

BUSINESS AND POLITICS IN THE MUSLIM WORLD

News Monitoring Report No. 110 on Latin America

Reference period: Mar.05-12, 2010

Presentation: Mar.17, 2010

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Report Summary/Argentina

Appointment of the president, central bank of Argentina has become a serious political crisis. Two months back president Kirchner Fernandez dismissed the central bank's president when he refused to obey her order and pay the country's debt from foreign reserves. The appointment of the new president of central bank has become a controversial issue as the opposition wants the previous president back and Kirchner is trying fully to appoint a new president. Now the case has gone to the senate and the session is going to take place in next days.

An opposition claimed that we will never allow Kirchner to pass this bill of appointment of new president as it is illegitimate action but on the other hand Kirchner is also optimistic that she will get favor not only of her party but some opposition votes as well. The opposition party is having majority votes in the senate since midterm elections took place in Argentina. A senator of Kirchner's party told that the action of president is legitimate as according to constitution the president can declare a decree for the removal or for the appointment of the president of central bank.

The foreign minister of Germany visited Argentina and said that both Argentina and Germany are enjoying good relations but the debt crisis in Argentina took a little hurdle in it. he said that debt crisis will not become a longer hurdle in the relations of both countries but we will keep enjoying good relations in future too. A little decrease could be seen between both countries' economic relations last year due to global economic recession but now again both countries are planning to increase their relations. The foreign minister signed some agreements with his Argentinean counterpart in the field of technology and also to build Argentinean-German Centers in the universities of both countries to increase academic relations.

The government of Spain has sent a letter to Argentinean government that EU will not play a role in the fight over Falklands Island between Argentina and Britain. Spain is holding EU's rotating presidency for six months but it wants Falkland dispute as bilateral and won't involve in it as a third party. Even US has also clarified before both of the countries that US will not play a mediation role in this dispute and both countries should resolve this issue with each other. Since 1833 Britain is ruling over Falklands Island but in 1982 both Argentina and Britain

went for war over this island and now again the same island has become a bone of contention between both countries since a British drilling company came into the island to discover oil here. It is considered that this island is reserving second world's largest oil reserves after Saudi Arabia.

Report Summary/Brazil

Chinese foreign minister told media that BRIC is beneficial to the world and in this group all four members belong to almost similar growth of economy though every country has its own features. He was saying that all BRIC countries have their similar stance on many international issues. He also said that BRIC would be in the benefit of the world and the second BRIC meeting is going to take place this year in Brazil.

United States' foreign minister Hilary Clinton visited Brazil and addressed with the two houses of Brazilian congress. Her agenda to visit Brazil was to convince Brazil and get favor of it on impose sanctions on Iran. She said that Iran is planning to get nuclear technology to create uranium and by getting this Iran want to destroy Israel and put pressure on Arab world. She said that State's government many times wanted to negotiate with Iran but Iran is not willing. But president Lula said that sanctions are not the solution of this problem and sanctions can make Iran more dangerous. He said Brazil do not want to Iran that it produces uranium but if it is producing to generate energy as Brazil is also working on it but just to meet its legal and peaceful needs. He also said that Brazil will not favor US in this regard.

Then the foreign minister of Brazil said to the secretary of state that Brazil will not bow to pressure from the US to support further sanctions against Iran over its nuclear work. He also said to Ms. Clinton that Brazil wants more talks and negotiations with Iran and opposes sanctions. She said that United State's door is always open for a dialogue with Iran but Iran is not willing. The foreign minister of Iran said that Brazil and Iran will not allow any other country to interfere in their relations and Iran wishes to extend its relations with Brazil especially in the fields of science and technology.

The president is going to visit Middle East in the last month of his presidency that is December. He will meet with the leaders of Arab countries and convince them that Iran's nuclear program is not dangerous and not to harm them or any other country of the world. President Lula has much trade relations with Middle Eastern countries and has an influence in them as he was one of the most favorite leaders of the world. Brazil is increasing its influence not only in the region but also beyond region; and it is trying to secure United Nations' permanent seat. Mr. Lula got a lot of achievements in his tenure and now he has nominated Mrs. Rouseff in his place who will contest presidential elections with Mr. Serra.

A Brazilian economist told Xinhua news agency that China's efforts in global economic crisis were very successful as it disturbed China less. The main factor in it is its internal market. He said that the global economic crisis is also an opportunity for us also as we can set new development styles in it by forgetting the past. He also spoke in praise of China's policies that China could control on its economy during crisis as it received minimum unemployment and

loss. Brazil's president of development bank BNDES said that the economy of Brazil will grow from 5 % to 5.5 % this year in 2010. He said that since president Lula took office the economy grew triple than before. The foreign investors are turning to Brazil to build houses, stadiums and hotels as Brazil is going to host FIFA world cup in 2014 and then Olympic Games in 2016.

According to the Datafolha election poll, the handpicked presidential candidate of Brazilian current president Ms. Rousseff got a majority of votes than the opposition party's Mr. Serra. Mrs. Rousseff has been former chief of staff of Mr. Lula and now she has been nominated by the Lula's Worker's Party as a presidential candidate and Mr. Serra is her opponent in presidential election who he has been the governor of Sao Paulo state which is the wealthiest state of Brazil. Mrs. Rousseff chased her opponent quickly and in the recent polls she crossed her.

Report Summary/Mexico

NAFTA had allowed Mexican trucks to enter in USA which were taking Mexican goods to US markets but due to their bad conditions and rough driving style some road accidents happened and then the entry of Mexican trucks were ban in US. Now a group of 56 lawmakers urged president Obama to resolve truck issue as soon as possible because it is affecting trade between both countries. The lawmakers said to the secretary of transportation that the recent condition is very crucial so the current administration should take steps immediately to resolve this issue.

Same sex marriage have been a controversial issue in Mexico City but with the allowance of it many couples gathered before Mexico City's registry building to get their legal status. They are allowed not only to live together legally but also they can adopt children. Not only Mexican church but also many groups of society opposed it severely but Mexico City's legislation approved it so it became a law. The people who were opposing it they were arguing that it will destroy our culture but they gay couples were demanding their rights as equal to other member of the society. This law is passed only in one city of Mexico i.e. Mexico City with a population of 10 million but except than Mexico some other countries has also passed it like Buenos Aires of Argentina's legislation has approved this law.

Mexico's economy declined this month but slightly and it is said by the government that according to an estimate that Mexico's economy will grow in this year. The economy shrank 5 % but it is hoped that it will grow till 5.5% this year.

The foreign minister of china said that this year's climate change conference can make an obvious change in climate change. He said that China will follow every policy of UN, Kyoto Protocol and Bali road map to protect the environment of the world. He also said that this year the countries of the world would be more serious to protect the environment that previous year.

Report Summary/Venezuela

A spokesman of Pdvs, Venezuelan state run oil company told media that it has made an agreement with an oil company of Belarus by that agreement both countries will search new oil

fields for the production of hydrocarbons in Apure state. According to the agreement the Eastern European company will provide technical and technological support to Venezuela for energy and oil projects. Venezuelan government has also signed an agreement with Russia to develop oil fields in its region Orinoco oil belt. US geological survey reported that Venezuela's Orinoco oil belt have 513 billion barrels of recoverable heavy crude reserves and it is nearly twice as much as the proven reserves of Saudi Arabia.

Venezuelan president Hugo Chavez said that he has nothing to explain to the president of Spain for its clarification and no relations with the terrorist groups. Last week a judge of Spanish court alleged Venezuelan government to support ETA and FARC which are the two terrorist groups in Europe and in its response president Chavez said that his government is to promote peace but not to disturb other governments. The US Department of Defense also said that Venezuela is not doing many efforts to counter FARC in Colombia while Ecuador has started its cooperation with Colombia.

Venezuela has freeze its diplomatic and trade relations with Colombia from July 2009 and now the president of Dominican Republic is going to play a mediation role in the reconciliation of Colombian president Uribe and Chavez of Venezuela. He will visit both countries in next week. Spanish premier said that he will take some serious steps to crackdown ETA in Venezuela if Chavez supports him. In its first step the premier is sending the director of national police and civil guard will visit Venezuela and make a plan with Venezuelan government.

US Secretary of State made a speech in Brasília with her Brazilian counterpart and said that Venezuelan government is weakening the confidence of its people by imposing some sanctions on them. She said neither her country ever tried to weaken Bolivarian government in Venezuela nor anywhere else in the world as it is accused on US government often by the Venezuelan government. Secondly she said that Venezuelan government should see in its south as Brazil and Chile to uplift its economical and political system. She also said that Venezuelan government should give more freedom of expression and political freedom to its people. Chavez said that her statement is just to create disorder among the Latin American countries and she is blond Condoleezza Rice.

Venezuela's higher court has reinstated the mayor of one of the cities of Venezuela who had replaced a mayor a supporter of Chavez. It is also reported that the homicide rate has also increased in this year as compared to the previous year. Violence is increasing in Venezuela as the secretary of Venezuela's finance minister was kidnapped for ransom and many more cases of like this are prevailing.

President Chavez apologized in a speech from his peoples of the country who are suffering in power load shedding. But with this he also said that electric load shedding is not due to the ill management of his government but it is a natural cause. He was assuaging his public that this power crisis does no longer exist as God is also a Bolivarian and He is going to finish this load shedding from us. Now the government plans to increase oil consumption of overcome on energy crisis.

Venezuelan government threatened a sugar mill due to exploitation of its labor and stocking sugar in its warehouse. A government official said that he found a bulk of sugar in tones when he raided in sugar mill's warehouse. Venezuela is facing sugar crisis as the prices are increasing and people are getting more demand. But the owner of that sugar mill told that he just stock it in its warehouse five days ago because due to weather problem he could not sent its shipment so he saved in its warehouse.

Venezuela's oil production fell 7.2 percent in 2009 due to lower level of production and it caused a decline in its economy. As its economy fell 3.3 percent last year in 2009 due to many domestic problems as energy and political crisis. A frequent blackout in the urban areas affected business of people and caused decline in economy. Due to less foreign investment local production of vehicles declined 30.53 percent between January and February 2010 compared with the same period last year and external debt increased as 32 percent from USD 46.65 billion to USD 61.62 billion.

The Wall Street journal critically reported that the economy of Venezuela has entered in the list of restricted economies as it has declined and frequently declined. The report tells has taken 10 economic variables that substantiate to prepare this report and mentioned that Venezuela is on number 28th in economic freedom in the regional countries. The reason is mentioned of contracting economy is growing control of state on private businesses and banks, corruption is rampant under an inefficient judicial system that is vulnerable to political influence and rule of law is undermined by the Chavez government. An analyst writes in the same article that economic freedom bolsters good governance.

Detailed Report/Argentina

March 4 (Bloomberg) -- Argentine senators will seek to oust Mercedes Marco del Pont as head of the central bank when they hold their next full session on March 11, said opposition Senator Samuel Cabanchik.

"We are going to have enough votes on the floor to reject the appointment," Cabanchik, of the Civic Coalition party, said in a telephone interview last night after a senate committee voted against President Cristina Fernandez de Kirchner's nomination of Marco del Pont. "All the opposition blocs are in agreement."

Opposition lawmakers, who control both houses of congress, have challenged the Yale-educated economist's March 1 transfer of \$6.6 billion to the Treasury immediately after Fernandez announced two decrees ordering the use of reserves to pay debt.

An earlier edict, which also ordered the payment of debt with bank funds, was halted by a federal court in January. Marco del Pont, who has run the bank since Fernandez named her a month ago, didn't appear before the committee, which had summoned her to explain why she moved the reserves before lawmakers had a chance to debate the edicts.

Federal Judge Claudia Rodriguez Vidal yesterday ordered the Economy Ministry to abstain from using \$4.4 billion of the funds that Fernandez had destined to pay bondholders, the Court Information Center said in its Web site.

Fernandez, who is due to address the nation today, earmarked the other \$2.2 billion for payments to multilateral lenders.

Transfer 'Legitimate'

In a pre-recorded interview on Todo Noticias television channel last night, Marco del Pont said the transfer of funds was "legitimate" and "obeyed a presidential decree."

According to the bank's charter, the senate must approve the president's choice of the institution's head.

Opposition parties won majorities in both houses of Congress in mid-term elections last June, and successful candidates took their seats shortly before the start of the summer recess in December. Fernandez announced the decrees when she inaugurated this year's sessions of Congress on March 1.

The new majority moved swiftly and immediately began exercising its power, said Federico Thomsen, who heads political and economic research company E.F. Thomsen in Buenos Aires.

"The president's surprise decrees provoked the Senate's rage," Thomsen said in a telephone interview today. "The opposition has adopted the rough style the government has used. The executive is shocked to see that it's being given a dose of its own medicine."

Presidential Decision

If the Senate rejects the appointment, Fernandez must propose another candidate, Senator Adolfo Rodriguez Saa told reporters last night.

"It's difficult to see the Senate approving any candidate the government submits, as well as any serious economist accepting the post," Daniel Kerner, an analyst at the Eurasia Group in New York wrote yesterday in an e-mailed report. "A major political crisis is brewing in Argentina."

Fernandez named Marco del Pont, a former head of the state-owned Banco de la Nacion Argentina, after firing Martin Redrado as central bank president for not backing her plan to tap reserves.

The yield on the South American country's 7 percent dollar bonds due in 2015 climbed 47 basis points, or 0.47 percentage point, to 14.15 percent at 9:06 a.m. in New York, according to JPMorgan Chase & Co. The bond's price slid 1.45 cents to 76.1 cents on the dollar.

Buenos Aires - Argentine President Cristina Kirchner suffered a double blow Wednesday, losing her Senate majority and seeing her choice to head the central bank rejected by a key committee.

Senators switched allegiance and voted to put anti-government lawmakers at the heads of 13 of the Senate's 25 committees, giving them effective control of both houses of Congress for the first time since 2005.

Having already lost control of the Chamber of Deputies a few weeks ago, the development marked a significant power shift that could badly hamper Kirchner's ability to pass legislation after only two years in office.

It continued a run of bad news for Kirchner and her ruling Peronist (Justicialista) party, which started with losses in mid-term elections in June.

The ruling party had held legislative sway for more than five years under Kirchner and her husband Nestor Kirchner, her predecessor as president.

The blow comes on the heels of the government's repeated clashes with Congress over Kirchner's plans to settle part of Argentina's foreign debt by drawing on central bank reserves.

Kirchner said the withdrawal was necessary to firm up foreign investor confidence, but the move has deeply angered a now united opposition.

Argentina withdrew 6.5 billion dollars from its central bank reserves Monday to pay down some of the maturing debt as Kirchner circumvented court orders to force her plans through despite fierce opposition.

Kirchner is paying off a large slice of the debt due this year to Argentina's international lenders and holders of bonds on which the country defaulted in 2001.

An earlier, even larger proposal was opposed by then-central bank chief Martin Redrado, who Kirchner attempted to sack before he ultimately resigned.

Kirchner, who is trying to restore Argentina's standing in international credit markets and with multilateral lenders to avoid punitive interest rates, has defended the strategy even though she backed down from her earlier plan.

Redrado's designated replacement Mercedes Marco del Pont, a Kirchner confidante, on Monday made two payments — totaling 6.6 billion dollars - to service part of the foreign debt.

Kirchner's defiance, however, galvanized opposition parties who managed to convince former president Carlos Menem, now a senator, to attend the crucial vote Wednesday that led to the power shift away from the Peronist party.

Menem, a sworn enemy of the Kirchners, was absent during a similar vote last week, preventing the opposition from pulling off the move they managed Wednesday.

Compounding Kirchner's woes was a decision by the 15-member Senate Agreements Committee late Wednesday to reject Marco del Pont's nomination.

All nine opposition members voted against her after a confirmation hearing in which opposition lawmaker Elisa Carrio accused Marco del Pont and Kirchner of criminal wrongdoing in pushing through the debt funding decrees.

The full Senate is expected to take up Marco del Pont's nomination next week.

Despite deep cultural ties, Spain has sent Argentina a strong message it doesn't want the European Union involved in any kind of mediation initiative over the British drilling for hydrocarbons in the waters of Falklands.

Spain currently holds the rotating six-month presidency of the EU and was widely expected in Argentine diplomatic quarters to be more sympathetic than other European states to Argentina's current campaign to bring its claims over Falklands to an international forum.

Argentina renewed its claims over the Falkland Islands, which it calls Malvinas, in a response to the start of British oil prospecting in the South Atlantic waters, believed to hold the largest reserves of oil and gas outside Saudi Arabia.

Argentina invaded the islands in 1982, when it was under military dictatorship but was beaten back by a British task force. The war lasted 74 days and resulted in the deaths of 255 British and 649 Argentine troops and three civilians.

The Falkland Islands, about 400 miles off Argentina's southern coast, have been governed from London since 1833 but Argentina maintains they are part of its territory.

The European Union's response made clear the European governments considered the dispute a bilateral issue between Argentina and Britain and ruled out any EU role in resolving differences between London and Buenos Aires.

A Spanish government statement went further, emphasizing that the issue was not even regional and needed resolution between the two countries, a marked departure from the position adopted at a recent summit of Central and South American countries at Cancun, Mexico. At the meeting Argentina won support from its neighbors that prompted Buenos Aires to approach the U.N. and the U.S. administration.

The U.S. administration has already made clear it wants Argentina to talk things over with Britain rather than seek a U.S. mediation role. U.S. Secretary of State Hillary Clinton met with Argentine President Cristina Fernandez de Kirchner during her Latin tour this week and ruled out any U.S. involvement.

Analysts said the EU response meant Fernandez would be hard put to sustain her current effort to internationalize Argentina's claims over the Falklands, despite the support she received at the Cancun summit.

Argentina's Falklands campaign coincides with escalating economic and political problems for Fernandez.

The Washington Post commented, "You know that an Argentine leader must be in political trouble if the subject of the Falkland Islands has come up again." It said Fernandez "has lost the support of most of the country."

The paper said, "It's hard to see why the Obama administration should throw any lifelines to Fernandez de Kirchner, who hasn't shrunk from playing to anti-American sentiment around the region."

Buenos Aires: Germany's foreign minister said Monday that his country aimed to bolster its economic and political ties with Argentina but that the "debt issue" was a potential obstacle.

Guido Westerwelle, who is also vice-chancellor of Europe's top economic power, said on a two-day visit to Buenos Aires that Argentina had often been wrongly neglected by Europe in the past.

"It is a strategic decision by the German government to intensify relations with Argentina," he said after talks with his counterpart Jorge Taiana.

"Of course there are difficult questions, for example the debt issue which we also talked about. But relations between our countries are friendly and very good and we want to work together as closely as possible on this basis."

President Cristina Kirchner had hoped to use central bank reserves to pay off a hefty chunk of the debt due this year to Argentina's international lenders and holders of bonds on which the country defaulted in 2001.

But days after Kirchner managed to transfer 6.5 billion dollars from the central bank to repay debts, a court froze access to 4.38 billion dollars of the funds. Last week, her party lost its Senate majority.

Westerwelle, who is on a tour that will also take in Brazil and Uruguay, noted that as a fellow member of the Group of 20 club of rich nations, Argentina offered budding investment opportunities.

Taiana said Buenos Aires also saw deep potential in bilateral ties.

"We are also interested in expanding and strengthening our relations," he said.

In the coalition agreement sealed in October between Chancellor Angela Merkel's conservatives and Westerwelle's liberal Free Democrats, the German government set the goal of improving ties with Latin America -- long left in Europe to former colonial powers Spain and Portugal.

But German imports from Argentina fell 21 percent in the first 11 months of 2009 to 1.86 billion dollars as the economic crisis bit, while German exports to Argentina during the same period fell 31 percent to 1.73 billion dollars.

The Argentine and German governments signed on Monday a series of agreements on academy and cinematography during the visit by German Foreign Minister Guido Westerwelle.

Westerwelle was received by his Argentine counterpart Jorge Taiana, and later he met with President Cristina Fernandez in the inauguration of the German itinerant exhibition "Science Tunnel."

During Westerwelle's talks with Fernandez, Taiana and Argentine Education Minister Alberto Sileoni, the two sides signed an agreement to create the Argentine-German University Center.

Sileoni said that last year a group of German companies proposed creating an organized network to strengthen the cooperation between universities and institutes of both countries.

"It is an important initiative, because it will boost and attract students and researchers from both countries to main areas of didactics and researches. It will include financial and strategic cooperation of both countries," Sileoni said.

This network aims to promote the scientific and technological cooperation and exchange between the public and private institutions of both countries.

Meanwhile, Taiana and Westerwelle also signed an agreement on movie cooperation.

Detailed Report/Brazil

Chinese Foreign Minister Yang Jiechi said Sunday that enhanced cooperation among Brazil, Russia, India and China, or the BRIC countries, is beneficial to the world. He said it is true that the countries each have their own features, but they are at a similar stage of development and level of economy, and they have close positions on a series of international issues.

"In the face of increasing global challenges, the BRIC countries have enhanced cooperation among them and with other countries in an active, pragmatic, open and transparent manner," he told a press conference on the sidelines of the annual session of the National People's Congress (NPC), the country's top legislature.

"I believe that is in the interest of the world," Yang said. "We wish the second BRIC summit to be held in Brazil this April a full success."

US Secretary of State, Hillary Clinton's one-day visit to Brazil was dominated by one issue: the Iranian nuclear program. In the three meetings she had with Brazilian authorities the subject was discussed.

At the Congress, with the leaders of the two houses, Michel Temer (PMDB, São Paulo) president of the Chamber of Deputies, and José Sarney (PMDB, Amapá), president of the Senate; at Itamaraty with Foreign Minister, Celso Amorim; and with Brazilian president Luiz Inácio Lula da Silva.

Speaking to the media before an Amorim-Hillary press conference, Lula adopted a flexible position with regard to the issue. "I just don't think it is prudent to push Iran up against the wall. What I want for Iran is what I want for Brazil: the use and development of nuclear energy for peaceful ends. If Iran is in agreement with that, it can count on Brazilian support. If it wants to go beyond that, Iran will be doing something that is expressly prohibited in the Brazilian constitution. And that is something we cannot agree with," declared Lula. The Brazilian constitution prohibits the development of nuclear arms.

At the joint press conference, standing next to Secretary Hillary, Celso Amorim declared that Brazil will not bow to pressure from the United States on the matter of the Iranian nuclear program. "We intend to think this out for ourselves. What we want is a world without nuclear weapons, certainly without proliferation of these arms. But we are not about to be pushed along by others. We will use our own heads and come to our own conclusions," said the minister.

He then added that it is the position of the Brazilian government that there is a possibility of a negotiated agreement with the government of Mahmoud Ahmadinejad. "The question is what is the best way to get to that goal. Are all the chances to negotiate exhausted? We believe there is still an opportunity to reach an agreement, maybe with a little more flexibility on the part of all those concerned," concluded Amorim.

In her comments at the press conference, standing next to Amorim, Hillary declared the Ahmadinejad government has lied about the production of nuclear weapons. She stated that Iran tells a different story about what it is doing in each different place it goes, for example, in Brazil and at the International Atomic Energy Agency.

"What we have seen is that Iran goes to Brazil, China and Turkey and in each place tells a different story in order to escape sanctions. This matter continues to be examined by the United States," said the Secretary. "President Obama has made gestures to Iran for more than a year and there has been no reciprocal signal."

Hillary declared that the US was willing to negotiate with Iran but that the possibilities were limited because of a lack of interest on the part of Iran.

"An effort in favor of negotiations, in good faith, by Iran will be eagerly accepted. We desire a positive diplomatic outcome and with that goal in mind will continue to discuss this issue with Brazil."

She said that it seemed that Iran would only negotiate in good faith when pressured by sanctions to do so, without going into detail as to exactly what the sanctions would be.

"I repeat that the US prefers negotiations to sanctions. Our door is always open. But when the international community as a whole gets behind a resolution for sanctions, we believe that only then will they negotiate."

In her visit to the Brazilian Congress and meetings with the presidents of the two legislative houses, Clinton said the United States would like help from Brazil in dealing with the nuclear proliferation, the Iranian nuclear program and the new situation in Honduras.

As for Iran, Hillary pointed out to Temer and Sarney that Russia, China, England, France and Germany are all in favor of new sanctions because they are all convinced that the recent decision by Tehran to enrich uranium to 20% is part of a plan to build nuclear weapons. Iran denies this.

Hillary warned that Iran wants nuclear weapons not only to attack Israel, but to exert political pressure over the whole Middle East and especially the Arab nations. Hillary called on Brazil to join the effort to halt the proliferation of nuclear arms, according to José Sarney.

Hillary also spoke to the leaders of the Congress about Latin America and the need to overcome the conflict in Honduras by bringing an end to its domestic problems, an effort Brazil can and hopefully will be a part of, she told Temer and Sarney.

Celso Amorim told US Secretary of State Hillary Clinton that Brazil wanted to see further negotiations on the issue before it would support sanctions.

Mrs Clinton said that sanctions had to be passed first in order to persuade Iran to "negotiate in good faith".

The US fears Iran is developing nuclear weapons, a charge Tehran denies.

At a news conference with Mrs Clinton in the Brazilian capital, Brasilia, Mr Amorim said: "We will not simply bow down to an evolving consensus if we do not agree.

"We have to think by ourselves and with our values and principles," he said.

'Door open'

Washington wants Brazil, which enjoys good ties with Iran, to support its push for a fourth round of UN sanctions against Tehran over its refusal to stop enriching uranium - a possible step to building atomic weapons.

Tehran says the uranium is being enriched to provide fuel for nuclear power reactors it envisages building.

Brazil is currently a member of the UN Security Council.

"I think it's only after we pass sanctions in the Security Council that Iran will negotiate in good faith," Mrs Clinton said.

"The door is open for negotiations. We never slammed it shut," she said. "But we don't see anybody, even in the far-off distance, walking toward it."

Even before talks with Mrs Clinton began, Brazilian President Luiz Inacio Lula da Silva repeated his stance that isolating Iran's leaders is counter-productive.

"It is not prudent to push Iran against a wall. The prudent thing is to establish negotiations," he said.

"I want for Iran the same thing as I wish for Brazil: To use the development of nuclear energy for peaceful purposes. If Iran is in agreement with that, Iran will have Brazil's support."

President Lula said he did not want Iran to develop nuclear weapons and would raise the issue in a visit to Tehran in May.

Mrs Clinton is visiting South America at a time when there is a sense in the region that President Barack Obama's administration, distracted by so many other issues, has not lived up to expectations, says the BBC's Gary Duffy in Sao Paulo.

The US state department has said if Brazil uses its relationship with Iran to press the country to fulfil its international obligations then that would be an important step, but if it did not do that, Washington would be "disappointed".

Brazilian President Luiz Inacio Lula da Silva's chief of staff Dilma Rousseff has a majority of votes ahead of the Oct. 3 general election, according to a poll released on Wednesday.

Rousseff, who is the presidential candidate of Lula's Workers Party, gets 40 percent of the voting intentions of those who benefit from the government's wealth transference program Bolsa Familia, according to the Datafolha election poll.

Under the program, family households with incomes less than 140 reais (78 U.S. dollars) per capita receive an assistance of up to 200 reais (111 U.S. dollars) a month. Over 11 million families in Brazil have benefited from the program.

Sao Paulo State Governor Jose Serra, who is likely to be opposition Brazilian Social Democracy Party's candidate, has 25 percent of the voting intentions, followed by Congressman Ciro Gomes from the Brazilian Socialist Party with 10 percent and Senator Marina Silva from the Green Party with 8 percent.

In a scenario without Gomes, Rousseff gains 46 percent of voting intentions.

Rousseff's popularity has also increased. According to another Datafolha poll on Saturday,

Rousseff gets 28 percent of voting intentions, up from 23 percent in the previous poll released in December 2009.

Serra has 32 percent of voting intentions, down from 37 percent in December. As the poll has a margin of error of 2 percentage points, the two candidates are technically tied. Gomes has 12 percent of voting intentions, down from 13 percent in December, while Senator Silva maintains her 8 percent.

Iran's Foreign Minister Manouchehr Mottaki said on Monday that Iran and Brazil do not allow other sides to interfere in their relations, the semi-official ISNA news agency reported.

"Today, Iran and Brazil stand on each other's side and they are fully aware of their potentials; their cooperation does not go against any third country's (interests) and they do not allow other sides to interfere in their relations," Mottaki was quoted as saying.

In a meeting with visiting Brazilian Minister of Science and Technology Sergio Machado Rezende in Tehran, Mottaki stressed Iran's desire to expand bilateral relations with Brazil, the report said.

Rezende on his part expressed his satisfaction for Iran-Brazil relations and called for expansion of ties in scientific fields between the two countries.

Brazil insists on negotiating with Iran over its controversial nuclear program, Brazilian Foreign Minister Celso Amorim on Wednesday last week.

Last Tuesday, Washington failed to win Brazil's support for new sanctions against Iran when Secretary of State Hillary Clinton met with her Brazilian counterpart Celso Amorim.

Luiz da Silva says he'll visit region to push for peace and prevent possible conflict with Iran.

Brazil's president plans an active role in world diplomacy during his final months in power, saying he will visit the Middle East to seek peace and prevent a possible conflict over Iran's nuclear program.

President Luiz Inacio Lula da Silva, whose second four-year term ends next Jan. 1, told The Associated Press in an interview Tuesday that US-backed sanctions could push Iran away from the bargaining table.

"I'm visiting the Middle East now and Iran in May. I want to talk with the entire world to strengthen the idea that dialogue offers the best opportunities for peace in the Middle East," said Silva, who has emerged as one of the world's most popular leaders by managing to stay on good terms with both Washington and its rivals, such as Cuba and Iran.

Silva, a former radical union leader and political dissident who surprised many by embracing free-market economics after taking office in 2003, says Brazil's role in Middle East diplomacy shows its growing global prominence.

Underscoring his push to give Brazil greater global influence, Silva plans to visit Israel, Jordan and the Palestinian-administrated West Bank this week, and Iran in two months.

Brazil's leader said he will try to persuade Iranian President Mahmoud Ahmadinejad to restart negotiations and ease concerns about his country's nuclear program. Ahmadinejad met Silva last year in Brazil, a visit that alarmed Washington.

"I have already told them that a war must be avoided at all costs," Silva said, a week after rebuffing US Secretary Hillary Clinton's appeal for Brazilian support for a new round of tough sanctions.

Iran has accelerated its nuclear program despite previous U.N. penalties, but the United States and some of its allies say a renewed demonstration of world resolve could finally push Iran to negotiate. Silva calls that view wrong, saying new sanctions could isolate Iran and raise regional tensions.

"We don't want to repeat in Iran what happened in Iraq," Silva said.

Silva has led Latin America's largest nation to an increasingly assertive international role, based partly on growing economic importance and the discovery of major oil fields. He has also become a voice for the world's emerging countries, demanding they have a greater say in world affairs.

Silva cited the Iran standoff and the struggling Mideast peace process as proof that the world's traditional powers aren't able to solve problems on their own.

"Who decided that the United States, France, England, China and Russia represent the collective aspirations of our planet, the new geopolitics, the new world order — with nations that were poor yesterday but today are in the midst of extraordinary economic growth?" asked Silva, who has campaigned for a permanent Brazilian seat on the U.N. Security Council.

Silva said Brazil's message is that it is time for negotiations. "It's not time for an embargo, not for sanctions. It's time for us to talk a little more," he said.

But he also indicated Brazil's position on sanctions is not set in stone.

"If the president of Iran does not agree with Brazil, we will take our decisions based on what was discussed," Silva said.

He criticized Ahmadinejad's repeated questioning of the Holocaust and his calls for Israel's destruction, but suggested political tensions are to blame for the inflammatory remarks.

"It's impossible to imagine someone saying there wasn't a Holocaust or to accept someone saying they're going to do away with another country," Silva said. "All these things surface because the situation is very radicalized, it needs to be calmed down."

Touching on another sensitive issue, Silva said he reluctantly accepts the decisions of Cuba's judicial system in jailing dissidents who have subsequently gone on hunger strikes.

"We have to respect the determinations of Cuba's judiciary and government in detaining people under Cuban legislation, as I would want them to respect Brazil's," he said.

Guillermo Farinas has been on a hunger strike since Feb. 24 to demand the release of ailing Cuban political detainees. Dissident Orlando Zapata died in February amid a prolonged hunger strike, while Silva was in Havana visiting President Raul Castro.

"I wish that (the detention of political prisoners) did not happen, but I cannot question the reasons why Cuba detained them, just as I wouldn't want Cuba to question why there are prisoners in Brazil," he said.

Silva himself carried out a hunger strike against Brazil's 1964-1985 dictatorship, an action he now calls "insanity."

Silva, the son of a dirt-poor farmer, once worked as a shoeshine boy and gained fame as a radical union leader who resisted Brazil's dictatorship. He surprised detractors after becoming president by maintaining financial policies applauded by Wall Street, while shelling out billions in government money for social programs that have helped lift millions out of poverty in this nation of 190 million people.

Few nations shook off the recent global meltdown more quickly than Brazil, which went into a brief recession but has emerged with a strong growth outlook.

Silva, whose popularity is high in Brazil, insisted that his hand-picked candidate in the presidential race, Dilma Rousseff, is ready for the presidency even if she has never run for office.

She is likely to face Sao Paulo state Gov. Jose Serra in October's election.

"Why did I select a woman and not a man? Because I believe that we've won this stage of discrimination against women. If it exists, it's the minority in the heads of reactionaries," Silva said.

Brasilia - A Brazilian economist has spoken highly of the Chinese government's efforts in fighting the global economic crisis, saying they were "successful."

The efforts China has made in dealing with the economic crisis were successful because the Chinese government has carried out corrective action in an organized manner, said Marcio Pochmann, president of the Institute of Applied Economic Research, in a recent interview with Xinhua.

Pochmann praised the Chinese government's ability "to coordinate responses to what represented the crisis in terms of reduced activity, loss of trade and job losses."

"Countries that were more capable to cope with the crisis and emerged from it were those with public policies adequate to the moment of crisis," he said.

"China had an immediate role, as the country managed to arrange the position of their banks and favorable macro-policies to inject resources into its domestic market," Pochmann said.

The economist said China's policy of stimulating domestic consumption helped compensate the reduction of international trade.

He also stressed that the economic crisis was an opportunity to change the pattern of global economic growth, which should "go from an economy driven by financial gain to the one driven by production, trade and employment."

"We proceed from the assumption that the crisis is not just a problem. The crisis means trouble for many, especially for those who have lost their jobs or for businesses that have to be closed. But on the other hand we think that the crisis is also an opportunity for us to establish a new level of development," he said.

The cycle of global economy, which was based on financing wealth in the form of derivatives -- the main reason that pushed the world into crisis in 2008, needed to be changed, he said.

"Countries like China and Brazil have a recipe for growth that is not the recipe for growth sustained in papers, it is a growth sustained in production, in commerce, in employment," he added.

"Therefore, we have the opportunity for those countries to lead a development that will not repeat the past," he said.

March 4 (Bloomberg) -- Brazil's economy may overheat as too much foreign investment flows into the country, said Luciano Coutinho, president of state development bank BNDES.

"We are worried about excessive inflow or excessive growth this year," Coutinho said during an interview at Bloomberg's London office yesterday. He added that the government is seeking economic growth of 5 percent to 5.5 percent in 2010.

Foreign investors are piling money into Latin America's largest economy as the country builds houses, roads and stadiums for the 2014 World Cup soccer tournament and 2016 Olympic Games in Rio de Janeiro. Gross domestic product has tripled since President Luiz Inacio Lula da Silva came to power in 2003.

The benchmark inflation rate rose for the fourth straight month in January to 4.59 percent, above the government's target of 4.5 percent, as economic growth quickened. Analysts raised their forecasts for 2010 inflation to 4.91 percent in a weekly central bank survey published March 1, adding to speculation that the central bank may raise interest rates for the first time since 2008 as soon as this month.

Foreign direct investment will jump 47 percent this year to \$38 billion, according to the median forecast of about 100 economists in a central bank survey published this week. International investors added 20.5 billion reais (\$11.4 billion) to their stock holdings last year, the most since records began in 1994, as the benchmark Bovespa Index gained 83 percent.

'Somewhat Volatile' Currency

Policy makers are next scheduled to decide on the overnight interest rate March 17. Banco Central do Brasil will raise the so-called Selic rate to 11.25 percent by year-end from 8.75 percent currently, according to the median forecast of about 100 economists surveyed by the central bank.

The Brazilian real will be "somewhat volatile" against the dollar in the coming months as the U.S. economy starts to recover, Coutinho said. The return to growth in the U.S. will lead to a stronger dollar and a weaker real, he said.

The real may also decline against the euro, he said.

The Brazilian currency rose 0.2 percent to 1.7875 per dollar at 11:19 a.m. New York time. The real has fallen 2.4 percent this year against the U.S. dollar, after rising 33 percent last year.

"I do not see a trend for consistent appreciation of the real," Coutinho said in the Bloomberg television interview in the U.K. capital, where BNDES opened an office last year. "I would advise investors not to bet on an excessive appreciation of the real."

No Capital Controls

The central bank will intervene in the case of “excessive” inflows or further appreciation of the currency, the bank’s president said. The government doesn’t intend to adopt capital controls and would use “conventional” market instruments to contain appreciation, he said.

Brazil’s economy may have grown a “small” amount last year as it recovered from its first recession since 2003, Planning Minister Paulo Bernardo told reporters in Brasilia yesterday, when asked about his expectations for the gross domestic product figures that will be released March 11.

The economy will grow 5.5 percent in 2010, according to the median estimate of analysts in Feb. 26 central bank survey published March 1. The central bank estimates economic growth of 5.8 percent this year and foreign direct investment of \$45 billion.

BNDES, which was founded in 1952 and provides financing in Brazil and overseas, lent a record \$72 billion last year, Coutinho said yesterday.

The bank wants to lend “somewhat less” this year as it seeks to “share the burden” with private banks, Coutinho said.

BNDES Ltd., the London-based unit, will “soon” be able to support companies with lending operations as it takes on banking services such as asset management, he said. The bank will eventually be able to raise funds in the U.K. and operate in capital markets, he said.

BNDES set up the unit last year to buy equity stakes in joint ventures and subsidiaries that Brazilian companies are setting up overseas.

Detailed Report/Mexico

Washington (Reuters) - A group of 56 lawmakers urged President Barack Obama's administration on Wednesday to resolve quickly a dispute with Mexico over cross-border trucking that has damaged bilateral trade.

"The current situation is unsustainable and untenable," the lawmakers said in a letter to Trade Representative Ron Kirk and Transportation Secretary Ray LaHood.

"Our constituents need help immediately and we implore you to work quickly to implement a solution that ensures safety and normalizes trade. Please communicate your plans for a solution so we are better able to understand the administration's strategy," the lawmakers said.

The plea came nearly one year after Mexico slapped retaliatory duties on a long list of U.S. exports, including fruit and industrial goods, worth an estimated \$2.4 billion.

Mexico took the action after U.S. lawmakers, citing safety and security concerns, canceled funding for a test program begun by the Bush administration that allowed Mexican long-haul trucks to circulate in the United States.

The United States agreed to open its market to Mexican trucks as part of the North American Free Trade Agreement, but the U.S. Teamsters union and many of its supporters in Congress have fought implementation of the pledge.

The most recent spending bill does not bar funding for the cross-border trucking program.

But the lawmakers complained they still have not seen any plan from the Obama administration for ending the dispute.

Kirk was asked about the issue on Wednesday at a Senate Finance Committee hearing on Obama's 2010 trade agenda.

"We'd like to find a way to come up with an acceptable program so we can move forward," Kirk said.

"I know it is having a very negative impact, particularly on many of agricultural industries in California and Washington and Texas," Kirk added. "We want to get it resolved."

Mexico City—Mexico's capital city handed out its first licenses for same-sex marriage, allowing gay couples not only to marry legally, but also to adopt children and receive government benefits—changes that pit the city's progressive government against a more conservative country that surrounds it.

Lol Kin Castañeda and her bride, Judith Vázquez, were among a dozen or so couples getting marriage licenses. Ms. Castañeda, 45, and Ms. Vázquez, 33, kissed in front of news cameras Thursday morning and told reporters they had been an unmarried couple for nearly seven years. Moments later, they entered the registry building, presented copies of identification cards and phone bills, and were given one of the first marriage licenses. "This is a social transformation," said Ms. Vázquez.

The law, passed in December and effective Thursday, applies only to the capital, a city of 10 million. Mexico City follows two other cities that have opened themselves to gay marriage this week. On Wednesday, same-sex marriage began in Washington, D.C., after the Supreme Court turned down a petition to intervene. The same day, two men were married in Buenos Aires, the country's second gay marriage, after a judge approved the union ahead of possible legislation in Argentina.

Mexico City may pale in comparison to gay meccas like San Francisco and Amsterdam, but it is home to a sizeable number of homosexual couples, one of the few openly gay populations in Latin America. A number of gay bars line the streets of the downtown's Zona Rosa district and couples can be seen holding hands in many of the city's parks.

The changes were hailed by gay-rights advocates as a major event in Latin America. But they also set a new culture war afoot in Mexico, one of the region's most conservative countries. The new marriage and adoption laws have drawn fire from many of Mexico's top names, from conservative President Felipe Calderón, who supports a constitutional challenge to the law, to the Mexican Catholic Cardinal Norberto Rivera, who recently called the law a "violation against children" that "respects neither culture nor nationality."

Despite recent legal protections, this week's newlyweds will remain at the center of the controversy. On Thursday, around a dozen couples gathered in a leafy park in front of the city's civil registry building waving a rainbow flag and singing chants calling for equal rights.

Thursday's changes mark the second time in recent years that the capital's government swung left on a core controversy that pit it against the church and conservative politicians.

In 2007, the city's legislature voted to allow abortions during the first trimester of pregnancy, making it the only part of the country to allow the procedure. The move sent pregnant women from around Mexico to seek abortions in the capital. Despite national furor among conservatives, a Supreme Court challenge to overturn the law failed in 2008. Since then, 14 of Mexico's 31 states have changed their constitutions to include so-called right to life amendments that bar abortion.

Gay Mexicans are now bracing for a similar backlash. Three states have already pre-empted Mexico City's gay-marriage laws with measures specifically prohibiting them. The most recent was approved by the legislature of Mexico's northern state Chihuahua on Tuesday. Other states are expected to follow suit in coming months.

"This makes it difficult to seek reform like Mexico City's because you first have to change the highest laws," says Antonio Ruíz, president of Erósfera, a Mexican gay-rights advocacy group that works with teenagers.

Still, the new laws have given Mexicans outside the capital hope that more reform could follow. "I'd like to get married in the future, and, yes, this will influence my plans," says Yayrhe Estrada, a 22-year-old designer from Tuxtla Gutierrez near the Guatemala border. "I know that Mexico is not prepared yet for it to happen everywhere, but bit by bit we can become more visible."

Those who registered Thursday may hold weddings as soon as next week, said Leticia Bonifaz, the city's legal adviser.

The Mexican government authorized the entrance of 36,171 Japanese cars into the Mexican market free of duties from April 1, 2010 to March 31, 2011, the Mexican Economy Ministry said on Thursday.

This measure was taken as part of the Agreement for the Strengthening of the Economic Association between Mexico and Japan, the ministry said.

Under the agreement, Mexico will import, free of duty, Japanese cars that accounted for 5 percent of all the cars sold in Mexican territory.

Statistics from Mexico's Association of Automotive Industry indicated that in 2009 754,918 cars were sold in Mexico, a drop of 26.4 percent compared with 2008.

According to the information system of Mexico's automotive sector, Mexico produced about 1.5 million cars in 2009.

Mexico City, March 8 (Reuters) - Mexico's peso slipped on Monday after closing at a 16-month high last week, and stocks were little changed as investors digested comments from France's president on possible aid for Greece.

The peso MXN=MEX01 lost 0.3 percent to 12.6635 following strong gains last Friday after fewer-than-expected U.S. job cuts in February supported optimism for economic recovery in the United States, Mexico's top trading partner.

The IPC stock index .MXX added 0.04 percent to 32,450 following its close at a six-week high last Friday.

"The dollar is strengthening, but it is within a very tight margin. It does not seem like the market wants to take a clear direction," said Eduardo Avila, an analyst at brokerage Monex in Mexico City.

French President Nicolas Sarkozy promised on Sunday that euro zone countries would help Greece if its financial problems worsened.

The news supported the euro early in the Monday session, but the U.S. dollar clawed back those gains. Concerns over Greece's debt troubles have weighed on the euro and emerging market assets in recent weeks.

"Just because Greece may get some aid does not mean they have made it to the other side," Avila said.

Traders said the peso's losses Monday were largely driven by a technical rebound after the currency failed to decisively break the 12.60 level.

Mexico's peso has gained around 4.6 percent from a low hit in early February, helped by signs of a stronger-than-expected rebound in Mexican exports.

Morgan Stanley economists on Monday raised their growth outlook for Mexico to 5.2 percent in 2010 from a previous call of 3.8 percent.

"The Mexican economy is likely to expand more than 5 percent this year, representing the strongest rebound among the region's major economies," Morgan Stanley wrote in a note to clients.

In stock trading, shares in bank Banorte (GFNORTEO.MX) added 3.09 percent to 51.41 pesos.

Top retailer Wal-Mart de Mexico (WALMEXV.MX) shed 2.4 percent to 61.80 pesos. Walmart hit an all-time high last week, representing a 135 percent jump from a low in March 2009, and some analysts have recently questioning whether the stock may have gained too much, too quickly.

Beijing - China hopes the climate change conference to be held in Mexico later this year can produce major and positive progress, Foreign Minister Yang Jiechi said Sunday.

Yang made the remarks at a press conference on the sidelines of the annual session of the National People's Congress, the country's top legislature.

"It is widely held in the international community that important and good progress has been made at the Copenhagen conference," Yang said while adding that much more work remains to be done in this regard.

"China will work actively with other countries in the world to tackle the climate change challenge according to the United Nations Framework Convention on Climate Change, Kyoto Protocol, Bali road map and the principle of common but differentiated responsibilities," he said.

He noted that China hopes that efforts of all countries in tackling climate change will yield more positive results this year and the Mexico conference will make major and positive progress.

The fund set up to help Mexican agriculture compete with subsidized U.S. farmers under the free trade accord was meant to aid the poorest. Instead, drug kingpins' kin and a Cabinet minister benefit.

When Mexico and the United States were entering a landmark free trade agreement 16 years ago, one thing was clear: Mexican farmers would initially find it difficult to compete with heavily subsidized U.S. agricultural products.

The solution: Mexico created a special fund to dole out cash to the poorest and smallest farmers.

Somewhere along the way, something went wrong. Today, the fund -- far from helping the neediest -- is providing large financial subsidies to the families of notorious drug traffickers and several senior government officials, including the agriculture minister.

Revelations of how and to whom the money is being distributed have led to a spasm of demands from legislators to change the system. But, as with most examples of colossal corruption in Mexico, it is unlikely that the program will be overhauled.

Its failure has driven tens of thousands of subsistence farmers to ruin and encouraged the planting of illegal crops, such as marijuana and opium poppy, on vast tracts of farmland, experts and officials say.

"It would be a mistake to eliminate the program altogether, but the lists [of beneficiaries] have to be purged," said Mauricio Merino, an investigator with an economics think tank in Mexico City and an expert on the subject. "Once you stop giving money to the poor, it opens the window for everyone to start collecting."

Under the program, known as Procampo, an estimated \$1.3 billion was given last year to 2.7 million farmers. The allotment is about \$74 to \$100 per 2.5 acres. But, according to several academic studies, as much as 80% of the money went to just 20% of the registered farmers.

Among the most eyebrow-raising recipients were three siblings of billionaire drug lord Joaquin "El Chapo" Guzman, head of the powerful Sinaloa cartel, and the brother of Guzman's onetime partner, Arturo Beltran Leyva.

Guzman has been a fugitive since escaping from a prison in 2001, more or less the year his family began receiving thousands of dollars in farm subsidies to grow, ostensibly, corn, sorghum and sesame.

Beltran Leyva was also a fugitive for many years until he was killed in a shootout with Mexican marines late last year. Younger brother Carlos, despite his own brushes with the law, has been receiving regular subsidies for a decade or more.

Many of the details on the recipients were first published in the newspaper El Universal, which obtained some of the information through the Mexican equivalent of the Freedom of Information Act.

The Times has learned that another top associate of Guzman, Victor Emilio Cazares, received more than \$100,000 from Procampo to subsidize his raising of cattle. Like many suspected big-time traffickers, he maintains legitimate crops and livestock alongside his alleged illegal business.

Much of the corruption crept into the Procampo program early on, Merino said. In a misguided, easily abused effort to promote transparency, the money was assigned by property, instead of to individuals. The aim was to prevent people with political connections from moving to the front of the line. In fact, the process meant that big property-holders could apply for each ranch, farm and plot of land they owned. Only last year was a cap placed on how much an individual could receive.

In the meantime, others who reaped bountiful benefits were Agriculture Minister Francisco Javier Mayorga Castaneda, along with his father and four siblings, as well as a number of politicians and large transnational food-production companies. Mayorga says he started receiving the subsidies before he was named a Cabinet minister, so he has no reason to return or refuse them.

He also says the families of narco-traffickers cannot be denied subsidies unless the registered plot of land is shown to be sown with illicit crops.

Mexico in the last 20 years has morphed from a country that fed itself to an importer of food, as thousands of farmers have abandoned the land and sought jobs in cities. The failure of the Procampo program also has helped drive many smaller farmers into the network of drug traffickers.

Ricardo Garcia Villalobos, head of a federal court that handles agrarian issues, said 30% of Mexican farmland is planted with such illegal crops as marijuana and poppies instead of, or sometimes alongside, traditional corn and beans.

"It is necessary," Garcia said, "that the government now see and treat this problem as a matter of national security."

Detailed Report/Venezuela

State-run Oil Company Petróleos de Venezuela (Pdvsa), in association with a Belarus company, is searching for new fields for the production of hydrocarbons in an area of 1,930.5 square miles in the state of Apure, southwestern Venezuela, Pdvsa reported in a statement.

The project is part of the agreements signed between Venezuela and Belarus, under which the Eastern European country provides "technical and technological support to Venezuela for energy and oil projects," AFP reported.

A group of Belarusian experts in drilling and surveying is analyzing the seismic data to demarcate the area and prepare the exploration of new reserves in this region.

The plan will generate 600 direct jobs and 1,200 indirect jobs, Pdvsa said.

Caracas (Reuters) - President Hugo Chavez said on Wednesday he had "nothing to explain" to Spain's President Jose Luis Rodriguez Zapatero after a judge alleged links between the Venezuelan government and ETA and FARC rebels.

"This is a government that has does not and will not support terrorist groups, we are of peace, of friendship," Chavez said.

Zapatero demanded an explanation from Venezuela after a Spanish judge on Monday said Venezuelan soldiers and an alleged ETA member working for the Venezuelan government facilitated a meeting between the Basque separatists and Colombia's FARC rebels, both considered terrorist groups by Europe.

US Secretary of State Hillary Rodham Clinton said on Wednesday in Brasilia that the Venezuelan government "undermines freedoms little by little" thus "harming its neighbors and Venezuelans themselves."

In a press conference together with his Brazilian counterpart Celso Amorim, Clinton added that the United States, accused by Venezuela's President Hugo Chávez of "scheming" a campaign against his Bolivarian revolution "has never been involved in any activities whatsoever against Venezuela or any Venezuelan."

Clinton insisted on saying that Chávez's government has "some harmful attitudes" and added that her country just expected and wanted it "to start a process towards restoration of the freedom of expression, and political and economic freedoms," in Venezuela.

She said also that the United States "would like Venezuela to look a little bit more at the south and follow suit with Brazil or Chile, successful countries" in economy and reduction of poverty and full democratic freedom.

Venezuela should combat the Colombian Revolutionary Armed Forces (FARC) because they represent a threat on that country, Colombia and the whole region, an official of the US Department of Defense said on Thursday and criticized Venezuela's poor cooperation in fighting the rebels.

Frank Mora, Deputy Assistant Secretary of Defense for the Western Hemisphere, hailed Ecuador's recent cooperation with Colombia, but complained of the government of Venezuelan President Hugo Chávez, the strongest critic of the United States in Latin America, Reuters reported.

"Venezuela should combat this scourge," Mora said during a press conference in reference to the FARC, regarded by the US government as a terrorist group.

Chávez has been accused of having links with the Colombian guerrillas. For their part, Colombian security sources claimed in the past that FARC kingpins seek refuge in Venezuela to evade a military offensive.

Caracas, Venezuela (AP) -- Venezuelan President Hugo Chavez says U.S. Secretary of State Hillary Rodham Clinton is trying to undermine efforts by Latin American leaders toward regional unity.

His remarks Thursday come a day after Clinton accused Chavez of limiting freedoms in Venezuela.

As Chavez spoke, Clinton was in Costa Rica to urge officials from 16 Central and South American nations to do more on democracy and development.

Chavez claimed that Clinton aims to sow discord within the region.

Costa Rica is the second to last stop on Clinton's weeklong, six-country tour of the region. She has visited Uruguay, Argentina, Chile and Brazil. She ends her trip on Friday in Guatemala.

Caracas, Venezuela—Venezuela's highest court has reinstated an opposition mayor, just one week after it annulled his election and replaced him with a supporter of President Hugo Chavez.

The decision came from justices on the Supreme Court's constitutional council—the tribunal's highest authority.

They overturned a ruling handed down by the court's electoral council annulling the 2008 election of Jorge Barboza, mayor of the Sucre municipality in western Zulia state. That ruling said Barboza failed to pay \$292 in local taxes.

The constitutional council announced in a statement Thursday that last week's ruling was unconstitutional because it violated Barboza's political rights.

Dominican Republic President Leonel Fernández would meet on Friday night with his Colombian counterpart Alvaro Uribe, acting as mediator to improve relations between Colombia and Venezuela, a source from Colombia's President Office reported.

Fernández will hold a private meeting with Uribe in Bogotá. The Dominican President is scheduled to leave on Saturday, AFP reported.

Colombian media said that after the meeting with Uribe, Fernández will meet with Venezuelan President Hugo Chávez in Caracas.

President Chávez froze diplomatic and commercial relations with Colombia in July 2009, in retaliation for a military agreement between Washington and Bogotá that Chávez considers a "threat" to his country.

Caracas (Reuters) – Venezuela's President Hugo mocked U.S. Secretary of State Hillary Clinton on Friday as a "blond" version of her predecessor, and said a row with Spain over alleged links with rebel groups was over.

Visiting Latin America this week, Clinton said the Obama administration's policies towards the region were helping blunt the criticism of the United States by leftist leaders like Chavez. "To me, she's like Condoleezza Rice ... a blond Condoleezza," said the Venezuelan, referring to former U.S. president George W. Bush's secretary of state, with whom he exchanged frequent harsh words at long-distance.

Citing comments by Clinton in Brazil, Chavez said she was proving to be equally aggressive. "She comes to Brazil to provoke us, to try and divide us from our brothers."

While taking a familiar pop at the United States, Chavez was more conciliatory towards Spain. President Jose Luis Rodriguez Zapatero's government stirred Chavez's wrath this week by demanding an explanation of a judge's accusations that Venezuela had helped Basque ETA and Colombian FARC rebels plot possible attacks on Spanish soil.

But Chavez said after a conversation with Spanish Foreign Minister Miguel Angel Moratinos, he was satisfied that Madrid was now simply requesting information, not making accusations. "The response from the Spanish government has been acceptable," he said, praising Zapatero and Moratinos' "maturity" and blaming the affair on Europe's "fascist right".

Granada, Spain, Mar 7, 2010 (EFE via COMTEX) -- Spain will increase its efforts to pursue people linked to the ETA terrorist group who have settled in Venezuela, Spanish Prime Minister Jose Luis Rodriguez Zapatero said Sunday, adding that he was confident that Venezuelan President Hugo Chavez's administration would help in this task.

Zapatero said in a press conference at the end of the 1st EU-Morocco Summit in this southern Spanish city that he sees a willingness on Caracas's part to cooperate after Spain's National Court said that Venezuela could be cooperating with the Basque terrorist group ETA and the Revolutionary Armed Forces of Colombia, or FARC, guerrilla group, who had formed an alliance.

The prime minister said that they were going to more intensively follow the movements and

activities of "a small number of members" of ETA who have lived in Venezuela for many years to maintain the "maximum determination" in the pursuit of the terrorists "in whatever spot or continent they may be." Spain has worked for years to control the activity of people who have links to ETA in the South American country and to request extraditions "when there could have been feasible circumstances," Zapatero said.

"It's a task that we're performing in a continuous manner" and "now we're going to intensify it," the prime minister said.

The first step will be for National Police and Civil Guard director Francisco Javier Velazquez to travel to Caracas in the coming days.

The governments of Spain and Venezuela issued a joint communique Saturday reaffirming their fight against ETA terrorism and repeating their commitment to continued cooperation in the judicial and law enforcement areas.

The differences between the countries erupted last Monday when National Court Judge Eloy Velasco tried six suspected ETA members and seven suspected FARC members for allegedly conspiring to stage an attack against Colombian officials, including President Alvaro Uribe, in Spain.

In his verdict, the judge also considered that there were indications of the Venezuelan government's "cooperation" with the suspected FARC-ETA alliance.

Two days later, Chavez said he had "nothing" to explain to Zapatero, who had asked him for an explanation about the judge's allegations.

ETA, an acronym for the Basque language words for Homeland and Freedom, has killed more than 850 people since taking up arms in 1968 to seek a Basque nation comprising parts of northern Spain and southern France.

The FARC has battled a succession of Colombian governments since the 1960s.

Caracas, Mar 8, 2010 (EFE via COMTEX) -- The number of homicides in Venezuela rose last year to 16,047, compared with 14,589 in 2008, according to a report by the Venezuelan Observatory of Violence, or OW, which names impunity and corruption as the chief causes.

The document entitled "A Decade of Impunity in Venezuela (1998-2009)," sent to Efe on Monday, shows a total of 123,091 homicides during that period and statistics that reflect a constant rise since the 4,550 murders reported in 1998.

Impunity, according to the report, is the chief cause of the growing number of homicides since 1998, and says that even as the number of homicides increased, the number of arrests declined.

The analysis by the OW, directed by sociologist Roberto Briceño-Leon, a professor at the Central University of Venezuela, found that no one was ever arrested for 91 percent of the homicides that occurred in the country in 2009.

In 2007, 2008 and 2009, only nine suspects were arrested for every 100 homicides, compared with 58 in 1998, the study says, citing police files as its source.

Contributing to the violence was the large number of firearms owned by Venezuela's roughly 28 million residents, estimated to be between 9-15 million, according to figures provided by the Incosec think-tank.

The corruption at the heart of police forces is another of the main factors, something acknowledged by Interior Minister Tarek el Aissami, who said last year that police and the military are involved in 20 percent of homicides.

Caracas has just experienced another bloody week, which ended with 41 homicides, according to unofficial figures, among whose victims was a member of the new PNB police force recently created by the government to deal with the widespread insecurity.

President Hugo Chavez announced the creation of the PNB in December with the goal of combating insecurity, the problem that all surveys say is citizens' biggest worry.

Generalized violence affects all sectors of Venezuelan society, as shown by last week's kidnapping of Finance Minister Jorge Giordani's secretary by Caracas city cops.

Jaklin Arcia was kidnapped when she was driving to work by four men who demanded 190,000 bolivares (\$45,000) to set her free.

The national police was informed by Arcia's family, and at the time the ransom was delivered, managed to nab one of the criminals, who turned out to be a member of the capital's Metropolitan Police and who acted with another three agents that managed to escape.

Several days ago, the director of the opposition Caracas daily 2001, Israel Marquez, was gunned down by car thieves.

President Hugo Chavez is confident that God and nature will pull Venezuela out of a power crisis battering both the economy and his popularity.

Rationing and blackouts have afflicted the South American oil exporter since late 2009, due mainly to a drought that has cut water levels at hydroelectric installations normally supplying more than two-thirds of power needs.

The crisis may cause a second year of economic contraction in Venezuela and is also weighing on Chavez's approval ratings ahead of a legislative election in September that he and opponents are casting as a referendum on his rule.

"The squalid ones are hoping it won't rain," Chavez said, using his usual term for the opposition.

"But it's going to rain, you'll see, because God is a 'Bolivarian.' God cannot be squalid. Nature is with us," the socialist leader added during an event with athletes.

In power for 11 years, Chavez portrays his "21st century socialism" as a revival of the ideals of South American independence hero Simon Bolivar, even changing Venezuela's name to the "Bolivarian Republic of Venezuela."

Venezuela's next rainy season is due around May; although meteorologists say there may be delays this year due to the El Nino weather phenomenon.

The government has introduced rationing across Venezuela and is threatening fines and cutoffs to large consumers who fail to reduce power use by 20%.

"I apologize to all the people who are suffering electricity rationing. But I've said it since the start of the year, we have to do it. It's like being put on a diet, in this case an electricity diet," Chavez said.

Authorities say the main reservoir, El Guri, is close to "collapse," possibly in May or June, if there is no rain soon.

"Guri is 13 meters (43 feet) away from what they call the level of collapse," Chavez said. "It would just shut down. We'd have to close the Guri plants which supply electricity for half of Venezuela. That's the reality."

The parliament of Venezuela approved a project on country's joint development of a major oilfield in Venezuela's Orinoco oil belt Junin 6 with Russia, local Globovision television channel reported.

Last September, PdVSA and the Russian Oil Consortium signed a memorandum of understanding on the Junin 6 project.

The Russian Oil Consortium is comprised of Rosneft, energy monopoly Gazprom, Lukoil, TNK-BP and Surgutneftegaz.

According to U.S. Geological Survey, Venezuela's Orinoco oil belt holds 513 billion barrels of recoverable heavy crude, nearly twice as much as the proven reserves of Saudi Arabia.

Venezuela has the largest proven reserves outside of the Middle East, 172 billion barrels, but still trails Saudi Arabia, which has proven reserves of more than 260 billion barrels.

Caracas, Venezuela (AP): Venezuela's government seized control of two sugar mills Tuesday and threatened to expropriate them, accusing managers of hoarding a basic good and violating the labor rights of employees.

Commerce Minister Richard Canan said authorities were taking over management of the Santa Elena and Santa Clara mills in the central state of Portuguesa for 90 days "to guarantee the operations of the mills, so our people don't go without sugar."

Canan said inspectors found several tons of sugar in warehouses that "should be in distribution centers." He suggested the mills failed to ship the sugar on schedule - a violation of laws aimed at ensuring timely distribution of basic foods as a means protecting consumers.

Government inspectors claim some businesses hoard sugar and other foods subject to government-price controls, waiting for President Hugo Chavez's administration to raise prices before selling the goods.

The government raised the price of sugar by 30 percent Tuesday. Sugar - one of dozens of foodstuffs subject to price controls - has become scarce at some stores and supermarkets.

Canan threatened mill owners who fail to observe regulations with possible expropriation of the businesses.

"We can use the expropriation process against sugar mills if they don't comply with the correct operational capacity of the plants and the prices established by the government," he said.

Canan said officials also found "irregularities in the payment of the workers" at the two mills as well as several violations of safety and environmental protection regulations. He did not elaborate.

An executive at the company operating the mills rejected the accusations of hoarding and other charges, telling The Associated Press the sugar in the warehouses was processed only five days before the inspection.

The executive spoke on the condition of anonymity during a telephone interview because he was not authorized to publicly discuss the allegations.

The mills are owned by Suhel Turman, a Guatemalan businessman.

Jose Ricardo Alvarez, president of the National Federation of Sugar Growers, said Tuesday's sugar price increase would do little to help mill owners who are struggling to turn a profit due to price controls.

The Venezuelan economy contracted in 2009 under the weight of a political crisis triggered by power and water shortages and disenchantment with government policies against dissent, analysts said.

Tough government measures to punish businesses and individuals on charges of ignoring edicts on power and water rationing, consumer goods supplies and independently run media all contributed to a muted nationwide response that reflected disapproval and disenchantment in indirect ways.

Venezuelan President Hugo Chavez has reacted angrily to any public criticism of his style of governance and its effects on the economy and general well-being of the his citizenry.

Frequent electricity power blackouts disrupted both urban and rural communities throughout 2009 and the problem continues this year. Chavez blames chronic drought for depleting water levels in reservoirs that, in turn, reduces the country's power generation capacity.

His critics say government mismanagement has also played a part in the resulting problems for the population.

Venezuela's economy gross domestic product fell 3.3 percent in 2009, including a contraction of 5.8 percent in the last quarter, the Central Bank of Venezuela said. The BVC report blamed the global downturn and falling prices for crude oil, the country's main export, for the sour figures.

BCV President Nelson Merentes said in his end-of-the-year message that Venezuela's economy had shrunk 2.9 percent in 2009, the first fall in Venezuelan GDP in five years.

The oil business declined 7.2 percent in 2009 over the previous year due to the "lower level of production." Analysts said that wholesale dismissals of experts and technicians from the oil industry after Chavez's "reforms" had played a part in the country's oil drop in productivity.

BCV said the drop in production was due to compliance with cuts adopted by the Organization of Petroleum Exporting Countries, of which Venezuela is a founding member. Venezuela says it agreed to reduce oil production by 364,000 barrels per day in 2009, leaving production at some 3 million bpd. Analysts said the reduced output was also the result of disruptions in the oil industry.

Venezuela's non-oil activity shrank 4 percent in the fourth quarter of 2009. The largest declines occurred in the areas of transport services (16.9 percent), commerce (13.9 percent), manufacturing (6.9 percent), mining (4.8 percent), construction (3.5 percent) and real estate services (2.8 percent).

Growth took place in the fields of communications, where the figure stood at 10.5 percent, electricity and water sector expanded 5.5 percent, general government services grew 2.8 percent and community, social and personal services grew 0.6 percent. However, analysts said, none of those sectors compare with the importance of industry areas that witnessed huge falls.

The government has promised "modest" growth of 0.5 percent for 2010.

The Venezuelan government is still in arrears for expropriation of several private companies. In January 2009, Jesse Chacón, then Minister of Telecommunications and IT, said that Venezuela would not be affected by the decline of oil prices, thanks to huge government savings.

However, the statistics issued by the Central Bank of Venezuela show that in order to balance Venezuelan accounts, Hugo Chávez's administration is resorting to borrowing. In 2009, external debt, which includes government and state-run companies, increased by 32 percent from USD 46.65 billion to USD 61.62 billion.

Between 2007 and 2009, the increase of the burden has amounted to 58.2 percent. Apart from the increase of the US dollar debt, commitments in Venezuelan bolivars have also increased. The Ministry of Finance said that between December 2008 and September 2009, VEB debt has increased from VEB 30.52 billion (USD 7.09 billion) to VEB 49.07 billion (USD 11.41 billion), a 60.8 percent surge in just nine months.

The automobile sector is still awaiting allocation of the foreign exchange budget. Signs of improvement in the Venezuelan car industry have not come yet. According to the bulletin published by the Venezuelan Automobile Chamber (Cavenez), local production of vehicles declined 30.53 percent between January and February 2010 compared with the same period last year.

According to the data, seven assembly plants produced 6,277 units less compared to the same period this year.

There is also a decrease in production when comparing Venezuela's car output during the second month of the year. In February 2009, carmakers assembled 11,056 cars, while last month they assembled 9,643 cars, a 12.78 percent decline.

According to industry sources, the decline is due to the lack of fluidity in the authorizations of foreign exchange, delays in granting import permits and labor conflicts.

Venezuela ranked 174 among 183 countries in the 2010 Index of Economic Freedom, a product of the Heritage Foundation and The Wall Street Journal. The study found that domestic economy decreased by 2.8 points since last year, and entered the category of "restricted" economy, while it remains in the same ranking.

Based on the report, in terms of economic freedom Venezuela is above nine nations only: Burma, Eritrea, Cuba, Zimbabwe, North Korea, Afghanistan, Iraq, Liechtenstein and Sudan.

"Venezuela's government is increasingly interventionist, and overall economic freedom is severely limited by government regulations and controls," the report stated.

Compared with remaining Latin American economies, Venezuela's 37.1 points put it in the 28th position in the region, only above Cuba; far behind the 77.2 points of Chile, the first economy in the region, and tenth in the world, according to the survey.

Business freedom; world trade freedom; fiscal freedom; government spending; monetary freedom; investment freedom; financial freedom; property rights; freedom from corruption, and labor freedom are the 10 economic variables that substantiate the report.

In the Venezuelan case, the economy decreased in eight of these components. The report criticized the expropriation of food and agricultural businesses, control of private banks and the State prevalence in the oil and electricity sectors, and in some telecommunications areas.

"The government has nationalized cement and steel producers, some companies in milk and meat distribution, one of the country's largest private banks, numerous companies in oilfield services, and a processed rice plant owned by a US company."

In addition, as stated in the report, "monetary stability is weak, and there are price controls on almost all goods and services. Corruption is rampant under an inefficient judicial system that is vulnerable to political influence."

"The rule of law has been severely undermined by the government of Hugo Chávez. Contracts and property rights are poorly protected, and government expropriations have been on the rise," the report added.

In the opinion of Rafael Alfonzo, the president of the Center for Dissemination of Economic Knowledge (Cedice), the decline of economic freedoms in Venezuela over the past few years is a matter of concern.

"The higher the index of freedom, the more prosperity," Alfonzo said during the introduction of the 2010 Index of Economic Freedom at the head offices of NGO Vision and Leadership.

James Roberts, a representative of the Heritage Foundation, also noted the speed at which the domestic economic is more and more restrictive. "It is a hard time" for Venezuela, he said. In addition to wealth, Roberts thinks that economic freedom bolsters good governance.

A thorough analysis

A breakdown of some categories shows that the legal framework curbs business freedom. Thus, in Venezuela, starting a business takes 141 days, compared to the world average of 35 days.

As for financial freedom, "Venezuela's financial system is subject to growing government control and has suffered recent takeovers and nationalizations." Additionally, "financial institutions are increasingly directed to provide credit in accordance with government requirements."

The index stated that the government control over the judiciary results in a legal system that discriminates against or in favor of investors from certain foreign countries; property rights "are poorly protected."

The Venezuelan government plans to increase its fuel consumption by a third in 2010 to fuel thermoelectric plants with which President Hugo Chávez hopes to overcome energy crisis.

Officials expect a total consumption of 104 million barrels in 2010, about 285,000 barrels of oil equivalent per day (bpd) of fuel oil, diesel and gas, which will be used to increase thermoelectric capacity by 4,000 megawatts (Mw).

The projected figures for the year do not specify which part corresponds to liquid fuels and which part to gas, Reuters reported.

Electricity Minister Alí Rodríguez acknowledged some days ago that the ability to increase domestic supply of gas, which is mostly associated with oil extraction, will remain limited in the future.

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