a day after, Castro rejected the European decision, labelling it interventionist. While some observers interpreted the opening of the European Union (EU) as caving in to Cuban demands, the conditional terms attached to the lifting of the measures were explicit, harsh and put pressure on Cuba. Castro responded in style.

The European Approach

The balance sheet of EU-Cuba relations in the years before the measures were lifted reveals a mixed picture. For its part, EU activity has been composed of a coherent series of actions intended, firstly, to keep the lines of communication between the EU and Cuba open, and secondly, to facilitate the conditions for a “soft landing” for democracy and a market economy in the event of a peaceful transition. However, this strategy has not come free of charge for Cuba, as demonstrated by the EU's persistent negative vote on Cuba at the United Nations Commission for Human Rights, and their maintenance of the “Common Position”, which was imposed in 1996 making special cooperation and aid packages to Cuba contingent upon the implementation of political reforms.

On one hand, this EU institutional framework contrasts with the apparently uncoordinated policies of member states that trade with and invest in Cuba according to their individual interests, sometimes rendering the Common Position “neither common, nor a policy”, in the words of sarcastic EU insiders. On the other hand, the EU collective strategy—which is solid on the fundamentals in its demand for respect for human rights, opposition to the United States' (US) embargo, and expectation of a cooperation aid agreement with Cuba—contrasts with the decades-old US policy of confrontation and

harassment of Fidel Castro's government. While the United States has pursued a path consisting of the embargo and extraterritorial laws such as Helms-Burton, the EU has opted for a policy of "constructive engagement": the European strategy has been geared toward preparing for the transition, while US policy has concentrated on regime change.

Cuba's Response

Both approaches, however, share a common dimension: Cuban government policies have not changed or been reformed according to either's expected results. The initial stages of the European's post-Cold War strategy can be described as one based on good intentions and reasonable—if not excessively high—expectations. However, any serious attempt to offer Cuba a conditional, special status in the EU structure (bilateral agreements, Lomé, Cotonou), has resulted in a high degree of frustration.

From the European perspective, Castro's priorities make a conditional relationship with the EU a lower priority than the need to maintain internal discipline within Cuba. This is a useful arrangement for Cuba—but only to a certain point. Moreover, the Cuban regime considers the ongoing confrontation with the US as its ultimate *raison d'être* and uses it to justify the continuation of the system and its refusal to modify it. This ever-present theme appears in all of the Cuban government declarations and in public communications, as well as private exchanges with EU officials. In a letter responding to EU commissioner Poul Nielson's letter of concern, Cuba's Foreign Minister Pérez Roque stated that US officials in Havana behave in an alleged "aggressive", "subversive", "irresponsible", and "provocative" manner, supporting "mercenaries, created, organized, trained and financed" by Washington.

From the Cuban perspective, questioning Cuba's interpretation of and reaction to US behaviour equals a form of collaboration with its self-declared enemy. Consequently, in a July 26, 2003 (the 50th anniversary of the Moncada attacks) speech Castro rejected EU pressure and the conditions imposed by the June 2003 diplomatic measures—which he considered to be a tacit endorsement of US policy—making the Cotonou cooperation agreement and any related potential benefits available to Africa-Caribbean-Pacific (ACP) members virtually impossible for Cuba to obtain. In further retaliation to the EU measures, which included reducing the number of official visits to Cuba, limiting participation in cultural events, and explicitly inviting dissidents to embassy receptions, the Cuban government froze communications at the highest level. Meanwhile there was no change in human rights conditions or the imprisonment of representatives of the dissident movement. While the prognosis for Cuba-EU relations was not good before, this new twist worsened the situation.

EU Countermoves

Yet, these shaky conditions did not discourage the EU and its member states from maintaining a wait-and-see attitude in their policy towards Cuba, eventually strengthening their permanent policy of "constructive engagement" with the island. Consequently, in the summer of 2004, following the change of government after the March 14, 2004 elections, Spain led a motion to

rectify the sanction-like measures that were considered "counterproductive"—a positive signal, particularly considering that the Cuban government had broken all high-level communications with the EU. In response to the EU initiative, the Cuban government announced the release ("excarcelación") of a group of dissidents. On January 31, 2005, following much consultation, internal negotiation and compromise, the EU Council decided to suspend the diplomatic measures imposed in June 2003 after the crackdown on the dissidents (but leaving the 1996 Common Position in place). At the same time, it committed to periodic meetings with the dissidents. In return, the EU expected the Cuban government to release all the imprisoned members of the dissident movement, and scheduled an evaluation of the results of their conditions in six months. Castro did not agree.

After the US election in November, sectors interested in Cuban affairs expected that during his second term President Bush and his newly appointed Secretary of State, Condoleezza Rice, would increase the level and quality of pressure on Castro. In contrast, as demonstrated by the actions described above, Europe has once more elected a prudent strategy of restraint and communication with the Castro government. The EU has proceeded with its plans and provided an opening in its relationship with Cuba, while at the same time placing strict conditions on the Cuban government. Castro has responded as expected. Only the future will reveal which policy will most positively contribute to a peaceful political transition in Cuba. ■

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Op-Ed

The Perfect Storm: Foreign Affairs Hits an Uncharted Rock

Donald R. Mackay

Anyone who has spent time in Ottawa in the middle of February knows that a perfect storm can arise with little warning. February 15 was just such a day. The forces of a minority government, an itchy opposition (all three parties), and a badly conceived policy combined to create the perfect storm and the sinking of Bills C-31 and C-32. These legislative instruments are necessary to separate the International Trade and Foreign Affairs sections of the existing Department of Foreign Affairs and International Trade (DFAIT). Although the government of Prime Minister Paul Martin suffered a defeat, the vote was not on a spending—and therefore confidence—bill, and thus the current government will continue to govern. Combined, the three opposition parties mustered 150 votes to the government's 125.

The decision to split International Trade from Foreign Affairs and form two separate departments was one of many decisions announced in December 2003 when Martin's government first took office. The then-Deputy Minister of International Trade, Len Edwards, was quickly replaced by Robert Fonberg who, along with the Clerk of the Privy Council, Alex Himelfarb, is widely seen as the intellectual author of the split. That no one is willing to publicly claim such authorship, however, gives a sense of how badly received the split has been among most of the bureaucratic players involved. The decision to split once again the trade and foreign affairs functions effectively put an end to the 1982 merger crafted by former Liberal Prime Minister Pierre Trudeau, and his advisor Michael Pitfield.

Robert Fonberg, Deputy Minister of Trade, and Peter Harder, Deputy Minister of Foreign Affairs, had already unveiled detailed restructurings and organizational shifts to operationalize the announced split by the time the legislative authority was introduced into Parliament in December 2004. On the Trade side, it was well known that plans were fully underway to occupy offices in the former Ottawa City Hall, adjacent to the Lester B. Pearson building, the foreign affairs headquarters where Trade currently shares space with Foreign Affairs. The "transition"—as it is (or perhaps was) known inside the "former" DFAIT—is not a rosy affair. The splintering of the DFAIT and tensions over who gets what has embittered what used to be a collaborative atmosphere and diverted energies from more productive objectives.

In the end, the government was defeated on three critical points.

First, the reasons behind the split have never been fully or convincingly articulated. International Trade Minister Jim Peterson, a strong supporter of Paul Martin, is said to have argued that a separate Trade Department was necessary in order to add "gravitas" at the Cabinet table. Derek Burney, Canada's former Ambassador to the United States was quoted at a recent Canadian Institute for International Affairs conference as musing that such a

suggestion would come as a surprise to Michael Wilson, Pat Carney and Ed Lumley—all former Trade Ministers. Meanwhile Allan Gottlieb, another former Ambassador to Washington, has gone on record denouncing the split, as has Bob Johnstone, himself a former Deputy Minister of Trade. Even Foreign Minister Pierre Pettigrew, when appearing before the Standing Committee on Foreign Affairs and International Trade, had difficulty articulating a convincing reason as to why the split was necessary.

Second, much of the logistical activity related to the split took place (and possibly continues to take place) prior to the introduction of legislation striking many in the opposition as a reflection of contempt of Parliament. Statements made by various government spokespersons that the split will continue are not likely to cool opposition tempers on this point. The opposition has already asked that Peter Miliken, the Speaker of the House of Commons, consider whether parliamentary privilege has been breached.

Third, the opposition seized on the fact that the government's own announced International Policy Review—later downgraded to an International Policy Statement (IPS)—has been repeatedly postponed and has yet to see the light of day. Splitting DFAIT before the IPS is released struck many in the opposition as definitively putting the cart before the horse. This feeling is exacerbated by rumours that the IPS is filled with largely undefined phrases such as "whole of government", "whole of Canada", at a time when the major thrust is expected to be "coherence" in international policy. The government last issued a foreign policy review in 1995. Since then, the world has proceeded down the path of globalization. Separating the two functions of the department simply struck many observers as a regression to an outdated business model unsuited to a world of integrated supply chains and just-in-time management practices.

Once broken, few things can ever be put back together like they were. That much of the split of the department has taken place is a fact. While the government can probably retain certain changes under powers exercised by Order in Council, this is a risky strategy given the defeat of the bills in the House of Commons. The

Department will likely operate as two separate entities in administrative terms but remain joined in legal terms. The defeat of the legislation will, however, make it easier to undo the damage caused to Canada's foreign and trade policy machinery even if this task will likely have to wait until there is new leadership in the senior ranks in DFAIT.■

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Abstracts

Brazil's Tax System: The Dilemmas of Policy Reform

By *Celina Souza*

Since the return of democracy and the new Constitution, enacted in 1988, Brazil's tax system is constantly evolving following the country's political and economic dynamics. The discussion highlights and examines the critical issues faced by Brazil's current tax system to adjust to new global demands and the difficulties in reconciling these demands with (a) commitments to a more decentralized fiscal system; (b) claims for reducing the amount of taxes paid by taxpayers; and (c) the need to invest more public resources to tackle poverty, social and regional inequality and to overcome the deficiencies of economic infrastructure. The paper argues that reforming a complex and constitutionalized tax system of a federal country like Brazil depends on the design of the institutions and on the existence of a consensus in support of economic reforms. The lessons of Brazil's experience with a tax system in constant reform may be applicable in other developing countries. The general lesson is that efforts to adjust highly indebted countries to global demands are possible given certain conditions, but such efforts may also trigger political dilemmas when major social and economic constraints have not been addressed.

Available at: http://www.focal.ca/pdf/brazil_tax.pdf

The Changing Role of the Military in Latin America

By *Jennifer N. Ross*

This policy paper examines the current trend to redefine the roles and missions of many of Latin America's armed forces—both at home and abroad. Since the end of the Cold War, militaries around the world have seen a reduction of traditional inter-state conflicts, which has prompted them to start seeking a new *raison-d'être*. Latin America is no exception. The region has in fact experienced a plethora of recent changes aimed at modernizing the most conservative of its institutions. Domestically, there have been attempts to re-institutionalize the armed forces, often reducing their size and defence budgets. There has been a trend towards professionalizing armies, increasing the participation of females, and moving into non-traditional nation-building roles that often overlap with law enforcement. There's also been a push to internationalize militaries, given the increasingly globalized nature of

security, and an emerging priority of multilateralism and international cooperation in many countries' foreign and defence policies. This trend has seen a number of Latin American countries beginning to embark on large-scale peacekeeping, which in some cases includes joint missions with former enemies. June 2004 marked the beginning of the peacekeeping mission in Haiti—to be the largest-ever UN mission led by, and almost entirely composed of, Latin American troops. Such missions reflect the deep changes that are taking place in many of Latin America's most notorious armies—efforts that aim to shed the image of their torturous and often dictatorial pasts.

Available at: http://www.focal.ca/pdf/Latam_military.pdf

The Emerging Foreign Investment Regime in the Americas

By *Paul Alexander Haslam*

Despite the setbacks encountered in the negotiation of multilateral foreign investment rules at the World Trade Organization and Free Trade Area of the Americas talks, there is still a framework of rules governing investment emerging in the Americas. Although incomplete and embryonic, the emerging foreign investment regime is defined by the existing multi-layered patchwork of primarily bilateral investment agreements and investment chapters of free trade agreements. But, the shift from negotiating investment rules in a regional or multilateral forum to a predominantly bilateral one is likely to have consequences for the character of that investment regime. This paper examines the nature of this emerging foreign investment regime in the Americas. It begins by discussing the state of the global and hemispheric negotiations on investment rules, and the position of two of the hemisphere's most important players, the United States and Brazil, on this issue. The nature of the investment regime desired by both players is then examined through an analysis of the bilateral investment agreements concluded by both with their Latin American partners.

Available at: <http://www.focal.ca/pdf/investment.pdf>

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Cuba: Entre el estancamiento económico y la reversión de la reformas by Mauricio de Miranda Portuondo

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Conflict Prevention, Civil Society and International Organizations: The Difficult Path for Peace Building in Latin America and the Caribbean by Francine Jácome, Paz Milet and Andrés Serbin

Multilateral Investment Fund – Canadian Foundation for the Americas: "Caribbean Diasporas, Remittances and Development Conference Series", May 30, Toronto - May 31, Montreal.

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