

BUSINESS AND POLITICS IN THE MUSLIM WORLD

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Argentina

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Report Summary/Argentina

Political Issue

Economic Issue

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Food, Environment and Energy Issue

Geostrategic Issues

Prime minister of Kuwait visited Buenos Aires and met President Kirchner of Argentina in Presidential palace. Both leaders met in a very good environment and signed several agreements in science, technology and some other fields. Later in a ceremony they signed a Memorandum of Understandings and addressed.

Pakistan's Minister of Food and Agriculture Mr. Nazar Muhammad Gondal said Pakistan will export fruits to Argentina and import tea from there and the process of this agreement is continue that will be accomplish soon.

President Kirchner said she will talk to the newly elected President of Colombia Mr. Santos to decrease the tensions between Venezuela and Colombia. She said she will talk in a meeting of Unasur meeting in Buenos Aires and then she will go to Caracas to talk to the president of Venezuela Mr. Chavez.

Report Summary/Brazil

Political Issue

PT's presidential candidate Ms. Rousseff has reject the plan of imposing taxes on big fortunes that was given from PT's coalition parties. She said imposition of tax reforms will not affect in decreasing gap between rich and poor of Brazil. But president Lula's economic policies have decreased the gap between the rich and poor of Brazil by more social reforms and increase in wages of poor people.

Brazilian Green Party's candidate and the former environment minister of Lula's cabinet said she will use social media like Facebook and Twitter to run her presidential campaign. Silva is at number three in ranking of polls and just having 10 percent of favor from the voters. She asked her fans to support her through internet. Her stance at the Amazon rainforest is very strict.

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

The Prime Minister of Kuwait visited Brasilia with a group of people from government and private sector and the finance minister of Kuwait said it is a great opportunity for Kuwait to have economic relationships with Brazil. He said Brazil remained very successful even during the most critical time when the economic crisis took place in the globe and its economy is continuously getting a boost. Finance minister of Kuwait said he has signed an agreement with his Brazilian counterpart that both countries will exchange the visits of economic delegations from the both sides to increase economic relationships from both sides. Both leaders also signed several agreements in trade and business and the Prime Minister of Kuwait will move towards Chile and Argentina later.

China is investing in Brazil a huge amount of money as compare to the previous year as until now it has invested \$20 billion in 2010 and like this it became Brazil's No. 1 investor as it was 20th in 2009. And Chinese firms have also bought stakes in Brazil's electrical grid; they are building steel mills, car plants and a telecommunications infrastructure in that country. Chinese grain companies are negotiating to buy huge tracts, some larger than 600,000 acres of Brazilian outback to plant soybeans. Chinese firms have taken the contract of a Brazilian subway. They want to help realize Brazil's gargantuan plans that are estimated at more than \$250 billion to tap its offshore oil reserves. Chinese firms have also lent \$10 billion to Petrobras that is working on many giant developing projects. Petrobras is also going to get a large contract of oil exploration in Cape Verde.

Brazilian minister of Culture said there is a need of increasing relations with China in the field of culture as there is a very few knowledge about in Brazil about China and vice versa. He said in an interview to UNESCO that the month of November will be the month of Chinese culture in Brazil. He also said both countries are becoming very close of each other and increasing trade so both developing countries should also play their role in exchanging each other's culture as well.

President Lula of Brazil said to the US to leave away from the clash between Colombia and Venezuela. In a meeting of UNASUR the countries of South America gathered and tried to solve the dispute between two neighboring countries of South America. Some countries are ready to mediate in this class like Argentina and Brazil that are sending their representative in

Bogota and Caracas. President Lula also talk to the presidents of both countries on phone call and asked them to resolve this issue.

Brazilian president said he wants to increase trade between Mercosur and Central American Integration System (SICA) that has a lot differences and trade imbalances. He said to the president of Nicaragua that the new trade agreements will bring trade balances between the trade of Brazil and Nicaragua. Brazil exported 33.3 million dollars worth of goods to the Central American countries in 2009 while Nicaragua's exports to South America totaled only 354,000 dollars.

Both presidents of Brazil and Nicaragua said Honduras can rejoin the membership of Organization of American States (OAS) and start trade with the regional countries if it condemns the June 28th military coup and give favor to the ousted president Manuel Zelaya. President Lula said Honduras military coup has given a great loss to the democratic strength of Latin America and regional integration and struggle towards democracy.

Brazilian foreign minister is going to have a visit of Middle East and Turkey. His itinerary consists of Libya, Turkey, the Palestinian Territories, Israel and Syria and he will talk on the Middle East problems. Then he will go to Turkey to discuss the Iran's export of uranium to Turkey.

Report Summary/Chile

Political Issue

Chile's Roman Catholic Church requested the government of Chile to pardon the military rulers who had been involved in the killings of more than 3,000 people of Chile during dictatorship of General Pinochet from 1973 to 1990. Many relatives of missed or killed people of Chile and the victims of military dictatorship together and raised their voice and protested against the Church.

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Kuwait's Prime Minister visited Chile and met with the president Pinera. Both leaders praised each others' countries and their cooperation with each other. Kuwaiti Prime Minister showed Kuwaiti peoples' sorrows due to an earthquake in Chile and gave them assistance. While President of Chile Mr. Pinera also praised Kuwait's assistance on te occasion of earthquake and

later both leaders signed several agreements in the field of technology, commerce and trade. They also wanted to increase relationships in political, social and cultural sectors.

Report Summary/Colombia

Political Issue

President Alvaro Uribe has also said that he will not leave crackdown against the FARC rebels in Colombia whether any country support Colombia or not. His successor is Mr. Santos who has also been served as Defense Minister in Uribe's cabinet and he also going to follow Uribe's policies against the FARC. Now Mr. Santos has nominated new Defense Minister for his cabinet who he is considered very strict in security issues.

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

The accusations from Colombia on Venezuela have increased the tensions between the both countries and Chavez has called his ambassador from Bogota to drop diplomatic ties with Colombia. It is the first time Chavez broke diplomatic ties with Colombia even in most tensed situation last year Chavez froze relationships with Colombia. Venezuelan government has given 72 hours to Colombian ambassador to leave Caracas.

Colombian ambassador to OAS called Chavez's decision to break relations as a mistake and said instead of breaking relations with Colombia Venezuela should break relations with terrorist groups. Now the South American countries are going to hold a meeting in this week for a peaceful solution of such dispute. Venezuela has also threatened US to cut oil supply as it is backing Colombia. In the meanwhile secretary general of United Nations has asked both countries to solve the dispute by negotiations instead of creating a tension in the region.

On the other hand the foreign minister of Colombia said that Colombia will not take its accusations back because it has proof in pictures and videos that Colombian FARC rebels are present in Venezuela. He said the meeting of UNASUR in which foreign ministers of South American countries are gathering to resolve the dispute they should know it before. He also said anti-tank weapons which are being used by FARC rebels are made of Venezuela and Colombian government also accused Ecuador to support FARC in the region.

Colombian officials presented FARC rebels' pictures and videos as a proof of their presence in Venezuela and said 1,500 FARC rebels are present in Venezuela but the Venezuelan

ambassador rejected his accusations and said he doesn't know where from these pictures belongs to because this is not Venezuela. Venezuelan government said Uribe is an American puppet and whatever US government wants from him. While US government gave statement in favor of Colombia and said to Venezuelan government to fight against the FARC rebels that are hiding in Venezuela.

Along with this dispute breaking of relationship between both countries will decreased the trade and affect the trade policies. Already trade is decreased between both countries since the series of accusations started from both sides in 2009 but now the breaking of relationships will decrease trade till 85 percent.

Report Summary/Mexico

Political Issue

Mexico's former president Vicente Fox has said this new immigration law as xenophobic and he also said may be the state governor of Arizona doesn't know that how much contribution is of Mexican citizens in Arizona's economy and how much they are exporting to Mexico. He also accused US of 24,000 deaths of Mexicans in drug war.

Mexico's Human Rights Commission is sending its inspections team at the Arizona border to inspect the conditions of deported immigrants from the US. Recently passed Arizona law is going to be imposed by the government of Arizona according to that law illegal immigrants (especially from Mexicans) would be deported to Mexico but now this law has been challenged in the federal court.

Economic Issue

Mexico's economy minister said country's economy is growing after economic recession and there are less chances of decrease in this year. He said economy will grow 4 percent in the first phase and in the end of this year it will grow more than 4 percent.

Social/Humanitarian Issue

Mexican government said army has killed 8 drug members in a clash with Mexican army when it was patrolling in Chihuahua state of Mexico. In another place a truck suspicious truck is caught that was painted as the color of Mexican army with the Mexican government emblem and was run by the drug members. Later drug members hanged a banner at a bridge that was a warning to the government that if the government did not stop attacking them they will target even innocents.

Food, Environment and Energy Issue

Geostrategic Issues

Mexican foreign minister said Mexico and China has become very big trade partners and China is the second exporter of its goods in Mexico. She said both countries have more potential to increase relationship in the field of culture, education, science, technology and commerce. And the visits of high officials are necessary in both countries to boost relationships with each other. She also said Mexico welcomes more Chinese investors in the country and also want to increase its export to China.

The district court of USA gave its decision in favor of immigrants and blocked the law one day before the new law was going to be imposed. Mexican government has praised the decision of the district court's judge on this decision but the Republican government's governor of Arizona has said she will appeal in the court again to review its decision.

Report Summary/Venezuela

Political Issue

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Venezuelan president has broken diplomatic relations with Colombia after severe exchange of accusations on each other. Colombian government accused Venezuelan government to give safe place to FARC guerillas which they are attacking in Colombia. The foreign minister of Venezuela has given 72 hours to the diplomats of Colombia to leave Caracas. And Venezuelan ambassador to UN has given a letter of complaints against Colombia to the secretary general of UN which explains the causes to break relations with Colombia. Meanwhile US state department's spokes person said Venezuela's decision to break relations with Colombia is not appropriate attitude. He said suspicions could be removed by mutual negotiations and by forming anti-terrorists treaties.

Venezuelan government said Colombia should tell about the terrorists to the Venezuelan government officials instead of shouting at media so that their captivation could be ensured. While Peruvian government has also said it will play the role of mediation to resolve dispute between Colombia and Venezuela instead of supporting anyone country. UNASUR meeting is also going to be held in which the member countries will try to resolve the disputed issues between these two countries.

Chavez has threatened USA to cut its oil if its ally Colombia attack Venezuela and he said US is expert in topple war against its enemy as it did in Iraq. Venezuela is the largest oil

exporter of oil to the US in the region and oil export is its largest source of economy so if it stop exporting oil to US its economy will collapse that is already declining.

The Venezuelan and Ugandan governments executed two cooperation agreements during the 15th Summit of the African Union that held in Kampala. Also the leaders of Abkhazia and South Ossetia visited Venezuela and Venezuela recognized both countries separate republics from Georgia. Chavez also made agreements with the leaders of these two countries to help them in the field of energy, agriculture and education. The leaders also wanted their recognition from other Latin American countries by the help of Venezuela and said they know it is quite hard due to Unites States' influence in the region.

President Hugo Chavez is arriving in Argentina to attend the summit of Mercosur which is South America's trade block and Venezuela is observer member but still it is not the full member of it.

Detailed Report/Argentina

Kuwait, Argentina sign several agreements

Buenos Aires, July 29 (KUNA) -- His Highness the Prime Minister of Kuwait Sheikh Nasser Al-Mohammad Al-Ahmad Al-Sabah and Argentinean President Cristina Fernandez de Kirchner held official talks at the presidential palace in Buenos Aires Wednesday afternoon. The talks took place in a cordial atmosphere, reflecting the depth of relations between the two countries.

The two sides discussed bilateral relations and means to boost them in all areas, in the interest of their two countries and peoples, and also talked about regional and international matters of mutual concern.

Following the talks, His Highness Sheikh Nasser and President de Kirchner attended a ceremony during which several agreements were signed between their countries. The first sets of agreements were for cultural cooperation, as well as scientific and technical cooperation, and a memorandum of understanding for bilateral deliberation between the Kuwaiti Foreign Ministry and the Argentina's Ministry of Foreign Relations, International Trade and Worship. These were signed by Kuwait's Deputy Premier and Foreign Minister Sheikh Dr. Mohammad Sabah Al-Salem Al-Sabah and Argentinean Minister of Foreign Relations, International Trade and Worship Jorge Enrique Taiana. A memorandum of understanding was also signed between the governments of the two countries in the environment and sustainable development area. This was signed by Kuwait's Foreign Undersecretary Khalid Sulaiman Al-Jarallah and Argentina's Secretary for Environment and Sustainable Development Homero Maximo Bibiloni. Earlier in the day, His Highness Sheikh Nasser and his accompanying delegation visited the San Martin memorial.

Pakistan to import tea from Argentina, export fruits

Islamabad, Jul 27 (APP): Pakistan would import tea and export fruits to Argentina and the required formalities in this regard will be processed soon, said Minister for Food and

Agriculture Nazir Muhammad Gondal. Talking to Ambassador of Argentina to Pakistan Rodolfo J. Marin Saravia, who called on him here Tuesday, the minister said Pakistan is interested to export fruits like mangoes, kinnow, apples and dates to Argentine. He said that quarantine requirements as desired by the Argentinean government are finalized and approved by the cabinet.

The agreement in this regard would be signed soon that would pave the way for Pakistani fruits to get access to the Argentinean markets, he added. We are considering to import tea from Argentine to strengthen the bilateral trade between the two countries, he said. The minister said that Pakistan can benefit from the tea production experience and technical information of Argentine.

Kirchner to Meet With Santos Today to Help End Colombia-Venezuela Dispute

Former Argentine President Nestor Kirchner will meet with Colombian President-elect Juan Manuel Santos in a bid to ease tensions with neighboring Venezuela. Santos, on a tour of Latin America before he takes office Aug. 7, has declined to comment on Venezuelan President Hugo Chavez's decision to sever diplomatic ties over Colombian charges that as many as 1,500 rebels are using his country's territory to carry out cross-border attacks. Kirchner, the secretary general of the 12-member Union of South American Nations, is trying to moderate strains between the countries on behalf of regional governments. He'll meet with Santos at 10 p.m. local time, according to the Unasur press office in Buenos Aires. He's set to travel to Caracas for a meeting with Chavez before Santos takes office next month.

Chavez said at a rally of supporters yesterday that he would suspend oil shipments to the U.S. if there's an American-sponsored attack by Colombia, even if it meant Venezuelans would have to "eat stones" due to a collapse in oil revenue.

"We wouldn't send a drop of oil to their refineries," said Chavez, who suspended a trip to Cuba in response to the crisis. "Not a drop, because that's the great culprit for the tensions in this part of the world and the entire planet."

Santos, as outgoing President Alvaro Uribe's defense minister, oversaw an air strike in Ecuador that killed Raul Reyes, a top commander of the Revolutionary Armed Forces of Colombia. Chavez sent troops to the border in retaliation for the 2008 raid.

Added Rhetoric

Colombia's peso gained 0.5 percent to 1,858.9 per U.S. dollar at 2:25 p.m. New York time. The peso has gained 10 percent this year, the best performance among 26 emerging-market currencies tracked by Bloomberg.

Chavez, 55, is ramping up his rhetoric about an attack from Colombia as a way to deflect attention from Venezuela's deepening recession and his falling approval ratings, said Patrick Esteruelas, an analyst at Eurasia Group.

“Chavez has a vested interest in playing up the Colombian threat in order to push away from the headlines much of the poor economic news,” Esteruelas said in a phone interview from New York. “This amounts to an early Christmas present to Chavez from Uribe.”

Venezuela, the largest oil exporter in South America, depends on crude for 95 percent of export revenue and 50 percent of government spending. The U.S. is its largest export market for crude and refined products.

U.S. Response

State Department spokesman Philip J. Crowley said today in Washington that the U.S. has no plans to attack Venezuela.

“We have no intention of engaging in military action against Venezuela,” Crowley said in a press conference.

Chavez severed ties with Colombia on July 22 after Uribe’s government presented photos, satellite images and other evidence that it said showed several guerrilla commanders and their fighters were taking refuge in Venezuela.

Santos, who visited Mexico last week, named Maria Angela Holguin, a former ambassador to Caracas, as his foreign minister in a bid to improve relations with the country. The 58-year-old president-elect also said he hoped Chavez would attend his inauguration.

A group of South American foreign ministers will meet in Quito next week to discuss the conflict. Brazilian President Luiz Inacio Lula da Silva and Ecuador’s Rafael Correa may visit Venezuela to discuss the situation with Chavez in the coming days.

Trade Response

Uribe said in a statement late yesterday that the government is reducing requirements to establish duty-free zones, lowering value-added taxes and boosting the sale of national goods along the border to alleviate the economic fallout from the crisis with Venezuela.

Trade between the two nations sank following Colombia’s decision last year to allow the U.S. military to increase its presence in Colombia, the recipient of more than \$7 billion in U.S. anti-narcotics and counter-insurgency aid since 2000.

Exports from South America’s fourth-biggest economy to Venezuela declined 71 percent in the first five months of 2010 from the same period a year earlier. Before relations soured, Venezuela was Colombia’s biggest export market after the U.S.

Detailed Report/Brazil

‘Prospects Good for Investment in Brazil Despite Finance Crisis’ Many Trade Deals Expected In Chile, Argentina

Brasilia, July 24, (KUNA): The visit of His Highness the Prime Minister of Kuwait to Brazil, heading a large delegation of government and private sector representatives, is a great

opportunity for Kuwait to be present and have investments in this promising country, said Kuwait's Finance Minister Mustafa Jassem Al-Shimali. In a statement Friday evening, Al-Shimali said that Brazil is one of the largest South American countries, and that investment opportunities were good here. The growth rate has been high in previous years, even last year, despite the global economic crisis. The minister said that the Brazilian economy was beginning to regain its status, and that this was a great chance for Kuwait Investment Authority and the Kuwaiti private sector to be present in this countries and others that had a promising economy.

Visits

Al-Shimali said that he agreed with the Brazilian Finance Minister Guido Mantega to have exchange visits of economic delegations soon, in order to discuss working together in different areas.

The finance ministers of Kuwait and Brazil signed, on the sidelines of this visit, a protocol amending the existing agreement for economic cooperation between the two countries. Meanwhile, His Highness the Prime Minister will conclude his visit to Brazil on Sunday, and will head to Chile, making this the first visit by a Kuwaiti premier to this country. His Highness Sheikh Nasser received Friday evening the Arab ambassadors accredited in Brasilia.

Chile is the sixth leg of His Highness Sheikh Nasser's Latin American and Caribbean tour. Chile has an abundance of natural resources, including a third of the world's reserve of copper, as well as other precious metals such as gold, silver and manganese. It also has huge fish resources given its long coastal line along the Pacific Ocean. Chile is home to a world-renowned fishing industry. In Chile, His Highness Sheikh Nasser is set to hold official talks with the President, focusing on bilateral relations between the two countries and means to boost them in all areas. He will also meet with the Supreme Court chief, and heads of the Senate and the Parliament. His Highness Sheikh Nasser's visit to Argentina is set to be marked by a number of joint agreements in several fields, said the Argentine Ambassador to Kuwait Jorge O. A. Biga. "During the visit both countries will sign several cooperation agreements in the political, scientific, environmental and cultural fields," he told KUNA in an exclusive interview. "Kuwait aims to open new channels to increase investment and trade," he added.

Caribbean

The ambassador was speaking on the occasion of the Kuwaiti prime minister's visit to Argentina in the coming days, as part of his tour of Latin America and the Caribbean aimed at furthering cooperation with this dynamic region. His Highness Sheikh Nasser has marked Brazil, Argentina, Cuba, Chile, Uruguay, Antigua and Barbuda, Trinidad and Tobago, Mexico and Guyana as stops for his Latin America and Caribbean tour. Asked about the relations between both nations, the ambassador described them as "excellent," noting that the Kuwaiti prime minister's visit "will bring new possibilities to bolster and reinforce them." Last month, Kuwait received both the Argentinean Minister of Scientific, Technology and Productive Innovation and the Governor of Santa Fe. Biga said, "Santa Fe is one of the most important provinces of Argentina, and benefits from a loan granted by the Kuwait Fund for Arab Economic Development (KFAED) that allowed the construction of roads in its territory. "Both visitors had the possibility to meet many of Kuwait's officials. This permitted study to be carried out in different fields where both countries can cooperate and improve their economical and commercial relationship. The visit of His Highness the Prime Minister will make these

possibilities real,” he said. Asked about the significance of Brazil as an up and coming nation internationally, in relation to Argentina’s plans to catch up as the second largest South American country in size, he said, “Argentina is the second largest nation in South America, which is developing its international policy in integration with the G20 group of countries. Its relative importance and presence in the world would allow the discussion at a high level the global reality and to take decisions in regard.”

China invests heavily in Brazil, elsewhere in pursuit of political heft

Porto Do Acu, Brazil -- Here along the golden sands that grace the Atlantic coastline 175 miles north of Rio de Janeiro, China is forging a new economic reality.

Just past a port where workers are building a two-mile-long pier to accommodate huge vessels known as Chinamaxs that will transport iron ore for China's ravenous steel industry, past berths for tankers to lug oil to Beijing, a city of factories is sprouting on an island almost twice the size of Manhattan. Many of the structures will be built with Chinese investment: a steel mill, a shipyard, an automobile plant, a factory to manufacture oil and gas equipment.

The port project recalls the China of the past decade: a worldwide effort to extract resources for use in the country's vast manufacturing sector. But the factory city represents something new: an aggressive push to invest in industries overseas to bolster the country's image and political influence.

Call it "dollar diplomacy," Chinese-style.

The investments in Brazil reflect China's "going out" strategy, which seeks to guarantee natural resources for development purposes and to shield the country's state-owned enterprises from slower growth at home. Flush with more than \$2 trillion in foreign exchange reserves, China has directed its state firms to scour the globe for opportunities.

As it does so, China is playing by its own rules, giving its firms an edge over U.S. and other multinational companies bound by internationally mandated restrictions intended to promote fair competition. In addition, Brazil and other developing countries, which once saw China as an ally, are now realizing that Chinese companies are competing on their own turf for resources and market share. And some analysts say the United States has been slow to perceive that China is using investment to build political heft.

In the first half of this year, China's investment in Brazil topped \$20 billion, more than 10 times all of China's previous investment in the country. That puts China on track to be Brazil's No. 1 investor for 2010, compared with 29th in 2009. China's investments are also booming elsewhere -- from Peru, where one-third of the minerals sector is in Chinese hands, to Japan, where Chinese mergers and acquisitions quadrupled from 2008 to 2009.

"They do not want to be perceived as just natural-resource eaters," said Eike Batista, the Brazilian billionaire behind the port project and one of the world's richest men. "To them, it's common sense."

Li Jianqiang, who runs China Shipping's operations in South America, sees big opportunities. "Brazil used to look to the U.S. and Europe, but then one day they discovered us and they realized how far behind they were. Money talks, and we understand that. If you have money, people respect you, and then you will have political power."

Chinese firms have bought stakes in Brazil's electrical grid; they are building steel mills, car plants and a telecommunications infrastructure in that country. Chinese grain companies are negotiating to buy huge tracts -- some larger than 600,000 acres -- of Brazilian outback to plant soybeans. Chinese firms have the inside track on landing a huge high-speed-rail contract. They want to help realize Brazil's gargantuan plans -- estimated at more than \$250 billion -- to tap its offshore oil reserves.

The China Development Bank has given Petrobras, Brazil's main oil producer, \$10 billion as a down payment on future business. Starting last year, China became Brazil's biggest trading partner, replacing the United States.

China has even begun to adopt a gringo swagger that stands in contrast to its old role as the cheerleader for the Third World. For the past several months, it has refused to buy a drop of soy oil from Argentina after that country slapped tariffs on Chinese shoes -- although that tiff didn't stop Beijing from committing \$8.5 billion this month to refurbish Argentina's creaky rail system as long as Argentina buys Chinese trains.

In March, Ecuadoran President Rafael Correa compared China to the worst imperialist corporation after Beijing refused to bend on terms for financing a \$1 billion hydroelectric dam. Then he caved in to China's demands.

" 'New colonialists' is how we refer to China now," said Roberto Giannetti da Fonseca, who represents manufacturers in Latin America's industrial heartland of Sao Paulo.

China's 'special tools'

Roberto Abdeneur was one of the Brazilians who built his country's relations with China. He was an ambassador to Beijing in the 1980s. But as the relationship deepened, Abdeneur began to see China as more of a challenge to Brazil than an opportunity. As Brazil's ambassador to the United States four years ago, Abdeneur noticed that the United States, too, was beginning to worry about China, but in a different way.

"In Washington, you are fixated on China's potential ideological penetration of Latin America or focus on whether China is training this army or that," Abdeneur said.

Indeed, U.S. analysts have written extensively on China's support of Venezuela's military, noted its bolstering of Cuba's air defense systems and speculated about whether Chinese analysts have

replaced Russians at three signals intelligence sites in Cuba. U.S. officials have also expressed concern about Chinese-Brazilian cooperation in satellite and rocket technology.

"But that's a smoke screen," Abdeneur said. "The Chinese are playing on a different chessboard. The competition is commercial. You simply cannot compete because of the very special tools China has."

Among those tools is the way China cuts deals -- in Latin America and elsewhere. China is a master at low-ball financing, fashioning loans of billions of dollars at tiny interest rates that can stretch beyond 20 years. Financing, a seemingly arcane matter, can often account for 40 percent of the cost of a project.

This has become a headache for Western competitors, especially members of the 32-nation Organization for Economic Cooperation and Development (OECD), which long ago agreed not to use financing as a competitive tool.

China's Wuhan Iron and Steel bought a 21 percent stake in one of Batista's companies for \$400 million, using below-market-rate loans provided by China's state banks. The steel company is also planning a \$5 billion investment to build a mill at the Acu port, with Chinese state financing at attractive rates. China's oil and gas companies are talking with Batista about selling oil rigs and platforms to service Batista's offshore drilling operation -- again with low-interest loans.

"Given the size of the Chinese banks, they have the muscles to support a major expansion of Chinese companies abroad," said Otávio Lazcano, chief executive of LLX, the firm running the \$25 billion port project.

Although U.S. oil and gas technology may be more advanced, the financing terms that China can offer Brazil are almost unbeatable. In some cases, China has handed out billions of dollars at less than 1 percent interest; under OECD rules, the United States must lend at market rates.

"We believe in a level playing field, the marketplace and transparency," said Fred P. Hochberg, chairman of the Export-Import Bank of the United States. "With China, there's an absence of the market and an absence of transparency."

A shift in Brazil

In the early years of this century, Brazilian President Luiz Inácio Lula da Silva embraced China as a brother developing country. China cultivated Brazil, hinting that it might support that country's dream of becoming a permanent member of the U.N. Security Council and offering what Brazil took to be a counterweight to the United States.

There was talk that Brazil would train Chinese pilots on its aircraft carrier. Pundits proclaimed a new Brasilia-Beijing axis. The pair formed half of the BRICs -- the four nations, including Russia and India, which were considered the new leaders of the global economy.

Lula's government even moved to silence critics of the newfound strategic union, yanking Abdeneur from his post as ambassador to the United States in late 2006 after he criticized what he called Brazil's "China fantasy" at a meeting of businessmen in Sao Paulo.

But these days, Abdeneur's warning -- that China is more competitor than partner -- is gaining traction.

On a recent trip to Africa, where Chinese companies have beaten out Brazilian firms across the continent, Lula tweaked China at almost every stop.

"I have nothing against my Chinese friends," Lula said in a speech July 8 in the Tanzanian seaport of Dar es Salaam, "but the truth is that sometimes they win a mine contract and they bring all these Chinese to work in a mine, and this doesn't generate opportunity for work in that country."

Responding to the challenge posed by China, Brazil has turned to the United States for help in starting its own export-import bank. It has launched dozens of anti-dumping investigations against Chinese firms. Its government is approving mergers faster than any time in the past to compete with Chinese companies. It has invested billions of dollars in government funds to resuscitate its shipbuilding industry, which hadn't built a big ship in 20 years. In the run-up to a Group of 20 meeting in Toronto in June, Brazil joined with the United States and India to call on China to allow the value of its currency, the yuan, to rise.

"The Chinese were furious," said Marcel Fortuna Biato, Lula's foreign policy adviser.

"China is the microcosm for the future of Brazil, all the good and bad. And like the rest of the world, we are trying to fashion a response," Biato said.

Petrobras to explore for oil off Cape Verde

Brazilian federal oil company Petroleo Brasileiro, or Petrobras, will explore for oil off the coast of the Cape Verde, the island nation's prime minister said. The exploration accord will be part of a package of measures between Brazil and Cape Verde that will be signed during Brazilian President Luiz Inacio Lula da Silva's visit in July, Cape Verde Prime Minister Jose Maria das Neves told.

"We are going to also negotiate for research of Cape Verde's marine resources," Neves said. "There will be an interdisciplinary study with Brazil's National Petroleum Agency, Petrobras and the Brazilian Defence Ministry, which treats aspects related to the sea."

The prime minister said that cooperation with Brazil would help the country develop its natural resources.

"It's important to have an integrated research perspective of our marine resources, and eventually oil and gas if it's there," Neves said.

Brazil sees potential in cultural co-op with China

Brasilia - Brazil and China can share their experience in world heritage preservation to boost cultural exchanges, Minister of Culture Joao Luiz Silva Ferreira said on Monday.

Speaking in an interview with Xinhua on the sidelines of a meeting of the World Heritage Committee of the United Nations Educational, Scientific and Cultural Organization (UNESCO), Ferreira said he was impressed by the Chinese culture.

"I made an official visit to China, and Shanghai impressed me more than New York, because of its opportunities for development," he said.

"In Beijing I met with officials from the area of culture, who were interested in Brazilian policy of heritage preservation. And possibilities for technical cooperation are open," said Ferreira, who was chairing the ongoing World Heritage Committee meeting.

The minister said China and Brazil have many similarities, as both are major developing countries with fast economic growths.

President Luiz Inacio Lula da Silva considers China a friendly country, but there is a need to improve bilateral exchanges, he said.

"The Chinese know little about Brazilian culture, except for academic people. I talked to a researcher from the Chinese Academy of Sciences who has in-depth knowledge about Brazilian history, culture, literature, but these are specific cases," he said. "Similarly, Brazil knows little about China."

Technical cooperation in world heritage preservation can be a good starting point, he said.

November will be the Month of Chinese Culture in Brazil featuring National Ballet of China in a tour of major cities, and the possibility a "Year of China" in Brazil is currently under discussion, the minister said.

Ferreira also said Brazil and China can consider joint platforms to promote their cultural products. The two have had good cooperation on the international fronts in intellectual property protection and biodiversity preservation.

The minister said he was interested in the Chinese policy for audiovisual production, especially animation, and considered China a global reference that can inspire the Brazilian government.

He said he was impressed by the longevity of Chinese artwork, especially graphic arts.

"I saw pieces in a museum in Shanghai that attracted my attention for their exceptional quality. They influenced Japan and other Eastern countries, and have a great meaning for the world. Brazilian artists rely on them as a source," he said.

Brazil Wants US Out of Discussions on Venezuelan-Colombian Dispute

Nestor Kirchner, Argentina's former president and UNASUR's (Union of South American Nations) will hold talks early August with the presidents of Venezuela and Colombia in an attempt to mediate an understanding between the two countries.

Following claims before OAS that Venezuela "tolerates" Colombian guerrillas in its territory, President Hugo Chavez cut off diplomatic relations with Bogota.

Kirchner with the support of UNASUR members and in permanent contact with Brazil's Lula da Silva and Ecuador's Rafael Correa is scheduled to meet President Chavez in Caracas August 5 and the following day with President Uribe and president-elect Juan Manuel Santos in Bogota.

Mr. Kirchner will also participate in the official swearing in ceremony of President Santos that will take place August 7. Santos is Uribe's former Defense minister.

Telam said Kirchner has been "in permanent contact with Brazil's Lula da Silva, Ecuador's Correa (formally UNASUR pro tempore president) and other regional leaders to coordinate actions that help find a quick solution to the serious situation between the neighboring countries".

The agency added that Kirchner will collaborate with the mediation efforts to be started by President Correa.

Ecuador, on request from Venezuela has said it is considering convening a UNASUR council meeting to address the diplomatic dispute.

Brazil and other UNASUR members want the issue to be discussed in the framework of the regional organization of which United States is not a member, and thus away from the influence of Washington.

The original Colombian presentation with claims that several FARC leaders (Colombian guerrillas) and 1,500 combatants at some time have taken refuge in camps located inside Venezuela was aired by Bogota at the OAS in Washington.

Brazil to promote FTA between Mercosur, SICA

Brazilian President Luiz Inacio Lula da Silva said on Wednesday he will promote negotiations on a free trade agreement between the Central American Integration System (SICA) and Mercosur, where he will take the interim presidency.

"A comprehensive trading agreement between Mercosur and the SICA would be essential as Nicaraguan exports to Brazil need to be boosted in order to balance the exchange," said Lula.

Mercosur, or the Common Market of the South, is a bloc composed of Brazil, Argentina, Uruguay and Paraguay.

In a speech delivered during the luncheon meeting with Nicaraguan President Daniel Ortega, Lula stressed that the agreement would facilitate the trade balance between two countries.

Brazil exported 33.3 million dollars worth of goods to the Central American countries in 2009 while Nicaragua's exports to South America totaled only 354,000 dollars.

At the end of his speech, Lula welcomed Nicaragua's early participation in the Latin American Integration Association.

Brazil, Nicaragua set conditions for Honduras' return to OAS

The presidents of Brazil and Nicaragua Wednesday set conditions for Honduras' return to the Organization of American States (OAS), saying it must first condemn last year's coup that

toppled President Manuel Zelaya.

"We cannot allow the coup of June 2009 in Honduras to become a new encouragement to undemocratic adventures. The position of other Central American countries on the issue is vital," Brazilian President Luiz Inacio Lula da Silva said.

During a lunch with his Nicaraguan counterpart Daniel Ortega in Brasilia, Lula said regional integration in the hemisphere requires strong commitment to democracy in the region.

Brazil's stance is that any step toward Honduras' readmission to the OAS requires the return of deposed President Zelaya and the full recognition of his political rights by the new government.

Ortega urged measures to be taken to help Honduras normalize its status in regional organizations at an early date.

"We must create conditions for Honduras so that it can rejoin the OAS as well as the Central American Integration System. This is a challenge we face," Ortega said, without specifying what those conditions are.

The coup in Honduras has been a great obstacle to the integration process of the Central American nation as it happened at a time when coups were becoming rare in the region, Ortega said.

The OAS voted unanimously to suspend Honduras' membership in July 2009 in response to the June 28 coup that ousted Zelaya.

Following the coup, numerous Latin American countries severed diplomatic ties with Honduras.

Brazil candidate Rousseff opposes taxing fortunes

Brasilia, July 21 (Reuters) - Brazil's ruling party candidate in October's presidential election, Dilma Rousseff, said on Wednesday she saw no benefit in taxing big fortunes as some of her coalition allies have proposed.

Since the beginning of the race in April, Rousseff has been trying to shed her hard-left image and court investors. She has pledged continuity of President Luiz Inacio Lula da Silva's mostly market-friendly policies, which have helped accelerate Brazil's economy to growth of around 7 percent this year.

"There is no indication that taxing big fortunes results in big benefits," Rousseff told state-owned TV Brasil in an interview to be broadcast later on Wednesday.

"It doesn't always result in gains for society," said Rousseff, Lula's former chief of staff.

Several hardliners in her center-left coalition have been calling on Rousseff to include such a tax in her government platform as a way to reduce the country's large gap between rich and poor more quickly.

Despite some progress due to fast economic growth and social welfare programs, income gaps have narrowed only marginally since Lula took office in January 2003.

Rousseff has been tied in opinion polls with former Sao Paulo State Governor Jose Serra, who is preferred by some investors for his extensive executive experience and market-friendly centrist PSDB party.

Nicknamed "The Iron Lady," former leftist militant Rousseff distanced herself on Wednesday from a labor union proposal to reduce the work week by four hours to 40 hours.

Industry leaders have opposed such a move, arguing it would increase unemployment and the cost of doing business in a country already losing its competitive position because of high taxes and an expensive currency.

"Neither the executive nor the legislature can legislate on a matter that has yet to mature in society," she said when asked about the proposed work week reduction.

Public sector labor unions are a traditional stronghold for the Workers' Party, or PT, founded by Lula in 1980.

But Rousseff must also meet demands from her more conservative allies, including the centrist PMDB party.

In the interview with TV Brasil on Wednesday, she rejected demands by some members of the PT to increase control over the media, which they say is dominated by the country's traditional oligarchy. "I'm rigorously against press censorship ... against content control," Rousseff said.

Brazilian FM to visit Libya, Turkey, Israel, Syria

Brasilia (AFP) – Brazilian Foreign Minister Celso Amorim is to embark Saturday on a tour of the Middle East to underline his country's rising diplomatic attention towards the region, his office said.

The trip, taking in Libya, Turkey, the Palestinian Territories, Israel and Syria, is aimed at "following up dialogue on the regional situation in the Middle East," the ministry said.

It comes two months after Brazil and Turkey drafted an agreement with Iran over its controversial nuclear program -- an agreement, however, that was dismissed by the United States and its allies, which instead secured further UN sanctions against the Islamic state.

Amorim's itinerary has him arriving in Tripoli on Saturday, before going to Istanbul on Sunday, Ramallah on Monday, Jerusalem on Tuesday and Damascus on Wednesday, according to the foreign ministry.

Brazil Green Party candidate banks on social media

New York (Reuters) – Brazil's Green Party presidential candidate is hoping her use of social media will help boost her low poll numbers before October's election as she seeks to close the gap with the two front-runners.

Marina Silva, a rubber tapper turned defender of the Amazon rain forest, had only 10 percent of votes in a recent opinion poll, versus 39 percent for both Jose Serra of the opposition PSDB party and former presidential chief of staff Dilma Rousseff of the ruling Workers' Party.

Analysts said Silva faced an uphill fight making a second-round vote, but that her performance could determine if a runoff is needed. Candidates need more than 50 percent of the votes for an outright victory in Brazil.

Silva said during a visit to New York on Thursday she hoped the use of social media such as Twitter and Facebook could help spread her ideas of environmentally sustainable growth, especially to younger voters.

She said social media was helping make up for the limited TV campaign time allotted her minority party and that she expected people to donate to her campaign through her website.

"Every time I look at the polls I get very excited with the results," the 52-year-old Silva told reporters in New York, after two days of meetings with international investors.

"We have an average of 10 percent of the votes. If you consider that we just started the campaign, that is very promising."

Silva is the second Brazilian presidential candidate after Rousseff to visit New York, as part of a series of meetings with the international community organized by Brazil's BM&FBovespa exchange, which wants to draw investments to the country.

Silva's vice presidential running mate, Guilherme Leal, owner of the Natura cosmetics company, said Silva was unknown to 48 percent of the electorate despite being a senator from a northwestern Amazon state and a former environment minister under President Luiz Inacio Lula da Silva.

He expressed hope the spread of Silva's ideas through social media networks could spur a turnaround in her polling numbers similar to that seen earlier this year in Colombia and the UK. Colombian Green Party candidate Antanas Mockus surged in opinion polls and forced a second round with former Defense Minister Juan Manuel dos Santos, who eventually won the vote.

British Liberal Democratic leader Nick Clegg rose in the polls after a strong debate performance. His party finished a distant third in seats but formed a coalition government with the Conservatives after no party gained a parliamentary majority.

Brazil offers to mediate Venezuela-Colombia dispute

Brazilian President Luiz Inacio Lula da Silva proposed Thursday to mediate between Colombia and Venezuela over a crisis that led to the rupture of their diplomatic relations.

Lula made the offer in his phone conversations with Venezuelan President Hugo Chavez and Colombian President Alvaro Uribe.

Marco Aurelio Garcia, Lula's international affairs advisor, expects that Colombia's president-elect Juan Manuel Santos, who will take office in August, may favor a rapprochement.

"I think the dispute is unfortunate, but we are convinced that with the establishment of the new government in Colombia, it will be immediately resolved. Brazil has and will continue to contribute its efforts through dialogues with involving parties," he said.

"The tension was created long ago in the region. And Brazil has been seeking persistently a successful solution to reducing the tension," Garcia said.

"Perhaps it is an opportunity now, with the beginning of Santos' presidency, to try a more

consistent

rapprochement."

On Thursday morning, Chavez announced severing diplomatic relations with Columbia after a request from Bogota to the Organization of American States to investigate the alleged presence of Colombian guerrillas in the territory of Venezuela.

Detailed Report/Chile

Chile bishops seek pardons for military-rule crimes

The Roman Catholic Church in Chile has urged the government to pardon any members of the country's military who show repentance for the crimes they committed under military rule.

The Chilean Bishops' Conference said there should be room for clemency.

The families of those abused under General Augusto Pinochet's rule reacted angrily, accusing the Church of turning its back on the victims.

Some 3,000 people died during the military rule between 1973 and 1990.

'No general pardon'

In their letter to Chilean President Sebastian Pinera, the bishops said that not all of those convicted of committing crimes under the rule of Gen Pinochet shared equal responsibility.

"In our view, a general pardon is as much out of the question as a blanket refusal to pardon any former member of the armed forces convicted," they wrote in their statement.

Chilean victims' groups have reacted angrily to the bishops' proposal.

Hundreds of relatives of those disappeared or killed under military rule protested outside the government palace.

Lorena Pizarro of the Relatives of Missing Detainees Association said that the Church should "see both sides of the coin" when it spoke of mercy.

"There are many older ladies here who are still waiting to know what happened to their loved ones," she added.

President Pinera has 10 days to answer the request.

Kuwait, Chile sign four agreements

Santiago, July 28 (KUNA) -- Chilean President Sebastian Pinera underscored on Tuesday the achievements made by Kuwait under the rule of His Highness the Amir, and said that this

success was a model for the world to follow given its democratic system and the peace, security and stability that its people enjoyed. This came in a speech by the president following a ceremony during which Kuwait and Chile signed four cooperation agreements. President Pinera said that Kuwait was a country of love and peace, and that its people, under the rule of the Al-Sabah family, had attained a prominent position for themselves in the Arabian Peninsula throughout history and to this day. He noted that Chile had expressed its support for Kuwait from the very beginning when the Iraqi forces invaded the Gulf state in 1990, and that it condemned the aggression against the country, adding that Chile was happy with the development of Kuwait today, which was a model to be emulated by other countries around the world. President Pinera expressed his appreciation to His highness the Amir for his support and assistance to victims of the earthquake that hit Chile in February. He also welcomed His Highness the Prime Minister and his delegation of officials and representatives of the business community, saying that this visit would increase cooperation between the two countries in the fields of politics, economy, culture and social aspects. He noted that Kuwait was heading the current GCC round, making Chile more interested in raising cooperation with the Gulf states at very advanced levels, and to sign a free trade agreement.

On his part, His Highness Sheikh Nasser expressed his appreciation for the warm welcome with which he and the accompanying delegation were received in Chile, saying that this reflected the depth of relations between the two countries. He also said that Chile's stance during the aggression on Kuwait, and its rejection of the occupation and its support for the Gulf state's legitimate rights was one that was remembered by Kuwaitis and would not be forgotten. Sheikh Nasser also lauded the struggle of the people of Chile against colonization and their sacrifice to gain freedom and independence, as well as its perseverance in building this country for over 200 years.

The Kuwaiti premier expressed his sorrow for the fall of victims in the earthquake that struck Chile in February, but commended the Chilean government for its good management of the crisis and its ability to rehabilitate buildings, including schools, to accommodate the refugees. He added that His Highness the Amir had signed a decree for opening a Kuwaiti embassy in Santiago, and welcomed the opening of a Chilean embassy in Kuwait, adding that cooperation between the two sides would not be limited to diplomacy, but would expand to include matters of mutual interest. He also said that the delegation representing the Kuwaiti private sector, which was accompanying him, would play a leading role in supporting commercial and economic relations between the two sides, and called on the Kuwaiti businessmen to seek out investment opportunities in Chile.

The Kuwaiti premier and the Chilean president had witnessed the ceremony during which four agreements were signed between their countries. The first agreement is to establish a joint committee for cooperation between the governments of Kuwait and Chile. It was signed by Kuwait's Deputy Premier and Foreign Minister Sheikh Dr. Mohammad Sabah Al-Salem Al-Sabah and Chile's Minister of Foreign Relations Alfredo Moreno Charme.

As for the second agreement, it was on economic and technical cooperation. It was signed by

Kuwait's Finance Minister Mustafa Jassem Al-Shimali and Chile's Minister of Foreign Relations Alfredo Moreno Charme. The third agreement was for commercial cooperation. It was signed by Kuwait's Minister of Commerce and Industry Ahmad Rashed Al-Haroun, and Chile's Minister of Foreign Relations Alfredo Moreno Charme. Meanwhile, the fourth agreement was for aviation services. It was signed by Director General of Kuwait's Directorate General of Civil Aviation Bader Abdullah Butaiban, and Chile's Minister of Foreign Relations Alfredo Moreno Charme.

Detailed Report/Colombia

South American leaders to discuss Colombia-Venezuela relationship

Bogota, Colombia -- An emergency meeting of South American leaders has been scheduled Thursday in Quito, Ecuador to defuse a bitter dispute that began when Colombian President Alvaro Uribe accused his Venezuelan counterpart, Hugo Chavez, of supporting Colombian guerrillas.

The accusations prompted Chavez to sever relations with Colombia and charge that Colombia was preparing to invade his oil-rich country. In a speech on Sunday, he accused the Obama administration of being behind the machinations and said he would immediately end oil exports to the United States should Colombia strike, "even if we have to eat rocks here."

Political analysts familiar with the long-running feud between the two countries wondered about the timing Uribe's accusations. His government has since 2008 released reams of seized rebel documents that demonstrate close links between Colombian rebels and Chavez, who has often publicly lauded the guerrillas.

But with only days left in his presidency, Uribe's government went further, releasing video and photographs last week that Colombian diplomats said showed rebel activity inside Venezuela. Venezuela denied the accusations and said Uribe's real motive was to sabotage any chance at rapprochement with Colombia's incoming president, Juan Manuel Santos.

For now, Latin American leaders are simply looking to lower the volume of an increasingly nasty war of words. "Brazil's position is to cool down the crisis until the new government takes over," Marco Aurelio Garcia, a foreign policy advisor to Brazil's president, told reporters on Wednesday.

Colombia says not to withdraw accusations against Venezuela

The Colombian government said it will not withdraw its accusations against Venezuela at the upcoming foreign ministers' meeting of the Union of South American Nations (UNASUR).

Last week, Colombian representatives at the Organization of American States showed pictures and video as evidence of the presence of Colombian guerrilla leaders in Venezuelan territory.

Venezuelan Foreign Minister Nicolas Maduro has asked Colombia to withdraw its accusations at the UNASUR meeting to be held in Quito next week. But Colombia has rejected the request.

"Colombia considers that it is necessary to discuss the practical and effective mechanism to avoid the presence of the Revolutionary Armed Forces of Colombia in Venezuela and prevent organized criminal groups in any other countries," Colombian Foreign Minister Jaime Bermudez said.

Uribe to continue fight against FARC

Bogota, July 28 (UPI) -- Halting pressure on leftist guerrillas in Colombia will give rebel fighters breathing room, the Colombian president said.

Departing President Alvaro Uribe urged his military forces to stand up to guerrillas in the Revolutionary Armed Forces of Colombia, or FARC.

Uribe during a speech before the Colombian Defense Ministry said relaxing the grip on leftist guerrillas would give them breathing room.

"Beware not to (let) loose the neck of the snake," he was quoted in Venezuela's El Universal as saying, referring to the FARC rebel group. "It is half asleep but if you loosen its neck it will take oxygen again."

Venezuelan President Hugo Chavez broke diplomatic ties with Colombia last week over allegations that FARC rebels had established camps in his country.

Uribe has called on the Organization of American States to send international monitors to the area to investigate FARC activity in the region.

Colombia said it has no intention of confronting Venezuela over the claims.

Uribe is making room for Juan Manuel Santos, a former defense minister, to take over the Colombian presidency in August.

Former hard-liner lawmaker named as Colombia's new DM

President-elect Juan Manuel Santos on Wednesday appointed Rodrigo Rivera, a former congressman known as a hard-liner on security issues, as the new defense minister.

Rivera's major task will be leading the country's decades-old fight against guerrilla forces when he takes office next week, when Santos, a former defense minister himself, succeeds outgoing President Alvaro Uribe.

"The idea is to continue and consolidate the security policies that were so brilliantly applied over

the last eight years," Rivera, 47, told reporters.

Backed by Washington, Uribe has been fiercely cracking down on guerrilla forces since he came to power in 2002.

But the war on guerrillas often spill over into neighboring countries, straining Colombia's ties with such countries as Ecuador and Venezuela.

Venezuelan President Hugo Chavez recently severed diplomatic ties with Bogota after Uribe accused Caracas of harboring Colombian rebels in its territory.

Santos has pledged continuous crackdown on the armed rebels, who are often involved in drug-dealing. He also expressed intentions to improve relations with Caracas.

The president-elect, to be inaugurated on Aug. 7, is filling key posts of the incoming cabinet, including the appointment of former senator and presidential candidate German Vargas Lleras as his interior and justice minister.

Venezuela breaks relations with Colombia

(CNN) -- Venezuelan President Hugo Chavez said Thursday that he is breaking off relations with Colombia. His decision comes as the Organization of American States meets to discuss Colombian claims that Venezuela is protecting FARC and ELN rebels in its territory.

The move is the biggest escalation in a year of simmering tensions between the two countries and their presidents.

Chavez said that under President Alvaro Uribe, Colombia has isolated itself and become "aggressive and violent."

He called Uribe "crazed" and accused the United States of using Uribe as a puppet.

Uribe is in the final month of a presidency that has had many tensions with neighboring Venezuela, mostly over accusations that rebels from the Revolutionary Armed Forces of Colombia (also known as FARC) and National Liberation Army (ELN) have camps in Venezuela.

Chavez said he hoped for better relations with Colombian President-elect Juan Manuel Santos, who was Uribe's defense minister and whose election was viewed as an affirmation of Uribe's policies.

The Venezuelan leader spoke from his presidential palace, where he was holding a news conference with Argentine soccer coach Diego Maradona. Maradona's visit was unrelated to the spat with Colombia.

Venezuela recalled its ambassador to Colombia on Friday in reaction to the accusations of protecting rebels.

Uribe is a two-term president who has received high approval ratings for his tough stand against FARC guerrillas, who have been waging war against the government for decades.

Colombia has accused Chavez of supporting the rebels, and Chavez has said Colombian officials and right-wing paramilitary units have plotted his assassination.

Security analysts say FARC guerrillas operate mostly in Colombia but have carried out extortion, kidnappings and other activities in Venezuela, Panama and Ecuador.

FARC is said to traffic in cocaine to finance its insurgency.

Colombia has also accused another neighbor, Ecuador, of giving refuge to rebels. In 2008, Colombia carried out a raid in Ecuadorian territory that resulted in the killing of a top FARC leader.

Thursday was not the first time Chavez cut off diplomatic ties with Colombia.

A year ago, Chavez "froze" the nations' relationship over Colombian accusations that Venezuelan weapons had made it into the hands of rebels.

Colombia said it had evidence that shoulder-fired anti-tank weapons recovered from FARC guerrillas were of Venezuelan origin. Venezuela denied the allegations and said the rebels may have stolen the weapons from a Venezuelan base.

Colombia labels decision to break relations as "mistaken"

"Venezuela has no problems with Colombia," but should "break relations with criminal gangs," said Colombian Ambassador to the Organization of American States (OAS) Luis Alfonso Hoyos.

Colombian Ambassador to the Organization of American States (OAS) Luis Alfonso Hoyos lamented on Thursday in Washington Venezuela's "wrongful unprecedented decision" to break relations with his government and advised Caracas to "break relations with criminal gangs."

"In the name of the Colombian government I lament the mistaken unprecedented decision made by Venezuela. Venezuela has no problems with Colombia, or Colombia with Venezuela; we have enormous differences with the current government there," the Colombian diplomat said at the OAS.

According to Hoyos, "(Venezuela) should break relations with criminal gangs, not with the legitimate government of Colombia," DPA quoted.

Colombia shows photos of rebels 'in Venezuela'

Washington: Colombia on Thursday presented photos and maps it said showed 1,500 leftist Colombian guerrillas hiding in Venezuela and demanded that the government there act against the rebels.

At a meeting of the Organization of American States (OAS), Colombian Ambassador Luis Alfonso Hoyos accused Venezuelan President Hugo Chavez's government of tolerating the rebels he said carried out killings, kidnappings and drug-trafficking on both sides of the long frontier.

"The continent cannot allow this nightmare to spread," Hoyos said.

Venezuela's ambassador rejected the Colombian presentation as a "lie."

"There is no evidence, no proof, these are photos taken I don't know where," Roy Chaderton said.

The accusations by Bogota have raised tensions again with Venezuela, where left-wing President Chavez has often been at odds with the conservative government of outgoing Colombian President Alvaro Uribe, the United States' top ally in the region.

The two Andean neighbors who share a long, porous border have squabbled on and off for years, stoking fears of an eventual military confrontation between the two oil producers.

Chavez's government has dismissed the latest Colombian accusations as "pathetic" and says they are aimed at derailing steps to repair bilateral ties before the inauguration of Juan Manuel Santos as Colombia's new president on Aug. 7.

Hoyos showed a series of photos and videos of alleged Revolutionary Armed Forces of Colombia, or FARC, leaders and guerrillas relaxing, roasting animals and playing a piano at camps he said were well inside Venezuela.

"Facts over recent weeks show that real risks are materializing due to the consolidated, active and growing presence of these terrorist groups in Venezuela," Hoyos said.

He added the Venezuelan authorities "tolerate the presence of these groups, they don't carry out actions against them." Sometimes the rebels were even accompanied by members of Venezuela's National Guard, Hoyos added.

FARC rebels carried out cross-border attacks from Venezuela as recently as June and July, Hoyos said as he showed photographs of civilian and military victims of these attacks.

He presented photos he said showed the presence of top FARC leaders, such as Ivan Marquez and Rodrigo Granda, at camps up to 23 km inside Venezuela. The encampments were named "Ernesto," "Berta" and "Bolivarian Camp," he said, citing information provided by rebel deserters.

These encampments served as "summer camps," where the rebels "can relax, put on weight and plan attacks," he said.

Presenting aerial photographs, Hoyos said Colombia was providing detailed coordinates of the sites, including one where guerrilla bomb-makers were trained.

He complained that Chavez's government had responded with "mockery and insults" to repeated complaints from Bogota about the presence of the rebels on Venezuelan soil.

He said this shelter allowed the FARC and other Colombian rebel bands to rearm and regroup at a time when Uribe's government had made major strides in halting violence, reducing annual kidnappings by 96 percent and homicides by 50 percent.

Hours before the OAS session, Colombia recalled its ambassador from Venezuela in what has been a tit-for-tat diplomatic dispute. Last week Venezuela's Chavez recalled his envoy from Bogota for consultations, and Colombia made the same move on Wednesday night.

Relations between socialist Chavez and Uribe's conservative government have deteriorated in the last two years because of spillover from Colombia's decades-long civil conflict and accusations that Chavez helps the leftist rebels.

Chavez said late on Wednesday he had instructed his ambassador at the OAS, Chaderton, to "uphold the battle" against the Colombian accusations. But he added: "We won't allow ourselves to be provoked."

The latest Colombian charges have further strained relations damaged by a 2009 deal that allowed US forces to use Colombian military bases for anti-drug operations.

Chavez, whose socialist rhetoric and policies have made him an anti-US standard-bearer, says the military deal threatens his OPEC nation and could herald a US invasion.

Colombia is the main US military ally in South America and has received billions of dollars in US aid to help fight the rebels, who are funded largely by the cocaine trade.

Chavez ordered a slowdown of trade between Venezuela and Colombia last year after the Colombian-US bases deal. Annual trade had totaled some \$7 billion, and the cutoff exacerbated shortages and fueled high inflation in Venezuela, while slowing Colombia's economic recovery.

Colombian diplomats have 72 hours to leave

The Venezuelan government has set a 72-hour deadline for Colombian diplomats to leave the country, shortly after Venezuelan President Hugo Chávez severed ties with Colombia, Venezuelan Minister of Foreign Affairs Nicolás Maduro reported on Thursday.

"We have sent a diplomatic note to the chargé d'affaires of the Republic of Colombia in Caracas for them to shut their embassy down within 72 hours and leave the country," Maduro said.

The Venezuelan Head of State ordered Venezuelan troops on the Colombian border to keep alert and prepare in the event of raid.

UN Urges Resolution of Colombia-Venezuela Tensions

Secretary-General Ban Ki-moon has called on Colombia and Venezuela to resolve their differences through dialogue after Venezuela reportedly broke off diplomatic ties with Colombia, which accused it of harboring rebel groups.

"The Secretary-General hopes that the differences between Colombia and Venezuela will be worked out through dialogue," according to a statement issued by his spokesperson last night.

"He calls for restraint by all involved so that the situation can be resolved in a peaceful manner," it added.

According to media reports, during a meeting yesterday of the Organization of American States (OAS) in Washington, Colombia presented evidence that appeared to support its claim that the

rebel Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army had established bases in Venezuela.

Venezuelan President Hugo Chavez dismissed the allegations in a televised speech later in the day, and declared that Colombian diplomats had until Monday to close their embassy in the capital, Caracas, and leave the country.

US sides with Colombia in row with Venezuela

The United States voiced support on Friday for ally Colombia in an escalating confrontation with Venezuela that has seen Caracas severing all diplomatic relations with Bogota.

Allegations by Colombia that Venezuela was harboring 1,500 Colombian rebels in camps on its territory “need to be taken very seriously,” the US State Department told AFP.

Those claims, made by Colombian President Alvaro Uribe last week and repeated in detail at a special meeting Thursday of the Organization of American States (OAS), prompted Venezuela to cut ties with Colombia.

“I announce with a heavy heart: Venezuela breaks off from this moment all relations with the government of Colombia,” Chavez told reporters Thursday, as he put forces on the border with Colombia on alert. Chavez strongly denied Bogota’s charge, saying his army pursued any Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN) insurgents in Venezuela.

He also accused Uribe — who hands over the Colombian presidency in two weeks to his former defense minister — of wanting to use the pretext of rebel camps “to attack us and cause a war.”

Venezuela called for an emergency meeting of South American foreign ministers to “denounce the serious attacks from the Colombian government against (Venezuelan) sovereignty.”

It also gave Colombia until the end of the weekend to withdraw its diplomats from Venezuela and shut its embassy. Venezuela was doing likewise.

Venezuela’s defense minister, Carlos Mata, said the army was ready to “give a robust response” if Colombian forces attacked. He said that, so far, the situation along the border was “normal.”

The row renewed tensions that have long dogged relations between Colombia, the biggest US military ally in the region, and Venezuela, a friend of Cuba that has used its oil wealth to accumulate an arsenal of modern Russian warplanes and weaponry. The two countries almost went to war in 2008 over a raid Colombia made into Ecuador to destroy a FARC camp.

Last year, Chavez froze ties with Colombia after Bogota agreed to give the US military access to seven of its bases to fight cocaine production and trafficking — activities the FARC, the ELN and right-wing paramilitaries are involved in.

Colombian-Venezuelan trade could drop as low as 85 percent

Domingo Isidoro Teres, the chair of the local chapter of the Chamber of Commerce and Industries, advocated political coexistence, based on historical ties and shared markets.

Trade losses between Colombia and Venezuela over the past few years since diplomatic relations entered a critical stage are not a secret. Out of USD 7.2 billion traded by both countries in 2008, today, one third only remains. Based on the numbers provided by the local chapter of the Chamber of Industry and Commerce in Ureña, Andean Táchira state, in 2010, the fall will stand at 85 percent and the expectations of reversing the number in the short term are "tiny."

"In 2009, the number started shrinking. At that time, it was a 55-percent drop compared with 2008. In 2010, we expect an 85-percent decline, which has dramatically affected the economic dynamics related to import and export of goods," Domingo Isidoro Teres, the chair of the Ureña local chapter of the Chamber of Industry and Commerce, told El Universal in an interview.

A similar case has been recorded in borderline trade. Teres, also the president of the National Commission of Border Affairs, Federation of Trade and Industry Chambers (Fedecámaras), said that losses near 80 percent for multiple reasons; firstly, because the haulage of subsidized products has been very restrained by the authorities; secondly, because there is economic recession in the area.

According to Teres, the Colombian government is particularly concerned about enlivening economic operations in the duty free area, because "Venezuelans are not going shopping any more and the trade market is totally depressed."

Detailed Report/Mexico

Mexico's economy to grow more than 4% this year: minister

Mexico's economy will grow more than 4 percent this year, Economy Minister Bruno Ferrari said on Thursday.

"The expectations are of a growth, not of a decrease," Ferrari said, adding that the 4-percent increase "is a figure given by the Bank of Mexico."

According to the minister, Mexico is seen by international analysts as "a place where there will be growth after the global financial crisis."

Ferrari added that a bigger growth would be seen in the second half of the year as "foreign investors continue seeing the country as an attractive market for their business."

Mexican government sends rights commission inspectors to border ahead of Arizona law

Mexico City (AP) — Mexico's National Human Rights Commission said Monday it is sending inspectors to U.S. border crossings to monitor deportations that might result if Arizona's new immigration law goes into effect as planned Thursday.

The law is being challenged by the U.S. government in court, but the federal judge hearing the case hasn't indicated whether she might agree to the challenge's request that the measure be put on hold.

The government's rights commission said monitors will be stationed at border gates in Tijuana across from California, Nogales next to Arizona and Ciudad Juarez and Reynosa across from Texas to ensure migrants are treated properly.

"The implementation of the Arizona Law SB1070 represents a threat to migrants' full exercise of their human rights," the commission said in a statement. "The law violates the principles of nondiscrimination, equality before the law and freedom from arbitrary arrest."

Arizona officials say the law contains safeguards against discriminatory actions in getting tough with illegal immigrants.

The law requires police, while enforcing other laws, to check a person's immigration status if there is a reasonable suspicion the person is in the U.S. illegally. It also bans people from blocking traffic when they seek or offer day-labor services on streets and prohibits illegal immigrants from soliciting work in public places.

Opponents say the law will lead to racial profiling and trample on the rights of hundreds of thousands of illegal immigrants in Arizona. Supporters contend the law is a necessary response to combat a litany of problems they blame on illegal immigration and the federal government's inability to secure the border.

Mexico's Interior Department said Interior Secretary Francisco Blake met with U.S. Ambassador Carlos Pascual on Monday to express his support for the Obama administration's challenge to the law.

On another matter involving migrants, Blake stressed that Mexico wants an adequate investigation of the deaths of two Mexican citizens in incidents involving U.S. Border Patrol officers in May and June. He asked that "cooperation on this issue be strengthened to prevent such incidents in the future," his office said.

Mexico praises decision on US immigration law

The Mexican government has praised a US judge's decision to block key parts of Arizona's tough new immigration law poised to impact tens of thousand of Mexicans.

Foreign Minister Patricia Espinosa told reporters that the injunction from a US district judge, which came the day before the controversial law was due to come into effect, was a "first step in

the right direction."

Arizona Governor Jan Brewer, meanwhile, has said she will file an appeal to reinstate the provisions, which had popular support but were opposed by President Barack Obama.

The Republican-controlled state legislature passed the law three months ago to try to drive nearly half a million illegal immigrants out of Arizona and stem the flow of human and drug smugglers over the border from Mexico.

The provisions blocked by US District Judge Susan Bolton included one requiring a police officer to determine the immigration status of a person detained or arrested if the officer believed the person was not in the country legally.

Mexico's Vicente Fox Says Arizona Law Is 'Xenophobic'

Former Mexican President Vicente Fox said an Arizona law to stem illegal immigration is "xenophobic" and unfairly attacks immigrants contributing to the state's economy.

"I think xenophobic measures taken by Arizona and its government are totally wrong," Fox said in an interview with Bloomberg Television's "InBusiness."

"We are partners," Fox said in the interview from his ranch in Mexico. "Maybe that lady which is governor doesn't know how many products from Arizona are being exported into Mexico."

The Arizona statute makes it a state crime to be in the U.S. illegally. It requires local police officers who come in contact with someone for a law enforcement reason to check the individual's immigration status if they suspect the person lacks proper documentation.

A U.S. district judge in Phoenix today barred Arizona from enforcing that provision and other parts of the law.

Arizona Governor Jan Brewer has said current U.S. policies have resulted in the state being "under attack" from Mexican drug and immigrant-smuggling cartels.

In April, Mexico's Congress urged President Felipe Calderon to consider breaking commercial ties with Arizona. Mexico City Mayor Marcelo Ebrard said his government will challenge the law in U.S. courts.

Fox said that U.S. drug consumption is "absolutely responsible" for more than 24,000 murders in Mexico since Calderon took office in 2006. He added that Mexico shares responsibility for border violence.

"What is happening is that this huge market of the United States in drug consumption -- the largest in the world -- is generating the weapons that are sold to cartels, is generating the money that is laundered in the United States," he said.

Mexico sees huge potential in cooperation with China: FM

Mexico and China have great potential to expand the scope of cooperation, Foreign Minister Patricia Espinosa said Wednesday.

After rapid growth of bilateral ties over recent years, plenty of room remains for the two countries to get closer, she told Xinhua on Wednesday in an interview ahead of the fourth meeting of the Mexico-China Permanent Binational Commission.

At the meeting, to be held here Thursday and Friday, the two countries will be able to structure a work program for the period 2011-2015, a guide for the development of bilateral ties, said Espinosa, who will jointly preside over the meeting with her Chinese counterpart Yang Jiechi.

The program is aimed at deepening political dialogue on a range of topics, including climate change, financial architecture and reform of international financial institutions, and thus creating a stronger voice for developing countries, she said.

Meanwhile, Mexico hopes to expand cooperation with China in education, culture, science and technology and other areas, and to increase trade between the two countries, she added.

"The truth is that there is a very strong trade flow from China to Mexico, because China is our second commercial partner. We would like at the same time to see more presence of the Mexican exports in the Chinese market," Espinosa said.

"We already have some products in that market, but we think that we also can contribute to the Chinese consumer with products of high quality at competitive prices."

Mexico also welcomes more Chinese investors, said the foreign minister, noting that current Chinese investment in Mexico is "much lower than the potential" of a country like China, which boasts many powerful and internationally competitive enterprises.

Mexico sees China as a priority in its external relations, and "it is clearly expressed by the fact that we have a binational work consultation mechanism," the top Mexican diplomat said.

Recalling President Felipe Calderon's 2008 trip to China, she stressed that such high-level visits manifest the importance that both countries attach to boosting the bilateral ties.

More than 150 delegates from both countries will attend the upcoming bilateral talks, whose previous three sessions took place in 2004, 2006 and 2008.

Commenting on the ongoing World Expo in Shanghai, Espinosa lauded China's efforts in running such an event of global importance. Through the Shanghai Expo, China has manifested its ability to host all kinds of grand occasions, she said.

8 drug gang suspects killed in battle with Mexican soldiers in rural area of northern Mexico

Mexico City (AP) — Eight suspected drug gang gunmen died in a battle with Mexican soldiers in the remote mountains of northern Chihuahua state, the federal Public Safety Department said Thursday.

The department cited an internal army report saying the clash occurred near the rural town of Madera, about 145 miles (230 kilometers) south of the U.S. border.

The gunmen apparently opened fire on an army patrol, but the Defense Department did not offer any information on the attack or the identity of the attackers. The area is frequently used by gangs to produce and traffic drugs.

Also Thursday, the U.S. Treasury Department added two companies owned by daughters of drug lord Ismael "El Mayo" Zambada to the list of sanctioned companies under the Narcotics Kingpin Designation Act.

In a press statement, the U.S. Embassy in Mexico City said the two women, Maria Teresa Zambada Niebla and Midiam Patricia Zambada Niebla, served as "front persons" for their father's illicit transactions. The companies named to the list are Arte y Diseno de Culiacan SA de CV and Autotransportes JYM SA de CV.

Any assets the businesses may have under U.S. jurisdiction are now frozen and U.S. citizens are barred from any financial or commercial dealings with them.

Zambada is wanted on drug trafficking charges issued by at least three U.S. district courts. His daughters had been identified by the Treasury Department as participants in his gang's operations since 2007.

Also Thursday, the army command in the border state of Tamaulipas said soldiers seized two extended pickup trucks painted with Mexican army emblems and colors near the border community of Ciudad Mier.

A statement by the Eighth Military Region command said drug traffickers had painted the trucks "to disguise themselves as military personnel" and "confuse the public and cover up their illegal acts."

The army has been the subject of numerous human rights complaints since it moved into a front-line role against drug gangs in late 2006. The military claims drug gangs have used army uniforms to discredit troops.

On Wednesday, the border city of Nuevo Laredo was practically paralyzed by late-night gunbattles in which gangs forced citizens from their cars and used the vehicles to block streets. The sound of gunfire alarmed Texans on the U.S. side of the Rio Grande.

The Nuevo Laredo city government posted messages on its Facebook page warning citizens to stay indoors as shooting erupted at several intersections in the city across from Laredo, Texas.

Frightened people on the U.S. side of the border called emergency dispatchers after hearing the gunfire, Laredo police spokesman Joe Baeza said Thursday. But he said there was no spillover violence.

"We were getting reports from people who live on the river's edge that they could hear gunfire and explosions from the Mexico side," Baeza said.

"We didn't have any incidents on the American side. It's hard for people to understand who don't live here," he added. "They're not Vikings, they're not going to invade us; it doesn't work that way."

Nuevo Laredo city officials said they could not immediately confirm witness reports that several gunmen were killed.

Gangs used stolen cars and buses to block several main avenues. When the violence subsided, the government urged citizens to come forward and reclaim their stolen vehicles.

Nuevo Laredo is among several northern cities under siege from a turf war between the Gulf cartel and its former enforcers, the Zetas gang of hit men. Violence has surged along the northeastern border with the United States since the two gangs split earlier this year.

In the northern state of Chihuahua, a banner appeared on a bridge threatening violence against "innocents" unless the state government fires its chief of police intelligence, Fernando Ornelas, the Diario de Juarez newspaper reported Thursday.

The banner appeared in the state capital, also called Chihuahua.

Last week, drug gangs introduced a new threat to Mexico's drug war, detonating their first successful car bomb. The attack killed a federal police officer and two others in Ciudad Juarez, Chihuahua's largest city.

Detailed Report/Venezuela

US criticizes Venezuelan decision to break relations with Colombia

"I do not think that breaking relations or communications is the appropriate way to attain that goal," US State Department Spokesman Philip Crowley said

The US Government criticized on Thursday Venezuelan President Hugo Chávez's decision to sever ties with Colombia, when saying that it was not the "appropriate way" to face troubles.

"We deem it important for both countries to work to reduce mutual suspicions and fully implement their commitments under applicable anti-terrorist treaties and the UN (United Nations) and OAS (Organization of American States) resolutions, US State Department Spokesman Philip Crowley told reporters.

"I do not think that breaking relations or communications is the appropriate way to attain that goal," he said, as quoted by AFP.

Venezuela breaks ties

Caracas - Venezuela broke off diplomatic ties with Colombia on Thursday in a worsening row over accusations from Bogota that it is providing a safe haven to hundreds of leftist guerrillas.

'I announce with a tear in the heart: Venezuela breaks off from this moment all relations with the government of Colombia,' Venezuelan President Hugo Chavez told reporters.

His foreign minister, Nicolas Maduro, declared immediately afterwards that Colombia had 72 hours to withdraw its diplomats in Venezuela and close its embassy. Venezuela was to close its embassy in Bogota, he added.

The announcement marked a fresh spike in tensions between the South American neighbors, which went to the brink of war in 2008 over a Colombian military raid into Ecuador to destroy a cross-border rebel camp.

Venezuela later Thursday called for Ecuador, which holds the rotating presidency of regional body Unasur, to call an emergency meeting of foreign ministers to 'denounce the serious attacks from the Colombian government against (Venezuelan) sovereignty.

'This new attack sets the scene for a dangerous escalation,' Venezuela's foreign ministry said in a statement. Colombia, Washington's staunchest military ally in the region, and Venezuela, a Cuban ally that has used its oil wealth to accumulate an arsenal of modern Russian warplanes and weapons, have frequently quarreled over the past few years. -- AFP

Venezuela, Uganda ink political cooperation agreements

The legal instruments lay the foundations for future mutual cooperation in the economic, agricultural, social and cultural fields.

The Venezuelan and Ugandan governments executed two cooperation agreements during the 15th Summit of the African Union, held in Kampala.

Based on a press bulletin from the Venezuelan Ministry of Foreign Affairs, a Framework Agreement on Cooperation and the Memo of Understanding to establish a mechanism of political consultation were signed by Venezuelan Vice-Minister for Africa Reinaldo Bolívar and his Ugandan counterpart and State Minister Henry Okello Oryem, government-run news agency AVN reported.

The legal instruments lay the foundations for future mutual cooperation in the economic, agricultural, social and cultural fields.

In addition, joint cooperation committees will be responsible for enforcing and following up the agreements.

Chavez to aid Abkhazia, S Ossetia seek recognition

Caracas, Venezuela (AP) -- Venezuelan President Hugo Chavez promised to call on his Latin American allies to recognize the independence of Abkhazia and South Ossetia, two separatist Georgian regions considered autonomous states by just four countries around the world.

Chavez met with Abkhazia leader Sergei Bagapsh and South Ossetia's Eduard Kokoity in Caracas, and agreed to back their fight for international backing of their independence from the former Soviet Republic of Georgia.

"I'm sure we, together with Abkhazia and South Ossetia, will be able to build strong relations with Latin American nations such as Paraguay, Uruguay, Cuba, Bolivia, Ecuador, Brazil and Argentina," Venezuela's leftist leader said.

Chavez called Abkhazia and South Ossetia "new republics that are working hard for their development."

Venezuela is one of only four countries - including Russia, Nicaragua and the small South Pacific island nation of Nauru - that have recognized Abkhazia as an independent republic.

Russia recognized Abkhazia and South Ossetia as independent after the 2008 Russian-Georgian war and has kept troops there. Georgia and many Western countries say the military presence amounts to Russian occupation.

Venezuelan officials signed a series of agreements with the visiting delegations to establish formal diplomatic relations and evaluate proposals for cooperation in areas ranging from energy to trade and agriculture.

Earlier Friday, in an interview with The Associated Press, Bagapsh said he was seeking closer ties with Venezuela and help from its state oil company in looking for crude in Abkhazia.

Bagapsh said he sought Venezuela's help persuading more Latin American governments to recognize Abkhazia, but acknowledged those efforts could be difficult because the United States does not consider his region a separate country and has allies in Latin America.

"We understand that recognition is a long and difficult process, and we understand that the United States has much influence in the region," Bagapsh said.

Bagapsh played down the Russian presence in Abkhazia, saying that there are 1,800 Russian soldiers in Abkhazia who help with border security and that their numbers are relatively insignificant.

Chavez warns USA of oil cutoff in Colombia dispute

Caracas, Venezuela (AP) — President Hugo Chavez threatened on Sunday to cut off oil sales to the United States if Venezuela is attacked by its U.S.-allied neighbor Colombia in a dispute over allegations Venezuela gives haven to Colombian rebels.

Chavez made his warning in an outdoor speech to thousands of supporters, saying: "If there is any armed aggression against Venezuela from Colombian territory or anywhere else supported by the Yankee empire, we ... would suspend shipments of oil to the United States!"

"We wouldn't send another drop of oil to its refineries, not a single drop more!" Chavez shouted, adding that the United States is "the big one to blame for all the tension in this part of the world."

If actually carried out, such a threat would be a titanic economic blow for Chavez's government, which depends heavily on oil sales. The U.S. is the top buyer of oil from Venezuela, which is the United States' fifth biggest foreign supplier.

But Colombia has not threatened military action, and it's likely Chavez made the warning in part to put Washington and Bogota on notice that he will not stand for a more aggressive international campaign to denounce allegations that leftist Colombian rebels are finding refuge in Venezuela.

Chavez cut off diplomatic relations with Colombia on Thursday after outgoing President Alvaro Uribe's government presented photos, videos and maps of what it said were Colombian rebel camps inside Venezuela. Chavez called it an attempt to smear his government and said Uribe could be trying to lay the groundwork for an armed conflict.

In 2008, Chavez also warned of a possible war with Colombia after its military carried out a cross-border raid on a rebel camp in Ecuador that killed a guerrilla leader, Raul Reyes. Chavez on Sunday appeared to be giving a new warning that he wouldn't tolerate anything similar in Venezuelan territory.

"Chavez's threat to halt oil sales if attacked by Colombia is credible in my view," said Adam Isacson, an analyst at the Washington Office on Latin America.

While saying Chavez's threat could be intended as a deterrent against what he sees as a menace, Isacson added that it could also be a tactic to rally supporters and distract from Venezuela's problems like high inflation and crime two months ahead of key legislative elections.

"Troubles with Colombia give Chavez the chance to rally his base, and get out their vote, by playing the patriotism card," Isacson said.

The Colombian government denies seeking a military conflict. It says it went to the Organization of American States last week to present evidence about the rebels' presence in Venezuela because Chavez's government has not addressed the situation.

Chavez also said Sunday that he had canceled a trip to Cuba due to the tensions with Colombia. He said he believes that based on his latest intelligence — which he did not reveal — that "the

possibility of an armed aggression against Venezuelan territory" from Colombia is now more likely than in the past.

He said separately in a newspaper column, however, that he will wait to see if Colombian President-elect Juan Manuel Santos, who takes office next month, expresses what Chavez deems a genuine willingness to ease the diplomatic conflict.

"We have to receive clear and unequivocal signals that there is a real political will in the new Colombian government to take up the path of dialogue again, without tricks," Chavez wrote.

Uribe has frequently feuded with the socialist Chavez, and Colombian officials have long complained, mostly in private, that Venezuela has harbored leaders of its two main leftist rebel groups.

Santos, however, has stressed the importance of mending trade relations with Venezuela that overwhelmingly benefit Colombia's food producers. And Chavez has raised the possibility that relations could be restored under Santos.

Trade between Venezuela and Colombia has fallen about 70% since Chavez froze relations a year ago in response to Colombia's decision to grant the U.S. military expanded access to its military bases.

"The likely conclusion for now is that Santos will say something conciliatory around the time of his inauguration, Chavez will respond in kind, and relations will improve for a while," Isacson said. But he said Colombia's concerns about rebels hiding out in Venezuela are likely to continue and could flare up again.

"It's dangerous because even a misunderstanding or minor incident at the border could get out of hand, escalating and spreading to other parts of the border," Isacson said.

Chavez has often accused Washington of trying to unseat him since he survived a short-lived 2002 coup, and has emphasized that the U.S. threat could come through Colombia.

Chavez recalled the Iraq war on Sunday, saying that "the Yankee empire is an expert at inventing anything" to topple a government it opposes.

U.S. officials have repeatedly denied Chavez's accusations of supporting plots against him, and have said Colombia is raising legitimate concerns to which Venezuela should respond.

Venezuelan ambassador presents letter on Colombia to U.N.

United Nations (CNN) -- The Venezuelan ambassador to the United Nations brought his country's complaints about neighbor Colombia to the U.N. secretary-general Monday in the form of a letter explaining his government's decisions.

Venezuela has cut diplomatic relations with Colombia and accused its government of letting decades-long internal strife spill over its borders.

Venezuelan Ambassador Jorge Valero Briceo said that he had delivered a letter to Secretary-General Ban Ki-moon explaining his government's decision, and that he had asked that the letter be circulated to U.N. member nations. But he would not say whether he had asked Ban for any specific U.N. action.

The Venezuelan government has accused the Colombian government of acting in alliance with the United States to engage in a war against Venezuela, Valero Briceo told reporters after his meeting with Ban.

Tensions between the two countries have been high ever since the Colombian government earlier this month accused Venezuela of harboring rebels from the Revolutionary Armed Forces of Colombia -- known by its Spanish abbreviation, FARC. The United States has poured millions of dollars in aid into Colombia in an attempt to stem drug trafficking.

The Venezuelan ambassador said that Colombian President Ivaro Uribe has refused to find out any mechanism of dialogue to put an end to the internal conflict his country. Valero Briceo said that Latin American history showed that non-violent dialogue was the only way to end conflict.

Valero Briceo left open the possibility of a resumption of diplomatic ties if Colombia changed its policies. He said that he hoped Juan Manuel Santos, who will assume the Colombian presidency next month, would start a new state of bilateral relations between Venezuela and Colombia.

A statement released by the Ban last week called for restraint by all involved so that the situation can be resolved in a peaceful manner.

President Chávez to attend Mercosur summit

Sources of the Argentine Ministry of Foreign Affairs and the Venezuelan embassy in Buenos Aires said that President Hugo Chávez would attend the presidential summit of Mercosur. They added that Chávez would arrive on Monday night to the city of San Juan.

Venezuela's President Hugo Chávez will participate in the meeting of the Common Market of the South (Mercosur) to be held in the Argentine province of San Juan in the Cuyo region (northwestern Argentina) on August 3, diplomatic sources told Efe on Tuesday.

Chávez will attend the presidential meeting of the trade block which includes Argentina, Brazil, Paraguay and Uruguay. Venezuela is in the process of becoming a full member, amid a conflict with Colombia, exacerbated by the decision of the Venezuelan government to cut off diplomatic ties with Colombia.

Sources of the Argentine Ministry of Foreign Affairs and the Venezuelan embassy in Buenos Aires said that President Chávez would attend the summit. They added that Chávez would arrive on Monday night to the city of San Juan, capital of the province of San Juan, located in the northwestern part of the country.

In the context of the consultations related to the dispute between Venezuela and Colombia, Argentine President Cristina Fernández and her husband, Néstor Kirchner, the Secretary General of the Union of South American Nations (Unasur), met on Tuesday with Venezuelan Foreign Minister Nicolás Maduro, who requested their support for a peace plan proposed by Venezuela.

Venezuela will not review evidence produced by Colombia

According to the Venezuelan Ambassador to the US, Colombia should have presented privately to Venezuelan officials the GPS coordinates of the places where the Revolutionary Armed Forces of Colombia (FARC) allegedly operate rather than "turning this into a media show"

The Venezuelan government does not plan to examine the pieces of evidence that allegedly show that the rebel Revolutionary Armed Forces of Colombia (FARC), are operating in Venezuelan territory. Venezuelan authorities consider that Colombia filed the complaint inadequately, said on Tuesday the Venezuelan ambassador to the US.

"(Colombia) merely showed (images from) Google maps, photos, and video recordings of people who were there, according to them," said Ambassador Bernardo Álvarez at a press conference.

Álvarez made reference to the material that Colombian Ambassador to the OAS Luis Armando Hoyos presented last week during an extraordinary session of the Organization of American States (OAS) to reject the alleged presence of FARC camps in Venezuelan territory.

According to Álvarez, Colombia should have presented privately to Venezuelan officials the GPS coordinates of the places where the FARC allegedly operate, rather than "turning this into a media show."

The Venezuelan envoy suggested that no Venezuelan agency has visited the specific areas located in the state of Zulia that were mentioned by Ambassador Hoyos last Thursday.

Álvarez added that the Venezuelan government is in "red alert," given the possibility that the Colombian armed forces launch a missile (on Venezuelan territory) such as the one they launched on Ecuador against a FARC camp in 2008.

Paraguay not to take sides with Venezuela or Colombia

The Paraguayan FM stressed that the inauguration of Colombian president-elect Juan Manuel Santos next August 7 will cause "a new scandal" in depleted Venezuelan-Colombian relations.

Far from taking sides with Venezuela or Colombia, Paraguay will opt for mediation apropos the crisis unleashed between the two countries when Venezuelan President Hugo Chávez resolved to sever ties, Paraguayan Minister of Foreign Affairs Héctor Lacognata said.

In an interview with radio Ñandutí during the visit paid to Asunción by Venezuelan Minister of Foreign Affairs Nicolás Maduro, his Paraguayan colleague explained that instead of "supporting one or another position," his country will reserve the role of "mediation," something that, in his opinion, "will be fundamental in this process," Efe quoted.

Lacognata explained that Maduro submitted to Paraguay a peace plan with Colombia that Caracas will take to the extraordinary meeting of the Union of South American Nations (Unasur), convened for Thursday 29 in Quito by Ecuador, the pro-tempore president, at the request of Venezuela, after breaking relations with Colombia.

The Paraguayan Foreign Minister stressed that the inauguration of Colombian president-elect Juan Manuel Santos next August 7 will cause "a new scandal" in depleted Venezuelan-Colombian relations and insisted on the need of a group of "friends to make room for talks."

Experts propose bilateral dialogue rather than mediation in Venezuela-Colombia crisis

Unasur will meet on Thursday to discuss the diplomatic crisis between Venezuela and Colombia. The rupture of relations between Venezuela and Colombia has ignited diplomatic efforts in the region. Several Latin American countries have expressed their intention to mediate in the conflict. The most significant example is a meeting of foreign ministers of the Union of South American Nations (Unasur), to be held on Thursday.

The foreign ministers of Colombia, Jaime Bermúdez, and Venezuela, Nicolás Maduro, will attend the meeting. However, there are not signal that the meeting will yield positive results. According to analysts in both countries, the problem must be resolved by the two countries.

"The member countries of Unasur are going to do the same that their foreign ministers would do within the framework of the Organization of American States," said former Venezuelan ambassador to the UN Milos Alcalay. He added that the outcome of the meeting should "be based on public international law."

Meanwhile, Jorge Restrepo, a professor at the Javeriana University in Colombia, also supports a bilateral solution. "I do not consider that mediation will yield a positive result," he said.

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