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Report Summary/Argentina

Geo-strategic Issues

The ex ambassador to Venezuela has accused of taking bribe from the Argentinean business men who were doing trade with Venezuela. Now the court has summoned him to face trial, and also the opposition party of Argentina has also filed a case against the ex president of Argentina Nestor Kirchner (2003-2007) and the present planning minister.

EU and Mercosur are going to liberalize their trade in near future. The EU's executive said that to liberalize the trade between both blocks will benefit to the all member countries. EU is the largest trading partner of Mercosur and EU's investment in South America is more than any other block of the world. But the critiques on this liberalization of trade are from farmers as their head said that the trade with Mercosur will harm the agricultural sector of EU. He said Argentina and Brazil would provide the cheaper agricultural goods so our home agricultural sector would get a loss in this as it would have no market of it. But the poultry and beef sector may give benefit to EU.

The UNASUR countries' meeting held in a northern city of Argentina and the twelve member countries of the block slam the Arizona's policy not to allow the immigrants. The union members said we are not criticizing President Barak Obama but to the law of the state. They said it is discrimination with the people of Latin America as also the president of Mexico has told the same statement before. According to an estimate almost 460,000 illegal immigrants are living in the southern state of USA and at the north of Mexico. Mexico already has warned its citizens not to travel in Arizona state.

Later the member countries of UNASUR hold a meeting to elect their secretary general which is to be elected for next two years. The former president of Argentina Mr. Nestor Kirchner was elected due to his stature and problem solving abilities. According to the UNASUR covenant the secretary general should solely focus on the union's issues rather than his country's national issues. Kirchner would have to leave his job now as he is performing a deputy of Argentina's Congress.

As the Argentina's gas production is falling and the country increasingly reliant on spot LNG cargoes so the government has turned to Bolivia to secure its long-term gas-supply requirements. Argentina is going to be the big consumer of Bolivia's gas as Brazil.

Social Issues

Argentina's lower house has passed the bill of gay marriage which will allow same sex couples to get marriage and children. The bill passed after a hot debate between the congressmen and now the bill is going to be discussed in the senate. So if the senate passes the bill Argentina would be Latin America's first country which permits gay and lesbians to get marriage. Roman Catholics have declared it as perverse and immoral.

Report Summary/Brazil

Geo-strategic Issues

Itaipu dam has become the most controversial issue between Brazil and Paraguay. The dam is situated at the border of Brazil and Paraguay and both countries share energy from it. But according to the president of Paraguay, his country is getting only 5 percent of its energy and all other is being consumed by Sao Paulo which is the industrial hub of Brazil. Paraguayan president protested on the statement of the president Lula when he said he wants friendly relations with its poor neighbors Paraguay and Bolivia who are supplying him energy and gas. The Paraguayan president said he does not need benefit by friendly relations but he needs justice on the dam issue. This issue is pending in Brazilian congress where congress men have to debate over it but it was delayed when President Lula signed an agreement with his Paraguayan president to give USD 500 million, and later only USD 10 million has been paid.

Brazil and Turkey are playing a role of mediator between United States, its allies and Iran on the sanctions' issues. Four members of UN Security Council as United States, Britain, France and Germany are keen to impose sanctions on Iran as it is not winding its nuclear program and they are drafting a final paper till 30th May to take that to UNSC meeting while China and Russia are reluctant to favor these four countries. Brazil and Turkey which are non permanent members of UNSC are strictly against the sanctions and declared them totally wrong decision as this is not the solution. To pursue this case Brazilian president is gonna pay a visit to Iran where he plans to

meet his Iranian counterpart to discuss over the same issue. Iran is blamed to produce a nuclear bomb for generating nuclear technology but he has refused it many times and told the struggle to attain nuclear technology is to create energy rather than a bomb.

Brazil and Turkey are willing to hold talks between UNSC members and Iran for the trade of oil between them. Iranian president told that Brazilian government has offered for the mediation in the oil issue as well but the Brazilian president told it is just an informal offer yet but not an official. Turkey seems to be very enthusiastic in having similar stance with Brazil and holding talks between Iran and UNSC over nuclear issues; and the foreign minister Ahmed has even said that the negotiations would bring positive results as he believes.

The global child labor conference is gonna be held in The Hague, Netherlands this year in which 200 countries are gonna take part. It is said the major focus will be the three countries that are Brazil, India and South Africa. Three countries the most prominent example of child labor which now have reduced their child labor till 11 percent and it is called the fruit of civil societies. The International Labor Organization said that all countries will set new rules of child labor till 2016 to follow.

Brazilian president has criticized the new law of Arizona state of USA by which it will capture the immigrants who are living in the state illegally. He was telling this in UNASUR conference of twelve South American countries in Argentina. He said it is an example of discrimination with Latin American countries.

Political Issues

According to the Times magazine the Brazilian president Lula da Silva is the most favorite leader in the world. Later comes US president Barak Obama and some others and no European leader is in the top 25 list.

Social Issues

Brazilian labor minister Mr. Lupi said Brazil will create more 2.5 million jobs in this year rather than 2 million as it was announced before. He said this year would be one of the best years of president Lula's administration. Lupi is considered reliable of his predictions as last year he announced that he will create 1 million jobs and the government succeeded to achieve his target successfully.

Food Issues

Brazilian sugar output is gonna increase this year due to drier weather in Center Southern Brazil which is producing almost 90 percent of country's total production. Brazil is the largest sugar producer country in the world and the weather plays pivotal role in this. Last year the production was decreased till 44 percent due to humidity in the weather but this year is seems to be very appropriate for the recent sugar-cane fertile.

Report Summary/Chile

Geo-strategic Issues

Chilean foreign minister did his first official visit to Seoul and urged Korean construction companies should take part in the construction of the infrastructure of Chile as it was badly

affected by the earthquake in the beginning of this year. Chilean president told that US \$8.43 billion are required to build the infrastructure which will be gathered by increasing the tax on copper that is the most significant production of the country.

The Korean minister said that it would not be easy for the Korean construction companies to build infrastructure in Chile due to language barriers as Koreans cannot understand Spanish or English and the documentations could be in these languages. Later the Chilean minister told that he want that Korea share its technology with Chile as security alarming system before an earthquake take place. Korea has an Free Trade Agreement with Chile by which Chile is importing a lot of machinerries from Korea.

Report Summary/Mexico

Geo-strategic Issues

Since Arizona state passed law against Mexicans in the state the law is being criticized severely by the people and even the president of Mexico has also criticized on it. Mexican people and the government call it as discrimination with Mexicans. The congressmen of Mexico have asked president Felipe Calderon to boycott the commercial ties with Arizona state. It is not only criticized by Mexico or Mexicans but almost every country of Latin America has criticized it severely when they were together in UNASUR summit in Argentina. The new rules of immigration laws demands for the proper legal documentation with the immigrants.

Mexican president is traveling to Germany where he will attend a primary climate change conference to discuss the issues of major conference in this year in Mexico. He will later go to Berlin to meet German chancellor Merkel and President Koehler. He will discuss the issues to bolster trade between both countries as already Mexico is searching another market to export its good beyond and Germany and Mexico are trading \$13 billion dollars.

Chinese lawmakers came to Mexico where they met with Mexican lawmakers and pledged to cooperate in congressional level to increase bilateral ties. They said that they will increase relations by parliamentary forums.

Social Issues

The security minister of Mexico told that the war against drug cartels may take four more years as the violence is still increasing in spite of many government achievements. He gave the example of Italy, United States and Colombia where government took more years as expected time. He also said the violence against the US citizens are increasing because the Washington is backing this war and in its result the US consulate's employees were gunned down more than three times in this year.

Report Summary/Venezuela

Geo-strategic Issues

Venezuela's left wing party candidate said that Chavez should respect the presidential elections in Colombia and he has no plan to attack on Venezuela or Ecuador. Santos who is the presidential candidate of Colombia's left wing party and an ex defense minister of Colombia was

criticized by Hugo Chavez of Venezuela but he clarified about his plans by a letter to Venezuela's defense minister and president.

The US Secretary of State for the Western Hemisphere said that Venezuela should not indulge itself in interfering in other countries' affairs. He said because of Chavez's statements towards Colombian presidential candidate Santos. Chavez had said that if Santos becomes the next president the relations between Colombia and Venezuela could not be mended. He also said that the United States had also been involved in the affairs of some countries which means that was wrong at that time.

Peruvian president criticized on Venezuela's economic policies. He said Chavez's economic policies are not appropriate for the region. He said Chavez's economic policies are harming the business of Peru with Venezuela. Peruvian businessmen were exporting footwear and clothing goods to Venezuela which ain't working now due to bad policies.

Venezuela's state oil company has increased its stakes as 49 percent in Dominican Republic. Chavez told it is in the benefit of both countries. Venezuela has also made a deal with China by which China will provide some aircrafts to Venezuela. The government officials told that Venezuela will use that aircrafts for local passengers or couriers.

Political News

Venezuelan interior and justice minister has stated that the government has captured a person who was plotting to kill the president Chavez. The man is alleged of traveling to Colombia continuously in last few months. But the Colombian government has refused backing him and told that it is just due to Chavez's hostility that he is accusing Colombia. The minister also has said that the Colombian intelligence agency is working with it's base in Venezuela which is involved in this case.

Venezuela's socialist party has rallied with its hundreds and thousands of voters in the country as the preparations of the next elections. Chavez said two million voters have elected almost 3,000 candidates in the country for the coming elections which would be short listed soon. In the last elections the opposition party boycotted the congressional elections because they said the electronics' voting system is more suspected and have more chances of fraud.

One of the doctors of United States has told with proves that Simon Bolivar was died of poison rather than tuberculoses or killing by anybody. Bolivar is considered as the invoked person after god in that area and many of towns named Bolivar even Bolivia. Chavez has invoked him many times after Jesus and his reverence in the common people of that regions is of great reverence. Bolivar was killed in Colombia in 1830 and the president Chavez called Uribe as the killer of Bolivar especially after the time he called US forces in Colombia. It is considered that the new research over the death of Bolivar may increase the tensions between two neighboring countries.

Social News

The FTI Consultants has reported a crime report on America which declared Venezuela as the world's most dangerous state in the world. As DPA also reported that almost 16,000 people were killed in 2009 which is the highest crimes rate in the world. The FTI Consultant Company has also reported that except the situation of conflict in Venezuela, where lack of

public security and violence are a constant threat, the country is affected by a new trend of compulsory expropriations by the government, along with growing legal and judicial uncertainty.

Venezuela's National Institute of Statistics (NIS) has published a report that the private sector of Venezuela failed to produce jobs for the citizens of Venezuela while the public sector produced more jobs after the nationalization of the institutions in the country.

Economic Issues

President Hugo Chavez noticed that the economy of Venezuela is gonna shrink consecutively for two years. Last year the GDP was also shrank and the bolivar declined and this year the bolivar is again gonna decline. The former minister of mining and industry said that the government should define the areas where the private sectors and social economy would be invested.

Detailed Report/Argentina

Judge summons Argentine ambassador in Peru for sales to Venezuela

Argentine Ambassador in Peru Darío Alessandro shall appear in an Argentine court in connection with the probe into the alleged bribes to export goods to Venezuela, in a transaction related to a bilateral agreement between Argentina and the Caribbean country, said judicial sources quoted by Argentine media.

Alessandro will have to appear on May 10 before Judge Julián Ercolini, who is investigating a case of "collusion" filed by opposition party Coalición Cívica against former Argentine President Néstor Kirchner (2003-2007) and current Planning Minister, Julio De Vido, among others.

The case was spotlighted last week, when ex Argentinean Ambassador to Venezuela Eduardo Sados complained that Argentine businessmen told him that they were asked for illegal fees between 15 and 20 percent to do business with Venezuela, Efe reported.

EU, Mercosur re launch stalled trade talks

Brussels (Reuters) - The European Union and the South American trade group Mercosur will re launch stalled negotiations on a trade liberalization pact, both sides said on Tuesday.

Leaders will formalize the move at an EU-Mercosur summit in two weeks in Madrid, a senior Brazilian government official told Reuters.

Talks to ease trade restrictions and strengthen cooperation between the European Union and the Mercosur group made up of Argentina, Brazil, Paraguay and Uruguay began over a decade ago, but were suspended in 2004 over trade differences.

Last year's global financial crisis has revived interest between the two groups in reviving the negotiations.

Any agreement could meet strong opposition from EU farmers, and face a major hurdle in the European parliament over fears that cheaper agricultural products from Brazil and Argentina would harm the EU farm sector.

EU Commission President Jose Manuel Barroso moved to calm such fears, saying the decision to re launch the talks would be accompanied by conditions.

"We will address any adverse impact on certain sectors with specific measures, in particular in agriculture," Barroso said in a statement.

The EU's executive said European exporters could benefit from an increase of about 4.5 billion euros (\$6 billion) in exports annually, and the deal would give exporters, investors and services providers a better access to Mercosur's market.

The EU is Mercosur's largest trading partner, representing 20.7 percent of Mercosur trade. Trade between the blocs stood at 63 billion euros (\$84 billion) in 2009. Europe is also the largest investor in the region, with 167.2 billion euros (\$222 billion) invested in 2008.

The announcement was welcomed in the Brazilian capital.

"We are very satisfied with the EU decision," said the government official, who asked not to be named.

Since the Doha round of global trade talks ran into a stalemate, Brazil has tried to resume bilateral trade negotiations, with the EU in particular.

But several analysts had expressed caution that internal divisions among Mercosur countries could derail the talks. Brazil has traditionally been more willing to accept deeper industrial tariff reductions than Argentina, for instance.

Venezuela, which has nationalized large parts of its economy and is struggling with inflationary pressure, will participate in the talks as an observer. Pending approval by the Paraguayan parliament, Venezuela would become a full Mercosur member.

With a combined population of about 270 million people and a total GDP of 1,300 billion euros for the region, the EU is seeking full liberalization of a large part of trade in goods, and concessions for all major industrial sectors in return for access to its market.

EU Farmers Worried

"Any deal that liberalizes agricultural trade between Mercosur countries and the EU would have extremely damaging consequences for Europe's farm sector," EU farm union Copa-Cogeca said in a statement.

Imports of beef and poultry from Brazil and Argentina in particular would likely increase significantly under such a deal, Copa-Cogeca said.

"This could have serious implications for beef production in Ireland, France, Scotland and Spain, as well as poultry production in regions of France, Poland and Hungary," said one EU source, who asked not to be named.

Farmers are also worried there could also be repercussions for pig meat production if EU consumers developed a taste for cheap South American beef and chicken, forcing pork prices down too in order to compete.

Likely concessions on bio fuel imports to the EU could also see a sharp increase in ethanol exports from Brazil, the world's second largest producer, accounting for 95 percent of total Mercosur ethanol production.

South American summit slams Arizona immigration law

Campana, Argentina (AFP) – South American leaders Tuesday slammed a controversial new immigration law in the US state of Arizona, but stressed they did not hold US President Barack Obama responsible.

The 12-nation UNASUR summit claimed the law could be used to "legitimize racist attitudes" against immigrants to the United States, most of whom are Latin Americans.

The leaders noted Obama had "expressed rejection" of the Arizona statute, as had other countries, and the head of the Organization of American States, Jose Miguel Insulza.

Arizona's legislation, which is to come into effect in three months' time, requires police to detain anybody they have "reasonable doubt" might be an illegal immigrant.

The text has sparked fierce debate in the United States, where fears of racial profiling are pitted against a perception of undocumented workers "stealing" US jobs or welfare.

In Latin America, formal protests have sprung up.

Mexico has already called the law "racial discrimination" and warned its citizens about traveling to Arizona.

Brazil Tuesday said the law "sacrifices the human rights of migrants."

At the Union of South American Nations (UNASUR) summit held in Campana, a town just north of Buenos Aires, the presidents of Argentina, Bolivia, Brazil, Chile, Ecuador, Paraguay and Venezuela, and the foreign ministers of Colombia, Guyana, Peru and Suriname made the protest region-wide.

In a joint statement, they said the Arizona law would "criminalize" people detained "on racial, ethnic, phenotype, language and migratory status."

Through its potential to reinforce racism, the legislation created "the latent risk for violence based on racial hatred," the statement said.

Arizona lies on the United States' southern border with Mexico and is a major point of entry for illegal immigrants drawn to the United States and its better economic prospects.

An estimated 460,000 illegal immigrants live in Arizona.

Obama last week criticized the new state law, but did so in cautious terms.

"These kinds of shortcuts, I think, will end up polarizing the situation instead of solving the problem," Obama told reporters.

He said it was "a mistake" to have police stop suspected illegal immigrants "because that carries a great amount of risk that core values that we all care about are breached."

At the same time, though, he said national immigration reform was needed.

"If you've got hundreds of thousands of people coming in, not playing by the rule, that's a problem. And the federal government has been abdicating on its responsibilities for a very long time on this issue," he said.

The US State Department has acknowledged that the Arizona law has created "international implications" in Mexico and elsewhere in Latin America.

South American leaders name ex-Argentine President Nestor Kirchner as UNASUR secretary-general

Buenos Aires, Argentina (AP) — The leaders of South America named former Argentine President Nestor Kirchner as their secretary-general on Tuesday, setting aside their differences in hopes that the 12-nation UNASUR group can consolidate into a regional force for unity, development and democracy-building.

The UNASUR group also condemned of Arizona's immigration law as a violation of human rights, issuing a declaration that said the law legitimizes "racist attitudes" in U.S. society and increases "the latent risk of violence due to racial hate, lamentable episodes that have involved South American victims."

UNASUR was formed years ago, in part as a counterpoint to the Organization of American States and other regional organizations dominated by Washington, but the nations had failed to agree on a leader until now. UNASUR's permanent headquarters near Ecuador's capital, and a parliament building planned for Cochabamba, Bolivia, remain on the drawing board.

According to UNASUR's founding treaty, the secretary-general must focus solely on regional matters and not national politics during his two-year term. That may be problematic for Kirchner, a leader of his political party who has all but declared himself to be a candidate to succeed his wife, Cristina Fernandez, in Argentina's presidential elections next year.

Kirchner also will have to give up his job as a deputy in Argentina's Congress, either by quitting outright or by asking for a leave of absence, which would enable him to keep his congressional immunity from prosecution.

Argentina's newspapers, a federal judge and Congress are pursuing evidence to support allegations that ministers and aides to Kirchner and his wife set up a system that requires Argentine companies to pay bribes to do business in Venezuela. Kirchner was designated by unanimous consent after leaders praised his experience and stature.

Uruguay previously blocked Kirchner's appointment because Argentina tacitly supported protesters blocking a key bridge over their shared river in a campaign against an Uruguayan paper mill. The three-year blockade continues, despite a World Court ruling Uruguay hoped would lead to a resolution.

Recently elected Uruguayan President Jose Mujica said he supports Kirchner's appointment unconditionally, even though it will cost him politically.

"We support consensus, and we are going to continue doing so, counting on good faith without conditions," Mujica said, dismissing reports that his support was conditioned on Fernandez forcing the protesters to open the bridge.

Other issues on the UNASUR agenda included discussions about democracy in Honduras and help for earthquake victims in Haiti and Chile.

The UNASUR nations also include Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam and Venezuela.

Most leaders showed up for the meeting, including Chile's new right-wing billionaire president, Sebastian Pinera, and Venezuela's Hugo Chavez. But Colombia's outgoing President Alvaro Uribe, who clashed with Chavez and Ecuador's Rafael Correa at an earlier UNASUR meeting, sent a minister instead.

Previous UNASUR meetings have been characterized by lengthy speeches and few concrete actions. Pinera called for "clear goals and deadlines" in his first UNASUR appearance.

Argentina turns to Bolivia for gas

Argentina has finally signed up for a significant increase in natural-gas imports from Bolivia, ending years of short-term solutions to its gas-supply deficit. The agreement, which will result in a five-fold expansion of Bolivian gas shipments to Argentina by 2017, will make Argentina as big a customer for Bolivia as Brazil is.

Bolivia's potential to be a significant natural-gas producer has long been thwarted by its difficult geography and politics. An obvious way to turn the impoverished country's gas reserves into cash for development has been liquefaction, but hostility to exporting gas through neighbouring Chile, as a result of a century-old grievance over coastal land seized in a 19th century war, has made that impossible.

For a while, Brazil and Argentina looked like attractive markets – big enough to support the large pipelines needed to make overland gas shipments profitable.

Argentina's lower house passes gay marriage bill

Buenos Aires (Reuters) - Argentina's lower house passed on Wednesday a gay marriage bill that, if also approved by senators, will put the South American country among a handful in the world that allow homosexual couples to marry.

Small groups of gay rights supporters and opponents of the marriage bill gathered outside Congress where deputies approved the measure with 125 votes in favor and 109 against after 12 hours of heated debate.

"Love isn't owned by heterosexuals," said Deputy Felipe Sola, who backed the bill. "If we're all equal before the law, why do we want to give a different name to unions between same-sex couples?"

The bill permits gay couples to adopt children for the first time, one of its most controversial provisions.

If the law is passed in the upper house, Argentina would be the first country in predominantly Roman Catholic Latin America to allow same-sex marriages. Neighboring Uruguay grants extensive rights, including adoptions, to gay couples in civil unions but does not allow them to marry.

Mexico City is the only other place in Latin America where gays have the same marriage and adoption rights as heterosexual couples.

With regard to the bill's chances of passing the Senate, Maria Rachid, president of the Argentine Federation of Lesbians, Gays, Bisexuals and Transsexuals, told Reuters on Tuesday: "We've talked to the heads of the political blocs (in the Senate) and the majority are in favor of this, so we think we could get a favorable vote in the Senate as well."

Catholic Church leaders in the region have described gay marriage as "perverse" and immoral, but the marriage bill has not sparked much public controversy in Argentina.

Argentina's cosmopolitan capital, Buenos Aires, is known among foreign tourists as being gay friendly, with some bars, hotels and shops catering to that clientele.

Five gay Argentine couples have already gotten married in recent months after local judges authorized the ceremonies.

In Congress, the different parties and factions gave their members freedom to vote how they wanted on the marriage bill.

Deputies from President Cristina Fernandez's faction and a diverse range of opposition groups, from the rightist PRO to the leftist Civic Coalition and the centrist Radical Civic Union all supported the bill.

Among the small number of countries in the world that permit gay marriage are the Netherlands, Sweden, Portugal and Canada. In the United States, gay couples can get married in five states and in Washington, D.C., although most states have bans in effect.

Detailed Report/Brazil

Paraguay Tells Brazil: We Don't Want a Friendly Hand. But Justice and Our Money

Fernando Lugo, the president of Paraguay, said he is looking forward to the coming meeting next May 3 with his Brazilian counterpart Luiz Inácio Lula da Silva because he would

be coming back with "good news" referred to the shared power from Itaipu, the world's second largest hydroelectric dam belonging to both countries.

"There's much to celebrate and much to be expected still", said Fernando Lugo.

Since taking office two years ago Lugo has been pressing Brazil for an improved deal on Itaipu power sharing regarding price, pending debts and free marketing of electricity and has managed some advances which still require Brazilian congressional approval in an electoral year that will see the end of Lula's eight years in power.

Lugo's optimistic announcement tried somehow to shadow the 37th anniversary of the Itaipu project dating back to the seventies and ruled by an "imperial treaty" with values and conditions of the time and with little chance of a contractual review until 2023.

The Paraguayan press was particularly bitter about the anniversary recalling that in 37 years only two events stood out: a joint presidential statement and an only reversal note. "Not much for so many years of asymmetrical benefiting from the great dam".

Furthermore, the Paraguayan aspiration of selling its 50% share of Itaipu power - currently saddled by contract to the Brazilian market - to third parties at spot market prices remains frozen until 2023.

Paraguay only makes use of 5% of the energy from Itaipu; the rest is absorbed by Brazil's industrial hub of São Paulo, for which the regional giant pays rates dating back to the seventies. The press also indicated that Brazil has hegemony over the crucial Itaipu Financial and Technical Departments and an in depth auditing of the 37 years under different governments and presidents also remains a promise.

According to accounting statements from 1989 to 1995, Paraguay received from Itaipu the equivalent of US\$ 4.5 billion, which works out as follows: US\$ 2.9 billion in royalties and US\$ 1.2 billion for power effectively sold to Brazil through Eletrobrás; US\$ 204 million are profits from investment and US\$ 228 million in compensation for management and supervision.

"On first sight figures are impressive" but to have a real picture of the Brazilian market, the Paraguayan press invites readers to multiply Paraguay's power surplus of 38 million MWh by 60 USD (basic wholesale rate of the Brazilian market) and the final account in US\$ 2.28 billion.

"In other words in only twelve months, at the wholesale basic rate, the Paraguayan power surplus is double the sum paid by Eletrobrás to the true owners of Itaipu for 18 years of power imports," argues the Asunción press.

The overall construction bill of the huge hydroelectric project is also mostly unknown to Paraguay since "to 31 December 2006, US\$ 30.7 billion were paid but until 2023 another 30.3 billion US dollars have allegedly to be reimbursed."

In July 2009 Lugo and Lula signed a joint statement indicating that the sum for the Paraguayan surplus power consumed by Brazil will be trebled, plus the promise of a new grid from Itaipu to

the capital Asuncion costing US\$ 500 million to be funded by the "generosity" of Brazil. So far only US\$ 10 million have been deposited.

Last but not least, the Paraguayan press recalls that the bilateral diplomatic instrument to implement the accord has yet to be considered by the Brazilian Congress, while strong business lobbies and even Itamaraty, Brazil's Ministry of External Relations, are campaigning against it. And if it finally reaches the "Brazilian Senate labyrinth" by then the powerful neighbor will have a new government.

The Paraguayan press is particularly furious with a recent speech from Lula when he said it was Brazil's duty "to extend a friendly hand" to its poor neighbors and suppliers of power and natural gas, Paraguay and Bolivia. As the largest LatAm economy, Brazil has to help its "brothers" from the region.

"The president of Brazil is wrong: Paraguay doesn't need a friendly hand but rather justice and fairness. Instead of the paltry extra US\$ 240 million for Paraguayan surplus power from Itaipu, Brazil's 'generosity' should be closer to the legitimate US\$ 2 billion annually", reads an editorial from ABC Color.

Brazil's president way above Obama in list of world's most influential leaders

Brazil's president Luiz Inácio Lula Da Silva has been named the most influential leader in the world by Time magazine – ahead of Barack Obama, who came fourth, Nancy Pelosi (8th) and Sarah Palin (9th), while neither Gordon Brown nor any other European leader made it to the top 25.

Why did Lula top the list? Because, writes Michael Moore, the Brazilian president has taught the world, but especially the United States, a lesson: "The great irony of Lula's presidency — he was elected to a second term in 2006 and will serve through this year — is that even as he tries to propel Brazil into the First World with government social programs like Fome Zero (Zero Starvation), designed to end hunger, and with plans to improve the education available to members of Brazil's working class, the US looks more like the old Third World every day. "What Lula wants for Brazil is what we used to call the American Dream. We in the US, by contrast, where the richest 1 per cent now own more financial wealth than the bottom 95 per cent combined, are living in a society that is fast becoming more like Brazil".

Brazil to create 2.5 million jobs in 2010: minister

Brazil will be able to create up to 2.5 million new jobs in 2010, higher than a previous estimate of 2 million, said the country's labor minister on Friday.

Brazil will have the best year of President Luiz Inacio Lula da Silva's administration in terms of job creation, said Labor and Employment Minister Carlos Lupi.

"We will have the best year, we will generate 2.5 million jobs. That means that, while the world is still finding difficulties in leaving the crisis behind, Brazil is generating more work," he said.

In the first quarter of 2010, Brazil managed to create over 657,200 jobs.

Lupi also expressed his belief that, by creating more jobs, Brazil may be able to raise retirement pension payments.

"We have already had the best months of social security system collection due to the increase in employment," he said, adding that an eventual raise in the pensions may warm up the economy even more, leading to the creation of more jobs.

Lupi is well-known for his optimism and reliable predictions. Last year, Lupi said Brazil would manage to create 1 million formal jobs despite the impacts of the international financial crisis, and by the end of the year, over 995,000 jobs had been created.

Envoys: Turkey, Brazil brokering Iran nuclear deal

Turkey and Brazil are trying to revive a stalled atomic fuel deal with Iran in an attempt to help the Islamic Republic avoid new UN sanctions over its nuclear program, Western diplomats said on Friday.

China and Russia -- which reluctantly joined the United States, Britain, France and Germany in negotiating a draft resolution that would impose a fourth round of UN sanctions on Tehran -- are ready to give the Brazilians and Turks the time they need to broker a deal, UN diplomats said. Western diplomats made clear they were not happy about a development that will likely delay a UN sanctions vote in New York. Washington had hoped to have a final draft ready ahead of a May 3-28 meeting on the nuclear Non-Proliferation Treaty, but diplomats say negotiations could run into June at least.

Speaking on condition of anonymity, the diplomats said that non-permanent Security Council members Brazil and Turkey had helped broker an Iranian counteroffer to a UN proposal to enable Iran to refuel an aging research reactor in Tehran that makes isotopes for cancer treatment. Under the original offer, Iran would have sent most of its enriched uranium stocks out of the country for up to year for further enrichment and processing in Russia and France. After agreeing in principle in October, Tehran balked at the offer.

Iranian Foreign Minister Manouchehr Mottaki presented the Iranian counterproposal, which Western diplomats said was unlikely to be acceptable to them, during a meeting on Sunday with UN nuclear watchdog chief Yukiya Amano. Brazil and Turkey have already expressed their willingness to mediate in the standoff between Iran and the West over its nuclear program. It was not immediately clear how long Russia and China were willing to give the two countries to revive the nuclear fuel deal. The United States, European Union and their allies suspect Iran is covertly developing the capability to produce bombs.

Waning significance

Western envoys were skeptical but made clear they would not oppose Russia and China. “Nobody’s going to stand in the way of serious negotiations,” a Western diplomat told Reuters. “But is Iran serious about this offer? Or is it another attempt to stall for time and avoid sanctions, as has been the case before?”

UN diplomats said that the nuclear fuel deal was only one of many issues with Iran, which is under a series of prior UN sanctions, they said, for refusing to halt uranium enrichment. They added that the significance of the fuel offer was waning with each passing day as the Iranians continue to enrich uranium and expand their stocks.

The Turks and Brazilians have said they would have trouble supporting a new sanctions resolution against Tehran, which insists its nuclear program is entirely peaceful and intended solely for generating electricity. But one diplomat said that if the Turkish and Brazilian initiative failed, they might vote in favor of sanctions. Council resolutions need nine votes in favor and no vetos from the five permanent members to pass.

Brazilian President Luiz Inacio Lula da Silva is due to visit Tehran in May, reflecting the countries’ growing diplomatic and economic ties. UN ambassadors from the five permanent Security Council members and Germany have been meeting regularly in New York to reach a deal on a draft resolution for the full council. But diplomats say that the six powers are far from in agreement as Russia and China push to dilute the punitive measures in a US-drafted sanctions proposal. Russian and Chinese diplomats are negotiating “line-by-line” and checking with their finance ministries on every detail, an envoy said.

Among the sticking points in the draft is a call for an arms embargo with an international inspection regime similar to one in place against North Korea. Both China and Russia have problems with the proposed arms embargo, diplomats say. The US envoy to the United Nations, Susan Rice, said on Friday that the United States and its allies will work “as long as it takes” to get a sanctions resolution.

India, Brazil, South Africa, Lead Effort against Child Labor

In less than two weeks, the labor ministers of almost 200 countries will participate in a global conference on child labor in The Hague, Netherlands. They will be working on a new “road map” to wipe out the worst forms of child labor by the year 2016. A major focus of the conference will be on three countries -- India, Brazil and South Africa. They have assumed the status of role models because of their own recent efforts to combat child labor. All three are being cited for exceptional political commitment.

Since 2006, the International Labor Organization says, the number of child workers has dropped by 11 percent worldwide. And the number of children in hazardous work has gone down by 26 percent.

Much of that progress has come in India, Brazil and South Africa, which formed a three-way development initiative in 2003.

Sudhanshu Joshi is the director of the International Center for Child Labor and Education. He recalls the situation in India's textile industries twenty years ago.

"I was really shocked to see the situation that how children who were trafficked from eastern part of India, and from Bihar and from Nepal were kept as slave labor," said Joshi.

But now, the Indian government claims the weaving industry is free of child workers, and says it has a strong program in place to provide children with educational and vocational training. Joshi says India's progress is largely due to social action by the government and constant vigilance of the civil society.

"Now, how do you do this globally? To do this globally, to achieve this globally, it's very very important there is a strong civil society," added Joshi.

Joshi also says international donors should concentrate their financial and technical support on the countries with the worst problems.

Philippe Egger of the International Labor Organization says outside donors alone are not the answer.

Egger says while the ILO has offered direct assistance to reduce child labor in many countries, India, Brazil, and South Africa have done a good job by enforcing their own legislation.

"This is not only a donor in the north helping the countries in the south to implement program matter. What we are seeing is that countries in the south have adopted major programs with their own resources which are sometimes complemented by resources from north but the bulk of resources today going into the fight against child labor come from government in the south," said Egger.

India, Brazil and South Africa are also helping their neighbors. Brazil helped the government of Ghana design a program much like Brazil's "Bolsa Familia" scheme, which provides financial aid to poor families as long as their children attend school.

The three countries also financed a project to fight the worst forms of child labor in Africa's Portuguese-speaking countries.

"I think that undoubtedly that India, Brazil and South Africa are very strongly seen as sort of the motherboards of development initiatives in their respective continents, in Asia, in Africa, and in Latin America," explained Joshi.

During a recent panel discussion on child labor in Washington DC, labor ministers from India, Brazil, and South Africa shared the challenges they have faced and the lessons they have learned.

South African labor minister Membathisi Mdladlana cautioned other governments to remain alert, since even the most successful programs may have some flaws.

"We say that we need child grants for poor households so that government can subsidize those poor families with children but the problem with that is then some of these young teenage girls

get pregnant because they have no employment they are not in school so for them this is the easier route for them to augment their standard of living," explained Membathisi Mdladlana.

Experts fear that the progress made in the fight against child labor can be undone by the global economic crisis. According to the ILO, child labor is a cause and consequence of poverty, and can only be dealt with by bringing prominent global actors together along with greater financial commitment.

Brazil's Lula talks about meeting with Paraguay president

Brasilia, May 03, 2010 (Xinhua via COMTEX) -- Brazil's President Luiz Inacio Lula da Silva said on Monday that the country's relations with Paraguay are going through a "exceptional moment" and urged the neighbor to become economically strong.

In his weekly radio show Breakfast with the President, Lula disclosed issues to be discussed with in his meeting with his Paraguayan counterpart Fernando Lugo. The meeting is scheduled to be held later on Monday in Ponta Pora, a Brazilian city bordering Paraguay.

"Brazil is experiencing an exceptional moment in its relationship with Paraguay. We will discuss many issues and maybe sign new agreements. Everyone knows I want Paraguay and President Lugo to be successful," he said.

The Brazilian leader also stressed that there will be progress in negotiations on the compensation that Paraguay receives from the sale of part of the energy produced by the bi national Itaipu power plant.

"One of the things we are discussing today is the construction of a transmission line for Paraguay to use more energy from Itaipu, an investment that will cost about 400 million dollars to ensure the end of blackouts in the capital Asuncion and in other Paraguayan cities," he said.

Itaipu is a binational undertaking run by Brazil and Paraguay and located at the Parana River, in the border region of the two countries. The installed generation capacity of the hydroelectric power plant is 14 gw.

The leaders will also discuss measures to curb violence in the border region.

Moreover, in the meeting Lugo will ask the Brazilian government to reconsider the asylum granted to three Paraguayan citizens who could be members of the rebel group Paraguayan People's Army (EPP).

Brazil criticizes Arizonan law

Brasilia (Brazil) - Brazil on Tuesday voiced sharp criticism of the controversial immigration law in the US state of Arizona, as South American nations gathered for a summit expected to also condemn the legislation.

The law 'sacrifices the human rights of migrants' by criminalizing those in the state without documentation, the foreign ministry said in a statement. Brazil hoped the law would be revised

'to avoid violating the rights of millions of foreigners who peacefully live and work in the United States,' it said.

Arizona's law is due to take effect in three months, after being tweaked to allay some contentious language giving rise to fears of racial profiling and overreaching police powers. The measure requires police to detain, based on 'reasonable doubt,' any person they suspect of being an illegal immigrant in Arizona, a state believed to be hosting 460,000 undocumented inhabitants.

It remains a deeply polarizing piece of legislation, both within the United States - where it has prompted head-shaking by the federal government - and in Latin America, where most immigrants to the United States come from. Mexico has already called the law 'racial discrimination' and warned its citizens about travelling to Arizona.

Brazil, Latin America's biggest economy and a temporary member of the UN Security Council, has more than a million nationals living in the United States, according to estimates. Brazilian President Luiz Inacio Lula da Silva was on Tuesday attending a summit of the Union of South American Nations (Unasur) in Argentina that was to address the controversial Arizona law.

The 12-nation summit was expected to issue a declaration blasting the Arizona legislation. --
AFP

Brazil FM: We haven't offered to mediate in Iran nuclear row

Brazil's Foreign Ministry on Wednesday said Brasilia had not made an official offer to mediate over a UN-backed nuclear fuel swap between Iran and the West, but that Brazil was ready to help with talks any way it can.

During a trip to Tehran last week, Brazil's foreign minister said that an exchange of fuel between Iran and the West could take place in Brazil, if his country was asked to host the exchange.

According to a report earlier Wednesday, Ahmadinejad has agreed "in principle" to Brazilian mediation to revive a UN-brokered nuclear fuel swap deal with world powers, the semi-official Fars news agency said.

The powers see the deal as a way to remove much of Iran's low-enriched uranium stockpile to minimize the risk of this being used for atomic bombs, while Iran would get specially processed fuel to keep its nuclear medicine program running.

But the proposal broke down over Iran's insistence on doing the swap only on its territory, rather than shipping its LEU abroad in advance, and in smaller, phased amounts, meaning no meaningful cut in a stockpile which grows day by day.

"In a telephone conversation with his Venezuelan counterpart, Ahmadinejad agreed in principle to Brazil's mediation over the nuclear fuel deal," Fars said, quoting a statement issued by Ahmadinejad's office.

Iranian President Mahmoud Ahmadinejad said on Wednesday that his country would "definitely continue" its nuclear program despite Israeli hints at military action.

"Iran will definitely continue its path. You should not even doubt that we will continue our path. We'll definitely continue our path," Ahmadinejad said in an interview with ABC's "Good Morning America" program.

Asking if that meant Iran was playing with fire in light of Israel's threat of a possible military strike, Ahmadinejad said it was not. "They're not a factor, in our defense doctrine, we don't even count them."

The pact conceived in talks conducted by the UN nuclear watchdog last October required Iran to ship 1,200 kg of its LEU, enough for one atom bomb if enriched to high grade to Russia and France for conversion into fuel for the Tehran Research Reactor, which makes isotopes for cancer treatment.

The three powers have ruled out rewriting the deal's conditions as the Islamic Republic demands.

The United States is lobbying UN Security Council members, to back a fourth round of international sanctions on Iran in the coming weeks, to press it into curbing uranium enrichment.

Iran says its nuclear energy program is designed to generate electricity only but its failure to declare sensitive atomic activity to the UN watchdog and continued restrictions on UN inspections have undermined confidence abroad.

Some non-permanent UN Security Council members such as Brazil and Turkey are trying to revive the fuel deal with Iran in an attempt to stave off further sanctions against Tehran.

Brazil says it favors reviving a mooted compromise in which Iran could export its uranium to another country in return for nuclear fuel Iran says it needs to keep the Tehran reactor running.

'Significant concessions'

Gala Riani, analyst for IHS Global Insight Middle East, said Iran "wanted to be seen" as not having closed the door to negotiations on the nuclear fuel swap.

But she said it remained to be seen whether Wednesday's announcement by Tehran was a real attempt to try and reach a solution on the issue.

"Unless Iran proposes some significant concessions the likelihood (of a deal) is low," Riani said.

Iran started enrichment to 20 percent fissile purity in February, up from 5 per cent, to create fuel for the research reactor itself, bring Iran closer to levels needed for producing weapons-grade material - uranium refined to 90 per cent purity.

In a speech to a Nuclear Non-proliferation Treaty (NPT) review conference at the United Nations, U.S. Secretary of State Hillary Clinton said on Monday that Iran's nuclear ambitions put the world at risk and called on nations to rally around U.S. efforts to finally hold the Islamic Republic to account.

The five permanent members of the Security Council - the United States, Britain, France, Russia and China - along with Germany are in talks over a broader sanctions resolution against Iran.

Top Turkish diplomat says hopes joint efforts with Brazil prove successful over Iran's nuclear program

Turkey's foreign minister expressed hope on Wednesday diplomatic efforts that Turkey jointly exerted with Brazil yielded a positive result over Iran's nuclear program, Anadolu Agency reported.

"We are continuing our vigorous consultations in full coordination with Brazil. We will have fresh initiatives in the coming days and I hope our joint efforts will bring about positive results," Ahmet Davutoglu told reporters in a press meeting with his Ukrainian counterpart Kostyantyn Hryshchenko in capital Kiev.

Iranian President Mahmoud Ahmadinejad said earlier today that he might agree to a Brazilian plan that would swap Tehran's low-enriched uranium with nuclear fuel for a medical reactor.

Asked whether the Brazil's plan offsets Turkey's mediator role, Davutoglu said "that is out of question."

Davutoglu said Turkey had been conducting close consultations with Brazil, adding that he visited Tehran two weeks ago.

"I spoke on the phone with my Iranian counterpart today and yesterday as well as with the Brazilian foreign minister," Davutoglu said.

Brazil Sugar Output Will Rise to Record on Weather, Conab Says

April 29 (Bloomberg) -- Sugar output in Brazil, the world's biggest producer, will rise 17 percent this year as drier weather will favor harvesting and after cane growers increased planting, the Agriculture Ministry said.

Brazilian mills will produce 38.7 million metric tons of the sweetener in 2010, up from 33.1 million tons last year, the ministry's crop-forecasting agency, known as Conab, said today in an e-mailed statement. Mills will process a record 664.3 million tons of sugar-cane into sweetener and ethanol, up from 604.5 million tons last year, Conab said.

The rainy period in the Center South, where about 90 percent of Brazil's sugar is made, came before the harvesting season this year, helping the plants develop, Conab said. Last year excess rains during the April-November season led mills to halt output several times because humidity reduces sugar cane's sucrose, the substance that mills process into sweetener.

"The forecast for the next three months is for normal rainfall in the entire Center South," Conab said in the report. "This will benefit harvesting, as well as industrial yields."

Sugar has plunged 44 percent this year on expectation output in Brazil and India, the second-biggest producer, will increase.

Brazilian sugar-cane growers increased planting 9.2 percent to 8.09 million hectares (20 million acres). Ten new mills came online to process the crop, Conab said.

Mills will process 54.6 percent of their cane into ethanol and 45.4 percent into sugar, Conab said. Ethanol output will rise 11 percent from last year to 28.5 billion liters (7.52 billion gallons), Conab said.

Detailed Report/Chile

Chile wants Korea to participate in reconstruction projects

On his first trip to Asia as foreign minister of Chile, Alfredo Moreno had a special mission: Spreading the word to the Korean private sector so that they could participate in reconstruction projects in his home country.

This is because of the earthquake that struck the country in February, costing the lives of roughly 500 people and leaving roughly 800,000 people homeless. An estimated 200,000 houses, 72 hospitals and 1,714 schools were destroyed.

During a meeting in Seoul organized by the Chilean government, Minister Moreno attempted to encourage Korean businesses.

“We are beginning our reconstruction phase by mid-June. We are especially interested in Korean companies because you have big companies that are good.”

The meeting was a follow-up of new Chilean President Sebastian Pinera's announcement in mid-April.

On April 16, the President presented his \$8.43-billion plan to reconstruct the country in the next four years.

The earthquake-hit country is still in an emergency phase, meeting with water and housing for victims in the affected area urgently needed.

As the country is poised to move into the reconstruction phase, the focus will be on erecting buildings and infrastructure, such as ports, airports, schools, hospitals and homes.

And “when we rebuild it (the buildings), we want to rebuild it better,” the minister emphasized. The plan will be funded by tax increases and withdrawals from the country's copper savings. Copper has earned big revenue for Chile.

Korea might be able to offer the South American nation all it needs as it has strong heavy industry and construction companies.

Doosan Heavy Industry & Construction, Hanwha Engineering & Construction, Hyundai Engineering & Construction, Samsung Engineering, Ssangyong Engineering & Construction and STX Construction are the leading players, all of which were invited to the meeting held at the Lotte Hotel in Seoul, Thursday.

Kang Shin-chul from Hanwha said, however, that he didn't see much potential in the minister's presentation.

According to him, traditionally South America has not been an easy destination for investment because of fundamental reasons: language barriers and distance.

“For example, when all documents are written in Spanish, we don't have the resources or time to translate them into Korean or English,” Kang said. Moreover, the distance between the two countries would make mobilization of human resources and equipment extremely complicated, and almost impossible.

“As far as we are concerned, the Middle East and Asia are far more feasible and cost-effective.”

Technology is another area of interest for Chile, which is planning to come up with a reliable emergency warning system.

“Half of the victims were killed due to a tsunami that came after the initial earthquake,” Moreno said. The emergency alert system wasn't in place.

But it appears to be a tough competition to win with strong competitors like Japan.

The minister stopped by Japan on his way to Korea, and also had a similar meeting in the United States earlier this month, while he was visiting Washington, D.C. to attend a conference on nuclear nonproliferation.

All the information on specific projects and bidding will be made available for the public starting from next month, Chilean Ambassador to Seoul Adolfo Carafi Molero assured the audience it will be an open bidding where “everyone who's interested can participate.”

The 8.8 magnitude earthquake that hit Chile in February tied as the fifth largest since 1900. Chile has a history of being hit by major earthquakes. The strongest was in 1960 with a magnitude of 9.5.

The minister also showed interest in Korea's knowhow in energy production, especially nuclear energy.

Chile had banned atomic power until the new government took office in March.

“We are looking to study nuclear energy. And Korean technology will be very useful,” he said.

After winning a contract from the United Arab Emirates last December, Korea has been enjoying a flared-up reputation as a strong player in the nuclear energy field.

Turkey extended its arm for partnership, and countries like Brazil are showing interest by dispatching a delegation to observe Korea's nuclear plants.

The minister's visit was the second high-ranking visit in six months. Last November, former President Michelle Bachelet was in Seoul on a state visit.

Regarding the Free Trade Agreement (FTA), Minister Moreno had nothing to add, except for cheering for its “successful” outcome.

As Korea's first free trade accord, the FTA with Chile has rapidly intensified the volume of trade over the six years, setting itself as a role model for other perspective partners.

Chile opened an easy access to wine for Koreans. Korean machineries and electronic appliances have become household names in Chile.

The minister was formerly CEO of a consultant company, and was appointed by President Pinera who also has a background in business.

“In Chile, where businesses are very active in international networks, businessmen have lots of experience and connections,” Ambassador Carafi said.

Detailed Report/Mexico

Why Mexico opposes the Arizona immigration law

Mexico, like most countries, abounds in diversity that is often-celebrated but can also lead to stereotyping. Veracruzanos might look suspiciously at the “Chilangos” of the capital. Northerners proudly boast that they are the most upfront and honest Mexicans.

But the tough new Arizona immigration law, which Mexican President Felipe Calderon immediately denounced as discrimination, has united Mexicans from all points of the compass.

“We are all against it, from Baja California to Campeche,” says Jose Luis Jimenez. “It is racial discrimination against all of us, simple.”

Mr. Jimenez was en route to his home in Guadalajara, after attending a banking convention in Mexico's capital. He was one of thousands of Mexicans at Mexico City’s international airport catching flights home or heading to business meetings or to visit family Thursday, nearly a week after the Arizona immigration bill was signed into law. The law allows local police to question anyone they suspect of being in the country illegally.

Some Mexicans have more at stake on this issue than others. But almost to a person, they say that the move – which Arizona implemented to deal with an unabated tide of illegal immigration – is not just discriminatory but counterproductive because so much of the US economy depends on cheap Mexican labor.

Impact on Mexican pocket books

Janet Garcia, a soft-spoken woman on her way home to a tiny pueblo in the southern state of Oaxaca, says her farming community has not stopped talking about the law since it was first unveiled. This isn't just patriotism, it's personal: most of them get by on the remittances sent home from brothers, fathers, and husbands toiling in the US. Quite simply, US immigration politics affects their daily existence. “We depend on that income,” says Ms. Garcia, who has a brother in California.

The law has also unified Hispanic activists in the US, who are organizing mass protests for May 1 celebrations in more than 70 cities across the country that promise to be bigger than the 2006 protests that drew activists across the country calling for immigration reform.

In Mexico, politicians of all ideologies have unanimously condemned the law. So have newspapers, religious leaders, and governors from across the country. “We are all brothers, Mexicans and Latin Americans,” says Rafael Flores, a medical technician awaiting a flight, “in the face of something so unjust.”

The move is a particular blow for Mexicans in the border region, who understand that a border is a national demarcation but means little when it comes to family, education, and health care. “Americans travel to Mexico to shop, Mexicans travel to the US to visit family,” says Domingo de la Mora, on his way to Ciudad Juarez, just across the border from El Paso, Texas.

Jose Oswaldo Reyes, a mechanic heading to a job in Merida on the Yucatan peninsula, says the law may win the governor of Arizona political points but will do little to stem migration from Mexico. “Mexicans will continue to go to the US, even if not to Arizona then to another state,” he says.

Boycott Arizona

But at least a few say they will boycott Arizona. “I felt terrible when I heard about the law,” says traveler Maria Elena Guijarro, who visits California once a year but says now she would not consider Phoenix or anywhere else in Arizona as an alternative.

“It is in protest,” says her husband, Mr. Jimenez. “We will not go to a place where our civil rights are not recognized.”

Mr. Flores, on his way to San Diego to visit friends and view medical equipment, refers with a smile to last-minute stragglers rushing to board an Aeromexico flight to Phoenix: “Thank God I am not on that one.”

Mexico Congress Urges Calderon to Break Trade Ties With Arizona

April 30 (Bloomberg) -- Mexico’s Congress urged President Felipe Calderon to consider breaking commercial ties with Arizona and called on government officials to refrain from travelling to the U.S. state.

In an “exhortation” approved by lawmakers last night, the lower house said Mexico should stop trading with Arizona in order to protest a law passed by the state requiring local police to determine the immigration status of anyone suspected of being in the country illegally.

The Foreign Ministry said April 27 that Mexicans living, studying or planning to travel to the southwestern U.S. state, which shares a border with northern Mexico, should carry documentation and “act carefully.”

The Arizona law makes it a state crime to be in the U.S. without proper documentation. The state has an estimated 460,000 residents living there illegally, the seventh highest total in the country,

according to the U.S. Department of Homeland Security. Opponents say the measure will lead to discrimination and racial profiling by law enforcement authorities.

Mexican President Calderon to travel to Germany

Mexico City - Mexican President Felipe Calderon is to travel to Germany next week, his administration announced Thursday.

Calderon is to attend a climate conference in Bonn that opens Sunday and is designed to prepare for the world climate conference set for this autumn in Mexico's Cancun. German Chancellor Angela Merkel is also expected to attend.

He will later travel to Berlin to meet with Merkel and President Horst Koehler. Discussions are expected to centre around economic issues, as Mexico tries to bolster partnerships with trading partners beyond the neighboring United States. Exports and imports between Germany and Mexico amount to 10 billion euros (13 billion dollars).

Senior Chinese, Mexican lawmakers promise to boost ties

Senior Mexican and Chinese lawmakers say they will work for more exchanges at the congressional level to help bring ties between the two countries to a new level.

Oyunqemag, vice chairwoman of the Standing Committee of the National People's Congress (NPC), said Thursday that it is in China's interests to boost ties with Mexico.

China is willing to work with Mexico on bilateral exchanges and cooperation, she said when meeting with Carlos Navarrete Ruiz, speaker of the Mexican Senate, and Francisco Ramirez Acuna, president of the Chamber of Deputies, the lower legislative house.

The NPC is also willing to have more exchanges with Mexico, Oyunqemag said.

Navarrete and Ramirez said that ties between the legislative bodies of Mexico and China are important and that they would like to further bilateral cooperation via parliamentary forums.

The Mexican lawmakers also offered condolences to those affected by the devastating earthquake in Yushu in China's northwestern Qinghai province.

Oyunqemag, who also met with other senior Mexican lawmakers on Thursday, arrived in here late Wednesday on a trip that will also take her to Cuba and Brazil.

Mexico sees drug war raging for four more years

Mexico City (Reuters) - Mexico's drug violence that has killed some 23,000 people could rage until 2014 judging by past anti-crime fights in Italy, Colombia and the United States, the government said on Tuesday.

Mexican Security Minister Genero Garcia Luna told the Reuters Latin American Investment Summit in Mexico City that the country could not expect a quick victory in the army-backed drug fight launched by President Felipe Calderon in late 2006.

"In every case, the average (time taken to control organized crime) is between six and eight years," Garcia Luna said in his headquarters in the Mexican capital.

"In the case of Italy, in the case of Colombia, New York and Chicago, the curve was six years on average ... in Italy it lasted almost seven years," he said.

With strong support from Washington, Calderon has sent more than 70,000 soldiers, elite navy units and federal police across Mexico to fight powerful drug cartels fighting over lucrative smuggling routes into the United States.

But despite record drug seizures and arrests, violence has escalated to horrifying levels, and once-quiet manufacturing and colonial tourist towns feel terrorized by daylight shootouts between rival gangs and the army.

Some companies are freezing investment along the U.S. border, local business leaders say.

Severed heads and bodies hung from bridges are becoming commonplace from Mexico's Caribbean to its northern border with the United States. A spate of civilian killings, including infants caught up in shootouts between troops and hitmen, has hurt support for Calderon's drug war.

The killing of three people linked to the U.S. consulate in Ciudad Juarez in March provoked outrage from President Barack Obama, whose administration is providing Mexico with millions of dollars in anti-drug war equipment and police training.

Garcia Luna said the government is doing all it can to protect the economy from any drug war impact. "Mexico is working forcefully and institutionally so people keep investing in Mexico," he said.

He said a decision to switch control of security operations to the federal police and away from the army in Ciudad Juarez was bearing fruit despite a surge in violence in April, with killings spiking to 20 a day in the city across from El Paso, Texas.

"We've had federal police (in control) in Ciudad Juarez for almost 20 days ... and we are beginning to see signs of improvement in public security," Garcia Luna said.

Garcia Luna said a major priority was still the cleaning up of Mexico's notoriously corrupt and poorly-paid police forces that often work with drug gangs.

He said he aimed to eliminate Mexico's 2,000 municipal forces that are ill-equipped to deal with heavily armed drug hitmen and create a unified police force based on officers from the country's 32 states.

Detailed Report/Venezuela

Colombia's Santos says that he would "never fire at Venezuela"

Gustavo Petro, the candidate of left-wing Colombian political party Alternative Democratic Pole, will send a letter to President Chávez

Former Defense Minister and Colombian presidential candidate Juan Manuel Santos said late on Wednesday that he would "never" fire at Venezuela or Ecuador, and asked the presidents of those countries to respect presidential elections in Colombia.

"We will never fire at Venezuela or Ecuador," Santos said from a podium at a rally in the capital of the Colombian department of Huila.

"We are a people who want to have good relations with our Venezuelan and Ecuadorian brothers."

Meanwhile, Gustavo Petro, the presidential candidate of the Alternative Democratic Pole and former head of M19, a demobilized guerrilla group, requested President Hugo Chávez to respect the Colombian leftwing. The Venezuelan ruler described Colombian leftwing parties as "cowardly," amidst the election campaign.

"Chávez has insulted the Colombian leftwing parties and other candidates. I can tell him that he has no authority to attack a leftwing movement that has managed to draft a democratic Constitution," Petro said, as reported by AFP.

The candidate reacted to Chávez's recent statements describing as "cowardly" the Colombian leftwing parties.

Peruvian President criticizes Venezuelan economic policy

Peru's President Alan García said on Wednesday that Venezuela's economic model and policies in the region are "not quite appropriate," adding that Hugo Chávez rushed to close Venezuela borders.

According to AP, García was responding to claims made by the Lima Chamber of Commerce on a Venezuelan government's decision. According to analysts in the Peruvian capital, such move will hurt 614 Peruvian companies that in 2009 exported clothes and footwear to Venezuela.

"The economic model implemented there (in Venezuela) is not the most appropriate one. They have inflationary problems, lack of investments, jobs, and technology. They have had blackouts and the industry is beginning to be affected," García said.

He added that Chávez "would have to wait for the deadline established after Venezuelan withdrew the Andean Pact, which would be in mid-2011, to close its borders."

Venezuela arrests man on suspicion of trying to incite assassination of Hugo Chavez

Caracas, Venezuela (AP) — Venezuelan police have arrested a man on suspicion of trying to incite the assassination of President Hugo Chavez.

Justice Minister Tareck El Aissami says the 28-year-old was detained Thursday in the southwestern city of El Vigia after a weeklong investigation. The man's identity has not been released.

El Aissami says the man has traveled frequently to Colombia and police found messages on his computers alluding to a plot to kill Chavez involving Colombia's outlawed right-wing paramilitary groups.

Tensions are strained between Colombia's conservative government and Chavez's socialist administration.

Venezuelan authorities have claimed numerous purported plots against Chavez in recent years, but none have led to arrests.

The Venezuelan ruler has criticized Colombian presidential candidates

The US Assistant Secretary of State for Western Hemisphere Affairs Arturo Valenzuela criticized Venezuelan President Hugo Chávez's meddling in the Colombian presidential elections. Chávez has expressed negative views against candidates in his neighboring country.

"It is very important not to meddle in the domestic affairs of other countries. It is not our concern to support one candidate or another. This is a decision that voters will have to make in each country. We respect people's sovereign decision," said the US Assistant Secretary of State for Western Hemisphere Affairs Arturo Valenzuela, referring to comments made by Venezuelan President Hugo Chávez.

Chávez has repeatedly said that it would be "very difficult" to mend relations with Colombia if the candidate of the ruling Social National Unity Party, Juan Manuel Santos, is elected. The Venezuelan ruler has said that Santos poses a danger for the region, reported Colombian newspaper El Tiempo.

Chávez has also questioned leftwing candidate Gustavo Petro, for his views on the Bolivarian Revolution.

As a sort of mea culpa, Valenzuela said that if in the past the United States has been involved in electoral processes of other countries, this was "a mistake."

Valenzuela stressed that "it is not the policy of President Obama."

The US Assistant Secretary of State for Western Hemisphere Affairs made these statements via teleconference, before a trip to Central America that will start on Sunday. Valenzuela will visit Guatemala, El Salvador and Panama.

Report: Venezuela among the most dangerous countries in the world

A study by FTI Consulting found that apart from high crime rates and violence, Venezuela is affected by the new trend of "compulsory expropriations by the government"

Venezuela, along with Haiti, El Salvador, Honduras, Guatemala and Mexico, tops the list of countries with the largest amount of public security problems, according to a report by international firm FTI Consulting, issued on Friday in Buenos Aires.

The consulting company claimed that "apart from the situation of conflict in Venezuela, where lack of public security and violence are a constant threat, the country is affected by a new trend of compulsory expropriations by the government, along with growing legal and judicial uncertainty."

As a result, "the country is in a more delicate position than last year." According to reports from some NGOs and Venezuelan police corps, which are cited in the report, (unofficially) 16,000 people were killed in 2009, one of the highest crime rates in the world, DPA reported.

Govt. claims that a Colombian intelligence base is deployed in Venezuela

A statement from the Ministry of the Interior and Justice points out that evidence was found linking Colombian citizens living in Barinitas with espionage.

The Ministry of the Interior and Justice said that a Colombian secret intelligence base is operating in Venezuela, adding that ice cream parlor Makyhelados in Barinitas, Barinas state, "is the front for ongoing espionage operations, including a network of informants," as shown by evidence found and investigated by the Bolivarian Intelligence Service (Sebin) and by the "contradictory" testimonies of detainees.

A communiqué issued on Friday by the Ministry of the Interior and Justice stated that "based on the investigations into the alleged involvement of Colombian citizens in espionage activities in Venezuela, the Bolivarian National Intelligence Service has collected so far pieces of evidence that link the detainees with such activities."

The statement cited the case of Luis Carlos Cossio Palacio, a Colombian citizen, "whose different occupational profiles and socio-economic inconsistencies lead to infer that he was in the country making surveys of routes and areas of the electric grid, for purposes of collection and dissemination of confidential information."

The communiqué stressed that seized computer equipments had "advanced settings to store, sort and disseminate information previously obtained, in addition to some 100,000 photos with shots of areas that are 'security zones' (electric equipment, power lines, towers, oil premises, roads, bridges on the border, etc.). Further, files describing the operation of the entire Venezuelan electric grid in detail were found in such computer equipments, as well as a phone book including contact information of government officials and files related to a referendum."

Chavez party members pick candidates

Caracas, Venezuela (AP) — President Hugo Chavez's ruling party rallied hundreds of thousands of members to a congressional election primary vote Sunday — a key step in preventing infighting as they battle a resurgent and united opposition.

Venezuela's socialist president said roughly 2 million primary voters picked among more than 3,000 candidates seeking to represent the party in September in congressional voting he warns could determine the fate of his "Bolivarian Revolution."

Major opposition parties boycotted the last election, arguing the electronic voting system was susceptible to fraud, which allowed Chavez allies to win all the seats in Venezuela's single-house assembly. Since then, the pro-Chavez assembly has granted him the authority to approve special legislation by decree while stripping power from elected officials sided with the opposition.

But this time around the opposition is fielding a united slate of candidates chosen at a primary last week. They hope to capitalize on increasing frustration with Chavez over high crime and 26 percent inflation to win enough seats to control Chavez's legislative offensive.

Speaking at a polling station in Caracas' poverty-stricken 23 de Enero neighborhoods, traditionally a bastion of support for Chavez, Venezuela's president congratulated all the candidates.

"We are trying to pick the best candidates to win a majority in the National Assembly," he said.

In the past, disillusioned members of Chavez's party who weren't chosen as candidates broke ranks to run as independents or joined other pro-government parties that accepted them as candidates.

Two years ago Chavez created the Unified Socialist Party of Venezuela and he urged other pro-government parties to disband and join his new party. But two left-leaning parties — the Communist Party of Venezuela and Fatherland for All — declined to join it, preferring to maintain their autonomy.

Nowadays, they complain of being sidelined.

The leaders of the Communist party and Fatherland for All say they hope to reach agreements with Chavez allies on consensual candidacies in several voting districts, but they've pledged to field their own aspirants if those efforts fail.

Chavez vowed that his allies would win a majority to maintain control of the assembly.

"We are going to knock them out," he said.

Political analyst John Magdaleno said Sunday's vote could help the ruling party counter criticism that it doesn't practice the democratic principles it preaches. Chavez holds great sway over its leadership and has hand-picked candidates in the past.

The party has struggled with "the problem of candidates' legitimacy because President Chavez has an excessive influence in decisions regarding nominees," Magdaleno said.

Venezuelan State fails to create jobs

The explosive growth in government payroll is due to transfer of workers to the public sector due to nationalizations.

Since the first expropriations implemented by the government of Hugo Chávez in May 2005, the state payroll has been growing steadily with the addition of workers who previously worked in the private sector.

It has been almost five years since the nationalization wave began. Based on the data provided by the National Institute of Statistics (INE) about the composition of the labor market, the involvement of the public sector in the creation of jobs has been almost zero.

In May 2005, Venezuela's public sector stood at 1,625,701 workers, which is a 16 percent of the working population in Venezuela. In March 2010, the number of people hired by the public

sector increased to 2,341,789 workers and employees. This represents 19.8 percent of the working population, and implies that the government payroll has increased by 3.8 percentage points between 2005 and 2010.

On the contrary, the private sector just increased from 4,259,702 workers and employees in May 2005 to of 4,493,477 people in March 2010. This means that the share of the private sector in Venezuela's working population decreased from 41.9 percent, almost five years ago, to 38 percent in March 2010.

Scientist says Bolivar likely died of poison

A U.S. scientist is supporting a theory that has been widely dismissed as a personal obsession of Venezuela's Hugo Chavez: that his hero Simon Bolivar might have died from arsenic poisoning.

Venezuela's leftist president rejects the traditional account that Bolivar, a brilliant Venezuelan military tactician who liberated much of South America from centuries of Spanish rule, died of tuberculosis in Colombia in 1830.

Now, Paul Auwaerter of Johns Hopkins University School of Medicine says his death was most likely caused by arsenic -- either from drinking contaminated water or using the naturally occurring poison to try to cure headaches and hemorrhoids.

At a medical conference in Maryland last week, Auwaerter said he did not rule out murder but thought it was unlikely.

The scientist's caution, however, did not stop Chavez -- who has dedicated his "socialist revolution" to the memory of Bolivar -- from interpreting the findings as proof of murder.

"For years I have had the conviction in my heart that Bolivar did not die from tuberculosis," he said over the weekend.

"And now a scientist from the United States comes out saying he has proof ... that Bolivar died by murder," Chavez added, ordering his foreign minister to contact Auwaerter.

The doctor told Reuters the Venezuelan government had not yet been in touch, and he was worried his research was being misconstrued.

"What I said has been taken and used for their own political means," Auwaerter said in a telephone interview.

In his fight against "Yankee imperialism" by Washington, Chavez often invokes Bolivar -- who is second only to Jesus as a figure of reverence in much of South America.

Almost every town or village square in Colombia and Venezuela is named after him, as is the country of Bolivia.

Chavez's government is currently carrying out its own investigation into Bolivar's death, and this year a newly inaugurated state forensics laboratory plans to take on the 19th century hero's death as its first case.

Chavez has insisted that Bolivar was murdered by a Colombian political rival, Francisco de Santander, and some analysts warn that revisiting the case could actually worsen already strained relations between the fractious neighbors.

Chavez has compared Colombian President Alvaro Uribe to Santander, who was a close friend and ally of Bolivar before the two men fell out over politics and ideology.

"Uribe is one of the sons of Santander. He is from the same lineage," Chavez said last year after Uribe gave U.S. soldiers more access to Colombian military bases. "We are the sons of Bolivar and we are in that battle," Venezuela's leader added.

Venezuela PDVSA Buys 49% Stake in Dominican Republic Refinery

Venezuela state oil company Petroleos de Venezuela (PVZ.YY), or PDVSA, on Wednesday agreed to buy a 49% stake in the Dominican Republic's Refidomsa refinery, which can process 34,000 barrels of oil a day.

Oil-rich Venezuela is already a major supplier of crude oil to the Dominican Republic, and the purchase of a stake in the Dominican's state-owned refinery will allow it to expand its role as a supplier of fuel in the Caribbean.

Venezuelan officials have said the 49% stake is worth more than \$130 million, but have indicated that Venezuela would pay it by shaving off some of the debt that the Dominican Republic has with Venezuela.

The agreement was signed during a visit to the Dominican Republic by President Hugo Chavez, with PDVSA President Rafael Ramirez, who is also Chavez' oil minister, by his side.

"This is very important, not just for the Dominican Republic but also for Venezuela because it puts us in the heart of the Caribbean," Chavez said Tuesday, prior to his trip. "It will allow us to ship our petroleum for refining and distribution, not just within the Dominican market, but also throughout the Caribbean's central market."

The refinery, which began operation in 1973, manages the supply of about half of the Dominican Republic's fuel needs.

Royal Dutch Shell PLC (RDSA, RDSB.LN) had been a 50% stakeholder in the refinery until late 2008, when it sold its stake to the Dominican Republic government for about \$100 million.

Chavez has said that buying a stake in the refinery will also allow Venezuela logistically to provide fuel to Haiti as the earthquake-ravaged country rebuilds.

Venezuela looking to buy 33 aircraft from China

China has signed an in-principal agreement with political ally Venezuela for the sale of 33 civil aircraft, including the Harbin Y12E.

Venezuela plans to use the aircraft to develop regional passenger and cargo services in rural areas, says China's state-owned aerospace conglomerate China Aviation Industries Corporation (AVIC).

Its overseas sales arm AVIC International signed the deal with Venezuelan government representatives, including the country's National Agricultural Development Fund, it adds. Senior officials at AVIC International, who wish to remain anonymous, say they hope to finalize the deal later this year and that the aircraft will be delivered over a five-year period. The deal includes the sale of Y12E aircraft, a 19-seat turboprop aircraft, confirm the officials.

Venezuelan government fails to revive local production

Venezuela's President Hugo Chávez recently noticed that in 2010 the Gross Domestic Product (GDP) may shrink for the second consecutive year, which economists and business associations term inevitable.

"Did GDP fall in 2009? Yes, that's true. Will it shrink again in 2010? It may be true. But is it a reason for concern? Not at all," President Chávez said on April 25.

His statements differ from his remarks in early 2009. At that time, he said that no economic setback would hit Venezuela, not even if the price of "oil plummeted to zero."

Beyond this contradiction in the presidential discourse, figures show the inefficiency of government economic measures to revive the production apparatus.

When the government announced the devaluation of the Venezuelan currency in January, authorities said that the depreciation of the bolivar was aimed at strengthening domestic production. The Bicentennial Fund, with a total of USD 1 billion, and telephone numbers 0800Produce and 0800Exporta would stimulate domestic production.

"For practical purposes, the Bicentennial Fund has been a media circus," said Carlos Larrazábal, the president of the Venezuelan Confederation of Industries (Conindustria).

In the absence of official figures issued by the Central Bank of Venezuela (BCV), the industrial association believes that the manufacturing sector will fall 5 percent, only in the first quarter of 2010. Conindustria also estimates that Venezuela's GDP will drop 5 percent in 2010.

"I do not think it (the Fund) will have a major effect on industrial production," said Ángel García, an economist and professor of the Center for Development Studies (Cendes), Central University of Venezuela (UCV).

Economists and entrepreneurs agreed that one of the factors that have seriously undermined the productive sector was the government decision to keep the official exchange rate unchanged for five years. They stressed that measures such as devaluation or special funds are not enough to restore production levels.

This has been one of the formulas used by Chávez government in different opportunities since 1999.

In 2009, the GDP ended with a 3.3 percent decline and there was a 6.4 percent economic

contraction, particularly in the manufacturing sector. In this area of the economy, the fall was higher in the last quarter of 2009, as it declined 6.9 percent.

Víctor Álvarez, a former Ministry of Basic Industries and Mining, is now a researcher at the Miranda Research Center (CIM). He believes that the government needs to identify the areas reserved to the State, the social economy and the sectors where the private sector will be able to participate.

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Book Review

Book Name: Latin America and the Caribbean's Response to the Growth of China and India: Overview of Research Findings and Policy Implications/Angel or Devil? China's Trade Impact on Latin American Emerging Markets.

Authors: Feinberg, Richard

Source: Foreign Affairs; Jan/Feb2007, Vol. 86 Issue 1, p167-168, 2p

Document Type: Book Review

Subject Terms: *Books – Reviews

Abstract:

The article reviews the books "Latin America and the Caribbean's Response to the Growth of China and India: Overview of Research Findings and Policy Implications," by Guillermo Perry and "Angel or Devil? China's Trade Impact on Latin American Emerging Markets," by Jorge Blázquez-Lidoy, Javier Rodríguez and Javier Santiso.

Angel or Devil? China's Trade Impact on Latin American Emerging Markets.

By Jorge Blázquez-Lidoy, Javier Rodríguez, And Javier Santiso.

Organization for Economic Cooperation and Development, 2006, 54 pp. Free.

Drawing on a large set of technical background papers, World Bank economists report that the rise of China and India is bestowing substantive net benefits on Latin America, through higher commodity prices, cheaper industrial inputs, and growing capital inflows. Moreover, if Latin American governments adopt appropriate offensive investment and trade strategies--including negotiating bilateral free-trade agreements--Latin American exporters should be able to successfully penetrate the burgeoning Asian commercial markets and better integrate themselves into Asian-linked global production networks. Joint Chinese-Brazilian production of remote sensor satellites suggests an exciting potential for trans-Pacific cooperation in technological innovation. Of course, there are losers, notably Mexican manufacturers (in electronics, apparel, and furniture) competing toe to toe with Chinese firms in the U.S. market, and Indian business services may be smarter and cheaper than the Latin American offer. Asian imports have also contributed, although in a relatively minor way, to the contraction of manufacturing employment in some Latin American countries.

Economists from the Organization for Economic Cooperation and Development (OECD) generally concur with their World Bank counterparts: as seen through the Latin American lens, China is closer to heaven than hell. Even if China's export surge and export surplus are "short-term" problems, in the long term Chinese imports will catch up, easing pressure on other developing economies. Nevertheless, the OECD study warns, Chinese manufacturing wages are a mere quarter of the Latin American average, and the Chinese labor market is endlessly abundant. To compete, Latin America (especially Mexico and Central America) should take advantage of its geographic proximity to the world's largest import market, for the relative costs of trade can be more important than relative tariff rates. For example, an important complement to the Central American Free Trade Agreement (CAFTA) would be the construction of the long-awaited Panama-Puebla highway. Happily, capital-rich China and Japan may themselves supply financing for such large infrastructure projects. Another upside to the rise of East Asia is the positive "cognitive effect": Latin Americans recognize the success of "pragmatic," export-driven economies.

By Richard Feinberg

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Abstract's Summary

The economic growth of China and India is overall benefiting Latin America as these emerging economies are the consuming markets for its commodities, thus bringing in capital into the Latin American countries. This can be further enhanced if Latin American governments adopt appropriate offensive investment and trade strategies, including negotiating bilateral free-trade agreements. China is also providing cheap industrial inputs. There are some disadvantages

as well, such as Chinese cheaper goods are competing Mexican goods in the USA, and same is the case with the Indian business services as these may be better and cheaper than those of the Latin American countries. Asian imports are also having negative impact on employment opportunities in the Latin American manufacturing sector. Despite of all this, both the Organization for Economic Cooperation and Development (OECD) and the World Bank economists consider China as overall beneficial to the Latin America, because the Chinese imports from the Latin America in the long term will benefit Latin America, even if there are short term problems of Chinese exports. Still, the OECD study warns that Chinese labor market is endlessly abundant and that its manufacturing wages are merely a quarter of the Latin American average. In order to compete, Latin America (especially Mexico and Central America) should take advantage of its geographic proximity to the world's largest import market, USA, because the relative costs of trade can be more important than relative tariff rates.