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## PRIVILEGE AND POWER IN FUJIMORI'S PERU




PLUS:

COLOMBIA UPDATE

REMEMBERING NERUDA'S ISLA NEGRA



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## NEWSBRIEFS

### U.S. GOVERNMENT REVIEWS BAN ON SALE OF ADVANCED WEAPONS TO LATIN AMERICA

WASHINGTON, JUNE 5, 1996

Secretary of Defense William Perry said in March that the U.S. government may modify its arms policy towards Latin America. The remark has given new hope to a defense-industry effort to open the Latin American market to U.S.-made military equipment. The current policy, first adopted during the Carter administration, prohibits military-equipment manufacturers from selling advanced weaponry, such as F-16 attack aircraft, to Latin American nations.

Perry's comments, which were delivered after a visit to the U.S. display at a Chilean air show in March, reinvigorated a lobbying effort that had failed to get the issue off the State Department's back burner. While the Pentagon is believed to be in favor of lower restrictions, the State Department has thus far blocked the move on the grounds that it would lead to weapons proliferation.

Shortly after Perry's statement, members of Congress wrote to Secretary of State Warren Christopher in support of relaxed restrictions. An April letter to Christopher, signed by 79 House representatives, called U.S. barriers "excessive and unwarranted." Several senators also wrote to the Secretary of State about what they called "anachronistic restrictions" on U.S. arms sales. The "harmful" policy, they wrote, has allowed foreign competitors to gain "a sturdy foothold in Latin America."

The defense industry has long argued that with the shift to more civilian control of the military and improved economic growth in Latin America, the time has come to lower the barriers to U.S.

arms sales to the region. In addition, the industry claims that U.S. manufacturers are losing deals to foreign companies because of the no-sale policy.

While the current U.S. policy prevents the sale of attack jets and similar advanced equipment, not all sales are banned. Recent reports indicate that the Clinton administration is considering selling dozens of Sidewinder air-to-air missiles to Brazil and Chile. In addition, Brazil and Ecuador have inquired about purchasing several Blackhawk helicopters.

The United States is already the world's largest arms supplier to Latin America. According to a Congressional Research Service report published in August, 1995, U.S. companies controlled 31% of the Latin American arms market between 1991 and 1994. This represents almost a tripling of U.S. sales to the region from the previous four-year period. Russia is the next largest arms supplier, with a 26% share of the market.

Opponents of lower restrictions note that the lack of military threats in the region should preclude any new weapons agreements. Opening the floodgates of advanced fighter aircraft and other equipment, critics say, would likely tip the delicate political and military balance that has been reached by one-time adversaries. Furthermore, a new arms race would drain economic resources, possibly damaging regional development and burgeoning trade relationships.

Defense-industry officials concede that Latin America does not present a huge marketing opportunity. But, analysts say, with the Pentagon's weapons purchases on the decline, and tougher international competition, even the niche markets are worth fighting for.

Insiders in the Clinton administration note that the Capitol Hill missives have spurred proponents of the policy shift in the State Department to request a closer look at the present government policy. Without a clear call to sustain the current restrictions on advanced weaponry, officials point out, it will be difficult to hold off what appears to be a ground swell of support for renewed sales to the region.

—Tom Cardamone

### AMAZON CHIEF SUES THE BODY SHOP

SÃO PAULO, MAY 27, 1996

The Body Shop pioneered the idea that environmental and political correctness could also be applied to soap, shampoos and skincare. Campaigns to save the Amazon rain forest and indigenous peoples, and well-publicized ethical trading projects with countries in the Third World raised not only the company's profile, but its profits. In 1995, retail sales in the Body Shop's 1,210 stores in 45 countries totaled \$800 million.

Therefore, the company was badly rattled when Chief Pykati-Re of the Brazilian Kayapo indigenous group announced in February his intention of suing the Body Shop for the "unauthorized use of my image for publicity ends." Emissaries were hurriedly sent to Pykati-Re's village, Pukanu, one of two Kayapo villages in remote northern Brazil which supply Brazilian nut oil for a Body Shop hair conditioner, to persuade him to back down. The members of the community were offered a contract recognizing their right to payment for the use of their image.

An image of Pykati-Re in traditional feathered headdress has been used in posters exhibited since 1990 in Body Shop stores



throughout the world. In addition, his photo decorates the Body Shop's factory in England and was used in publicity to raise funds in Europe to help indigenous peoples. He also appears alongside Anita Roddick, the Body Shop's founder and director, in an American Express advertisement. "I'm in need of money to help my community," Pykati-Re wrote in February, "and this is why I'm in a hurry to ask for compensation." His lawyer, Hildebrando Pontes Neto, is a specialist in indigenous rights.

The Body Shop's defense is that the price it pays for the Brazilian nut oil is well above the "market price" and includes payment for the Kayapo image. In fact, since there is no international market in Brazilian nut oil, the price is fixed according to the Body Shop's own criteria. That price only came to include a payment for the image after the subject was raised by the Kayapo community in 1993. At that time, the Body Shop announced that it had reached the world's first cultural and "intellectual property" agreement between a Western company and an indigenous group.

According to the Body Shop's then manager in Brazil, Saulo Petean, the Kayapos were only consulted about the agreement after it was announced, and did not understand what it meant. Saulo Petean, who worked with the rubber tappers' leader Chico Mendes before his murder in 1988, was fired in January after being accused of stirring up trouble.

Many of Petean's allegations against the organization, however, were borne out by a 1995 independent evaluation, commissioned by the Body Shop, of the store's "ethical trading project" with the Kayapo. Although the

experts found positive aspects to the project, the Body Shop did not accept their criticisms and chose not to publish the report.

After visiting the Kayapo villages involved in collecting and pressing the Brazil nuts and making bead necklaces, the authors reported, "The concept of intellectual property rights, widely discussed internationally, is not at all understood in the villages, even by most leaders. This raises an ethical question about the use of the Kayapo image in 'marketing' internationally."

They concluded: "There is an implicit—if unanswered—question: is the Body Shop's trading link with the Kayapo 'aid' or has it been a deliberate profitable investment in marketing of the company's name?"

—Jan Rocha

## VENEZUELA TURNS TOWARD NEOLIBERALISM

CARACAS, MAY 27, 1996

President Rafael Caldera, elected on a platform of opposition to neoliberal economic policies, announced a wide-reaching austerity package on April 15. During his first two years in office, Caldera was the only Latin American president to resist the dictates of the International Monetary Fund (IMF). The austerity measures mark his entry into the neoliberal fold.

Under the austerity package, the price of gasoline will increase five-fold—twice as much as the government's original plan, which would have set the price at slightly above the cost of production. The government lifted controls on the exchange rate and on interest rates. Caldera is also

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## EL FISGÓN



FUJIMORI: A MAN WHO SUITS ALL OCCASIONS.