latin american weekly report Direct

10 August 1999 WR-99-31

Acrimonious Mercosur meeting heralds an escalation of trade squabbles

INSIDE

Latin American weekly report

ISSN 0143-5280

10 August 1999, WR-99-31

Acrimonious Mercosur meeting heralds an escalation of trade squabbles

As we anticipated, the agreement reached between presidents Carlos Menem and Fernando Henrique Cardoso (*see* Page 354/99) did not sweep away the disputes between Mercosur's two largest economies. If anything, they have got worse.

When the foreign and economy ministers of Mercosur met last week in Montevideo they did agree to set in motion immediately the proposed monitoring group which is expected to avert sudden unilateral reactions to crises.

On the immediate irritant of safeguards, though, Argentina and Brazil openly disagreed, with Roque Fernández and Pedro Malan exchanging harsh words. Brazil wanted to sort out its problems bilaterally; Argentina wanted a regional mechanism to compensate for such trade-unsettling measures as Brazil's recent devaluation.

The Brazilians left the meeting announcing that they would take their complaint about Argentine safeguards to the WTO; the Argentines saying that they would not leave their industry unprotected.

Days later, the Argentine government introduced what Brazil will surely see as a new non-tariff barrier: the requirement of a quality control certificate for imported footwear.

On the Brazilian side the first reaction came from the private sector: the federation of rice producers announced that, starting this week, it would physically block the entry of Argentine rice, which members alleged is being dumped.

Brazilian foreign minister Luiz Felipe Lampreia said yesterday, 'The ideal would be normal and friendly trade relations within Mercosur, but if it becomes necessary, Brazil will fight in the trade area.' In an attempt to soften the implications, he likened this to the Winnipeg '99 Pan American Games, in which Brazil managed to beat Argentina on the very last day of the contest. 'Winning in sport is a very pure sentiment, and we are always willing to win.' ■

■ The one encouraging development was that the representatives of the auto assembly industries of Argentina and Brazil did reach an understanding on the 'transition régime' for trade in motor vehicles.

The Brazilians got the Argentines to agree that their own cars will be included in Argentine sales promotion schemes, such as the old-for-new car swap programme. In turn the Argentines got Brazilian acceptance of their demand for a set percentage of national components in Mercosur vehicles. This understanding has yet to be endorsed by the two governments.

INSIDE

ECUADOR/COLOMBIA

MILITARY & DIPLOMACY

Intervention no, involvement yes

US MILITARY ARE ENGAGED IN 'CONTAINMENT' OF THE CONFLICT

While most observers are denying that the US, alone or together with other countries, has any intention of intervening militarily in Colombia, it is becoming increasingly clear that there is already considerable US participation in the efforts to 'contain' the Colombian conflict.

From Quito comes the report that a contingent of US Southern Command Special Operations Forces is presently stationed in the Amazon jungle region of Ecuador and Peru, along the border with Colombia.

Troops equipped with advanced war intelligence technology have been mobilised from the Iquitos naval base in Peru and the Coca jungle warfare school in Ecuador, to head off incursions by guerrillas and drug traffickers from Colombia.

The two bases, financed by the US Department of Defense (DOD), began to function in March, when Ecuadorean and Peruvian army troops that had participated in the now-resolved dispute over a stretch of border between the two countries were moved toward the northern frontier.

The director of the White House Office on National Drug Control Policy, retired General Barry McCaffrey, stated recently in Ecuador that Washington would not intervene militarily in Colombia. He was refuting reports by the Lima daily *La República* –picked up by *ABC* in Madrid– which said that the US was promoting intervention by troops from Ecuador and Peru in the Colombian conflict.

According to that report, the plan was presented a month ago to Peruvian President Alberto Fujimori's security adviser Vladimiro Montesinos.

A revealing search. Washington's 'drug czar' did not respond when asked at a news conference whether the crash of a US RC-7B military plane just over two weeks ago along the Ecuadorean-Colombian border was a sign of covert intervention by the US in Colombia.

In any case, the crash of the RC-7B highlighted US operational capabilities in the area, when in the space of a few hours 24 planes were flown in from Ecuador's Amazon region to take part in the search for the wreckage, according to the *Miami Herald*.

The DOD told the US Congress in April that US Special Operations Forces were assisting the armed forces of Ecuador and Peru with training equipment, and in joint operations and planning. The aim is to intercept communications by drug traffickers and the Fuerzas Armadas Revolucionarias de Colombia (Farc), said the Pentagon.

Most of the US troops stationed in Ecuador and Peru are air force personnel trained to operate radar stations and interpret images by multi-spectrum cameras –such as those taken by the RC-7B reconnaissance plane– reputedly able to identify any objective in the jungle.

General Carlos Mendoza, head of Ecuador's joint general staff, also denied the possibility of his country participating in counter-insurgency operations in Colombia, although he admitted that 5,000 soldiers were posted along the border to keep out the Colombian rebels.

Rooting out the Farc. Three weeks before the crash of the RC-7B, Ecuadorean and US troops carried out Operation Sucumbiós, to eliminate two Farc training camps in Ecuadorean territory.

The US troops were led by Major Bernard Sparrow, commander of company C of the Third Battalion of the Seventh Group of Special Forces, stationed in Panama. The battalion was recognised for its services in Colombia, according to a May publication by the US Southern Command.

The last mission of the jungle commandos was the occupation of two Farc training bases in Ecuador, Colonel Iván Borja, spokesman for Ecuador's defence ministry, told the Bogotá daily *El Espectador*.

The Iquitos naval base in Peru, presented with gunboats by US Ambassador Dennis Jett on 14 June, has a permanent contingent of 33 US military advisers, who rotate every 90 days, reported *El Espectador*.

Training centre. Brazilian, Colombian and Ecuadorean troops are being trained in jungle combat techniques in Coca, as part of a programme sponsored by the Pentagon. Troops are also being trained in naval operations in Iquitos, Peru, according to the newspaper.

Ecuadorean defence minister General José Gallardo denied allegations that the Coca base could serve as a platform for a possible military intervention in Colombia. He said officers from many countries were training there, due to the international prestige enjoyed by the centre: 'There is nothing mysterious,' said Gallardo; 'Officers from other countries come for training, just as Ecuadorean officers go elsewhere. This kind of exchange among the armed forces of various nations is common.'

Over the past year, the DOD scheduled 186 operations in the region, including 21 in Ecuador. In mid-1998, Ecuadorean and US troops took part in joint anti-drug exercises in Ecuador's Amazon jungle region, where troops from the two countries are building an anti-drug centre. There are also plans for three additional garrisons in the Amazon jungle region and seven in other parts of the country.

Manta base. In Ecuador, McCaffrey met with President Jamil Mahuad and the military brass to discuss the use of the air base in the port of Manta, where the US has an Advanced Observation Post for Regional Anti-Drug Operations.

If a deal for the US to use the Manta base for 10 years is reached, 200 US nationals would be stationed there, including Drug Enforcement Administration (DEA) agents, members of the Coast Guard and army troops.

The proposal to station US forces in Manta has the approval of the Mahuad administration, which argues that it would provide backing for Ecuador's armed forces. ■

MEXICO

POLITICS

Labastida and Madrazo fire at will

ATTEMPTS TO SHOW UNITY FAIL TO ABATE SNIPING WITHIN PRI

Last week began with a 'civility pact' between the four contenders for the presidential candidacy of Mexico's ruling Partido Revolucionario Institucional (PRI) in next year's elections. The pact proved a flimsy one, however, as the four hopefuls, and particularly frontrunners Roberto Madrazo Pintado and Francisco Labastida Ochoa, spent the rest of the week sniping at each other. Meanwhile the government, reacting to the opposition's heightened efforts at forming a coalition for next year (*see* Page 351/99), ordering PRI heavyweight Esteban Moctezuma to quit his cabinet post to run the campaign of its favourite for the candidacy, Labastida.

United front? The week started out well enough for the PRI, with party president José Antonio González Fernández publishing a document signed on 1 August by Labastida, Madrazo, Manuel Bartlett and Humberto Roque Villanueva 'for the unity of our party'.

The four men committed themselves, on paper, to avoid any campaign actions which might lead to *'divisionismo'*, ie an admission in public of how divided the party really is.

Hostilities continue. The pact never really made it off the ground. Madrazo and Labastida, spurred on by recent opinion polls indicating that they are the clear leaders in the race for the PRI candidacy (*see* Page 231/99), crossed swords with one another, each issuing public statements vilifying the other.

Madrazo enjoys considerable grass roots support in the party but is deeply unpopular with much of the current powers-that-be, who see him as a representative of the former President Carlos Salinas de Gortari and his cronies, who have fallen out of favour since Ernesto Zedillo succeeded him in the presidency. Thus, the former governor of Tabasco state is seeking to stir up feeling against the party hierarchy, highlighting Labastida's status of 'heir apparent' to Zedillo.

'Un Madrazo al dedazo'. The practice whereby incumbent presidents have traditionally nominated their successor (since the PRI has always won presidential elections) is known as the *dedazo*, or 'big finger'. Zedillo has said repeatedly that he would not exercise this right (*see* Page 183/98), but Madrazo's campaign is explicit in suggesting the contrary.

He has been running TV and radio ads in which he calls upon voters (all of whom will be eligible to take part in the PRI primary election) to '*dar un madrazo al dedazo*'. This literally means to 'give the big finger a thump', playing on the fact that the word for a thump is also the candidate's surname.

Gutiérrez steps in. The rest of the party was horrified, both by the rather crude use of the word '*madrazo*' and by the inference that Zedillo is pulling the strings behind Labastida. The government's protégé himself, meanwhile, reacted by saying that the Mexican people don't want more violence, recalling his earlier criticism of Madrazo for his alleged use of Tabasco state funds to finance his bid for the PRI candidacy while still in office. The head of the party's electoral commission, Fernando Gutiérrez Barrios, eventually had to warn both Madrazo and Labastida to tone down their war of words.

To no avail, however. Madrazo saw further evidence of Zedillo's sponsorship of Labastida at the end of week, when social development minister Esteban Moctezuma, himself a hopeful for the candidacy earlier this year quit to mastermind the government candidate's bid for the nomination. Political observers say he did so because the *zedillistas* felt the need to reinforce the Labastida campaign in the face of the renewed efforts to form an opposition alliance for next July's elections. ■

Coalition still has its pitfalls

PROCESS OF CHOOSING CANDIDATE YET TO BE DECIDED

The increased activity surrounding the bid to present a single opposition candidate in next year's presidential elections may have spooked the government, but the proposal still has a long way to go before becoming a reality.

García. After much acrimony between competing groups, senator Amalia García Medina finally took office as president of the left-wing Partido de la Revolución Democrática (PRD) last week. García won an internal election held in July after a previous ballot was cancelled in March due to corruption (*see* Page 147/99).

Her victory was again marked by vicious infighting, however, with seven of the nine competing slates contesting the results, and the runners-up, led by Félix Salgado Macedonio, receiving an official party warning for their antics during vote-counting.

Selection process. The PRD's internal problems help to explain why its main partner in any opposition coalition, the right-wing Partido Acción Nacional (PAN), pooh-poohs the idea of a primary election for a single presidential candidate to represent all the forces opposed to the ruling PRI. The PAN has called for some form of opinion poll to select the united candidate, buoyed by its own leader Vicente Fox's standing in recent surveys (*see* Page 351/99).

Last week there were signs the opposition may seek a third course between those proposed by its two largest members. Eight opposition parties, including the PRD, the PAN and six smaller groups, formed a commission to negotiate the terms of the *Alianza por México*. They rejected both a full primary and a PAN-style opinion poll. One idea is the random selection of a sample number of constituencies, say five or 10% of the total, in which to hold elections for the coalition candidate. ■

HONDURAS

MILITARY & POLITICS

Army unrest still lingers on

RESIGNATIONS SHOW THAT THE CORE PROBLEM IS NOT OVER

The drastic reshuffle of the Honduran military high command by President Carlos Flores (*see* Page 349/99) did not spell the end of the unrest in the army. Last Saturday Colonel Eugenio Romero, who had been appointed as the new deputy defence minister, announced that he was resigning for 'strictly personal' reasons.

He later said, though, that he had been uncomfortable with the appointment of Colonel Daniel López Carballo to replace him as chief of staff. He argued that he would have found it difficult to deal with a 'more junior officer with less experience than my own' in that position.

Other high-ranking officers are said to have reservations about López Carballo's ability to head the army. One of those who voiced his concern publicly, Colonel José Martínez Amador, is expected to file for retirement. López Carballo, it is worth noting, had been the chief of the presidential guard, responsible for President Flores's security.

Yet another colonel, Jorge Juárez, has resigned as head of the Instituto de Previsión Militar (IPM), the wealthy and powerful military pension fund –and Colonel Francisco Bustillo has issued an open appeal to the officer corps to 'close ranks' against defence minister Edgardo Dumas's decision to take a seat on the board of the IPM.

Test run in May. Journalist Thelma Mejía, of the news agency IPS, says that military unrest –indeed, a plot to put pressure on or even unseat President Flores– had been building up for some time. According to reports received from 'military moderates and other sources linked to the army,' she says, 'a group of armed forces officers had been planning the coup since May.'

According to her sources, officers from three different sectors planned the coup attempt, and on 24 May, while President Flores was abroad [attending a conference in Sweden on post-hurricane relief], had assembled troops in a show of force in the first infantry battalion barracks in Tegucigalpa.

This manoeuvre, she says, was orchestrated by the then commander of the army, Colonel Rodolfo Interiano Portillo and Colonel Oscar Hernández Chávez –both strongly opposed to defence minister Dumas's intentions to investigate military spending, reorganise the force and take charge of the army's economic powerhouse, the IPM.

At the time, only three batallions refused to respond to the call by Interiano and Hernández Chavez, who felt strong enough to proceed with their plot.

Two months ago, the plotters consulted with leading intellectuals and political personalities about the possibility of a coup: they were advised not to stage one.

Concessions? According to political analyst Víctor Meza, the coup plot was indeed real: 'What happened is that President Flores was warned in time, and he was able to put an end to the attempt in exchange for negotiating and granting some concessions to the military.'

'The full scope of these negotiations,' he adds, 'is unknown. The only thing we can deduce is that the civilian government was intimidated and Flores had to negotiate in order to prevent a more serious crisis.'

According to Mejía, the military crisis did not end with the reshuffle ordered made by Flores: 'Though he was able to avoid a coup, Flores's civilian government took a weak stance when confronted with military intimidation. In addition to weapons, the military officers still hold great economic power.'

She makes a telling point: 'The officers behind the attempt continue in their posts and, according to several officers who were discharged from military service, maintain their power and loyalty among the troops. ■

REGION

ENERGY

Enter Duke Energy, in a big way

US$1.2BN SPENT IN ONE WEEK TO GAIN 'PLATFORMS' FOR EXPANSION

The late-July privatisation of the Companhia de Geração Elétrica Parapanema was seen by many as the kick-off of Brazil's major energy divestments. Beyond its local implications, though, it also marked another milestone: the entry of a big US player, Duke Energy, to the Latin American utilities market.

So far, US firms had been sitting on the sidelines while European firms snapped up utilities of all kinds throughout the region. Duke Energy's first attempt to gain a sizable presence in the regional market, with a bid for Endesa Chile, failed a couple of months ago when one such European competitor, Endesa of Spain, pipped it at the post.

The US firm made sure that the same did not happen with its incursion into Brazil. It bid US$688m, more than 90% above the minimum price set by the government of São Paulo state. Market analysts had been expecting a premium, but only of 30% to 50%.

Parapanema is the smallest of the units which resulted from the breakup of Cesp, but it is considered to enjoy a strategically invaluable location, straddling the southeastern states of Paraná and Mato Grosso do Sul, close to the border with Brazil's Mercosur neighbours. Not surprisingly, Duke's project development chief, Jon Vague, proclaimed that Brazil 'will be our platform and will open up the company's horizons.'

The acquisition adds installed capacity of 2,307MW to the 24,000MW Duke already had in its home market and the 50 countries worldwide in which it operates. Duke is the second-largest power company in the US.

The Brazilian incursion was only the beginning of a far broader offensive. On 2 August Duke announced that it had successfully bid

US$125m for two thermal power plants in El Salvador, Generadora Ajacutla and Generadora Salvadoreña, previously owned by the state's Comisión Ejecutiva Hidroeléctrica del Río Lempa.

Duke intends to invest a further US$75m in the expansion of Acajutla and to start building a new power plant due to come onstream in 2001. Company executives highlighted that the Salvadorean acquisitions would be a 'solid platform for the whole of Central America', given the fact that by 2001 this country's grid will be linked up with those of Guatemala and Honduras.

Also on 2 August came the announcement that Duke has invested US$405m in acquiring the Latin American energy holdings of another US firm, Dominion Resources. This gave it footholds in Argentina, Belize, Bolivia and Peru, adding a further 1,200MW to the company's capacity –and making it, as put by a company spokesman, the leading energy supplier in the region. ■

DUKE'S ONE-WEEK SPREE

Acquisitions in Latin America, in US$m

Parapanema (Brazil)	688.3
El Salvador	125.0
Dominion Resources holdings	405.0
TOTAL	1,218.3

DUKE ENERGY'S FOOTHOLDS

San José renewed, without Cuba

MEXICO REJECTS EXPANSION; VENEZUELA 'WILL PERSIST'

Venezuela will continue to insist that Mexico agree to allow Cuba and other nations to join the San José Pact, through which the two countries sell oil to 11 Central American and Caribbean nations under preferential terms. On 6 July, Chávez had announced his proposal to expand the pact to other nations, including Cuba, 'because it is part of the Caribbean.' (*See* Page 322/99).

The pact was officially renewed by presidents Ernesto Zedillo of Mexico and Hugo Chávez of Venezuela on 5 August, without any of the changes suggested by Caracas.

'Venezuela proposed to Mexico the extension of the accord to other Caribbean nations, including Cuba, but Mexico raised objections to the inclusion of Cuba,' said Venezuelan deputy foreign minister Jorge Valero.

The question had already been discussed and agreed, he explained, and there was 'no dispute with respect to the contents of the accord' –Mexico's objections involve the financing possibilities contemplated by the Pact and the mechanism for supplying crude oil to Cuba.

The Venezuelan government 'will continue insisting on the expediency and possibility' of expanding the Pact to other countries, including Cuba, when it is renewed again in August 2000.

The San José Pact, formally the 'Programme of Energy Cooperation with the Countries of Central America and the Caribbean', has been in effect since 1980, and Mexico and Venezuela have renewed it every year in early August.

Under its terms, Mexico and Venezuela sell 160,000 barrels a day of oil each to Barbados, Belize, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama and the Dominican Republic.

These 11 countries enjoy preferential payment facilities, as well as the possibility of recovering up to 20% of what they spend on this oil in the form of long-term loans for development projects. The credits, meanwhile, benefit suppliers of goods and services in Mexico and Venezuela.

Oil as policy instrument. Venezuelan foreign minister José Vicente Rangel has stated Venezuela's interest in using oil as 'a foreign policy instrument, in the best sense of the word.' He has said that if expanding the San José Pact did not turn out to be a viable option, Venezuela might seek its own alternative formula.

In the weeks prior to the renewal of the San Jose Pact, local analysts in Venezuela criticised the agreement, arguing that the cash-strapped country was in no position to 'give away' its oil. Government officials replied that the oil was sold at international prices, and that local firms benefited from the projects financed through the pact.

New model. Eclac has been urging since 1995 that the San José Pact be adapted to 'the new conditions prevailing' in the world today. It has suggested that the statutes of the Pact be changed in order to:

❑ Include Colombia among the oil suppliers.

❑ Guarantee better development of the energy sectors of beneficiary nations.

❑ Reduce penalties for default on payments.

❑ End ease the obligation on the beneficiaries to buy goods and services from Mexico and Venezuela.

Cuba's need. Cuba produces around 31,000bpd of crude, not enough to cover its needs –indeed, oil is the Achilles' heel of the economy of Cuba, which still obtains part of what it needs in exchange for sugar, through a contract with Russia.

Under the terms of the current contract, signed earlier this year, Russia is to provide 1.5m tonnes of crude to Cuba by late December, in exchange for 800,000t of unrefined sugar. When the agreement expires, the Russian government is expected to put private companies in charge of supplying oil to the island. ■

POLITICS

Unions flex their muscles

BRASILIA FEARS RETURN OF INDEXED WAGE INCREASES

Brazil's union movement spent the last five years relegated to the political sidelines by the vigour of President Fernando Henrique Cardoso's Real Plan of economic stabilisation. The Plan entailed sweeping privatisations and an end to restrictive practices in the workplace and preached the gospel of 'flexibilised' labour in the name of Brazil's 'competitive insertion into the globalised economy'. Now, however, spurred on by the success of the recent truck drivers' strike (*see* Page 352/99), the unions are flexing their muscles again.

Inspired by the truckers. The truck drivers' strike was organised by ad hoc leaders who sprang up as the occasion required, rather than by an established union structure. The strike's success has now led the authorities to fear that other sectors of labour without formal organisation may also feel encouraged to take similar action, something Marcos Pochman, an economist specialising in wages and prices from the University of Campinas in the state of São Paulo considers 'a very real possibility'.

That said, some of the more organised sectors of labour are also planning action in the coming months, with over two million workers' terms of employment up for annual renegotiation between July and December. Among the most militant workers at the moment are the country's 420,000 bank employees.

Bank employees. The bank workers' unions have been enjoying considerable success with lightning strikes in the country's economic capital, São Paulo, and are now gearing up for a national strike.

They have already handed the national bankers' federation their list of demands, which include a 9.3% wage adjustment right away, plus an automatic wage increase every time inflation goes over 3% per annum.

The trigger. The practice of automatic adjustments is known as the 'trigger', and is anathema to the authorities, who see it as a return to the inflation-feeding process of indexation that the Real Plan stamped out.

With the central bank itself predicting inflation of 8% this year, at least two other sectors, namely chemical industry and postal workers, have included similar demands for inflation triggers in their wage agreements, in their case each time the price index goes over 5% per annum.

Fat profits. The bank workers' campaign promises to be particularly aggressive, fuelled as it is by first-half reports from their employers showing record profits.

The sector as a whole showed a whopping 35% profitability, while one bank in particular, the Banco Itaú from São Paulo, reported a net profit of R$1.94bn for the first six months, an all-time record for any financial institution in Brazil.

Hardly surprisingly, the bank workers' demands also include profit sharing.

New mood. Pochman sees a change in the behaviour of the unions this year, with a return to demands for wage increases and inflation triggers, instead of the guaranteed employment which has headed their list of demands in recent years.

He is backed up by bank workers' leader João Vacari Neto, who says all calls for strikes in São Paulo this year have been supported 'without resistance', while the head of the chemical workers' union in São Paulo's ABC industrial belt, Sérgio Novais, speaks of a 'new mood' in his region. It is no coincidence that the country's most left-wing union movement, the Central Unica dos Trabalhadores, has called for a national strike of car and autopart industry workers on 24 August. ■

Now ACM attacks Malan

AND COURTS PT FOR SUPPORT ON POVERTY ERADICATION FUND

Senate speaker Antônio Carlos Magalhães (PFL, Bahia) is soldiering on with his proposal for the creation of new taxes to feed a fund for the eradication of poverty in Brazil (*see* Page 352/99). Now he has included finance minister Pedro Malan in his criticisms of government policy, and is building bridges with the opposition to get their support for his proposals.

From protégé to target. The criticism of Malan came as a surprise, the minister having until now been considered something of a protégé of the conservative PFL in general, and Magalhães in particular.

In a speech which accused the government as a whole of having done 'very little against poverty', the senator said Malan 'hasn't received a poor person during his office in five years in government'. Only President Cardoso himself was spared in Magalhães's latest round of attacks. The banks, who have just reported record profits (*see accompanying story*), were also mentioned, the senator arguing that their bottom line alone 'would be sufficient to guarantee the creation of the fund'.

Currying favour. Magalhães's position as senate speaker gives him the clout to underpin the passage of his proposals through congress. To further guarantee support, however, he is now in contact with his traditional opponents in the legislature, namely the left-wing Partido dos Trabalhadores (PT).

That party's senator Eduardo Suplicy (PT, São Paulo) is the author of a rival proposal for a poverty eradication scheme, which has languished in oblivion thanks to opposition from the government benches, for the last five years. Magalhães is thus negotiating the inclusion of certain elements of that bill in his own set of proposals, in exchange for the PT's support at voting time. ■

COMMUNICATIONS

Internet boom lures foreign investors

TELEFONICA BUYS N°2 ISP; AOL STARTS PORTUGUESE SERVICE

Over the past year, Internet usage in Brazil has more than doubled, from 1.4m in 1997 to 2.9m at the end of last year. The figures, calculated on the number of e-mail addresses, may actually underestimate the size of the Internet market, according to Ruy Campos, the researcher who compiled them.

He reckons that the real number of users may be as much as 30% higher. At the other end of the business, the number of servers increased last year by 70%, from 127,000 to 215,000.

The Brazilian pioneers of this business are now concerned that they might be elbowed out by the arrival of big foreign operators.

In the first week of June, America Online (AOL), a market leader in the US, launched its service in Portuguese, which is aimed primarily at the Brazilian market.

AOL was preceded in Brazil by other US firms like Yahoo!, Star Media, PsiNet, Microsoft and IBM.

Then came Telefónica de España, which bought Nutec, the second-biggest Internet provider in the country. The Spanish company has an inbuilt edge: it already controls telephone systems in the south and east of the country, where the wealthiest segment of the population lives.

There are currently about 300 Brazilian Internet service providers (ISPs), but their national association fears that no more than 30 companies will survive the invasion in the next 12 months.

Nutec and Universo Online (UOL), the biggest ISP in Brazil, currently share nearly 70% of the Internet access market. UOL is controlled by two Brazilian media groups –the publishing house Abril and the newspaper *Folha de São Paulo*.

Reports have been circulating in financial circles that a foreign group is interested in purchasing at least a 10% stake in the company.

POST GOES ONLINE

Brazil's state-run postal system has decided to ride the wave of enthusiasm for the Internet. It has set up a 'virtual' postal system which allows users to send letters and telegrams from their computers and have them delivered in hard copy to the addressees.

It has adopted equipment developed by Xerox which enables the letter to be printed and automatically inserted into an envelope, so as to protect confidentiality. Users pay by credit card.

The postal service says it hopes the system will be used by correspondents abroad (and also by philatelists seeking Brazilian stamps). The new service can be found at: *www.correiosonline.com.br*

The existing ISPs will also face new domestic competition. Globo, the country's leading media conglomerate, will soon enter the market with an Internet access channel of its own.

Net, a cable TV company owned by Globo, has already announced that it will offer its subscribers Internet access via cable modem, which is likely to emerge as a strong competitor to Nutec's telephone-based system. Net has invested US$8m in this scheme over the past three years and has conducted successful tests in São Paulo. If it gets the go-ahead from Anatel, the telecoms regulator, it plans to invest a further US$14m.

The group controls the main television station, the oldest cable television network and the dominant radio network, as well as one of the three main daily newspapers and the second-biggest publishing house in the country.

With its 3.4m users, Brazil is still far behind the US, which has 80m regular users. But even so, it has surpassed every other Latin American country, accounting for half of all daily access to the Internet in the region.

There is some doubt about the Brazilian market's ability to sustain the kind of growth rate it has seen in 1998, let alone the 4,000% leap recorded over the past three years.

The association of interactive media, AMI, predicts that in 2003 the number of users will come close to 10m. There are currently about 20m personal computers in Brazil, and Ami's figures assume that one of every two computers will be hooked up to the Internet.

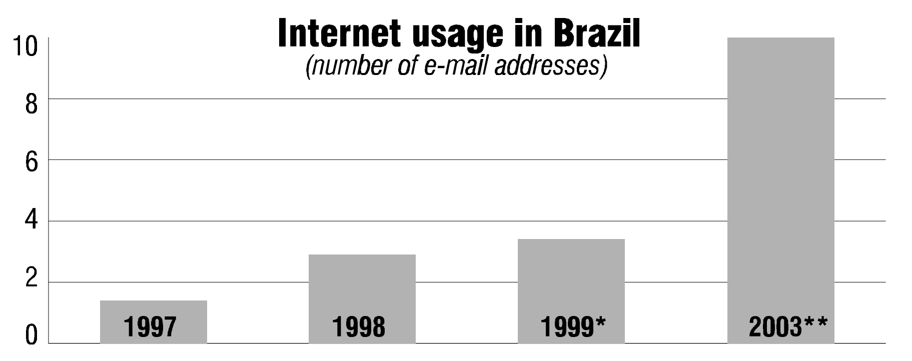
AMI also reckons that over the next three years, spending on Internet advertising will reach US$300m, three times more than the estimate for this year and 15 times more than the total for 1998.

E-mail, as elsewhere, is the service most used by Brazilians connected to the Internet: about 70% of them send an average of 1.4m messages a day, three times more than in January 1998.

Also expanding rapidly is electronic commerce. Currently, only 27% of Brazilian Internet users make purchases online, but surveys show that 54% of respondents are thinking about doing so in the next few months. ■

LEADING ISPs IN BRAZIL

Company	Owner	Subscribers	Monthly visits
Universo Online	(UOL)	400,000	4.15m
Nutec	Telefónica	150,000	13.50m



* Estimate **Projection **Sources:** R. Campos, Ibope-Cade, AMI

VENEZUELA

POLITICS

The new charter, in (some) detail

CHAVEZ SPELLS OUT HIS IDEAS FOR A NEW CONSTITUTION

Now we know –or at least we know a little more than a week ago. In his first address to the newly-installed constituent assembly, President Hugo Chávez offered what he described as 'some humble ideas' about what Venezuela's new constitution should contain.

Much of what he said was wreathed in heavy rhetoric, but a number of provisions were spelt out in careful detail.

Chávez called for 'inexorable laws against corruption' and the establishment of 'a state of justice rather that a state of law'. He also demanded formal rejection in the constitution of both 'neo-liberal dogma and statist ideologies'.

He outlined what amounted to a 'bill of fundamental economic rights' –though, words aside here and there, this does not differ greatly from that included in the 1961 constitution.

Beyond the rhetoric, most of the changes he proposed are eminently political. The names of almost all known institutions are to be changed, as are the composition of some and the procedures for the appointment of office-holders.

The country itself is to have its name enhanced by the addition of 'Bolivarian', and there is more than a hint that it might reclaim some of what it lost over the years through international treaties and obligations.

On the economic front, state control of all aspects of the oil industry is reasserted, together with the possibility of extending it to other activities.

Details aside, the political system does not seem to be in for much institutional change, save the considerable extension of the President's powers and of his mandate –which will most likely mean that Chávez himself will remain in power for 12 years.

The creation of 'two new powers of state' apart from the existing three has turned out to be little more than a reassignment of roles.

Chávez asked the assembly to declare all established powers in a 'state of emergency', with the implication that any official may be dismissed, any body disbanded, at the discretion of the assembly.

Even before Chávez spoke, the president of the assembly, Luis Miquilena, had formally reaffirmed the body's 'originary' character, a concept which matches the notion used elsewhere in Latin America –though not consistently– that it is 'sovereign' because it is entrusted with drafting the country's basic charter, and therefore its power supersedes that of all other established powers of state.

In other words, it gave teeth to Chávez's threat that if the established powers do not cooperate, they will be disbanded. Congress has already obliged by going into recess; last week supreme court president Cecilia Sosa saw the light and announced that she would 'cooperate' with the assembly.

It was decided that only members of the constituent assembly will be able to take part in the debates, or even attend them –though an assurance was given that an attempt will be made to guarantee journalistic coverage by national and international media.

What follows is a tight summary of the chief proposals made by Chávez:

❑ **The country**: The Republic of Venezuela will become *República Bolivariana de Venezuela*.

Its territory will correspond to that of the Captaincy-General of Venezuela prior to 1810, with the modifications resulting from treaties *validly* celebrated by the republic.

It will consider null any 'treaties, abritration rulings, pacts or concessions that might ignore, harm or diminish its sovereignty or territorial integrity.'

[When this caused a ruckus in neighbouring Colombia, deputy foreign minister Jorge Valero

THE MAIN PROPOSALS AT A GLANCE

❑ **The President will serve for six years, with the option of re-election for another six. He will appoint a first vice-president (and as many more as needed).**

❑ **Congress will be renamed, but still have two chambers: members will serve four years, with two shots at re-election.**

❑ **The supreme court will also be renamed, and will have a special constitutional panel.**

❑ **Two 'new powers' will be established: the 'moral power' (basically the existing oversight bodies plus an ombudsman) and the 'electoral power' (basically the electoral council elevated to the status of a tribunal).**

❑ **The oil industry will remain in state hands; private participation only in 'special cases'. State control could be extended to other activities.**

❑ **International treaties and agreements to be reviewed.**

THE TERRITORIAL ISSUE

Jurists in Colombia were the first to react with alarm at President Chávez's suggestion that Venezuela might decide to declare null and void any international treaty or agreement which it deems inimical to its sovereignty and territorial integrity.

Apart from the fact that Colombia still has some territorial disputes pending with Venezuela (for instance, over the outlet to the Caribbean), the current demarcation of the 2,219-kilometre common border is the result of one of the treaties which will be reviewed, the López de Mesa Borges Treaty of 1941.

Still to be heard from is Guyana: Venezuela's claim over almost 160,000 square kilometres of the Guayana Esequiba is only held in abeyance by the Geneva agreement of 1966.

said that all of Venezuela's international treaties and agreements would be 'scrupulously' honoured. He said, 'The idea is to conduct a thorough review of the entire juridical system and of the laws that govern Venezuela's international relations, and after that study, all those treaties and agreements that appear contrary to the national interest will be subject to the corresponding modifications within the framework of a constituent process.'

❑ **The executive**: To be headed by the President or 'leader of the nation', elected for a six-year term, with the possibility of re-election for a second term. A two-round system to be introduced for presidential elections.

Creation of the post of First Vice-President, to be appointed by the President, who will head a council of state and act as chief advisor to the President. The President will also have the power to appoint as many other vice-presidents as circumstances should require.

❑ **The legislature:** Name to be changed to 'national assembly', but it will still have two chambers (senators and deputies). Members to be elected for four-year terms, with the possibility of being re-elected twice. Former presidents will no longer be senators-for-life: the posts will disappear.

❑ **The judiciary**: The supreme court to be renamed 'supreme tribunal of justice'. It will have a five-member federal constitutional panel. Judges to be elected by popular vote. The judicial career to have constitutional status.

❑ **The 'moral power'**: To be formed by the offices of the comptroller-general, the procurator-general and the people's ombudsman (*Defensor del Pueblo*, a post to be created). The heads of these offices will be members of the 'republican moral council', with four-year mandates.

❑ **The 'electoral power'**: A 'supreme electoral tribunal' with seven magistrates appointed by the other powers of state will replace the national electoral council. The new body's rulings will be unappealable.

❑ **The economy**: All aspects of the oil industry will remain in the hands of the state, which will only be able to contract with private enterprise 'in special cases'.

The state will also retain control over the production of anything deemed 'indispensable to the welfare and economic security of the nation'.

Every Venezuelan in need will be entitled to state-provided prevention and assistance, free of charge.

The independence of the central bank, which will act 'in a coordinated manner with the executive' is to be enshrined in a constitutional clause, rather than just a statute.

A 'national system of development planning' is to be established 'with the participation of the various social sectors'.

Budgets will have to include explicit targets for each period.

❑ **De-centralisation**: Adoption of a 'new concept of federalism distant from regionalist anarchism and centralism'. ■

MARKET POINTERS

MEXICO & CENTRAL AMERICA

❑ **Gross fixed investment in Mexico** in the first five months of this year was 4.7% higher than in the same period of 1998. This compares with 21% growth for the whole of 1997 and 10.7% for the whole of 1998.

❑ **Pemex** has begun work on the US$1.2bn **Proyecto Madero refining scheme**, aimed at processing an additional 125,000 barrels per day of crude and increasing production of petrol by 31,000bpd. The scheme involves modernising five plants and building 10 new ones.

❑ The US government last week threw out the **oil dumping complaint against Mexico and Venezuela** which had been brought by domestic oil producers (*see* Page 334/99).

❑ **El Salvador's coffee exports** in October-July were running 12% lower in volume than in the same period of the previous season. Because of lower prices, earnings were down almost 43%, to US$211.5m.

ANDEAN COMMUNITY

❑ **The discovery of big new gas deposits in Bolivia** (*see* Page 318/99) was confirmed last week by Totalfina. A second round of tests has yielded a flow of 1.11m cubic metres of gas.

The government says that the discoveries in Tarija have increased gas reserves to 668bn cu m, more than three times what they were at the beginning of 1998 –and enough to meet the Brazilian supply contract three times over.

❑ **Vista Gold**, the Canadian mining company, has **closed down two gold mines in Bolivia** (Capacirca and Amayapampa) as a result of the fall in world gold prices. The price has slumped by 28% since the company started operating the mines in 1996.

Development minister José Luis Lupo says the mining sector is in recession, though **GDP growth** this year will still be a positive 2.2% (versus 4.7% in 1998).

❑ Recession in **Colombia** has resulted in a US$1.1bn **fall in tax receipts** so far this year, reports finance minister Juan Camilo Restrepo.

❑ **Colombia's exports to the US** in the first half of this year were 22.6% up on the same period of 1998, while those to the **Andean Community** were down 34.4% and those to the **European Union**, down 24%.

❑ **Economic recovery in Colombia** will not begin until, at best, the last quarter of the year, says the association of financial institutions, Anif. It estimates the **contraction of GDP** in the first half of the year at 6.5%. and predicts a decline of 2.5% to 3% for the year as a whole.

❑ **Ecuador's international reserves** have shrunk by 26.4% in the first seven months of the year, to US$1.2bn. The central bank says, though, that an upward trend began in early August.

Foreign investment in the first half of the year, a mere US$12.4m, was 25% up on 1998.

❑ **Ecuador**'s budget for 2000 is being prepared on the assumption that the **oil price** will average US$14.7 per barrel.

❑ **Peru's export earnings** in the first half of the year totalled US$2.76bn, or 9.7% more than in the same period of 1998 –largely because of the recovery of the mining and fishing sectors.

❑ **Peru**'s President Alberto Fujimori has announced that US$4bn to US$6bn will be invested in a **plan to develop the tourist industry**, which has been prepared by Japan's International Cooperation Agency (JICA).

Exchange rates

Local currency per US$1

COUNTRY	CURRENCY	Year ago 07.08.98	Previous 30.07.99	Current 06.08.99
Argentina	peso	1.000	1.000	1.000
Barbados	dollar	2.011 **	2.00 **	2.00 **
Belize	dollar	2.00 **	2.00 **	2.00 **
Bolivia	boliviano	5.54	5.85	5.86
Brazil	real	1.175	1.79	1.85
Chile	peso	468.10	514.50	513.00
Colombia	peso	1,364.99	1,806.52	1,834.97
Costa Rica	colón	259.90	288.78	288.88
Cuba	peso	1.00	22.00	22.00
Dominican Rep.	peso	15.45 **	15.95 **	15.95 **
East Caribbean	EC dollar	2.70 **	2.70 **	2.70 **
Ecuador	sucre	5,480.00	11,700.00	11,800.00
El Salvador	colón	8.79 *	8.79 *	8.79 *
Guatemala	quetzal	6.36	7.42	7.47
Guyana	dollar	152.30 **	177.30 **	177.30 **
Haiti	gourde	16.05 **	16.70 **	16.70 **
Honduras	lempira	13.42 *	14.25 *	24.35 *
Jamaica	dollar	35.85 **	14.35 **	38.18 **
Mexico	nuevo peso	9.08	9.43	9.49
Nicaragua	córdoba oro	10.7 *	11.93 *	11.95 *
Panama	balboa	1.00	1.00	1.00
Paraguay	guaraní	2,830.00	3,310.00	3,310.00
Peru	nuevo sol	3	3.34	3.29
Suriname	guilder	401.00 **	401.00 **	401.00 **
Trinidad & Tobago	dollar	6.24 **	6.28 **	6.28 **
Uruguay	nuevo peso	10.56	11.51	11.55
Venezuela	bolívar	564.75	613.25	612.75

Rates: whenever possible, the selling rate is given, but those provided by Bank of America are mid-point rates.
Sources: No asterisk, IPS. *Efe. **Bank of America.

❑ **Venezuela**'s second-largest foodstuffs conglomerate, **Monaca**, is to be acquired for US$77m by **Gruma**, Mexico's biggest distributor of cornmeal. Monaca also operates in Central America and the US.

SOUTHERN CONE

❑ **Brazil's trade balance** this year will show a surplus of US$625m, according to the research institute Iedi. It says that, had the currency not been devalued, it would have shown a deficit of US$6.6bn. The government had agreed with the IMF a target of US$3.7bn in the black for this year.

According to Iedi, a surplus of US$4bn is feasible in 2000, if world market conditions improve.

❑ **Brazil**'s steelmaker **Gerdau** has announced the **acquisition of Ameristeel**, the second-biggest producer of steel girders in the US (currently controlled by Kyoei Steel of Japan).

❑ Rumours about the possible **merger of Brazil's four biggest airlines** (Varig, Vasp, Transbrasil and Tam) were fuelled by a meeting of their CEOs last week in São Paulo. The government says it favours mergers –but is likely to veto such an all-embracing one.

❑ **Argentina's GDP** fell by at least 4% in the first half of this year, according to preliminary estimates made public by economic programming secretary Rogelio Frigerio. The government had expected activity to pick up in the second quarter, but it remained stagnant. The government now expects the contraction for the year as a whole to reach 3%.

Next year's budget will be prepared on the assumption that GDP will grow by 3%.

❑ **Argentina's trade balance** for the first half of the year showed a surplus of US$112m, as against a deficit of US$2.17bn in the same period of 1998. The first-half result reflects the recession and adverse world market conditions: export earnings were down 12% on the comparable period of 1998, while imports were down 25%.

Economy minister Roque Fernández says that, had commodity prices remained at last year's levels, the first-half surplus would have reached US$1.17bn.

❑ **Chile's external debt** increased by 8.5% to US$34.4bn in the first half of this year. More than four-fifths of the debt is private.

❑ **Chile's trade balance** for the first half of the year showed a surplus of US$1.3bn, with exports at US$8.49bn and imports at US$7.18bn.

❑ **Uruguay's trade balance** for the first five months of the year showed a deficit of US$447.2m, with exports at US$839.8m and imports at US$1.29bn. In that period, Uruguay's exports to Mercosur fell sharply: by 43.6% to Brazil and 29% to Argentina. Overall outlays on imports were up by almost 15%.

Inflation in the region

Country	Source	May	June	July	Last 12m	Jan-Dec 1998
Argentina	Indec	-0.50	0.00	0.20	-1.30	0.70
Bolivia	INE	0.09	0.37	0.20	1.44	4.39
Brazil	FGV	-0.34	1.02	..	8.68 [1]	1.70
Chile	INE	0.10	0.10	0.10	4.70	4.70
Colombia	Dane	0.40	0.28	0.31	8.78	16.70
Costa Rica	DGEC	0.81	1.39	0.25	9.19	12.36
Ecuador	Inec	1.90	1.80	3.10	56.50	43.40
El Salvador	Min.Ec.	0.70	-0.10	..	-1.20 [1]	4.20
Guatemala	BCG	0.76	0.62	..	4.22 [1]	7.48
Honduras	BCH	0.80	1.20	..	10.6 [1]	15.70
Mexico	Bco.Mx.	0.60	0.66	0.66	17.04	18.61
Nicaragua	Fideg	1.38	0.73	..	8.14 [1]	18.46
Panama	DEC	0.00	0.20	..	1.40 [1]	1.40
Paraguay	BCP	-0.40	0.00	2.60	6.70	14.60
Peru	INE	0.47	0.18	0.26	2.51	6.01
Uruguay	DGEC	0.16	0.07	0.39	5.18	8.63
Venezuela	BCV	2.00	1.50	1.60	26.90	29.90
US	DOL	0.00	0.00	..	2.00 [1]	1.60

Previous: WR-99-30 (Page 358/99). [1] To June

The region's stockmarkets last week

Market	Index	30.07.99	06.08.99	Variation (%)	Average daily volume (US$m)
Buenos Aires	General	19,088.62	18,891.22	-1.0	13.0
	Merval	475.68	464.89	-2.3	
São Paulo	Bovespa	10,441.00	10,038.00	-3.9	208.4
Rio de Janeiro	General	37,311.00	35,937.00	-3.7	8.5
Santiago	IGPA	4,707.08	4,734.27	0.6	8.4
	IPSA	128.90	130.97	1.6	
Mexico	BMV	5,260.35	5,029.79	-4.4	92.0
Lima	BL	1,649.58 [1]	1,636.42	-0.8	5.4
Montevideo	INDIME	63.10	67.64	7.2	1.8
Caracas	BC	4,952.58	4,650.08	-6.1	0.9
Quito & Guayaquil	Interinvest	2,343.47	2,366.69 [2]	1.0	0.0
Asunción	General	273.88	273.88	0.0	0.0
Bogotá	IBB	942.14	894.42	-5.1	0.7
Medellín	Ibomed	10,530.28	10,014.20	-4.9	0.5

Source: Daily market reports transmitted by Efe. [1] 28/7. [2] 05/08

Reported Loans

Recipient	Source	US$m	Purpose
Argentina	IDB	500.0	Strengthening banking system.
Argentina	IDB	100.0	Support for small & medium firms.
Central America	IDB/Japan	1.4*	Disaster prevention.
Central America	World Bank	0.3*	Disaster prevention.
Peru	CAF	50.0	Completion of Rioja-Tarapoto highway.
Peru	CAF	25.0	Works at San Gab n hydro complex.

*Grant

■ **ARGENTINA / Line-up.** The opposition Alianza's presidential candidate, Fernando de la Rúa, continues to broaden his lead over his rival, Eduardo Duhalde of the ruling Partido Justicialista (PJ), according to opinion surveys released last week.

Gallup puts the margin at 12 points; eight more than a month ago. CEOP gives him an 11.7-point advantage.

Elections. Carlos Reutemann, of the ruling PJ, was being presented by exit polls as the clear winner in the gubernatorial elections in Santa Fe province, held last Sunday. In Rosario, the most important city in the province, they showed Alianza mayor Hermes Binner securing re-election.

Reutemann was governor of Santa Fe from 1991 to 1995.

■ **BOLIVIA / Language.** The municipality of El Alto, 15 kilometres north of La Paz, has formally established Aymara as the second official language in its jurisdiction.

■ **CHILE / Pinochet.** Talks between the Chilean and Spanish governments about the possibility of submitting the Pinochet issue to international arbitration has prompted the filing of charges against him in Britain: the Crown Prosecution Service says it would have to proceed on them if Spain's extradition request were withdrawn.

The pro-Pinochet camp in Britain has introduced two new elements to the legal wrangle: a medical report suggesting that Pinochet's health has been deteriorating rapidly, and an attempt to impugn Crown prosecutor Lord Williams because of his old links with a human rights organisation, the Redress Trust.

IN THIS WEEK'S REGIONAL REPORT
Brazil (RB-99-07)

President Cardoso eventually announced his long-awaited **cabinet reshuffle**. But if his aim was to re-assert his waning authority, the move does not appear to have been very successful.

❑ The government's image suffered further damage when the opening up of the long-distance **telephone** market brought chaos and caused a big political row.

❑ The creation of Brazil's first world-class multinational, **American Beverages**, has been put on hold while the anti-trust people look at the implications of the Brahma-Antárctica merger.

❑ **Relations with Argentina** have grown tense, as disagreements over trade policy lead to a breakdown in Mercosur negotiations. We look at the issues at stake.

❑ One of the elements in the souring of relations with Buenos Aires is the granting by Brazil of generous incentives to foreign companies to move to depressed parts of the country. We look at the **Ford** episode, which had as much to do with coalition politics as economic policy.

❑ One thing that has gone right for the President is a slight rapprochement with the **landless movement**. We examine future prospects.

IN THIS MONTH'S ECONOMY & BUSINESS
(EB-99-08)

Argentina's recession deepens in the run-up to the elections, **Mexico**'s growth is still patchy, but **Brazil**'s recovery continues. **Ecuador** is still in trouble and in **Chile**, unemployment has hit a 10-year high.

❑ The state of the **Chilean** copper industry has improved following the rise in the price of the metal after the announcement of some closures in the US, while **Peru**'s gold exports have doubled so far this year, despite the current slump.

❑ We focus on the **Brazilian** aircraft manufacturer Embraer, which received bigger orders than either Boeing or Airbus at the recent Paris Airshow and is now Brazil's second largest corporate exporter.

■ **ECUADOR / Mahuad.** An opinion poll conducted by Cedatos shows President Jamil Mahuad's popularity rating down to 12%, the lowest on record for any president after 12 months in office. At the beginning of his mandate, Mahuad enjoyed an approval rating of 66%.

Armijos. Press reports in Quito cite unnamed finance ministry sources as saying that finance minister Ana Lucía Armijos will soon resign and be replaced by Guillermo Lasso, currently governor of Guayas province.

Pachacutik. The indigenous party Pachacutik, says its coordinator-general Miguel Lluco, expects to be in a position to present himself as a real contender for power as early as 2003. Pachacutik, which portrays itself as the representative of the country's indigenous peoples (45% of the population) was founded three years ago and has since been a key actor in a series of countrywide protest movements.

■ **GUATEMALA / Split.** The Frente Democrático Nueva Guatemala (FDNG) has announced that it is breaking away from the leftwing Alianza Nueva Nación (ANN) and will contest the November elections on its own. The split was triggered by the expulsion of FDNG leader Rafael Arriaga by ANN presidential candidate Alvaro Colom (*see* Page 348/99).

Remaining in the ANN are the former guerrillas of the Unidad Revolucionaria Nacional Guatemalteca (URNG), Desarrollo Integral Auténtico (DIA) and Unidad de Izquierda Democrática (Unid).

■ **NICARAGUA / Expulsions.** Nicaraguan authorities have protested the decision of the Costa Ricans to repatriate 33 illegal immigrants. Costa Rica recently conducted a census of immigrants, but promised that it would not lead to mass repatriations. Both countries are at loggerheads over Costa Rica's right to send armed police patrols along the river San Juan, which marks the common border but belongs entirely to Nicaragua (*see* Page 319/99).

■ **PARAGUAY / Extraditions.** The government of Paraguay has formally requested the extradition from Argentina of former General Lino Oviedo, and from Uruguay of former defence minister José Felicísimo Segovia Boltes. The former is charged with involvement in the murder of Vice-President Luis María Argaña, the latter with embezzlement of public funds.

LATIN AMERICAN WEEKLY REPORT is published weekly (50 issues a year) by **Latin American Newsletters**, 61 Old Street, London EC1V 9HW, England; Telephone (0171) 251 0012, Fax (0171) 253 8193 eMail: WR@latinnews.com - visit our website at: **http://www.latinnews.com**
EDITOR: EDUARDO CRAWLEY. **Latin American Newsletters** publishes 12 newsletters: the Weekly Report (WR), Regional Reports on Brazil (RB), Mexico & NAFTA (RM), Caribbean & Central America (RC), the Andean Group (RA), and the Southern Cone (RS), Latin American Economy & Business (LAEB), Special Reports (SR), Informes Especiales (IE), Informe Latinoamericano (IL), Al Día (AD) and Negocios al Día (ND). Subscription rates will be sent on request. Overseas subscriptions sent by airmail. Printed by Quorum Technical Services Limited, Unit 3, Lansdown Industrial Estate, Gloucester Road, Cheltenham, Glos. GL51 8PL.
REFERENCES: Back references and cross-references in the current series will be made to page and year [viz. see Page 120/93]. Pages are numbered sequentially, each year, from 1 to 600. References to issues of years prior to 1993 will be made in the usual form: WR-92-06 will indicate Weekly report, 1992, issue 6.

SUBSCRIPTION PRICE LIST 1999				US$	£ STERLING
Publication title	**ISSN**	**issues pa**	**language**	**business**	**business**
Latin American Weekly Report	0143-5280	**50**	**e**	**925**	**688**
Latin American Economy & Business plus Quarterly Update	0960-8702	**16**	**e**	**715**	**535**
Latin American Regional Reports (Set of 5)	see below	**52**	**e**	**720**	**515**
Brazil Report	0143-5272	**10**	**e**	**205**	**150**
Mexico & NAFTA Report	0968-2724	**12**	**e**	**288**	**212**
Caribbean & Central America Report	0968-2732	**10**	**e**	**205**	**150**
Andean Group Report	0143-5248	**10**	**e**	**205**	**150**
Southern Cone Report	0143-5256	**10**	**e**	**205**	**150**
Informe Latinoamericano	0263-5372	**50**	**s**	**415**	**307**
Al Día	0950-8473	**12**	**s**	**205**	**153**
Negocios al Día	0960-8710	**12**	**s**	**205**	**153**
Latin American Special Reports (Set of 6)	0264-2867	**6**	**e**	**305**	**219**
Who is Competing for Power in Latin America? Growth of the 'maquila' industry in Latin America How Latin America is meeting the Healthcare Challenge Energy in Latin America: the Emerging Pattern Political Risk in Latin America: How Safe is Investment? Environment, People & Business in Latin America	Price per Individual Report		**e**	**98**	**73**
Informes Especiales	0266-2914	**6**	**s**	**260**	**188**
¿Quienes compiten por el poder en América Latina? Crecimiento del sector maquilador en América Latina El desafío de la asistencia médica en América Latina Nuevas pautas en el sector energético de América Latina Factores de riesgo en América Latina Medio ambiente, población y negocios en América Latina	Price per Individual Report		**s**	**79**	**58**
Latin American Weekly Report plus Special Reports	see above	**56**	**e**	**1142**	**850**
Informe Latinoamericano plus Informes Especiales	see above	**56**	**s**	**617**	**458**

Special Offers on Combinations of Latin American Newsletters			US$	£ Sterling
			business	**business**
		LAN ENGLISH SERVICE:		
30% discount on full price	**1st offer contains**	Latin American Weekly Report, Latin American Economy & Business plus Quarterly Update, set of five Regional Reports and six Special Reports	**1,805**	**1,331**
25% discount	**2nd offer contains**	**LAN SPANISH SERVICE:** Informe Latinoamericano, Informes Especiales, Al Día plus Negocios al Día	**815**	**600**
25% discount	**3rd offer contains**	Latin American Weekly Report plus Latin American Economy and Business plus Quarterly Update	**1,226**	**915**
25% discount	**4th offer contains**	Latin American Weekly Report plus set of five Regional Reports	**1,232**	**900**
20% discount	**5th offer contains**	Al Día plus Negocios Al Día	**328**	**245**

LAN DAILY REPORT: INTERNET SERVICE

This exciting new service will keep you up to date with the latest market moving events in the region as they happen; it includes an electronic database and archive. Delivered daily via the Internet to your desktop PC anywhere in the world, it will fulfill all your research needs, and keep you fully briefed, in advance, with news and analysis from the experts.

For further information call Tim Hulbert on +44 171 251 0012 or email: tim@latinnews.com

	US DOLLARS	£ STERLING
	business	business
full price (one year)	1140	856
monthly subscription	95	70
MULTI-USER RATES: PER SITE		
2 users	1.5 x normal rate	
3 to 10 users	2 x normal rate	

SPECIAL REPORTS: PRICES

All Special Reports are available either in English or Spanish	US$	£ Sterling
Latin America's Foreign Debt: A New Crisis? (1996)		
Latin American Industry: Coping with Open Markets (1996)		
Foreign Investment in Latin America after the Mexican Crisis (1996)		
Assessing Personal Security in Latin America (1997)		
Latin American Pension Funds: the First Fruits (1997)		
Telecommunications in Latin America (1997)	US$ 50 each	£ 36 each
Who is Competing for Power in Latin America? (1998)		
Building the FTAA: Policy debate and prospects (1998)		
The Internet in Latin America: a Comprehensive Survey (1998)		
Mining in Latin America: the New Boom (1998)		
Political Risk in Latin America: How Safe is Investment? (1998)		
The Latin American Military: seeking new roles (1998)		

BACK ISSUES: PRICES

Price per annual volume (years available 1967-1997)	US$	£ Sterling
Latin American Weekly Report	200	145
Latin American Economy & Business plus Quarterly Update	175	125
Al Día or Negocios Al Día	165	118
Informe Latinoamericano	100	70
Latin American Regional Reports per title	80	55
Individual copies of back issues	15	10

1998 annual sets of newsletters and individual copies of back issues are available at the normal price.

Binders - Standard for all our publications.

Each holds up to 50 issues. 2 designs available:	US$	£ Sterling
Latin American Newsletters	25	18
Al Día / Negocios Al Día	25	18