

# **BUSINESS AND POLITICS IN THE MUSLIM WORLD**

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### **Argentina**

#### **Headlines**

#### **Social/Geo-strategic/Political News**

- Argentine bank row gives Merval New Year's hangover
- Argentina, Panama send humanitarian aid to Haiti
- Argentina's War of Words at the Top
- Argentina Central Bank crisis hits new low
- Spain to extradite 'dirty-war' pilot
- Britain rebukes Argentina in new Falklands row
- Qatar and Argentina sign three agreements
- Argentine President to visit China next week

### **Brazil**

#### **Geo-strategic/Political/Social News**

- Brazil to send 28 tons of food and water to Haiti
- Brazil to send additional troops to Haiti
- Brazilian president, ministers' compromise on new human rights bill
- IOC: Rio on track to deliver 'very good' games
- Turkish industry and trade minister travels to Brazil
- Qatar, Brazil sign pacts to boost bilateral ties

## **Economic News**

- Brazil: '09 inflation lowest in 3 years at 4.3 pct

## **Mexico**

### **Social/Political News**

- World Digest: Mexico boosts police presence in violence-ridden Ciudad Juarez
- Macquarie Starts Mexican Infrastructure Fund With \$409 Million
- Mexico to send more humanitarian aid to Haiti
- Mexico shuts Gulf oil ports due to bad weather
- Mexico hosts G20 summit preliminary meeting

### **Environmental News**

- EU seeks to gain clout in climate change debate (Roundup)

## **Venezuela**

### **Geo-Strategic/Political/Social News**

- Netherlands Antilles puts off Venezuelan visit
- Chavez suspends rolling blackouts in Caracas
- Venezuela rations power as energy crisis worsens
- Venezuela to shut down petrochemical plants amidst power crisis
- Power rationing irks Venezuelans
- Honduras Withdraws from ALBA, El Salvador Won't Join Despite FMLN Support
- Venezuela sends second humanitarian taskforce to Haiti
- Embattled Chavez lifts minimum wage
- Venezuela's Chavez nationalizes French-owned retailer

- Chavez Seeks Improved Relations With US
- Chavez says U.S. occupying Haiti in name of aid
- Venezuela ambassador hails Emir's tour of Latin America
- Sony's PlayStation is 'poison' to children: Chavez
- Washington believes it can work with Venezuela
- Peru grants territorial asylum to Venezuelan opposition leader
- Venezuela grants loan to Bolivia to build a highway
- Chilean president-elect disagrees with Chávez

### **Economic/Energy News**

- Bolivian exporters discouraged by Venezuela's devaluation
- Chavez seeks to seize businesses that raise prices
- Chavez to use virtual currency for some trade
- Venezuela's Chavez seizes three banks
- Panamanian businessmen reject Venezuela's actions against banks and retailers
- Venezuela Power Shortage May Push Oil Above \$100 (Update1)
- Energy Minister: Power cuts will not hit oil production

### **Report Summary/Argentina**

In a result of a tussle between the president of Argentina Cristina Fernandez de Kirchner and the chief of the central bank of Argentina the foreign investment has declined. As a foreign investor told that Argentina is a dangerous place to invest because market can decline anytime. The tussle between both of the presidents started last week when the central bank's president refused to pay the country's debt from bank reserves and Kirchner asked resignation from the president.

Except from this the president has also blamed her vice president that he is doing conspiracy against her government. Because the current vice president also want to contest the presidential elections in 2011. So like this a political cold war is continuing between the government officials which is affecting country's political and economic stability.

The government of Argentina sent a Hercules C 130 plane full of medical items, food, generators and other basic stuff of necessity to Haiti where a dangerous earthquake occurred last week. The president of Argentina departure the plane with UN peacekeeping mission staff and said these are not enough as compare to miseries so the Argentinean government will send more to Haiti.

Argentina government has started crackdown against the soldiers or persons who were involve in the killing of leftists during the Dirty War. Recently the High Court of Spain has extradited a navy helicopter's pilot to Argentina to attend the court as he is alleged of to be involving the Dirty War which overlapped Argentina from 1976 to 1980 against the leftists. Now Argentinean judiciary is going to contest a trial of a pilot who was throwing leftists down in the sea from his helicopter. But the colonel refused to commit the crime and told he is ready to go to Argentina.

Argentina and Britain have fought wars in past over Falklands islands which has lost hundreds of lives of soldiers from both sides and it is still continue. Recently the British government has sent a strict diplomatic notice to Argentina to refuse claiming its sovereignty over the island.

Emir of Qatar visited Argentina with the prime minister and foreign minister of Qatar and visited historical places of Argentina. The emir and the president of Argentina signed several agreements in the field of Commercial Corporation, air transportation and sports. Both of the presidents also participated in the ceremony.

The president of Argentina is going to pay a visit to China next week. It is her first visit to China and her visit will surrounded the talks between the president of China and Chairman of the Standing Committee of the National People's Congress. It is considered that her visit will bring close to both of the countries and both presidents will talk to increase their economic and strategic relations. It is also said that the pragmatic approach will be discussed to solve the border issues.

### **Report Summary/Brazil**

The food minister of Brazil has reported that the inflation rate remain lowest since 2003. It was 4.3 percent as compare to 3.1 percent which was in 2006. Though the government could not achieve its target which was 4.5 percent but it is a big development in 2009. Brazil is the largest economy of Latin America and it was less effected in global economic crisis and also it is emerging quickly.

Brazil is sending 10 million dollar aid and 28 tones food and water like stuff to Haiti where a horrible earthquake took place a week ago. Almost 4 Brazilian have been died and five injured in this earthquake. More than one thousand Brazilians are living in Haiti but the government is saying that the fact figure of the death of Brazilians is still not clear. According to an army commander, 11 Brazilian military personnel have died in Haiti who were working with UN peacekeeping mission in Haiti and some are injured. Now the army is sending more soldiers to Haiti for the rehabilitation and construction work as the machinery is not accessible in the streets of Haiti due to debris.

Brazilian president and his cabinet ministers have introduced a new bill to solve the problems of human rights. In last December the government established a Truth Commission to investigate the military personnel who were involved in the violation of Human Rights in the last military dictatorship from 1964 to 1980. Brazilian military is creating hurdles in the way of Truth Commission as it argues that it should not investigate the military only but also the civilians who were involved in the violation of Human Rights.

The International Olympic Committee's team visited Rio last week and showed their surprising impressions as Rio is preparing itself for Olympic Games of 2016. The chairwoman of IOC said that she is very impressed of Rio's plan of rapid transportation and metro. Also she visited the slums of Rio as some members of drug cartels were caught from there last year. Now Rio is very conscious about its security and deployed its security forces in the slums to control the cartels. Brazil is the first South American country which is holding Olympic Games. It has been selected among Madrid, Tokyo and Chicago the host city of Olympic Games.

Turkish minister of industry and trade is going to pay a visit to Brazilian industrial city Sao Paulo. He will meet Brazilian minister of Development, Industry & Trade there and both of the ministers are going to sign an agreement of commercial relations and investment between the two countries.

Emir of Qatar has also visited Brazil with prime minister of Qatar and some other ministers. He met with the Brazilian president and signed agreement on various fields of mutual interests as air transportation and trade between both of the countries. The first ladies of both of the countries also met in the ministry of Brazilian external relations and shared views on social and educational fields.

### **Report Summary/Mexico**

Ciudad Juarez has been the city of violence which is situated in the northern border of Mexico. More than 17,000 people have been victims of the drug cartels here. Since Calderon took office in 2005 and started crackdown against the drug cartels almost 2,500 people have been killed. Thousands of security personnel have been deployed by the government there but now recently the government has sent more 2,000 police forces to stop violence by drug cartels. It is not only the loss of government or people but in this war government has also killed the lord of drug cartels and captured their bosses.

The Australian investment bank is going to invest 5.2 billion peso (\$409 million) in Mexico to develop its infrastructure. Some major projects will get this amount like rail, airport, port, water and wastewater projects.

The government of Mexico is sending 15 to 20 tons of aid to Haiti everyday as a horrible earthquake took place there few days ago. Government is sending hundreds of doctors, rescue workers, engineers and civil protection staff, while the Mexican Red Cross would send food and supplies aboard the same aircraft. People are willing to support voluntarily but the government demanded from them just water vessels and food in tin packs etc.

Weather plays a pivotal role in Mexico's trade as it has to close its ports due to cold weather. Few days ago it has closed one of its ports on the Gulf of Mexico. Most of Mexico's trade is with United States which disturbs much due to the closure of ports.

The high officials of G-20 countries' foreign ministries gather in Mexico and discussed the support structures offered to members between summits and about the rotating presidency on G-20 summit. Spain is having the European Union's presidency which also represented in the summit. Next G-20 summit is going to take place in Canadian capital Ottawa.

European countries gave their consensus to be united on a platform for the reduction of greenhouse gas emission to play an important role in world's environmental deal. EU commission asked EU members to follow the charter of Copenhagen conference which defines that every country has its right to play its role in the reduction of greenhouse gas emission. EU has defined that it will reduce gas emission to 20% in 2020 as compare to 1990 but some other European countries like Poland and Italy has pledged to reduce till 30%.

### **Report Summary/Venezuela**

The government of Netherlands Antilles has invited the head of PdVSA which is Venezuela's oil company but he did not go and told media that he will do visit in future. The relationship between both countries has been tensed since the president of Venezuela has blamed on US and Netherlands Antilles government to attack on Venezuela from a Caribbean island. But the government of Netherlands Antilles has rejected that neither it has any plan to attack on Venezuela nor it will allow any country to attack from its territory.

The energy crisis in Venezuela has been a political issue as the opposition is taking full benefit of criticizing on Chaves that he has failed to run a government properly. The government argues that due to the shortage of rains the Guri Dam is suffering a dead shortage of water which is being cause of less production of electricity. The government do not accept it its fault but it's a natural cause that the shortage of rains. Also the government has ordered to close the shopping malls and other heavy electricity usage points before night and start up from 8am of morning. The government has set the timings of power load shedding in the country for 4 hours daily. And it is fear that it will hike the oil prices as \$100 per barrel.

The former vice minister of power and electricity of Venezuela has declared the cause of this power shortage is corruption in the department. He was saying total 1/3<sup>rd</sup> amount is used on power projects from the total. The power crisis has also increased the robberies and thieves in the city. Now the government planed that due to the energy crisis in the country, it will stop two of the three petrochemical compounds of state-run Pequiven which are taking a heavy load and the energy which was supplied to the compound will be provided in the country. But the energy minister of Venezuela has said that the shortage of electricity will not affect the quantity of oil. According to the government estimate Venezuela is producing 3.06 million barrels per day (mbd) but OPEC estimated as 2.3 mbd.

The congress of Honduras has decided to come out of ALBA block which was created by Venezuela and Cuba in 2004. ALBA is a trade block and its member country works on a on joint benefit rather than free trade. Honduras is granted tractors last year for its agricultures in the time of deposed president Manuel Zelaya's time last year but the recent military right wing

government has decided to leave the block but the trade will remain continue with the block, told by a government official. ALBA is having its separate currency for trade among its member states.

Due to the inflation in the country, the president has increased the wage as up to 25%. The president said that the wage will be increased in two installments as 10% now and 15% in next month. Inflation rate has also been increased in Venezuela as 25% this is why the government has increased the wage. Since the Bolivar has declined the inflation rate has also been increased. Also the Venezuelan government has nationalized a France's supermarket chain store and seizure three banks of Venezuela due to less efficient behavior and the violation of country's rules. And the president of Bolivia's export chamber said that the devaluation of Bolivar will discourage to the Bolivian exporters.

Hugo Chavez says Venezuela wants to improve ties with US despite differences. He said both countries should cooperate with each other to boost up their relations. But he also criticized on US that it is violating air space of Venezuela and spying Venezuela by using places of its neighboring country Colombia. Chaves said that US is coming to Haiti permanently by the name of aid. He also said that US is just sending food, water, medicine and generators but the main thing which is required are soldiers for the rehabilitation of the territory where machines cannot reach. Venezuela has sent its soldiers to Haiti with other basic necessary things.

US Deputy Secretary of State James Steinberg dismissed Chávez's accusations about US alleged plans to invade Venezuela. He said our arms are always open not only for Venezuela but also the other countries of the region. he was giving an interview to a Colombian newspaper in the response of Chaves' statement that he want to increase relationships with US but US is not ready. Even the Chilean president also said that in spite of bad behavior of Venezuelan government towards dealing the domestic issues, Chile will struggle to boost its relationship with Venezuela.

Venezuelan ambassador to Qatar told that the Emir of Qatar is going to pay a visit to Venezuela. He will meet the president and both leaders will share the mutual interests' talks with each other. Also the Emir discuss about the Haiti's support plans with Emir. Emir of Qatar is on a visit of Latin America with his cabinet. Venezuelan ambassador told that the people of Qatar are keen interested to know about the society of Latin America.

Venezuelan president told in an interview that play station games are misleading to the children so the toy makers should promote the educational games or the games which are building your culture. He said the western countries are making play station games in which they are showing violence and bombardment on cities to sell their weapons so these games are promoting violence. He also said that in games they are showing children Chaves that he is the enemy so kill him. Somewhere they are promoting drugs and wine in games. Even Barbie doll like toys are not compatible to our culture so stop making that. In simple these games are promoting selfishness, individualism and violence.

Recently the Peruvian government has granted a political asylum to a Venezuelan opposition party leader. According to the Foreign Ministry of Peru, the person who got asylum

was struggling for the democracy and freedom in the country and Peruvian government feel proud of a democratic government has granting him asylum.

Venezuelan government has given USD 150 million loan to Bolivia to construct and pave a 114 miles long highway. This highway will connect Brazil, Bolivia and Chile and it will pass through the Bolivian departments of Pando, Beni and La Paz. So this highway is a new route for Bolivian and other countries' export.

Bolivar has decreased and devalued and it is the first time after 2005 that the currency is decreased; and against it the president Chavez has threatened to seize the businesses that are a threat to do more devalue the Bolivar. Things are going to be more expensive in Venezuela and people are buying electronics and other home appliances quickly before these become more expensive.

Chaves has introduced a new virtual currency to trade with its ally countries or the countries who have made an alliance to break the influence of US dollar. Bolivarian Alternative for the Nations of Our America, or ALBA, a leftist bloc that also includes Cuba, Bolivia, Nicaragua, Ecuador, Dominica, Antigua and Barbuda, and St. Vincent and the Grenadines. These countries will run their trade in Sucre which is the new form of currency. But according to an analysis the trade between Venezuela and US is \$20 billion despite the often-rocky diplomatic relations and the trade between ALBA is roughly \$3.6 billion. So this currency is not going to leave an influence on dollar. Most of the Latin American countries are doing their trade with US or European Union which means most of their trade will be in US dollar.

### **Detailed Report/Argentina**

San Francisco (Market Watch) -- A row between Argentina's president and the head of its central bank is giving investors a fresh reason to avoid Argentine stocks, which had rallied on government efforts to rebuild the country's image with international creditors.

Argentina's Merval stock index greeted the New Year by notching records, the crest of a turnaround that picked up speed in the second half of 2009. The run was partly due to the government's plan to restructure \$20 billion in defaulted debt, a move that would settle one of the longest-running -- and bitter -- disputes in emerging markets.

If a resolution emerges despite the political upheaval, consumer-oriented companies such as banks would stand to benefit the most.

But stocks have lost steam since Argentine President Cristina Fernandez de Kirchner last week asked Martin Redrado, president of the central bank, to resign amid disagreements about handling foreign-exchange reserves and debt-service payments. He was later reinstated by a judge.

Kirchner's move hurled the executive branch into a fight with the opposition-controlled congress, and cast a shadow on the debt proposal.

Since the Merval index hit a record closing high of 2,402 on Jan. 5 -- a day before Kirchner called for Redrado's resignation -- the benchmark has lost 2.7%.

The fight between the executive branch and the central bank "just highlights the fact that Argentina is still a dangerous place to have long-term investments," said Will Landers, a senior portfolio manager at Black Rock who oversees \$9 billion in Latin American stocks.

"The government is not moving in leaps and bounds to become more market-friendly," but instead has taken some steps that "15 or 20 years ago, gave emerging markets a bad name," he said.

On Tuesday, a U.S. judge ruling on behalf of the so-called holdout investors froze Argentine central-bank assets in New York, sending Argentine bonds tumbling and ramping up the level of uncertainty around the planned debt swap.

The government has reiterated its willingness to keep on track with the debt restructuring, even as Redrado has kept his reins on the central bank and Argentine courts prepare to rule on the dispute.

That latest turn of events has overshadowed Argentina's progress towards restructuring its remaining defaulted debt.

#### Debt deal

The government is expected to offer holders of some \$20 billion in defaulted bonds -- investors who declined a 2005 debt-restructuring offer following Argentina's multibillion-dollar default four years earlier -- a way to recoup at least some of their losses.

A proposal is anticipated this month, and the offer is expected to be about 50 cents on the dollar. A resolution would allow Argentina to sell bonds overseas again and to shed the status of financial pariah it gained after the 2001 default.

Central bank conflict aside, the sovereign-bond swap proposal and the recent stock gains have put the spotlight on investing opportunities in Latin America's third-largest economy.

Buenos Aires, Jan 14, 2010 (Xinhua via COMTEX) -- The Argentine government on Thursday sent a plane load of medical equipment and relief supplies to Haiti, which was hit by a magnitude-7.3 earthquake on Tuesday.

An air force Hercules C-130 plane carrying water, power generators, satellite telephones and food, as well as staff of the United Nations peacekeeping force and rescue workers, took off Thursday evening from an airport in the western suburb of Buenos Aires. Before the plane took off, Argentine President Cristina Fernandez said: "It is not enough with a humanitarian mission.

There is a lot of poverty, indigence, unemployment and insecurity.

With a 78-percent unemployment rate, the insecurity level is really high." On Friday, another Argentine plane will fly to Haiti with more humanitarian aid.

Also on Thursday, Panama sent to Haiti a cargo plane carrying 22 rescue workers and four sniffer dogs, as well as 15 tons of food and medical supplies.

Panamanian President Ricardo Martinelli said the plane also carried badly needed communication equipment, water purifying machines, tents and other relief items. Arturo Alvarado, director of the Panamanian National System of Civil Protection, said the Panamanian rescue workers will stay in Haiti for 10 days and work in coordination with the Haitian authorities.

Argentina's President Cristina Fernandez is known for speaking her mind. Last week the controversial leader accused her own Vice President Julio Cobos of plotting to destabilize Argentina and cause the fall of the government to further his own ambition. "Cobos wants to become President before 2011," Fernandez said in a speech Jan. 12. The President said her deputy, whom polls have as a front runner in next year's presidential race, is part of a dark "conspiracy" plotting to overthrow the government and that he has become the "de facto leader of the opposition."

The President's Cabinet chief and most trusted aide Anibal Fernandez (no relation) expressed his boss's dislike for Cobos more bluntly two days later: "Cobos cannot be trusted with the management of public affairs. The Vice President has become Cobos Iscariot." The President's supporters are concerned Argentina's veep might make use of the President's absence during an upcoming trip to China to call a special session of Congress and reject a recent executive decree ordering the seizure of central bank reserves to pay off part of Argentina's voluminous foreign debt. "Cobos has clearly become the leader of the opposition and has been making use of the vice presidency to block the legislative bills of this government," pro-Fernandez legislator Agustin Rossi said.

What seems to have particularly infuriated the President and her supporters is Cobos' attempt to mediate in the standoff between the president and Argentina's autonomous central bank, which has refused to hand over \$6.6 billion that the cash-hungry government says it needs to pay off foreign creditors. Opposition legislators see the request for cash as the latest in a series of asset grabs by Argentina's Peronist government and a populist play ahead of next year's elections. When President Fernandez used an emergency decree to order the seizure of assets last month, opposition members obtained a court injunction to stop them.

Many Argentine economists believe the central bank reserves are the only safe bulwark against a spike in inflation and potential economic collapse. Cobos, who says the assets cannot be transferred without consulting Congress first, has repeatedly denied the charge of conspiracy. "If there's any conspiracy it's against the Vice President," he said after Fernandez's outburst this week. "She doesn't consult anything with me, there is no dialogue. I am a human being. I have emotions. I hurt."

Cobos belongs to Argentina's middle-of-the road Radical Party, which lost its role as the counterbalance to the populist Peronists when Argentina's dual-party system broke down following the downfall of the disastrous Radical administration of President Fernando de la Rúa in 2001. Economic collapse and social unrest led Argentina to default on \$141 billion in foreign debt. Since then, the rambunctious Peronists have dominated Argentina's political scene, first under Nestor Kirchner, who oversaw the country's return to decent economic health, and then

under his wife Fernandez, who was labeled Argentina's new Evita when she won the presidency herself.

In comparison to the colorful Fernandez, Cobos seems drab. A soft-spoken family man who was dean of a technological university in the wine-growing province of Mendoza, Cobos became provincial governor in 2003 and then quit the Radical Party so he could run as Fernandez's No. 2. Relations between the two quickly soured. Since assuming office, Fernandez has renationalized companies that were privatized in the 1990s including airlines and public utilities, and privatized pension-fund assets worth \$30 billion. She also led the country to the brink of a civilian uprising over her brash attempt to levy a hefty tax on the country's lucrative soy exports in 2008. The move, announced just prior to the commencement of the yearly harvest, enraged farmers and caused a revolt that enjoyed widespread popular support. Peace was restored only after a cliffhanger congressional vote against the proposed tax in which Vice President Cobos cast the deciding negative vote, saying he believed "national peace" was a higher priority than a new tax. That move earned him the undying enmity of Fernandez.

Fernandez now argues that there is a "conspiracy" between the central bank president Martin Redrado, Vice President Cobos, farmers and the country's media moguls who have begun reporting on corruption in her administration. She has also claimed that Redrado and Cobos are in league with the "vulture funds" and "river rats," as she terms the foreign creditors who hold a large part of the country's debt. "Cobos is the leader of the opposition and wants to be a candidate, but he could be a candidate without conspiring against the government," the President argued this week.

Argentina's Central Bank remains at the center of a worsening row between President Cristina Fernandez de Kirchner and the bank governor and now threatens to engulf Congress and the courts.

The government raised the stakes by going to litigation in defense of its decision to dismiss Central Bank Governor Martin Redrado, who opposes the use of \$6.5 billion of bank reserves to pay the nation's debts.

Members of Congress and politicians across a wide spectrum of opinion oppose the use of reserves, too, but so far have failed to dissuade Fernandez.

The president and her aides remained defiant Thursday, pointing out their initiative is part of an overall effort to improve Argentina's financial standing in preparation for the country's re-entry into the global financial markets.

Several economic crises, including debt defaults during the 1980s and 1990s, made Argentina a pariah of the financial community, but Fernandez has vowed to clear her country's name and make Argentina creditworthy again.

Industry analysts said they could understand the president's reasoning behind the moves but doubted her methods.

Redrado has received wide support for his argument, and backing for his position has come from politicians who generally are not known to be on his side.

The government Wednesday reaffirmed its resolve to get its way and ensure Redrado's removal for not acceding to requests for the funds transfer.

As the stalemate deepened, Fernandez sharpened her attacks on Redrado and the opposition, not sparing her Vice President Julio Cobos. Fernandez accused Cobos of conspiring to overthrow her and seize power by taking advantage of the crisis.

Cash-strapped Argentina is anxious to pay its 2010 commitments in an attempt to improve the country's financial standing. The government hoped to normalize Argentina's creditworthiness, but the Central Bank row has dashed hopes of an early entry for Buenos Aires in the capital markets, especially amid a "credit drought" worldwide.

Angered by Redrado's position, Fernandez called the governor a "squatter" at the Central Bank and took Cobos to task for seeking to unseat her.

Analysts said that instead of plotting against Fernandez, Cobos might be trying to reach an understanding with congressional leaders to convene the Legislature, which is currently in recess till March.

Redrado has said the reserves must not be used unless there is clear approval for the move from Congress or the courts.

Spain's High Court has ordered the extradition of a Dutch-Argentine pilot to Argentina to face charges of throwing political prisoners out of aircraft into the sea under the military dictatorship 30 years ago.

Julio Alberto Poch, 57, was arrested in Spain last year after an Argentine judge travelled to Europe and spoke to colleagues of Poch who said he had boasted about hurling drugged prisoners into the River Plate or the Atlantic Ocean.

A retired Argentine navy lieutenant, Poch also holds Dutch nationality which protected him from extradition until he landed in Spain on a stopover en route to the Netherlands on Sept. 22.

He works for Holland's Transavia, an airline owned by Air France-KLM. "Poch threw several live people out of aero planes or helicopters which he flew as a naval air officer on pilot duty in the Argentine Navy between 1976 and 1980," a High Court statement said.

Poch denied the charges against him in court last week but accepted extradition. "I have been treated like a criminal and locked up with common criminals. The only chance I have to defend myself will be in Argentina," he said in the eastern Spanish city of Valencia.

An Argentine government report says more than 11,000 people died or disappeared during the so-called Dirty War, a crackdown on alleged leftists and other opponents of the military regime that ruled from 1976 to 1983.

Britain has issued a diplomatic rebuke to Argentina following a new challenge to British sovereignty over the Falkland Islands and a section of the Antarctic.

Argentina has claimed the Falklands since Britain first occupied the South Atlantic Ocean archipelago in 1833.

An invasion by Argentine forces led to a 73-day war in 1982 that killed 649 Argentines and 258 Britons.

Foreign Office minister Chris Bryant said in a statement issued on Monday that Britain sent a diplomatic note to Argentina's London embassy after the country last month passed legislation claiming sovereignty.

Bryant says Britain has "no doubt about its sovereignty" over the islands, and a stretch of other territory in the southern Atlantic and Antarctic.

Buenos Aires: A round of official talks was held at the Pink House here on Monday between the Emir H H Sheikh Hamad bin Khalifa Al Thani and the Argentinean President Cristina Fernandez De Kirchner. The talks were attended by the Prime Minister and Foreign Minister H E Sheikh Hamad bin Jassem bin Jabor Al Thani.

Following the talks, the Emir and the Argentine President witnessed the signing ceremonies of three agreements between Qatar and Argentina on economic and commercial cooperation, air transportation agreement and a third one on sports.

Signing the agreements for Qatar was the Minister of State for International Cooperation H E Dr Khalid bin Mohamed Al Attiyah who is also Acting Minister Of Business and Trade while it was signed for the Argentine side by Vice President Julio Cobos and Minister of Foreign Relations, International Trade & Worship Jorge Enrique Taiana

Meanwhile, H H Sheikha Mozah bint Nasser Al Missned visited the Museum of Latin American Art (Malba) of Buenos Aires on Monday. Sheikha Mozah was given a detailed briefing on the development of art in Latin America.

The Emir and Sheikha Mozah attended a dinner banquet last night hosted by the Argentine President Cristina Fernandez Kirchner. The Emir in his speech stressed Qatar's commitment to stand with Argentina to push forward all endeavours geared to build a global order of security, peace and justice. In this regard, the Emir expressed Qatar's support to all initiatives that would help implement decisions of the Brasilia Declaration of 2005 and the Doha Declaration of 2009 to further strengthen relations between states in our regions.

The Emir's regional tour also includes Brazil, Venezuela and Costa Rica.

Argentine President Cristina Fernandez de Kirchner will pay a state visit to China from Jan. 25 to 28, China's Foreign Ministry spokesman Ma Zhaoxu said Tuesday. "China attaches great importance to her first state visit to China since taking office," Ma told a regular news briefing.

During her visit, Chinese President Hu Jintao would hold talks with her. Chairman of the Standing Committee of the National People's Congress Wu Bangguo and Premier Wen Jiabao would also meet with her, Ma said.

Leaders of the two countries would have in-depth exchanges on deepening strategic partnership, broadening pragmatic cooperation and regional and international issues of mutual concern, Ma said.

The two sides would also sign a number of cooperation agreements.

"I believe her visit will give a boost to the already existing friendly cooperation and advance the China-Argentina strategic partnership," Ma said.

As Argentina's first elected female president, Fernandez took office in December 2007.

### **Detailed Report/Brazil**

Rio de Janeiro, Jan. 13 (Xinhua) -- The Brazilian government announced on Wednesday that it will send two planes with 28 tons of food and water to Haiti, which was devastated by a massive earthquake on Tuesday.

Earlier in the day, Brazilian President Luiz Inacio Lula da Silva expressed his shock over the Haitian tragedy and announced a 10 million U.S. dollars aid to the country.

A group of politicians, military and religious representatives is headed to Haiti in order to assess the damage and determine whether the Brazilian government can help in any other capacity.

At least 12 Brazilian citizens died in the quake, including the founder of humanitarian group Pastoral of the Child, Zilda Arns. The Pastoral of the Child is an organization with links to the Catholic Church, whose work has managed to help reduce infant mortality in the country in the past three decades.

Arns, who was a pediatrician and a public health specialist, was nominated to a Nobel Peace Prize in 2006.

The other 11 dead were Brazilian military who participated in the United Nations peacekeeping task force (Minustah). According to the Brazilian Army, some of those military were due to return to Brazil this week. All of them were reportedly out of base at the moment of the earthquake; the Brazilian base in the island was not damaged.

The military were identified as Colonel Emilio Carlos Torres dos Santos; Lieutenant Bruno Ribeiro Mario; Warrant Officer Raniel Batista de Camargos; Sergeants Davi Ramos de Lima and Leonardo de Castro Carvalho; Corporals Douglas Pedrotti Neckel, Ari Dirceu Fernandes Junior, and Washington Luis de Souza Seraphin; and Privates Antonio Jose Anacleto, Kleber da Silva Santos, and Tiago Anaya Detimermani.

The Brazilian embassy in Haiti suffered some damage with the quake, and was evacuated as a precaution. There are no reports of injured workers at the embassy. In order to help the embassy workers in Haiti, the Foreign Relations Ministry has decided to send more diplomatic personnel to the Brazilian embassy in neighboring Dominican Republic.

Rio de Janeiro, Jan. 13 (Xinhua) -- The Brazilian Army announced on Wednesday that the country's Defense Ministry is studying the possibility of sending additional troops to Haiti, in order to help with the rescue and reconstruction works after the earthquake which devastated the country on Tuesday.

The additional troops may be necessary because transportation is difficult in Haiti's capital city Port au Prince, due to the earthquake, many streets are full of debris, making it impossible for vehicles to circulate freely.

In order to better assess Haiti's situation and determine what else Brazil can do to help the country, Defense Minister Nelson Jobim headed to Port au Prince on Wednesday. The Minister's retinue also includes some religious representatives, politicians and military.

Earlier in the day, Brazil announced a financial aid of 10 million U.S. dollars to Haiti. Additionally, two Air Force planes, each with 14 tons of food and water, are to head to the country by Thursday at the latest.

Brazil has already 1,266 military in Haiti, who are part of the United Nations peacekeeping force (Minustah). At least 11 of those military died in Tuesday's earthquake; eight others were injured and at least four are missing.

According to the Army, most Brazilian military were in base when the earthquake hit Haiti. The base, as well as the Brazilian embassy in Port au Prince, resisted the tremors; the embassy, however, was evacuated as a precaution.

Besides the 11 military, Brazilian humanitarian Zilda Arns died in the earthquake as well.

Rio de Janeiro, Jan. 13 (Xinhua) -- The Brazilian president and cabinet ministers agreed Wednesday to try to solve the conflict in the country over a new national program bill for human rights.

The consensus was reached when President Luiz Inacio Lula da Silva met with Defense Minister Nelson Jobim and Human Rights Minister Paulo Vannuchi.

The bill aroused controversy in some sectors in the government over a clause that foresees the creation of a Truth Commission put forward by the government in December last year to investigate human rights crimes under Brazil's military rule (1964-1985).

Brazilian military leaders opposed the bill, saying that the investigations should involve not only abuses by the military, but also crimes by the opposition groups.

Vannuchi, who campaigned for maintaining the bill's original text, said that it had already been approved by 31 ministries in the government.

During the meeting, Lula agreed with Vannuchi to maintain the original bill, but signed a separate decree advocating the Truth Commission.

In the new decree, the wording "military repression" has been changed to "human rights violation."

The Truth Commission intends to promote the historical reconstruction of cases of human rights violation. Among other tasks, it will ensure assistance to victims and locate and identify the remains of political casualties.

The package of measures also includes the abrogation of laws inherited from the military period "that are contrary to the guarantee of human rights or have given support to several serious violations."

Rio de Janeiro—Rio de Janeiro is on track to overcome infrastructure and security challenges and deliver a "very good" 2016 Olympics.

The chairwoman of the International Olympic Committee's oversight panel said Tuesday she was impressed with Rio's proposals on transportation, involving rapid transit bus lines and extending the city's metro system.

"We need to work hand in hand ... as one team," Nawal El Moutawakel said. "If Rio wins, that means the IOC wins. We're confident Rio is going to deliver very good games by 2016."

The panel spent two days touring the city's venues and visiting slums where police have been maintaining a constant presence to control drug-related violence.

El Moutawakel, the 1984 Olympic champion in the 400-meter hurdles for Morocco, was selected last week to head the panel. Rio defeated Chicago, Madrid and Tokyo in the IOC vote in October to become the first city in South America to host the Olympics.

Rio's transportation plan centers around high-capacity, rapid transit bus systems that will include dedicated lanes for athletes, coaches and other official members of delegations, plus other lanes for spectators.

On security, El Moutawakel said she is confident the state and federal governments will do everything necessary to ensure the safety of athletes and fans.

El Moutawakel and IOC Olympic Games executive director Gilbert Felli visited slums where police in the past year have driven out violent drug traffickers. The police have maintained a constant presence, a new tactic used across the city.

El Moutawakel said the full oversight panel will return to Rio in May.

Turkey's industry and trade minister travelled Wednesday to Brazil to hold a series of talks.

As part of his visit to the southeastern Brazilian city of Sao Paulo, Turkish Industry & Trade Minister Nihat Ergün will meet with Brazil's Minister of Development, Industry & Trade Miguel Joao Jorge Filho on January 22.

Within the framework of the gathering, the two officials are expected to sign a memorandum of understanding on encouragement of commercial relations and investments between Turkey and Brazil.

Ergün is scheduled to return to Turkey on January 25.

Brazil and Qatar yesterday signed several agreements and memoranda of understanding after a round of official talks here chaired by HH the Emir Sheikh Hamad bin Khalifa al-Thani and Brazilian President Luiz Inacio Lula da Silva.

The two leaders discussed bilateral relations and ways to strengthen them in various fields. The official talks, held at the Brazilian foreign ministry, were attended by HE the Prime Minister and Foreign Minister Sheikh Hamad bin Jassim bin Jabor al-Thani and several ministers accompanying the Emir.

On the Brazilian side, the session was attended by Vice-President Jose Alencar, Foreign Affairs Minister Celso Amorim, Presidential Foreign Affairs Adviser Marco Aurelio Garcia, and Brazilian Ambassador to Qatar Anwar Nahas.

Following the meeting, the Emir and the Brazilian president witnessed the signing of a number of agreements between the governments of Qatar and Brazil.

The two countries signed agreements on the prevention of double taxation of income derived from international air transport, on air services; on economic and trade co-operation; on the establishment of the co-operation committee between the two governments; on exempting holders of diplomatic and private passport from entry visas; and a memorandum of understanding between the Qatari foreign ministry and the Brazilian ministry of external relations for the consolidation of bilateral consultations.

The Emir and the president of Brazil also witnessed the signing of three memoranda of understanding between Qatar Holding and the National Bank for Economic and Social Development, Guarantee Fund of the Employees of Bank of Brazil and Vale Mining Company. The agreements and the memorandum of understanding were signed on behalf of Qatar by HE Minister of Economy and Finance Yousef Hussein Kamal, HE Minister of State for International Co-operation and Acting Minister of Business and Trade Dr Khalid bin Mohamed al-Attiyah, and Ahmed el-Sayed representing the Qatar Holding.

For the Brazilian side, they were signed by Celso Foreign Affairs Minister Celso Amorim, president of Bank of Brazil Luciano Coutinho, president of Guarantee Fund of the Employees of Bank Brazil Sergio Rosa, and Chief Executive of the Financial Affairs and Relations with Investors in the Vale Mining Company Cavite de Oliveira.

Separately, HH Sheikha Mozah Nasser al-Misnad yesterday met Marisa Leticia Lula da Silva, the First Lady of Brazil and the wife of Brazilian President Luiz Inacio Lula da Silva at Brazil's ministry of external relations.

They exchanged views on issues of common concern and ways to boost co-operation, particularly in social and educational fields. The meeting was attended by the wife of the Vice-President of Brazil Mariza Campos Gomes da Silva.

Brasilia, Brazil (AP) - Brazil says food prices held inflation at 4.3 percent in 2009, the lowest in three years and below the government's target of 4.5 percent.

The government says the figure hasn't been this low since 2006, when it was 3.1 percent.

The government's statistics agency said Wednesday in a statement that inflation declined from 5.9 percent in 2008 because food prices rose at a much lower rate.

Brazil has Latin America's largest economy. It was one of the last nations to slip into recession amid the crisis, and among the first to emerge.

### **Detailed Report/Mexico**

Mexico is sending 2,000 police officers to boost security in violence-ridden Ciudad Juarez after human right groups criticized an army-led clampdown against drug gangs in the border city, the public security minister said Wednesday.

More than 2,500 people were killed in Juarez last year, according to media reports. Attacks have surged in response to President Felipe Calderón's war on drugs.

Calderón deployed thousands of soldiers after taking office in late 2006. His strategy resulted in major victories recently, with the capture of a reputed Tijuana drug gang leader Tuesday and the killing of the head of the Beltrán Leyva cartel in western Mexico.

But the clampdown has also ignited turf wars among gangs that have killed 17,000 people.

Jan. 14 (Bloomberg) -- Macquarie Group Ltd., the Australian investment bank, said it began a 5.2 billion peso (\$409 million) Mexico infrastructure fund in partnership with the Mexican government and private pension funds.

Macquarie contributed 750 million pesos to the fund, the government put in 1.04 billion pesos through a fund called Fonadin, and seven Mexican pension funds added 3.42 billion, Macquarie said in a statement today. Fonadin has committed to investing a total of 3 billion pesos in the fund, Macquarie said.

The fund will invest in road, rail, airport, port, water and wastewater projects. In November, Macquarie said it would start a fund with \$500 million and increase it later to \$1 billion.

Mexico City, Jan. 15 (Xinhua) -- Mexican President Felipe Calderon said the nation will send 15 to 20 tons of aid a day to Haiti, following Tuesday's earthquake which registered 7 on the Richter scale and killed thousands.

He told broadcasters that the government would send hundreds of doctors, rescue workers, engineers and civil protection staff, while the Mexican Red Cross would send food and supplies aboard the same aircraft.

The Red Cross has contributed 45,000 tons of aid following a call to help Haiti, where as many as 50,000 people may have died, the vice president of the Mexican Red Cross told broadcasters on Thursday.

He said that the organization had set up 486 centers for receiving aid across Mexico's 32 states and that the state-run Family Integration Directorate was also receiving donations in central state Hidalgo.

Separately on Thursday, Magdy Martinez-Soliman, the head of the United Nations' Development Program in Mexico told broadcasters that Mexico had made "exemplary efforts" to help.

"There has been extraordinary coordination by Mexican officials," he said. "We believe that rescue efforts could have been no better even if it had taken place in Mexico," he said.

Mexico City suffered a massive deadly earthquake in September 1985 that killed at least 10,000 people. Some Mexican rescue crews founded in response to that quake, including the Topos (Moles) that send staff to Haiti, are still operating today.

Earlier on Thursday, Red Cross officials said that an aircraft with one ton of Red Cross aid, and one ton contributed by the Mexican police, had left a military air base for Port-au-Prince, Haitian capital.

He called for Mexicans to donate tinned food, bottled water and medicines, as being the most important. He also called for plates, drinking vessels, toilet paper, sanitary towels, pasta and toothbrushes.

Separately, Mexico's Foreign Ministry said that it had located 40 of the 80 Mexicans known to reside in Port-au-Prince, and issued a statement urging the remaining 40 to contact their relatives or the authorities as soon as possible.

Haiti suffered a massive earthquake, which struck on shore, just 25 kilometers from Port-au-Prince. The Caribbean nation's President Rene Preval estimated that as many as 50,000 people may have died in the quake.

Mexico City, Jan 16 (Reuters) - Mexico closed two of its three main oil ports in the Gulf of Mexico on Saturday due to poor weather, the government said.

Mexico, a major oil supplier to the United States, shut the Dos Bocas and Coatzacoalcos oil export terminals in the Gulf, the communications and transport ministry said in a statement.

Mexico City, Jan. 15 (Xinhua) -- Mexico has hosted a preliminary meeting for the Group of 20 (G20) summit attended by senior officials of G20 foreign ministries who help prepare the summit, the Mexican Foreign Ministry said Friday.

In a statement, the Mexican ministry said the officials met here on Wednesday and Thursday, discussing matters related to the rotating presidency of the G20, the frequency and duration of the G20 summits and the support structures offered to members between summits.

The meeting was co-chaired by Mexican Deputy Foreign Minister Lourdes Aranda and his U.S. counterpart Michael Froman.

Spain, which holds the current rotating European Union (EU) presidency, also attended the meeting.

The G20 foreign ministers or ministerial-level officials will next meet in Ottawa, capital of Canada which will host the next G20 summit in Toronto.

The G20 comprises Argentina, Australia, Brazil, Britain, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United States, and the European Union.

Seville, Spain - European Union countries struggled Saturday to reach a consensus on reducing greenhouse gas emissions in an attempt to regain influence in the global debate on climate change ahead of the next United Nations climate conference in Mexico.

'We have an incredible mutual diplomatic network and we want to pool them to make Mexico a success,' Belgian Environment Minister Paul Magnette said at an informal meeting of EU environment ministers in the Spanish city of Seville.

There was, however, disagreement over whether the EU should commit to cutting its emissions by 20 or 30 per cent.

'There was unanimous support that (both) are realistic figures,' said Spanish climate change secretary of state Teresa Ribera, whose country holds the rotating EU presidency.

At the Copenhagen climate conference in December, the EU had not played a sufficient role to make it successful, German Environment Minister Norbert Roettgen said.

The United States had not even 'come close' to the European position while China had used 'preventative' tactics, Roettgen complained, urging the EU to build 'tactical alliances' ahead of the Mexico conference between November and December.

The European Commission wants the EU to start implementing the non-binding Copenhagen agreement immediately in order to push for a legally binding deal in Mexico.

The Copenhagen agreement requires all nations to present emission reduction targets by January 31.

The EU has long said that it would cut emissions by 20 per cent by 2020 compared to 1990, increasing this to 30 per cent if other countries make comparable commitments.

However, disagreements surfaced in Seville, with countries such as Britain and the Netherlands calling for an immediate 30 per cent commitment.

Others, such as Poland and Italy, wanted to omit a reference to a reduction of more than 20 per cent, sources close to the negotiations said.

'We need to go to the maximum, but not allow Europe to break up over this question,' French Environment Minister Jean-Louis Borloo said.

If Europe committed to a 30 per cent cut and other countries did not follow suit, it should be possible to consider protecting European industry with measures such as taxes on products imported from nations that block the adoption of binding reduction targets, Borloo said.

EU ambassadors were due to discuss the target in Brussels on January 20.

Jo Leinen, who chairs the environmental committee at the European Parliament, said the EU 'could find enough partners for a deal' if it developed climate change diplomacy.

Leinen and Ribera stressed that the negotiations should take place within the United Nations which was the only global forum.

They were seen as reacting to suggestions from the United States that the most contaminating countries should seal a deal outside of 'chaotic' UN meetings, Spanish media reported.

'On other hand, we cannot allow ourselves to be blocked by a handful of countries,' Leinen conceded.

### **Detailed Report/Venezuela**

The government of the Netherlands Antilles has announced the last-minute cancellation of a visit by a delegation from Venezuela. On Tuesday, Venezuela's Deputy Latin America and Caribbean Minister Francisco Arias Cárdenas and the head of the country's PdVSA state oil company Asdrúbal Chávez announced they intended to visit the Netherlands Antilles the following day.

However, on Wednesday, Emily de Jongh-Elhage, the prime minister of the Netherlands Antilles, said the visit could not go ahead. She regretted the cancellation and explained that she hoped to re-schedule the visit for next month.

The Netherlands Antilles government has repeatedly requested a meeting with the head of PdVSA. The Venezuelan oil company rents an old Shell oil refinery on Curaçao and the rental agreement expires in 2019.

Relations between the Netherlands Antilles and Venezuela have been tense since comments made by Venezuelan President Hugo Chávez last month. He accused the United States and the Dutch government of preparing for an invasion of Venezuela from the Caribbean islands. Ms de Jongh-Elhage denies the cancellation of the Venezuelan visit has anything to do with that dispute.

Caracas, Venezuela (AP) -- President Hugo Chavez suspended rolling blackouts in Venezuela's capital a day after they began and sacked his electricity minister, saying government officials imposed a rationing plan riddled with mistakes.

Chavez's announcement late Wednesday was a significant shift in his attempts to avoid a widespread power collapse in the coming months through rolling blackouts of up to four hours a day throughout the country. Other rationing measures are to remain in place, including outages in other areas.

"I have ordered the electrical outages to be suspended, only in Caracas," Chavez said on state television. "Because this government has to be capable of recognizing mistakes made and fixing them in time."

The rolling blackouts have been unpopular in a city already plagued by violent crime, traffic and trash-strewn streets, and opposition leaders accused Chavez on Thursday of backtracking to try to head off damage to his political support.

But the president cited tactical errors instead, saying power was cut in the wrong sectors of the city in some cases.

"I think in one area they repeated the outage a few hours later," he said. He added that some stoplights also went dark.

"Enough. I said if that's what is going on, there was an error there," Chavez said.

Chavez said he asked Electricity Minister Angel Rodriguez to resign and that "he has taken it like a soldier."

Chavez said he ordered the blackouts "interrupted indefinitely" in Caracas and told the city's state electric utility not to schedule any more until the process is reviewed. It was unclear when or if the government may attempt to restart the measures.

The government says energy rationing is necessary to prevent a widespread collapse if the water levels behind Guri Dam - which supplies most of Venezuela's electricity - fall to critical lows in the coming months due to a severe drought. Officials also acknowledge that some gas- and oil-fueled thermoelectric plants are producing below capacity while undergoing repairs.

Caracas Mayor Antonio Ledezma, a Chavez opponent, said the government was forced to call off rationing in the metropolitan area of about 6 million people because it was highly unpopular. He urged Venezuelans to join a protest later this month against faulty public services, water and electricity rationing and a currency devaluation expected to drive up already-soaring inflation.

"We have to defend the citizens of all of Venezuela's states," Ledezma told the television channel Globovision.

Noel Alvarez, president of the country's largest business chamber, said the government is far from resolving the energy crisis and still must "present clear and concrete solutions."

Chavez announced he was calling off the blackouts in Caracas just hours after he urging Venezuelans to accept the cutbacks and likened them to a national energy diet. He called a late-night talk show to announce the change shortly before some parts of Caracas were to begin four-hour outages at midnight.

The government also has reduced the hours of electrical supply for stores in shopping malls and required businesses and large residential complexes to cut usage by 20 percent or face fines. Chavez reduced the workday of many public employees, setting new hours from 8 a.m. to 1 p.m.

The state electrical corporation said Thursday it is cutting the amount of power it exports to the Brazilian city of Boa Vista by 70 percent to 20 megawatts.

Critics blame Chavez's government for the shortage, saying it has failed to complete enough power upgrades to keep up with increasing demand.

Chavez denies that, saying the drought is the primary culprit and that his government is acting to extend the Guri Dam's capacity to feed the electrical grid. Rains are expected to return at the end of the traditional dry season in May.

Energy analyst Victor Poleo said the government's rationing measures are not enough to make up for the expected gap between supply and demand.

"Rationing in the city of Caracas is useless considering the size of the deficit," said Victor Poleo, an oil economics professor at Venezuela's Central University and a former official in Chavez's Energy Ministry.

He said gas- and oil-fired plants would be able to cover only about 20 percent of domestic demand if the Guri Dam's hydroelectric plants are idled.

Caracas, Venezuela: Venezuela's government has imposed blackouts of four hours every other day throughout the country to combat an energy crisis, which experts say will further jeopardize the country's worsening economy.

Economists fear that the rationing will plunge Venezuela still further into recession, after posting its third consecutive quarter of negative growth last month. The economy contracted 2.9 percent in 2009 even as most other countries in the region began to recover from the global downturn.

Starting on Tuesday, Venezuelans will face rolling blackouts for five months as the worst drought in 50 years threatens to shut the nation's biggest hydroelectric plant and collapse the power grid.

President Hugo Chavez has said rationing is necessary to prevent water levels in Guri Dam - the cornerstone of Venezuela's energy system - from falling to critical lows and causing a

widespread power collapse. Drought has cut the flow of water into the dam, which feeds three hydroelectric plants that supply 73 percent of Venezuela's electricity

The entire South American country of 28 million people depends to a large degree on the massive Guri Dam, which holds back the Caroni River in southeastern Bolivar state.

The blackouts are another economic blow after President Chavez devalued the nation's currency by as much as 50 percent on Jan 8 as he struggled with cash flow and a growing budget deficit. The overall economic situation may keep Venezuela mired in recession and erode Chavez's popularity in the run up to legislative elections in September.

"With these measures, we're trying to keep Guri from taking us to a very critical situation at the end of February, from creating let's say a total shutdown of the country," Electricity Minister Angel Rodriguez said on Monday night.

"The drought has exposed what was already a seriously overstretched grid and years of underinvestment," said Patrick Esteruelas, a New York-based analyst at Eurasia Group. "The government is going to try to soften the blow by spending very aggressively from now until voters go to the polls."

Energy experts reject Chavez's claims that the weather phenomenon known as El Nino caused the crisis. They accuse the government of mismanaging the sector, with more than a decade of underinvestment and a failure to maintain existing infrastructure.

Victor Poleo, a former vice-minister for electricity under Chavez, blames corruption for less than a third of the funds assigned to electricity projects reaching their intended destination.

As part of a power saving plan, the Venezuelan government is implementing scheduled stoppages at two of the three petrochemical compounds of state-run Pequiven to reduce the consumption of energy amid a serious energy crisis, said on Thursday state-run petrochemical company Pequiven, as reported by Reuters.

"They are evaluating which lines of production can be operated in an intermittent manner," Pequiven President Clark Inciarte said.

The officer stressed that the state-run petrochemical firm, which produces fertilizers and plastic materials, intends to reduce its electricity consumption by more than 20 percent. On Wednesday at midnight, President Hugo Chávez called off drastic energy rationing in Caracas after a chaotic first day of staggered blackouts angered his supporters, but the measures will continue across the country, Reuters said.

Caracas: Schoolchildren studied in gloomy classrooms and shopkeepers strained their eyes to count cash as electricity rationing began in Venezuela yesterday, presenting a challenge to President Hugo Chavez's popularity.

A long drought caused by the El Nino weather phenomenon has caused a sharp fall in water levels at the hydroelectric dams that provide the bulk of Venezuela's electricity.

But coming hot on the heels of a sharp devaluation of the bolivar currency that hurts savers, the staggered four hour blackouts every 48 hours have angered Venezuelans used to plentiful energy in one of the world's top oil exporters.

"Long live Chavez," some yelled in the capital Caracas, with evident irony. "Welcome to Cuba!" others shouted in reference to the communist island known for outages and which is a close ally and inspiration for the socialist Chavez.

Residents worried about a crime wave on darkened streets of the city, already known as one of the world's most violent, with dozens of homicides every week.

"Last night they turned out the lights from midnight until 4 a.m., we couldn't sleep at ease because of fear thieves would come in," said Marisol Briceno, 41, who lives with her daughter in the sprawling poor neighborhood of Petare.

"They rob and kill when there is light, imagine how it will be now," she said.

Government critics say poor management of the electricity sector since it was nationalized in 2007 and lack of investment has made the impact of the drought far worse for Venezuela.

On Tuesday, the Honduran Congress voted to withdraw from the Venezuela-led trade bloc called the Bolivarian Alliance for the Americas (ALBA), and on Wednesday, Salvadoran President Mauricio Funes announced that his government will not align with the bloc.

Venezuela and Cuba initiated the now eight-member ALBA group in 2004 to create a mechanism of international trade based on mutual benefit and cooperation rather than profit and the free market. Honduras's entrance into the bloc in 2008 under the leadership of President Manuel Zelaya is considered to be one of the motivations for the right wing military coup that kidnapped and expelled Zelaya last June.

The Honduran Congress, which is controlled by coup supporters from the centrist Liberal Party and other right wing parties, voted 122 to 5 in favor of the country's withdrawal. The Congress also granted the status of legislator-for-life to Roberto Michelletti, who led the coup and headed the post-coup regime, rendering Michelletti immune from legal prosecution for the coup and its aftermath.

Michelletti handed over power to another coup supporter and right wing party leader Porfirio Lobo following elections in November that were marked by widespread violent state repression and massive voter abstention, according to international human rights observers. Most countries except for the United States refused to recognize the coup regime as well as the elections.

Rafael Pineda, spokesperson for the coup government, said commercial relations will continue between Honduras and ALBA member countries on a country-by-country basis, and that

Honduras will continue to participate in Venezuela's Petrocaribe program, through which nearly 20 countries receive Venezuelan oil on low, flexible, long-term interest rates.

As a member of ALBA, Honduras received tractors and grants for rural development, and accrued \$80 million in debt, which Honduras will pay off over the next quarter century, according to ALBA terms and conditions, according to Vice Finance Minister Hugo Castillo.

Rafael Alegría, a leader of the Honduran resistance which has led ongoing street protests and suffered deadly repression since the coup, said the coup was aimed at restoring Honduras's role as a client country of multi-national corporations.

"The coup leaders are signing accords that benefit foreign oil companies. President Zelaya had changed the formula for managing the oil. His actions began to benefit the state and the consumers, and now these men are changing everything. They are benefiting Shell and Texaco," Alegría said in an interview with Radio of the South.

"The coup leaders want to return to the past to benefit the empire and the oligarchy with the natural resources of our country," Alegría continued. "We call on the international community to listen to us and support us, because the crisis was not provoked by the people, the left, or the resistance, but by a group of coup-mongering politicians who only seek economic advantage for themselves."

Alegría said the resistance will never recognize the coup regime as legitimate, and will continue struggling both in local communities as well as in the political arena in order to take power and restore democracy.

## El Salvador

Salvadoran President Mauricio Funes announced this week that his government will not adhere to the ALBA bloc, despite a recent declaration by his left-wing former guerrilla party, the Farabundo Marti National Liberation Front (FMLN), in favor of joining the bloc.

"If the FMLN wants to become part of the ALBA with its mayors, or as a political party it wishes to participate in the efforts that the ALBA governments, parties, and countries carry out, then do it, there's no problem, but this government is not going to do it," Funes said.

Funes explained his disagreement with the FMLN, the party which helped him get elected last March as the first left-wing president following more than two decades of right-wing government. "The FMLN has a certain vision about international relations and about the projects it has decided on at the international level, especially on a regional scale," said Funes. "I do not totally share it."

Instead, Funes said his administration will focus on building alliances in Central America, where right wing and centrist regimes control the majority of the region's national governments.

“I have decided to work more toward Central American integration, toward consolidating a regional bloc, toward uniting policies and uniting efforts with the presidents of the region, rather than looking toward other entities such as the ALBA,” Funes said.

Funes added that his plan includes a “greater strategic relationship” with the United States, which is “a government presided over by a Democrat of clear convictions, who has a different vision of the North-South relationship,” referring to U.S. President Barack Obama.

Currently, Bolivia, Cuba, Ecuador, Nicaragua, Venezuela, Dominica, Antigua and Barbados, and Saint Vincent and the Grenadines are members of the ALBA alliance.

### ALBA Currency

The ALBA bloc’s common currency, an electronic compensation system called the Sucre, will be put into use starting this month, according to Venezuelan Finance Minister Ali Rodríguez. The Sucre will have an initial value of US \$1.25, and will only be used by ALBA members for ALBA deals, mediated by the ALBA joint bank that was created last year.

“What we are looking for with the SUCRE is the creation of a mechanism that permits us to have a new financial architecture and break with the dependence on the dollar in commercial exchange operations,” Rodríguez said in a press conference last week.

The SUCRE will be used in the coming months for Venezuelan rice exports to Cuba and asphalt exports to Bolivia, as well as Bolivian wood, food, textile, and artisan craft exports to other ALBA countries, Rodríguez said.

Early on Friday, the Venezuelan government sent a second humanitarian aid taskforce to Haiti, which was hit by a powerful 7.3 earthquake, with a death toll that could rise to 100,000.

The information was provided by Luis Díaz Curbelo, the director of the Venezuelan Civil Protection and Disaster Administration Agency (PC), who said that the team is composed of 25 people.

Curbelo added that after assessing the situation in Haiti, aid teams will have to set up urgently tents as medical care centers. He also said that a Venezuelan airplane left at 10:00 a. m. with 12 tons of medicines, non-perishable foodstuffs and other supplies.

Curbelo urged people who want to cooperate with the Haitian people to send water, nonperishable food, disposable diapers and baby food to the headquarters of civil protection offices in each Venezuelan state.

Oil output in Venezuela will not be affected by the power cuts planned by the government throughout the country to save energy, said on January 15 Minister of Energy and Petroleum Rafael Ramírez.

"Production operations are being secured under the rationing policy. Neither output nor oil enhancement or refining have been affected at all," said Ramírez, as quoted by AFP.

The minister emphasized that "most of the operational areas have (power) self-generation. We lack self-generation in (the refinery of) Jose, but we are making every possible effort to generate power."

"No activity has been halted, neither in (petrochemical company) Pequiven nor in Pdvsa, and they will not stop," said the minister.

Venezuela produces 3.06 million barrels per day (mbd), according to official figures, although the Organization of the Petroleum Exporting Countries (OPEC) puts Venezuelan output at an estimated 2.3 mbd.

The Venezuelan government is carrying out a rationing program to save energy amid a severe crisis caused by a collapsed electrical generation system and exacerbated by drought. This week, the government executed the plan of scheduled cuts in electricity supply. However, the plan was suspended in Caracas a day after it caused an "unintended impact," admitted President Hugo Chávez.

Power cuts, however, remain effective in the other states in the country.

The energy saving program also includes stoppages in some iron and aluminum companies, and the reduction in working hours of state companies and malls.

According to official figures, the demand for electricity in Venezuela is approximately 1,000 megawatts (MW) higher than daily generation, which is around 16,200 MW.

President Hugo Chavez has announced a 25% increase in Venezuela's minimum wage to try to blunt the effects of soaring inflation.

Mr Chavez defended his handling of an energy crisis and other domestic problems while challenging opponents' predictions that his popularity could take a dive due to last week's currency devaluation and rolling energy blackouts.

"They say the country is collapsing, that Chavez is going to fall," he declared in his annual state-of-the-nation address to the National Assembly. "They are going to be disappointed."

Mr Chavez's opponents are looking to capitalize on a range of vulnerabilities as they try to regain control of the National Assembly in September elections: energy shortages, 25% inflation, a banking scandal involving businessmen with ties to the government, rampant crime and heaps of trash lining potholed city streets.

"They say everything is Chavez's fault. But with so much repetition, which is what they do, some people end up believing them," said the president. "There's a government here that knows what it's doing."

Mr Chavez was greeted hundreds of spirited supporters outside the assembly upon his arrival. He briefly strummed on a harp, joining a musical group playing "joropo," folk music from the sun-baked central plains where the president was born and raised.

Mr Chavez said the minimum wage will increase by 10% in March and 15% in September to offset inflation, which is widely expected to surge following the devaluation.

Mr Chavez's government also began power cuts of up to four hours a day throughout the country this week. But a day after the measures took effect, Mr Chavez suspended the outages in the capital of Caracas, saying the rationing plan was riddled with mistakes.

Critics said Mr Chavez backtracked in response to widespread anger among the city's estimated six million residents.

Venezuelans have also been coping with water rationing, and the government turned to power outages to prevent an electricity collapse. Drought has drained water to near-critical levels behind Guri Dam, which supplies most of Venezuela's electricity.

Caracas (Reuters) - Venezuela's socialist President Hugo Chavez on Sunday nationalized a chain of supermarkets controlled by France's Casino on charges of price gauging after the government devalued the bolivar currency.

"Because of multiple violations of Venezuelan laws the Exito chain will now belong to the republic, there is no way back," Chavez said on his weekly television show.

In his 11 years in office, Chavez has nationalized large swathes of the economy, including major oil projects along with electricity and telecommunications companies.

The leader who calls Cuba's Fidel Castro a mentor has recently declared himself a Marxist and wants to build a socialist society in one of the world's top oil exporters.

He said the Exito supermarkets had increased prices without justification. Exito has stores in Caracas and several other cities.

Chavez devalued the bolivar on January 8 to boost government finances and revitalize the recession-hit economy, but risks boosting already high inflation.

Aware a price surge could anger his mostly poor supporters, Chavez ordered troops to monitor shopping districts. Authorities had already temporarily closed stores belonging to the supermarket chain on charges of price gouging.

The stores are run by Colombian retailer Alamcenes Exito, which belongs to Casino.

Chavez said legal reforms were under way to take over companies accused of speculation. He said those reforms will have to be finalized to complete the nationalization of Exito.

Venezuela is seeking to improve diplomatic relations with the United States despite long-standing tensions with Washington, President Hugo Chavez said in an interview broadcast Sunday.

Chavez said he has given Deputy Foreign Minister Francisco Arias Cardenas permission to seek a meeting with U.S. officials in Washington to discuss forging better bilateral relations.

"Arias Cardenas asked for authorization to meet with an emissary from the U.S. government, and I gave it to him," said Chavez, speaking during a program broadcast on the local Televen television channel. "We want to talk, so there's a possibility of easing tensions."

Chavez didn't explain what prompted his decision to try to improve relations just weeks after he accused the U.S. of planning to invade his country.

But he also criticized U.S. humanitarian efforts in Haiti.

"It appears the gringos are militarily occupying Haiti," Chavez said. "Obama, send medicine, doctors and water — not more soldiers."

Officials at the U.S. Embassy in Caracas could not be reached for comment Sunday. There was no immediate reaction from the U.S. State Department or the White House.

Chavez has accused the United States and Colombia of spying on Venezuela and conspiring to topple his "revolutionary" government. Tensions have been exacerbated by a recent agreement between Washington and Bogota granting U.S. troops expanded access to Colombian military bases.

Last week, Venezuela made a diplomatic protest to the U.S., saying a U.S. military plane recently violated its airspace.

John Caulfield, charge d'affaires at the U.S. Embassy in Caracas, denied the accusation, saying a U.S. military aircraft has not strayed into Venezuelan airspace since 2008, when the U.S. acknowledged what it called an accidental incident involving a navy plane.

Meanwhile, U.S officials have criticized what they call Venezuela's failure to effectively fight drug trafficking.

Caracas (Reuters) - Venezuela's President Hugo Chavez on Sunday accused the United States of using the earthquake in Haiti as a pretext to occupy the devastated Caribbean country and offered to send fuel from his OPEC nation.

"I read that 3,000 soldiers are arriving, Marines armed as if they were going to war. There is not a shortage of guns there, my God. Doctors, medicine, fuel, field hospitals, that's what the United

States should send," Chavez said on his weekly television show. "They are occupying Haiti undercover."

"On top of that, you don't see them in the streets. Are they picking up bodies? ... Are they looking for the injured? You don't see them. I haven't seen them. Where are they?"

Chavez promised to send as much gasoline as Haiti needs for electricity generation and transport.

A perennial foe of U.S. "imperialism," Chavez said he did not wish to diminish the humanitarian effort made by the United States and was only questioning the need for so many troops.

The United States is sending more than 5,000 Marines and soldiers to Haiti, and a hospital ship is due to arrive later this week.

The country's president said U.S. troops would help keep order on Haiti's increasingly lawless streets.

Venezuela has sent several planes to Haiti with doctors, aid and some soldiers. A Russia-Venezuela mission was set to leave Venezuela on Monday carrying aid on Russian planes.

Chavez said Venezuela's planes were the first to land in Haiti after Tuesday's 7.0 magnitude earthquake, which wrecked the capital Port-Au-Prince and killed as many as 200,000 people.

Doha: Venezuela's Ambassador to Qatar Juan Antonio Hernandez has said that the tour, which the Emir H H Sheikh Hamad bin Khalifa Al Thani, began yesterday to Latin American countries (Argentina, Brazil, Venezuela, and Costa Rica), affirms the importance attached by the Emir to the continent as well as Qatar's keenness to boost cooperation with these countries.

Venezuela's Ambassador in a statement released yesterday said, "the Emir's tour is an important occasion for the citizens in Qatar to follow what is going on in the countries of Latin America." He added, "we know about the caliber of the Emir, his generosity and initiatives," adding that there was no doubt that the situation in Haiti will be on the agenda of the Emir's talks with Venezuelan President Hugo Chavez.

He also made a reference to the assistance provided by the State of Qatar to the Republic of Haiti under the directives of the Emir and the Deputy Emir and Heir Apparent, which seen as part of Qatar's efforts and humanitarian initiatives towards the needy people in the affected areas.

Caracas (AFP) – Sony's PlayStation video game console is "poison" and leads children down the capitalist "road to hell," Venezuelan President Hugo Chavez said.

Chavez, in his weekly radio-TV show "Alo Presidente," called on Venezuelan manufacturers to make "educational" toys and dolls with indigenous peoples' features to replace capitalistic counterparts like the Barbie doll that "have nothing to do with our culture."

In expanding on his dislike of western toys and games -- he already slammed Nintendo for promoting "selfishness, individualism and violence," Chavez Sunday took on the world's top selling game console, Sony's PlayStation.

"Those games they call 'PlayStation' are poison. Some games teach you to kill. They once put my face on a game, 'you've got to find Chavez to kill him.'"

The firebrand leftist president said any game that "bomb cities or just throw bombs," are sold by capitalist countries to sow violence so they can "later sell weapons."

They "promote the need for cigarettes, drugs and alcohol so they can sell them. That's capitalism, the road to hell," he added.

Venezuela, Chavez said, should be making "educational games," and suggested designing "little indigenous dolls" to sell in place of dolls "like Barbie, that have nothing to do with our culture."

Venezuelan lawmakers in October passed a law outlawing the sale of "bellicose" games and videogames that can be punished with up to five years imprisonment.

The United States is willing to cooperate and work with the Venezuelan government and with other countries in the region with which the US has difficult relationships, said the US Deputy Secretary of State James Steinberg.

"We have common challenges and our arms are open. We are ready to work with him, as well as with other countries in the region with which we have difficult relationships," Steinberg said in an interview with Colombian newspaper El Tiempo, referring to Venezuelan President Hugo Chávez.

As for the allegations that the United States is preparing an invasion against Venezuela, the top US official warned: "President Chávez says many things and one of the lessons we have learned is that sometimes it is not worthwhile to pay attention to the rhetorical excesses that we often hear in the Hemisphere."

According to Steinberg, his government does not respond to those allegations since "the United States has been clear and specific about its goals. We do not want to begin an argument about it."

"Allegations like this are frankly dumb. On the other hand, they are false. In addition to that, most people think the same way," he concluded.

The Peruvian government granted territorial asylum to Oscar Pérez, the leader of Alianza al Bravo Pueblo (ABP), a Venezuelan opposition party, said on Monday Ángel Delgado Silva, the attorney of the Venezuelan politician.

"A few hours ago, the Foreign Ministry of Peru has granted territorial asylum to the (Venezuelan) citizen Óscar Pérez. This is a victory of Peru's democracy; a fact that encourages all Latin American people," said Delgado Silva in an interview with Venezuelan private TV news network Globovisión.

The lawyer said that Peru granted the asylum to Pérez "under the condition that he must not issue any statement or engage in any act against the government of Venezuela. He pledged to meet such requirement."

"Peru opened its doors and received with joy a social activist (Óscar Pérez) who advocates the principles of democracy and freedom," added Delgado Silva.

Venezuela granted a USD 150 million loan to Bolivia for the design, construction and paving of the 114-mile Santa Bárbara-Caranavi-Quiquibey highway in Bolivia, reported on Tuesday Walter Delgadillo, the Bolivian Minister of Public Works.

Delgadillo said that the Venezuelan loan will cover 67 percent of the total cost of the road (USD 257 million), which will be built by the Accidental Argentina-Bolivia company in four and half years, DPA reported.

The new road will be part of an export corridor linking Brazil, Bolivia and Chile and it will pass through the Bolivian departments of Pando, Beni and La Paz.

Bolivian President Evo Morales asked the executives of the construction company to complete the job in less than four years.

Chilean president-elect, right-wing businessman Sebastián Piñera, admitted that he is at odds with Venezuelan President Hugo Chávez, but said that during his administration he will seek to maintain the best relations with Venezuela.

"I disagree with the way public issues are handled in Venezuela," he said at a press conference with foreign correspondents, a day after he won the run-off election to ruling party presidential candidate Eduardo Frei, AFP reported.

"I want to say it clear, these discrepancies are profound and have to do with the way democracy is conceived and implemented, the way the model of economic development is carried out, and many more," he said.

However, Piñera added that he believes in the "self-determination of the peoples and the non-intervention in the domestic affairs of other countries. Therefore, we will seek to improve relations with all Latin American countries, including Venezuela, for our mutual benefit."

President Michelle Bachelet said she had invited the president-elect to the Rio Group Summit to be held on February 21 in Cancun, Mexico.

The devaluation of the Venezuelan bolivar will discourage Bolivian exporters, said on Wednesday the president of Bolivia's export chamber, who asked President Evo Morales to intervene in order to prevent a negative effect.

"We hope that the Bolivian government talks to the Venezuelan government to prevent trade between the two countries from being undermined, since devaluation discourages Venezuelan importers," said the president of La Paz's export chamber, Guillermo Pou Munt.

Bolivian exports to Venezuela amount to USD 270 million per year. The main Bolivian exports to Venezuela include soybeans and soybean products (USD 143 million), textiles (USD 84.5 million) and sunflower products (USD 29.6 million), AFP reported.

Caracas, Venezuela (AP) - Venezuelan President Hugo Chavez on Wednesday proposed a law enabling the government to expropriate businesses that it deems have raised prices inordinately.

Chavez has threatened to seize businesses that raise prices in response to the country's first currency devaluation since 2005. His government is seeking to contain inflation that finished the year at 25 percent, the highest in Latin America.

Last week, Chavez eliminated the previous fixed rate of 2.15 bolivars to the dollar and set a new two-tiered rate: 2.6 per dollar for priority goods such as food and medicine, and 4.3 for imports of nonessential items such as air conditioners and electronics.

The change is widely expected to drive inflation higher, and Venezuelans crowded stores to buy electronics and appliances before prices go up.

Under orders from Chavez, government inspectors accompanied by troops inspected more than 300 businesses this week to determine if prices were raised improperly. The consumer protection agency said 233 were temporarily shut down.

The proposed law would "allow us to expropriate from the speculators," Chavez said in a televised speech.

The government is also seeking to hold down the exchange rate on the black market and the parallel bond market, where the rate on Wednesday was about 5.75 bolivars to the dollar.

The Central Bank issued \$50 million in bonds on Wednesday, a measure that Chavez said would be part of a "sustained, permanent and strong" intervention in the market to keep the rate in check.

The parallel rate is used by many importers who haven't had access to dollars at the official rate.

"With these decisions, we're going to pull down that exchange dollar," Chavez said. "The government, the Central Bank, has enough dollars to guarantee whatever is needed in dollars."

Caracas, Venezuela (AP) - Venezuela plans to start using a new virtual currency this week to facilitate trade with a bloc of allies in Latin America and the Caribbean that President Hugo Chavez has assembled to counter U.S. influence in the region.

Chavez has hailed the electronic currency — dubbed the Sucre and valued at \$1.25 — as a unique means of helping Venezuela, Cuba and other allied countries reduce their dependence on the U.S. dollar for commerce.

The Sucre was officially launched by Venezuela's government with a law's publication in the Official Gazette on Wednesday. Sucre is a Spanish acronym for the Unified Regional Compensation System.

It is to be used between members of the Bolivarian Alternative for the Nations of Our America, or ALBA, a leftist bloc that also includes Cuba, Bolivia, Nicaragua, Ecuador, Dominica, Antigua and Barbuda, and St. Vincent and the Grenadines. Venezuela and Cuba started the group as a socialist-oriented trade alliance in 2004.

Analysts say the electronic trading mechanism won't significantly diminish the reliance of ALBA members on the U.S. dollar because commerce within the bloc is minimal.

The Sucre won't be printed or coined; instead, it will be used solely as a virtual currency to manage debts between governments.

Venezuela's finance minister, Ali Rodriguez, said Wednesday that Chavez's government plans to make its first transaction using the Sucre this week, when it sells rice to Cuba. The state news agency reported that he called it a way "to break the dependence on the dollar" in trade.

Jose Guerra, an economist and former manager at Venezuela's Central Bank, said the Sucre "isn't going to have a major impact for the members of the ALBA" because the bulk of their trade is centered on trade with the United States and the European Union.

"Chavez says his allies will have a true alternative to the dollar, but it's impossible to substitute the dollar," Guerra said.

Guerra estimates that about 2 percent of the oil-producing country's exports are shipped to ALBA-member nations, and about 2.1 percent of its imports come from members of the trade bloc.

The United States remains Venezuela's No. 1 trade partner, with annual trade reaching more than \$20 billion last year despite the often-rocky diplomatic relations between Caracas and Washington.

In comparison, Venezuela's trade with communist-led Cuba — the South American nation's most active trade partner within the ALBA — is roughly \$3.6 billion, according to estimates by Jorge Pinon, an energy fellow at the University of Miami's Center for Hemispheric Policy.

Pinon said putting the Sucre into use is mostly a symbolic act.

"It's essentially an electronic price-transfer mechanism that really doesn't have any important economic impact," Pinon said. "The amount of trade between these countries using the Sucre will be limited. It's more political than anything else."

Venezuela's firebrand leader Hugo Chavez has seized three banks and ordered two other financial institutions closed, as the country reeled from a currency devaluation he hopes will improve state finances.

"In order to guarantee a healthy national banking and financial system, the board... has decided to intervene (with regard to) the following firms: InverUnion Banco Comercial; Banco Del Sol; and Mi Casa," banking regulator Sudeban said in a statement.

The closures on Monday come despite warnings that now regular business seizures could further spook foreign investors and undermine Chavez' efforts to put state revenues on a solid footing.

The nationalization of eight small- and medium-sized institutions last year prompted fears of a run on the country's banks, as investors moved to withdraw funds. It also sparked a dip in Venezuelan bonds and the country's currency in free trading.

The banking regulator defended Monday's move as a boost to the sector's stability, claiming the three seized banks were facing "serious administrative and managerial problems that resulted in insufficient liquidity to cover their short-term obligations."

Sudeban also closed down investment bank Baninvest and Banco Real Banco de Desarrollo, "due to inefficient operations" and announced that the banks' clients would not have immediate access to their deposits.

The government currently controls around 25 per cent of the banking sector, largely due to the purchase of the Banco de Venezuela from the Spain's Santander group in 2009.

Venezuela's National Assembly on December 15 passed a banking reform law giving the state more power to regulate the sector, a move that coincided with Chavez' drive to revamp national finances, with an eye on legislative elections next year, observers said.

Supporters of Chavez had faced a tough fight at the polls, as the government saw its ability to woo supporters with popular spending programs curbed by evaporating state revenue.

In an effort to increase oil revenue, Chavez earlier this month announced the bolivar would trade at 4.30 against the US dollar for "non-essential" goods - double the previous rate - and a rate of 2.60 bolivars against the US dollar for basic goods.

The Venezuelan military then moved to shut 70 firms, including a European-backed supermarket, amid panic buying by customers who feared imminent price hikes.

The currency move is already being felt by firms exporting to Venezuela. Goodyear, a US tyre company, on Monday said the devaluation would cost it \$US150 million (\$A161.9 million) in the first three months of this year.

Panama's Chamber of Commerce, Industry and Agriculture (CCIAP) rejected on Wednesday the Venezuelan government measures against several banks and the French-Colombian retail chain Éxito.

"At this crucial time for Venezuela, we cannot leave them alone. Therefore, we categorically condemn and repudiate the arbitrary closure of banks and retailers, since they violate all the principles we believe in and advocate," said Adolfo Linares, the president of CCIAP, in a statement.

Linares added that "the CCIAP is alarmed by the threats on future expropriations hinted by Venezuelan officials, since they are violating once again the freedoms of the Venezuelan people."

The Panamanian businessperson also urged the Venezuelan government to reconsider "its actions, which are worthy of an authoritarian dictatorship" and urged the Panamanian authorities to speak up, Efe reported.

Jan. 19 (Bloomberg) -- Venezuela's power shortage may push oil above \$100 a barrel if President Hugo Chavez diverts electricity from the biggest refining complex in the Americas, Curium Capital Advisors LLC said.

Chavez may tap a power plant at the 940,000 barrel-a-day Paraguana complex to supply electricity for public use, said Colin Fenton, chief executive officer of the Boston-based oil research firm.

"He has to decide every single day what to do with Paraguana," Fenton said today in an interview with Bloomberg TV in New York. A shutdown there would cause a temporary price spike until U.S. refiners make up for the lost output, he said.

Most regions of Venezuela are facing blackouts for two to four hours a day to save power as the worst drought in 50 years reduces water levels in hydroelectric dams that provide 73 percent of the country's energy.

Oil for February delivery rose 1.3 percent to \$79 a barrel at the 2:30 p.m. close of floor trading on the New York Mercantile Exchange. Crude last topped \$100 on Oct. 2, 2008.

Most units of state oil producer Petroleos de Venezuela SA generate their own power, company President Rafael Ramirez said Jan. 15. He said the units won't be halted because of the shortages.

## 'Power Collapse'

The government needs to come up with more power-saving measures "to contain energy demand and stave off a widespread power collapse," Patrick Esteruelas, a Latin America analyst at Eurasia Group in New York, wrote today in a note to clients.

Failure to do so may cause "longer-lasting damage to Venezuela's economy as well as undermining the government's prospects of retaining control of congress" in the Sept. 26 elections, Esteruelas said.

Power-saving measures so far are succeeding, Igor Gavidia, president of the utility that manages the Guri dam, said today in a statement sent by the Information Ministry. Guri stores the water that provides most of the country's electricity.

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