

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

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## **Report Summary/Argentina**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

Argentina's gay marriage issue once again has been a controversial in the congress of Argentina when a committee of Argentine senate has made observation on it. Congress of Argentina had passed the bill of gay marriage quickly in May but the senate of Argentina is observing over the bill and the final decision is expected in this Wednesday. It will also be decided by the senate whether the gay couples could adopt children or not as they have plead for it and the congress has allowed them. The Church of Argentina has circulated the papers against the unnatural resolution of same sex marriages in its Mormons to guide people which show the opposition of Church in this issue. The Church had arranged a rally against the bill in Buenos Aires on Sunday to increase pressure on Senate committee.

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

#### **Geostrategic Issues**

The president of Argentina Fernandez Kirchner said Argentina's relations with China will be increased and both countries are taking interests to increase relations. President Kirchner is going on a state visit to China for five days where she will meet both president and premier of China and both countries will sign several agreements of mutual interests. Argentina started diplomatic relations with China in 1972 and strategic relations started in 2004.

Chinese premier said both countries have similar stance at many international forums as in the UN and environmental forums etc which are bringing both countries close to each other.

And since last year both countries have signed several agreements in the field of covering infrastructure, energy, natural gas, chemical industry and finance. Economic relations have also increased between both countries which are bringing close to both countries. As far as disputes between two countries are concerned, the premier said that would be solved by appropriate way through friendly negotiations.

President Kirchner discussed the soy oil dispute with the president of China and ensured to continue the export as China is importing 70 percent of Argentina's oil production. The Chinese president said such kind of negotiations will increase the relationships and trade between both countries. Now both leaders have signed 12 major agreements and several small. Major agreements are as in the field of infrastructure, transportation and energy etc. Chinese government will build a subway and train tracks in Argentina which is a project of \$10 billion. Trade between both countries increased \$4 billion in 2004 to \$14 in 2008 and the recent agreements are increasing more.

## **Report Summary/Brazil**

### **Political Issue**

President of Syria went back on his country but before leaving he commented that Brazilian president's graph increased in his country and before the world due to his bold step in meddling with Turkey on the issue of Iran's nuclear technology program. He said Obama even could not better for peace process in the world to tackle this issue of Iran but Brazil and Turkey did.

President Lula said Brazil has ability to host World Olympic Games 2016 and for better arrangements it is arranging the plans which will be completed in 2016 when Brazil will host the Olympic Games. He also said some people have started asking that Brazilians are idiots and cannot arrange this mega event as they don't have airports and infrastructure etc. He said we are building everything to give comfort to the guests of World Olympic and running a subway bullet train between Rio and Sao Paulo which are two major cities of Brazil.

### **Economic Issue**

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

Brazilian president visited six African countries including South Africa where he visited in last. His official visit was to increase relations with African countries which is till \$14 billion in this year and five times fold than previous years. He met his South African counterpart Comorade Zuma and told to increase relations with developing countries instead of just developed countries. Zuma also said he is very interested in increasing trade and commercial relations with Brazil which is already South Africa's largest trading partner in South America.

Brazilian president said he is interested to shift Brazilian farming, airplane and TV technology to South Africa to work on it together

In an address of president Zuma to Brazilian and South African business community in Johannesburg, he said South Africa would have to follow Brazil's economic policies to uplift its economy and a peaceful event of World Cup has showed that South Africa has ability to compete and uplift its country.

During Lula's visit to Kenya he met his Kenyan president and made several agreements to bolster economic ties between both countries. Both countries are having huge difference in trade as Brazil's export to Kenya is much bigger than Kenya's. now the Kenyan business community has called Brazilian business community to reduce the difference between the trade of both countries and import more Kenyan goods. Diplomatic relations between both countries started in 2008 when Kenya opened its embassy in Brazil which also deals other South American countries. Agreements are signed in the fields of politics, society and economy.

In an address to Brazil and EU summit in Brasilia, president Lula said he is keen to increase trade between Mercosur and EU when he will get Mercosur's rotating presidency in the end of this year. Mercosur and EU have signed a treaty between both countries but it is stalled due to the objection of French farmers. He said he shall make Mercosur's policies more flexible to make French farmers agree which will bolster the trade between Mercosur and EU. EU invested in Mercosur more than India and the representative of EU also said EU is keen to resolve this controversial policy so that the trade could be rehabilitate between both blocks. President Lula said he respect the policies of French farmers and he shall try to resolve the dispute but if the farmers remain in disadvantages, the government would have to give them compensation.

## **Report Summary/Chile**

### **Political Issue**

The government of Chile has discovered some new oil storages in the extreme south of Chile which will help boosting country's economy. Chile's economy was decreasing as government need more fund to build its infrastructure which was collapsed in the earthquake in the beginning of this year. Now the government has launched the rehabilitation plan of Chile to build its infrastructure which needs a huge amount of money.

Chile is the safest country as compare to its other regional countries in criminal and drug activities. But president Pinera has launched an anti drug campaign and sent police to counter criminals and drug dealers in their region. Opposition criticizes that he is actually doing to gain political respect in the country and to divert the attention of public from rehabilitation plan to crackdown of criminals. But on the other hand the citizens of Chile say they are scaring of criminals as they also exist in the cities and the citizens have fixed fences in their streets from one side on their own behalf.

### **Economic Issue**

### **Social/Humanitarian Issue**

Chilean Foreign Ministry building was evacuated due to the fear of a letter of anthrax in the building. The officials were fearful due to the anthrax letter so called the police which took the packet in their custody and sent that to the Public Health Institute for its investigation.

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

### **Geostrategic Issues**

## **Report Summary/Colombia**

### **Political Issue**

United States embassy in Bogota has denied to issue the US visa to a prominent Colombian journalist who was going to Harvard University in a fellowship program. He has criticized Mr. Uribe who was the previous president of Colombia and very close to Washington. Both Uribe and Morris have controversy with each other because Mr. Morris is always criticizing Mr. Uribe in his TV program due to his policies against drug cartels and a rebel group FARC and on the other hand Mr. Uribe has called him the supporter and companion of FARC in shape of a journalist. FARC has also killed the father of former president Uribe after kidnapping him.

Colombia's President-elect Juan Manuel Santos has named a US-educated oil engineer as his energy minister recently. Mining and energy are important things in Colombia as it is producing much and the ministry is considered an important key post because it plays a very important role in boosting country's economy.

### **Economic Issue**

### **Social/Humanitarian Issue**

Colombian forces have killed 12 rebels in a sudden attack on them in the city and 14 other citizens have been killed among them. The new Colombian president Santos has pledged to follow the Uribe's policies to counter FARC rebels and in this regard the Colombian government has taken billions of dollars as an aid from the United States.

Due to the killings of the 14 civilians in the attack on the rebel group in the city, the president Santos is criticized by the UN Human Rights Council and asked the detail of it. Other than this the president is also charged of involved in the killing and picking unrelated people in doubt of FARC when he was the defense minister. But the government claims it has just picked the people who are against the government and related to the rebel group.

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

### **Geostrategic Issues**

The government of Colombia has officially invited the president of its neighboring country Mr. Hugo Chavez of Venezuela to come to Colombia in the inauguration ceremony of the newly elected president on August 7. The officials claim that the government of Colombia is trying to establish good relations to work collectively on the regional issues.

## **Report Summary/Mexico**

### **Political Issue**

Mexico's local and state elections in 12 states passed in the environment of less violence as it was expected but in spite of less violence it took the lives of 14 people in different states and a gubernatorial candidate of PRI in a bordering state with Texas by the drug cartels. As far as turnout is concerned, Mexico's political analysts believe that ratio between two major parties is almost same but PRI got a bit prevailing majority over PAN. They say actually the people of Mexico got fed up of drug war and the violence it spread by taking the lives of 26,000 Mexican citizens so they went against the ruling party of Mexico that is PAN or National Action Party and favored Institutional Revolutionary Party.

PRI which is also called themselves as 'dinosaurs' ran its campaign on criticism on PAN that it has taken the lives of 26,000 Mexicans and the war it is running is just due to pressure of its neighboring country on it and without thinking the benefit of its country. And they also criticized PAN that it could not control country's economy which is collapsing day by day due to drug war. On the other hand PRI is criticized of supporting drug cartels by the PAN as it's a senior candidate is seen in a picture of a party with Mexico's most wanted drug-lord. PAN calls PRI as the trouble maker in Mexico's peace making process by encountering drug cartels. PAN also blame on PRI that it has links with Sinaloa drug cartels as its members are supporting PRI.

A columnist in Washington Post wrote against PRI and its links with the drug cartels. He said the elections are the win of PAN over PRI but PRI has given tough time to PAN. He said if PAN wins clearly in 2012 national elections of Mexico, it mean drug cartels have lost and if the people of Mexico decide to vote PRI then vice versa. He says many evidences have come before in shape of pictures which shows that the PRI leaders are meeting with drug related persons and their officials are giving tough time to PAN in Ciudad Juarez stare which shares border with US. He also said Mexican drug cartels showed less interest in these elections as compare to the previous so this is why they could not bring their candidates in the elections directly. in the meanwhile the government of Mexico has started providing bodyguards on rent to the officials after the death of a gubernatorial candidate.

Mexican exporters said they are going to reduce their production because always there are some hurdles by the government which create loss in their business. In these days a heavy flood in prevailing Mexican bordered states and the heavy water has come on the roads. The trucks are coming back because they cannot deliver the goods in such situation. Trade between US and Mexico has been halted due to flood which is doing loss for Mexican traders as they claim.

Mexican president has accepted the resign of the interior minister and the chief security advisor of Mexico. Though this is a crucial time as drug war is going on and amid such position

he has resigned. Mr. Caldron said the new minister and security advisor is also very experienced and he can control the situation.

### **Economic Issue**

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

Mexican foreign minister visited Malaysia and met his counterpart there in Kuala Lumpur. Her visit is to talk to Malaysian government over climate change conference to make the conference effective which is going to be held in Cancun state of Mexico.

## **Report Summary/Venezuela**

### **Political Issue**

Since president Chavez tried to nationalized the private business company, the workers got angry and protested against its nationalization. Chavez recently has seized its food department and said he is taking steps for the welfare of the poor and socialism in the country. He also said Polar like companies are exploiting poor and the owner of Polar company Mendoz is the richest person of Latin America and he is going to hell but poor have place in heaven. While workers and employees of Polar say they are against the nationalization of Polar because in nationalized companies they are getting very low wages. So now the people of Venezuela have shown their reaction on Polar's nationalization.

Chavez has once again under the criticism from its opposition due to the arrest of an opposition leader and the former candidate of president in 1998 elections. Human rights organizations have also been criticized him including Inter-American Human Rights Commission has always criticized him due to his act of captivating opposition candidates and leaders. According to Inter-American Human Rights Commission report many prisoners are in the prisons of Venezuela who even don't have right of trial and their case is not filed in the court which shows those are on the base on political opposition. The organization also accused on government of less freedom to its citizens and media as many journalists who are criticizing the government are captured and sentenced. Amnesty International also reported on the bad treat with the prisoners in the prisons and also they are given few and low standard food.

### **Economic Issue**

## **Social/Humanitarian Issue**

The government has sent two citizens to jail due to violating the cyber laws. Two young men hacked Venezuela's official social blog on twitter and sent wrong tweets about country's economy. A local court sentenced them for eleven years.

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

## **Geostrategic Issues**

President Chavez and Correa of Ecuador gathered at a summit of Bolivarian Alliance of the Peoples of Our America (ALBA) countries and made some trade agreements between both countries. They pledged to run their trade in 'Sucre' that is Unified System for Regional Compensation a new regional currency of ALBA countries which is being used instead of US dollar, and Cuba is also part of this organization. ALBA is working for regional coordination and common currency trade (Sucre) between member states and individuals of these countries. Other than these three countries Bolivia, Nicaragua, the Dominican Republic, Antigua & Barbuda and San Vicente & the Grenadines are also its members. Also both leaders of Venezuela and Ecuador criticized the anti-criminal policies of Colombia which is also affecting the neighboring countries.

Venezuela's ambassador to Venezuela has criticized Spain's Peoples' Party in direct meddling in Venezuela's internal affairs. He said Spain has not right to discuss Venezuela's internal affairs which can spoil the relations between both countries.

Venezuelan government had extradited a most wanted terrorist to the United States last week who was having a US \$5 million reward of him. Today the government of Venezuela has received a direct diplomatic note from the US government after long years. So the Venezuelan government said it is thinking what would be the next step from its side.

Chavez said he feels doubts of the new president's plans as he is bidding US plans for its neighbors and US want to use Colombia for Venezuela. He says US is fearful of Venezuela's socialism so he is always considering Venezuela as its enemy and this is why he has sent US forces in Colombia on the name of crackdown of drug cartels in the region.

Chavez has criticized on the violation of Dutch aircraft in Venezuela's air space and asked Dutch government to take a notice of it. The president also said such kind of violations could harm the diplomatic relations between both countries. Venezuelan government tried to contact Dutch embassy in Caracas but could not. But later the government of Netherlands claimed that the royal air plane has not violated the air space of Venezuela but it is a nonsense.

## **Detailed Report/Argentina**

## **Argentina gay marriage row serves broader government aim**

Buenos Aires (Reuters) - Argentina's government is fighting to get a gay marriage bill through Congress to shore up its leftist credentials ahead of a 2011 vote and to steal the limelight from opposition-led proposals.

The Senate is due to vote next week on gay marriage, which would give homosexual couples the right to adopt children. If the measure passes, Argentina would be one of just a handful of countries to have such a law.

But even if opponents and religious groups succeed in blocking the bill, the debate has allowed the government to divert attention from popular opposition proposals that could become a major headache for President Cristina Fernandez, such as a steep hike in pension payments.

"This allows the government to always be center stage," said Roberto Bacman, a sociologist and pollster. "They want to show they are the true center-left, forcing the opposition to move to the right in the upcoming national election."

Fernandez and her husband and predecessor, former President Nestor Kirchner, have depicted gay marriage as a matter of human rights, an issue dear to them that has helped win support from some middle-class voters and broaden their base beyond the urban poor.

Kirchner, a congressman now and head of the Peronist Party's ruling faction, told reporters on Thursday: "I have an absolutely clear conscience, having voted in favor of equal marriage rights."

The couple's push for gay marriage has cut across party lines and helps them position themselves as the most viable leftist option ahead of an October 2011 election, in which Kirchner is expected to run for president after serving from 2003 to 2007.

### **Presidential Bid**

Fernandez lost her majority in Congress last year as voters shaken by the global economic crisis punished the Kirchners for their confrontational style, which came to the fore during a months-long tax dispute with farmers in 2008.

Some leftist voters were also turned off by Fernandez's veto of a law to protect glaciers in mining areas.

But with the economy rebounding strongly this year, Fernandez's approval ratings have regained some lost ground. And Kirchner's possible presidential bid is backed by around one-third of Argentines, according to recent polls.

Political analyst Graciela Romer said the gay marriage campaign serves to distract from high inflation, which private economists estimate at between 20 percent and 25 percent annually and which is a growing concern among voters.

"In general, at times when there are important economic issues that could hurt the government's image, they tend to launch these kinds of polemical proposals," Romer said.

"This puts the opposition in a delicate situation because many of them have voted in favor of this," she added.

The lower house of Congress quickly passed the gay marriage bill in May, but a Senate committee this week rejected the measure, which should go to a vote next Wednesday.

Bacman said a potential electoral alliance between the Socialists, the Civic Coalition and the traditional Radical party could be hurt by divisions over this issue.

Alcira Argumedo, a lawmaker representing the left-leaning Proyecto Sur movement, said the gay marriage debate had to be understood "in the context of the government's weakness after the June 2009 electoral defeat."

"They pay very close attention to opinion polls, and when they saw a significant proportion of the population supported this, that's when they moved to back it," she said.

### **Argentina seeks enhanced relations with China: president**

Argentine President Cristina Fernandez said Friday her country attaches great importance to its strategic partnership with China and expressed the hope that her upcoming visit to China will further push the bilateral relations to a new high.

Fernandez was speaking in the Tucuman province in northern Argentina where she attended "Independence Day" celebrations.

The five-day state visit to China, which begins on Sunday, will be the first by Fernandez since she took office in 2007.

According to Chinese Foreign Ministry spokesman Qin Gang, both Chinese President Hu Jintao and Premier Wen Jiabao will hold talks with Fernandez in Beijing.

Leaders of the two countries will exchange views on further enhancing the China-Argentina strategic partnership, expanding cooperation in various fields and other issues of common concern.

The two sides will also sign a number of cooperation agreements, Qin told a news briefing last week.

China and Argentina established diplomatic ties in 1972. They decided to establish a strategic partnership during President Hu's visit to Argentina in November, 2004.

Trade relations have also been expanding quickly over the past years. According to figures released by China's General Administration of Customs, the total two-way trade volume reached 14.39 billion U.S. dollars in 2008.

### **Argentine president's visit to China underscores strategic ties: Chinese diplomat**

The recent years have witnessed a continuous upgrading and strengthening of strategic relationship between China and Argentina, a Chinese diplomat said ahead of Argentine President Cristina Fernandez de Kirchner's upcoming visit to China.

The bilateral ties have set a good example for cooperation between emerging economies, Chinese Ambassador to Argentina Zeng Gang told Xinhua in a recent interview.

Cristina Kirchner will pay a state visit to China between July 11 and July 15, which will be her first trip to China since she took office in 2007.

Zeng said that the last visit to China by an Argentine president was in 2004. Major changes have taken place in the international situation and bilateral relationship since then.

He said that the collective rising of emerging economies including China and Argentina has become the most prominent feature of the evolving international landscape, and the outbreak of the latest global financial crisis in the second half of 2008 has accelerated the reshaping of the international political and economic order.

Against such a backdrop, the diplomat noted, developed economies are no longer able to dictate the terms of international affairs, and thus the Group of 20 (G20) major economies including China and Argentina are taking the center stage.

At the bilateral level, the past six years have witnessed an all-round development of the China-Argentina strategic partnership, whose establishment in 2004 opened a new era for bilateral cooperation, Zeng said.

Now the China-Argentina relations have risen to a new level, with the two countries conducting frequent high-level exchanges, gradually building up their mutual political trust, and steadfastly backing each other on issues concerning their core interests.

At the international level, China and Argentina have carried out sound cooperation, Zeng stressed, adding that the fact that both countries are emerging economies indicates that they have extensive common interests.

The two countries held similar positions on UN reform and climate change and in the Doha round of WTO negotiations, and have conducted close cooperation on those and many other affairs, he said.

As G20 members, both China and Argentina insist on reforming the unsound international economic and financial order, granting a bigger say to developing countries and tightening financial supervision, and have made significant contributions to the reform of the international economic and financial system, Zeng added.

The upcoming China trip by Cristina Kirchner will mark the fourth time in a year for the leaders of the two countries to meet, and such a high frequency is unprecedented in the diplomatic record between the two countries, he said.

Meanwhile, economic cooperation between the two countries has also grown increasingly close, Zeng said, noting that the volume of bilateral trade reached 14.4 billion U.S. dollars in 2008, which meant that the goal set by the leaders of the two countries in 2004 had been realized in advance.

Since last year, a series of breakthroughs have been achieved in bilateral economic cooperation as the two sides signed agreements on several significant cooperation projects covering infrastructure, energy, natural gas, chemical industry and finance.

The all-around cooperation between the two nations is growing strongly in other areas too. China's Confucius Institute has opened two branches in Argentina, which are serving as important platforms for Argentines to study the Chinese language and better understand Chinese culture.

As hi-tech cooperation between China and Argentina keeps growing, the two sides have jointly launched a food and nutrition research center and joint research programs are underway.

Zeng said the mutual understanding between the two peoples are more profound than ever and their friendship is more solid than ever.

Despite the fact that the bilateral trade volume has contracted recently due to the global financial crisis, the overall growth trend in bilateral trade has been stable, he said, adding that bilateral trade volume has been recovering steadily and is returning to the pre-crisis levels.

According to the forecast of the UN Economic Commission for Latin America and the Caribbean, China will overtake the EU to become Latin America's second-largest trading partner by 2014, he said.

In fact, China has already become the largest trading partner of many countries in the region. Likewise, trade relations between China and Argentina will embrace for a better future, said the ambassador.

On recent trade disputes between the two nations, he said it is a normal phenomenon that certain problems tend to emerge during rapid growth of the trade relations between two important developing countries such as China and Argentina.

As friends and strategic partners, Zeng said he believes that the two nations will be able to settle their trade disputes in an appropriate way through friendly negotiations.

**Mormon Church reaffirms opposition to gay marriage as Argentina weighs legalization**

Salt Lake City (AP) — Mormon Church leaders have restated the faith's unequivocal position against gay marriage in a letter to members in Argentina, where the government is debating whether to legalize gay unions.

"The doctrine of The Church of Jesus Christ of Latter-day Saints is absolutely clear: Marriage is between one man and woman and is ordained of God," said the July 6 letter from church President Thomas S. Monson.

A copy of the letter and its English translation began circulating over the weekend on websites for former Mormons.

Church spokeswoman Kim Farah on Monday confirmed the letter was sent to local leaders in Argentina, where the faith has more than 371,000 members, according to a 2010 church almanac. The country's population is more than 41 million.

Argentina's Senate is debating whether to approve either gay marriage or a civil union law. The country's other legislative body — the House of Deputies — approved same-sex marriage legislation in May. President Cristina Fernandez has promised not to veto the measure if it reaches her desk.

The letter falls short of calling for political activism by members in Argentina, but is an echo of a 2008 letter from Monson to Latter-day Saints in California. Monson had called for Mormons to give their time and money to help pass Proposition 8, a state ballot initiative to ban gay marriage.

The church was seen as a driving force behind that initiative's success, with members donating tens of millions of dollars to the campaign.

In a statement, Farah said "the church has taken no official position on the legislation being considered" in Argentina.

Still, Mormon historian, D. Michael Quinn, said the letter is a significant step in political activism for the church outside the United States.

"They have not urged (members) to take political steps, but they are taking a half-step in that direction," said Quinn, a former professor at the church-owned Brigham Young University who was excommunicated and is gay. "It demonstrates two things: how much an issue this for the LDS leadership, and what they are willing to risk."

Quinn said he did not know if the Utah-based church, which has more than 13 million members and a presence in more than 170 countries, had ever drafted similar letters in other countries where gay marriage has been made legal.

Farah could not immediately confirm whether the letter was the church's first such statement abroad.

Since the 1990s, the church has been politically active in defeating same-sex marriage initiatives across the U.S. and was a signature on a letter seeking a marriage amendment to the U.S. Constitution.

The Argentina letter was directed to congregations in the Buenos Aires area and states that it is a response to concerns stemming from the proposed legislation that would change the definition of marriage.

The letter encourages members to review the "Proclamation on the Family," a 1995 statement from church leaders that set out traditional marriage as a sacred institution ordained by God and the family as a fundamental pillar of society.

### **Argentina fights to save its China soya trade**

Beijing, July 12 (UPI) -- Argentine President Cristina Fernandez de Kirchner is pursuing a restoration of \$2 billion soya trade with China in talks begun after she arrived in Beijing Sunday.

China is holding back on soybean oil imports from Argentina, complaining of chemical contamination, in a move seen by observers as retaliation for Argentine curbs on Chinese imports.

Before Fernandez landed in Beijing, Buenos Aires repeatedly denied it had engaged in any underhanded curbs on imports from China. Published reports, however, cited Fernandez government's unhappiness over "dumping" of cheap Chinese goods into Argentina's market.

The Chinese officials likewise show no acknowledgment a trade war is afoot behind the scenes or that their decision to suspend soybean oil imports from Argentina is anything but scientists' reaction to contamination in the soybean oil.

However, China began diverting its imports to other countries, including the United States, as news spread of Argentine restrictions on a whole range of Chinese imports.

Analysts cited similarities between the Argentina-China trade tussle and Argentina-European row earlier in June which led to European Union taking its grievance to the World Trade Organization. In that instance, too, Argentina denied restricting European goods' entry but EU officials said they had evidence of "unofficial" blocking of EU merchandise at Argentine ports.

The difference between the two scenarios is that Argentina's \$2 billion earnings from soybean oil sales to China are at risk while Chinese imports of the commodity remain suspended.

Fernandez cited "strategic" partnership between Argentina and China but it wasn't clear if the talks had led to a resolution of the key issue of a resumption in the soybean oil trade.

Fernandez is under mounting pressure from Argentina's business community to secure a resumption of the trade, as the consequences of a continued Chinese ban are seen likely to be disastrous for Argentina's soya industry.

Argentina is the world's leading producer of soybean oil and in 2009 China purchased 4.6 million tons equivalent to 70 percent of Argentina's exports of the commodity.

CEPAL, the U.N. Economic Office for Latin America said that between the end of 2008 and January 2010, two-thirds of the 33 "disloyal trade" claims from Argentina before the WTO were targeted at China.

Fernandez also upset the Chinese when she canceled a scheduled official trip to China earlier in the year as her government fought the opposition on the use of Central Bank's foreign currency reserves to meet debt payments.

Fernandez apologized to Chinese President Hu Jintao over the cancellation but the issue of soybean oil trade suspension remains unresolved.

### **China, Argentina leaders to set aside trade spats**

Beijing - Argentine President Cristina Fernandez de Kirchner and Chinese leaders were expected to set aside recent trade disputes and promote a 'strategic partnership' on Monday, as Kirchner made the first visit to China by an Argentine president since 2004.

Kirchner was scheduled to meet Chinese President Hu Jintao and Premier Wen Jiabao during her five-day visit, which began on Sunday.

Her meeting with Hu late Monday was scheduled to be followed by the signing of several bilateral agreements, diplomats said.

The Argentine president, on her first trip to China since taking office in 2007, will also visit the World Expo 2010 in Shanghai, China's Foreign Ministry said.

Chinese state media quoted Kirchner as saying before her trip that she valued Argentina's 'strategic partnership' with China and hoped her visit would 'push bilateral relations to a new high.'

The visit follows growing trade conflict between the two nations this year.

In April, China accused Argentina of using 'abnormal and discriminatory' trade measures, escalating a dispute that erupted when China suspended imports of soy oil from the South American nation.

Vice Commerce Minister Jiang Yaoping said China was concerned about Argentina's 'growing tendency to impose protectionist measures on Chinese products,' adding that Argentina had opened 18 anti-dumping investigations against Chinese products last year.

But Zeng Gang, China's ambassador to Argentina, said the recent trade disputes were a 'normal phenomenon' that 'tend to emerge during rapid growth of the trade relations between two important developing countries.'

'As friends and strategic partners, the two nations will be able to settle their trade disputes in an appropriate way through friendly negotiations,' the official Xinhua news agency quoted Zeng as saying on Saturday.

Bilateral trade was valued at 14.4 billion dollars in 2008, making China Argentina's second-largest trading partner after Brazil, according to Chinese statistics. Trade figures for 2009 were not immediately available.

## **Catholic Church rallies against Argentina gay bill**

The Catholic Church in Argentina has stepped up its offensive against a gay marriage proposal, using Sunday Mass to urge its faithful to protest before Congress on the eve of a decisive Senate vote.

The Latin American country, where 91 percent of the population says it is Catholic, could become the first nation in the region to pass a law legalizing marriage between same-sex couples if the Senate adopts the bill before it on Wednesday.

The measure, which would grant the same rights to homosexual couples as heterosexual ones, cleared a first hurdle on May 5 in the lower chamber, but the Senate is gearing for a tougher battle.

During Sunday Mass, church officials read a message from Buenos Aires Archbishop Jorge Bergoglio in which he urged the faithful to protest Tuesday in front of Congress.

The bishops of La Pampa, a central province, published a document in which they defended a family model "with a mom and a dad, naturally endowed with the remarkable wealth of fertility."

Politicians are very divided on the subject and a Senate panel adopted an alternative project last week for civil unions that would bar gay couples from adopting, but the measure was not taken by the full chamber.

Argentines Alex Freyre and Jose Maria Di Bello were the first homosexuals to get married in Latin America, during a ceremony on December 28. Six other lesbian and gay couples did the same.

But a legal battle soon followed.

Judges tried to annul the gay marriages but the married couples have appealed the rulings every time, vowing to go all the way to the Supreme Court, if necessary.

## **China, Argentina sign series of agreements during Argentine president's visit**

China and Argentina on Tuesday afternoon signed 12 more agreements including a joint statement in Beijing as Argentine President Cristina Fernandez de Kirchner is paying her first state visit to China.

Chinese President Hu Jintao and Cristina Kirchner witnessed the signing of the deals covering areas like transportation infrastructure, fishery, energy, plant quarantine, freight rail line after their talks.

Earlier Tuesday, Cristina Kirchner and Chinese Vice Premier Hui Liangyu also attended the signing ceremony at which the two countries inked six contracts on areas including railway technology, and electrification of rail lines.

## **China, Argentina sign contracts with focus on transportation**

Beijing, July 13 (Xinhua) -- China and Argentina Tuesday signed six contracts on bilateral cooperation in areas including railway technology, and electrification of rail lines.

Chinese Vice Premier Hui Liangyu and visiting Argentine President Cristina Fernandez de Kirchner witnessed the midday signing ceremony in Beijing when they were there to attend a China-Argentina business community luncheon.

According to the contracts, China will provide a export buyer's credit to Argentina on locomotive purchase.

The two countries will also cooperate in Argentina's construction of light rail system, subway building and electrification of rail lines.

Cristina Kirchner, invited by Chinese President Hu Jintao, is on her first state visit to China since she took office.

She was scheduled to hold talks with President Hu later Tuesday, and the two sides will expect to sign some other bilateral cooperative documents after the talks, according to sources with Chinese Foreign Ministry.

Apart from Beijing, Cristina Kirchner will also visit Chinese financial hub Shanghai. She will conclude the trip on July 15.

### **China, Argentina sign \$10bn in rail deals**

China and Argentina on Tuesday agreed contracts for an array of projects in the rail sector totaling \$10 billion, Argentine Transport Minister Juan Pablo Schiavi said.

The news came during a visit to Beijing by Argentine President Cristina Kirchner, who was to meet Chinese counterpart Hu Jintao later on Tuesday.

A total of 10 projects, ranging from two to five years, were agreed, including the purchase of Chinese railway technology and investments in electrification of Argentina's rail lines, Schiavi said.

Some of the agreements were signed at midday, in the presence of Kirchner and Chinese Vice-Premier Hui Liangyu. The rest were to be signed following the talks between Kirchner and Hu, the Argentine minister said.

Relations between Beijing and Buenos Aires have been strained in recent months. In April, China imposed heavy restrictions on imports of soybean oil from Argentina, the world's top exporter of the product.

Some observers said that move was in response to restrictions on imports put in place by Kirchner's government last year during the global economic crisis which resulted in reduced purchases of Chinese appliances and textiles.

Trade between the two countries rose from \$4 billion in 2004 to \$14 billion in 2008, according to government data. - I-Net Bridge

## **Detailed Report/Brazil**

### **Syrian President Compares Obama to Lula and Says Brazilian Leader Gets Results**

Wrapping up his Latin American tour of four countries, Brazil, Cuba, Venezuela and Argentina, Syrian president Bashar al-Assad described the government of US President Barack Obama as 'weak' to ensure a peace process in the Middle East adding he was hopeful of negotiations sponsored by other countries such as Brazil and Turkey.

"When you don't obtain results, you're weak. Our experience with the US is that they don't seem to be able to manage a peace process from the beginning to the end," said al-Assad in an interview with Buenos Aires daily Clarin.

The Syrian president praised the recent agreement brokered by Brazil and Turkey for the enrichment of Iranian uranium in Turkish territory, because "it has changed the essential political weight from a few countries in the north such as Europe and the US to others in the world South such as Brazil and Turkey."

"I'm convinced that the Brazilian and Turkish initiative is the beginning of a cooperation relation South-South," added the Syrian leader who during his visit in Argentina signed with President Cristina Kirchner several agreements on transport, communications, media and culture.

More specifically on the nuclear issue al-Assad said the position of Syria "is to transform the Middle East in a zone free of nuclear weapons" adding that if by any chance an arms race takes off in the area "the nuclear component will become uncontrollable".

"Things will reach a limit and that is the risk, the danger. And if Israel continues to be a nuclear power from a military point of view, unfortunately this race will take off some day."

Al-Assad also talked about the large and prosperous Syrian community and praised Argentina for its open arms policy towards immigrants and respect for cultural, ethnic, religious, gender diversity, "a true land of opportunity."

During the meeting at Government House, presidents Cristina Kirchner and al-Assad underlined the importance of building on what has been achieved in the two Arab-South America summits in 2005 and 2009.

President al-Assad expressed appreciation of Argentine support for Arab rights in restoring the occupied territories and establishing the independent Palestinian state, while Mrs. Kirchner thanked Syria's support regarding Argentine claims over the Malvinas Islands sovereignty through dialogue and international law.

The Argentine president also stressed her country's support to achieve a fair and comprehensive peace in the Middle East that includes the return of the occupied Syrian Golan Heights, highlighting the pivotal role of Syria in the peace process and its efforts to bolster security and stability in the Middle East.

Finally both sides asserted the right of all states to possess nuclear energy for peaceful purposes and the need for making the Middle East an area free from nuclear weapons and multilateralism in international negotiations.

## **S. Africa and Brazil pledge to boost trade**

Pretoria (Reuters) - South Africa and Brazil pledged on Friday to deepen trade and commercial ties in another sign of emerging countries gradually shifting their economic dependence away from rich nations.

At the end of a six-country tour of Africa -- his 12th trip to the continent -- Brazil President Luiz Inacio Lula Da Silva told South African counterpart Jacob Zuma that developing economies had to tear down barriers to trade.

"I told Comrade Zuma that we do not need to fear each other. We need to build things together. Then we will be less reliant on others and can build a stronger economy," Lula said.

Since coming to office in 2003, the former metal worker has worked hard to boost trade between Brazil and Africa to \$26 billion, a more than five-fold increase.

Zuma praised Lula's commitment to the poorest continent, which has enjoyed an unprecedented stretch of growth in the last decade due to factors ranging from a boom in commodity prices, increased foreign investment and official debt forgiveness.

Under Lula, the number of Brazilian embassies in Africa has doubled to 34.

"President Lula has prioritized relations with Africa. Brazil has expanded its presence in Africa over the past 10 years," Zuma said.

Brazil is South Africa's largest commercial partner in South America, with trade of 19 billion rand in 2009, and both leaders said those numbers were destined to rise.

With Brazil gearing up to host the next soccer World Cup, in 2014, its leaders are also keen to learn from South Africa's experience, particularly in overcoming the reputation for crime and violence that bedevils Brazil as much as South Africa.

"People will go back with the conviction that South Africa enchanted them. Brazil will continue to learn to hold an unforgettable World Cup," Lula said.

On previous legs of his African trip, Lula signed, among other things, a defense accord with Equatorial Guinea, a biofuels deal with Kenya and an environmental cooperation pact with Tanzania.

Despite Lula's push, Brazil still lags far behind China in Africa, and while its trade with the continent has boomed, it has fallen as a proportion of overall Brazilian commerce -- from 7 percent in 2008 to 5.6 percent in May this year.

## **Brazil hopes to join hands with Africa in contributing to world's tropical agriculture**

Brazilian President Luiz Inacio Lula da Silva said here on Saturday that his country hoped to map out a policy with Africa to make contributions to the tropical agriculture in the world, in which Brazil has extraordinary experience.

Speaking to reporters at Luanda's de Fevereiro International Airport, Lula da Silva said Brazil needs to work closer and closer with Africa as the "21st century belongs to Latin America and Africa".

His presidential plane landed at the airport for a brief stopover, and he seized the occasion to speak for an hour with Angolan Vice President Fernando da Piedade Dias dos Santos. Before landing in Luanda, the Brazilian leader had visited Cape Verde, Equatorial-Guinea, Kenya, Tanzania and Zambia before.

The Brazilian leader also stressed the need to strengthen the Community of Portuguese Speaking Countries (CPLP).

"I am more and more convinced that we need to consolidate the CPLP as an important decision-making instrument for Africa's Portuguese speaking countries".

Luanda will host the 8th CPLP summit on 23 July at which Brazil will be represented by its Foreign Affairs Minister Celso Amorim as President Lula da Silva intended to follow closely the flood situation in his country, Angola's official Angop news agency reported.

### **Lula seeks stronger economic ties**

The recent visit by Brazil's President Luiz Inacio Lula da Silva to Kenya, has reinforced the latter's new foreign policy of closer trade ties with emerging markets in addition to its traditional partners.

Although President Lula only visited Kenya and Tanzania out of the five East African Community countries, it was clear that Brazil — that has lately taken keen interest in Africa — is eyeing the integration process and the opportunities it offers in trade and investment.

But Kenya is still disadvantaged by its trade imbalance with Brazil.

For instance in 2009, Kenya exported goods worth \$947,730 to Brazil compared with the \$58 million worth of imports from the country.

President Mwai Kibaki said that Kenya was especially keen on exploiting Brazilian advances in the area of bio-diesel technology, in an effort to become more efficient in the management of the energy sector.

The Brazilian president on the other hand was keen on finding out existing opportunities and what Brazil can offer in terms of technological transfer and improvement of the environment.

The two resolved to foster co-operation in the fields of bio-diesel technology, agricultural research and development, information and communication and aviation among others.

Kenya opened an embassy in Brazil in 2008 and trade ties have improved since then, with the national carrier Kenya Airways purchasing passenger jets made in the South American country.

The Kenyan embassy in Brazil serves the entire Latin America.

The visit by President Lula was a follow-up of two Joint Commission for Co-operation in Brasilia, Brazil in 2005 and Nairobi in August, 2008.

At the Second Kenya-Brazil Joint Commission for Co-operation, the two countries discussed various areas of mutual interest concerning economic, social and agricultural issues.

The two parties agreed to co-operate in enhancing their capacities in production of sugar and ethanol from sugarcane; teaching of Kiswahili and Portuguese in both countries, establishing direct flights between the two countries, and creating sports programs.

The two delegations agreed to implement the so-called Second Half Program, which shall begin as a pilot project targeting an initial group of 200 beneficiaries among children, adolescents and young adults.

This program aims at supporting the social development of low-income citizens through the practice of sports, with special attention to football.

Under the program, the Brazilian Ministry of Sports will provide technical assistance to promote sporting activities in the country.

Kenya will also benefit from technical support for the management of stadiums.

At the conclusion of the bilateral consultations, the two countries signed four agreements for the implementation of various projects, namely: strengthening the HIV Aids Response in Kenya; support to the Program on Malaria Prevention and Control; Institutional Strengthening of the Kenya Wildlife Service, the City Council of Nairobi fire brigade and the Kenya Airports Authority, Fire and Rescue services; and an Agreement between Kenya and Brazil on visa exemption for holders of diplomatic, official or service passports.

Other investment opportunities available in Kenya for Brazilian investors include those in agriculture, especially the sugar industry, value addition of agriculture products, manufacture of farm machinery and equipment, energy (biofuels, wind and geothermal), investments in ICT and other knowledge-based industries, exploration of natural resources, petroleum and mineral and housing.

In Tanzania, Brazil is eyeing vast arable land for mechanized agriculture, bio-fuel, mining and tourism sectors, besides investment in renewable energy.

Tanzania has allocated over 200,000 hectares for agro-fuels, however, the country lacks appropriate technology and capital to invest in the sector.

The trade imbalance between Brazil and Tanzania is however quite huge.

In 2008, Tanzanian exports to Brazil amounted to only \$30,000 compared with \$12.1 million worth of goods the country imported from Brazil.

President Lula indicated that there is a possibility that Brazil could cancel Tanzania's long standing debt of \$240 debt borrowed in the 1980s.

The initial amount borrowed was \$49 million and the rest is interest accrued over 30 years.

If cancelled, the money could be used to construct the 250km Morogoro-Dodoma road.

### **Politics: SA to follow Brazilian route**

President Jacob Zuma promised on Friday that South Africa would follow Brazil's path of economic development to build the country.

"We want to follow the Brazilian example of economics as a device for social development," Zuma said in an address to South African and Brazilian business people and policymakers in Johannesburg.

Brazil's President Luiz Inácio Lula da Silva said the successful hosting of the World Cup had demonstrated South Africa's ability to compete, and would change the image of the continent as a whole.

Da Silva decried the lack of direct air links between Brazil and South Africa and said he would make it his "mission" to change this before his term of office concluded at the end of the year. – Sapa

### **Kenya woos Brazilians**

Nairobi, Kenya - The Kenyan government has invited the Brazilian business community to import more Kenyan products so as to reduce the trade imbalance between the two countries.

Trade Minister Amos Kimunya last week decried the trading volume which is currently heavily skewed in favor of Brazil and urged the South Americans to start exploring more business opportunities in the country.

"We are only exporting a very small amount which is mainly hides and skin and a bit of tea ,but there's a lot more that we can do including export of services such as tourism and joint cooperation such as manufacturing here for the region," the minister told a seminar for business delegations from the two countries.

Brazilian President Luiz Inacio Lula Da Silva has been on a business trip to east Africa.

According to 2009 figures, Kenya exports to Brazil stood at KSh81 million against imports of approximately Sh4.9 billion.

During the meeting, the minister marketed Kenya as a good investment hub saying it has easier access to many parts of Africa and international markets and is investing heavily in infrastructure which would translate into lower production costs for investors.

He disclosed that the two parties were still holding discussions on the Bilateral Air Services Agreement which would pave way for airlines to commence flights between South America and East Africa.

Technical teams involved in the talks were hoping to take advantage of the presence of the President Lula da Silva in Kenya to work out the finer details of the agreement and ensure that it is signed soon.

Mr Kimunya said negotiations revolved around the routes that airlines will operate in, where they will land, taxation issues among others. "I hope that sooner rather than later we will complete our discussions so that we can have direct flights from South America through Brazil into Africa. This will be an important step for Kenya," the minister added.

### **Brazil Wants South African Drones to Protect Its Oil and Borders**

During Brazilian president Luiz Inácio Lula da Silva's recent trip to several African countries Brazil and South Africa signed the most wide-ranging cooperation agreements ever between the two nations.

After a meeting with president Jacob Zuma, Lula declared it was his intention to transfer Brazilian technology in farming and digital TV, as well as to move ahead with plans to jointly build military aircraft.

"We want president Zuma to join us in the construction of the KC-139, a new Hercules transportation airplane that is based on a project by the Brazilian Army," said Lula, adding that nine of the new planes would be flying in 2015.

Lula also revealed Brazilian interest in products made in South Africa. "We are interested in unmanned aircraft and vehicles that South Africa produces," he said, explaining that with recent discoveries of petroleum, Brazil was more than ever interested in border protection.

"We have a lot of borders. Land borders, an enormous coastline. And now petroleum 300 kilometers out in the ocean. If we are not careful, somebody else may want to go out there..." said the president.

At the end of what is probably his last visit to the African continent, Lula summed up his eight years in office by saying that he had gone to more countries in Africa than any other Brazilian president, 27 of them, and that trade had risen from US\$ 5 billion in 2003 to US\$ 26 billion in 2009.

Lula said that before he leaves office he wants to see at least two more conferences of Brazilian and African businessmen. And he also lamented that there were no direct flights between Brazil and South Africa, saying he was going to try to fix that.

While the Brazilian president was traveling in Africa last week, vice president José Alencar, who is 78 years old and has been battling cancer for over a decade, checked into the hospital for a routine chemotherapy session. However, it was found that he had high blood pressure and was having some problems breathing.

So, after an examination, it was decided he should undergo a catheterization and an angioplasty. As a result of the exams, doctors decided to put a stent in an artery. Alencar had received another stent five years ago in another artery.

The heart problem and procedures were unexpected and put Alencar in intensive care. Doctors say he will continue his normal cancer treatment as soon as he recovers from the stent, which is expected to be in a few days.

Meanwhile, Sunday afternoon, Lula visited the vice president (the stent placement took place in the morning) and they both watched the end of the final game of the 2010 World Cup. Alencar said he was satisfied Spain won, as some members of his family came from there.

Lula ended his eight-day trip to six African nations on Saturday when he flew back to Brazil. Setting aside protocol requiring him to attend the World Cup final, as president of the next country to host the games, Lula decided to be less presidential and more a disappointed soccer fan. Spokespersons for the presidency said Lula was very depressed after Brazil was eliminated by Holland.

Lula left Johannesburg without meeting the head of the International Soccer Federation (FIFA), Joseph Blatter. That meeting will now take place in Brazil, in September, when FIFA executives will discuss preparations for the 2014 Cup with Brazilian authorities.

Lula apologized for not attending the final game saying he had problems back in Brazil, such as floods in the Northeast and a vice president who is hospitalized.

The minister of Sports, Orlando Silva, represented Brazil at the final game.

### **Lula to prioritize Mercosur deal with EU**

Brasilia - The search for an agreement with the European Union will be a priority for President Luiz Inacio Lula de Silva when Brazil takes over the rotating presidency of the Mercosur trade bloc later this year.

A deal between the EU and Mercosur has stalled for more than 10 years, mainly due to the opposition of French farmers.

Lula said Wednesday that he would try and make the French more flexible to an agreement. He was speaking at the end of the fourth summit between Brazil and the EU, in Brasilia.

European Commission President Jose Manuel Barroso and European Council President Herman Van Rompuy attended Wednesday's summit.

'French farmers have a national policy, and we have to respect that. This is a deal between nations, which has to benefit the whole of the population, and those sectors that are disadvantaged by it have to receive some sort of compensation,' Lula said.

Barroso said the deal was very important for the EU, which he described as the largest investor in the South American bloc. He noted that the EU invests in Mercosur more than in India, China and Russia combined.

### **Brazilian president refutes criticisms on World Cup organizing**

Brazil's President Luiz Inacio Lula da Silva refuted on Tuesday the criticisms made to the organization of the 2014 FIFA World Cup, which is to take place in the country.

According to the president, some think that Brazilians are "idiots" and do not know how to make the necessary improvements for the tournament.

"The African Cup has just ended and they have already started asking 'where are the Brazilian airports?', where are the Brazilian bus lanes?," the president said, not elaborating on who "they" are.

"As if we were a bunch of idiots who do not know how to make things, how to define our priorities."

The pressure for Brazil to make the necessary projects to host the next World Cup has increased in the past month, due to the proximity of the tournament, the fact that many reforms necessary to the Cup have yet to start, and to the problems with airports seen in South Africa.

President Lula also commented on the Rio-Sao Paulo bullet train project. According to the president, the train will be ready by 2016 when Rio will host the Olympic Games. He stressed the importance of the project and the difficulties to make the bullet train possible.

"I think Brazil needs it (the train) and I think that Rio and Sao Paulo need it because they are the most important cities in Brazil," he said

The public bidding process for the bullet train's construction will take place in mid-December.

### **Detailed Report/Chile**

#### **Chilean oil finds a boost to economy**

Santiago, Chile, July 8 (UPI) -- New discoveries of oil and gas in the extreme south of Chile will boost the country's economic prospects amid extensive post-quake reconstruction and repositioning of the government's recovery program.

News of the latest finds was revealed by GeoPark Holdings, which is operating on the Fell block in the extreme south of Chile.

GeoPark released the results after successful tests on two wells. Cerro Iturbe 1 yielded gas after drilling to a depth of about 10,212 feet while Tetera 4 produced oil, the company said.

GeoPark has a 100 percent working interest in the Fell Block, which is on Chile's continental shelf at the Atlantic entrance of the Magellan Strait.

Cerro Iturbe 1 was drilled on an undrilled prospect located in the northwest region of the Fell Block, the company said.

A production test in the Springhill formation, at approximately 9,847 feet, flowed at a rate of approximately 14.6 million cubic feet per day of gas with 137 barrels per day condensate and no water with a well-head pressure of 2,417 pounds per square inch, the company said.

GeoPark said the results were preliminary and further production history will be required to determine stabilized flow rates. A gas flow line is being constructed and it is expected to connect the well to the main pipeline and marketing infrastructure during July.

Tetera 4 was drilled and completed to a total depth of 10,029 feet on a prospect in the north central region of the Fell Block which had tested small quantities of oil by previous license holders but never been produced commercially.

A production test in the Springhill formation, at approximately 9,554 feet in an 8 foot perforated interval, flowed at a rate of approximately 115 bpd of oil and 350 bpd of water through a choke of 12 mm and with a well head pressure of 43 psi.

GeoPark said it had installed a beam pump and surface facilities and put the well on production at a rate of approximately 100 bpd oil and 250 bpd water. Further production history will be required to determine stabilized flow rates from this well and potential development drilling opportunities, said the company.

In other drilling activities on the Fell Block in Chile, an appraisal well Ayelen 2, targeted for the shallow El Salto (Tertiary) gas producing formation, reached a total depth of 2,914 feet. Production testing is scheduled during this month.

GeoPark is currently drilling well Yagan Norte 2 which is targeting the Springhill and Tobifera formations at depths of more than 10,000 feet. The company is also conducting a three-dimensional seismic survey on the Otway Block in Chile.

GeoPark is carrying out this year a work and investment program for a total \$50 million-\$60 million that is likely to entail drilling of 14 to 18 wells, 2-D and 3-D seismic surveys and an expansion of production infrastructure.

The company owns and operates six blocks in Chile and Argentina that cover a total of 3.7 million gross acres.

GeoPark Chief Executive Officer James F. Park said, "We are pleased with continuing strong results from our drilling program on the Fell Block in Chile."

He said the company's team had focused on discovering new fields and rehabilitating abandoned ones.

He added GeoPark was looking forward with confidence "to the remainder of our work program this year, which represents a balance of development, appraisal and exploration wells and seismic focused on both increasing oil and gas production and reserves and opening up new prospective areas on the Fell, Otway and Tranquilo blocks."

GeoPark produces about 30 percent of Chile's hydrocarbons and supplies all the oil extracted to Chile's government oil company Enap and all the natural gas to Methanex, the huge methanol complex a few miles from Punta Arenas. Methanex is a world leader in production of methanol.

GeoPark Holdings Limited was founded in 2002 and has its headquarters in Hamilton, Bermuda.

Chile recently intensified its search for hydrocarbon resources to boost national earnings amid major financial challenges posed by a massive reconstruction program that began after the Feb. 27 earthquake.

### **Chile's Pinera turns from quake to crime-fighting**

Santiago, Chile (AP) -- Riding in a fake funeral procession with a hearse decorated with flower sprays and farewell messages, some 280 police officers slipped into the crowded La Legua slum in plain daylight, a theatrical undercover job that suggests a whole new approach to crime-fighting under Chile's conservative President Sebastian Pinera.

They nabbed 27 drug suspects and seized six pounds of cocaine without any trouble from residents.

"We stayed there four hours without firing one shot," Nelson Jofre, police commissioner of southern Santiago, told The Associated Press proudly.

Last month's "Operation Rest in Peace" shows Pinera is willing to go much further than his leftist predecessors in combating low-level street crime, his aides say.

Chile is one of the safest countries in Latin America, but fighting crime still pays politically, and getting delinquents off the streets and keeping them in jail for longer terms were key campaign promises for Pinera, who brought the right wing back to power for the first time since Gen. Augusto Pinochet's 16-year dictatorship.

Pinera took office in March only days after Chile's devastating 8.8-magnitude earthquake transformed his agenda, but now that reconstruction is well under way, he seems determined to keep his promises of hiring 3,000 more officers by year's end and 10,000 by the end of his four-year-term.

The president rolled out part of his crime-fighting plan Thursday in a package of proposals to be sent to Congress.

The details have been closely guarded. But they will include an additional \$4.5 million in funding this year alone to install video cameras and alarms in known crime areas and to reclaim public squares and playgrounds, said an Interior Ministry official, who spoke on condition of anonymity because he was not authorized to be quoted by name.

The plan also envisions more police raids in 100 neighborhoods considered dangerous, and the continued presence of additional officers - for up to 3 years if necessary - to crack down on robberies and illegal sales of drugs and alcohol, Public Safety Director Jorge Nazer told the AP.

Pinera's government is taking lessons from cities like Bogota, Colombia, and New York, where crime rates have dropped dramatically. Interior Minister Rodrigo Hinzpeter met last month with former New York Mayor Rudolph Giuliani, whose Zero Tolerance plan in the 1990s showed a crime-fighting ripple effect in cracking down on graffiti artists and windshield-washers.

"We are looking for the best experiences in the world, the best practices," said Hinzpeter, who also cited Rio de Janeiro's efforts to bring peace to one of its largest slums.

Opponents say the crime effort is all politics, and dispute Pinera's contention that crime is rising in Chile. Felipe Harboe, a deputy interior minister in former President Michele Bachelet's center-left government, says crime dropped 9 percent from 2003 to last year.

Still, one Chilean neighborhood where residents say Pinera's intervention has worked is Bellavista, a middle-class district in central Santiago where young people flock to boutiques, nightclubs and restaurants. The usual street trouble has dropped sharply since police detained 400 people over two days last month, community leader Gerardo Lanzarotti said.

Victoria Aviles, a community leader from La Florida, a gentrifying area in southeast Santiago, says police surveillance is not enough. She says her neighbors have closed off their streets with tall fences and try to control who enters - something currently against the law.

"If the government is incapable of sending police to protect us, they at least should pay for the fences," said Alves, who blames crime on low wages and poverty.

Another key aspect of Pinera's plan is the Centaur Squad - a special unit of 125 officers announced four days after the president took office, with a mission of entering critical neighborhoods in force. The squad takes its name from the Greek mythological creature - part horse and part human - that Pinera said represents strength and reason.

The squad has received special training and equipment, including a camera that can more easily identify stolen cars from their license plates.

However, opposition deputy Felipe Harboe, a deputy interior minister under President Michelle Bachelet, said the Centaur Squad already existed under other names during previous center-left governments.

"Call it what you want, it has existed for a long time and these interventions are something we've always done," he said. "Probably the media didn't give it as much spectacular attention then as they do now."

### **Chilean Foreign Ministry building evacuated due to suspicious anthrax**

The building of the Chilean Foreign Ministry was evacuated on Tuesday after a packet suspected of containing anthrax was found inside.

Colonel Miguel Angel Castro, chief of Santiago central police station, said 25 people who had direct contact with the packet were isolated for examination.

The packet was in a diplomatic suitcase from Amsterdam, Holland and had the word "anthrax" written on it.

The packet was taken to the Public Health Institute after initial investigation, Castro said.

Foreign Ministry officials called the police after they opened a package and found the packet inside.

## **Detailed Report/Colombia**

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### **US denies visa to Colombian journalist**

Bogota, Colombia — The U.S. government has denied a visa to a prominent Colombian journalist who specializes in conflict and human rights reporting to attend a prestigious fellowship at Harvard University.

Hollman Morris, who produces an independent TV news program called "Contravia," has been highly critical of ties between illegal far-right militias and allies of outgoing President Alvaro Uribe, Washington's closest ally in Latin America.

The curator of the Nieman Foundation at Harvard, which has offered the mid-career fellowships since 1938, said Thursday that a consular official at the U.S. Embassy in Bogota told him Morris was ruled permanently ineligible for a visa under the "Terrorist activities" section of the USA Patriot Act.

U.S. Embassy and State Department officials refused to confirm the visa denial, citing privacy laws.

"We were very surprised. This has never happened before," said the Nieman curator, Bob Giles. "And Hollman has traveled previously in the United States to give speeches and receive awards." He said he had written the State Department to ask it to reconsider the decision.

Giles told The Associated Press by telephone that the only visa issues ever to arise with foreign Nieman Fellows have been over concerns they might try to remain in the United States — clearly not the issue in Morris' case. Colombia's President-elect, Juan Manuel Santos, was a 1988 Nieman Fellow.

"We're frankly shocked. We feel it's outrageous," Joel Simon, executive director of the New York-based Committee to Protect Journalists, said of the visa denial.

He said the committee had discussed its concerns with State Department officials but was not provided with an explanation.

"They told us they discussed this with Hollman and that's just not true," Simon said.

The 41-year-old Morris, one of 12 foreign journalists admitted to the Nieman program for the 2010-2011 academic year, is among the most controversial chroniclers of Colombia's long-running leftist insurgency.

Among international awards he has received is one from Human Rights Watch in 2007 in which he was praised by Executive Director Kenneth Roth for "courage, an unswerving commitment to justice and genuine concern for the rights of all victims."

On various occasions, President Uribe has accused Morris of collaborating with rebels of the Revolutionary Armed Forces of Colombia, or FARC, which killed Uribe's father in a 1983 botched kidnapping.

On Feb. 3, 2009, Uribe called Morris "an accomplice of terrorism" posing as a journalist after Morris showed up with FARC rebels to cover the insurgents' liberation of four Colombian security force members.

Morris was also among journalists, judges and opposition politicians whose phones were illegally tapped by Colombia's DAS state security agency.

Nearly two dozen former DAS officials have been arrested on criminal conspiracy charges in the scandal and are awaiting trial.

Morris is listed in a 2005 DAS memorandum obtained by prosecutors someone being under surveillance for showing "opposition tendencies to government policies."

Reached by the AP, Morris would neither confirm nor deny that he had been turned down for the visa.

"Things are in motion," he said, adding that he had obtained a DAS document that described a campaign to discredit him internationally, including by stripping him of a visa.

Giles said the U.S. consular official cited Section 212(a)(3)(B) of the Patriot Act as the reason for the visa denial. It renders ineligible for a U.S. visa anyone who engages in terrorist activities, belongs to a terrorist organization or endorses terrorist activities.

The FARC, Latin America's last major guerrilla army, is listed as an international terrorist organization by the State Department. The United States has given Colombia more than a half billion dollars a year since 2000 to combat the FARC and drug trafficking.

E-mails written by Morris found on the laptop of a rebel commander slain in a March 2008 Colombian air raid indicate he served as an intermediary several years earlier between the FARC and French diplomats who were trying to negotiate the release of famed former hostage Ingrid Betancourt.

Colombian prosecutors opened an investigation into Morris but it was shelved without charges ever being filed, Hermes Ardila, Colombia's chief anti-terrorism prosecutor, told the AP.

### **Santos names energy minister**

Colombia is enjoying energy and mining boom thanks to incumbent President Alvaro Uribe's US-backed offensive against rebels that has opened up areas of the nation once bedeviled by Marxist guerrillas.

The 67-year-old former head of the state-run Ecopetrol, Carlos Rodado, takes over the energy ministry from 7 August when Santos assumes the Andean nation's highest office following years of increased foreign investment, Reuters reported.

"Colombia has potential in mining and energy that has to be translated into reality," Rodado, a former ambassador to Spain, told local media.

The government has said that investment in Colombia's booming oil and mining sectors was expected to hit \$62 billion between 2008 and 2015.

The mining and oil sectors will likely increase economic growth 1.5 percentage points between 2011 and 2015, and 1.1 percentage points between 2016 and 2020, according to an expert panel.

### **At least 26 dead in Colombian weekend fighting**

(Reuters) - Colombian forces killed 12 leftist rebels on Sunday in an attack on a unit assigned to protect the nation's top guerrilla leader, punctuating a bloody weekend that left another 14 people dead around the country.

The rebels who died in the surprise raid were part of the personal guard of Guillermo Saenz, known as Alfonso Cano, head of the Revolutionary Armed Forces of Colombia, the defense ministry said.

In separate battles over the weekend, officials said 10 soldiers, two police and two civilians were also killed as troops tried to wrest control of areas of the country from the outlawed rebel army, known by its Spanish initials FARC.

Local media reports have said Colombia's army is closing in on Cano. His death or capture would give political momentum to President-elect Juan Manuel Santos, who is to be sworn in as head of state next month.

While serving as defense minister before stepping down to run for president, Santos directed key military strikes against the FARC.

He easily defeated Green Party candidate Antanas Mockus in a run-off last month and has pledged to continue the current government's economic and security policies, which have attracted investment to this Andean country.

The surprise attack was carried out by Colombia's air force, army and police early Sunday morning in the mountainous central province of Tolima. The remains of eight men and four women from a guerrilla unit assigned to guard Cano were recovered, according to a defense ministry statement.

One of the dead women appeared to be Magaly Grannobles, known as Marleny Rondon, head of one of Cano's "security rings," the statement said. She is accused by authorities of carrying out more than 30 attacks against Colombia's armed forces and committing more than 70 murders.

Also over the weekend, 10 soldiers were killed in a battle with the FARC in the eastern province of Arauca, near the Venezuelan border, an army spokesman told Reuters.

In the southwestern province of Cauca, where the guerrillas have a strong presence, two police officers and two civilians were killed in fighting. The FARC uses the areas it controls to produce the cocaine that funds its operations.

Santos' political success is largely based on his role in the tough security policy pursued by outgoing President Alvaro Uribe against the FARC.

"Our armed forces are making a great effort to bring peace and tranquility back to the country," Uribe said on Sunday.

Colombia has received billions of dollars in U.S. aid to help fight the decades-old insurgency.

### **Colombia's new president faces awkward questions over civilian murders**

New Colombian President Juan Manuel Santos faces a difficult month before his inauguration in August as the UN Human Rights Council is expected to hear allegations about his and his predecessor's role in civilian deaths.

Victory for Santos in Colombia's election runoff against rival Antanas Mockus, a former defense minister, may mean a new leader takes the reins but his presidency will mean an old scandal will continue to dog and haunt the country.

As Santos prepares to take over from out-going President Álvaro Uribe on August 7, his and his predecessor's names are expected to feature in hearings at the UN Human Rights Council this month on allegations relating to their roles in the illegal killings of civilians.

While serving in the Uribe administration as defense minister between 2006 and 2009, Santos was in charge of the military at a time when the Colombian army's alleged policy of murdering civilians in so-called "false positive" killings was at its height. It is alleged that army units killed civilians to artificially increase the number of combat fatalities in battles against rebel group the Revolutionary Armed Forces of Colombia (FARC).

Santos was responsible for coordinating Uribe's mission to eradicate Colombia of FARC and restore security to one of the most violent countries in the world. The military operation forced FARC out of the cities into remote jungle areas, radically reduced the number of killings and kidnappings in urban areas and rescued Colombia from becoming a failed state. The success of Uribe's mission cemented his popularity and created his reputation among many as the man who saved Colombia.

#### **Missing civilians linked to expanding war on FARC**

However, human rights campaigners and international investigators were first alerted to a dark by-product of Uribe's campaign by accusations from families of missing men who claimed that the massive gains the Colombian military were making against FARC were being boosted by the "false positive" killings of innocent civilians.

The allegations and subsequent investigations led to the removal of the chief of the Colombian military and 27 of his officers but Santos was spared. The Colombian government has since taken further steps to prevent such killings but, according to UN statistics, up to 98.5 percent remain unpunished.

Santos continues to claim the killings were the acts of individual soldiers and units and were not sanctioned by the defense ministry. UN investigators remain unconvinced.

"There have been too many killings of a similar nature to characterize them as isolated incidents carried out by individual rogue soldiers or units, or 'bad apples'," Philip Alston, the UN's special rapporteur on extra-judicial killings wrote in a report presented to the UN Human Rights Council on June 3. "Soldiers simply knew that they could get away with murder."

Poor people executed as rebels to boost casualty figures

One of the cases being investigated focuses on Soacha, a poor suburb of the capital Bogotá, and the town of Ocaña some 600 kilometers (372 miles) away. In 2008, it is alleged that dozens of young men were lured from Soacha by paramilitaries and criminals promising employment in Ocaña. Once there, they were allegedly sold to Colombian army units which executed them as FARC guerrillas. Their bodies were then supposedly clothed in military fatigues and draped with weapons and equipment. The dead were then claimed to be rebel casualties in Uribe's fight against FARC.

For the families, this made no sense. How could the men of Soacha, most unable to read or write, others with mental disabilities, transform themselves into uniformed, armed guerrillas ready to take on the battle-hardened Colombian military, just days after leaving home?

"The doctor and the judge said that my son was killed in combat at 2.45am on March 5," one mother told Deutsche Welle. "His corpse was clothed in camouflage and boots - completely different clothes from what he was wearing when he left."

"The investigations must examine everything, because this cannot continue like this," another anonymous mother from Soacha told Deutsche Welle. "We will not rest. This must not go unpunished, although I know that Colombia is the land of impunity."

This is just one of the approximately 1,300 cases being examined by investigators from the public prosecutor's office which suspect military personnel of murdering civilians and claiming they were guerrillas killed in combat in order to win bonuses of up to €1,500 (\$1,890) per victim. Human rights campaigners suggest that over 2,000 young men were killed and buried in common graves as part of this policy.

It is alleged that the kill bonus for units reporting higher enemy body counts, introduced by Uribe's administration in 2005 as part of its intensifying offensive against FARC, contributed to the practise of abducting civilians and executing them as rebels. The large increase of civilian disappearances in Colombia can be traced back to this time.

Former leader claims the ends justified the means

In the past, Uribe has defended his government's use of all necessary force to combat FARC, saying that the country is safer than ever now due to his crackdown. His opponents reject his argument that the ends justify the means.

"The reasoning of the government is completely worn out in my opinion and Santos must find alternatives," Camilo Gonzalez Pozo, director of the Colombian Institute for the Study of

Development and Peace, told Deutsche Welle. "The war against FARC was the basis for all Uribe's government decisions. If there was unemployment, FARC was to blame for it. If there were 'false positives' then FARC was to blame for it. If there were paramilitaries, then FARC was to blame for it. All these arguments have worn themselves out."

With Santos unlikely to swerve from Uribe's course of hunting and destroying FARC rebels in the jungles of Colombia once he becomes president, the memories of what happened in the early years of the operation are unlikely to dissipate. The anticipated investigations and hearings during this month's UN Human Rights Council session will also keep the topic in the public domain.

### **Colombia officially invites Chávez to Santos' inauguration**

The invitation sent to the Venezuelan President to attend the inauguration of the new Colombian president on August 7 was submitted last week at the Venezuelan Embassy in Colombia

The Colombian government has officially invited the Presidents of Venezuela, Hugo Chávez, and Ecuador, Rafael Correa, to the inauguration of president elect Juan Manuel Santos, confirmed on Monday sources of the Colombian Foreign Ministry, Efe reported.

The invitation to the South American leaders to attend the inauguration of the Colombian president on August 7 was submitted last week at the Ecuadorian and Venezuelan Embassies in Colombia, sources reported. Both leaders are expected to confirm their attendance, Efe reported.

President Chávez froze Venezuela's relations with Colombia in August 2009. The Venezuelan leader believes that the military agreement signed by Bogotá and Washington in October 2009 poses a threat to Venezuela.

### **Detailed Report/Mexico**

#### **Message from Mexico: Sunday election results were less than clear, but cost of drug violence is all too clear**

Most of the informed observers tell us last Sunday's state and local elections in Mexico were a mixed bag. No big sweeps for the two major parties. No defining trends to help the prognosticators establish a clear favorite for the country's presidential elections two years hence, though many believe a return to power of the Institutional Revolutionary Party, known as the PRI, is likely.

Optimists claim that the Sunday results in races for governorships in 12 states, as well as races for state representative and mayoral posts, were an affirmation of the health of Mexico's democracy. We agree. The turnout was respectable. The process was mostly peaceful. Corrupt incumbents were kicked out in several states.

To borrow from the American political lexicon, there was some obvious message sending: Mexico's voters are tired of the drug-related violence that has claimed more than 22,000 lives since January 2007.

Some of those lives were lost in the violent run-up to Sunday's elections. Most notable and alarming was the murder of the PRI candidate for governor of Tamaulipas state, which borders Texas, by commandos disguised as Mexican marines.

The headlines from Mexico's drug war rightly count the toll in human lives, as we've done above. But the violence also takes another large, if less discussed toll — a devastatingly large bite out of Mexico's economy. The size of that bite - and how to deal with it - will be a major issue in the 2012 presidential elections.

How big is it?

In September 2009, Bloomberg News reported that Mexico's economy was sapped by a surcharge of 3 percent of the country's gross domestic product. That's how much of Mexico's GDP is going to fight drug violence, according to an equity firm specializing in Latin America.

The number reported by Bulltick Capital is three times the amount estimated by President Felipe Calderon's government. It adds up to a contentious policy/political issue for 2012; but more importantly, a huge millstone weighing on a troubled economy.

The very size of these costs makes them an issue for this country. Whether the true number is 1 percent or 3 percent of Mexico's GDP, this is money - and lots of it - that will not be available to help Mexico's economy grow and add jobs for its own citizens. That hard fact will send thousands more Mexican workers north to this country in search of a living.

A few days ago President Obama spoke movingly of the need to address immigration reform in the United States sooner rather than later.

That good cause is only made more urgent by the situation in Mexico. Reform here must include steps to curtail the drug violence threatening to overwhelm Mexico and our southern border or it will be meaningless.

### **Mexican foreign minister to visit Malaysia**

Mexican Foreign Affairs Minister Patricia Espinosa will arrive at Kuala Lumpur Thursday night to begin her one-day working visit to Malaysia on Friday.

This will be the first visit of Espinosa, who leads a six- member delegation, to Malaysia as the president of the 16th United Nations Framework Convention for the Climate Change (COP 16) that will be held in Cancun, Mexico, from Nov. 29 to Dec. 10.

Malaysian Foreign Affairs Ministry said in a statement here late Wednesday that Espinosa will call on Malaysian Acting Foreign Affairs Minister Mustapa Mohamed, who is also Malaysian International Trade and Industry Minister, on Friday morning.

She will also hold a working meeting with Malaysian Natural Resources and Environment Minister Douglas Unggah Embas to discuss issues related to the global climate change and Malaysia's role in sustaining a balanced eco-system.

The meeting may also touch on the preparations for the COP 16 in Cancun, added the statement.

Malaysian Foreign Minister Anifah Aman is away to undertake a working visit to the United Nations (UN) Headquarters in New York from July 8 to 9.

### **Analysis - Mexico's "dinosaur" party tries comeback makeover**

(Reuters) - Seven straight decades of one-party and often corrupt rule earned politicians in Mexico's Institutional Revolutionary Party, or PRI, an unflattering nickname: dinosaurs.

Now a new generation of fresh-faced candidates, who have come of age during the PRI's 10 years in opposition, are trying to change the party's image and retake the presidency in what promises to be a heated election battle in 2012.

The PRI was ousted in a historic election in 2000 and to win back power it needs to convince voters it would not rebuild the semi-authoritarian and corrupt system of its past.

President Felipe Calderon's conservative National Action Party, or PAN, toppled the PRI in 2000 but it has since failed during two presidential terms to enliven a sputtering economy and curb out-of-control drug war violence.

The PRI criticizes Calderon's army-backed campaign against drug gangs, which has exacerbated turf wars that have killed more than 26,000 people since late 2006. If the party returns to power, it may choose to pull soldiers -- some who have been accused of human rights abuses -- from the streets.

The party's stance on tax, oil and labor reforms that many investors say are needed to spark faster economic growth is unclear. Some PRI leaders are pro-business but the party has consistently blocked or watered down the PAN's fiscal and oil reform proposals in recent years.

Capitalizing on Mexicans' discontent with Calderon, the PRI says it is Mexico's only party with the experience needed to effectively run the country, but it is also offering up a younger generation of leaders.

Leading the charge is the PRI's likely presidential candidate, State of Mexico Governor Enrique Pena Nieto.

The polished 43-year-old lawyer and MBA-holder has the right mix of celebrity and powerful political allies to make him a formidable contender, with one May poll showing he already has a double digit lead over other potential rivals.

An obvious PAN candidate has yet to emerge since the death in a 2008 plane crash of former Interior Minister Juan Camilo Mourino, who was seen as being groomed to succeed Calderon. Mexico's main left-wing party appears to be too fraught with internal divisions to raise a serious challenge.

Mexico's television networks and newspaper society pages had blanket coverage last year of Pena Nieto's engagement to soap opera star Angelica Rivera at the Vatican with a personal blessing from Pope Benedict. He has strong family and social ties with an influential group of PRI politicians and traditional businessmen in his home state, the country's most populous.

The PRI has steadily gained momentum in state and local elections and it controls large blocs of voters from unions and farmer groups. The party captured a majority in Congress in 2009, and won nine out of 12 governor seats in July 4 state elections. Several strong traditional leaders of

the PRI still carry more weight than Pena Nieto, and different currents within the party could throw doubt on a PRI consensus candidate for 2012.

But Pena Nieto is the front-runner and has traveled across Mexico to help PRI candidates in state elections -- several of whom are under 40 years old -- with a message of change.

"We do not want an improvised government, we want people who represent a new enthusiastic generation and are committed to Mexico," Pena Nieto said during a campaign rally ahead of last Sunday's election in the central state of Hidalgo. "This is a new generation of the PRI that we are consolidating."

The new PRI governor of Quintana Roo is 30 years old. The candidate expected to win in Veracruz state, after a tight race where votes are still being counted, is 36 and sports a flashy campaign website, a Twitter feed and 48,000 Facebook fans.

"Retiring governors have chosen local 'golden boys' who are photogenic, skilled campaigners, magnets for money, and -- above all -- prepared to shield their predecessors from corruption charges," Mexico expert George Grayson said in an article for the Center for Strategic and International Studies.

Baby Dinosaurs?

Many voters remain skeptical of the makeover and the PRI was hit by surprise losses in key strongholds on July 4. "It's still a Jurassic park," Grayson told Reuters. "There are lots of dinosaurs around and Pena Nieto is just a younger version."

In some places, the party resorted to old tricks to win.

Voters in drug gang-plagued Ciudad Juarez on the U.S. border, now one of the most murderous cities in the world, said the newly elected PRI mayor used handouts, including building materials, cash and kitchen blenders to gain support. Rights groups and rival politicians accuse him of working for a drug cartel.

Where the party lost ground in Puebla, Sinaloa and Oaxaca, the PRI's picks had been enmeshed in scandals. In Oaxaca, 2006 street protests calling for the sitting PRI governor's ouster turned violent and dragged on for months.

In Puebla, the PRI governor was recorded on tape colluding with a businessmen to try and arrange the jailing of a journalist who had uncovered a child sex ring run by powerful figures in the state. And in Sinaloa, the PRI's gubernatorial candidate appeared in a photo at a party with one of Mexico's most-wanted drug traffickers.

To win in those states, Calderon's PAN made uncomfortable alliances with left-wing parties -- a strategy the PAN told Reuters it would use again next year to defeat Pena Nieto's handpicked candidate in the State of Mexico. But the PAN said it does not expect to use the coalitions on a national level.

"The PRI has the advantage right now just doing nothing ... that's different from the past," said analyst Federico Estevez at Mexico City's private ITAM University. "It's demographics: half the electorate never lived under the old regime."

## Drug Cartels Win Mexico's Super Sunday Elections

The cartoon in the morning left daily La Jornada summed up the July 4th Super Sunday election here: two citizens are picking their way through the debris of the balloting in which a dozen governorships were up for grabs. "Which cartel did you vote for?" one asks the other. The cartoon, drawn by "El Fisgon" ("The Busybody"), one of the nation's most acute political commentators, encapsulated the question many Mexican voters have been puzzling over in the heat of a campaign during which front-running candidates have been gunned down, the victims of apparent drug war hits, and others have wound up behind bars, charged with crimes related to Mexico's flourishing drug trade.

In readjusted figures released by Mexican drug war officials last week, more than 25,000 citizens have been slain since December 2006 when President Felipe Calderon declared an ill-advised war on the drug cartels. The number of dead and their survivors constitutes a substantial voting block.

Never before have the cartels so publicly intervened in a Mexican election. On June 28th, less than a week before Super Sunday, unidentified gunmen cut down the gubernatorial candidate for the once and future ruling PRI party in Tamaulipas, a border state wracked by protracted violence between the Gulf Cartel and the gang's former enforcers, the Zetas. The assassination of Rodolfo Torre Cantu, a shoo-in for the state house, was the highest profile assassination of a Mexican politico since Luis Donaldo Colosio, the PRI presidential candidate, was whacked in Tijuana in 1994, a crime sometimes ascribed to lingering conflicts within the party over his candidacy. State and federal investigators discount political rivalry as being the cause of Torre Cantu's death.

What is dead certain is that the murder of Torre Cantu, the Tamaulipas [http://www.amazon.com/exec/obidos/ASIN/1568584245/counterpunchmag\\_a](http://www.amazon.com/exec/obidos/ASIN/1568584245/counterpunchmag_a) Secretary of Public Health, was not a case of mistaken identity - when he was ambushed on an access road to the municipal airport in the state capitol of Ciudad Victoria, the vehicle in which he was riding was plastered with an enormous portrait of the now-deceased politician.

Because the killing came so close to Election Day, new ballots could not be printed in time and Dr. Torre Cantu's name appeared at the top of the PRI ticket. On June 29th, in an emergency session convened by PRI party president Beatriz Paredes, 16 PRI governors selected the dead candidate's brother, Eligio, a civil engineer with no political experience, to replace him should the party win the state house July 4th.

Although no arrests have been forthcoming, one witness purportedly testified that one of the killers' getaway cars was emblazoned with a "Z", an indication that the Zetas bear responsibility for taking out the candidate, a message of which the new governor will no doubt take note. PRI officials scoff at reports that the Zetas were tipped off by campaign workers infiltrated by the drug gang to keep tabs on Dr. Torre Cantu's whereabouts.

The PRIista was the second candidate to be cut down in Tamaulipas in the run-up to July 4th. On May 13th, Manuel Guajardo, the right-wing PAN hopeful for municipal president of Valle

Hermosa was assassinated outside that northern Tamaulipas town said to be the home base of Heberto Lasca Lasca, "El Lascas", the capo of one wing of the Zetas.

All over the state, candidates for municipal and state offices in addition to an estimated 700 election workers dropped out of the July 4th vote taking despite promises that their safety would be guaranteed by military escorts.

"The United Cartels", a handle ascribed to various drug gangs in a "narco-manta" (banner) posted in Matamoros on the border prior to the July 4th election, "are now dictating which candidates the parties can run for office," wrote Proceso magazine correspondent Gerardo Albarron de Alba in an election curtain raiser from Tamaulipas.

Chihuahua, the nation's largest state, is another border entity where the campaign trail was drenched in blood. 1300 Chihuahuans, more than half of them in Ciudad Juarez, have lost their lives since the first of the year, including a pair of candidates for municipal president in the Valley of Juarez outside that conflictive border crossing. Many other candidates were warned not to campaign. Opponents tied Hector Murguia, PRI candidate for mayor of Ciudad Juarez, to "La Linea", enforcers for the Juarez Cartel, which is locked in an intractable battle with Chapo Guzman's Pacific Cartel for control of the Juarez "plaza."

Five nights before the balloting, an assistant Chihuahua attorney general was assassinated on a public street in Juarez. On election eve, a freshly severed head was installed on Murguia's front lawn. Early morning voters July 4th discovered four corpses hung from the city's pedestrian bridges.

Similarly, next door in Durango where the PAN and the PRI battled down to the wire for the governor's seat, bullets replaced ballots as the Zetas-Chapos gang war rages throughout the state. In the week before the election, ten were cut down at a Durango drug treatment center - such facilities are often used by the drug gangs as safe houses for their pistoleros.

Next door in Sinaloa, the cradle of Mexican drug culture, which also selected a new governor July 4th, the headquarters of the three major political parties were firebombed by unknowns. At the closing campaign rally for PRI gubernatorial candidate Jesus Vizcarra, a small plane dumped thousands of leaflets on the diehards depicting the candidate in the company of "El Mayo" Zembada, number two in Chapo's cartel - the leaflets were slugged "its all in the family."

At the other end of the country in Quintana Roo on the Yucatan peninsula, the left-coalition candidate for governor, "Greg" Sanchez was removed from the ballot after he was formally indicted on charges of laundering vast amounts of money through private bank accounts. Sanchez, an evangelical preacher and former mayor of the luxury resort city of Cancun, explained the discrepancies as "an accounting error." The ex-left candidate reportedly owns a ranch on the Chiapas-Guatemalan border through which hundreds of undocumented Cubans (Sanchez's wife is a Cubana) and tons of Colombian cocaine are guaranteed safe passage.

Sanchez, currently locked up in a maximum-security federal prison, is the second big-time Quintana Roo politico to be collared by Mexican authorities for drug crimes. Mario Villanueva,

governor between 1993 and 1999, was convicted of transforming that Caribbean state into a free duty port for Colombian cocaine cartels, and is currently fighting extradition to the U.S.

But perhaps the bitterest face-off this July 4th had more to do with presidential elections upcoming in 2012 than with the "United Cartel's" campaign to secure political space. In the conflictive southern state of Oaxaca, the shoot-out between outgoing governor Ulises Ruiz's successor and right-left coalition candidate Gabino Cue had already cost seven lives by Election Day. Ruiz, whose police state tactics triggered civic rebellion in 2006 during which dozens of his opponents were executed by roving death squads, is in line to take over the presidency of the PRI once the smoke has cleared back home.

Oaxaca is one of five states in which the left-center PRD and the right-wing PAN affiliated in a joint effort to push back the PRI July 4th, an arrangement of bizarre bedfellows brokered by Manuel Camacho Solis, ex-Mexico City mayor and former PRI bigwig who is now a PRD honcho. Just four years ago in the 2006 presidential face-off, PANista Felipe Calderon was awarded a fraud-saturated victory over the PRD's Andres Manuel Lopez Obrador and the two parties have been at each other's throats ever since.

The PRD-PAN coalition claimed broad victory in Sunday's election in Oaxaca winning both the governorship and 24 out of 26 seats in the state congress.

Despite the painful loss of his successor Eviel Perez, Ulises Ruiz is banking on becoming the next national president of the PRI and heir to the current Boss of all Bosses Beatriz Paredes, a slot that would put him in an advantageous position to call the shots in the 2012 "presidenciales."

Paredes, the most prominent woman politician in the land who is always garbed in one of her trademark voluminous "huipiles" or colorful Indian muumuus (she brags that she has never worn the same one twice), has designs on the 2012 PRI presidential nomination and appears to have struck a deal with her party's senate leader, Manlio Fabio Beltrones ("Don Beltrones") to derail the ambitions of current frontrunner Enrique Pena Nieto, the short but photogenic governor of Mexico state who is backed by the TV giant Televisa.

Which of the candidates will win the support of which drug cartel is expected to be the deciding factor in who wins the nod.

The Super Sunday electoral fiesta was billed as the last stop on the electoral calendar before 2012. Even by Mexican standards, the July 4th balloting was the most devious stand-off in recent Mexican electoral history, marked by tapped telephone conversations suggesting the illicit distribution of state funds in Puebla, Oaxaca, and Veracruz, phony polling, the wholesale bribery of the already bought-and-sold-mainstream media, homophobia (a doctored photo of the PRD-PAN candidate in Puebla in drag), lie detector interrogations, demands that candidates submit to "anti-doping" tests, and robust narco-violence.

In a maneuver to soft peddle the role of the PRI, a party that mismanaged Mexico for seven decades of cradle-to-the-grave corruption, the Institutional Revolutionary Party has aligned itself with the Mexican Green Ecologist Party (PVEM) whose only attachment to the greening of

Mexico is the color of the money, and in some states to the PANAL, a vanity party owned by teachers' union dominatrix Elba Esther Gordillo. The PRI-led coalitions masqued their true identities behind such titles as "Para Cambiar Veracruz" ("To Change Veracruz"), "Zacatecas First!", and "Todos Tamaulipas" ("All Tamaulipas.")

Not to be outdone, the PRD-PAN coalitions and PRD alliances with other left parties like the Party of Labor (PT) and Democratic Convergence hid behind similar benign sounding front groups and it may be weeks before the real winners can be separated from the losers.

Nonetheless, preliminary results signal a clean sweep for the PRI in four out of five northern narco states, including Baja California which only selected municipal presidents and a local congress July 4th. The one-time ruling party also appears to have sustained the victorious roll that won it a majority in both houses of congress in the 2009 mid-terms over Calderon's battered PAN with big wins in Quintana Roo, Hidalgo, Tlaxcala, Aguascalientes, and Zacatecas - the only state taken from the PRD camp (and the only one governed by a woman.)

Prolonged post-electoral struggle in Veracruz, where the PRI margin of victory is being tenaciously contested by the PAN, is predicted. Oaxaca, Puebla, and Sinaloa, three states in which the PAN and the PRD joined forces, will be governed by the coalition - although whether the left PRD will actually have a significant voice in administrating the affairs of the states is dubious.

But the big winner, as is so often the case, was the Party of No with just under half the eligible voters failing to turn out at the polls, many because of fears of threatened narco-violence such as in Chihuahua where only 30% of the electorate showed up. In Ciudad Juarez, thousands of citizens wrote in ballots protesting Calderon's on-going drug war.

Corporate media on both sides of the border framed the Super Sunday shebang as a referendum on Felipe Calderon's failing war on the drug cartels. Assuming this to be the case, guess who lost?

### **Ruben Navarrette: Mexico's voters go against the drug cartels**

Mexico's drug cartels didn't campaign in the country's recent elections for state and local offices. They didn't hand out buttons, or host fundraisers, or plant yard signs. They didn't kiss babies, walk through villages or drive seniors to polling places. They weren't on the ballot - at least not directly.

But make no mistake. The cartels were major players in this latest expression of south-of-the-border democracy. They pulled up a chair and dealt themselves into the game through violence and intimidation in an attempt to influence the outcome of the elections, the most important of which determined who would occupy governorships of a dozen states.

The good news for Mexico - and for its relationship with the United States - is that, try as they might to disrupt the political process and dictate the outcome, the cartels failed to do either. Despite violence that included bodies hanging from a bridge and the assassination of a

gubernatorial candidate, many voters turned out to cast ballots - for their choices and not the cartels'.

First, let's consider how it is that the drug lords got into politics. Some would say this has long been the case. But it's different now. While there was once a gentleman's agreement that let the cartels conduct their business while politicians lined their pockets and looked the other way, those days are mostly over. The drug traffickers and elected officials are butting heads. And the cartels have realized that, more than gang rivalry or run-ins with police, it's the political system that could ruin them.

The person who drove home that message is Mexican President Felipe Calderon. Almost since the day he took office in 2006, he has been fearless in waging war with the drug traffickers. In response, the cartels have intensified a campaign of terror intended to frighten the Mexican citizenry into turning against Calderon by defeating any candidate affiliated with his National Action Party (PAN) and instead voting for its rival - the International Revolutionary Party (PRI), which ruled and looted Mexico for 71 years before being ousted in 2000.

The PRI is the fox that wants another run at the chicken coop. The party has its eye on retaking the presidency in 2012. To help get there, it has signaled that it would call off the war and pursue an appeasement strategy with the drug traffickers. These ruthless thugs would be allowed to stay in business and export their product to Canada and the United States. And life in Mexico could go back to normal.

No more decapitated bodies strewn along the roadside. No more grenades tossed into the middle of crowds at outdoor festivals. No more heartbreaking stories of baby-faced Mexican soldiers being kidnapped, tortured and killed.

The message to Mexico's voters: If you want more of the war, vote for the PAN. If you want a return to peace and tranquility, vote for the PRI.

So what happened? While both parties claimed victory in the recent elections, it's clear that the PAN beat back a surge from the PRI and stopped the momentum its rival seemed to have gained after racking up an impressive number of victories last year in elections for the Mexican Congress.

It's true that, in the recent voting, the PRI won nine of the 12 governor's races at stake. But it's also true that those victories came in states that the party already controlled. And, in politics as in battle, holding ground isn't the same as gaining ground. Meanwhile, the PAN made significant inroads by winning the governorships of Puebla, Oaxaca and Sinaloa.

And because it has become known all around Mexico as the anti-drug cartel party, any victory for the PAN is a victory in the war on drugs, for Calderon, and for Mexico's relationship with the United States. In this regard, Mexico's fragile democracy is trending in the right direction. For the sake of people on both sides of the border, let's hope the trend continues.

The PAN victory in Sinaloa is especially significant because that state is ground zero in the drug war. The PRI candidate was alleged to have direct ties to the cartels. He lost. So did a lot of other PRI candidates in other elections around the country.

And so who won? That's easy. Mexico.

### **Mexico Floods Shut Busiest U.S. Cargo Crossing, Creating Logjam**

July 13 (Bloomberg) -- Mexican trucks with goods bound for the U.S. are backed up as much as two days at the border as flooded highways blocks access to Nuevo Laredo, the largest international crossing on the southern border, the president of an exporters' trade group said.

Trucks are being re-routed to Reynosa, 250 miles south of San Antonio, and the flow of cargo may not return to normal for as long as three days, said Monica Gonzalez, president of the National Council for the Exporting Maquila and Manufacturing Industry. Rain from Hurricane Alex on July 1 and 2 washed out roads and bridges in the states of Nuevo Leon, Coahuila and Tamaulipas.

"It's been chaos for company logistics," Gonzalez said in a telephone interview. "It's causing a lot of disruption for transportation and delivery times."

The majority of the more than \$300 billion annual U.S.- Mexico trade flows through Nuevo Laredo, located across the Rio Grande from Laredo, Texas. Some factories are beginning to reduce production or even halt operations because they can't ship out product or they lack supplies of component parts they import through Nuevo Laredo, Gonzalez said.

Time is running out for many companies that have been working off stocked parts to keep factories running. Businesses are also piling up inventory of finished goods while waiting for the highway to Nuevo Laredo to reopen, said Chris Hines, chief operating officer of Celadon Group Inc., which operates trucks in the U.S., Mexico and Canada.

#### **'Safety' Margin**

The number of Celadon trucks that have been able to cross north into the U.S. and south into Mexico has dropped to about 35 to 40 per day, down from about 150 per day, Hines said.

"People are getting more and more nervous," Hines said by telephone from Celadon's central dispatch center in Queretaro, Mexico. "This is why you have safety stocks, but those safety stocks are starting to get smaller."

The line of trucks waiting to cross into the U.S. at Reynosa, which is across the border from McAllen, Texas, is more than two kilometers (1.2 miles) long, Hines said. Kansas City Southern has also suspended rail operations at the Nuevo Laredo crossing because of the floods. Some companies are resorting to air shipments to move goods, Hines said.

Mexico's Federal Roads and Bridges agency confirmed the main highway into Nuevo Laredo remains closed due to flooding.

Omar Ortiz, technical director of the agency, said in a television interview yesterday he couldn't estimate when the Nuevo Laredo highway will reopen because officials are still releasing water from a dam that has caused the Rio Salado to flood.

"It won't take long to work its way out once the road is open," Hines said. "When will that road open is the million-dollar question."

### **Mexico's Government Rents Bodyguards to Officials Amid Rising Violence**

Mexican President Felipe Calderon's government began renting bodyguards to public officials for protection against rising violence, two weeks after a leading candidate for governor was gunned down.

Public servants can pay a daily fee for protection ranging from 1,365 pesos to 2,620 pesos (\$107 to \$206) depending on the bodyguard's skill level and the type of arms and vehicles used, according to a decree from Public Security Minister Genaro Garcia Luna published in the government's official gazette yesterday. The service, which provides bodyguards trained by the ministry, is only available to government workers.

The state will continue to provide bodyguards for top officials free of charge. Last year, the Public Security Ministry began offering federal lawmakers and court workers the option to pay for additional protection of their facilities.

Officials are expanding the types of protection available for government workers after the June 28 killing of Rodolfo Torre Cantu, a candidate for governor in the border state of Tamaulipas. It marked an escalation of Mexico's drug-fueled violence and represented the highest-level political assassination since presidential candidate Luis Donaldo Colosio was killed in March 1994.

Mexico has turned increasingly violent since Calderon came to office in December 2006 vowing to fight traffickers. More than 22,000 people have been killed in Mexico in violence related to organized crime since Calderon came to power, according to the U.S. State Department.

### **Mexico's Calderon names new security chief**

Mexico City — Mexico's president accepted the resignation yesterday of his top domestic security official, Interior Secretary Fernando Gomez Mont, and named a former congressman with experience in fighting drug cartels to replace him.

President Felipe Calderon praised the hands-on experience the new federal interior secretary, Jose Francisco Blake, gained serving in the same post at the state level in Baja California, a border state plagued by drug violence.

"In that position, he has played a fundamental role in confronting in a decisive way the problems of violence in that state," Calderon said of Blake, who will oversee the multi-agency national security council.

“The knowledge he has of crime and the good relations he managed to build between the police and army in the fight against crime in Baja California, will without doubt be of great value in strengthening the fight for public safety.”

Mexico’s federal police and the army have played the leading roles in a war against drug cartels that has cost more than 22,700 lives since Calderon announced an anti-drug offensive in late 2006.

The Interior Department that Blake will head plays a key role in coordinating efforts between the forces and intelligence gathering. It also recently began promoting a series of social programs it said are aimed at reducing the poverty and unemployment that contribute to the drug problem.

One of the challenges facing the new interior secretary will be gaining approval for a government proposal to combine scattered, ill-equipped, and poorly supervised city police forces into a single statewide force.

## **Detailed Report/Venezuela**

### **Chávez and Correa criticize Colombia's anti-drug efforts**

The Ecuadorian and Venezuelan presidents started payment operations with the Unified System for Regional Compensation (Sucre)

The presidents of Venezuela and Ecuador, Hugo Chávez and Rafael Correa, criticized on Tuesday the alleged inaction of the Colombian government against drug trafficking.

"They (Colombia) have expressed that we are permissive, but we are fighting a war against drug trafficking," President Chávez said during a meeting at Miraflores Palace, the official seat of the executive branch of government in Venezuela, which was attended by ministers of Venezuela and Ecuador and was aired by the state-run TV network Venezolana de Televisión. "All of this comes from Colombia," he recalled.

For his part, Correa said that "we bear the consequences of the lack of presence of Colombian authorities on the border."

The Ecuadorian government has made "great efforts to preserve our territory. We expend USD 100 million per year and we deploy 20 percent of our armed forces on the northern border."

Meanwhile, Chávez and Correa made the first transaction with the Unified System for Regional Compensation (Sucre) between Venezuela and Ecuador. Cuba is the third country using the Sucre, which is a compensation mechanism in local currency for trade transactions between individuals and companies of the three countries.

## **Venezuela accuses Spanish People's Party of meddling in internal affairs**

Venezuela's ambassador to Spain Isaías Rodríguez accused Spanish People's Party (PP) of meddling in Venezuela's internal affairs, after Dionisio García Carnero, the PP spokesperson on Ibero-American Affairs, expressed his "support" to Caracas Metropolitan Mayor Antonio Ledezma

Isaías Rodríguez, the Venezuelan Ambassador to Spain, complained about the "direct meddling" of the People's Party (PP) in the internal affairs of the South American country after PP's representatives met with Antonio Ledezma, the Metropolitan Mayor of Caracas, reported news agency Europa Press.

In a statement issued on Tuesday and disclosed by Europa Press, the Venezuelan ambassador accused the PP of meddling in Venezuela's internal affairs after Dionisio García Carnero, the PP spokesperson on Ibero-American Affairs, expressed his "support" to Antonio Ledezma in his "defense of democracy" and urged the Spanish government "to defend human rights and support Venezuela's democracy."

Ledezma was elected Caracas mayor in November 2008 but he was stripped of funds, premises and powers by the National Assembly.

## **Venezuela receives US diplomatic note on extradition of alleged terrorist**

Venezuela's Foreign Minister Nicolás Maduro said that the United States sent a diplomatic note in connection with Hugo Chávez's government request for extradition of Cuban activist and alleged terrorist Luis Posada Carriles

Venezuelan Foreign Minister Nicolás Maduro reported on Wednesday that his office has "recently" received a diplomatic note from the US government on the petition made by Hugo Chávez's government asking for the extradition of alleged terrorist Luis Posada Carriles.

"For the first time in five years, the US government recently sent us a diplomatic note, which we are assessing" in response to our repeated calls extradition of Luis Posada Carriles, who is the terrorist leader, the Bin Laden of terrorists in this hemisphere," Maduro said during the act of extradition to Cuba of alleged Salvadoran terrorist Francisco Chávez Abarca, a supposed ally of Posada Carriles, AFP reported.

"They delivered a note that we are assessing and we will respond," Maduro said.

## **Venezuelans oppose Chávez attempt to nationalize private food company**

As in all major government takeovers of private companies in Venezuela, President Hugo Chávez declared that seizing beer-and-food giant Polar's facilities here would mark another victory for the poor in the country's march toward socialism.

"Why is it that Polar has so much money?" Chávez asked in a February speech made in this city in northwest Venezuela. "I say to the owner of Polar: Start making plans, because you are going to be out of here."

Weeks later, a decree expropriating Polar's warehouses and offices in an industrial zone of Barquisimeto was signed. And Venezuelans, after nearly 12 years of state interventions under Chávez, expected the government to quickly sweep the company's facilities in the country's fourth-largest city from their current location and replace them with apartments. Chávez suggested that he might even nationalize the entire company, which has plants and distribution points nationwide.

Except this time, the president's plans went badly awry, exposing mounting national opposition to a policy under which oil companies, supermarkets and factories have been taken over by the state, only to founder under the control of government functionaries.

Not only did Polar fight back by taking its case to the Supreme Court, but its employees have risen up, too, rallying in opposition to Chávez's edict and holding all-night vigils to prevent a takeover. Among those who joined the uprising was Henri Falcón, the popular governor of Lara state, a former ally of Chávez's who says the president has not considered long-term consequences when nationalizing companies.

"The president arrives and it occurs to him to say, 'This has to be expropriated,' without taking into account the technical or legal criteria," Falcon said in an interview last week. "We oppose this because it does not make sense. It is more an impulse of the president."

The government has characterized the struggle with Polar as one between good and evil, with Chávez giving several speeches in which he has mocked Polar's owner, Lorenzo Mendoza, who is one of Latin America's richest men.

"We will see who can last longer, Mendoza, you with your millions or me with my morals," Chávez said in a nationally televised speech in June. "Because you are the rich one. You are going to hell, to heaven you will not go."

The president has also called on workers to rise up against the elites. "I invoke the real Venezuelan working class for economic war against the bourgeoisie," said Chávez, who directly warned Mendoza that he could nationalize the entire Polar company, which accounts for 2.4 percent of the country's non-oil gross domestic product and is the country's largest private company. Its polar bear logo is well-known throughout Venezuela and other countries.

Mendoza, 44, has not publicly responded to the attacks, and Polar officials declined to comment about Chávez's efforts to nationalize the installations in Barquisimeto.

But employees said they oppose the government intervention because they think workers have fared badly at nationalized companies, where they have faced reduced wages and been unable to bargain collectively.

"At no time have we been taken into account and asked to say if we agree," said Richard Prieto, head of one of the two unions that represent more than 800 workers here.

Workers also said Polar offers wages and benefits that far outstrip those of other employers in Venezuela, including the state.

"We are saying no because we have seen the experiences of other expropriated companies," said Juan Tacoa, president of the other union. "Here in Polar, we have benefits we know we would not have with the government."

The stand taken by the workers has gone beyond the metal gates that surround the facilities from which the company distributes beer, wine and other beverages. A poll by Consultores 21, a Caracas firm, showed that 84 percent of the residents of Barquisimeto oppose the takeover. Nearly 70 percent said they thought the government would never build housing for the poor on the site, which is what Chávez says he envisions once Polar is removed.

The revolt against the president's plans has been particularly embarrassing because it has come during a roiling scandal involving the state's mismanagement of food distribution. Over the past two months, tens of thousands of tons of imported food bound for state-subsidized markets has been found rotting at ports and in warehouses. Petróleos de Venezuela, the state oil company, was responsible for distributing the food, which included chickens, cereal and powdered milk.

Food production has fallen precipitously under Chávez, while imports have sharply increased. Food scarcity and high prices have become nagging realities, which recently prompted the government to nationalize a string of supermarkets.

Polar, meanwhile, has grown in recent years into a behemoth that employs 30,000 workers and operates 14 plants and 75 distribution centers in Venezuela. Since Mendoza's grandfather founded the company in 1941, it has expanded to produce everything from beer to butter to cooking oil to mayonnaise. Its most famous food product is the popular precooked flour needed for the cornmeal cakes that are a national staple.

"It's a company like Kraft or Procter & Gamble which sells a lot of staples, things that people use," said Robert Bottome, editor of VenEconomía, a Caracas business journal. "And it has a tradition that goes back 60 years of maintaining quality and treating its customers well and its workers well. It should be a model for what all companies should be. Sounds corny, but that's the reality of it."

Last week, workers played dominoes and ping-pong as the sun went down -- another night approached in which they would make sure Chávez's supporters did not storm the gates.

Big wooden pallets blocked entrances, and banners that were draped on fences and walls read "Polar is everyone" and "You're not alone." A bus filled with workers from another Polar facility arrived to help.

Taking a moment from playing dominoes, Santos Freitas, 42, who helps load trucks, said he had worked all day, gone home to eat and was now ready to settle in for nine more hours.

"This is our fight, our cause, and the reason we are here is our jobs," he said. "We are here because we need to defend our jobs, for our children and our families."

### **Venezuela Pays for First ALBA Trade with Ecuador in New Regional Currency**

Caracas, July 7, 2010 - Venezuelan President Hugo Chavez took a giant symbolic leap in the direction of Latin American independence on Tuesday when his government and that of Ecuador conducted the first bilateral trade deal between two ALBA countries using the new trading currency, the Sucre, instead of the US dollar.

The Unitary System of Regional Compensation (Sucre) is the currency the Bolivarian Alliance of the Peoples of Our America (ALBA) regional bloc adopted in 2009 so that member states could trade internally without having to use the US dollar.

Paying for goods with the Sucre will avoid the transaction costs incurred when using dollars on the international markets and encourage a more stable trading system, less impacted on by global economic conditions.

Ecuadoran President Rafael Correa explained, "It is a very simple concept: instead of using a currency from outside of the region to trade in goods and services, we use this compensation system where you pay in national currency to your respective exporters and in that way the international currency isn't needed."

Venezuelan Foreign Minister Nicolas Maduro said, "The moment has arrived to make the first step in the construction of the economic base that sustains social transformation" and "that frees our countries from poverty, backwardness."

President Chavez added, "The implementation of the Sucre democratizes the economy in our countries, it allows us to advance towards freeing ourselves from the dollar, decoupling ourselves from the international hegemonic system."

The first trade involved 15,000 tons of rice, sold to Venezuela from Ecuador. Venezuela paid 1.89 million Sucres (there are 1.25 Sucres to the dollar) for the rice.

Correa was in the Venezuelan capital Caracas with Chavez for the VIII quarterly bilateral presidential meeting that both leaders have committed to in order to strengthen relations between the two nations.

Correa spoke of the importance of the encounters, saying, "These meetings are very fruitful, we've managed to sign many accords, but not like those from before which were merely photo opportunities, now we make progress, drastic, efficacious and efficient change."

Chavez explained the other items on the meeting's agenda. "We were talking about creating Petrosur, that key aspect of regional integration, and the social missions, education and health," he said.

Petrosur is a regional project promoted by Venezuela to integrate the oil reserves of Latin America and the Caribbean in order to implement a fair and sustainable energy policy for all. It foresees cooperation between the state oil companies of Argentina, Brazil, Uruguay, and Venezuela in order to achieve that aim.

Chavez also discussed the progress of a joint oil refinery construction project—the Pacific Petrochemical Complex—with Correa. The plant will be built on the Ecuadoran coast and is due to be completed by 2014.

ALBA is a regional integration bloc, begun by Venezuela and Cuba in 2004, in opposition to the neoliberal trade agreements the United States has pushed for in the region.

ALBA seeks solidaristic relations and trade among its member states to allow sustainable development and growth.

Its members are Cuba, Ecuador, Bolivia, Venezuela, Nicaragua, the Dominican Republic, Antigua & Barbuda and San Vicente & the Grenadines.

#### Venezuela and Ecuador Boast of Drug-Free Border with Colombia

Chavez and Correa also declared on Tuesday that their respective countries' borders with Colombia were coca and drug free after both presidents had received reports from their respective security services.

According to Chavez, the Venezuelan army's operation Sierra XXII 2010 has announced that, for the fifth consecutive year running, the border is clear of any kind of illicit drug operations.

The Venezuelan president also said that a crucial reason for the success of the operation was the expulsion of US anti-narcotics agents from the country.

"We broke with the DEA (U.S. Drug Enforcement Agency) because it was like a state within a state," said Chavez.

Chavez went on to say that the DEA had installations in Venezuelan territory in which his government and security forces were denied entry. He also accused the DEA of money laundering and said that narco-trafficking was "supported by the DEA."

Venezuelan Minister of Popular Power for the Interior and Justice, Tareck El Aissami, said that Venezuela's fight against narco-trafficking had become much more "efficient" since the break with the DEA.

He said, "We have arrested 48 bosses from narco-criminal organizations and this is due to our policies on sovereignty once we broke with the DEA. These are irrefutable results in the this battle!"

Correa intervened, saying that, while Venezuela and Ecuador "don't have to prove anything to anyone" in relation to their action against narco-traffickers, this does show what they were doing in the battle against narco-traffickers.

He also complained about a lack of state presence on the Colombian side of the border for fighting narco-traffickers, which he contrasted with the criticism Venezuela and Ecuador receive from the U.S. with regard to the fight against drug trafficking.

### **Chavez fears Santos could be US 'pawn'**

The government of President Hugo Chavez fears Colombia's president-elect could end up doing Washington's bidding by conspiring against its neighbor, Venezuela's top diplomat says.

Foreign minister Nicolas Maduro expressed doubts that Venezuela's relations with Colombia could improve after conservative Juan Manuel Santos was sworn in as president and accused Colombia's outgoing leader Alvaro Uribe of attempting to influence his successor to ensure relations remained rocky.

Earlier Mr Uribe said he hoped to make a last-ditch effort to improve ties between Bogota and Caracas.

### **Venezuela: Opposition politician arrested on explosives charge**

(CNN) -- Venezuelan authorities arrested an opposition politician and former presidential candidate on explosives charges Monday night, the government news agency reported.

Alejandro Pena Esclusa, a 1998 presidential candidate and political opponent of leftist Venezuelan leader Hugo Chavez, was arrested at home by agents from the nation's intelligence service, the official ABN news service reported Monday. Pena was taken to the intelligence service headquarters for interrogation, ABN said.

Opposition groups say Pena was arrested for political reasons. Unoamerica, a group headed by Pena, said Tuesday his arrest "is part of a Cuban operation that looks to link opposition leaders with terrorist acts."

Chavez critics have said Cubans are heavily involved in the Venezuelan military and also are playing a key role in intelligence, communications and other areas.

Authorities say they found material of "an explosive nature" when they searched Pena's home in Caracas, Venezuela.

"We have obtained ... some small capsules, more than 100 capsules, which are presumed detonators, some thermal, some electric," ABN quoted counterintelligence director David Colmenares as saying.

Officials contend Pena has been working with Francisco Chavez Abarca, a Salvadoran resident arrested in Venezuela last week on charges that he was in the country to destabilize the government. ABN calls Chavez Abarca a "terrorist" and says he informed on some of his accomplices.

Pena is one of those accomplices, ABN indicated.

"Alejandro Pena Esclusa is a dark character of the Venezuelan opposition linked to fascist sectors and with a thick file of conspiratorial activities against the government of President Hugo Chavez," ABN said.

There will be other arrests in coming days as a result of the information Chavez Abarca provided, the news agency said.

Pena's strong opposition to the Venezuelan president has been lauded, even in the United States. The Alabama state legislature took up a resolution in March commending his actions.

"[A]t great personal risk to himself, Alejandro Pena Esclusa has stood firm in opposition to the spread of Marxism and totalitarianism in Latin America," the resolution states, adding that Pena "continues to serve as an ideological and symbolic counterweight to Chavez's grievance driven exploitation of the people of Venezuela and of broader Latin America in furtherance of the fomentation of authoritarian movements in the region."

Human rights organizations have frequently accused Chavez of intimidating or punishing citizens based on their political beliefs.

In June, the Inter-American Commission on Human Rights sent a letter to Venezuela's foreign minister, criticizing the government on its record of freedom of expression.

In February, the commission issued a 319-page report accusing Venezuela of routinely violating human rights. The report said that a lack of independence by Venezuela's judiciary and legislature in their dealings with Chavez often leads to the abuses.

"The report finds that not all individuals are ensured full enjoyment of their rights irrespective of their positions on government policies," the human rights panel said. "The commission also finds that the punitive power of the state is being used to intimidate or punish people on account of their political opinions."

The Inter-American Commission on Human Rights is an independent arm of the Organization of American States.

Chavez's opponents say his government represses political opponents and the expression of free ideas by jailing critics on trumped-up charges or pulling licenses for TV and radio stations and shutting down newspapers. There are about 40 such political prisoners in Venezuelan jails, the critics say.

Most of those prisoners, Chavez critics say, are journalists and former military and police officials and others associated with a short-lived coup against Chavez in April 2002.

Some of the prisoners have been held for long periods without trials or during proceedings that have dragged on for months and even years, the critics say, and they say other prisoners have received harsh sentences under questionable charges. Many of the detainees are held at the secret police headquarters rather than a prison.

"Attacks on journalists were widespread," said Amnesty International's 2009 Report on Human Rights in Venezuela. "Human rights defenders continued to suffer harassment. Prison conditions provoked hunger strikes in facilities across the country."

Human Rights Watch, an independent global organization, issued a 230-page report in 2008 that said Chavez has shown an "open disregard for the principle of separation of powers ... specifically, the notion that an independent judiciary is indispensable for protecting fundamental rights."

The Chavez government has routinely denied any allegations of human rights abuses, saying that authorities arrest citizens only on suspicion of breaking the law.

## **Venezuela says Dutch plane violated airspace, warns Netherlands relations may suffer**

Caracas, Venezuela (AP) — President Hugo Chavez's government complained Tuesday that a Dutch military aircraft violated its airspace and urged the Netherlands to stop provoking Venezuela, saying diplomatic relations could be hurt.

In a statement, Venezuela's government said it detected three separate incursions last week, "even through the aircraft used techniques to hide its position and identification."

"Venezuela demands that the government of the Netherlands take the necessary measures so these acts of provocation cease," the statement said.

If incursions continue, diplomatic relations could suffer, it added.

Venezuela did not give details on the origin of the flights, but Chavez has accused the Netherlands in the past of letting the United States use Dutch islands off Venezuela to prepare a possible military attack against his country.

Officials at the Dutch Embassy in Caracas did not answer telephone calls seeking comment.

## **Venezuela jails two Twitter users for 'false' tweets**

Two Venezuelan users of the micro-blogging site Twitter are facing prison sentences of nine to 11 years for allegedly posting tweets with intent to harm the South American nation's economy.

The two Twitterers — 41-year-old Luis Enrique Acosta Oxford (@leaoxford) and 35-year-old Carmen Cecilia Nares Castro (@CARMENNARES) — were arrested last Thursday and appeared before a Venezuelan court for the first time Tuesday.

They face charges under a 2001 banking law provision that forbids "spreading false news" about the country's financial system. They were released pending trial on condition that they report to judicial authorities every two weeks while refraining from further incendiary tweets.

Reporters Without Borders, a nongovernmental organization that promotes press freedom, condemned the arrests and demanded an immediate withdrawal of the charges.

"The authorities are treating Twitter users like criminals and challenging the view of the Internet as a space where freedom should prevail," the group said in a statement. "President [Hugo] Chavez nonetheless maintains his right to affirm his presence and his opinions on the Internet, above all on his blog and his Twitter account."

The Venezuelan leader has posted more than 500 tweets since creating his own Twitter account (@chavezcandanga) in April. He has about 660,000 followers.

In March, he declared his intent to tighten restrictions on the Web. "The Internet cannot be a completely free space where anything is said and anything is done," he said. "No, each country must impose its own rules."

### **Netherlands denies violation of Venezuelan airspace**

The Dutch government rebutted on Wednesday Venezuelan claims that a Dutch air force plane illegally entered Venezuelan airspace earlier this month. A Dutch Defense Ministry spokesman in The Hague described the Venezuelan claims "as nonsense", DPA reported.

"No Dutch Royal Air Force plane has been inside Venezuelan airspace. Not even close," said the spokesperson.

On Tuesday, the Venezuelan government lodged a complaint with the Dutch Embassy in Caracas claiming that the European country had violated Venezuela's sovereignty, which runs counter to the "good neighbor policy" that should exist between bordering countries.

Last December, Venezuelan President Hugo Chávez accused the United States and the Netherlands of preparing an attack on Venezuela from the Netherlands Antilles.

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