

BUSINESS AND POLITICS IN THE MUSLIM WORLD

News Monitoring Report No. 124 on Latin America

Reference period: June 11-18, 2010

Presentation: June 23, 2010

Usman Choudry

Article

Title: How Biofuels Could Starve the Poor.

Authors:

Runge, C. Ford¹

Senauer, Benjamin²

C. Ford Runge is Distinguished McKnight University Professor of Applied Economics and Law and Director of the Center for International Food and Agricultural Policy at the University of Minnesota.

Benjamin Senauer is Professor of Applied Economics and Co-director of the Food Industry Center at the University of Minnesota.

Source: Foreign Affairs; May/Jun2007, Vol. 86 Issue 3, p41-53, 13p

Document Type: Article

Abstract:

The article discusses the effect on food supply that an increase in ethanol production could create. Ethanol is being sought as an alternative to petroleum-based fuels. Ethanol is made from corn. The increased demand for ethanol means less corn will be available as a food source, and food prices will rise. The rise in corn prices could have a deleterious effect on poor and developing nations. The European Union is promoting use of biodiesel made in Europe from rapeseeds and sunflower seeds. Ethanol production is highly subsidized by the U.S. federal government. The article also discusses the environmental impact of increased corn growing.

Section: Essays

How Biofuels Could Starve the Poor

The Ethanol Bubble

In 1974, as the United States was reeling from the oil embargo imposed by the Organization of Petroleum Exporting Countries, Congress took the first of many legislative steps

to promote ethanol made from corn as an alternative fuel. On April 18, 1977, amid mounting calls for energy independence, President Jimmy Carter donned his cardigan sweater and appeared on television to tell Americans that balancing energy demands with available domestic resources would be an effort the "moral equivalent of war." The gradual phaseout of lead in the 1970s and 1980s provided an additional boost to the fledgling ethanol industry. (Lead, a toxic substance, is a performance enhancer when added to gasoline, and it was partly replaced by ethanol.) A series of tax breaks and subsidies also helped. In spite of these measures, with each passing year the United States became more dependent on imported petroleum, and ethanol remained marginal at best.

Now, thanks to a combination of high oil prices and even more generous government subsidies, corn-based ethanol has become the rage. There were 110 ethanol refineries in operation in the United States at the end of 2006, according to the Renewable Fuels Association. Many were being expanded, and another 73 were under construction. When these projects are completed, by the end of 2008, the United States' ethanol production capacity will reach an estimated 11.4 billion gallons per year. In his latest State of the Union address, President George W. Bush called on the country to produce 35 billion gallons of renewable fuel a year by 2017, nearly five times the level currently mandated.

The push for ethanol and other biofuels has spawned an industry that depends on billions of dollars of taxpayer subsidies, and not only in the United States. In 2005, global ethanol production was 9.66 billion gallons, of which Brazil produced 45.2 percent (from sugar cane) and the United States 44.5 percent (from corn). Global production of biodiesel (most of it in Europe), made from oilseeds, was almost one billion gallons.

The industry's growth has meant that a larger and larger share of corn production is being used to feed the huge mills that produce ethanol. According to some estimates, ethanol plants will burn up to half of U.S. domestic corn supplies within a few years. Ethanol demand will bring 2007 inventories of corn to their lowest levels since 1995 (a drought year), even though 2006 yielded the third-largest corn crop on record. Iowa may soon become a net corn importer.

The enormous volume of corn required by the ethanol industry is sending shock waves through the food system. (The United States accounts for some 40 percent of the world's total corn production and over half of all corn exports.) In March 2007, corn futures rose to over \$4.38 a bushel, the highest level in ten years. Wheat and rice prices have also surged to decade highs, because even as those grains are increasingly being used as substitutes for corn, farmers are planting more acres with corn and fewer acres with other crops.

This might sound like nirvana to corn producers, but it is hardly that for consumers, especially in poor developing countries, who will be hit with a double shock if both food prices and oil prices stay high. The World Bank has estimated that in 2001, 2.7 billion people in the world were living on the equivalent of less than \$2 a day; to them, even marginal increases in the cost of staple

grains could be devastating. Filling the 25-gallon tank of an SUV with pure ethanol requires over 450 pounds of corn--which contains enough calories to feed one person for a year. By putting pressure on global supplies of edible crops, the surge in ethanol production will translate into higher prices for both processed and staple foods around the world. Biofuels have tied oil and food prices together in ways that could profoundly upset the relationships between food producers, consumers, and nations in the years ahead, with potentially devastating implications for both global poverty and food security.

The Oil and Biofuel Economy

In the United States and other large economies, the ethanol industry is artificially buoyed by government subsidies, minimum production levels, and tax credits. High oil prices over the past few years have made ethanol naturally competitive, but the U.S. government continues to heavily subsidize corn farmers and ethanol producers. Direct corn subsidies equaled \$8.9 billion in 2005. Although these payments will fall in 2006 and 2007 because of high corn prices, they may soon be dwarfed by the panoply of tax credits, grants, and government loans included in energy legislation passed in 2005 and in a pending farm bill designed to support ethanol producers. The federal government already grants ethanol blenders a tax allowance of 51 cents per gallon of ethanol they make, and many states pay out additional subsidies.

Consumption of ethanol in the United States was expected to reach over 6 billion gallons in 2006. (Consumption of biodiesel was expected to be about 250 million gallons.) In 2005, the U.S. government mandated the use of 7.5 billion gallons of biofuels per year by 2012; in early 2007, 37 governors proposed raising that figure to 12 billion gallons by 2010; and last January, President Bush raised it further, to 35 billion gallons by 2017. Six billion gallons of ethanol are needed every year to replace the fuel additive known as MTBE, which is being phased out due to its polluting effects on ground water.

The European Commission is using legislative measures and directives to promote biodiesel, produced mainly in Europe, made from rapeseeds and sunflower seeds. In 2005, the European Union produced 890 million gallons of biodiesel, over 80 percent of the world's total. The EU's Common Agricultural Policy also promotes the production of ethanol from a combination of sugar beets and wheat with direct and indirect subsidies. Brussels aims to have 5.75 percent of motor fuel consumed in the European Union come from biofuels by 2010 and 10 percent by 2020.

Brazil, which currently produces approximately the same amount of ethanol as the United States, derives almost all of it from sugar cane. Like the United States, Brazil began its quest for alternative energy in the mid-1970s. The government has offered incentives, set technical standards, and invested in supporting technologies and market promotion. It has mandated that all diesel contain two percent biodiesel by 2008 and five percent biodiesel by 2013. It has also required that the auto industry produce engines that can use biofuels and has developed wide-

ranging industrial and land-use strategies to promote them. Other countries are also jumping on the biofuel bandwagon. In Southeast Asia, vast areas of tropical forest are being cleared and burned to plant oil palms destined for conversion to biodiesel.

This trend has strong momentum. Despite a recent decline, many experts expect the price of crude oil to remain high in the long term. Demand for petroleum continues to increase faster than supplies, and new sources of oil are often expensive to exploit or located in politically risky areas. According to the U.S. Energy Information Administration's latest projections, global energy consumption will rise by 71 percent between 2003 and 2030, with demand from developing countries, notably China and India, surpassing that from members of the Organization for Economic Cooperation and Development by 2015. The result will be sustained upward pressure on oil prices, which will allow ethanol and biodiesel producers to pay much higher premiums for corn and oilseeds than was conceivable just a few years ago. The higher oil prices go, the higher ethanol prices can go while remaining competitive--and the more ethanol producers can pay for corn. If oil reaches \$80 per barrel, ethanol producers could afford to pay well over \$5 per bushel for corn.

With the price of raw materials at such highs, the biofuel craze would place significant stress on other parts of the agricultural sector. In fact, it already does. In the United States, the growth of the biofuel industry has triggered increases not only in the prices of corn, oilseeds, and other grains but also in the prices of seemingly unrelated crops and products. The use of land to grow corn to feed the ethanol maw is reducing the acreage devoted to other crops. Food processors who use crops such as peas and sweet corn have been forced to pay higher prices to keep their supplies secure--costs that will eventually be passed on to consumers. Rising feed prices are also hitting the livestock and poultry industries. According to Vernon Eidman, a professor emeritus of agribusiness management at the University of Minnesota, higher feed costs have caused returns to fall sharply, especially in the poultry and swine sectors. If returns continue to drop, production will decline, and the prices for chicken, turkey, pork, milk, and eggs will rise. A number of Iowa's pork producers could go out of business in the next few years as they are forced to compete with ethanol plants for corn supplies.

Proponents of corn-based ethanol argue that acreage and yields can be increased to satisfy the rising demand for ethanol. But U.S. corn yields have been rising by a little less than two percent annually over the last ten years, and even a doubling of those gains could not meet current demand. As more acres are planted with corn, land will have to be pulled from other crops or environmentally fragile areas, such as those protected by the Department of Agriculture's Conservation Reserve Program.

In addition to these fundamental forces, speculative pressures have created what might be called a "biofuel mania": prices are rising because many buyers think they will. Hedge funds are making huge bets on corn and the bull market unleashed by ethanol. The biofuel mania is commandeering grain stocks with a disregard for the obvious consequences. It seems to unite

powerful forces, including motorists' enthusiasm for large, fuel-inefficient vehicles and guilt over the ecological consequences of petroleum-based fuels. But even as ethanol has created opportunities for huge profits for agribusiness, speculators, and some farmers, it has upset the traditional flows of commodities and the patterns of trade and consumption both inside and outside of the agricultural sector.

This craze will create a different problem if oil prices decline because of, say, a slowdown in the global economy. With oil at \$30 a barrel, producing ethanol would no longer be profitable unless corn sold for less than \$2 a bushel, and that would spell a return to the bad old days of low prices for U.S. farmers. Undercapitalized ethanol plants would be at risk, and farmer-owned cooperatives would be especially vulnerable. Calls for subsidies, mandates, and tax breaks would become even more shrill than they are now: there would be clamoring for a massive bailout of an overinvested industry. At that point, the major investments that have been made in biofuels would start to look like a failed gamble. On the other hand, if oil prices hover around \$55-\$60, ethanol producers could pay from \$3.65 to \$4.54 for a bushel of corn and manage to make a normal 12 percent profit.

Whatever happens in the oil market, the drive for energy independence, which has been the basic justification for huge investments in and subsidies for ethanol production, has already made the industry dependent on high oil prices.

Cornucopia

One root of the problem is that the biofuel industry has long been dominated not by market forces but by politics and the interests of a few large companies. Corn has become the prime raw material even though biofuels could be made efficiently from a variety of other sources, such as grasses and wood chips, if the government funded the necessary research and development. But in the United States, at least, corn and soybeans have been used as primary inputs for many years thanks in large part to the lobbying efforts of corn and soybean growers and Archer Daniels Midland Company (ADM), the biggest ethanol producer in the U.S. market.

Since the late 1960s, ADM positioned itself as the "supermarket to the world" and aimed to create value from bulk commodities by transforming them into processed products that command heftier prices. In the 1970s, ADM started making ethanol and other products resulting from the wet-milling of corn, such as high fructose corn syrup. It quickly grew from a minor player in the feed market to a global powerhouse. By 1980, ADM's ethanol production had reached 175 million gallons per year, and high fructose corn syrup had become a ubiquitous sweetening agent in processed foods. In 2006, ADM was the largest producer of ethanol in the United States: it made more than 1.07 billion gallons, over four times more than its nearest rival, VeraSun Energy. In early 2006, it announced plans to increase its capital investment in ethanol from \$700 million to \$1.2 billion in 2008 and increase production by 47 percent, or close to 500 million gallons, by 2009.

ADM owes much of its growth to political connections, especially to key legislators who can earmark special subsidies for its products. Vice President Hubert Humphrey advanced many such measures when he served as a senator from Minnesota. Senator Bob Dole (R-Kans.) advocated tirelessly for the company during his long career. As the conservative critic James Bovard noted over a decade ago, nearly half of ADM's profits have come from products that the U.S. government has either subsidized or protected.

Partly as a result of such government support, ethanol (and to a lesser extent biodiesel) is now a major fixture of the United States' agricultural and energy sectors. In addition to the federal government's 51-cents-per-gallon tax credit for ethanol, smaller producers get a 10-cents-per-gallon tax reduction on the first 15 million gallons they produce. There is also the "renewable fuel standard," a mandatory level of nonfossil fuel to be used in motor vehicles, which has set off a political bidding war. Despite already high government subsidies, Congress is considering lavishing more money on biofuels. Legislation related to the 2007 farm bill introduced by Representative Ron Kind (D-Wis.) calls for raising loan guarantees for ethanol producers from \$200 million to \$2 billion. Advocates of corn-based ethanol have rationalized subsidies by pointing out that greater ethanol demand pushes up corn prices and brings down subsidies to corn growers.

The ethanol industry has also become a theater of protectionism in U.S. trade policy. Unlike oil imports, which come into the country duty-free, most ethanol currently imported into the United States carries a 54-cents-per-gallon tariff, partly because cheaper ethanol from countries such as Brazil threatens U.S. producers. (Brazilian sugar cane can be converted to ethanol more efficiently than can U.S. corn.) The Caribbean Basin Initiative could undermine this protection: Brazilian ethanol can already be shipped duty-free to CBI countries, such as Costa Rica, El Salvador, or Jamaica, and the agreement allows it to go duty-free from there to the United States. But ethanol supporters in Congress are pushing for additional legislation to limit those imports. Such government measures shield the industry from competition despite the damaging repercussions for consumers.

Starving the Hungry

Biofuels may have even more devastating effects in the rest of the world, especially on the prices of basic foods. If oil prices remain high--which is likely--the people most vulnerable to the price hikes brought on by the biofuel boom will be those in countries that both suffer food deficits and import petroleum. The risk extends to a large part of the developing world: in 2005, according to the UN Food and Agriculture Organization, most of the 82 low-income countries with food deficits were also net oil importers.

Even major oil exporters that use their petrodollars to purchase food imports, such as Mexico, cannot escape the consequences of the hikes in food prices. In late 2006, the price of tortilla flour in Mexico, which gets 80 percent of its corn imports from the United States, doubled thanks

partly to a rise in U.S. corn prices from \$2.80 to \$4.20 a bushel over the previous several months. (Prices rose even though tortillas are made mainly from Mexican-grown white corn because industrial users of the imported yellow corn, which is used for animal feed and processed foods, started buying the cheaper white variety.) The price surge was exacerbated by speculation and hoarding. With about half of Mexico's 107 million people living in poverty and relying on tortillas as a main source of calories, the public outcry was fierce. In January 2007, Mexico's new president, Felipe Calderón, was forced to cap the prices of corn products.

The International Food Policy Research Institute, in Washington, D.C., has produced sobering estimates of the potential global impact of the rising demand for biofuels. Mark Rosegrant, an IFPRI division director, and his colleagues project that given continued high oil prices, the rapid increase in global biofuel production will push global corn prices up by 20 percent by 2010 and 41 percent by 2020. The prices of oilseeds, including soybeans, rapeseeds, and sunflower seeds, are projected to rise by 26 percent by 2010 and 76 percent by 2020, and wheat prices by 11 percent by 2010 and 30 percent by 2020. In the poorest parts of sub-Saharan Africa, Asia, and Latin America, where cassava is a staple, its price is expected to increase by 33 percent by 2010 and 135 percent by 2020. The projected price increases may be mitigated if crop yields increase substantially or ethanol production based on other raw materials (such as trees and grasses) becomes commercially viable. But unless biofuel policies change significantly, neither development is likely.

The production of cassava-based ethanol may pose an especially grave threat to the food security of the world's poor. Cassava, a tropical potato-like tuber also known as manioc, provides one-third of the caloric needs of the population in sub-Saharan Africa and is the primary staple for over 200 million of Africa's poorest people. In many tropical countries, it is the food people turn to when they cannot afford anything else. It also serves as an important reserve when other crops fail because it can grow in poor soils and dry conditions and can be left in the ground to be harvested as needed.

Thanks to its high-starch content, cassava is also an excellent source of ethanol. As the technology for converting it to fuel improves, many countries--including China, Nigeria, and Thailand--are considering using more of the crop to that end. If peasant farmers in developing countries could become suppliers for the emerging industry, they would benefit from the increased income. But the history of industrial demand for agricultural crops in these countries suggests that large producers will be the main beneficiaries. The likely result of a boom in cassava-based ethanol production is that an increasing number of poor people will struggle even more to feed themselves.

Participants in the 1996 World Food Summit set out to cut the number of chronically hungry people in the world--people who do not eat enough calories regularly to be healthy and active--from 823 million in 1990 to about 400 million by 2015. The Millennium Development Goals established by the United Nations in 2000 vowed to halve the proportion of the world's

chronically underfed population from 16 percent in 1990 to eight percent in 2015. Realistically, however, resorting to biofuels is likely to exacerbate world hunger. Several studies by economists at the World Bank and elsewhere suggest that caloric consumption among the world's poor declines by about half of one percent whenever the average prices of all major food staples increase by one percent. When one staple becomes more expensive, people try to replace it with a cheaper one, but if the prices of nearly all staples go up, they are left with no alternative.

In a study of global food security we conducted in 2003, we projected that given the rates of economic and population growth, the number of hungry people throughout the world would decline by 23 percent, to about 625 million, by 2025, so long as agricultural productivity improved enough to keep the relative price of food constant. But if, all other things being equal, the prices of staple foods increased because of demand for biofuels, as the IFPRI projections suggest they will, the number of food-insecure people in the world would rise by over 16 million for every percentage increase in the real prices of staple foods. That means that 1.2 billion people could be chronically hungry by 2025--600 million more than previously predicted.

The world's poorest people already spend 50 to 80 percent of their total household income on food. For the many among them who are landless laborers or rural subsistence farmers, large increases in the prices of staple foods will mean malnutrition and hunger. Some of them will tumble over the edge of subsistence into outright starvation, and many more will die from a multitude of hunger-related diseases.

The Grass Is Greener

And For What? Limited environmental benefits at best. Although it is important to think of ways to develop renewable energy, one should also carefully examine the eager claims that biofuels are "green." Ethanol and biodiesel are often viewed as environmentally friendly because they are plant-based rather than petroleum-based. In fact, even if the entire corn crop in the United States were used to make ethanol, that fuel would replace only 12 percent of current U.S. gasoline use. Thinking of ethanol as a green alternative to fossil fuels reinforces the chimera of energy independence and of decoupling the interests of the United States from an increasingly troubled Middle East.

Should corn and soybeans be used as fuel crops at all? Soybeans and especially corn are row crops that contribute to soil erosion and water pollution and require large amounts of fertilizer, pesticides, and fuel to grow, harvest, and dry. They are the major cause of nitrogen runoff--the harmful leakage of nitrogen from fields when it rains-- of the type that has created the so-called dead zone in the Gulf of Mexico, an ocean area the size of New Jersey that has so little oxygen it can barely support life. In the United States, corn and soybeans are typically planted in rotation, because soybeans add nitrogen to the soil, which corn needs to grow. But as corn increasingly displaces soybeans as a main source of ethanol, it will be cropped continuously, which will require major increases in nitrogen fertilizer and aggravate the nitrogen runoff problem.

Nor is corn-based ethanol very fuel efficient. Debates over the "net energy balance" of biofuels and gasoline--the ratio between the energy they produce and the energy needed to produce them--have raged for decades. For now, corn-based ethanol appears to be favored over gasoline, and biodiesel over petroleum diesel--but not by much. Scientists at the Argonne National Laboratory and the National Renewable Energy Laboratory have calculated that the net energy ratio of gasoline is 0.81, a result that implies an input larger than the output. Corn-based ethanol has a ratio that ranges between 1.25 and 1.35, which is better than breaking even. Petroleum diesel has an energy ratio of 0.83, compared with that of biodiesel made from soybean oil, which ranges from 1.93 to 3.21. (Biodiesel produced from other fats and oils, such as restaurant grease, may be more energy efficient.)

Similar results emerge when biofuels are compared with gasoline using other indices of environmental impact, such as greenhouse gas emissions. The full cycle of the production and use of corn-based ethanol releases less greenhouse gases than does that of gasoline, but only by 12 to 26 percent. The production and use of biodiesel emits 41 to 78 percent less such gases than do the production and use of petroleum-based diesel fuels.

Another point of comparison is greenhouse gas emissions per mile driven, which takes account of relative fuel efficiency. Using gasoline blends with 10 percent corn-based ethanol instead of pure gasoline lowers emissions by 2 percent. If the blend is 85 percent ethanol (which only flexible-fuel vehicles can run on), greenhouse gas emissions fall further: by 23 percent if the ethanol is corn-based and by 64 percent if it is cellulose-based. Likewise, diesel containing 2 percent biodiesel emits 1.6 percent less greenhouse gases than does petroleum diesel, whereas blends with 20 percent biodiesel emit 16 percent less, and pure biodiesel (also for use only in special vehicles) emits 78 percent less. On the other hand, biodiesel can increase emissions of nitrogen oxide, which contributes to air pollution. In short, the "green" virtues of ethanol and biodiesel are modest when these fuels are made from corn and soybeans, which are energy-intensive, highly polluting row crops.

The benefits of biofuels are greater when plants other than corn or oils from sources other than soybeans are used. Ethanol made entirely from cellulose (which is found in trees, grasses, and other plants) has an energy ratio between 5 and 6 and emits 82 to 85 percent less greenhouse gases than does gasoline. As corn grows scarcer and more expensive, many are betting that the ethanol industry will increasingly turn to grasses, trees, and residues from field crops, such as wheat and rice straw and cornstalks. Grasses and trees can be grown on land poorly suited to food crops or in climates hostile to corn and soybeans. Recent breakthroughs in enzyme and gasification technologies have made it easier to break down cellulose in woody plants and straw. Field experiments suggest that grassland perennials could become a promising source of biofuel in the future.

For now, however, the costs of harvesting, transporting, and converting such plant matters are high, which means that cellulose-based ethanol is not yet commercially viable when compared

with the economies of scale of current corn-based production. One ethanol-plant manager in the Midwest has calculated that fueling an ethanol plant with switchgrass, a much-discussed alternative, would require delivering a semitrailer truckload of the grass every six minutes, 24 hours a day. The logistical difficulties and the costs of converting cellulose into fuel, combined with the subsidies and politics currently favoring the use of corn and soybeans, make it unrealistic to expect cellulose-based ethanol to become a solution within the next decade. Until it is, relying more on sugar cane to produce ethanol in tropical countries would be more efficient than using corn and would not involve using a staple food.

The future can be brighter if the right steps are taken now. Limiting U.S. dependence on fossil fuels requires a comprehensive energy-conservation program. Rather than promoting more mandates, tax breaks, and subsidies for biofuels, the U.S. government should make a major commitment to substantially increasing energy efficiency in vehicles, homes, and factories; promoting alternative sources of energy, such as solar and wind power; and investing in research to improve agricultural productivity and raise the efficiency of fuels derived from cellulose. Washington's fixation on corn-based ethanol has distorted the national agenda and diverted its attention from developing a broad and balanced strategy. In March, the U.S. Energy Department announced that it would invest up to \$385 million in six biorefineries designed to convert cellulose into ethanol. That is a promising step in the right direction.

~~~~~

By C. Ford Runge and Benjamin Senauer

### **Article Summary**

Actually this article is written by two professors of economics and law from two different universities. As far as the article is concerned it revolves the biofuel ethanol production actually. It is hoped that due to the increasing oil prices of oil in the world the production methods of oil are going to change. Ethanol is an environment friendly biofuels and its production is cheaper due to its production by the corn but it is considered that due to the usage of corn to produce biofuels, its availability will not be easily and the poor countries and developing nations will suffer. So the European Union has solved its solution as it started to generate oil with sunflower seeds or rapeseeds rather corn so that it could be controlled.

## **Argentina**

### *New Headlines*

#### **Political Issue**

#### **Economic Issue**

- Argentina's Falling Credit Risk to Boost Stocks, Santander Says

#### **Social/Humanitarian Issue**

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

#### **Geostrategic Issues**

## **Brazil**

#### **Political Issue**

- Brazil's Lula calls U.N. Iran sanctions a mistake
- Lula hopes growth momentum unhindered by presidential election process
- Central Bank president says Brazil ready to face European crisis
- Serra accepts Brazil candidacy, hits Lula on ethics
- Brazil's Rousseff Nominated for President, Vows to Cut Taxes

#### **Economic Issue**

- Brazil cannot sustain Chinese-like growth

#### **Social/Humanitarian Issue**

- Brazil Approves Higher-Than-Planned Pension Increase (Update1)

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

#### **Geostrategic Issues**

- Clinton Says Opponents of Penalties Can Still Aid Diplomacy
- Brazil Defies UN and Will Export Ethanol to Iran

- Brazil, Peru likely to sign energy deal

## **Chile**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

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

- The state of lithium

### **Geostrategic Issues**

## **Mexico**

### **Political Issue**

- Mexico wants \$20 mn from BP to monitor oil spill

### **Economic Issue**

### **Social/Humanitarian Issue**

- Gunmen kill 15 Mexican officers in two attacks
- Mexico announces limits on U.S. dollar transactions in banks
- Mexican president sees PR problem

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

### **Geostrategic Issues**

- Calderon calls the United States 'the biggest drug addict in the world'

## **Venezuela**

### **Political Issue**

- Chavez backs Iran
- Venezuela has World's Second Biggest Oil Reserves
- Chavez: no political motive in latest bank seizure
- The IACHR held hearing at the US Congress

- Chávez: No country is more democratic than Venezuela

### **Economic Issue**

- Pdvs's profits down 35 percent in 2009

### **Social/Humanitarian Issue**

- Chavez preaches against drinking in Venezuela, calls for crackdown on boozing in public

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

### **Geostrategic Issues**

- Clinton to Colombia: We will stand with you

## **Report Summary/Argentina**

### **Political Issue**

### **Economic Issue**

According to an analysis the economy of Argentina will grow 5.2 percent in the end of this year rather 4.1 percent as it was predicted before. The economy of Argentina was declining continuously but now according to some reports it is hoped that it will grow in this year and may get a bit decline in the elections of 2011.

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

## **Report Summary/Brazil**

### **Political Issue**

The president of Brazil said United Nations Security Council has lost an historic opportunity to negotiate Iran over nuclear technology issue. The president said Iran was fully agree to negotiate as Brazil and Turkey did efforts to make it agree for negotiations but some countries did not want it. He also said sanctions are not the solutions for such matter and Brazil's

stance regarding sanctions were different from US but it will not affect trade between both countries.

PSDB party candidate Mr. Serra has formally accepted the candidacy for the upcoming elections of the president in Brazil. He was telling in a speech that he believes in human rights and oppose the dictators' government severely. He also made an observation on Brazil's diplomatic relations with some autocratic governments lie Cuba and Honduras.

Ms. Rousseff has been nominated as the presidential candidate formally last day from the Workers' Party (PT). She is focusing on tax cuts and to increase tax payers in the country. She said her plan in the government will be to continue Lula's policies that are very successful. The position in both PT and PSDB candidates is almost equal in the polls.

### **Economic Issue**

Brazilian president said the upcoming elections of Brazil will not affect the country's economy but it will boost as he is doing efforts to grow the economy more than before. His statement came because the previous elections of 2002 in Brazil affected the economy negatively and its consequences existed long time. The presidential elections in Brazil are going to take place in October and the two major candidates are running neck to neck in the competition.

It is said though Brazil is an emerging economy but it is far behind China due to lack of infrastructure and less foreign investment. China invests 14 percent of its GDP on infrastructure while Brazil invests just 2 percent. The economists believe that there are more chances of growth of economy in between 6 to 8 percent in this year which is due to mature policies of the recent government.

Brazilian Central Bank's president said that Brazil is ready to face economic crisis in Europe due to its stable economy and large foreign reserves. He said the emerging economy of the country and improved economic institutions are the proof that country can face the European crisis.

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

In the meantime, the Secretary of States Hillary Rodham Clinton visited Colombia to get favor from some South American countries against Iran's nuclear program. She said Brazil and Turkey should support majority of international community against Iran's nuclear program and these countries will be useful to convince Iran to wind up its nuclear program. She also talked to the president of Lebanon to get his favor but he said his vote will be abstained.

President Lula de Silva has said Brazil will not stop trade of ethanol with Iran after even sanctions because he needs markets of its goods everywhere. But this debate has started in the

Congress of United States as the supporter of Israel said they are not gonna favor Brazil's ethanol import trade in the United States if Brazil start the trade of ethanol with Iran. It is said that it can also affect the trade of sugar and export from Brazil to US.

On the visit of Peruvian president to Brasilia the president of Brazil said both Brazil and Peru are going to sign an energy deal. According to that energy deal Peru will provide hydroelectric power to Brazil. President Lula is also increasing trade between Peru and Brazil and just before 4 months of the presidential elections he also has increased pensions as 7.7 percent.

## **Report Summary/Chile**

### **Political Issues**

### **Economic Issue**

### **Social/Humanitarian Issue**

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

It is said Chile has the world's largest reservoirs of lithium and exporting 50 percent of total world's lithium. So Chile's name comes first when we talk about lithium. US is the largest importer of Chile and Bolivia's lithium because lithium is used in batteries of cell phones and laptop and keep them long existing charged.

### **Geo-strategic Issues**

## **Report Summary/Mexico**

### **Political Issues**

Mexican drug related persons have killed 15 federal security officers in ambush in two different places. It is the largest attack on federal security officers since president Calderon took office. 12 officers among them were tortured brutally before killing of them. US government has warned its citizens to travel to Michoacan state of Mexico where this incident took place and it the home state of president Felipe Calderon.

Mexican government has launched a new policy regarding money transactions through banks and limitized the amount of transaction in dollars. It is due to the fear of money laundering in the United States which has been increased much and drug dealers are using the money in US to buy weapons and bringing in Mexico to fight against the security forces. In personal account one cannot do the transaction of more than \$4,000 which will obviously leave the impact on the economy but limitize the weapon import in Mexico by the drug cartels.

Mexican government has demanded \$20 million from the British Petroleum to monitor oil spills in the Gulf of Mexico and to prevent it coming at the Mexican shores if it had not come before. The environmental secretary said the funds will be utilized to train personnel and to equip environmental study centers.

## **Economic Issue**

## **Social/Humanitarian Issue**

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

## **Geo-strategic Issues**

President Felipe Calderon accused US government that it is not controlling its drug adductors who are demanding drugs from Mexico. He said US is the biggest market of drugs adductors in the world so the Mexican cartels are exporting drugs in the US and bringing assault weapons back to fight with the federal security forces of Mexico and also killing innocent people of the country.

## **Report Summary/Venezuela**

### **Political Issues**

Venezuela has become world's second largest oil reservoirs in the world as according to the latest BP league table in descending order, Saudi Arabia, Venezuela, Iran, Iraq, Kuwait and the UAE, all of which are OPEC members. But Russia also not far behind from these top five oil producer countries of the world as Russia was the largest producer of oil last year.

After nationalization and consolidation of some private banks of Venezuela president Chavez is criticized severely from a particular class in the country. Government says it consolidated the private banks for better and healthy financial systems and to secure peoples' money. Hugo Chavez has also denied that his government's takeover of a medium-sized private bank was politically motivated.

Inter-American Commission on Human Rights (IACHR) said that the situation of human rights has been worsen in Venezuela which will leave effects in the elections. It is said in report that as crackdown of opposition candidates and ban on opposite media has created an inhuman situation in the country which is inappropriate.

President Hugo Chavez said praised for his country and claimed that all reports are not valid because his country is a democratic country and no country is more democratic than Venezuela. Actually the president was telling this in an interview and defended his country's political system and highlighted that no country is more democratic than Venezuela, even though some sectors claim that he has established a dictatorship. On viewing on US foreign policy he said he did not see some significant changes after president Obama's win.

Venezuela's oil company Petroleos de Venezuela (Pdvsa) showed low performance in this as compared to the previous year because its growth and profit was quite lesser as compare to the previous year. In the last year Pdvsa gave the profit US \$2.8 billion while in this year it gave US \$1.8 billion which is 34 percent lesser than the previous year. As far as revenue is concerned it was decreased 42 percent as compare to the previous year. In the last year the president said the decline in the oil prices and production will not affect the social development but the social developments as building roads and development centers were nit build and the social developments funds were as 95 percent.

### **Economic Issue**

### **Social/Humanitarian Issue**

President Hugo Chavez asked his countrymen to not to drink alcohol as it is against the values of socialism and he said he is transforming Venezuela a pure socialist country. Alcohol in the slums of Venezuela has become very common and trucks are coming there to sale the alcohol so this is why the president has made such statement. He ordered his forces to stop selling alcohol and the government is gonna impose more taxes on alcohol and cigarettes in the country.

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

### **Geostrategic Issues**

The secretary of state Hillary Clinton made a state visit to Colombia and told that US will support Colombia if the tensions increased between Colombia with its neighboring country Venezuela. Meanwhile president Chavez spoke against the sanctions of UNSC on Iran and talked in favor of Iranian president and Islamic Republic of Iran.

## **Detailed Report/Argentina**

### **Argentina's Falling Credit Risk to Boost Stocks, Santander Says**

June 11 (Bloomberg) -- Argentina's stocks will get a boost from a likely decline in the nation's credit risk by year-end and the presidential elections in 2011, Banco Santander SA analysts Walter Chiarvesio and Eugenia Fernandez Pouchan said.

"Even without making an aggressive call on earnings growth, the fundamentals are strong enough to offset potential political risks," the analysts said in a note today. The economy will grow 5.2 percent this year, compared with a previous 4.1 percent forecast, while "country risk spread should decline toward year end," they said.

Santander's top five stock picks in Argentina include Siderar SAIC, the nation's largest steel producer, Telecom Argentina SA, the second-biggest telephone company, and IRSA Inversiones y Representaciones SA, the largest real-estate company. Banco Macro SA, Argentina's biggest bank by market value, and Pampa Energia SA, an electricity holding company, were also recommended by Santander.

Argentina is seeking to restructure \$18.3 billion worth of defaulted bonds held out of a 2005 settlement. The debt swap offer closes June 22.

A successful restructuring will help Argentina regain access to international credit markets for the first time since its record 2001 default on \$95 billion in bonds. It will also lower borrowing costs for provinces and companies that seek to sell debt.

The Merval index has fallen 2.5 percent this year.

## **Detailed Report/Brazil**

### **Brazil's Lula calls U.N. Iran sanctions a mistake**

Brasilia (Reuters) - Brazil's president said the U.N. Security Council had lost a "historic opportunity" to negotiate with Iran on its nuclear program by imposing new sanctions on Wednesday.

Brazil and Turkey, angry at the West's dismissal of an atomic fuel deal with Iran that they say made new sanctions unnecessary, voted against the fourth round of sanctions imposed by the 15-nation council against Iran.

Brazil's government said it was unsure whether the South American country and Turkey would remain involved in talks with Iran to seek a solution to the nuclear standoff.

"Sadly, this time it was Iran who wanted to negotiate and those who didn't want to negotiate were those who think that force resolves everything," President Luiz Inacio Lula da Silva said in televised comments.

"I think that taking this decision was a mistake."

Lula called the U.N. resolution a false victory that underscored Brazil's longstanding calls to reform the council.

"I think the Security Council threw out a historic opportunity to negotiate calmly on Iran's nuclear program," he said.

Foreign Minister Celso Amorim told reporters in the capital Brasilia he saw no reason why the fresh round of sanctions would have any impact on the nuclear dispute.

"It's more likely that it will have a negative effect," he said.

He said he was unsure whether Brazil and Turkey would remain involved in negotiations with Iran, but said he expected Brazil's relations with the United States to remain strong despite the disagreement over the Iran issue.

The West suspects Iran's nuclear program is aimed at developing the means to build nuclear bombs, but Brazil has argued that sanctions are counterproductive and has tried to use its growing diplomatic weight to mediate in the standoff.

Brazil and Turkey helped broker an agreement announced in May under which Tehran agreed to send uranium abroad, reviving a fuel swap plan drafted by the United Nations with the aim of keeping Iran's nuclear activities in check.

### **Clinton Says Opponents of Penalties Can Still Aid Diplomacy**

Bogotá, Colombia — Reaching out to the two countries that voted against new sanctions on Iran, Secretary of State Hillary Rodham Clinton said Wednesday that she thought Brazil and Turkey would continue to play an important role in diplomatic efforts with the Iranian government.

“We disagreed with their vote,” Mrs. Clinton said to reporters in Colombia, where she was on a four-day swing through Latin America. “But I can understand from a diplomatic perspective why they might be able to make a convincing case for how they voted today.”

Brazil and Turkey, she said, wanted to keep “the door open between themselves and Iran,” having tried to strike a deal with Tehran on enriching its stockpile of uranium. The United States and its allies brushed aside that proposal, saying it did not address the broader Iranian nuclear threat.

Mrs. Clinton defended the sanctions resolution, saying that it had been approved by an “overwhelming majority” in the United Nations Security Council, and that it vindicated the Obama administration’s strategy of trying to engage Tehran diplomatically while also gradually building support for pressure.

“When we started this effort, there was no appetite in the international community for further pressure in the form of sanctions,” Mrs. Clinton said, laying out how the United States used the disclosure of a secret Iranian enrichment facility outside the city of Qum as a way to win over a skeptical China and Russia.

Iran’s announcement that it would begin enriching uranium to 20 percent purity, Mrs. Clinton said, further broke down the resistance of the skeptics.

“We have tools now that are sanctioned by the international community that we will be using,” she said of the sanctions. “We can, we believe, slow down and certainly interfere with, and make much more difficult their continuing nuclear program.”

The final push toward an Iran vote has shadowed Mrs. Clinton at every stop of her tour of Peru, Ecuador and Colombia.

On Wednesday morning, shortly before the Security Council began voting, she telephoned Lebanon’s president, Michel Suleiman, to try to persuade his country, which holds a rotating seat on the Security Council, not to vote against the resolution. Lebanon ended up abstaining.

In Lima on Monday, she huddled with China’s ambassador to the United States, Zhang Yesui, to get Beijing to sign off on adding another Iranian company to the list of those to be sanctioned. Mrs. Clinton and Mr. Zhang were in Peru to attend a meeting of the Organization of American States.

The Obama administration plans to appoint Robert J. Einhorn, a special adviser on nonproliferation issues, to head a group overseeing the implementation of the sanctions, Mrs. Clinton said. Congress is expected to pass a much tougher package of unilateral American sanctions on Iran.

Nuclear negotiations with Iran are currently handled by the five permanent members of the Security Council — the United States, Britain, France, Russia and China — along with Germany. But Mrs. Clinton left open the door to broadening that group to include other countries, perhaps Brazil and Turkey.

“We’re open to effective diplomacy,” she said. Speaking of Iran, she added, “We do want them back at the negotiating table.”

Mrs. Clinton said the United States expected Brazil and Turkey to “abide by the resolutions, as all other member states of the United Nations will be expected to, and we have every reason to believe they will.”

She also said she believed that the resolution could further stimulate debate within the Iranian leadership about whether to take even more aggressive steps toward developing a nuclear-weapons technology. There is a “diversity of opinion” within those circles over that question, she said.

Even as she promoted ties with Latin America, Mrs. Clinton was doing last-minute Iran lobbying. On Monday, she met briefly with Brazil's deputy foreign minister, Antônio de Aguiar Patriota, but failed to make any headway on pushing Brazil to abstain.

Her efforts with the Lebanese president, Mr. Suleiman, appear to have been more successful. Mrs. Clinton played up the importance of the United Nations, pointing out that one of its founders was Lebanese.

And she argued that while a "vocal minority" of people in the Arab world supported the Iranian government and its nuclear ambitions, most Arabs did not. Lebanon, as the only Arab country now on the Security Council, should speak for that majority, she told Mr. Suleiman.

"Our goal is not to punish Iran; our goal is not to sanction Iran; our goal is to end any doubts or questions about the purpose of Iran's nuclear program, and to prevent Iran from obtaining nuclear weapons," she said. "That is a goal that is widely embraced in the international community."

### **Lula hopes growth momentum unhindered by presidential election process**

Brazilian President Luiz Inacio Lula da Silva Wednesday expressed the hope that the country's momentum of economic growth would not be affected by the process of presidential elections to be held in October.

The presidential election in 2002 brought instability to Brazil's economy, causing high capital outflows and a devaluation of Brazil's currency.

During a tour of Brazil's northeastern region, Lula said he would endeavor to boost economic development.

"Do not allow the electoral process to spoil what is happening in Brazil. For my part, we will maintain economic stability," he said, stressing that Brazil is experiencing an unprecedented "exceptional period."

According to latest opinion polls, the two leading candidates ran neck-and-neck with both having 37 percent of support, with voters roughly equally divided into those who opt for former minister Dilma Rousseff of the Workers' Party and those who back former Sao Paulo governor Jose Serra.

### **Central Bank president says Brazil ready to face European crisis**

Brazil's Central Bank President Henrique Meirelles said on Thursday that the country is ready to face the European crisis.

Meirelles qualified the turmoil in Europe as serious, but assured that Brazil is in a good position to handle it, due to its large foreign exchange reserves and its stable economy.

According to him, the Brazilian economy's performance in the past months is proof that the country can overcome a crisis.

"The crises have their cost, but to Brazil the results have some very favorable aspects," he said, stressing that, due to the turmoil in Europe and the U.S., Brazil's participation in the global decisions increased.

Meirelles added that Brazil managed to learn from past crises.

"We have sought consistent policies and improved the institutions," he said.

Additionally, the Central Bank president commented on the upcoming G20 meeting, which is to take place in Toronto, Canada. According to him, the meeting will discuss matters related to the international financial crisis, such as market regulations.

Meirelles believes that Brazil's goal in the G20 is to promote international cooperation and to give voice to the emerging countries, ensuring that their opinions are heard and their interests are represented.

### **Serra accepts Brazil candidacy, hits Lula on ethics**

Salvador, Brazil, June 12 (Reuters) - Jose Serra formally became the presidential candidate of Brazil's main opposition party on Saturday, saying he would run a more ethical government at home and abroad than President Luiz Inacio Lula da Silva.

Serra, an economist with a long track record in government, was anointed as candidate at a convention of his centrist PSDB party in the northeastern city of Salvador, four months ahead of October's presidential election.

"I believe in human rights, inside Brazil and outside," Serra said in a speech. "It is not good to continually eulogize dictators in all corners of the planet."

Lula, who basks in sky-high popularity ratings in Brazil, has maintained close diplomatic ties with countries criticized for human rights abuses, including Cuba and Iran.

Serra also criticized the governing coalition over several corruption scandals that have erupted since Lula, a former metal worker, began his first term in 2003. Lula is barred by the constitution from running for a third straight term.

Serra must develop a strategy to overcome Lula's disciple, Dilma Rousseff, who can count on the president's popularity and a rebounding economy.

Those advantages make Rousseff, of the center-left Workers' Party, the favorite for most pundits. But Serra's broad executive experience and national profile make him a formidable rival for Rousseff, who is untested in elections.

The Workers' Party holds a convention on Sunday at which it will confirm Rousseff's candidacy.

Rousseff has been gaining ground on Serra in recent opinion polls, thanks to the improving economy and her growing national profile, and was level with him at 37 percent support in the most recent national poll released this month.

#### No Running Mate For Serra Yet

Serra is favored by some investors for his perceived fiscal discipline and reputation as a competent administrator, even though neither he nor Rousseff are seen as straying much from Lula's largely market-friendly economic policies.

Opposition leaders say they plan to play up Serra's experience and try to prevent Rousseff from making the election a plebiscite on Lula's eight years in power, which have seen Brazil's economy power ahead and millions of people lifted out of poverty.

The governing coalition's PMDB party also held its pre-election convention on Saturday at which it confirmed its election alliance with the Workers' Party and was expected to confirm its leader, Michel Temer, as Rousseff's running mate. Temer is a veteran federal deputy from Sao Paulo state.

The leader of the centrist PMDB in the lower house of Congress, Henrique Eduardo Alves, told Reuters on Saturday the party would have a strong role in a Rousseff government and had already presented policies to her that would "neutralize" some elements of the Workers' Party platform.

"We will have a coalition in the campaign, in the electoral program and in the future government, so we have everything to be a government that is representative of Brazilian society," he said.

Serra has yet to pick his vice-presidential candidate, which some analysts say is evidence that his campaign has been slow to prepare for the race.

#### **Brazil cannot sustain Chinese-like growth**

Brazil may be growing at Chinese rates but it is no China. President Luiz Inacio Lula da Silva praised this week's gross domestic product data, calling it well-deserved "exuberant growth," but some say such rampant expansion could be a curse, not a blessing. Sound economic policies have made Brazil a magnet for investment but now Latin America's largest economy is facing a collision with old problems: a chronic lack of infrastructure and human capital. Brazil lacks the infrastructure and factory capacity to cope with these growth levels without fueling inflation, analysts say.

It also cannot match the massive and highly qualified work force and the amount of investment in infrastructure and capital goods that has allowed China to sustain double-digit growth rates. "We have clear bottlenecks and our daily lives are evidence of this," Roberto Padovani, chief Brazil strategist at WestLB in Sao Paulo, said. "It is difficult to find workers, you don't have enough streets and highways, the airports are a mess."

Investment, a gauge of corporate and public capital spending and inventory build-up, is currently at 18 percent of GDP, less than half China's investment rate of around 40 percent, said Marcelo Carvalho, chief Brazil economist at Morgan Stanley in Sao Paulo. And China invests around 16 percent of its GDP in infrastructure in contrast to only about 2 percent in Brazil, he said. "If you don't invest enough you are not expanding the supply side of the economy fast enough to cope with this booming demand. So when demand is growing faster than supply it spills over into pressures on inflation," Carvalho said. Brazil's economy grew at its fastest pace in at least 14 years in the first quarter of 2010, up 9 percent on an annual basis. That was only moderately below China's 11.9 percent growth rate in the same period.

The growth data gave another confidence boost to a government facing a tight election race against opposition party PSDB in October. Lula spoke of a "golden age" for Brazil, and Central Bank President Henrique Meirelles said it proved the government's anti-crisis strategy was right on the money. But for others, Brazil's buoyant growth raises a red flag: inflation.

### Blessing Vs Curse

Economists say Brazil can only grow between 4 percent and 5 percent before growth starts fueling inflation and hurting the current account, the widest measure of a country's foreign exchange transactions. With the economy expected to expand between 6 percent and 8 percent this year, it is clearly growing above potential. In a sign that Brazil's resources are being stretched thin, unemployment dropped in April to its lowest rate for that month since 2002, when the government began tracking the data.

And the combination of strains in supply and red-hot demand resulted in growth of imports outstripping that of exports, widening the current account deficit. The use of installed factory capacity also reached pre-crisis levels in April as Brazilian manufacturers pushed equipment and personnel to produce more. "Current output is about 1.7 percent above potential, confirming that the output gap is now negative, and that means that inflationary pressures are mounting," Standard Chartered said in a note. Headline inflation slowed in May, but underlying price pressures remain strong.

Core inflation, which strips out the prices of food and other volatile goods, jumped to 0.59 percent from 0.45 percent in the previous month, and 12-month inflation at 5.22 percent remains well above 4.5 percent, the center of the government target. Inflation is also accelerating in the services sector, which makes up about two-thirds of Brazil's economy, according to Carvalho. Prices in the sector grew around 0.6 percent in May from a 0.5 percent rate in April and surged 6.78 percent year-on-year in May, he said.

The government has taken steps to curb pricing pressures, announcing additional cuts to the 2010 budget, while the central bank has increased interest rates by 150 basis points since April to 10.25 percent. Brazil's finance minister, Guido Mantega, expects those hikes, along with the

phase-out of government tax breaks and the euro zone debt crisis will help cool growth in coming quarters. But if underlying price pressures show anything it's that monetary authorities still have work to do. "Inflation numbers in services are a closer reflection of the domestic economy than overall inflation numbers are, and services are running above target," Carvalho added. "It means there are inflation pressures that have to be dealt with. It means that the central bank's monetary tightening job is not over yet." reuters

### **Brazil's Rousseff Nominated for President, Vows to Cut Taxes**

June 13 (Bloomberg) -- Dilma Rousseff, President Luiz Inacio Lula da Silva's former cabinet chief, received her party's nomination for president and vowed to cut tax rates while increasing the number of taxpayers.

"We will invest to computerize all our taxes and increase the number of taxpayers while reducing the tax rates," Rousseff, Lula's chosen heir, said today when confirmed as the presidential candidate of the Workers' Party, also known as PT.

Lower House President Michel Temer, 69, was selected yesterday by the Brazilian Democratic Movement Party, or PMDB, as its candidate for vice president to run with Rousseff. The parties of the two nominees work as allies in the government.

Rousseff, 62, pledged to end poverty and continue Lula's policies with "a woman's heart and soul."

"We can say we will eliminate poverty in Brazil in the next years because we already started doing it," Rousseff said. "We need to continue changing with more growth and social inclusion."

Rousseff will compete against Jose Serra, 68, who was confirmed yesterday as the candidate for the Brazilian Social Democracy Party, the country's biggest opposition group. The former governor of Sao Paulo, Brazil's wealthiest and most populous state, has the endorsement of the second-biggest opposition party, the Democrats, and of the Popular Socialist Party.

While Rousseff emphasizes continuity of Lula's policies, Serra will boost attacks on the government, Andre Cesar, partner at CAC Consultoria, a political risk consulting company, said.

#### **'Complicated Work'**

"Dilma will reinforce the continuity issue, more of the same and moving forward," Cesar said today in a telephone interview from Brasilia. "Serra needs to position himself, be the dissonant voice. He will try to detach Dilma from Lula's persona. It is hard, complicated work."

Serra's party, known as PSDB, hasn't yet picked a candidate for vice president. The choice will be the most important development in the presidential race in the following weeks, Cesar said. "Will it be someone from the Democrats or will it be an all-PSDB ticket?"

Rousseff and Serra are tied ahead of October's election, according to an Ibope poll published on June 5.

Each were supported by 37 percent of those surveyed, while 9 percent backed Marina Silva, the former environment minister, the Rio de Janeiro-based poll showed. Eight percent of the 2,002 voters polled were undecided. The poll has a margin of error of 2 percentage points.

Lula, 64, who is barred by the constitution from a third consecutive term, had crossed the country with Rousseff, in a bid to boost her candidacy, since she has never held elective office.

Serra's PSDB party held the presidency from 1995 through 2002 under Fernando Henrique Cardoso. Serra lost a presidential runoff in October 2002 with 39 percent of the vote to Lula's 61 percent.

### **Brazil Defies UN and Will Export Ethanol to Iran**

Although the businesses of the export sector of Brazil are trying to keep away from Iran because of sanctions imposed by the UN on Tehran's disputed nuclear program, the Brazilian government, in a clear rejection demonstration to the sanctions, said that it is going to export, yes, ethanol to the government of Tehran.

According to the Foreign Ministry (Ministry of Foreign Affairs of Brazil), the UN sanctions against Iran do not restrict ethanol exports to that Persian country. "We will export to anywhere we want, our priority is to open markets. UN sanctions do not prohibit the sale of ethanol, so we do not know why there would be trouble. Brazil will not sanction voluntarily," said an official with the Brazilian government.

However, the same source made it clear that in the decision to export ethanol to Iran, the Brazilian private sector is inclusively in charge, which has the unquestionable right to decide to whom to sell, thus assuming the risk of possible retaliation by the United States and other countries that have approved sanctions against Iran

According to Adhemar Altieri, director of communications for Única, a Brazilian organization that represents ethanol producers, Brazil's businessmen have no intention to export ethanol to Iran "There are no projects of short or long term to sell ethanol to Iran, and if it is for export, we will opt for priority markets, importing in larger volumes," he said.

In the tone of a veiled threat to Brazil, the United States told Brazil that "it would not be a good idea" to sell ethanol to Iran. "That it would be very risky, since the sanctions adopted by the UN

recognize that there is a potential link between Iran's energy industry and activities of (nuclear) proliferation," said a source from the U.S. government.

In the United States Congress, allies of Israel said they are going to stop supporting the openness of the U.S. market for Brazilian ethanol if there is progress in cooperation between the government of Brazil with the government of Iran.

This confrontation between Brazil and the United States puts Brazilian sugar mills at a crossroads of a difficult decision, "if you run the beast gets, if you stay the beast eats": If Brazil complies with UN sanctions and does not sell ethanol to Tehran, it fails to make money, and if it circumvents the UN sanctions on selling to Tehran, it loses the U.S. ethanol market .

Political observers said that this arm-twisting from President Luiz Inacio Lula da Silva and the UN Security Council (U.S., France, Britain, Russia, China and Germany) may result in a massacre of Brazil within the framework of international diplomacy or in its projection as a respected figure in the global context of nations.

### **Brazil, Peru likely to sign energy deal**

Brazilian and Peruvian presidents are likely to ink an deal on energy cooperation at their upcoming summit, said Presidential Spokesman Marcelo Baumbach.

Energy cooperation will be on top of the agenda when President Inacio Lula da Silva meet his Peruvian counterparty President Alan Garcia on Wednesday in the Brazilian city of Manaus, Baumbach told a press conference on Monday.

The summit is part of the arrangements under the Brazil-Peru strategic partnership launched in 2003.

"The agreement should set general rules for the Brazilian participation in hydroelectric projects in Peru and ensuring export of surplus electricity to Brazil," Baumbach said.

The deal will begin the process of interconnecting the electricity networks of the two countries and will contribute to energy security of both, he added.

However, finalization of the agreement still depends on the completion of certain technical negotiations on the details of the documents, said the spokesman.

Trade between Brazil and Peru reached 766 million U.S. dollars in the first quarter of 2010, up 48.7 percent year-on-year. Bilateral trade more than quadrupled from 724 million U.S. dollars to 3.3 billion U.S. dollars from 2003 to 2008.

### **Brazil Approves Higher-Than-Planned Pension Increase (Update1)**

June 15 (Bloomberg) -- Brazilian President Luiz Inacio Lula da Silva, four months ahead of the presidential election, approved a higher-than-planned increase in payments for pensioners that will be offset by cuts to other spending.

Lula signed a measure calling for a 7.7 percent increase to pensioners who get more than 510 reais (\$285.90) a month, Finance Minister Guido Mantega told reporters today in Brasilia. The raise, higher than the 6.14 percent increase originally granted by Lula in January, was approved by Congress on May 19. It's retroactive to the beginning of the year.

Lula's decision benefits 8.4 million pensioners, according to Senator Romero Juca, leader of the government coalition. To compensate for the unbudgeted expense, the government will cut spending in other areas by an additional 1.6 billion reais, Mantega told reporters in Brasilia.

"There was already a great expectation amid pensioners, so he decided to grant the raise as long as it didn't threaten public accounts," Mantega told reporters in Brasilia. "The president authorized a cut to current spending to ensure fiscal balance, the soundness of the public accounts and that the fiscal target is met."

Lula vetoed a bill that scrapped a formula to calculate the value of pensions, Mantega told journalists today in Brasilia. The formula, known in Portuguese as Fator Previdenciario, determines pension payments according to the age of the retiree.

#### Election Year

Lula could have been overturned by Congress if he attempted to deny the 7.7 percent increase to pensioners, Claudio Couto, a political science professor at Getulio Vargas Foundation in Sao Paulo, said in a phone interview.

Lula, barred by the constitution from a third consecutive term, chose his former Cabinet Chief Dilma Rousseff, 62, to run for president in the October election.

Rousseff and her main rival for the presidency, Sao Paulo's former governor Jose Serra, are currently tied in a pre-election polls by Ibope published on June 5.

Each is supported by 37 percent of those surveyed, the poll showed. Eight percent of the 2,002 voters polled were undecided. The poll has a margin of error of 2 percentage points.

### **Detailed Report/Chile**

#### **The state of lithium**

As the United States turns its attention to new sources of energy, one of the most obscure minor metals in the world is becoming a household name. Demand for lithium, specifically lithium carbonate, has increased substantially in the last ten years. According to the U.S. Geological Survey, the United States imports 3,450 metric tons of lithium carbonate while producing about 1,500 tons annually. Approximately 80% of the world's lithium is located in the great salt flats of Argentina, Bolivia, and Chile. As with any valuable commodity, lithium is becoming another focus of competition in national and world politics.

*(While Lithium (Li) and Lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) are very different materials, for the purposes of this article lithium carbonate shall be called lithium.)*

Almost all the innovations in battery technology today use lithium. Lithium is not an obscure, precious commodity. It has applications in ceramics, pharmaceuticals, and in aluminum production. The rapid rise in demand for it, however, is due to its increasing usefulness in lithium-ion batteries. Lithium-ion batteries are desirable because they are lightweight, have a very slow loss of charge when not in use, and have double the energy density of nickel-based batteries. Lithium is commonly found in rock salts around the world. The United States has one domestic major lithium company, American Lithium Minerals of Nevada, exploring throughout the Great Basin. The company has no mines producing at the moment. USGS reports a total 760,000 tons in proven U.S. reserves. There are 13 million tons in other countries, with the Chile and Bolivia holding 3 million and 5.4 million tons, respectively. There are many more details about lithium production I won't address here, but will in future work. Lithium mining, like all mining, has an environmental price. There are alternatives to lithium in development that may render it obsolete. For now, I want to examine the political dimension of lithium production in Chile and Bolivia and its impact on the United States.

## Chile

Any talk about lithium has to begin with Chile. Chile exports 50 percent of the world's lithium, mostly through a formerly state-owned company called SQM. The company mines lithium at the huge Atacama Salt Flat, tapping an estimated 2.5 million metric tons in lithium reserves. Julio Ponce Lerou is the son-in-law of the brutal military dictator, Augusto Pinochet, and is the man in control of formerly state-owned SQM. He is one of the richest men in Chile. Larou's control of Chilean lithium is a classic story of corruption common wherever privatization schemes have unfolded. There are other unexplored salt flats throughout Chile, almost all owned by the state. RareMetalBlog notes that under a new "open markets" initiative, the government of the new center-right president, billionaire Sebastian Pinera, has passed measures that will open up new lithium mines to more private interests. Chilean bloggers are already calling Pinera their George W. Bush--complete with "ownership society" rhetoric.

## Bolivia

Bolivia made big news when it announced 5.4 million tons of proven lithium reserves in its vast Uyuni Salt Flats. But the government of socialist president Evo Morales has made clear it does not intend to do business like Chile:

In Bolivia, where President Evo Morales has called lithium the "hope of humanity," as well as the key to Bolivia's future economic prosperity, the government is taking a different approach. According to Bolivia's new constitution, the country's natural resources belong to the Bolivian people and must be administered in their collective interest by the state. Instead of exporting raw lithium, the government wants it to be processed, refined, and industrialized, with battery plants and even car factories, on Bolivian soil. The goal is to capture the value added by industrialization for Bolivians, in the form of jobs and economic and social benefits, instead of simply enriching transnational corporations.

Unfortunately, Bolivia does not have the money to mine, refine and add value to lithium this way. Morales has stated that he is actively seeking private investment, but that Bolivia wants "partners, not bosses." This approach has scared away foreign investment, compounded by Morales' closeness to Venezuelan President and U.S. antagonist Hugo Chavez. There are also significant infrastructure problems. The Uyuni flats are remote and inaccessible by road and train, whereas the Atacama flats are very easy to reach. Bolivia has established a state-owned lithium company, and even has met local resistance. The local folk of Uyuni insist on sharing the benefits of mining. Bolivian leaders believe that increasing global demand for lithium will help trump these challenges and will allow the country to become the dominant producer.

President Obama has made automobile battery innovation a centerpiece of his agenda to remake the American economy. Since taking office, his administration has invested heavily in domestic battery production and research and development. The President has announced a goal of putting 1 million battery-powered vehicles on the road by 2015. If that goal is met, the vast majority of these vehicles are expected to use lithium-ion batteries. While the Prius uses a nickel-based battery, Toyota is testing lithium-based batteries. General Motors' new Chevy Volt will use a lithium-based battery. The competition for the design and manufacture of these automobile batteries is the central item driving the optimism among lithium producers. As of today, there is only one domestic lithium mine producing. That mine, in Silver Peak, NV, received a \$28.4 million Recovery Act grant for expansion. The mine and a refinement facility in North Carolina are both owned by German chemical conglomerate Chemetall.

Despite domestic production, the United States and China are likely to be the major global importers of lithium carbonate. Increased domestic production of lithium-ion batteries for automobiles will drive the demand in America. Consumer electronics and appliances will drive demand in China. China is also stepping up its domestic mining and refining of lithium believing it to be the "oil" of the 21st Century. China's domestic reserves are also limited, with only 540,000 tons. Both nations have their eyes on Bolivia, but the State Department says bilateral

relations have "deteriorated sharply." The U.S. has taken a hardline position against the Morales government over coca production. Morales expelled the DEA from the country after taking power. President Obama talked of a "fresh start" when he met with Morales, but so far his administration has taken a decidedly hostile stance. Meanwhile, China continues improving warm relations with Bolivia, recently signing new trade agreements. China is looking for Bolivian immigrants while the U.S. is cracking down on immigration. These developments are likely to impact international politics as nations scramble to secure alternatives to oil production. The global competition for resources continues unabated, whether it's petroleum or lithium at stake.

Should lithium become as important a strategic resource for the United States as oil currently is, the domestic political environment in nations like Bolivia, Chile and Argentina will become increasingly important to America. Should Bolivia become successful in its development, that nation's insistence on being more than a simple supplier of materials will strain relations between other entities or nations seeking a share of the country's riches. Nearby states like Chile and Argentina could be influenced by the people's movement in Bolivia and their insistence on enjoying the fruits of the natural resources. How these things play out should be of great interest to the labor, environmental, and business groups in the United States. By insisting on a clean energy transportation system, there will inevitably be unpredictable consequences, both domestic and international. It could be that humanity is on the cusp of the very same global competition for lithium that defined oil exploration and production in the 20th century.

### **Detailed Report/Mexico**

#### **Gunmen kill 15 Mexican officers in two attacks**

Mexico City: Gunmen killed 15 federal police officers Monday in separate attacks in two drug-plagued states, marking one of the bloodiest days for security forces since the government stepped up its fight with drug cartels.

Twelve officers died in an ambush near a high school in the western state of Michoacan, while assailants killed three more officers in a northern border state. The latest in a series of mass slayings came as President Felipe Calderon defended his crackdown on traffickers in an essay on his office's website. He vowed he won't back down despite criticism that violence has only surged since he deployed thousands of troops and federal police in late 2006 seeking to crush the cartels.

I'm clearly convinced that we would be in a much worse situation if we hadn't decided to fight criminals," Calderon wrote in the 5,000-word essay, which was published by several newspapers. "If we remain with our arms crossed, we will remain in the hands of organized crime, we will always live in fear," the president said in the essay, which also blames Mexico's violence on the United States' voracious appetite for illegal drugs.

In the ambush in Michoacan, Calderon's home state, officers riding in four pickup trucks were returning from a patrol when they came under fire in the city of Zitacuaro, the federal Public Safety Department said in a statement. Ten officers died on the spot and two more on the way to a hospital. Thirteen other officers with wounds were taken to hospitals in Mexico City, the nearby city of Toluca and to the Michoacan state capital, Morelia, the Michoacan Public Safety Department said in a statement. The federal safety department said several assailants were also killed or wounded, but officials did not provide a number.

In a separate statement, the department said gunmen killed three federal officers patrolling in the northern city of Chihuahua. One officer was wounded, the statement said. Also Monday, three gunmen were killed in a clash with soldiers in Michoacan. Two soldiers were wounded, the state attorney general's office said. It said one of the attackers was detained.

Brutal drug-gang violence has swept Michoacan, a state known for its picturesque colonial capital, beaches and Monarch butterfly sanctuary, and as the place where Calderon first launched his crackdown. The state is a stronghold of La Familia, a cartel known for beheading its rivals and making bold attacks on government security forces.

Among attacks on law enforcement, the bloodied and tortured bodies of 12 federal agents were found last year dumped along a highway in Michoacan. Police did not immediately identify attackers involved in Monday's ambush or indicate whether they were suspected of being gunmen for La Familia. But the Public Safety Department did say the assailants picked up their wounded and dead and fled with them, a tactic often used by drug cartels.

The US State Department has issued a travel warning urging US citizens "to exercise extreme caution when traveling in Michoacan." Nationwide, more than 22,700 people have been killed in drug violence since Calderon ordered the government offensive against cartels when he took office in December 2006.-AP

### **Mexico announces limits on U.S. dollar transactions in banks**

Culiacan, Mexico - In a step aimed at thwarting money-laundering by drug cartels, the Mexican government Tuesday announced strict limits on the deposit and exchange of U.S. dollars in banks, noting the nation's economy is being flooded with illicit drug profits.

The money helps traffickers buy military-grade weapons used to kill tens of thousands of people and recruit small armies all over the country who battle rival gangs and government forces.

Failure to intercept the money has long been singled out as a major flaw in President Felipe Calderon's military-led offensive against cartels.

In response, the government announced it will limit individual bank-account holders to deposits of \$4,000 monthly, while others without accounts will be allowed to exchange up to \$1,500. Companies working along the border or in designated tourist areas can conduct bank transactions of up to \$7,000 monthly.

Drug traffickers have long taken advantage of lax rules and the preponderance of cash transactions in Mexico to launder multibillion-dollar annual profits in Mexican banks and

currency exchange houses. It is routine to see all-cash purchases of high-end items, from real estate to airplanes, horse farms and expensive art.

The new measures were announced in Mexico City by Finance Minister Ernesto Cordero, who said they are designed to reduce laundering by "closing the path to illicit resources" funneled into Mexican banks. He said around \$10 billion in surplus - and probably illicit - money has been detected annually in the Mexican banking system.

"For the last few years we've seen the Mexican banking system receiving a very large amount of U.S. dollars in cash, far beyond what could be explained by the activities and dynamics of the economy in Mexico," he said.

A recent U.S.-Mexican government report estimated traffickers send between \$19 billion and \$29 billion a year from the U.S. to Mexico, slightly under half of which goes through banks. The rest stays in the cash economy; around 75 percent of all transactions in Mexico are in cash, and the measures announced Tuesday do not address this flow of money.

In Culiacan, capital of the Sinaloa state that is the historic cradle of Mexican drug-trafficking, the likely beneficiaries of money laundering appear everywhere. The casinos, elaborate mansions with Italian marble staircases and faux Grecian statues, the Hummer dealerships - speak to a wealth inexplicable by the local industries of tomato and shrimp farming.

Guillermo Ibarra, an economist on leave from the Autonomous University of Sinaloa, has estimated that 20 percent or more of the economy in Sinaloa is based on trafficking profits.

The measures announced Tuesday do not apply to electronic transfers and are not likely to have an effect on average Mexicans, Cordero said, because the monthly limit on dollar transactions is far above the earnings of 98 percent of Mexican households.

Additionally, the Association of Mexican Banks said in a separate news conference that the new rules were not expected to affect the millions of dollars in remittances sent to Mexicans in Mexico from relatives working in the U.S. Almost all of those are transferred electronically and paid out in pesos, the organization said.

### **Calderon calls the United States 'the biggest drug addict in the world'**

Mexican President Felipe Calderon is on the defensive this week about his bloody war against organized drug crime in Mexico, which has claimed hundreds of fatalities in the past five days.

In a televised address on Tuesday, Calderon urged Mexicans to continue to support his campaign to defeat the cartels. "As I've said from the first day, this is a fight that costs time, that costs resources, and that costs lives. ... It's a fight that unites Mexicans, because we will win it," he said in Spanish.

In an editorial printed in the nation's newspapers, Calderon also blamed the United States for stoking the cartels with a high demand for drugs, according to William Booth at the Washington Post.

"It is as if our neighbor were the biggest drug addict in the world," Calderon wrote. In his address, he also targeted lax U.S. gun laws, pointing out that cartel members cross the border to buy assault weapons, which are banned for sale in Mexico.

Calderon has also used his opposition to Arizona's immigration law as a rallying cry over the past few months. His popularity is sagging among Mexicans, who cite the lack of safety in the country as their primary concern. (The U.S. partially funds Calderon's war on cartels through a program called the Merida Initiative.)

The Mexican government estimates that more than 22,000 people have died in Mexico in drug-related violence since December 2006. The past five days have been particularly grisly. Nineteen drug addicts, many of whom were teens, were killed execution-style in a rehabilitation clinic in the state of Chihuahua. In two other incidents, cartel members set traps to kill police officers. Twelve federal officers were killed in just one ambush. On Monday, a gang-related fight broke out within a prison, leaving 29 dead, the Post reported.

In an attempt to crack down on the estimated \$10 billion in suspicious cash exchanges every year, the Mexican government has now limited people without bank accounts from exchanging more than \$1,500 in cash a month, the Associated Press reports.

### **Mexican president sees PR problem**

Mexico City - Gunmen slaughter 19 men at a rehab clinic. Sixteen bodies are dumped in a northern city. Twelve police officers die in an ambush. Soldiers kill 15 gunmen outside a tourist town.

All this in less than a week, yet President Felipe Calderon believes Mexico is getting a bad rap and wants to hire a public relations firm to improve its image. He might want to start with convincing his own countrymen, who are frustrated by assurances that the drug war is going well.

"No matter how much the authorities want us to believe that they are winning this fight, the reality and the perception is that, on the contrary, it's a lost battle," said Miguel Jimenez, 21, a student in Morelia, the capital of Calderon's drug-plagued home state of Michoacan. "Day after day, it's demonstrated with the increasing violence."

Calderon passionately defended his military-led offensive against cartels this week, pledging not to withdraw the thousands of soldiers and federal police battling gangs across the country.

### **Mexico wants \$20 mn from BP to monitor oil spill**

The Mexican government may ask British oil giant BP for \$20 million to monitor oil spill in the Gulf of Mexico, an official said.

The funds will be used to equip 26 environmental study centers and train personnel, Environment Secretary Juan Rafael Elvira Quesada told EFE on Wednesday.

Several government agencies will participate in the initiative.

Elvira said the government will monitor, supervise, inspect and train personnel to lessen the impact in case the spilled oil reaches the Mexican waters.

He said it is still possible to prevent the oil from hitting the Mexican coast but a system is needed to determine whether it has already reached the surface water.

## Detailed Report/Venezuela

### Clinton to Colombia: We will stand with you

Bogota, Colombia – U.S. Secretary of State Hillary Rodham Clinton said Wednesday that the Obama administration will continue to support Colombia as it heads for a leadership change amid tensions with neighboring Venezuela.

Clinton made the pledge in talks here with outgoing President Alvaro Uribe and the two candidates vying to succeed him in elections this month. She said President Barack Obama will continue to back Colombia's anti-drug and counterinsurgency programs no matter who wins.

"The United States has been proud to stand with Colombia and we will continue to stand with you in the future," Clinton told a joint news conference with Uribe.

She did not directly mention neighboring Venezuela, but two U.S. officials said Washington is well aware of potential threats to Colombia from Venezuela — as well as from Marxist guerrillas, drug traffickers and others.

"Colombia is the best judge of the threats it faces and the way that it wishes to go about meeting those threats," Clinton said, when asked about Venezuela.

Then, in an apparent reference to Venezuelan President Hugo Chavez, she added: "But I want to underscore for anyone who is listening or watching that the United States will stay a strong partner with Colombia in meeting the security needs that Colombia faces."

Uribe has accused Venezuela of aiding the FARC guerrillas. Chavez has said that a recent U.S.-Colombia agreement that gives the U.S. increased access to Colombian military bases is a threat to his country.

Clinton played down such concerns, and Uribe said the deal was completely "transparent."

The U.S. is trying to reduce the influence of Venezuela's Chavez whose populist, anti-American policies and rhetoric have gained currency in the region.

Colombia has received more than \$6 billion in U.S. military and other aid since 2000 under Plan Colombia.

Former defense minister Juan Manuel Santos, the apparent front-runner in Colombia's June 20 runoff vote, has expressed concern the program might be trimmed, but Clinton reassured him.

"The security threats have not completely been eliminated and therefore the United States will continue to support the Colombian military, the Colombian people and their government in their ongoing struggle," Clinton said. "There is no resting until the job is done."

She raised the issue of Colombia's human rights record, cited by foes of congressional approval of a free trade agreement with Bogota. She said she had discussed "the ongoing need for vigilance and commitment" on rights with Uribe, who said his country was making progress.

During her current Latin American tour, which has included stops in Peru and Ecuador, Clinton sought to overcome suspicions of U.S. intentions in several Latin American capitals.

During the Bush administration, several countries in the region began a tilt to the left, led by Chavez, and some leaders complained they were being ignored by Washington.

"I cannot change that and neither can President Obama," she said Tuesday in Quito, the capital of Ecuador. "Sometimes, we in America are accused of not paying enough attention to our history. But the obverse can also be true. Sometimes people are captives of their history."

"So let us resolve to meet in the present, to think about what we can do to understand one another better, to be more transparent to one another, to have candid, open exchanges of different points of view," Clinton said.

### **Chavez preaches against drinking in Venezuela, calls for crackdown on boozing in public**

Caracas, Venezuela (AP) — President Hugo Chavez says he wants Venezuelans to stop drinking so much alcohol, and he has ordered the military to crack down on businesses selling beer on the streets or after legal hours.

Chavez said his government is considering raising taxes on alcohol and cigarettes. Venezuelans' taste for beer and Scotch whisky is an irritation to the leftist president, and he raised liquor and cigarette taxes three years ago while calling for similar measures — to little effect.

"Armed forces: Any truck that goes around selling beer in the barrios, they must be caught," Chavez said in a televised speech Thursday night. "And not only trucks. There are liquor stores open at any hour where people can go and buy liquor. What is that?"

"Is this a brothel or something? Venezuela is no brothel!" Chavez said.

Chavez says he is leading the country toward socialism and the transition requires a moral crusade to change Venezuelans' values.

He has long been concerned that too many people swill beer on street corners, and has denounced cases in which trucks have sold beer in some slums. It's common for unlicensed vendors to sell beer or liquor from their homes or informal neighborhood stores.

Some Venezuelans took issue with the president and repeated a lighthearted message on **Twitter** echoing Chavez's calls of "Socialist fatherland or death" but instead proclaiming: "booze, alcoholism, or death — we will drink."

Chavez has also recently used the issue in his criticisms of the country's largest food producer, Empresas Polar, which sells the country's leading brand of beer, Polar.

Chavez has ordered the expropriation of some of Polar's warehouses, and has warned he could decide to take over more of the company. If the government did take over the Polar brewery, it would be shut down, Chavez has warned.

Addressing Polar's president, Lorenzo Mendoza, during Thursday's speech, Chavez said: "I don't know what you're going to do ... with your little Polar." He used the term "Polarcita," which Venezuelans often use for the small beer bottles that are popular in the country.

Chavez said he's not being prudish about booze, but that "everything has its limits, and they've been lost here."

## **Chavez backs Iran**

Venezuela: Venezuelan President Hugo Chavez backed his Iranian counterpart Mahmoud Ahmadinejad Wednesday in rejecting a fourth round of UN sanctions on the Islamic republic as a futile exercise.

"Well said, man. Not worth a penny," said Chavez, a long-time US critic and one of Iran's main allies in South America. He has strengthened his ties with Tehran in recent years.

World powers earlier slapped new military and financial sanctions on Iran aiming to rein in its suspect nuclear program, through a US-drafted resolution adopted by 12 votes in favor in the 15-member UN Security Council, with Brazil and Turkey voting against and Lebanon abstaining. Caracas, AFP

## **Venezuela has World's Second Biggest Oil Reserves**

Venezuela is now the world's second biggest holder of proved oil reserves, overtaking the Gulf producers Iran, Iraq and Kuwait.

In the 2010 edition of its benchmark Statistical Review of World Energy, which was published last week, BP has made substantial upwards revisions to its estimates of Venezuela's oil reserves for both last year and 2008.

It appears to have included in its latest tally about 73 billion barrels of heavy crude reserves for which the South American country has long sought recognition from Opec. That has boosted the company's estimate of Venezuelan oil reserves by more than 73 per cent, following a smaller revision last year.

According to BP, the Middle East's share of global oil reserves has shrunk by almost 10 percentage points in the past two decades, as producers in South America, Eurasia and Africa have established more commercially viable deposits of the world's leading fuel. Those countries now officially include Venezuela.

BP has set at 56.6 per cent its estimate of the proportion of the world's proved oil reserves that are located in the Middle East. That is down from 65.7 per cent in 1989.

Despite the region's diminished standing as a source of future crude supply, Middle Eastern oil reserves have increased by 14 per cent in the past 20 years to 754 billion barrels, according to BP.

Over the same period, however, the world's total proved oil reserves have expanded more than twice as fast, swelling by nearly a third to 1.33 trillion barrels by the end of last year from 1 trillion barrels two decades earlier.

The world's top six holders of oil reserves, according to the latest BP league table, are now, in descending order, Saudi Arabia, Venezuela, Iran, Iraq, Kuwait and the UAE, all of which are OPEC members.

Russia was last year's top oil producer, pumping more than 10 million barrels per day, followed by Saudi Arabia and the US. Russia and Saudi Arabia were also the world's leading oil exporters. Unlike those countries, the US is a net importer of oil.

The review ranked the UAE as the eighth most prolific oil producer last year. The nation's output, averaging 2.6 million barrels per day (bpd), narrowly exceeded those of Iraq and Kuwait, which each pumped 2.48 million bpd of crude.

Venezuela's oil output averaged 2.44 million bpd, putting the South American state within range of overtaking every Gulf oil producer except Saudi Arabia and Iran.

As OPEC's biggest western hemisphere oil producer and a founding member of the group, Venezuela has been pushing for a higher OPEC production quota based on recognition of its large reserves of "unconventional" heavy crude. Venezuela can still develop those deposits while honouring its commitment to OPEC because the group's production quotas exclude unconventional oil. Formal recognition of the reserves and a higher quota, however, would give Venezuela the country more flexibility to raise its output of lighter crude, which is usually more profitable to produce.

Another landmark emerging from BP's latest data is that Brazil's oil production has for the first time exceeded 2 million bpd. Brazil pumped almost as much crude as Nigeria last year and surpassed the output of five other OPEC producers. Brazilian production rose by 7.1 per cent to 2.03 million bpd, cementing the country's position as South America's second biggest oil producer.

US oil output, which had fallen in 2008, rebounded last year by 7 per cent to 7.12 million bpd. The 462,000 bpd increase was "by far" the world's biggest and came mainly from the Gulf of Mexico, said Tony Hayward, the chief executive of BP.

The Middle East remained the world's top oil producing region last year, accounting for more than 34 per cent of the global total. It was followed by Europe/Eurasia and North America.

In terms of gas, the biggest change from last year, according to BP's data, was a 13.9 per cent increase in Venezuela's reserves.

Last September, the Spanish oil and gas group Repsol announced it had struck a giant gasfield off the coast of Venezuela. Hailing the discovery, the Venezuelan president Hugo Chavez said his country would soon become "one of the five giants in the world of gas".

On the basis of their proved reserves, the reigning monarchs of the gas world are Russia, Iran and Qatar, which between them hold nearly 3.5 quadrillion cubic feet of reserves representing 53 per cent of the global total. Venezuela's gas reserves, at 200 trillion cubic feet, are now the

eighth largest in the world. The UAE has 227 trillion cubic feet of reserves, putting it in seventh place.

Gas reserves in Russia and Saudi Arabia also increased last year. Russian reserves grew by 2.5 per cent to 1.57 quadrillion cubic feet. Those of Saudi Arabia swelled by 4.6 per cent to 280 trillion cubic feet.

### **Chavez: no political motive in latest bank seizure**

The head of Banco Federal, Nelson Mezerhane, told Globovision he was "very surprised" by the government's decision to seize the assets of Venezuela's eight-largest bank on Monday over a "severe lack of liquidity."

"Yesterday, the president declared war on the banks. And there you have it, mission accomplished, no sooner said than done," he complained.

But Chavez shot back, saying he had "nothing to do" with the intervention.

"Shame on them for leading a bank irresponsibly into a position of bankruptcy," Chavez said in a televised statement.

The firebrand leftist leader hailed the financial authorities' "on time" takeover and said the operation was meant to "protect people who save their money and the whole Venezuelan banking system."

Mezerhane is a principal stockholder in the Globovision television chain, an opposition news broadcaster that has frequently clashed with the Chavez regime over the years. He has said the seizure was politically motivated and due to his post with the opposition broadcaster.

The takeover was the latest of a series of Venezuelan financial institutions seized by the Chavez government.

In January, bank regulators seized control of three small banks and ordered two others closed, in a move officials said aimed to ensure "a healthy national banking and financial system."

The Chavez government also liquidated eight small- and medium-sized banks in November and December, four of which were nationalized and consolidated into a new bank called Bicentenario.

### **The IACHR held hearing at the US Congress**

According to the IACHR Special Rapporteur Catalina Botero, harassment of the media has lately escalated. Catalina Botero, the Special Rapporteur for Freedom of Expression, Inter-American Commission on Human Rights (IACHR), said on Wednesday, during a hearing at the US Congress, that the situation in Venezuela could worsen before the election for parliament in September.

"We have witnessed increasing harassment over these days. Things will likely worsen. Yes," Botero answered when queried by Democratic Representative Eliot Engel, Chairman of the Subcommittee on the Western Hemisphere about freedom of the press during the election campaign. The hearing was held on the Subcommittee initiative, AP quoted.

The hearing, where special attention was paid to the Venezuelan case, took place few days after the two major stockholders of opposition news TV channel Globovisión left the country for facing criminal charges.

Venezuela's President Hugo Chávez denied any "chase" of Guillermo Zuloaga and Nelson Mezerhane and urged them to appear in court.

For his part, Republican Representative Connie Mack requested President Chávez "to allow for free and fair congress election in September, by removing government interference in the media and stopping intimidation of dissenting voices."

### **Chávez: No country is more democratic than Venezuela**

In an interview published on Monday by the BBC World News and BBC Mundo networks, Venezuelan President Hugo Chávez addressed a wide array of topics, from his relations with the United States to the independence of the Judiciary. The Venezuelan leader defended vehemently his model.

"There's no dictatorship here. I have been elected three times. And when the rich elite overthrew me in a coup, people brought me back to power. I am a democrat. I have the legitimacy that most people have given to me. This is democratic socialism in democracy," said Chávez when asked if Venezuela has a real democracy, Efe reported.

Chávez added that there is judicial independence in Venezuela and argued that the imprisonment of Judge María Afuni, who is in jail for having granted conditional release to Eligio Cedeño, a banker accused of corruption, is "a case where one power has acted in total autonomy. The Judiciary has condemned a former judge."

On the critical reports issued by the Inter-American Commission on Human Rights (IACHR), Chávez said that this entity is a "manipulated commission" which "has supported coups."

Regarding his foreign policy, Chávez said that he has not seen significant changes in the White House after President Barack Obama took office.

### **Pdvsa's profits down 35 percent in 2009**

Project execution was hit by debts with suppliers. The Venezuelan oil company provided USD 1.8 billion to the Treasury, without including the National Development Fund, down 34 percent compared to the previous year, when it disbursed USD 2.7 billion. The preliminary figures do not detail the amount of accounts payable.

The annual report and accounts of state-run oil company Petróleos de Venezuela (Pdvsa) for year 2009 depicts an industry with lower income due to volatile oil prices, and with reduced social contribution. Further, Pdvsa's project execution was undermined by debts with suppliers.

The preliminary figures reported by the state-run oil company show that in the past year total revenues amounted to USD 72.9 billion, a 42 percent decline compared to USD 126.3 billion in 2008. This result was affected by the behavior of prices, as the domestic oil basket averaged

USD 57, while in the previous fiscal year it averaged USD 86.

After expenses and taxes, the preliminary results show that Pdvsa's net profits in 2009 amounted to USD 6.1 billion, 35 percent lower than in 2008, when they were USD 9.4 billion.

In 2009, Venezuelan President Hugo Chávez said that Pdvsa's social spending would not be affected by the decline in oil revenues. However, Pdvsa's funds allocated to social programs actually dropped. The holding's social contribution, without including the National Development Fund, was USD 1.8 billion, a 34 percent decline compared to USD 2.7 billion in 2008.

Pdvsa's contribution to social plans includes funds to social projects (missions) and funds allocated to communities, endogenous development centers, and road development projects.

Transfers to the National Development Fund (Fonden) throughout 2009 were USD 569 million, a decline of 95 percent compared to USD 12.3 billion in 2008.

## **Article Sources**

Foreign Affairs; May/Jun2007, Vol. 86 Issue 3, p41-53, 13p

## **News Sources**

### **Argentina**

<http://www.bloomberg.com/apps/news?pid=20601086&sid=arxli7HHtDHs>

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

Bloomberg

## **News Sources**

### **Brazil**

<http://www.bloomberg.com/apps/news?pid=20601086&sid=afGzZgkuL1sQ>

<http://www.businessweek.com/news/2010-06-13/brazil-s-rousseff-nominated-for-president-vows-to-cut-taxes.html?>

<http://english.people.com.cn/90001/90777/90852/7020692.html?>

<http://english.people.com.cn/90001/90778/90858/90864/7021603.html?>

[http://english.pravda.ru/hotspots/conflicts/14-06-2010/113793-brazil\\_defies\\_un-0](http://english.pravda.ru/hotspots/conflicts/14-06-2010/113793-brazil_defies_un-0)

<http://english.people.com.cn/90001/90777/90852/7026628.html?>

<http://www.nytimes.com/2010/06/10/world/americas/10diplo.html?ref=americas>

<http://www.reuters.com/article/idUSN1214753520100612?rpc=401>

[http://thestar.com.my/news/story.asp?file=/2010/6/10/worldupdates/2010-06-10T030234Z\\_01\\_NOOTR\\_RTRMDNC\\_0\\_-491831-1&sec=Worldupdates](http://thestar.com.my/news/story.asp?file=/2010/6/10/worldupdates/2010-06-10T030234Z_01_NOOTR_RTRMDNC_0_-491831-1&sec=Worldupdates)

<http://www.thepeninsulaqatar.com/business-views/53601-brazil-cannot-sustain-chinese-like-growth.html?>

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

Bloomberg

Business News

New York Times

People (English)

Pravda (English)

Reuters

The News

The Peninsular Quarter

### **News Sources**

#### **Chile**

[http://www.dailykos.com/storyonly/2010/6/13/874746/-The-state-of-lithium?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed:+dailykos/index+\(Daily+Kos\)](http://www.dailykos.com/storyonly/2010/6/13/874746/-The-state-of-lithium?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed:+dailykos/index+(Daily+Kos))

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

Daily Kos

## **News Sources**

### **Mexico**

<http://www.hindustantimes.com/world-news/americas/Mexico-wants-20-mn-from-BP-to-monitor-oil-spill/Article1-558903.aspx?>

[http://www.kuwaittimes.net/read\\_news.php?newsid=OTIwODMwMjg2](http://www.kuwaittimes.net/read_news.php?newsid=OTIwODMwMjg2)

<http://www.newspress.com/Top/Article/article.jsp?Section=WORLD&ID=565878902343729421>

[http://news.yahoo.com/s/ynews/20100616/wl\\_ynews/ynews\\_wl2650?](http://news.yahoo.com/s/ynews/20100616/wl_ynews/ynews_wl2650?)

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

Hindu Times

Kuwait Times

News Press

Yahoo

## **News Sources**

### **Venezuela**

<http://www.courant.com/news/nation-world/sns-ap-lt-venezuela-chavez,0,3968298.story?>

<http://www.dailynews.lk/2010/06/11/wld04.asp?>

<http://www.energytribune.com/articles.cfm/4326/Venezuela-has-Worlds-Second-Biggest-Oil-Reserves?>

[http://english.eluniversal.com/2010/06/16/en\\_pol\\_esp\\_special-rapporteur-f\\_16A4035651.shtml?](http://english.eluniversal.com/2010/06/16/en_pol_esp_special-rapporteur-f_16A4035651.shtml?)

[http://english.eluniversal.com/2010/06/15/en\\_pol\\_art\\_chavez:-no-country-i\\_15A4027451.shtml?](http://english.eluniversal.com/2010/06/15/en_pol_art_chavez:-no-country-i_15A4027451.shtml?)

[http://english.eluniversal.com/2010/06/15/en\\_eco\\_esp\\_pdvsas-profits-down\\_15A4025731.shtml?](http://english.eluniversal.com/2010/06/15/en_eco_esp_pdvsas-profits-down_15A4025731.shtml?)

[http://news.yahoo.com/s/ap/20100609/ap\\_on\\_re\\_la\\_am\\_ca/lt\\_us\\_latin\\_america\\_clinton?](http://news.yahoo.com/s/ap/20100609/ap_on_re_la_am_ca/lt_us_latin_america_clinton?)

<http://uk.news.yahoo.com/18/20100616/tpl-chavez-no-political-motive-in-latest-9eb7866.html?>

**Names of consulted News Agencies/Venezuela**

Courant News

Daily News

Energy Tribune

E Universal (English)

Yahoo News





Colombia

Colombia officially the Republic of Colombia (Spanish: *República de Colombia*) is a constitutional republic in northwestern South America. Colombia is bordered to the east by Venezuela and Brazil, to the south by Ecuador and Peru, to the north by the Caribbean Sea, to the northwest by Panama, and to the west by the Pacific Ocean. Colombia also shares maritime borders with Jamaica, Haiti, the Dominican Republic, Honduras, Nicaragua and Costa Rica. Colombia is the 26th largest nation in the world and the fourth largest in South America. It has the 29th largest population in the world and the second largest in South America, after Brazil. Colombia has the third largest Spanish-speaking population in the world after Mexico and the United States.

The territory of what is now Colombia was originally inhabited by indigenous nations including the Muisca, Quimbaya, and Tairona. The Spanish arrived in 1499 and initiated a period of conquest and colonisation which ultimately led to the creation of the Viceroyalty of New Granada (comprising modern-day Colombia, Venezuela, Ecuador and Panama) with its capital at Bogotá. Independence from Spain was won in 1819, but by 1830 "Gran Colombia" had collapsed with the secession of Venezuela and Ecuador. What is now Colombia and Panama emerged as the Republic of New Granada. The new nation experimented with federalism as the Granadine Confederation (1858), and then the United States of Colombia (1863), before the Republic of Colombia was finally declared in 1886. Panama seceded in 1903.

Colombia has a long tradition of constitutional government. The Liberal and Conservative parties, founded in 1848 and 1849 respectively, are two of the oldest surviving political parties in the Americas. However, tensions between the two have frequently erupted into violence, most notably in the Thousand Days War (1899-1902) and La Violencia, beginning in 1948. Since the 1960s, government forces, left-wing insurgents and right-wing paramilitaries have been engaged in the continent's longest-running armed conflict. Fuelled by the cocaine trade, this escalated dramatically in the 1990s. However, the insurgents lack the military or popular support necessary to overthrow the government, and in recent years the violence has been decreasing. Many paramilitary groups have demobilized as part of a controversial peace process with the government, and the guerrillas have lost control in many areas where they once dominated. Meanwhile Colombia's homicide rate, for many years the highest in the world, has almost halved since 2002.

Colombia is a standing middle power with the fourth largest economy in South America. It is very ethnically diverse, and the interaction between descendants of the original native inhabitants, Spanish colonists, African slaves and twentieth-century immigrants from Europe and the Middle East has produced a rich cultural heritage. This has also been influenced by Colombia's varied geography. The majority of the urban centers are located in the highlands of the Andes mountains, but Colombian territory also encompasses Amazon rainforest, tropical grassland and both Caribbean and Pacific coastlines. Ecologically, Colombia is one of the world's 18 megadiverse countries.

## **Etymology**

The word "Colombia" comes from the name of Christopher Columbus (Spanish: Cristóbal Colón). It was conceived by the revolutionary Francisco de Miranda as a reference to

all the New World, but especially to those territories and colonies under Spanish and Portuguese rule. The name was later adopted by the Republic of Colombia of 1819, formed out of the territories of the old Viceroyalty of New Granada (modern day Colombia, Panama, Venezuela and Ecuador).

In 1830, when Venezuela and Ecuador broke away, the Cundinamarca region that remained became a new country — the Republic of New Granada. In 1858 New Granada officially changed its name to the Grenadine Confederation, then in 1863 the United States of Colombia, before finally adopting its present name — the Republic of Colombia — in 1886.

## **Geography**

Colombia is the 26th largest nation in the world and the fourth largest in South America. It is bordered to the east by Venezuela and Brazil; to the south by Ecuador and Peru; to the north by Panama and the Caribbean Sea; and to the west by the Pacific Ocean. Colombia is the only country in South America to touch both Atlantic and Pacific oceans.

Part of the Pacific Ring of Fire, a region of the world subject to earthquakes and volcanic eruptions, Colombia is dominated by the Andes mountains. Beyond the Colombian Massif (in the south-western departments of Cauca and Nariño) these are divided into three branches known as *cordilleras* (from the Spanish for "rope"): the *Cordillera Occidental*, running adjacent to the Pacific coast and including the city of Cali; the *Cordillera Central*, running between the Cauca and Magdalena river valleys (to the west and east respectively) and including the cities of Medellín, Manizales and Pereira; and the *Cordillera Oriental*, extending north east to the Guajira Peninsula and including Bogotá, Bucaramanga and Cúcuta. Peaks in the *Cordillera Occidental* exceed 13,000 ft (4,000 m), and in the *Cordillera Central* and *Cordillera Oriental* they reach 18,000 ft (5,500 m). At 8,500 ft (2,600 m), Bogotá is the highest city of its size in the world.

East of the Andes lies the savanna of the *Llanos*, part of the Orinoco River basin, and, in the far south east, the jungle of the Amazon rainforest. Together these lowlands comprise over half Colombia's territory, but they contain less than 3% of the population. To the north the Caribbean coast, home to 20% of the population and the location of the major port cities of Barranquilla and Cartagena, generally consists of low-lying plains, but it also contains the Sierra Nevada de Santa Marta mountain range, which includes the country's tallest peaks (Pico Cristóbal Colón and Pico Simón Bolívar), and the Guajira Desert. By contrast the narrow and discontinuous Pacific coastal lowlands, backed by the Serranía de Baudó mountains, are covered in dense vegetation and sparsely populated. The principal Pacific port is Buenaventura.

Colombian territory also includes a number of Caribbean and Pacific islands.

## **History**

### **Pre-Colombian era**

Approximately 10,000 BC, hunter-gatherer societies existed near present-day Bogotá (at "El Abra" and "Tequendama") which traded with one another and with cultures living in the

Magdalena River Valley. Beginning in the first millennium BC, groups of Amerindians developed the political system of "cacicazgos" with a pyramidal structure of power headed by caciques. Within Colombia, the two cultures with the most complex cacicazgo systems were the Tayronas in the Caribbean Region, and the Muisca in the highlands around Bogotá, both of which were of the Chibcha language family. The Muisca people are considered to have had one of the most developed political systems in South America, after the Incas.

### **Spanish discovery, conquest, and colonization**

Spanish explorers made the first exploration of the Caribbean littoral in 1499 led by Rodrigo de Bastidas. Christopher Columbus navigated near the Caribbean in 1502. In 1508, Vasco Nuñez de Balboa started the conquest of the territory through the region of Urabá. In 1513, he was the first European to discover the Pacific Ocean which he called *Mar del Sur* (or "Sea of the South") and which in fact would bring the Spaniards to Peru and Chile. The territory's main population was made up of hundreds of tribes of the Chibchan and Carib, currently known as the Caribbean people, whom the Spaniards conquered through warfare and alliances, while resulting disease such as smallpox, and the conquest and ethnic cleansing itself caused a demographic reduction among the indigenous. In the sixteenth century, Europeans began to bring slaves from Africa.

### **Independence from Spain**

Since the beginning of the periods of Conquest and Colonization, there were several rebel movements under Spanish rule, most of them either being crushed or remaining too weak to change the overall situation. The last one which sought outright independence from Spain sprang up around 1810, following the independence of St. Domingue in 1804 (present day Haiti), who provided a non-negligible degree of support to the eventual leaders of this rebellion: Simón Bolívar and Francisco de Paula Santander. Simón Bolívar had become the first President of Colombia, and Francisco de Paula Santander was Vice President; when Simón Bolívar stepped down, Santander became the second President of Colombia. The rebellion finally succeeded in 1819 when the territory of the Viceroyalty of New Granada became the Republic of Colombia organized as a union of Ecuador, Colombia and Venezuela (Panama was then an integral part of Colombia).

### **Post-independence and republicanism**

Internal political and territorial divisions led to the secession of Venezuela and Quito (today's Ecuador) in 1830. The so-called "Department of Cundinamarca" adopted the name "Nueva Granada", which it kept until 1856 when it became the "Confederación Granadina" (Grenadine Confederation). After a two year civil war in 1863, the "United States of Colombia" was created, lasting until 1886, when the country finally became known as the Republic of Colombia. Internal divisions remained between the bipartisan political forces, occasionally igniting very bloody civil wars, the most significant being the Thousand Days civil war (1899 - 1902) which together with the United States of America's intentions to influence in the area (especially the Panama Canal construction and control) led to the separation of the Department of Panama in 1903 and the establishment of it as a nation. Colombia was engulfed in a year long

war with Peru over a territorial dispute involving the Amazonas Department and its capital Leticia.

Soon after, Colombia achieved a relative degree of political stability, which was interrupted by a bloody conflict that took place between the late 1940s and the early 1950s, a period known as *La Violencia* ("The Violence"). Its cause was mainly mounting tensions between the two leading political parties, which subsequently ignited after the assassination of the Liberal presidential candidate Jorge Eliécer Gaitán on April 9, 1948. This assassination caused riots in Bogotá and became known as El Bogotazo. The violence from these riots spread through out the country and claimed the lives of at least 180,000 Colombians. From 1953 to 1964 the violence between the two political parties decreased first when Gustavo Rojas deposed the President of Colombia in a coup d'état and negotiated with the guerrillas, and then under the military junta of General Gabriel París Gordillo.

After Rojas' deposition the two political parties Colombian Conservative Party and Colombian Liberal Party agreed to the creation of a "National Front", whereby the Liberal and Conservative parties would govern jointly. The presidency would be determined by an alternating conservative and liberal president every 4 years for 16 years; the two parties would have parity in all other elective offices. The National Front ended "La Violencia", and National Front administrations attempted to institute far-reaching social and economic reforms in cooperation with the Alliance for Progress. In the end, the contradictions between each successive Liberal and Conservative administration made the results decidedly mixed. Despite the progress in certain sectors, many social and political problems continued, and guerrilla groups were formally created such as the FARC, ELN and M-19 to fight the government and political apparatus. These guerrilla groups were dominated by Marxist doctrines.

Emerging in the late 1970s, powerful and violent drug cartels further developed during the 1980s and 1990s. The Medellín Cartel under Pablo Escobar and the Cali Cartel, in particular, exerted political, economic and social influence in Colombia during this period. These cartels also financed and influenced different illegal armed groups throughout the political spectrum. Some enemies of these allied with the guerrillas and created or influenced paramilitary groups.

The new Colombian Constitution of 1991 was ratified after being drafted by the Constituent Assembly of Colombia. The constitution included key provisions on political, ethnic, human and gender rights. The new constitution initially prohibited the extradition of Colombian nationals. There were accusations of lobbying by drug cartels in favor of this prohibition. The cartels had previously promoted a violent campaign against extradition, leading to many terrorist attack and mafia style executions. They also tried to influence the government and political structure of Colombia by means of corruption, as in the case of the 8000 Process scandal.

In recent years, the country has continued to be plagued by the effects of the drug trade, guerrilla insurgencies like FARC and paramilitary groups such as the AUC (later demobilized, though paramilitarism remains active), which along with other minor factions have engaged in a bloody internal armed conflict. President Andrés Pastrana and the FARC attempted to negotiate a solution to the conflict between 1998 and 2002 in which the government, more or less like Pakistan negotiations with the Taliban, believed the state could not fight forever and agreed to

handle huge quantity of land in return for peace. Pastrana began to implement the Plan Colombia initiative, with the dual goal of ending the armed conflict and promoting a strong anti-narcotic strategy. This strategy entailed setting a huge quantity of land as "demilitarized" zones where no soldiers from either side could reside, but as attacks from the drug cartels persisted in those zones, the government established the negotiations were ineffectual.

During the presidency of Álvaro Uribe, who was elected on the promise of applying military pressure on the FARC and other outlawed groups, under the stance that nearly half a century of negotiations with no results was a sign that "some entities just cannot be negotiated with". Mostly through military pressure and increased military hardware from the US most security indicators improved, showing a steep decrease in reported kidnappings (from 3,700 in the year 2000 to 800 in 2005) and a decrease of more than 48% in homicides between July 2002 and May 2005. Guerillas have been reduced from 16,900 insurgents to 8,900 insurgents.

While some in the UN argue Colombia is violating human rights to achieve peace, most do not argue that increase military pressure has had considerable improvements that have favored economic growth and tourism. The 2006–2007 Colombian parapolitics scandal emerged from the revelations and judicial implications of past and present links between paramilitary groups, mainly the AUC, and some government officials and many politicians, most of them allied to the governing administration.

## **Government**

The government of Colombia takes place within the framework of a presidential representative democratic republic as established in the Constitution of 1991. In accordance with the principle of separation of powers, government is divided into three branches: the executive; the legislative; and the judicial. These operate alongside special control institutions (the offices of the Inspector General of Colombia and the Comptroller General of Colombia) and electoral institutions.

The President of Colombia serves as both head of state and head of government, followed by the Vice President and the Council of Ministers. The president is elected by popular vote to serve four-year terms and is currently limited to a maximum of two such terms (increased from one in 2005). At the provincial level executive power is vested in department governors, municipal mayors and local administrators for smaller administrative subdivisions, such as *corregidores* for *corregimientos*.

The legislative branch of government is represented nationally by the Congress, a bicameral institution comprising a 166-seat Chamber of Representatives (including four seats reserved for the representatives of minority communities and expatriates) and a 102-seat Senate (including two seats reserved for the representatives of indigenous communities). Members of both houses are elected two months before the president, also by popular vote and to serve four-year terms. At the provincial level the legislative branch is represented by department assemblies and municipal councils. All regional elections are held one year and five months after the presidential election.

The judicial branch is headed by the Supreme Court, consisting of 23 judges divided into three chambers (Penal, Civil and Agrarian, and Labour). The judicial branch also includes the Council of State, which has special responsibility for administrative law and also provides legal advice to the executive, the Constitutional Court, responsible for assuring the integrity of the Colombian constitution, and the Superior Council of Judicature, responsible for auditing the judicial branch. Colombia operates a system of civil law, which since 2005 has been applied through an adversarial system.

### **Administrative divisions**

Colombia is divided into 32 departments and one capital district, which is treated as a department (Bogotá also serves as the capital of the department of Cundinamarca). Departments are subdivided into municipalities, each of which is assigned a municipal seat, and municipalities are in turn subdivided into *corregimientos*. Each department has a local government with a governor and assembly directly elected to four-year terms. Each municipality is headed by a mayor and council, and each *corregimiento* by an elected *corregidor*, or local leader.

In addition to the capital nine other cities have been designated districts (in effect special municipalities), on the basis of special distinguishing features. These are Barranquilla, Cartagena, Santa Marta, Cúcuta, Popayán, Tunja, Turbo, Buenaventura and Tumaco. Some departments have local administrative subdivisions, where towns have a large concentration of population and municipalities are near each other (for example in Antioquia and Cundinamarca). Where departments have a low population and there are security problems (for example Amazonas, Vaupés and Vichada), special administrative divisions are employed, such as "department *corregimientos*", which are a hybrid of a municipality and a *corregimiento*.

### **Foreign affairs**

The foreign affairs of Colombia are headed by the President of Colombia and managed by the Minister of Foreign Affairs. Colombia has diplomatic missions in all continents and is also represented in multilateral organizations at the following locations:

- Brussels (Mission to the European Union)
- Geneva (Permanent Missions to the United Nations and other international organizations)
- Montevideo (Permanent Missions to the Latin American Integration Association and Mercosur)
- Nairobi (Permanent Missions to the United Nations and other international organizations)
- New York (Permanent Mission to the United Nations)
- Paris (Permanent Mission to UNESCO)
- Rome (Permanent Mission to the Food and Agriculture Organization)
- Washington DC (Permanent Mission to the Organization of American States)

The foreign relations of Colombia are mostly concentrated on combating the illegal drug trade, the fight against terrorism, improving Colombia's image in the international community, expanding the international market for Colombian products, and environmental issues. Colombia receives special military and commercial co-operation and support in its fight against internal

armed groups from the United States, mainly through Plan Colombia, as well as special financial preferences from the European Union in certain products.

Colombia is a member of the Andean Community of Nations and the Union of South American Nations.

Colombians need tourist visa for 180 countries and do not need tourist visa for 15 countries.

## **Defense**

The executive branch of government has responsibility for managing the defence of Colombia, with the President commander-in-chief of the armed forces. The Ministry of Defence exercises day-to-day control of the military and the Colombian National Police. According to UN Human Development Report criteria, Colombia has 209,000 military personnel, and in 2005 3.7% of the country's GDP went towards military expenditure, both figures placing it 21st in the world. Within Latin America, Colombia's armed forces are the third-largest, behind Brazil and Mexico, and it spends the second-highest proportion of GDP after Chile. Since 2000 the Colombian military has also received substantial support from the United States government through the provisions of Plan Colombia.

The Colombian military is divided into three branches: the National Army of Colombia; the Colombian Air Force; and the Colombian National Armada. The National Police functions as a gendarmerie, operating independently from the military as the law enforcement agency for the entire country. Each of these operates with their own intelligence apparatus separate from the national intelligence agency, the Administrative Department of Security. The National Army is formed by divisions, regiments and special units; the National Armada by the Colombian Naval Infantry, the Naval Force of the Caribbean, the Naval Force of the Pacific, the Naval Force of the South, Colombia Coast Guards, Naval Aviation and the Specific Command of San Andres y Providencia; and the Air Force by 13 air units. The National Police has a presence in all municipalities.

## **Politics**

For over a century Colombian politics were monopolised by the Liberal Party (founded in 1848 on an anti-clerical, broadly economically liberal and federalist platform), and the Conservative Party (founded in 1849 espousing Catholicism, protectionism, and centralism). This culminated in the formation of the National Front (1958-1974), which formalised arrangements for an alternation of power between the two parties and excluded non-establishment alternatives (thereby fuelling the nascent armed conflict).

By the time of the dissolution of the National Front, traditional political alignments had begun to fragment. This process has continued since, and the consequences of this are exemplified by the results of the last presidential election, held on 28 May 2006, which was won with 62% of the vote by the incumbent, Álvaro Uribe. President Uribe is from a Liberal background but he campaigned as part of the Colombia First movement with the support of the Conservative Party, and his hard line on security issues and liberal economics place him on the right of the modern

political spectrum. In second place with 22% was Carlos Gaviria of the Alternative Democratic Pole, a newly formed social democratic alliance which includes elements of the former M-19 guerrilla movement. Horacio Serpa of the Liberal Party achieved third place with 12%. Meanwhile in the congressional elections held earlier that year the two traditional parties secured only 93 out of 268 seats available.

Despite a number of controversies, most notably the ongoing parapolitics scandal, dramatic improvements in security and continued strong economic performance have ensured that President Uribe remains extremely popular among the Colombian people, with his approval rating peaking at 91% in July 2008. However, having served two terms, he will be constitutionally barred from seeking re-election in 2010.

## **Economy**

In spite of the difficulties presented by serious internal armed conflict, Colombia's economy grew steadily in the latter part of the twentieth century, with gross domestic product (GDP) increasing at an average rate of over 4% per year between 1970 and 1998. The country suffered a recession in 1999 (the first full year of negative growth since the Great Depression), and the recovery from that recession was long and painful. However, in recent years growth has been impressive, reaching 8.2% in 2007, one of the highest rates of growth in Latin America. Meanwhile the Colombian stock exchange climbed from 1,000 points at its creation in July 2001 to over 7,300 points by November 2008.

According to International Monetary Fund estimates, in 2007 Colombia's nominal GDP was US\$202.6 billion (37th in the world and fourth in South America). Adjusted for purchasing power parity, GDP per capita stands at \$7,968, placing Colombia 82nd in the world. However, in practice this is relatively unevenly distributed among the population, and, in common with much of Latin America, Colombia scores poorly according to the Gini coefficient, with UN figures placing it 119th out of 126 countries. In 2003 the richest 20% of the population had a 62.7% share of income/consumption and the poorest 20% just 2.5%, and 17.8% of Colombians live on less than \$2 a day. Government spending is 37.9% of GDP. Almost a quarter of this goes towards servicing the country's relatively high government debt, estimated at 52.8% of GDP in 2007. Other problems facing the economy include weak domestic and foreign demand, the funding of the country's pension system, and unemployment (10.8% in November 2008). Inflation has remained relatively low in recent years, standing at 5.5% in 2007.

Historically an agrarian economy, Colombia urbanised rapidly in the twentieth century, by the end of which just 22.7% of the workforce were employed in agriculture, generating just 11.5% of GDP. 18.7% of the workforce are employed in industry and 58.5% in services, responsible for 36% and 52.5% of GDP respectively. Colombia is rich in natural resources, and its main exports include petroleum, coal, coffee and other agricultural produce, and gold. Colombia is also known as the world's leading source of emeralds, while over 70% of cut flowers imported by the United States are Colombian. Principal trading partners are the United States (a controversial free trade agreement with the United States is currently awaiting approval by the United States Congress), Venezuela and China. All imports, exports, and the overall balance of trade are at record levels, and the inflow of export dollars has resulted in a substantial re-valuation of the Colombian peso.

Economic performance has been aided by liberal reforms introduced in the early 1990s and continued during the current presidency of Álvaro Uribe, whose policies include measures designed to bring the public sector deficit below 2.5% of GDP. In 2008, the Heritage Foundation assessed the Colombian economy to be 61.9% free, an increase of 2.3% since 2007, placing it 67th in the world and 15th out of 29 countries within the region. Meanwhile the improvements in security resulting from President Uribe's controversial "democratic security" strategy have engendered an increased sense of confidence in the economy. On 28 May 2007 the American magazine BusinessWeek published an article naming Colombia "the most extreme emerging market on Earth".

## **Tourism**

For many years serious internal armed conflict deterred tourists from visiting Colombia, with official travel advisories warning against travel to the country. However, in recent years numbers have risen sharply, thanks to improvements in security resulting from President Álvaro Uribe's "democratic security" strategy, which has included significant increases in military strength and police presence throughout the country and pushed rebel groups further away from the major cities, highways and tourist sites likely to attract international visitors. Foreign tourist visits were predicted to have risen from 0.5 million in 2003 to 1.3 million in 2007, while Lonely Planet picked Colombia as one of their top ten world destinations for 2006. The improvements in the country's security were recognised in November 2008 with a revision of the travel advice on Colombia issued by the British Foreign Office.

Colombia Minister for Industry, Trade and Tourism Luis Guillermo Plata said his country had received 2,348,948 visitors in 2008. He is expecting 2,650,000 tourists for 2009.

Popular tourist attractions include the historic Candelaria district of central Bogotá, the walled city and beaches of Cartagena, the colonial towns of Santa Fe de Antioquia, Popayan, Villa de Leyva and Santa Cruz de Mompo, and the Las Lajas Cathedral and the Salt Cathedral of Zipaquirá. Tourists are also drawn to Colombia's numerous festivals, including Medellín's Festival of the Flowers, the Barranquilla Carnival, the Carnival of Blacks and Whites in Pasto and the Ibero-American Theater Festival in Bogotá. Meanwhile, because of the improved security, Caribbean cruise ships now stop at Cartagena and Santa Marta.

The great variety in geography, flora and fauna across Colombia has also resulted in the development of an ecotourist industry, concentrated in the country's national parks. Popular ecotourist destinations include: along the Caribbean coast, the Tayrona National Natural Park in the Sierra Nevada de Santa Marta mountain range and Cabo de la Vela on the tip of the Guajira Peninsula; the Nevado del Ruiz volcano, the Cocora valley and the Tatacoa Desert in the central Andean region; Amacayacu National Park in the Amazon River basin; and the Pacific islands of Malpelo and Gorgona. Colombia is home to seven UNESCO World Heritage Sites.

## **Demographics**

With an estimated 44.6 million people in 2008, Colombia is the third-most populous country in Latin America, after Brazil and Mexico. The population increased at a rate of 1.9%

between 1975 and 2005, predicted to drop to 1.2% over the next decade. Colombia is projected to have a population of 50.7 million by 2015. These trends are reflected in the country's age profile. In 2005 over 30% of the population was under 15 years old, compared to just 5.1% aged 65 and over. Life expectancy at birth in 2005 was 72.3; 2.1% would not reach the age of 5, 9.2% would not reach the age of 40.

The population is concentrated in the Andean highlands and along the Caribbean coast. The nine eastern lowland departments, comprising about 54% of Colombia's area, have less than 3% of the population and a density of less than one person per square kilometer (two persons per square mile). Traditionally a rural society, movement to urban areas was very heavy in the mid-twentieth century, and Colombia is now one of the most urbanized countries in Latin America. The urban population increased from 31% of the total in 1938 to 60% in 1975, and by 2005 the figure stood at 72.7%. The population of Bogotá alone has increased from just over 300,000 in 1938 to approximately 7 million today. In total thirty cities now have populations of 100,000 or more. Colombia has one of the world's largest populations of internally displaced persons (IDPs), estimated up to 4.3 million people.

Colombia is ranked sixth in the world in the Happy Planet Index.

### **Ethnic groups**

The census data in Colombia does not record ethnicity, other than that of those identifying themselves as members of particular minority ethnic groups, so overall percentages are essentially estimates from other sources and can vary from one to another.

According to the CIA World Factbook, the majority of the population (58%) is mestizo, or of mixed European and Amerindian ancestry. 20% is of European ancestry only (predominantly of Spanish, with some Italian, Portuguese and German ancestry), 14% mulatto (of mixed European and black African ancestry), 4% of black African ancestry only, and 3% zambo (of mixed Amerindian and black African ancestry). Pure indigenous Amerindians comprise only 1% of the population. The overwhelming majority of Colombians speak Spanish (see also Colombian Spanish), but in total 101 languages are listed for Colombia in the Ethnologue database, of which 80 are spoken today as living languages. Most of these belong to the Chibchan, Arawak and Cariban linguistic families. The Quechua language, spoken in the Andes region of the country, has also extended more northwards into Colombia, mainly in urban centers of major cities. There are currently about 500,000 speakers of indigenous languages.

### **Indigenous peoples**

Before the Spanish colonization of what is now Colombia, the territory was home to a significant number of indigenous peoples. Many of these were absorbed into the mestizo population, but the remainder currently represents over eighty-five distinct cultures. 567 reserves (*resguardos*) established for indigenous peoples occupy 365,004 square kilometres (over 30% of the country's total) and are inhabited by more than 800,000 people in over 67,000 families. The 1991 constitution established their native languages as official in their territories, and most of them have bilingual education (native and Spanish).

Some of the largest indigenous groups are the Wayuu,<sup>[45]</sup> the Arhuacos, the Muisca, the Kuna, the Paez, the Tucano and the Guahibo. Cauca, La Guajira and Guainia have the largest indigenous populations.

### **Immigrant groups**

The first and most substantial wave of modern immigration to Colombia consisted of Spanish colonists, following the arrival of Europeans in 1499. However a range of other Europeans (Dutch, Germans, Italians, French, Swiss, Belgians and Basques, also many North Americans) migrated to the country in the late nineteenth and early twentieth centuries, and, in smaller numbers, Poles, Lithuanians, English, Irish and Croats during and after the Second World War. For example, former Mayor of Bogotá Antanas Mockus is the son of Lithuanian immigrants.

Many immigrant communities have settled on the Caribbean coast, in particular recent immigrants from the Middle East. Barranquilla (the largest city of the Colombian Caribbean) and other Caribbean cities have the largest populations of Lebanese and Arabs, Sephardi Jews, Roma, and people of Italian, German, and French descent. For example, the singer Shakira, a native of Barranquilla, has both Lebanese and Italian ancestry. There are also important communities of Chinese and Japanese.

Black Africans were brought as slaves, mostly to the coastal lowlands, beginning early in the sixteenth century and continuing into the nineteenth century. Large Afro-Colombian communities are found today on the Caribbean and Pacific coasts. The population of the department of Chocó, running along the northern portion of Colombia's Pacific coast, is over 80% black.

### **The impact of armed conflict on civilians**

Around one third of the people in Colombia have been affected in some way by armed conflict there. Those with direct personal experience make up 10% of the population, and many others also report suffering a range of serious hardships. In total 31% have been affected in some way - either personally or due to the wider consequences of armed conflict.

### **Education**

The educational experience of many Colombian children begins with attendance at a preschool academy until age 6. Primary education is then free and compulsory. Secondary education (educación media) begins at age 11 and lasts up to six years, in some cases seven (mostly in private schools, where it is usually vocational training). Secondary school graduates are awarded the diploma (high-school diploma). However in many rural areas, teachers are poorly qualified, and only the five years of primary schooling are offered. The school year can extend from February to November or from August to June, and in many public schools attendance is split into morning and afternoon "shifts", in order to accommodate the large numbers of children.

Public spending on education as a proportion of gross domestic product in 2006 was 4.7% — one of the highest rates in Latin America — as compared with 2.4% in 1991. This represented 14.2% of total government expenditure. In 2006, the primary and secondary net enrolment rates stood at 88% and 65% respectively, slightly below the regional average. School life expectancy was 12.4 years. A total of 92.3% of the population aged 15 and older were recorded as literate, including 97.9% of those aged 15–24, both figures slightly higher than the regional average. However, literacy levels are considerably lower in rural areas.

Colombia has 24 public and numerous private universities concentrated in Bogotá.

## **Religion**

The National Administrative Department of Statistics (DANE) does not collect religious statistics, and accurate reports are difficult to obtain. However, based on various studies, more than 95% of the population adheres to Christianity, the vast majority of which (between 81% and 90%) are Roman Catholic. About 1% of Colombians adhere to indigenous religions and under 1% to Judaism, Islam, Hinduism, and Buddhism. However, despite high numbers of adherents, around 60% of respondents to a poll by *El Tiempo* reported that they did not practice their faith actively.

While Colombia remains an overwhelmingly Roman Catholic country, the Colombian constitution guarantees freedom and equality of religion. Religious groups are readily able to obtain recognition as organized associations, although some smaller ones have faced difficulty in obtaining the additional recognition required to offer chaplaincy services in public facilities and to perform legally recognised marriages.

## **Culture**

Colombia lies at the crossroads of Latin America and the broader American continent, and as such has been marked by a wide range of cultural influences. Native American, Spanish and other European, African, American, Caribbean, and Middle Eastern influences, as well as other Latin American cultural influences, are all present in Colombia's modern culture. Urban migration, industrialization, globalization, and other political, social and economic changes have also left an impression.

Historically, the country's imposing landscape left its various regions largely isolated from one another, resulting in the development of very strong regional identities, in many cases stronger than the national. Modern transport links and means of communication have mitigated this and done much to foster a sense of nationhood, but social and political instability, and in particular fears of armed groups and bandits on intercity highways, have contributed to the maintenance of very clear regional differences. Accent, dress, music, food, politics and general attitude vary greatly between the Bogotanos and other residents of the central highlands, the *paisas* of Antioquia and the coffee region, the *costeños* of the Caribbean coast, the *llaneros* of the eastern plains, and the inhabitants of the Pacific coast and the vast Amazon region to the south east.

An inheritance from the colonial era, Colombia remains a deeply Roman Catholic country and maintains a large base of Catholic traditions which provide a point of unity for its multicultural society. Colombia has many celebrations and festivals throughout the year, and the majority are rooted in these Catholic religious traditions. However, many are also infused with a diverse range of other influences. Prominent examples of Colombia's festivals include the Barranquilla Carnival, the Carnival of Blacks and Whites, Medellín's Festival of the Flowers and Bogotá's Ibero-American Theater Festival

The mixing of various different ethnic traditions is reflected in Colombia's music and dance. The most well-known Colombian genres are cumbia and vallenato, the latter now strongly influenced by global pop culture. A powerful and unifying cultural medium in Colombia is television. Most famously, the telenovela *Betty La Fea* has gained international success through localized versions in the United States, Mexico, and elsewhere. Television has also played a role in the development of the local film industry.

As in many Latin American countries, Colombians have a passion for football. The Colombian national football team is seen as a symbol of unity and national pride, though local clubs also inspire fierce loyalty and sometimes-violent rivalries. Colombia has "exported" many famous players, such as Freddy Rincon, Carlos Valderrama, Iván Ramiro Córdoba, and Faustino Asprilla. Other Colombian athletes have also achieved success, including Formula 1 Racing's Juan Pablo Montoya, Major League Baseball's Edgar Rentería and Orlando Cabrera, and the PGA Tour's Camilo Villegas.

Other famous Colombians include the Nobel Prize winning author Gabriel Garcia Marquez, the artist Fernando Botero, the writers Fernando Vallejo, Laura Restrepo, Álvaro Mutis and James Cañón, the musicians Shakira, Juanes, Carlos Vives and Juan Garcia-Herreros, and the actors Catalina Sandino Moreno, John Leguizamo, Catherine Siachoque and Sofia Vergara.

The cuisine of Colombia developed mainly from the food traditions of European countries. Spanish, Italian and French culinary influences can all be seen in Colombian cooking. The cuisine of neighboring Latin American countries, Mexico, the United States and the Caribbean, as well as the cooking traditions of the country's indigenous inhabitants, have all influenced Colombian food. For example, *cuy* or guinea pig, which is an indigenous cuisine, is eaten in the Andes region of Colombia.

Many national symbols, both objects and themes, have arisen from Colombia's diverse cultural traditions and aim to represent what Colombia, and the Colombian people, have in common. Cultural expressions in Colombia are promoted by the government through the Ministry of Culture.

## References

1. ^ Constitution of Colombia, 1991 (Article 10) (Spanish)

2. <sup>^ a b c d e f g h i j</sup> CIA world fact book (2009-05-14). "Colombia". *CIA*.  
<https://www.cia.gov/library/publications/the-world-factbook/geos/CO.html>. Retrieved 2009-05-24.
3. <sup>^ a b</sup> Departamento Administrativo Nacional de Estadística
4. <sup>^ a b c d</sup> "Colombia". International Monetary Fund.  
<http://www.imf.org/external/pubs/ft/weo/2009/01/weodata/weorept.aspx?sy=2006&ey=2009&scsm=1&ssd=1&sort=country&ds=.&br=1&c=233&s=NGDPD%2CNGDPDPC%2CPPPDP%2CPPPDP%2CLP&grp=0&a=&pr.x=67&pr.y=4>. Retrieved 2009-04-22.
5. <sup>^</sup> "Decreto 2153 de 1992". Presidencia de la República de Colombia.  
[http://www.presidencia.gov.co/prensa\\_new/decretoslinea/1992/diciembre/30/dec2153301992.pdf](http://www.presidencia.gov.co/prensa_new/decretoslinea/1992/diciembre/30/dec2153301992.pdf). Retrieved 2008-10-13.
6. <sup>^</sup> Gerhar Sandner, Beate Ratter, Wolf Dietrich Sahr and Karsten Horsx (1993). "Conflictos Territoriales en el Mar Caribe: El conflicto fronterizo en el Golfo de Venezuela" (in Spanish). *Biblioteca Luis Angel Arango*.  
<http://www.lablaa.org/blaavirtual/geografia/ctemc/ctemc03.htm>. Retrieved 2008-01-05.
7. <sup>^</sup> The Geographer Office of the Geographer Bureau of Intelligence and Research (1985-04-15). "Brazil-Colombia boundary" (PDF). *International Boundary Study*.  
<http://www.law.fsu.edu/library/collection/LimitsinSeas/IBS174.pdf>. Retrieved 2008-01-05.
8. <sup>^</sup> CIA (2007-12-13). "Ecuador". *World Fact Book*.  
<https://www.cia.gov/library/publications/the-world-factbook/geos/EC.html>. Retrieved 2008-01-05.
9. <sup>^</sup> (Spanish) Tratados Internacionales limítrofes de Colombia
10. <sup>^</sup> (Spanish) Colombia - Limites territoriales
11. <sup>^</sup> "Estados Unidos, segundo país en número de hispanoparlantes" (in Spanish). *Clarín.com*.  
<http://www.clarin.com/diario/2008/10/21/sociedad/s-01785818.htm>. Retrieved 13 July 2009.
12. <sup>^</sup> Nicolás del Castillo Mathieu (March 1992). "LA PRIMERA VISION DE LAS COSTAS COLOMBIANAS, Repaso de Historia" (in Spanish). *Revista Credencial*.  
<http://www.lablaa.org/blaavirtual/revistas/credencial/marzo1992/marzo3.htm>. Retrieved 2008-02-29.
13. <sup>^</sup> [http://www.unodc.org/pdf/Colombia\\_Dec06\\_en.pdf](http://www.unodc.org/pdf/Colombia_Dec06_en.pdf)
14. <sup>^</sup> David R. Davis, Brett Ashley Leeds and Will H. Moore (1998-11-21). "Measuring Dissident and state behaviour: The Intranational Political Interactions (IPI) Project" (PDF). *Florida State University*.  
<http://garnet.acns.fsu.edu/~whmoore/ipi/harmel.conf.pdf>. Retrieved 2008-01-05.
15. <sup>^ a b</sup> Carlos Restrepo Piedrahita (February 1992). "EL NOMBRE "COLOMBIA", El único país que lleva el nombre del Descubrimiento" (in Spanish). *Revista Credencial*.  
<http://www.lablaa.org/blaavirtual/revistas/credencial/febrero1992/febrero2.htm>. Retrieved 2008-02-29.
16. <sup>^</sup> Tallest mountains by continent
17. <sup>^</sup> "South America Banks on Regional Strategy to Safeguard Quarter of Earth's Biodiversity". *Conservation International*.  
[http://web.archive.org/web/20050310115345/http://www.conservation.org/xp/news/press\\_releases/2003/091603\\_andean\\_eng.xml](http://web.archive.org/web/20050310115345/http://www.conservation.org/xp/news/press_releases/2003/091603_andean_eng.xml). Retrieved 2007-06-29.
18. <sup>^</sup> Human Development Report: Deforestation, 2007/2008

19. ^ UNODC 2008 World Drug Report, Executive Summary
20. ^ Van der Hammen, T. and Correal, G. 1978: "Prehistoric man on the Sabana de Bogotá: data for an ecological prehistory"; *Paleography, Paleoclimatology, Paleoecology* 25:179-190
21. ^ Broadbent, Sylvia 1964: *Los Chibchas: organización socio-política. Série Latinoamericana 5*. Bogotá: Facultad de Sociología, Universidad Nacional de Colombia
22. ^ The Story Of... Smallpox — and other Deadly Eurasian Germs
23. ^ Come to Sunny Colombia *The Economist*, June 29, 2006.
24. ^ (Spanish) Polo Democratico Alternativo ¿Por qué la parapolítica? February 26, 2007. Retrieved on August 19, 2007
25. ^ Human Development Report: Military Personnel, 2007/2008
26. ^ Human Development Report: Military Expenditure, 2007/2008
27. ^ Reuters, Popularity of Colombia's Uribe soars after rescue
28. ^ <sup>a b</sup> Banco de la República, Economic and Financial Data for Colombia
29. ^ <sup>a b c d e</sup> Human Development Report for Colombia, 2007/2008
30. ^ International Trade Centre: Colombia Exports
31. ^ International Colored Gemstone Association: Emerald
32. ^ America's Flower Basket: Colombian Flowers and the American Marketplace
33. ^ Heritage Foundation, Index of Economic Freedom
34. ^ *BusinessWeek*, Colombia, The Most Extreme Emerging Market on Earth May 28, 2007
35. ^ BBC News, A new hot-spot for the tourism industry
36. ^ "Hot Destination: Colombia". *Christian Science Monitor*. May 9, 2006. <http://www.csmonitor.com/2006/0509/p06s01-woam.html>.
37. ^ FCO Travel Advice, Colombia
38. ^ Colombia expects to receive 2 650 000 tourists in 2009
39. ^ 16,2% aumentó llegada de turistas extranjeros a Colombia en 2008
40. ^ ceelat
41. ^ Colombia: A Country Study
42. ^ Number of internally displaced people remains stable at 26 million. Source: United Nations High Commissioner for Refugees (UNHCR). May 4, 2009.
43. ^ (Spanish) Colombia una nación multicultural: su diversidad étnica
44. ^ The Languages of Colombia
45. ^ <sup>a b</sup> EPM (2005). "La etnia Wayuu" (in Spanish). *Empresas Publicas de Medellin*. <http://www.eppm.com/epmcom/contenido/acercade/infraestructura/generacion/Jepirachi/etnia.htm>. Retrieved 2008-02-29.
46. ^ (Spanish) Los Resguardos Indígenas
47. ^ (Spanish) Colombia una Los grupos étnicos colombianos
48. ^ Colombia, Opinion survey 2009, by ICRC and Ipsos
49. ^ <sup>a b c</sup> UNESCO Institute for Statistics Colombia Profile
50. ^ US Department of State Background Note: Colombia
51. ^ "Religious Intelligence — Country Profile: Colombia". <http://www.religiousintelligence.co.uk/country/?CountryID=78>. Retrieved 2007-10-03.
52. ^ <sup>a b</sup> International Religious Freedom Report 2005, by the Bureau of Democracy, Human Rights, and Labor, U.S. Department of State, November 8, 2005.
53. ^ Constitution of Colombia, 1991 (Article 19)

