

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

### **News Monitoring Report No. 122 on Latin America**

Reference period: May 28-June 04, 2010

Presentation: June 09, 2010

Usman Choudry

---

### **Book Reviews**

#### **Book 1**

**Title: Gunboat Democracy: U.S. Interventions in the Dominican Republic, Grenada, and Panama.** (Book)

**Authors:** Feinberg, Richard

**Source:** Foreign Affairs; Mar/Apr2007, Vol. 86 Issue 2, p174-175, 2p

**Document Type:** Book Review

#### **People:**

CRANDALL, Russell

#### **Abstract:**

This article reviews the book "Gunboat Democracy: U.S. Interventions in the Dominican Republic, Grenada, and Panama," by Russell Crandall.

Rowman & Littlefield, 2006, 265 pp. \$75.00 (paper, \$26.95).

In this important and well-reasoned study, a former Bush administration official audaciously takes on the academic orthodoxy to defend three U.S. military interventions in the Caribbean basin. Crandall holds no brief for some previous U.S. meddling--he does not wish to defend the U.S. role in Guatemala in 1954 or in Chile in 1973--but in the three cases under review, he finds that senior U.S. policymakers, using the available intelligence and their understanding of the U.S. geopolitical interests of the day, acted honorably and effectively.

Furthermore, and contrary to the view that freedom can never be imposed by force, the three target nations are all now functioning democracies. Skeptics will question whether Crandall is too quick to accept the judgments of the intelligence services and to honor the geopolitical acumen of past policymakers. He also underplays the political attraction for U.S. presidents of low-cost muscle flexing in small nearby countries. And in his focus on imminent threats and the risks of inaction, Crandall may be seeing events through the lens of contemporary political debates. Nevertheless, *Gunboat Democracy* is a significant contribution and a compelling revisionist counterweight to the prevailing literature.

~~~~~  
By Richard Feinberg

### **Book Abstract's Summary**

In this article Russell mentioned about a former Bush administration's official who criticize the academic style in thinking about the US military intervention in Caribbean by not defending its role. Secondly Russell explains the U.S. role in Guatemala in 1954 or in Chile in 1973 in a critical way and find some US officials working with active intelligence in an honorable way.

Contrary to this that freedom cannot be imposed by force he gives the example of three countries of Latin America that are Dominican Republic, Grenada, and Panama and practicing democracies. In last he emphasis on the significance of Gunboat Diplomacy which could be still useful in revisionism or to bring change in such countries.

### **Book 2**

#### **Title:**

**Close to home: The Development Impact of Remittances in Latin America/Sending Money Home: Leveraging the Development Impact of Remittances.**

**Authors:** Feinberg, Richard

**Source:** Foreign Affairs; Mar/Apr2007, Vol. 86 Issue 2, p175-176, 2p

**Document Type:** Book Review

**Geographic Terms:** Latin America

#### **People:**

LOPEZ, Humberto

TERRY, Donald R.

WATSON, Gregory

FAJNZYLBER, Pablo

#### **Abstract:**

This article reviews the book "Close to Home: The Development Impact of Remittances in Latin America," by Pablo Fajnzylber and J. Humberto Lopez and "Sending Money Home: Leveraging the Development Impact of Remittances," by Donald Terry and Gregory Watson.

**Close to Home: The Development Impact of Remittances in Latin America.**

By Pablo Fajnzylber and J. Humberto López.

World Bank, 2007, 89 pp. Free.

### **Sending Money Home: Leveraging the Development Impact of Remittances.**

By Donald Terry and Gregory Watson.

Inter-American Development Bank, 2006, 16 pp. Free.

Labor has become Latin America's leading export, and hard-working immigrants remitted over \$40 billion to loved ones back home in 2005--five times more than all official development assistance combined. To assess the impact of these mounting flows on economic development, the World Bank mobilized its unmatched capacities to gather and analyze large amounts of household and global macro-economic data. How are the flows affecting poverty and inequality? Do remittances raise investment and growth, or are they mainly directed to consumption? What is the social impact on education, health, and entrepreneurship? And are there adverse consequences for local labor supplies and real exchange rates and, hence, national competitiveness? The overall conclusion of *Close to Home* is that remittances typically have a positive, if generally modest, impact on reducing poverty and inequality but cannot substitute for sound development policies; moreover, effects vary greatly across countries and socioeconomic groups. Among the many fascinating specific findings: children from families reporting remittances are more likely to stay in school, and Guatemalan and Nicaraguan children in recipient households have higher weight-for-age and height-for-age scores.

The Inter-American Development Bank is less circumspect: *Sending Money Home* shouts, "Remittances constitute one of the broadest and most effective poverty alleviation programs in the world."

The IDB'S Multilateral Investment Fund has worked hard to reduce the costs of sending remittances and proudly reports that money-transfer costs have been reduced by over 50 percent as a result. Still, only 19 percent of senders use a bank or a credit union (up from 8 percent), so that most remittances cannot be put to their optimal use. The IDB'S latest survey of remittance senders identifies various creative financial products that, if more readily available, would be attractive to immigrants. For example, immigrants might purchase life or health insurance for their families back home or make direct payments to a university or private school attended by family members. The World Bank study also offers solid recommendations to financial regulators in both sending and recipient countries to enhance the efficiency and purposefulness of remittance flows.

~~~~~

By Richard Feinberg

## **Book Abstract's Summary**

The author of this article has highlighted the importance of remittance goes to Latin America from the United States. He said the labor in the United States is mostly from the Latin American countries as the people are hard workers. They send almost \$40 billion to their loved ones as remittance. The World Bank has analyzed how much this remittance is affective to develop their economy as how it is affecting reducing poverty and inequality from their country, becoming useful in development and growth, health and education. The overall conclusion shows it is positively used in reducing poverty and inequality but not as much useful in development. The Inter-American Development Bank tells "Remittances constitute one of the broadest and most effective poverty alleviation programs in the world."

The IDB'S Multilateral Investment Fund has reduced the costs of sending remittance to their countries as 50 percent but it is said that only 19 percent senders use bank to send remittance to their country which makes its usefulness less effective. The IDB's latest survey shows that if remittance senders are given more facilities such as insurance of free health care for their families and educate their children in schools and universities etc they would be agree. Secondly the World Bank study shows that both the senders and recipient countries should enhance good measures for the proper usefulness of the remittance.

## **Argentina**

### **New Headlines**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

### **Food, Environment and Energy Issue**

### **Geostrategic Issues**

- Angola: Argentinean Diplomat Considers Relations with Country Good
- Argentina and Bolivia sign expansion of natural gas agreement

## **Brazil**

### **Political Issue**

- Presidential Candidates Not Risking Economic Surprises
- Brazilian Presidential Candidates Can't See Eye to Eye on Mercosur's Usefulness

- Brave third world

### **Economic Issue**

- Brazil Unemployment Rate Falls to 7.3 Pct In April
- Brazil Expects Strong 1st Quarter GDP Growth

### **Social/Humanitarian Issue**

### **Food, Environment and Energy Issue**

### **Geostrategic Issues**

- Turkey, Brazil cement strategic partnership with focus on trade
- United States Slams Turkey, Brazil over Iran
- Iran, Brazil term Tehran Declaration important
- Brazil Summons Israeli Ambassador After Attack on Ships
- Brazil will oppose, but respect, Iran sanctions
- Brazilian President Says Iran Fulfills What Was Agreed By Turkey, Brazil, Iran
- Brazil, Turkey criticize opponents

## **Chile**

### **Political Issue**

- Explosives suspect freed

### **Economic Issue**

### **Social/Humanitarian Issue**

### **Food, Environment and Energy Issue**

### **Geostrategic Issues**

- Turkish businessmen may take steps in Chile, Erdoğan
- No one should test Turkey's patience, PM Erdoğan warns

## **Mexico**

### **Political Issue**

- Mexico offers rewards for 33 drug gang suspects

### **Economic Issue**

### **Social/Humanitarian Issue**

- Mexico bans junk foods in schools

### **Food, Environment and Energy Issue**

- Minister comments signal shift toward nuclear - analyst – Mexico

### **Geostrategic Issues**

- Obama: National Guard Won't Be on Front Lines in Arizona
- Mexican President Vows to help resolve visa feud
- Fight against bogus Mexican refugees carries price: Harper
- Mexico Embraces West Africa Again
- Mexico Foreign Secretary Says Country 'Worried' About US Oil Spill

## **Venezuela**

### **Political Issue**

- Chavez foes rap barring of opposition candidates

- Chavez Says He's Working to Control Land, Finances and Commerce
- Venezuela's top business chamber denies conspiracy allegations of hoarding, economic sabotage
- Colombia elections: Border town frets about Hugo Chávez trade threats

### **Economic Issue**

- Bad news for Venezuelan economy
- Jobless rate climbs to 8.2 percent in April
- Venezuela's recession deepens; GDP falls 5.8 percent
- Venezuelan private sector's imports plunge 43 percent
- Venezuelan lawmaker: Downturn continues in the second quarter
- Industrial association: GDP fall confirms economic recession
- UN skeptical about economic recovery in Venezuela
- Public investment declines for the first time since 2002
- The State grows and the private sector suffers the biggest drop since 1999
- As recession deepens, Chavez sees transition

### **Social/Humanitarian Issue**

- Caracas rated among the cities with the worst standard of living
- Three years after RCTV shutdown

### **Food, Environment and Energy Issue**

#### **Geostrategic Issues**

- Chavez slams Israel for "brutal massacre" on aid flotilla
- Cuba trains Venezuela in military, communications

## **Report Summary/Argentina**

### **Political Issue**

## **Economic Issue**

## **Social/Humanitarian Issue**

## **Food, Environment and Energy Issue**

## **Geostrategic Issues**

Argentinean ambassador to Angola said both countries are having relationships when Angola got independence and Argentinean government recognized Angola as an independent country. Later both countries started diplomatic relations in 1979 but both are enjoying good relationship since they signed a memorandum of understanding six years ago.

Argentinean president Kirchner met her Bolivian counterpart and signed an agreement of gas sharing till 2026. According to the agreement the Bolivia will supply natural gas to Argentina's Northeastern side on a fairer price.

## **Report Summary/Brazil**

## **Political Issue**

It is analyzed that after the election in Brazil whoever is elected among three of the candidates there would not be any clear difference in the macro level but in micro level it could be seen. Mr. Dilma Rousseff is leading yet in the polls of Brazil who is a handpicked candidate of the current president Lula and she is going to continue the same policies of the Lula's administration. Silva who had been an environment minister in Lula's administration before now is a candidate from PV or Green Party who is on number three in polls. He is more emphasizing on Ms. Rousseff's policies like construction of hydro electric dams in the Amazon area. Meanwhile, Mr. Lula has also appreciated Ms. Rousseff and told she could be more useful to handle the current issues and continue the present policies rather than Mr. Serra.

In a presentation before Brazil's National Industry Confederation Ms. Rousseff said she would more focus on regional free trade block Mercosur because it is strengthening Brazil's economy but on the other hand Mr. Serra said Mercosur is not a free trade area but just a regional market. Sao Paulo Federation of Industries is considered the most powerful lobby of Brazil and it consider Mercosur as a burden on Brazil and they also want Brazil not to focus much on that.

## **Economic Issue**

The government's statics agency IBGE said that the unemployment rate decreased in this month in Brazil from 7.3 percent from 7.6 percent which was in the last month. The economists think that the economy will grow 6 percent in this year. But the government expects that the economy is going to grow more than 7 percent this year.

### **Social/Humanitarian Issue**

### **Food, Environment and Energy Issue**

### **Geostrategic Issues**

Turkish Prime Minister Tayyip Erdogan visited Brazil and he plans to visit other three countries also which are the members of Mercosur. He is the first Turkish prime minister to visit Brazil and he said the purpose of his visit is to increase trade relations with Brazil. Both Brazil and Turkey were trading in \$1.7 billion in 2008 but the global economic crisis decreased their trade till \$1.4 billion in 2009. The Turkish prime minister said Turkey got affected by the economic crisis but not as much and it could remain very successful to get out of crisis very quickly. He said both countries are the member of G 20 as Turkey is the 17<sup>th</sup> largest economy and Brazil is 10<sup>th</sup> and other than this both countries have similar stance on many international issues in UNSC especially regarding not to impose sanctions on Iran that is the last global issue.

Turkish prime minister wished to open a Turkish Consulate in Sao Paulo due to very good trade relationship between Turkey and Sao Paulo's industrialists. Turkish energy and foreign ministers are also accompanying the prime minister in his visit and the energy minister said that both countries have many areas to increase their relations like energy, infrastructure, aviation, automotive and food stuff sectors. He said many Turkish want to open their factories in Brazil and many have made agreements in different areas as one of a Turkish leading companies have made an agreement with a Brazilian furniture company and similarly a chemical company of Turkey has also made an agreement with a Brazilian company.

In a meeting of both presidents, president Lula said he is happy with the solidarity of Erdogan who has been a bridge between the Europe and Asia and now playing a very important role in the mediation of Iran and IAEA with Brazil. Turkish president Erdogan also appreciated Lula's policies and services for Brazil and said Brazilian people are very lucky to have such a great leader.

There is no doubt that Brazil and Turkey played very important role in the mediation of Iran and IAEA and they opposed to impose sanctions on Iran because they did not admit it is the permanent solution. But their mediation was considered taking side of Iran on such a sensitive issue so this is why the both countries are slammed by Obama and even the Secretary of the State also slammed it in a seminar of Brookings. But these countries are standing on their point and the prime minister of Turkey said this criticism is baseless and they are just envious from us because we have gained a diplomatic victory. Due to their behavior and stand on such as important issue both Brazil and Turkey are called by some observers as brave third world countries.

Dr. Daniel Kliman has mentioned the five new global actors in World Politics Review and said these countries are playing very important role in global politics. That are India, Brazil, Indonesia, Turkey and South Africa and not China is included in it because it is not considered a

democratic country. He said all these five are rapidly growing economies and representative governments.

The president of Iran and Brazil called the Iran Declaration a very big achievement and a deal to promote peace around the globe. Iranian president admired the brave stand of Brazil against the world powers and asked for more favors in future. The Brazilian president said he is going to talk with his French, Russian and Chinese counterparts to get their favor in this regard and other than this he will favor Iran in future because he wants peace in the world. Meanwhile, the foreign minister of Brazil said before the Congress that though he is against the imposing sanctions on Iran as his nation also demands this but if the international community imposes sanctions by fearing that Iran is churning out nuclear bomb then he will favor them. The president of Brazil also favored foreign minister's statement and also said Iran is fulfilling Brazil and Turkey's requirements till now what is demanded from it. He said priority should be negotiations and Iran is agreed for negotiations.

Brazilian and Turkish leaders said in a joint press conference that the countries which are not happy with the mediation of Brazil and Turkey are actually jealous of them and they criticized them. Both said what IAEA was requiring that Iran would agree on negotiations we have made him agreed and now it is on IAEA that it wants peace or conflict.

Brazilian foreign office called the Israeli ambassador to Brazil in the office and condemned severely the attack of Israeli forces on humanitarian flotilla which was just going by taking aid for the victims of Israeli war in Palestine. Brazilian government declared this incident totally against the international and humanitarian law. The officials told that one of the Brazilian ladies is also missing who was the part of this flotilla. She was a movie producer and went to make the movie of this caravan. The officials asked for her inquiry and told Israeli ambassador to lift the blockade from Gaza Strip.

## **Report Summary/Chile**

### **Political Issues**

According to the officials a Pakistani man Saifur Rehman Khan has been freed from detention in Chile pending an investigation into how and why traces of explosive were found on him when he visited the US embassy in Santiago. His parents also went to Chile after him and met the guy. He is forced not to leave Chile till the time whole investigation is complete and he has to come before police after every two weeks.

### **Economic Issue**

### **Social/Humanitarian Issue**

### **Food, Environment and Energy Issue**

### **Geo-strategic Issues**

The prime minister of Turkey made a visit to Chile and several businessmen were accompanying him along with foreign and trade minister. He said both Chile and Turkey are

great trading partner of each other but there is a great trade imbalance in this regard. He said there is \$30 million US dollar trade with Chile but the import is US \$200 million. He said there are many Turkish items which Turkey can send it to Chile which would be a bridge to open a new phase of trade with Chile and other Latin American countries.

Turkish prime minister shortened his visit to Chile when the Israeli soldiers attacked on the freedom flotilla of Turkey which was carrying hundreds of NGO workers and more than 60 journalists to Gaza. The prime minister said that Israel should not judge the anger of Turkey and if it becomes out of patience then it would be very bad for Israel but Turkey is promoting peace in the world because it wants peace. The foreign minister has talked with his Israeli counterpart on this issue and declared it the violation of human and international law. Turkey has also called back his ambassador from Tel Aviv.

## **Report Summary/Mexico**

### **Political Issues**

Recently five men are killed by the drug related persons who followed the persons and killed them when in a shop when they tried to hide them there. Due to the increasing influence of drug cartels Mexican government has sharpened the crackdown of the drug cartels and in last two months some officials are also captured and extradited to the US who were wanted to the US. Now the government has announced the list of the 33 most wanted drug related persons and also announced reward \$1.4 million to expose them.

### **Economic Issue**

### **Social/Humanitarian Issue**

The health minister of Mexico said the Mexican government has launched an anti-obesity campaign in Mexico for the children in their schools. He said now the school canteens and vendors before schools would be force to follow their products according to the rules of the government. Schools canteens and vendors cannot sale fry products and heavy sugar juices and other cold drinks like that but the government will promote and appreciate the vendors which will sell the products which keep children healthy. The ratio of obesity in the children of Mexico is increasing rapidly and the ratio of obese children is 26 percent. The health minister said if it remain increasing like this then Mexico's ratio of obesity may become more than United States. So the government has launched this campaign which was launched by the president of Mexico in January actually.

### **Food, Environment and Energy Issue**

Mexico's energy minister said that the country should now be less dependent of fossil oil to create energy because it creates more gas emission. Meanwhile he said the country should be more dependent on nuclear power to generate energy which is cheaper and more useful. He said the government should use nuclear energy as a substitute of fossil oil.

## **Geo-strategic Issues**

US president Obama held a press conference in the White House and said he is sending 1,200 National Guards at the US-Mexican border. he said these national guards will not be at the front line at the border and interact with the immigrants but their work is surveillance and they will communicate with the custom officers at the border. they will just provide assistance to the Mexican custom officers by advising them about their work to stop the illegal immigration into the United States. A senator from Arizona McCain asked president Obama to increase the number of guards at the border and send 3,000 guards in the Arizona State to get rid of illegal immigration in the US and check the status of immigrant in the Arizona State but the president delayed it and did not endorse it.

The president of Mexico visited Canada and met with his Canadian counterpart in Ottawa. President Calderon will also visit Montreal where he will visit politicians and business men there. Both presidents hold a joint press conference and discussed the immigration issue which has been a feud issue in Mexico. Mexican president said in quite suitable words that Canada should review his policy over immigration of Mexicans into the Canada. He said in last 12 months Mexican immigrants could not visit Canada for tourism so the tourism between Mexico and Canada is declined 40 percent. Many Mexicans are going to Canada for study and tourism as well as for the business purposes which are now unable to go due to the new policies of Canada which revoke Mexicans to come to Canada.

Canadian president Harper said the immigrants will be able to come to Canada after one or two years. He said this immigration is not totally blocked but decreased as in 2009 almost 9,000 immigrants moved to Canada from Mexico but in the first quarter of this year only 419 are issued visas for Canada. He also explained that the immigrations system is made slow due to torrent of bogus applications. Other than this Harper praised the president of Mexico due to his courage to tackling the drug related issues and both president signed several agreements of transportation, youth work exchange and \$4 million program for Mexico to strengthen its judiciary system.

Mexico has reopened its embassy in the Nigerian Federal capital of Abuja. The move is aiming at improving relationship with countries in the West African region where Mexico has no diplomatic representative. Mexico said the purpose to open an embassy in Nigeria is to make relationship with the West African countries in the fields of economic and politics. The embassy will cover the countries of ECOWAS Cameroon, Ghana, Guinea, Liberia and Sierra Leone and one more. The president of ECOWAS Dr. Mohamed Ibn Chambas welcomed Mexican ambassador in the region and expected to increase relations in the field of agro-industry, infrastructure and telecommunication.

Mexican foreign secretary said he is worry about the oil spill in the Gulf of Mexico because Mexico has also its area in the territorial waters of Gulf of Mexico. He said we are worry because it is damaging the environment.

## **Report Summary/Venezuela**

### **Political Issues**

Venezuela's opposition party has accused president Chavez of barring their famous candidates from contesting elections. One of the party candidate said whom Chavez consider that he is could be able to win a seat he disqualify him by accusing him with different allegations. He said he himself is not sure whether he will also be barred by the president to contest an election. On the other hand Chavez's supporters and the members of Venezuela's largest business chamber arranged a rally in Caracas against the capitalists and said they are playing tricks to hoarding goods and increasing prices to accuse Chavez of high prices. Government said it will try its best to bring them before public who are engage for hoarding goods to defame government and their business will be nationalized. But the businessmen said they are not indulge in hoarding goods but they are with the people of Venezuela and working for the people of Venezuela.

One of the professors of Venezuelan University slammed on Venezuelan president Hugo Chavez that he has violated the constitution of Venezuela which allows freedom of expression and liberty to its citizens. He said Chavez has banned a private channel due to criticism on Chavez and his allies which is the violation of the constitutions.

### **Economic Issue**

According to the Venezuela's Statics Institute, Venezuela's economy is declined and unemployment rate increased 8.2 percent. The central bank of Venezuela has also said that the unemployment rate has increased and the economy is declined. The reason is the ban on private businesses in the country and the bank said private business like chemical products and substance, food and beverages, machinery and equipments, agriculture products and electrical products has plunged which declined private sector's import by 22 percent. Though the export remained stagnant.

United Nations Department of Economic and Social Affairs (DESA) has reported that it is skeptic about Venezuela's economic recovery. President Chavez has said decline in economy is the natural process which takes place when a shift comes in a system as from capitalist economy to the socialist economy. He further said in response of Venezuela's central bank's report which mentioned Venezuela's economy is declining that it is the capitalist economy which is declining. He said we are bearing this decline in economy because it is burying Venezuela's economy.

### **Social/Humanitarian Issue**

Chavez said in a state television that he is going to control land and finances for the state because the country is a socialist state and provide an equal opportunity for all.

According to international consulting firm Mercer, Caracas was ranked 165th out of 221 towns in the world included in the Mercer survey. The Latin American and Caribbean towns that were ranked below the Venezuelan capital are Managua and Port-au-Prince. It was ranked due to worse health facilities and bad transportation system.

### **Food, Environment and Energy Issue**

#### **Geostrategic Issues**

Venezuelan president Hugo Chavez has criticized the Israeli soldiers' attack on aid flotilla near Palestine and called it a brutal massacre. He said Venezuela will always denounce

the brutal attacks of Israel always. He also slammed Israel's policies about Gaza and called it the violation of humanitarian law.

After training the doctors and nurses of Venezuela, Cuba now sends its military forces to Venezuela that will train their military forces. Chavez said Venezuelan police is going to compete Cuban police which is the number one police in the world. Cuba cares Venezuela because the homeland also belongs to them. Some Venezuelan calls it "Venecuba" in mockery. Cuba is doing \$7 billion trade with Venezuela by sending food and other necessary stuff every year and in response Venezuela is giving more than 100,000 barrels of oil to Cuba. Chavez said what Cuba is sending to us is 10 times more than Venezuela is sending oil to Cuba.

Venezuelan leader Hugo Chávez threatened to shut down trade if Colombian presidential candidate Juan Manuel Santos wins the May 30 Colombia elections. Santos had served Colombia as a defense minister and Chavez consider him his worst enemy due to his allegation on Chavez supporting a rebel group FARC. Chavez has always denied of this allegation on him even before he also has said there can be war between Colombia and Venezuela if Santos becomes Colombia's new president.

### **Detailed Report/Argentina**

#### **Angola: Argentinean Diplomat Considers Relations with Country Good**

Luanda — Argentina's ambassador to Angola, Juan Agustín Caballero, said on Friday in Luanda that the political and economic relations between the governments of Angola and Argentina are on the right track.

Speaking to ANGOP on Friday, in Luanda, in the ambit of the celebrations of 200th anniversary of his country, marked last Tuesday (May 25), the diplomat said that the good relationship between both countries is due to the signing of a memorandum of co-operation six years ago.

With the materialization of the understanding protocol of 1984, Angola and Argentina signed a memorandum of co-operation in the farming sector in 2004 and the on the following year the Angolan President José Eduardo do Santos visited for the time this Latin American country.

To the ambassador, the visit of the Angolan Head of State to his country was one of the most important milestones in the bilateral relations, as it enabled on the occasion the signing of the accord of understanding between the two governments for consultations in Common Interests Matters.

For the maintenance and strengthening of the good relations between both countries, Juan Caballero said that the Argentinean Foreign Affairs minister, Jorge Taiana, will visit Angola in October 2010.

Argentina recognized Angola as an independent country on 2 September 1977 and both countries established diplomatic relations in February in 1979.

## **Argentina and Bolivia sign expansion of natural gas agreement**

Argentine President Cristina Fernandez de Kirchner met with her Bolivian counterpart Evo Morales and signed a deal that expands until 2026 the current gas-sharing bilateral agreement, which is expected to supply the Argentine Northeast. After signing the agreement in Sucre, the Argentine Head of State highlighted the importance of the deal and the need of "sharing" the natural resources and "besides to pay fair prices for them." Referring to these kinds of deals, she said that "they help to keep the fraternity between the South American people."

Bolivia and Argentina signed an addendum to the current contract that both countries agreed to in 2006, in which they established mutual guarantees of gas shipment, payments and investments. Through this new agreement, Bolivia promised to expand its gas shipment to Argentina from the current daily 5 mm sq meters to some 27.7 mm, which are expected to supply the future gas pipeline in the Argentine Northeast. Besides, both presidents launched the project of the construction of the new gas pipeline "Juana Azurduy," of almost 50 km, from which 20 will join the Bolivian production fields to the Argentine borders, and the other 30 km will lead to Salta's pipeline system.

The ceremony, in which the Bolivian Vice-President Alvaro Garcia Linera and the Argentine Foreign Minister Jorge Taiana were also present, has been held at the Polo-gymnasium located in Sucre City.

Fernandez de Kirchner's plane landed in Sucre, where she was met by the Bolivian Foreign Minister, David Choquehuanca. Before entering the presidential motorcade, she told she was "happy" to visit Bolivia since they were going to sign the great energy deals and because she could pay tribute to Juana Azurduy de Padilla, seen as a heroine by both countries after she fought in the independence wars against Spain. After leaving the airport, Fernandez de Kirchner was taken to the Liberty House, where Bolivia was founded, and where Congress offered a special session to honour her presence.

## **Detailed Report/Brazil**

### **Turkey, Brazil cement strategic partnership with focus on trade**

An ongoing strategic partnership between Turkey and Brazil was boosted with a series of prominent trade agreements sealed during Prime Minister Recep Tayyip Erdoğan's visit to the country this week.

One of the most important deals signed during Erdoğan's visit was an agreement to prevent double taxation -- signed on Thursday -- which is expected to benefit and ease procedures for investors from both countries. Turkey and Brazil already enjoy a recently concluded free trade agreement (FTA) between Turkey and the four-nation trading bloc Mercosur, which includes Brazil, Argentina, Paraguay and Uruguay. Another important portion of the visit was the First Turkey Export Goods Fair, organized by the İstanbul Chamber of Commerce (İTO) in Sao Paolo. Around 151 Turkish firms had the opportunity to promote their products to the Mercosur region at the fair, which took place this week.

Both members of the United Nations Security Council and G20, Turkey and Brazil have in the past few years intensified their quest to improve relations and contribute to global peace with

enhanced political cooperation. The most recent example to this was a nuclear fuel swap deal signed between Iran, Turkey and Brazil. Economic relations between the world's 10th and 17th largest economies also benefited from such cooperation; Brazil's Petrobras has been carrying out joint oil research activities with the Turkish Petroleum Corporation (TPAO) in the Black Sea since last year.

Erdoğan, who started his official visit early on Wednesday, was accompanied by several Cabinet ministers and a group of Turkish businessmen. He participated in a forum of the Alliance of Civilizations hosted by his Brazilian counterpart, Luiz Inácio Lula da Silva. The prime minister also participated in a Turkish-Brazilian Business Forum.

Erdoğan met with some of the leading business figures in Brazil, visited Embraer, the third biggest aircraft factory in the world, and attended the inauguration ceremony of Turkey's new Consulate General in Sao Paulo on Wednesday. Erdoğan is the first Turkish prime minister to visit Brazil.

Erdoğan said on Wednesday that "a new period starts between Turkey and Brazil today." "We are aiming to improve bilateral relations between Turkey and Brazil with this strategic partnership," Erdoğan said at a Turkey-Brazil business forum in Sao Paulo. Recalling that Turkey managed to overcome the global financial crisis last year with relatively little damage, the prime minister said active initiatives in foreign policy had positive reflections on foreign trade. "As Turkey served peace in its region with the 'zero problems with neighbors' approach, it gained the confidence of the neighboring countries as a resource of compromise and mediation. We have broadened the axis of foreign trade and commercial relations to a great extent," he explained. Erdoğan stressed the government has been endeavoring to boost cooperation with Latin America.

"Brazil is Turkey's main trade partner in Latin America. Turkey's trade volume with Brazil, which was \$1.7 billion in 2008, dropped to \$1.4 billion in 2009 with the impact of the global financial crisis. The figures in question do not reflect the real potential. The Turkish and Brazilian governments are determined to increase bilateral trade volume," Erdoğan said.

Erdoğan also said the government is content with developing cooperation in energy with Brazil.

Addressing Brazilian businessmen, Erdoğan said Turkey, which has a central geographical position where one can reach over 52 countries in a three-hour flight, offers vast business opportunities. "Thanks to the direct Turkish Airlines [THY] flights from Sao Paulo to Istanbul which started last year, transportation to markets in Turkey's region has become easier for Brazilian businessmen than in the past. I also believe that the construction sector will play an important role in boosting economic and commercial cooperation between our countries," Erdoğan said.

Following his address, Erdoğan was presented with a medal by the Sao Paulo Industry Federation for his contributions to industry.

Çağlayan: Turkey, Brazil not competitors but partners

Foreign Trade Minister Zafer Çağlayan , who accompanied Erdoğan to Brazil, on Wednesday said that Turkey and Brazil were not competitors but two countries which had numerous sectors that complemented each other.

Speaking in Sao Paulo, Çağlayan said they had the opportunity to discuss the most promising fields of investments between Turkey and Brazil during the visit. Noting that last year's crisis caused a 20 percent decrease in the two countries' foreign trade, Çağlayan said: "The diplomatic cooperation between Turkey and Brazil should benefit economic ties as well. Turkish and Brazilian businessmen could cooperate in economic areas in third countries."

Çağlayan said the foreign trade volume between Turkey and Brazil did not reflect the real potential, adding that free trade agreements were of great importance for an improvement of economic relations.

Brazil's Minister of Development, Industry & Trade Miguel Joao Jorge Filho said the two countries could improve their relations in many areas, noting their ties had become significantly stronger during the last year. Filho listed potential areas of cooperation including the energy, infrastructure, aviation, automotive and foodstuff sectors.

### **Turkish firms eye boost in investments in Brazil**

Encouraged by the "opening of a new page" in relations with Brazil, Turkish entrepreneurs said they expect to increase the volume of their investments.

Turkey's Aktas Group, a manufacturer of air suspension systems and bellows, is one of these companies; it aims to raise its investments in Brazil to \$15 million. Aktaş Group Chairman Şahap Aktaş told the Anatolia news agency that the group had \$5 million of investments in Brazil and it expected to raise this to \$15 million over the next three years.

"We established a factory in Brazil two years ago with an investment of \$5 million to produce air suspension bellows for busses and cargo trucks," Aktas told Anatolia.

Also speaking to Anatolia, Çimsa General Manager Huseyin Ozkan said the company earned \$6 million from its exports to Brazil in 2009 and aimed to raise this figure to \$8 million this year.

"We want to grow more by opening new factories in the Balkans, the Middle East and North Africa," he said.

A leading Turkish furniture firm, Çilek Mobilya, is another Turkish company investing in Brazil. It recently signed an agreement with Brazilian furniture chain Etna. "Etna has almost 70 shops in Brazil and our products will now be sold in these shops," Çilek Mobilya official Okan Çekmegeli said. Kerem Vaizoğlu from Turkey's Ekinciler Iron and Steel Company said the company started exporting to Brazil in 2009, becoming the first company to export construction iron to Brazil. Vaizoğlu said the company earned \$40 million from its exports to Brazil in 2009 and wanted to raise that figure to \$60 million this year.

Turkey's Akkim chemical company is also investing in Brazil. Sadullah Altuntaş, the sales director of the company, said Akkim wanted to establish an office in Brazil and aimed to have annual turnover of \$1 million.

### Presidential Candidates Not Risking Economic Surprises

Rio De Janeiro, May 28, 2010 (IPS) - Not the leftists, not the social democrats, not the greens. Ideological differences aside, the three leading candidates for the Brazilian presidency are singing the same tune on the economy: no surprises, no market shake-ups.

For now, the leaders in the voter-intent polls for the Oct. 3 elections -- Dilma Rousseff of the governing Workers Party (PT), Marina Silva of the Green Party (PV) and José Serra of the Brazilian Social Democracy Party (PSDB) -- seem more concerned about building alliances and figuring out who from each state will be sharing the political limelight with them.

Although the campaign doesn't begin in earnest until Jul. 6, and the party platforms have yet to be defined, the aspirants to succeed President Luiz Inácio Lula da Silva, who has led the country since January 2003, have begun outlining proposals for the different sectors that are already making their demands.

The three defend a "basic policy" conceived in 1998-1999 by the Fernando Henrique Cardoso administration (1995-2003), of the PSDB, and maintained by Lula during his two terms in the presidency, says economist Adhemar Mineiro, of the Inter-Union Department of Statistics and Socioeconomic Research (DIEESE).

In an IPS interview, Mineiro, a trade union consultant, explained that this platform is based on principles including maintaining capital flows ("financial liberalization"), the floating currency exchange regime, compliance with inflation goals, and Central Bank autonomy.

The differences amongst the three, says Mineiro, would be more apparent in foreign trade policy and international relations.

Serra, for example, questions the efficacy of Brazil's main trade bloc -- with neighbors Argentina, Paraguay and Uruguay, in the Southern Common Market (Mercosur) -- while Rousseff, who represents the continuity of Lula's PT government, "is focused on a more organic integration in the regional sphere," said the economist.

There are other areas where nuances of difference emerge: the government would be a powerful force under a Rousseff presidency, as Lula's has been, while under Serra it would be less so, he said.

The PV's Silva comes in third place in the current polls, with 12 percent support, and Mineiro notes the obvious greener tint to her policies, than those of Rousseff or Serra, who are running neck-and-neck at 37 percent of voter intent.

Silva -- environmentalist, senator and former environment minister in the Lula administration -- abandoned the PT to join the PV and run for president.

One constant in her discourse "is the quality of development," said Mineiro. Silva's running mate, Guilherme Leal, is a business executive in the cosmetics industry, whose company, Natura, has built an image of alliances with environmental causes.

As environment minister, Silva clashed with Rousseff, who was energy minister and Cabinet chief, over issues like the construction of hydroelectric dams in the Brazilian Amazon.

The PV candidate might impose more restrictions on oil production or on major infrastructure projects, said Mineiro, but she would not likely make any major changes to the Brazilian energy matrix, which also includes nuclear and bio fuels.

An economic rupture? Only if major shifts occur in the domestic economy or if the global economic crisis deepens, said Mineiro. But in that case, the modifications would come from any of the three candidates who happened to win the elections, he added.

And there is little worry among business leaders, who have applauded Lula's successes, such as Brazil's economic expansion despite the effects of the international financial crisis that erupted in 2008.

For 2010, various estimates forecast the country's Gross Domestic Product growth to reach 5.5 to 6.0 percent.

"As long as the economy continues to grow and international conditions are favorable, I don't see how anyone would want to change (the macroeconomic policy), nor do I see any ideological inclination to do so," said Fernando Lattman-Weltman, a political analyst with the Getulio Vargas Foundation's contemporary history research centre.

Lattman-Weltman believes it is too soon to determine "the differentiation strategies of the candidates," who also have to attract a majority vote, "which will come from the centre."

"At the 'macro' level, we are not going to have any essential changes, whoever wins," he said.

But there could be differences at the "micro" level: in Lula's key policies, like the distribution of income through a household subsidy system for the poor, known as "Bolsa Familia" (Family Grant), or in the areas of education or health.

The political analyst noted that Serra, when he served as Cardoso's health minister, "confronted powerful groups," including multinational pharmaceutical corporations.

Nor would the PT's Rousseff "be any more prone to influence" by the left wing of her party, and would maintain the current administration's commitment to economic stability, said Lattman-Weltman.

The PV's Silva is also unlikely to bring any radical changes. On Tuesday, she made a commitment before the National Confederation of Industry to uphold two pillars: stability, "with

a certain informal independence of the Central Bank," and continuity of the wealth distribution plans.

The smaller differences will emerge to the extent that the candidates listen to the more powerful sectors, like industry and trade unions, in a meeting planned for next week.

The three candidates have made a commitment to the business world to overhaul the tax system, which, they agree, is an Achilles heel for the nation. They also recognize the need to improve infrastructure to drive industry, and to keep inflation and public spending in check.

Serra stepped out of the comfort zone to criticize Brazil's high interest rates and the appreciation of the nation's currency, the real, with respect to the dollar, which business leaders say undermine their market competitiveness.

From December 2002 to December 2009, the real appreciated 100.6 percent in relation to the dollar. Serra, however, did not propose specific policies to confront the matter.

#### Brazilian Presidential Candidates Can't See Eye to Eye on Mercosur's Usefulness

Dilma Rousseff, the Brazilian presidential candidate handpicked by president Luiz Inácio Lula da Silva to succeed him, speaking before industry moguls made a strong defense of Mercosur and criticized the US sponsored Free Trade Area for the Americas.

"Mercosur is a regional market, not a free trade area, as the other candidate (José Serra) argues. I am in favor of strengthening Mercosur," said Rousseff during a presentation before Brazil's National Industry Confederation where she talked about economy, development and growth.

"I think Mercosur strengthens regional economies, it is most important for Brazil, I think it's a win-win situation because we also have a greater negotiation capacity with third countries or parties," added Ms. Rousseff.

"We can see no benefits for those countries that adopted free trade areas such as FTAA," said the incumbent presidential candidate from the Workers Party of president Lula.

"Here we are in this meeting organized by Brazilian industry and it is important to acknowledge that one of the factors which enabled us to confront the 2008 economic crisis has been the diversification of our exports", which before were concentrated in the European Union and United States markets added the former cabinet chief and Energy minister.

Ms Rousseff stance is contrary to some of Brazil's strongest lobby organizations such as the São Paulo Federation of Industries, FIESP, which has repeatedly argued that Mercosur has turned into a "burden" since it impedes Brazil from signing trade and investment agreements with third countries because Mercosur works on unanimity.

Argentina, Paraguay, Uruguay "should not condition Brazil, Latin America's largest economy, negotiation capacity" is the base line of that position.

FIESP position is supported by opposition candidate and former governor of São Paulo, José Serra, who argues that Mercosur as currently organized, is more of a burden than a benefit for Brazil.

Serra and Rousseff are neck to neck according to the latest public opinion polls.

Brazilians will be going to the polls next October to elect the successor of President Lula, the most popular leader in the country in the last five decades.

## **United States Slams Turkey, Brazil over Iran**

Obama has alienated friends, given up political chips win over adversaries, and accomplished precisely nothing vis-a-vis Iran. The United States began behaving like a petulant child: the deal that Turkey and Brazil achieved was almost exactly the same as the one that was worked out by the United States and other world powers in Geneva on October 1, notes Robert Dreyfuss.

When the Obama administration decided to move aggressively down the path of more sanctions on Iran, it was not because they thought it would work -- they don't -- but because they had no idea what to do when United States-Iran talks broke down in late 2009. According to US officials, the United States was simply trying to buy time: By going to the UN, they could make it look like they were doing something, and ease the pressure from hawks, neoconservatives, and the Israel lobby.

But as a direct result, the administration is now in deep conflict with two close allies, Turkey and Brazil. Those two countries, acting like adults when the United States began behaving like a petulant child, sought to continue the stalled diplomacy, to coax Iran back to the bargaining table. It worked. Brazil's President Lula, visiting Tehran with Turkey's Prime Minister Erdogan, won a commitment from Iran to ship about half of its enriched uranium to Turkey, restarting the diplomatic process that ended last year when Iran first accepted a similar deal and then backed off.

Amazingly, the deal that Turkey and Brazil achieved was almost exactly the same as the one that was worked out by the United States and other world powers in Geneva on October 1. President Obama praised that accord, but now that he's pushing for sanctions (that won't work) his minions are denouncing the Brazil-Turkey agreement.

Yesterday, at Brookings, Secretary of State Clinton slammed Brazil:

"I don't know that we agree with any nation on every issue. And certainly we have very serious disagreements with Brazil's diplomacy vis-à-vis Iran. And we have told President Lula, and I've told my counterpart the foreign minister [Celso Amorim] that we think buying time for Iran, enabling Iran to avoid international unity with respect to their nuclear program, makes the world more dangerous, not less.

"They [Brazilians] have a theory of the case, they're not just acting out of impulse. We disagree with it. So we go at it. We say well, we don't agree with that, we think that, that the Iranians are using you. And that we think it's time to go to the Security Council, and that it is only after the Security Council acts that the Iranians will engage effectively on their nuclear program."

Brazil and Turkey insisted that the deal with Iran is the right thing to do, defying Clinton's criticism. According to the Wall Street Journal, Lula said: "All the deadlines and dates are being met. We carried out everything they asked for."

And Erdogan added: "The accord with Tehran was a diplomatic victory and those countries that criticize us are merely envious."

They're both right. That didn't stop Thomas Friedman from writing earlier this week in the New York Times that the Brazil-Turkey diplomacy was "as ugly as it gets."

Friedman wrote: "I confess that when I first saw the May 17 picture of Iran's president, Mahmoud Ahmadinejad, joining his Brazilian counterpart, Luiz Inácio Lula da Silva, and the Turkish prime minister, Recep Tayyip Erdogan, with raised arms -- after their signing of a putative deal to defuse the crisis over Iran's nuclear weapons program -- all I could think of was: Is there anything uglier than watching democrats sell out other democrats to a Holocaust-denying, vote-stealing Iranian thug just to tweak the US and show that they, too, can play at the big power table?"

What's as ugly, Friedman, is arrogant, imperialist commentary like that.

Meanwhile, by insisting on useless sanctions with Iran, the Obama administration has deeply alienated two very important countries, making a mockery of Obama's pledge to elevate diplomacy and bridge-building as the cornerstone of US foreign policy. He's also used up a lot of political capital to drag Russia and China to support the US-led effort for a fourth round of sanctions against Iran. As Robert Kagan, a neoconservative thinker noted this week in the Washington Post, President Bush managed to persuade Russia and China to vote for a UN sanctions resolution not once, but three times. Kagan is right, even if he's right for the wrong reasons.

So Obama has alienated friends, given up political chips win over adversaries, and accomplished precisely nothing vis-a-vis Iran.

## **Brave third world**

Ever since the election of the Justice and Development Party (AK Party) as a single majority political movement into the position of political decision making, i.e., the government, one of the sharpest readers of the major shift taking place in terms of the foreign policy paradigm was, without a doubt, Brazil.

Seemingly low key and humble, but equally clear minded and resolute, the two foreign ministers of this country -- Abdullah Gül and now, Ahmet Davutoğlu -- redefined the role of Turkey as a proactive regional power, seeking a larger share of global policy making. This new vision was certainly accelerated by the successful economic policies which now place Turkey somewhere between 15 and 17th position in that league.

One of the key elements that has brought Turkey and Brazil closer was the background and level of popularity of their leaders, Recep Tayyip Erdoğan and Luiz Inácio Lula da Silva. Rising from poor quarters and having matured in a tough political struggle, both are the driving forces for

establishing their respective countries as part of what some observers call the Brave New Third World.

At the moment, perhaps much more than the debated nuclear swap deal that has been signed between Iran, Turkey and Brazil, the issue of an emerging new global deal for the reshuffling of cards has come to the fore. Doubtlessly, we are witnessing the early but strong signs of a turning point in the global scene, where economically solid, and politically ambitious, rising democracies will come to claim a stronger say in macro matters than ever before.

In a recent analysis in the *World Politics Review*, Dr. Daniel Kliman outlines five new actors that have become visible. China is not one of them, because it is not to be counted as a democracy. The common denominator of the new five is that they are all run by “representative governance.” I would add that they all stand out as rapidly growing economies as they continuously and aggressively open up to the globe.

They are, Kliman points out, India, Brazil, Indonesia, Turkey and South Africa.

“As these five democracies rapidly emerge as full-fledged powers with far-flung influence, their rise is cause for optimism about the future. Why? To be sure, shared values do not guarantee a complete congruence of interests. The United States, Europe, and Japan will not always see eye to eye with these arriviste democracies, as is already evidenced by differences over climate change, trade, and Iran. However, the fact that an overwhelming majority of rising powers are democracies has strongly positive implications for the nature of the global order that is coming into existence,” he concludes. He argues that the new five will be predictable, satisfyingly transparent and flexible in reshaping their policies through exchanges in lobbying and by allowing pressure from civilian groups.

This constructive presence in the reshaping global order, it is worth noting, is not categorically objected to by the US; it has only stirred up some confusion. James Traub, an analyst with *Foreign Policy*, seeks to help avert down negative reflexes in a fresh article titled “Whoa There, Rising Powers!” He expects President Barack Obama to recognize the values of the shift.

“There’s no question that Brazil’s interests, or Turkey’s, overlap in many places with those of the U.S. and Europe; Turkey seeks nothing more ardently than full EU membership, for instance. But in many other places, interests diverge, and the middle powers are inclined to view the current world order as an instrument to advance Western designs, not theirs. Why should they have to accept a system that permits India, Israel, and Pakistan -- non-signatories of the NPT [Nuclear Non-Proliferation Treaty] who happen to be American allies -- to have nuclear weapons while they have bound themselves not to? Why, for that matter, should they have to accept an American running the World Bank, and a Frenchman running the IMF?” asks Traub.

Global diplomacy has been increasingly strained by the complexities of issues, and in the new choreography (of what Davutoğlu calls “rhythmic diplomacy”) there will be flexible role playing by the new five (or additional others), rather than forming new blocs, simply because the new issues that challenge the world defy the existence of such blocs.

But, does that truly bother Obama? The new National Security Strategy should dispel the fears based on old thinking. It emphasizes “working to build deeper and more effective partnerships with ... increasingly influential nations such as Brazil, South Africa, and Indonesia -- so that we can cooperate on issues of bilateral and global concern, with the recognition that power, in an interconnected world, is no longer a zero sum game.” The report further pledges that the US “will remain dedicated to advancing stability and democracy in the Balkans and to resolving conflicts in the Caucasus and in Cyprus” and “will continue to engage with Turkey on a broad range of mutual goals, especially with regard to pursuit of stability in its region.”

As we see the “new five” promising to be a “shadow” to the “permanent five” in the new global order, as pro-solution models, a key question will be where Israel’s place and role will be. Pro-solution or pro-problem?

### **Iran, Brazil term Tehran Declaration important**

Iran's President Mahmoud Ahmadinejad and his Brazilian counterpart Luiz Inacio Lula da Silva called the Tehran Declaration as a great and important measure towards bringing about peace and justice worldwide, the official IRNA news agency reported Monday.

On a telephone conversation with his Brazilian counterpart on Sunday evening, Ahmadinejad appreciated the "brave stands" Lula da Silva adopted on the trilateral agreement reached in Tehran by Iran, Brazil and Turkey on Iran's "peaceful" nuclear program, the report said.

Ahmadinejad further called for continuation of talks between the two countries and added Tehran and Brasilia, with the help of each other, can take proper measures to benefit the two countries as well as the world, according to IRNA.

For his part, the Brazilian president said the Tehran Declaration was important and effective.

The Brazilian president added he is determined to make further efforts to get the support of the world leaders for the Tehran Declaration.

He said he is to contact with his French and Russian counterparts as well as the Chinese president about the issue.

Earlier this month, Iran, Turkey and Brazil signed a joint declaration in Tehran to endorse a fuel swap according to which Iran will ship most of its low-enriched uranium to Turkey in exchange for the 20 percent uranium fuel needed for its reactor.

The swap, first proposed by the United Nations last October but later rejected by Iran, will take place in Turkey.

### **Brazil Summons Israeli Ambassador After Attack on Ships**

The Brazilian government called on Israel's ambassador in Brazil Monday (31st), Giora Becher, to express outrage over the incident against the "Freedom Flotilla." In the statement, the

Foreign Ministry also said it will communicate its concern with the Brazilian citizen who was in the group. A "Freedom Flotilla," organized by several NGOs and supported by governments such as Turkey, said it intended to call attention to the maritime blockade of the Gaza Strip with an action which carried supplies to the site.

The Brazilian, Lara Lee, a filmmaker, was in the group, which clashed with Israeli forces early on Monday. Activists reported that ten people died due to the incident, while the Israeli government put it at nine who were killed.

Israel had reported that activists would not be allowed to pass the blockade and the arrival of the fleet had been delayed several times. Yesterday, when the fleet announced a further postponement, they said a group of MEPs were expected to join the group.

The Brazilian government announced that it received the news of the interception of the "Freedom Flotilla" with "shock and dismay." In the document, the ministry said that "Brazil condemns in the strongest terms, the Israeli action, since there is no justification for military intervention against a peaceful train, with a strictly humanitarian character."

The Foreign Minister of Brazil, Celso Amorim, also said the Israeli authorities must immediately give information of the whereabouts of the Brazilian citizen.

A renowned activist with past performances in the Middle East, Lee wrote a text published on May 25th in a blog with the reasons that led her to join the trip.

Below is the full statement of the ministry:

"Israeli Attack on the "Freedom Flotilla"

"With shock and dismay, the Brazilian government received word of the Israeli attack on a flotilla of boats carrying international humanitarian aid to Gaza, which resulted in the deaths of more than a dozen people, and injuries to other members.

Brazil condemns in strongest terms the Israeli action, since there is no justification for military intervention on a peaceful train, with a strictly humanitarian purpose. The fact is aggravated because it happened, according to information available, in international waters. Brazil considers that the incident will be subject to independent investigation to clarify fully the facts in light of humanitarian and international law as a whole.

The tragic results of the Israeli military operation show, once again, the need for the blockade on the Gaza Strip to be lifted immediately, in order to guarantee freedom of movement of its inhabitants and free access to food, medicine and goods consumption in that region.

Of particular concern to the Brazilian government is the news that a Brazilian, Lara Lee, was on one of the vessels composing the humanitarian flotilla. Minister Celso Amorim, in sympathy with the families of the victim of the attack, determined that immediate steps be taken to determine the location of the Brazilian citizen.

The Representative of Brazil to the UN [United Nations] was instructed to support the convening of an extraordinary meeting of the Security Council of the United Nations to discuss the Israeli military operation.

The Israeli ambassador in Brazil is being called to the Foreign Ministry to express the indignation of the Brazilian government over the incident and concern about the situation of the Brazilian citizen."

### **Brazil will oppose, but respect, Iran sanctions**

Brasilia, Brazil – Brazil's foreign minister said Tuesday that despite the nation's strong opposition to any new sanctions on Iran, it would respect them if they are approved.

Foreign Minister Celso Amorim spoke before a Senate committee to explain Brazil's role in an Iranian nuclear fuel-swap deal it helped broker with Turkey.

"Brazil meticulously respects the sanctions imposed by the U.N. Security Council against Iran," he said. "If there are sanctions, even if Brazil is not in favor, we're going to respect them."

Both Amorim and Brazilian President Luiz Inacio Lula da Silva have been outspoken in their opposition to potential new sanctions.

Iran insists its nuclear program is only for peaceful purposes, but the West fears it is geared toward nuclear weapons.

Last month, Silva and Turkey's Prime Minister Recep Tayyip Erdogan finalized a fuel-swap deal with Iranian leader Mahmoud Ahmadinejad that was similar to an agreement the U.S. and the International Atomic Energy Agency had pushed for last October, but which Iran at the time rejected.

Under the Brazil-Turkey deal, submitted last week to the International Atomic Energy Agency, Iran agrees to ship 1,200 kilograms (2,640 pounds) of uranium to Turkey, where it will be stored. In exchange, Iran would get fuel rods made from 20-percent enriched uranium; that level of enrichment is high enough for use in research reactors but too low for nuclear weapons.

The concerns of the U.S. and other opponents of the deal is that Iran has continued to churn out low-enriched material — reportedly doubling its stock since that failed October deal — and is running a pilot program of enriching to higher levels, near 20 percent.

Silva and Amorim, however, counter that their deal was never meant to be considered any sort of final accord on Iran's nuclear program, but merely the first step to getting the nation back to the negotiating table, which Brazil says it was directly encouraged by President Barack Obama to do.

"Brazil was urged by President Obama to help in engaging with Iran," Amorim said.

Silva, speaking at a union rally in Sao Paulo, said that he and Turkey's leader "accomplished more in 18 hours of conversation" with the Iranians than the Americans had managed during the last three decades — a "demonstration that dialogue is the best way of resolving conflicts."

### **Brazilian President Says Iran Fulfills What Was Agreed By Turkey, Brazil, Iran**

Brasilia - Brazilian President Luiz Inacio Lula da Silva said that Iran has been fulfilling what has been agreed by Turkey, Brazil and Iran.

Turkish Prime Minister Recep Tayyip Erdogan and Brazilian President Lula da Silva held a press conference in Brasilia after holding a meeting and chairing meetings between delegations of the two countries.

Turkey was a country playing the role of bridge between Europe and Asia and the two countries had friendly ties, Lula said.

Brazil was eager for a world free from nuclear weapons and there was need for radical changes in the world, he said.

Replying to a question on nuclear swap deal signed by Turkey, Brazil and Iran, Lula said some considered that Iran was not in favor of dialogue and the country did not keep its promises. Lula said Turkey and Brazil wanted to explain the importance of sitting at the table and dialogue to Iranian government.

Lula da Silva said that Iran has been fulfilling what has been agreed by Turkey, Brazil and Iran, noting that the issue of sanctions against Iran could wait now.

International Atomic Energy Agency should read, examine and discuss the letter from Iran and there was need for a dialogue, he said.

Lula said he would like to thank Turkey's Prime Minister Erdogan for his cooperation and solidarity.

Erdogan said he appreciated Mr. Lula's efforts and leadership, adding that Brazilian people should be proud of their President Lula.

### **Brazil, Turkey criticize opponents**

Brazilian President Luiz Inacio Lula da Silva and Turkish Prime Minister Tayyip Erdogan on Thursday criticized countries that reacted negatively to their nuclear fuel swap agreement with Iran.

After a meeting in Brasilia, Brazil's capital, the two leaders said that efforts for seeking peace were based on the demands made in October 2009 by the International Atomic Energy Agency (IAEA).

During a joint press conference, Lula said that the Tehran Declaration was an opportunity that should not be wasted and acting in the opposite way would lead to "unacceptable risks to world peace."

He said that when negotiations were suspended last year, everyone said the problem was Iran's unwillingness to negotiate.

"If we have achieved what the IAEA has asked for, if the agreement is very close to the letter we received from the Security Council and from the agency, then why not accept it? It is necessary for them (the international community) to decide now what they want to achieve, peace or conflict?" he said.

On May 17, Iran signed a nuclear fuel swap agreement with Turkey and Brazil, under which Iran agreed to deposit 1,200 kg of its 3.5 percent low-enriched uranium in Turkey in exchange for 120 kg of 20 percent high-enriched uranium.

Though the agreement was reached, the United States still submitted a proposal to the UN Security Council to press for a new round of sanctions against Iran.

For his part, the Turkish prime minister warned about the risk of encouraging a clash between civilizations, and defended the role of Turkey and Brazil, expressing confidence in the outcome of their efforts.

“As non-permanent members of the Security Council, we have assumed our responsibility to seek a negotiated solution. The countries that criticize the agreement are jealous. We do not need anyone’s permission to act,” he said.

“We believe (that negotiating the agreement) was the only way to reach peace. The negative reactions all come from countries with nuclear weapons,” he said.

Erdogan stressed that the path to be followed is the non-proliferation of nuclear weapons, saying he has sent letters to leaders of 27 countries during the week to seek support for the agreement.

“Countries that do not have nuclear weapons must not initiate programs to build them, and those possessing nuclear weapons should initiate programs to disarm,” he said.

### **Brazil Unemployment Rate Falls to 7.3 Pct In April**

Sao Paulo (AP) Brazil's government says the unemployment rate for Latin America's largest economy fell to 7.3 percent in April down from 7.6 percent a month earlier.

The government statistics agency known as IBGE says it's the lowest jobless rate since the government changed the way it measures unemployment in March of 2002.

Businesses are hiring workers and some complain of shortages of applicants as Brazil's economy charges ahead on strong domestic consumer demand for the nation of more than 190 million.

The IBGE released the April jobless rate on Thursday. Economists and government officials believe Brazil's economy could expand as much as 6 percent in 2010 after it contracted 0.2 percent in 2009 because of the global meltdown.

### **Brazil Expects Strong 1st Quarter GDP Growth**

Brasilia, Brazil (AP) — Brazil's government says the country's economy is expected to surge at least 7.5 percent in the first quarter.

Deputy Finance Minister Nelson Machado says that following the first quarter spurt, gross domestic product will expand at a lower rate for the rest of the year, ending with growth of 4.5 percent to 5.5 percent.

He told reporters on Wednesday that the growth of Brazil's economy following the global meltdown in late 2008 was due mainly to a strong internal market and a low 6.8 percent unemployment rate.

Latin America's largest economy contracted 0.2 percent in 2009 but staged a strong comeback in the fourth quarter.

### **Detailed Report/Chile**

#### **Turkish businessmen may take steps in Chile, Erdoğan**

Turkish Prime Minister Recep Tayyip Erdoğan said on Sunday that he believed Turkish businessmen could take significant steps in Chile.

Addressing the businessmen who accompany him during the visit to South America, Erdoğan said, "surface area of Chile is like Turkey but national income is more than Turkey because the population is lower than Turkey. Chile does not bring visa requirements to Turkey. Turkish businessmen may take significant steps in this country."

Erdoğan said, "our businessmen, particularly the contractors, should be very active in Brazil because plans are underway in this country to construct more than 2 million houses. There is a serious ground there for our contractor sector. I believe that similar things may occur in Chile."

Erdoğan said, "there is 30 million USD exports to Chile. However, the imports is 200 million USD. There is a serious imbalance. I believe there are many items which Turkey can send to this country. We (the government) will do what is necessary to open the ways and you will walk through this path."

Commenting on relations with Brazil, Erdoğan said, "Brazil is a very active country and there is activity between Brazilian administration and Turkey. Brazil has very serious investment plans for future. There are opportunities on many areas. When you consider the foreign trade volume, a figure exceeding 2 trillion USD is in question."

#### **No one should test Turkey's patience, PM Erdoğan warns**

Prime Minister Recep Tayyip Erdoğan, who cut his trip to Chile short after Israel's attack on a Turkish-led humanitarian aid flotilla on Monday, said in an address to his party's parliamentary group on Tuesday that Israel should not test Turkey's diplomatic patience and that Turkey would do everything in its diplomatic power to give the deserved response.

He said Turkey would act together with the international community to give the deserved response to Israel using all possibilities offered by international law and diplomacy.

"This bloody massacre by Israel on ships that were taking humanitarian aid to Gaza deserves every kind of condemnation," he said, demanding that Israel immediately halt its "inhumane" blockade of Gaza. The flotilla was the ninth attempt by sea to breach the three-year blockade Israel and Egypt imposed after Hamas took over the Gaza Strip in 2007, home to 1.5 million

Palestinians. Israel allowed five seaborne aid shipments to get through but snapped the blockade shut after its 2009 war in Gaza.

“They have once again showed to the world that they know how good they are at killing people,” Erdoğan said. “Israel can in no way legitimize this murder; it cannot wash its hands of this blood.” He said the incident was no longer a problem between two countries but a problem of the entire world.

Erdoğan sharply criticized Israel for the “bloody massacre” that killed at least nine people on a Gaza-bound aid vessel and warned Tuesday that no one should test Turkey’s diplomatic patience. He said it was unacceptable to equate unarmed civilians with terrorists and warned Israel that Turkey was not a country they would like to be enemies with. “Turkey will not let this go,” he said, adding, “Turkey’s hostility is as strong as its friendship is valuable.”

“Unfortunately, what happened yesterday was a dark stain on the history of humanity. Staging an armed attack on aid ships, killing innocent people and treating civilians as if they were terrorists are nothing but a degradation of humanity and vile recklessness. Even warfare has its rules. Even in warfare, no one can attack children, women, the elderly, civilians, religious officials and aid workers. Even despots, bandits and pirates have a certain sense of sensitivity. They abide by some moral principles,” he said.

“But Israel has almost challenged the whole world by raiding ships carrying volunteers from 32 different nations. This insolent, irresponsible, reckless and unfair attack by the Israeli government, which trampled on every kind of human value, must be punished by all means,” he said.

Attack staged against UN values

Erdoğan said: “The ships declared their cargo and their intention to the whole world before setting sail for Gaza. Sixty journalists from Turkey and other countries were also on board the ships to witness the campaign. It is evident that this attack on 600 people and six ships carrying aid to poor Palestinian people who were left destitute was one staged against the basic philosophy of the United Nations. The ships were laden with aid supplies and they were strictly controlled under international shipping rules. They were carrying volunteers. But they were subjected to such an armed attack,” he said.

“Following the terrorist attack on the naval base and the illegal attack on aid ships by Israeli forces, I cut short my visit to Chile and returned to Turkey. Our government has been following the developments closely from the very beginning. Deputy Prime Minister Bülent Arınç held an extraordinary meeting with relevant ministers and other officials. Our foreign minister and national defense minister held telephone conversations with Israeli Defense Minister Ehud Barak to convey Turkey’s reaction and uneasiness,” he said.

Erdoğan said: “Turkey has been using all means of international law and diplomacy and will continue to do so in the days ahead. To this end, we recalled our ambassador in Tel Aviv. Three joint military exercises scheduled with Israel were cancelled. Foreign Minister Ahmet Davutoğlu

went to New York and called the UN Security Council to hold an extraordinary meeting. As a result, the UN Security Council issued a statement condemning Israel and called for the immediate release of civilians and injured passengers. Matches to be played between Turkish and Israeli soccer teams were cancelled. The NATO Council will convene later today and the Organization of the Islamic Conference [OIC] will meet on Monday.”

“We rejected Israel’s offer to send us the injured passengers. We have the will and power to bring our own injured people back. Two military ambulances left to bring back the injured passengers. Civilian planes of the Ministry of Health are about to arrive there,” he said.

Erdoğan also said that “Israel must inform the world public opinion correctly. It should not refrain from international cooperation. Israel should acknowledge the importance of the situation and correct its mistake.”

The prime minister said Turkey would continue to support the Palestinian people. “We will not turn our back on Palestine, the Palestinians and Gaza,” he said. “No one should test Turkey’s patience,” he added. “Turkey’s hostility is as strong as its friendship is valuable.” Erdoğan said Israel had turned into a nation that creates instability in its region and called on the international community to intervene. “There is an administrative mentality here that has adopted violence as its policy and that deems displaying acts of cruelty as legitimate. The illegal acts of the Israeli administration can no longer be covered up or ignored. It is time for the international community to say ‘enough already’.”

Erdoğan also said Turkey has always stood against anti-Semitism and offered protection to the Jewish people when they were victims of violence and persecution. He said it was now the Israelis’ turn to do the same. He said the Israeli government, in lying, using deception, engaging in bloodshed and massacring the innocent, was damaging the people of Israel most. He also thanked the Turkish-Jewish community for its stance regarding Israel’s attacks. Erdoğan urged Israelis to question the actions of their government. “It is damaging your country’s image by conducting banditry and piracy,” he said. “It is damaging the interests of Israel and your peace and safety. It is the Israeli people who must stop the Israeli government in the first place,” he added.

Erdoğan said Israel cannot face the international community without expressing “regret.” “Israel cannot ensure its security by drawing the hatred of the entire world,” the prime minister declared.

Erdoğan said an aggressive country conducting state terrorism with no remorse could no longer face the international community. He said Israel attacking a civilian ship in international waters was a crime, but killing innocent people was state terrorism. “We are sick of your lies. Be honest,” he said, calling on Israel and demanding the return of the six seized ships.

Parliament speaker on Israel

Parliament Speaker Mehmet Ali Şahin also made a statement on Israel’s attack on Tuesday. He said Turkey wanted peace in its region and in the world. Speaking to the press during his reception of Organization for Security and Cooperation in Europe Parliamentary Assembly

(OSCE PA) President Joao Soares in Ankara, Şahin said Turkey did not want to be in conflict with any other country. “Nonetheless, it is a reality that we are going through a serious problem with Israel,” Şahin admitted. “What took place was a human tragedy. An attack on people carrying aid supplies can in no way be accepted. International organizations and countries of the world must react so that similar acts are not repeated in the future,” Şahin said.

In response to a question on future Turkish-Israeli relations, Şahin said that “we want peace in our region and the world.” Military brass, PM hold second summit Erdoğan called an emergency summit with Chief of General Staff Gen. İlker Başbuğ and those ministers who are members of the National Security Council (MGK) on Tuesday at noon to discuss Israel. The prime minister, Başbuğ and the MGK ministers were scheduled to meet again at 8 p.m. Tuesday to further discuss action against Israel. No details of the first meeting were officially announced, but Deputy Prime Minister Bülent Arınç, speaking to journalists in the afternoon, said, “Do not expect us to go to war.”

### **Explosives suspect freed**

Santiago - A Pakistani man has been freed from detention in Chile pending an investigation into how and why traces of explosive were found on him when he visited the US embassy in Santiago, officials said on Tuesday.

Mahuhannas Saif ur Rehnab Khan, 28, was released from a 120-day detention period in a high-security prison imposed on him two weeks ago when his probation was revoked on appeal.

He will be required to remain in Santiago and confirm his presence every two weeks under the terms of his release, court officials told AFP. Khan is being investigated on charges of illegally possessing explosives, but not the more serious accusation of violating an anti-terror law originally sought by Chilean authorities.

A tourism student who arrived in Chile three months ago, Khan went to the US embassy on May 10 after being called in for a discussion about his US visa, which had been revoked.

He was arrested after going through a security check, where embassy officials discovered traces of a TNT explosive on his hands, cell phone, bag and documents. The Pakistani national has denied the illegal explosives charge, saying he harbors no malice toward the United States, where he has relatives.

He has said his predicament was 'a big misunderstanding stemming from a mistaken identity'. His arrest came a week after the arrest in the United States of a naturalised US citizen born in Pakistan, Faisal Shahzad, whom US authorities accuse of planting a car bomb on May 1 in New York's Times Square. Khan's parents flew into Santiago from Islamabad to support their son and to declare his innocence.

### **Detailed Report/Mexico**

## **Mexico bans junk foods in schools**

Government orders end to fried foods and sweets on school grounds in fight against childhood obesity.

The Mexican government is to ban junk food and fry-ups in primary and secondary schools in an effort to combat one of the worst obesity problems in the world.

From the beginning of the next school year, school shops will no longer be allowed to stock fizzy drinks, sugar-stuffed fruit juices, processed snacks, or more local delights such as chilli soaked sweets. Nor will school kitchens offer traditional standards such as fried tacos.

"The kids are going to complain, of course," the education minister Alonso Lujambio told W Radio today. "We are going to start a profound cultural change."

The ban does not affect junk food vendors who congregate at school gates at home time, although Lujambio promised future efforts to encourage them to sell healthier products.

President Felipe Calderon launched an anti-obesity campaign in January. Public officials refer to Mexican children as the fattest in the world. While the comparative figures are questionable, one study concluded that 26% between the ages of five and 11 were overweight. The proportion of overweight adults is approaching that in the US.

The health minister Jose Angel Cordoba said consumption of fruits and vegetables in the last 15 years had fallen by 40% while consumption of sweetened drinks rose by 50% .

Dependence on junk foods is compounded by falling rates of exercise caused, in part, by chaotic urbanization that eats up open spaces. Many Mexicans also have a genetic propensity to store fat, as well as to develop diabetes.

The stampede towards unhealthy eating is also visible in rural areas where a recent study in isolated indigenous villages found many cases of mothers who immediately bought their children junk food treats after picking up government anti-poverty hand outs.

The school ban comes after years of resistance from corporations such as Coca Cola and Pepsi. Lujambio praised their new "co-operative spirit" with reference to their diversification into healthier products, including bottled water which is hugely profitable in a country where few trust tap water. "Our hope is that children start demanding other kinds of products," he said.

## **Obama: National Guard Won't Be on Front Lines in Arizona**

The 1,200 National Guard troops President Obama is dispatching to the U.S.-Mexico border will provide intelligence, reconnaissance and other "back office" support, but one thing they won't be doing is helping a beleaguered Border Patrol and local law enforcement nab illegal immigrants and smugglers flowing into Arizona.

Speaking at a press conference in the White House East Room Thursday, the president said the Guard won't be on the front lines but will be offering vital support roles.

"What we find is, is that National Guards persons can help on intelligence, dealing with both drug and human trafficking along the borders. They can relieve border guards so that the border guards then can be in charge of law enforcement in those areas. So there are a lot of functions

that they can carry out that helps leverage and increase the resources available in this area," he said.

"They can relieve border guards so that guards can be in charge of law enforcement," the president added.

The State Department on Wednesday described the border plan as "not about immigration," but rather about the unregulated flow of drugs and guns being sent into Mexico from the U.S. as well as humans streaming northward.

"And let's understand, we're talking about, you know, flows going in both directions. It's not about immigration. It's not about the flow of certain things coming in this direction. We recognize, as the president has said, as the secretary has said, you know, we have responsibilities here, both in terms of the demand for narcotics within our country, the flow of weapons from our country into Mexico that helps to fuel the violence that Mexico is struggling with," State Department spokesman Philip Crowley said.

Obama said his plan to send as many as 1,200 troops was shaped last year before a national controversy erupted over Arizona's tough new law cracking down on illegal immigrants. The law allows state police to determine whether an individual is in the state legally when he or she is questioned by police on other suspicions.

Arizona Gov. Jan Brewer repeatedly has said that she signed the law because the federal government has offered no assistance in closing up the gaping border.

Crowley said it's not the first time the Guard have been sent to the border to work in secondary roles.

"You know, the rationale is simply to be able to, you know, take some support functions, relieve the civilian law enforcement of certain support functions and establish a broader presence across our border with Mexico," he said. "This frees up some resources that can be used more effectively to directly interdict the flow of illegal drugs, you know."

U.S. Ambassador to Mexico Carlos Pascual, speaking to journalists Wednesday in Mexico City, said the troops will serve as a bridge until the American government can get more agents on the border. He emphasized that the troops won't be working on the front lines or interacting with people crossing the border.

"It's much more back office functions of receiving reports that are coming in from other intelligence entities," he said. The troops will "review and analyze" intelligence, then "feed that to the people who are actually the presence on the border itself." In addition, he said the troops will observe the border from remote surveillance points, then communicate with Customs and Border Protection officers.

On Thursday, the Senate voted down an amendment by Arizona Sen. John McCain, who proposed sending 6,000 National Guard troops to the border, saying 3,000 of his proposed sum should go directly to Arizona to help protect his state.

Obama said he wants more than just a border security approach to the nation's immigration problems.

"I don't see these issues in isolation, not solely as a problem of the National Guard," he said, noting he wants a bill in Congress that does "a good job of securing our borders, holds employers accountable, makes sure that those who have come here illegally have to pay a fine, pay back taxes, learn English and get right by the law."

Obama and top members of his administration have said they disapprove of Arizona's law, and the Justice Department is weighing civil action against the state. The president would not condemn boycotts of the state over its law, saying it is for private citizens to decide, not the president of the United States.

"You know, I'm the president of the United States. I don't endorse boycotts or not endorse boycotts," he said. "What my administration is doing is examining very closely this Arizona law and its implications for the civil rights and civil liberties of the people in Arizona, as well as the concern that you start getting a patchwork of 50 different immigration laws around the country in an area that is inherently the job of the federal government."

### **Mexican President Vows to help resolve visa feud**

His tone gentle and choosing his words carefully, President Felipe Calderon called on Stephen Harper's government Thursday to rethink its policy requiring Mexicans to get visitors' visas before travelling to Canada.

And he vowed to work with Ottawa to "put this temporary measure behind us."

The Mexican leader is in Canada for several days during which he will also travel to Montreal and Toronto to meet with various business people and politicians.

"We thoroughly respect Canada's right to make decisions regarding its immigration system," Mr. Calderon told a joint session of Parliament this morning. "I cannot, however, fail to convey to you our regret at those incidents and those decisions."

The incidents and decisions he was referring to are those of Mexicans who he understands have abused the "generosity of the Canadian people, have perverted the noble aims of the asylum system to their own ends, which led the Canadian government to require visas for those travelling between our countries."

The President noted that tourism from Mexico to Canada has dropped almost 40 per cent over the past 12 months. And he said he hoped that the new amendments to the refugee law being studied now will "serve as a bridge to that will enable us to renew our exchanges of visitors."

It is expected the Harper government will mention to Mr. Calderon that in a year or two the visa requirement will be lifted as the refugee system will have been reformed by then.

Felipe Calderon's remarks to Parliament, May 27, 2010

This is not the Mexican President's first visit to Canada. In fact, he and his family spent some time at Harrington Lake, the Prime Minister's official summer residence, with

Mr. Harper and his family two years ago. Laureen Harper even taught the President how to drive a motorboat.

Today, Mr. Calderon was greeted warmly and given a standing ovation when he spoke in the House of Commons. In his speech, he positioned Mexico as a country in transition, bridging the developing and developed worlds.

He spoke about what his government is trying to do to stem the ravages and violence of organized crime and drug trafficking. Progress is being made, he said.

“As I explained to the Mexican people on the first day of my government, the struggle for public security is a battle that will take time, money and also, regrettably, human lives,” he said. “But it is a battle that must be undertaken and that we, the people of Mexico, are going to win together.”

Mr. Calderon will meet with the Prime Minister over lunch and later on has appointments with the Governor-General and Liberal Leader Michael Ignatieff. He will travel to Toronto tonight and then on to Montreal on Friday to meet with business people and Quebec Premier Jean Charest.

### **Fight against bogus Mexican refugees carries price: Harper**

Ottawa — Prime Minister Stephen Harper agreed with Mexican President Felipe Calderon on Thursday that Canada is paying a price for imposing visa requirements on Mexicans, but said there is no other way to halt "a torrent of bogus applications" for refugee status until after a proposed new law is enacted.

Harper signaled that visas for Mexicans will remain in place for many months after Calderon — while condemning his fellow countrymen who abused Canada's refugee system — expressed "regret" about the measures during an address to the House of Commons.

Calderon said hundreds of thousands of Mexicans visited Canada each year, but their numbers had plunged 40 per cent over the past 12 months.

"There are real costs to Canada on implementing a visa," Harper said. But he was quick to add that the visa is "our sole method of control" until enactment of a proposed new law that would bar refugee claimants from designated "safe" countries from appealing when their applications are rejected.

Mexico could be designated a safe country, although Harper did not commit to that.

The bill is being examined at the Commons immigration committee where the "safe" country proposal has been rejected by refugee advocates, including a United Nations agency, on grounds all claimants should be judged on the merits of their case, not on their country of origin.

Statistics Canada said visitors from Mexico to Canada declined to 172,000 in 2009 from 271,000 in 2008, while the amount they spent in Canada dropped to \$231.6 million from \$364 million.

In response, Immigration Minister Jason Kenney said the cost of dealing with refugee claimants from Mexico had been reduced by \$400 million since July.

The Immigration and Refugee Board said new refugee claims from Mexicans totaled only 400 in the first quarter of this year, compared to more than 9,000 in all of 2009. The board dealt with 6,092 Mexican claims in 2009, of which only 516 were accepted. The rest were either rejected (3,395), withdrawn (1,759), or abandoned (422).

The visa was imposed last July and Kenney suggested it would be in place until at least mid-2011, as the new law will take some time to enact.

In a speech that otherwise dwelt on his government's efforts to "transform" Mexico into a safer and more prosperous country, Calderon pledged to work with Canada "so that this temporary measure can be put behind us."

"My country recognizes the generous Canadian tradition of providing a refuge to those escaping persecution, discrimination or widespread violence," Calderon said. "However, I also know that there have been some who, abusing the generosity of the Canadian people, have perverted the noble aims of the asylum system to their own ends, which led the Canadian government to require visas for those travelling between our countries.

"We thoroughly respect Canada's right to make decisions regarding its immigration system," he added. "I cannot, however, fail to convey to you our regret at that series of incidents and those decisions. We sincerely hope that the solution that this Parliament is studying through comprehensive amendments to the refugee law will also serve as a bridge that will enable us to renew the exchanges of our visitors."

While introducing Calderon, Harper praised the Mexican president as a leader who has "shown remarkable courage" in confronting the drug cartels in Mexico.

Calderon had earlier mingled with a group of people who had gathered to watch him and his wife, Margarita Zavala, at an outdoor ceremony where he laid a wreath at the tomb of the unknown soldier at the national war memorial across from Parliament Hill. He kissed at least a dozen women, shook hands and posed for photos.

There was only one protester in the crowd, a clownish fellow wearing a sombrero and a sign protesting the Canadian seal hunt that said "Si to seals. Stop the slaughter."

Harper and Calderon later signed a joint action plan on air transport co-operation, youth work exchanges and \$4 million worth of training programs to help Mexico strengthen its judicial system.

## **Mexico offers rewards for 33 drug gang suspects**

Mexico City -- Mexico's government unveiled a list of 33 wanted drug suspects Friday, including three men allegedly tied to a cartel responsible for much of the bloodshed in the northern border city of Ciudad Juarez.

The Attorney General's Office did not specify the criminal bands affiliated with each suspect.

However, a security official in the northern state of Chihuahua, where Ciudad Juarez is located, said the three at the top of the list belong to La Linea, a gang tied to the Juarez cartel. Rewards of \$1.1 million (15 million pesos) were offered for each.

One of the three, Juan Pablo Ledezma, is believed to be the head of La Linea, said the official, who is with the joint army and police operation in charge of security in Chihuahua. He agreed to discuss the list only on condition of not being quoted by name, because he was not authorized to speak publicly about the matter.

A turf battle between the Juarez and Sinaloa drug cartels has turned Ciudad Juarez into one of the world's deadliest cities. More than 4,300 people have been killed over the past three years in the city, which lies across the border from El Paso, Texas.

Five men were killed in a Ciudad Juarez shooting Friday, said Arturo Sandoval, a spokesman for the Chihuahua state prosecutors' office.

The five were riding in a car when gunmen drove up beside them and opened fire, Sandoval said. Two of the five were killed inside the car. The others tried to flee into a restaurant but were gunned down in front of panicked customers.

The Attorney General's Office offered rewards of \$387,000 (5 million pesos) each for five other suspects on the list. The other 25 had \$232,000 (3 million peso) bounties on their heads.

Officials at the Attorney General's Office did not respond to requests for more information on the suspects.

Last year, the government issued a list of its most-wanted drug traffickers. It offered rewards of \$2 million for the leaders of Mexico's six major cartels and \$1 million for their lieutenants.

Ledezma also appeared on last year's list, described as a lieutenant of the Juarez cartel. It was unclear if the Attorney General's Office is offering an additional \$1 million reward for Ledezma because of his inclusion in both lists.

Several kingpins named on the list released last year have been caught or killed, including Arturo Beltran Leyva, who died in a gunbattle with marines in December.

Beltran Leyva, the head of the Beltran Leyva gang, was the highest-ranking drug trafficker brought down since President Felipe Calderon deployed tens of thousands of soldiers and federal police across the country in late 2006 to fight the cartels.

Authorities have not said whether rewards were given for any of the drug lords captured or killed.

Drug gang violence has surged since Calderon's troop deployment, claiming more than 22,700 lives.

On Friday, police found the bullet-ridden bodies of two men inside black bags in Tecpan de Galeana, a town in the Pacific coast state of Guerrero.

State police in the northern state of Sonora said Friday that seven bodies had been found on a ranch on the outskirts of the border city of Nogales and that a drug dispute was suspected as the motive.

Six of the men whose bodies were found Thursday had been linked to the drug trade, most as "mules" or drug carriers. Some were identified as drug couriers by their relatives. The other victim was the ranch manager.

And in the upscale Mexico City neighborhood of La Condesa, two men were shot death and a third seriously wounded by gunmen. That part of the nation's capital has largely been spared the violence affecting many other parts of the country.

City prosecutors said in a preliminary report the two dead men were shot in the head by two assailants dressed in black and traveling in another car.

Meanwhile, Public Safety Secretary Genaro Garcia Luna announced that armored vehicles seized from drug gangs will be used to provide protection for police and government security officials, who have increasingly come under attack from the cartels.

The government also will introduce a law that would assign permanent bodyguards to top officials involved in the fight against drug trafficking. Their families would also be assigned bodyguards.

### **Minister comments signal shift toward nuclear - analyst - *Mexico***

Comments made by Mexico's energy minister Georgina Kessel earlier this month regarding the potential for additional nuclear capacity signal an evolution within the government toward greater acceptance of nuclear power, Dr Juan Luis Francois, the head of national university UNAM's nuclear engineering group, told BNamericas.

Kessel spoke at the international seminar "Nuclear power in Mexico and the world" in Mexico's senate, which Francois interpreted to mean the government is "opening the path, and moving in that direction."

"Currently, this strategic resource is being evaluated as an alternative to generate power. This technology enables diversification of the energy matrix, decreasing our dependence on fossil fuels and reducing greenhouse gas emissions," Kessel said, and later called for actions to responsibly manage its development.

State power company CFE operates one nuclear plant, the 1.37GW Laguna Verde facility in Veracruz state. The company is in the process of increasing its capacity by 20%.

Francois said the decision to add new nuclear capacity in Mexico is practically a presidential one, and CFE is merely waiting for the go-ahead from the executive branch.

CFE's investment works program (POISE) for 2009-18 includes no nuclear capacity but establishes 2.37GW capacity to come from a source yet to be determined, part or all of which could be nuclear.

CFE's financed investment projects director Eugenio Laris said in November last year that the company could build another plant at Laguna Verde with the same capacity.

Regarding public opinion on new nuclear capacity, Francois cited a survey by national power research institute IIE in which, discounting respondents who said they did not have an opinion or did not know, the reaction was roughly split for and against.

A campaign by CFE, the government and the nuclear sector with support of the media could increase support for new capacity, Francois added.

### **Mexico Embraces West Africa Again**

Ambassador Luis Alberto Barrero Stahl was received by the Economic Community of West African State (ECOWAS) president Dr. Mohamed Ibn Chambas at the bloc venue in Abuja. Ambassador Stahl presented good wishes of the Secretary (Minister) of State, Ambassador Patricia Espinosa to all those countries in West Africa.

With the reopening of its embassy in Nigeria according to This Day newspaper Mexico is pushing forward relationship with countries in the West Africa region thereby exploring possibilities in particular areas such as economic-commercial sector.

The newly reopened embassy in Africa's most populous nation also covers Cameroon, Ghana, Guinea, Liberia and Sierra Leone – all members of ECOWAS but Cameroon.

The South American state can also contribute to ECOWAS as an observer which will allow the country to obtain information and direct contact with officials of each State who meet periodically in Nigeria.

Dr. Chambas thanked Mexico for improving relationship with West Africa and envisaged possible projects in the telecommunications, agro-industry and infrastructure.

## **Mexico Foreign Secretary Says Country 'Worried' About US Oil Spill**

Doha (Zawya Dow Jones)--Mexico is "worried" about the U.S. oil spill and is in talks with the U.S. about responding to the mounting environmental catastrophe, the country's secretary of foreign affairs said Monday.

"Of course we are very worried because we are right there in the region and the Gulf of Mexico is part of our coast and territorial waters," Mexican Secretary of Foreign Affairs Patricia Espinosa told reporters on the sidelines of an economic forum in Qatar's capital Doha.

"We are in touch with U.S. authorities in order to follow up on the consequences of this spill," she said.

### **Detailed Report/Venezuela**

#### **Chavez slams Israel for "brutal massacre" on aid flotilla**

Caracas - Venezuelan President Hugo Chavez Monday called Israel's attack on a humanitarian aid flotilla before Gaza's coastline a 'brutal massacre.'

In a statement, the left-wing populist Chavez called the attack 'an act of war undertaken by the Israeli army against defenseless civilians' who were trying to break through Israel's 'criminal blockade.'

'Venezuela will continue to denounce the terrorist and criminal nature of Israel's government, even as it reiterates, today more than ever, its unbreakable commitment to the fight of the Palestinian people for freedom, national sovereignty and dignity,' the statement said.

Venezuela broke its relations with Israel in January 2009, in protest over what it called 'atrocities' committed by Israel in Lebanon.

#### **Chavez foes rap barring of opposition candidates**

Caracas, Venezuela -- Government foes accuse President Hugo Chavez of being behind the barring of several prominent candidates from Venezuela's congressional elections, saying he is trying to undermine the opposition's chances.

The country's top anti-corruption official, Comptroller General Clodosbaldo Russian, recently blocked six anti-Chavez hopefuls from the September ballot citing suspicions of possible involvement in graft.

One of the barred candidates, Ernesto Paraqueima of the left-leaning Podemos party, who is popular in eastern Anzoategui state, was disqualified for allegedly failing to present documentation of his financial assets after serving as mayor.

Paraqueima denied any wrongdoing Wednesday and called the prohibition "a trap that was set a long time ago." He said Russian's office announced the step last week in an attempt to hurt the opposition.

"This is another example of persecution," Paraqueima said.

Russian denied the sanctions are politically motivated.

"We don't have a list of people registered in one party or the other," he said, pointing out that two pro-Chavez candidates - Numa Rojas and Jorge Luis Diaz - have also been barred from running due to graft suspicions.

Russian argues Venezuelan law allows him to impose such restrictions based solely on suspicion of corruption, with no need for hard evidence or for a candidate to have gone to trial and been convicted.

Russian hinted more candidates could be barred from running because investigations are still under way. "I can't tell you if a name is going to come out today or tomorrow," he told reporters.

Chavez has not commented on the latest disqualifications, but has expressed support for Russian's actions in the past as a means of fighting corruption. Chavez denies Russian is conspiring with the government to weaken adversaries.

The September elections will determine whether Chavez and his allies hold control of the National Assembly. Chavez has warned that an opposition victory would be a devastating blow to his efforts to transform Venezuela into a socialist state.

The president's supporters now have an unbeatable majority in the National Assembly after most opposition parties boycotted the last legislative elections in 2005.

The opposition this time aims to field a single candidate for each of the 167 seats up for grabs.

"The objective is to remove candidates who could be winning candidates," Juan Francisco Contreras, a representative of the main coalition of opposition parties, said in a telephone interview.

He noted some candidates were barred just days before the National Electoral Council began allowing parties to register candidates.

The opposition figures banned also includes former state governors Manuel Rosales and Ramon Martinez as well as three imprisoned former police commissioners considered "political prisoners" by many Chavez critics. The government denies it and says the three were convicted of conspiracy to murder for their roles in violence that preceded a short-lived 2002 coup against Chavez.

Gustavo Azocar, a journalist-turned-politician who plans to run, said he fears he could meet the same fate. Three months ago, he was sentenced to more than two years in prison for alleged fraud involving his publicity company and a state-run lottery. He denies any wrongdoing and has appealed.

"For me, the intellectual author of the restrictions (on candidates) is Hugo Chavez," Azocar said in a telephone interview. "It's a state policy."

### **Cuba trains Venezuela in military, communications**

Aracas, Venezuela (AP) -- It's no longer just doctors, nurses and teachers. Cuba now sends Venezuela troops to train its military, and computer experts to work on its passport and identification-card systems.

Critics fear that what is portrayed by both countries as a friendship committed to countering U.S. influence in the region is in fact growing into far more. They see a seasoned authoritarian government helping President Hugo Chavez to protect his power through Cuban-style controls, in exchange for oil. The Cuban government routinely spies on dissidents and maintains tight controls on information and travel.

Cubans are involved in Venezuelan defense and communications systems to the point that they would know how to run both in a crisis, said Antonio Rivero, a former brigadier general whose break with Chavez over the issue has grabbed national attention.

"They've crossed a line," Rivero said in a May interview. "They've gone beyond what should be permitted and what an alliance should be."

Cuban officials dismiss claims of outsized influence, saying their focus is social programs. Chavez recently scolded a Venezuelan reporter on live television for asking what the Cubans are doing in the military.

"Cuba helps us modestly with some things that I'm not going to detail," Chavez said. "Everything Cuba does for Venezuela is to strengthen the homeland, which belongs to them as well."

But the communist government has a strong interest in securing the status quo because Venezuela is the island's principal economic benefactor, Rivero says.

As Cuba struggles with economic troubles, including shortages of food and other basics, \$7 billion in annual trade with Venezuela has provided a key boost - especially more than 100,000 barrels of oil Chavez's government sends each day in exchange for services.

Rivero, who retired early in protest and now plans to run for a seat in the National Assembly, said Cuban officers have sat in high-level meetings, trained snipers, gained detailed knowledge of communications and advised the military on underground bunkers built to store and conceal weapons.

"They know which weapons they have in Venezuela that they could count on at any given time," he said.

Cuban advisers also have been helping with a digital radio communications system for security forces, meaning they have sensitive information on antenna locations and radio frequencies, Rivero said.

If Chavez were to lose elections in 2012 or be forced out of office - like he was during a brief 2002 coup - it's even feasible the Cubans could "become part of a guerrilla force," Rivero said. "They know where our weapons are, they know where our command offices are, they know where our vital areas of communications are."

Chavez has acknowledged that Cuban troops are teaching his soldiers how to repair radios in tanks and to store ammunition, among other tasks. No one complained years ago, he added, when Venezuela received such technical support from the U.S. military.

Cuba and Venezuela are so unified that they are practically "one single nation," says Chavez, who often visits his mentor Fidel Castro in Havana and sometimes flies on a Cuban jet.

The countries plan to link up physically next year with an undersea telecommunications cable. The Venezuelans are even getting advice from President Raul Castro's daughter Mariela Castro, who heads Cuba's National Sex Education Center and advocated civil unions for homosexuals during a recent seminar in Caracas.

Some Venezuelans mockingly call it "Venecuba." When the government took over the farm of former Venezuelan U.N. ambassador Diego Arria, he contested the seizure by delivering his ownership documents to the Cuban Embassy, saying the Cubans are in charge and "much more organized than the Venezuelan regime."

"No self-respecting country can place such delicate areas of the government as national security in the hands of officials of another country," said Teodoro Petkoff, an opposition leader who is editor of the newspaper Tal Cual. "President Chavez doesn't trust his own people very much. So he wants to count on the know-how and time-tested experience of a government that for 50 years has been carrying out a brutal and totalitarian dictatorship."

Cuban government officials, however, say the bulk of their assistance is in public services.

At the National Genetic Medicine Center in Guarenas, east of Caracas, Cuban doctors and lab technicians diagnose and treat genetic illnesses.

"What we came to do is science," said Dr. Reinaldo Menendez, the Cuban director of the center, which also employs Venezuelans. "Our weapons... are our minds, our work, our coats, our stethoscopes.

"We're internationalists by conviction," he added, passing photos of Chavez and Fidel Castro on the walls.

Cuban Deputy Health Minister Joaquin Garcia Salavarría coordinates missions involving more than 30,000 doctors, nurses, and other specialists from the island. He estimated that about 95 percent of the approximately 40,000 Cubans in Venezuela work in medical, education, sports and cultural programs, and that others are helping as advisers on everything from agriculture to software for the state telephone company, CANTV.

As he spoke, Garcia flipped through a file of statistics that he said show the real impact of the Cuban presence: more than 408 million consultations in neighborhood health clinics since 2003. That's an average of 14 medical visits for each of Venezuela's more than 28 million people.

Many Venezuelans are grateful for the free medical care provided by the Cubans, and waiting rooms are often bustling. Still, polls have repeatedly shown a large majority of Venezuelans don't want their country to adopt a system like Cuba's.

Chavez says he's not copying Cuba's socialist system but has adopted some practices, like creating a civilian militia to defend his government. When he founded a fledgling national police force last year, Chavez boasted that "we're going to compete with the Cuban police force, which is among the best in the world."

A senior Cuban police official, Rosa Campoalegre, has been in Caracas to help with plans for a new university for police and other security officials. She declined a request to be interviewed.

Cuban experts have also been working on systems in public registries and notaries. About 12 Cuban computer specialists from the University of Computer Science in Havana have been creating software to help the immigration agency improve passport control and computerize the identification card system, director Dante Rivas said.

"There's nothing to hide here," Rivas said. "What they do is develop the software, jointly with us, but we operate it exclusively. That's all. They don't do anything else."

In Cuba, he said, the government uses a different system.

The island's computerized civil registry includes all relevant data on its citizens, such as address, age and physical characteristics. All Cubans must carry an identity card, and those who want to travel outside the country must get special permission.

It's especially worrying that Cubans are involved in areas "that have to do with control of information, people's private information," said Rocio San Miguel, who heads a Venezuelan organization that monitors security and defense issues.

Chavez, meanwhile, says Cuba's assistance is worth "10 times more than the cost of the oil we send."

He has effusively thanked Cuba for helping Venezuela to revamp its electrical system - a move ridiculed by Chavez's opponents due to Cuba's own struggles with power outages. Chavez also

credited a Cuban cloud-seeding program with helping to bring an earlier rainy season this year after a severe drought.

"What Cubanization?" he said. "The Cubans are helping us."

### **Chavez Says He's Working to Control Land, Finances and Commerce**

May 26 (Bloomberg) -- Venezuelan President Hugo Chavez said that he's working to take state control over land, finances and trade in order to consolidate socialism in the South American country.

Chavez, speaking on state television, said that the "capitalist oligarchy" has held control over the economy and that his government needs to boost production and pare imports.

### **Venezuela's top business chamber denies conspiracy allegations of hoarding, economic sabotage**

Caracas, Venezuela (AP) — Members of Venezuela's largest business chamber said Monday that there is no pre-election conspiracy to undermine President Hugo Chavez by hoarding goods and boosting prices.

Chavez and his backers have accused business leaders of attempting to magnify Venezuela's economic woes and weaken support for the socialist leader before legislative elections in September.

Chavez backers marched Monday to the chamber's headquarters to demand an end to the alleged hoarding of goods and the random raising of prices. Organizers said more than 6,000 people joined the march.

One group of the president's backers held a banner reading: "Oligarchs, Go to Hell!" Others urged Chavez to nationalize businesses suspected of hoarding or speculating with prices.

"If they continue conspiring, the working class is going to continue taking action," said Oswaldo Vera, a pro-Chavez lawmaker who joined the protest.

Lope Mendoza, vice president of the chamber, known as Fedecamaras, denied the accusations.

"There's no conspiracy," he told Union Radio. "What exists is an unfortunate confrontation between Venezuelans and hate created by the government."

"Businessmen are not enemies of the government or the people," Mendoza added.

Tensions between Chavez's administration and Fedecamaras are increasing as Venezuela struggles with a deepening economic recession and the highest rate of inflation in Latin America, 30 percent.

Business owners blame Chavez's socialist-oriented economic policy for the country's financial

woes, arguing that government-imposed price controls, expropriations and strict currency controls are strangling the economy.

"It's finishing off a country with a working tradition," Mendoza said of the government's economic policy.

Venezuela's economy shrank 5.8 percent in the first quarter from the same period a year earlier, the Central Bank revealed last week.

The economy was pulled down in the first three months by a 5 percent decline in the key oil sector, a 6 percent decrease in the private sector and a whopping 27.9 percent fall in private investment, the bank said.

Chavez's government has failed to slow inflation despite price controls on many foods and other basics.

Venezuela has not seen such tough times since 2003, when the economy contracted 26.7 percent in the first quarter due to the effects of an opposition-led strike that drastically reduced oil production.

Mendoza accused Chavez of aggression against Venezuela's largest food producer, Empresa Polar.

Chavez has accused Polar of hoarding, repeatedly threatened to seize control of the company's assets, confiscated its products and expropriated some of the company's warehouses.

### **Caracas rated among the cities with the worst standard of living**

Caracas is one of the cities with the lowest quality of living in the world, said consulting firm Mercer in its report called Mercer's 2010 Quality of Living survey.

This year, rather than measuring the quality of life in 215 cities around the world, the survey included 221 cities.

The survey ranks Caracas 165th out of 221 cities. The Latin American city occupying the top spot was Buenos Aires, ranked in the 78th position

Managua and Port-au-Prince were ranked below the Venezuelan capital.

As regards Caracas, the report said that to improve its position as eco-city it has an ample space to implement environmentally friendly infrastructure for transport conditions in the city and implement renewable energy sources.

Risks such as legal instability, regional conflicts, lack of medical attention and health coverage and limited development of transport infrastructure are still hitting Latin American cities. Therefore, they are not considered cities with high living standards.

## Colombia elections: Border town frets about Hugo Chávez trade threats

Maicao, Colombia - On the face of it, it is just another backwater dusty town in Colombia's north eastern frontier with Venezuela. But beyond the potholed main street, dotted with cactus plants and rubbish, lies a thriving market town.

Arab traders sell electronic goods such as TVs and refrigerators shipped in from Panama. Colombian merchants trade in clothes as well as jewelry with gold and precious stones. Native Way'uu indians sit in doorways knitting traditional dresses for artisan shops.

Venezuelan leader Hugo Chávez last month threatened to cut trade with Colombia if presidential candidate Juan Manuel Santos wins Sunday's May 30 elections. If elected, Mr. Santos, Colombia's former defense minister under President Alvaro Uribe, had talked about chasing FARC over the border into Venezuela.

In Maicao, which lies just a 10-minute drive from Colombian's eastern frontier with Venezuela, residents worry about damage to business from the potential spat. The town depends on trade with its neighbor. A steady stream of Venezuelans flow over the border to buy clothes, food staples, and luxury goods such as TVs.

"It's very worrying," said one jewelry shop owner who declined to be named. "This is a frontier town which depends on the trade from Venezuela." He does a good trade selling gold to Venezuelans, he says, an income he fears will be lost if President Chávez restricts border crossings.

Luis Ramirez imports electronic goods sold to traders here and in Venezuela. He doesn't believe Chavez's threat to close the border between Colombia and Venezuela, an import dependent nation that relies heavily on food and other goods from Colombia. "They'd die from hunger," he laughs.

Chávez briefly closed the border with Colombia in 2009, and sent Venezuelan troops to the border in 2008 after Colombia raided a FARC rebel camp in Ecuador, an incursion he feared would be repeated in Venezuela.

Presidential candidate Santos is running neck and neck in the polls with rival Antanas Mockus, the Green Party candidate, a moderate leftist whom critics have likened to Chávez. One man here says he fears Colombia will fall under the spell of Chávez's Socialist ideology if Mr. Mockus wins.

"He's a leftist as well and he'll enter into dialogue with Chávez," says Nelson Diaz, "he has the same politics and idealism of Chávez and he'll let it enter here." The mathematician has dismissed any the likeness to Chávez.

FARC guerrillas which once held sway over vast swathes of Colombia have been pushed to remote rural outposts by Mr. Uribe's military drive against the leftist rebels, gaining him huge popularity in Colombia.

Santos is seen as the heir apparent to take on the security mantle. The former defense minister

spearheaded a 2008 rescue of 15 hostages including three Americans from FARC captivity.

Mockus is calling for dialogue with the FARC, if he steps into the presidential shoes. Critics say he lacks the tough edge of Santos to keep the guerrillas at bay.

The candidate, who is popular with youth groups for his pro-education policies, says his two tenures as Bogotá mayor prepared him for the task.

"Santos had his successes, yes, but I too had success while mayor, deflecting terrorist attacks against the city and strengthening the police," he says during a recent campaign stop in nearby Riohacha, the La Guajira capital.

"The challenge – it's a labor and a calling that doesn't intimidate me," he adds.

Many rebels on the run from the military are holed-up along Venezuela's 2,200 kilometer porous frontier with Venezuela and sheltered by Chávez, critics say. Chávez denies the claims.

But one merchant who runs his jewelry business in Maicao from Miami, who fled Colombia after FARC guerrillas threatened to "kill me or kidnap me," he says, is sure the leftist rebels are hiding just over the border.

"They have protection from the government of Venezuela. They help the FARC a lot and give them refuge," says Israel Hernando, by telephone from Miami.

For now, he hopes Venezuela and Colombia can resolve their differences for the sake of the folk in this frontier town who enjoy good relations with their neighbors. "We are brothers. We've always been there for each other."

### **Three years after RCTV shutdown**

"Democracy is falling into a spiral of silence". The director of the Communication Research Institute, Central University of Venezuela (UCV), Gustavo Hernández Díaz, considered that the shutdown of private TV channel RCTV plus the government "communicational hegemony" and "self-censorship" in the private media, make up a scenario contrary to democracy and against the rule of law.

In wrapping up the situation of the media after private TV channel RCTV was taken off the air three years ago, the director of the Communications Research Institute (Ininco), Central University of Venezuela (UCV), Professor Gustavo Hernández Díaz, said that multiple components help to conclude that democracy in Venezuela is falling into a spiral of silence.

According to the researcher, such spiral is "very dangerous," because it is doing an "effective" work in the aim of strengthening the government communicational strategy based on the proposal of the 21st Century Socialism.

He thinks that the shutdown of RCTV, in addition to the government "communicational hegemony" and "self-censorship" of many talk shows and newscasts in private TV channels make up a scenario contrary to democracy and against the rule of law.

"This means that it has violated the National Constitution, its articles regarding freedom of expression, pluralism, cultural diversity and human rights, which has to do with right to work and social security, because that shutdown was prompted by the president. That shutdown trespassed on the Constitution, the Radio and Television Social Responsibility Law and even the Telecommunications Law. We have a legal framework violated by the very government and presided over by its top authority."

In speaking about the government "communicational hegemony," Hernández Díaz referred to a communication structure presently composed of state-run TV channel Tves; ANTV, the channel of the National Assembly; Telesur, the new platform on the Internet and Simón Bolívar satellite. He explained that such structure is meant to operate on behalf of the government ideology.

The researcher into communications regretted that Tves has been a "failure" as a TV channel, because "it is coordinated by the ruling party and complies with the political interests of that party." He noted that the channel sets aside important components that should be their characteristic features. They include plurality, balance, freedom of expression and cultural diversity.

### **Bad news for Venezuelan economy**

#### **Jobless rate climbs to 8.2 percent in April**

The unemployment rate hit 8.2 percent at the end of April, as reported by the Venezuelan Statistics Institute (INE). The figure represents an increase of 0.6 percentage points compared to the same month of 2009.

This means that the number of unemployed people at the end of last month was 1,072,612 people, 72,978 higher than a year earlier.

However, president of INE Elías Eljuri said through a press release that the unemployment rate recorded in April is the expression of a policy to ensure job stability and shore up the purchasing power of households.

Further, the informal sector amounted to 43.3 percent, which means that 5,190,032 people do not have a decent job. In contrast, the formal sector grouped 56.7 percent of the employed population, i.e. 6,800,130 people, according to data supplied by the INE.

#### **Venezuela's recession deepens; GDP falls 5.8 percent**

The report issued by the Central Bank of Venezuela (BCV) at the end of the first quarter of 2010 clearly shows that economic downturn has not slowed down, and that the historical link between high oil prices and growth is blurring.

By comparing the figures issued by the BCV with the data recorded in the first quarter of 2009, the average price of the Venezuelan oil basket dramatically recovered by 85 percent to USD 70.5. However, the economy shrank 5.8 percent and declined for the fourth consecutive quarter.

Virtually all the engines that can boost the economy are off. Private consumption declined 5.9

percent; investment plummeted 27.9 percent; government spending fell 0.2 percent. The only positive figure was the increase of Venezuelan exports (70.9 percent) thanks to the recovery of oil prices.

The BCV report shows the impact on key areas for wealth and employment creation: manufacturing declined 9.9 percent; trade (-11.6 percent); construction (-7.8 percent), oil sector (-5 percent). On the positive side, communications jumped 9.7 percent and community services increased by 2.8 percent.

The Central Bank of Venezuela attributed the negative results in the first quarter to the "temporary discontinuation of access to foreign currency for imports of goods and services, lower domestic aggregate demand from consumers, reduced investment and the effects of environmental conditions that forced the government to implement a power rationing plan aimed at ensuring rational and equitable use of electricity."

Although the Central Bank of Venezuela conceded that the economy was affected by exchange shortage, the Foreign Exchange Administration Commission (Cadivi) said on April 15, through a press release, that in the first quarter of this year it allocated a total of USD 5.42 billion for imports, an 11 percent increase over the same period of 2009.

Declining output comes hand in hand with a steady increase in prices. As a result, Venezuela's economy shows the highest inflation in Latin America.

This "disease," characterized by two simultaneous seizures: GDP's stagnation or contraction and significant price increases, is technically defined as stagflation. In the absence of economic growth, sales drop, companies do not need to hire new staff and there are no profits to adjust wages properly, while prices increase on a monthly basis.

Economist José Guerra, a former economic research manager at the Central Bank, said that "the link between high oil prices and economic growth has vanished. A part of government spending usually translates into inflation, as it encourages demand; another part boosts growth. However, (in the case of Venezuela) all (government spending) is leading to inflation, due to falling investment and insufficient supply."

### **Venezuelan private sector's imports plunge 43 percent**

The Central Bank of Venezuela said on May 25 in a report that "private imports plunged in areas such as chemical products and substances, food and beverages, machinery and equipment, agricultural products and electrical equipments."

Public sector's imports declined by 22 percent.

"Government procurement fell in items such as machinery and equipment, telecommunications, steel industry and transport equipment; however, imports of electrical equipment and chemical products and substances increased," the BCV said.

The aggregate of public and private imports amounted to USD 6.88 billion, a 38.2 percent

decline.

Owing to the increase of crude oil prices, oil exports amounted to USD 15.65 billion, a 70.9 percent increase.

Higher oil prices allow the government to offset the impact of lower oil output, which dropped 5.9 percent in the first quarter, according to the BCV.

"Non-oil exports stood at USD 770 million, a 12.9 percent increase compared to the first quarter of 2009. This was mainly due to a higher turnover in state companies as a result of international agreements signed by the Executive branch of government," the Central Bank said.

Meanwhile, the exports of the private sector remained stagnant.

### **Venezuelan lawmaker: Downturn continues in the second quarter**

Ricardo Sanguino, the president of the Committee on Finance, National Assembly, acknowledged that the economic activity in the second quarter of the year will keep showing negative results.

However, he said the downturn will not be as serious as in the first quarter, when the economy plunged by 5.8 percent.

The congressman added that the government is taking initiatives to get economic growth back on track. However, he provided no further details about the plans to be implemented by the Executive branch of government.

### **Industrial association: GDP fall confirms economic recession**

Carlos Larrazabal, president of the Venezuelan Confederation of Industries (Conindustria), said that the data issued by the Central Bank of Venezuela (BCV), on a 5.8% fall of Venezuela's gross domestic product in the first quarter, confirms that the domestic economy is affected by "a major recession."

In the case of the manufacturing sector, he said that the official data reporting a 9.9 percent contraction and the industrial situational survey prepared by Conindustria coincide in their findings: there is a steady deterioration of the production sector.

"The recession in the manufacturing sector is increasing," said Larrazabal at a press conference.

### **UN skeptical about economic recovery in Venezuela**

The Venezuelan economy is viewed with skepticism in a report prepared by the UN Department for Economic and Social Affairs (DESA), which was released on May 26 and showed positive results about Latin America economy.

"Despite the recent surge in oil prices, economic recovery in Venezuela will remain sluggish as

electricity shortages affect production and private demand remains subdued," the report stated.

According to the report, the economic activity in Latin America and the Caribbean has recovered more strongly than previously expected, benefitting in part from commodity demand. This will allow a 4 percent GDP growth in the region in 2010 and 3.9 percent in 2011.

### **Public investment declines for the first time since 2002**

Venezuelan public spending had already failed to boost the economy adequately, as shown in economic results in 2008 and 2009, when funds were not assigned efficiently. However, in January-March 2010, the crisis worsened, as public investment fell for the first time ever since the fourth quarter of 2002.

The first quarter of 2010 was characterized by slow execution of funds, thus hitting a number of projects under way in the construction industry.

On May 23, Venezuelan President Hugo Chávez instructed officials to speed up execution of programs, precisely because of the results expected in the first quarter of the year. Ricardo Sanguino, the president of the Committee on Finance, National Assembly, conceded there were delays in public sector investments, especially in oil and construction.

"During this period, the public sector lagged behind in disbursements and in payments to companies. This had an impact on the performance of the economic activity."

The data presented by the Central Bank of Venezuela (BCV) showed that oil activity shank 5 percent, while the construction sector declined 7.8 percent. Based on a more comprehensive analysis of the figures, experts said that the oil industry's investment in the construction sector dropped 25 percent.

Given these results, the pro-government lawmaker said that in this period government agencies needed to speed up disbursement of funds to promote these activities, and be more efficient in honoring overdue payments.

In addition to reduced public investment, a 43 percent decline in imports played a role in the results of the first quarter. In this regard, Sanguino claimed that the Foreign Exchange Administration Commission (Cadivi) had to expedite the authorizations to buy US dollars.

While operations in the Venezuelan exchange market are suspended, Sanguino said that the new system to be implemented by the Central Bank (purchase and sale of foreign currency-denominated securities) would operate smoothly.

The president of the Committee on Finance stressed that "the Executive branch of government will take steps to get production back on track," but he provided no further details about the measures to be implemented.

Sanguino acknowledged that the economic activity in the second quarter of the year would keep showing negative results. However, he added, the downturn will not be as serious as in the

January-March

period.

"Although the economy plunged 5.8 percent in the first quarter, it will decline less than 3 percent in the next period."

### **The State grows and the private sector suffers the biggest drop since 1999**

"Prepare funeral candles, because we are going to bury the Venezuelan capitalism," a defiant President Hugo Chávez said on Wednesday. The Head of State made it clear that the First Socialist Plan, which proposes a minimized private sector in 2013, is being implemented amid a recession and the increase of inflation rate.

In fact, official figures show that the State has increased its importance in the economy while the private sector's clout has rapidly declined.

By comparing the first quarter of the year with the same period in 2007, when Chávez's administration began to nationalize companies, private sector's production and GDP showed a sharp decline (- 8.2 percent) while public sector's GDP increased considerably to 20 percent.

The most recent studies show that in the first quarter of 2010, the private sector's GDP fell 6 percent, the biggest decline for a first quarter since 1999, with the exception of the lock-out at the beginning of 2003.

Although the private sector is the main source of job creation and its production is a key factor to generate wealth, President Chávez considers that its downsizing is a cost to be paid to achieve the 21st century socialism.

### **As recession deepens, Chavez sees transition**

A day after the Central Bank reported Venezuela's recession has deepened, President Hugo Chavez said Wednesday that it's a natural part of transforming the country from a capitalist to a socialist economy.

"The economy that's falling in Venezuela is the capitalist economy," Chavez said in a televised speech, referring to the bank's report that the economy shrank 5.8 percent in the first quarter after a 3.3 percent contraction last year.

Critics say the Chavez government's price controls and expropriations of private companies are responsible for Venezuelans facing shortages of some foods and struggling with 30 percent inflation -- a rate among the highest in the world.

Economist Orlando Ochoa said a key factor in the downturn is also a decline in the amount of oil industry earnings being injected into the economy.

"The controls don't work anymore because there is an underlying economic problem, which is the fall in the flow of oil income," Ochoa said in a telephone interview.

Official figures say the state oil company, Petroleos de Venezuela SA, turned over to the Central Bank less than 43 percent of the dollars it earned from oil sales in the first quarter. Ochoa noted that percentage has been decreasing in recent years, and said the resulting shortage of dollars led to a drop of 39.7 percent in imports.

The oil-exporting country remains largely reliant on imported food and manufactured goods. Economists say government price controls and currency exchange controls have contributed to shortages of some foods.

Shopper Josefina Perez, a 74-year-old retiree, complained that the Caracas market she visited Wednesday didn't have sugar, butter or fat-free milk -- so she has to turn to street vendors who charge "sky-high" prices.

"There are many things that can't be found, like sugar, vegetable oil, butter, corn meal," said another shopper, Joselina Santeliz, a 60-year-old teacher who said she is forced to buy other items instead to make do.

A Central Bank survey in April found shortages of basic food items at more than 14 percent of supermarkets and other sellers visited, a slight rise from 13 percent the previous month.

Chavez's government has nationalized food companies along with others in sectors from electricity to steel. The government now controls 75 percent of coffee production, 52 percent of sugar, 42 percent of corn meal and 40 percent of rice.

Carlos Larrazabal, who heads Venezuela's largest industrial business chamber, said Wednesday that as long as the government continues economic controls and expropriations "there won't be a climate" for investment.

Chavez predicted at an event with farmers in the countryside that agricultural output will keep growing. "What does it matter to me if imports of vehicles fall?" he said.

The president said that due to the economic decline, his opponents are "celebrating but they don't realize that what they're celebrating is the wake of capitalism."

"Let them continue celebrating. Put out candles at the funeral because we're going to bury Venezuelan capitalism," Chavez added. "And of course the sinking of capitalism and the rise of socialism has to bring contradictions, difficulties."

### **Article Sources**

Foreign Affairs; Mar/Apr2007, Vol. 86 Issue 2, p174-175, 2p

### **News Sources**

#### **Argentina**

<http://allafrica.com/stories/201005280772.html?>

<http://www.gasandoil.com/goc/news/ntl102277.htm?>

## **Names of consulted News Agencies/Argentina**

All Africa

Gas and Oil

## **News Sources**

### **Brazil**

<http://www.brazzilmag.com/component/content/article/86-may-2010/12205-brazilian-presidential-candidates-cant-see-eye-to-eye-on-mercosurs-usefulness.html?>

<http://www.dailynews.lk/2010/05/29/wld03.asp?>

<http://english.people.com.cn/90001/90777/90854/7006588.html?>

Translated from the Portuguese version by:

Lisa KARPOVA

PRAVDA.Ru

<http://english.pravda.ru/hotspots/crimes/113607-1/>

<http://www.ipsnews.net/news.asp?idnews=51626>

<http://www.middle-east-online.com/english/?id=39269>

[http://news.yahoo.com/s/ap/20100601/ap\\_on\\_re\\_la\\_am\\_ca/lt\\_brazil\\_iran?](http://news.yahoo.com/s/ap/20100601/ap_on_re_la_am_ca/lt_brazil_iran?)

<http://www.todayszaman.com/tz-web/news-211369-106-turkey-brazil-cement-strategic-partnership-with-focus-on-trade.html?>

<http://www.todayszaman.com/tz-web/columnists-211562-brave-third-world.html?>

<http://www.turkishpress.com/news.asp?id=352158>

<http://www.thestreet.com/story/10768458/1/brazil-unemployment-rate-falls-to-73-pct-in-april.html?>

<http://www.thestreet.com/story/10772692/1/brazil-expects-strong-1st-quarter-gdp-growth.html?>

### **Names of consulted News Agencies/Brazil**

Brazzling Magazine

Daily News Pakistan

IPS News

Middle East Online (English)

People (English)

Pravda (English. Translated from the Portuguese version)

Today's Zaman

Turkish Press

The Street

Yahoo News

## **News Sources**

### **Chile**

[http://www.straitstimes.com/BreakingNews/World/Story/STIStory\\_534266.html?](http://www.straitstimes.com/BreakingNews/World/Story/STIStory_534266.html?)

<http://www.todayszaman.com/tz-web/news-211615-105-turkish-businessmen-may-take-steps-in-chile-erdogan.html?>

<http://www.todayszaman.com/tz-web/news-211843-100-no-one-should-test-turkeys-patience-pm-erdogan-warns.html?>

## **Names of consulted News Agencies/Chile**

Straits Times

Today's Zama

## **News Sources**

### **Mexico**

[http://www.africanews.com/site/Mexico\\_embraces\\_West\\_Africa\\_again/list\\_messages/27804?](http://www.africanews.com/site/Mexico_embraces_West_Africa_again/list_messages/27804?)

[http://www.advfn.com/news\\_Mexico-Foreign-Secretary-Says-Country-Worried-About-US-Oil-Spill\\_43033815.html?](http://www.advfn.com/news_Mexico-Foreign-Secretary-Says-Country-Worried-About-US-Oil-Spill_43033815.html?)

[http://www.bnamericas.com/news/electricpower/Minister\\_comments\\_signal\\_shift\\_toward\\_nuclear\\_-\\_analyst?](http://www.bnamericas.com/news/electricpower/Minister_comments_signal_shift_toward_nuclear_-_analyst?)

<http://www.canada.com/news/Fight+against+bogus+Mexican+refugees+carries+price+Harper/3077811/story.html>

<http://www.foxnews.com/politics/2010/05/27/obama-border-plan-solve-nations-immigration-problem/?>

<http://www.guardian.co.uk/world/2010/may/27/mexico-bans-junk-food-schools?>

<http://www.theglobeandmail.com/news/politics/ottawa-notebook/mexican-president-vows-to-help-resolve-visa-feud/article1582835/?>

[http://www.washingtonpost.com/wp-dyn/content/article/2010/05/28/AR2010052804197\\_2.html](http://www.washingtonpost.com/wp-dyn/content/article/2010/05/28/AR2010052804197_2.html)

## **Names of consulted News Agencies/Mexico**

Africa News

ADVFN News

BN Americas News

Canada News

Fox News

Guardian News UK

The Globe and Mail

Washington News

## **News Sources**

### **Venezuela**

<http://www.businessweek.com/ap/financialnews/D9FURQQ04.htm?>

<http://www.chicagotribune.com/business/sns-ap-lt-venezuela-economic-intrigue,0,6055148.story?>

[http://www.csmonitor.com/World/Americas/2010/0528/Colombia-elections-Border-town-frets-about-Hugo-Chavez-trade-threats?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed:+feeds/world+\(Christian+Science+Monitor+|+World\)](http://www.csmonitor.com/World/Americas/2010/0528/Colombia-elections-Border-town-frets-about-Hugo-Chavez-trade-threats?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed:+feeds/world+(Christian+Science+Monitor+|+World))

[http://english.eluniversal.com/2010/05/27/en\\_pol\\_esp\\_caracas-rated-among\\_27A3915851.shtml?](http://english.eluniversal.com/2010/05/27/en_pol_esp_caracas-rated-among_27A3915851.shtml?)

[http://english.eluniversal.com/2010/05/28/en\\_pol\\_esp\\_democracy-is-fallin\\_28A3924531.shtml?](http://english.eluniversal.com/2010/05/28/en_pol_esp_democracy-is-fallin_28A3924531.shtml?)

[http://english.eluniversal.com/2010/05/28/en\\_ing\\_esp\\_bad-news-for-venezue\\_28A3921851.shtml?](http://english.eluniversal.com/2010/05/28/en_ing_esp_bad-news-for-venezue_28A3921851.shtml?)

[http://hosted.ap.org/dynamic/stories/L/LT\\_VENEZUELA\\_CUBAN\\_INFLUENCE?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT&CTIME=2010-06-01-00-01-03](http://hosted.ap.org/dynamic/stories/L/LT_VENEZUELA_CUBAN_INFLUENCE?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT&CTIME=2010-06-01-00-01-03)

[http://www.monstersandcritics.com/news/middleeast/news/article\\_1559804.php/Chavez-slams-Israel-for-brutal-massacre-on-aid-flotilla?](http://www.monstersandcritics.com/news/middleeast/news/article_1559804.php/Chavez-slams-Israel-for-brutal-massacre-on-aid-flotilla?)

<http://www.washingtonpost.com/wp-dyn/content/article/2010/06/02/AR2010060204236.html?>

**Names of consulted News Agencies/Venezuela**

Associated Press

Bloomberg News

Business Week

Chicago Tribune

CS Monitor News

El Universal

Monster and Critics

Washington News