

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

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## **Report Summary/Argentina**

### **Political Issue**

Mercosur summit held in Argentina in which the heads of member countries as Argentina, Brazil, Paraguay and Uruguay participated but from the non member countries Bolivia, Chile and Venezuela participated. President Lula of Brazil called it the most successful Mercosur summit because all member countries agreed in a common custom code in trade between South American countries and to reduce the cost of commerce. Foreign minister of Argentina said in the summit of Mercosur that the tensions between Colombia and Venezuela should be solved by negotiations and both countries should not go for war.

### **Economic Issue**

Argentina's president Kirchner said the unemployment rate fell in the second quarter of this year. She said unemployment is decreasing now due to the better economic policies and Argentina is also recovering from the global economic crisis that overlapped the whole world in 2008.

## **Social/Humanitarian Issue**

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

#### **Geostrategic Issues**

The foreign minister of Argentina has also said in Mercosur summit that England is not agree on the peaceful solution of Malvinas and it is also not obeying the policies of United Nations on Malvinas so this is why it has sent its drilling companies for oil exploration in England. Deputy foreign minister of Argentina has said many notice are sent to oil companies of England that are working in Malvinas but in spite of it they are still there.

China is Argentina's largest commercial partner after Brazil so Argentinean president Kirchner visited China two weeks ago and the primary purpose of this tour was to convince China to lift the now two-month blockade against Argentine soy oil. However, the most significant occurrence of the meeting was the signing of an investment agreement that will boost mining and railroad infrastructure in Argentina through the import of Chinese goods. Though this is seen as a successful agreement in terms of Argentine interests, both countries, but especially Argentina, are suffering from the ongoing soy oil dispute.

Ambassador of Argentina said in a round table on Latin America by Global Studies that Pakistan has more potential to increase relations with Latin American countries and the relations between both Argentina and Pakistan are gradually improving.

## **Report Summary/Brazil**

### **Political Issue**

Brazilian presidential candidates for October's elections hold a first television debate before public and introduced their policies. Jose Serra who has served as state governor as well said he was the right person to introduce more stable economic policies but he carefully used his words due to high popularity of president Lula that could be harmful for him. Ms. Dilma Rousseff also spoke before public and unveiled her plans. She also said that Brazil's private sector needs more investment to uplift country's economy.

According to the latest poll by Ibope, presidential candidate from Worker's Party Ms. Dilma Rousseff is taking lead over opposition candidate Mr. Jose Serra with 5 points. The poll was showing neck-and-neck competitions in last few months in PT and PSDB parties candidates but now the gap has increased. Now Ibope poll shows Ms. Rousseff is having 39 points but Mr. Serra has decreased his points as 34 so as the elections are coming near, the gap is increasing.

## **Economic Issue**

According to the Development Industry and Foreign Trade Ministry Brazil's trade surplus in the first seven months of 2010 was down 45.1 percent year-on-year. The ministry also said the surplus reached 9.237 billion U.S. dollars, as exports in the seven months totaled 106.861 billion dollars, up 27.1 percent year-on-year and imports totaled 97.624 billion dollars, up 45.1 percent year-on-year.

## **Social/Humanitarian Issue**

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

## **Geostrategic Issues**

Brazil and Egypt are going to sign a free trade deal after a few days and that deal will increase bilateral relationships between the two countries. Trade between Brazil and Egypt was \$87.7 million in 2009 and in this year it is increased as \$1.53 billion. Trade sectors are industry, textile, transportation and agriculture and this trade will be from the platform of Mercosur.

Later on the same platform of Mercosur, the presidents of Brazil and Uruguay signed a package of cooperation agreements aimed at accelerating political and economic integration between the two neighbors and the region.

Iran has sentenced a woman due to adultery but Brazilian president offered that woman an asylum. Iranian foreign minister said this sentence is according to Iranian law so Lula should not be involved in this case. He also said Lula is a humane and emotional person so he is saying this but Iran is following the law.

Colombian president has criticized president Lula on his statement that he wants a peaceful negotiations between Colombia and Venezuela. President Uribe of Colombia said it means he is supporting FARC rebel group if he says negotiations with Venezuela because we have clear proves that Venezuela has links with FARC.

## **Report Summary/Chile**

## **Political Issue**

## **Economic Issue**

## **Social/Humanitarian Issue**

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

## **Geostrategic Issues**

Chilean government announced that it is reestablishing relationships with Honduras government that were freeze last year due to a military coup that took over the democratic government. Chilean government clarified that the relationships are going to be reestablish on the report of Organization of America States that Honduras government has taken steps towards human rights and democratization of society.

## **Report Summary/Colombia**

### **Political Issue**

Colombia's FARC rebel group leader said he is willing to talk to the newly elected president of Colombia Mr. Santos on the 46 years old fight between the government and FARC. He also said if the Colombia government did not stop war against them then FARC would also not have any other option but fight against the government.

On the other hand the president Santos said first FARC should stop taking actions against the government personnel and release the persons of hostages then the negotiations could be further processed. FARC has been the toughest opposition in Colombia that has killed and hostage many of the government allies and security persons.

Colombia's president Uribe has delivered his last speech before the parliament and asked some advises and gave opinions that could be beneficial for the country. He said he tried his best for the welfare of the country but some deficiencies remained that the new government has to fulfill.

### **Economic Issue**

### **Social/Humanitarian Issue**

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

## **Geostrategic Issues**

It is said the foreign minister of Union of South American countries failed to overcome the clash between Colombia and Venezuela. And the foreign minister of Colombia also commented on it that Venezuela is now not accepting the final decision of UNASUR and disobeying.

Venezuelan president has deployed its air force and infantry at the Colombian border and said it feels threat from Colombia who can attack anytime at Venezuela. He said we do not want anybody get harm in this war so already deployed forces at border to combat with Colombia. But on the other hand, president of Colombia has said that Colombia has not any plan to attack on Venezuela. He also said though it has broke relations with Venezuela and have proves of FARC but in spite of it all Colombia is not going to attack on Venezuela.

A senior official of Colombia said it welcomes India's investment in various sectors of Colombia. India is exporting motorcycles, organic chemicals and some other things to Colombia and the trade between the two countries increased 109 percent in last year. Colombia needs India's investment in its sectors related to technology.

## **Report Summary/Mexico**

### **Political Issue**

### **Economic Issue**

Mexico's economy minister said Mexico is towards economic growth as country's economy is continuously growing. He said the government has created 45,697 formal jobs for the people of the country that is a big achievement. The finance minister also said country's economy is growing as in these seven months it has created 559,070 formal jobs.

### **Social/Humanitarian Issue**

Mexican security forces have killed a renowned drug lord who belonged to the Sinola drug cartel and FBI has fixed his bounty as \$5 million. The government of Mexico claims it its

big achievement on the drug war and president of Mexico also said the war is going towards success so it will continue until government get its full control over the drug cartels. Experts say that the killing of kingpin could increase more violence in Mexico and drug gangs could be more violent against the people and the government because it happens that whenever a drug lord is killed the cartels increase violence in the cities.

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

### **Geostrategic Issues**

United States has shut down its consulate in the border city of Mexico due to violence in the city. In last few months three diplomats have been killed by the drug related groups and once the consulates has also been attacked. Other than this the consulate is also receiving threats continuously from the drug cartels so the authorities have closed the consulate temporarily. It is said the current president Felipe Calderon took office in 2006 and started war against the drug cartels that increased the violence in this city and some other states of the country. Until now almost 28,000 people have been lost their lives.

Mexico and China's officials met and talk to increase their strategic relationships with each other. Chinese official said both countries are the member of many international organizations and have almost similar stance on various international issues so they could work more jointly. Mexican official also favored Chinese officials and asked China to increase trade relations between the two countries. Mexican and China could be useful to increase each other's relations with the regional countries.

Mexican government is going to recognize Honduras government which had broke relationships with Honduras due to military coup over the Zelaya's democratic government. Mexico's foreign department said that it is recognizing Honduran government due to OAS report that shows the development of human rights and democratization process in Honduras.

## **Report Summary/Venezuela**

### **Political Issue**

The head of National Commission of Refugees of Venezuela said in spite of a clash between the government of Colombia and Venezuela the government of Venezuela will not send back to the refugees. He said hostility is with the government and not with the people of Colombia. The president of Colombian associations in Venezuela said they are not facing any difficulty in Venezuela but the same right what a Venezuelan is enjoying.

### **Economic Issue**

## **Social/Humanitarian Issue**

One of Venezuela's newspapers is hurled a small bomb in its office in Caracas. The editor of the news paper said it is due to taking a stance against the government they have attacked at our office. He also said this was a minor attack that just damaged the structure minor and there is not any life lost.

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

### **Geostrategic Issues**

Venezuelan government is going to take \$4 billion from the Asian giant China as a loan. It is the first installment of the loan from \$20 billion loan. By getting this loan Venezuela is going to start various projects in the country.

Venezuelan foreign minister has said that Venezuela is facing a serious threat from Colombia as it can attack any time on Venezuela. But on the other hand Colombian government has denied it and called it a misunderstanding of Venezuelan government and an allegation on Colombia. Colombian government has also said before that though Colombia has proves of FARC rebel group presence in Venezuela but in spite of it is not going to attack on Venezuela but it has complaint against Venezuela in OAS and UNASUR.

Venezuelan foreign minister said Colombian government has accused Venezuela that due to the behavior of Venezuelan government the meeting of OAS could not be a fruitful meeting to solve the dispute between Colombia and Venezuela. He said the OAS meeting was not to solve this issue so the government of Colombia is propagating against the government of Venezuela.

Ecuador has called the meeting of UNASUR countries to resolve the dispute between Colombia and Venezuela. Chavez has accused Colombian government of slander. President of Brazil has also set his visit to Caracas and Bogota to resolve the dispute between both countries by negotiations but Lula's policy of negotiations is criticized by president Uribe and he said if he has clear proves of Venezuela's back to FARC then there is not solutions with negotiations.

Venezuela's foreign minister said in the 39<sup>th</sup> summit of Mercosur to recognize Venezuela as its permanent member like Argentina, Brazil, Paraguay and Uruguay. Venezuela is Mercosur's associate member since 2004 like Chile and wants its permanent membership now

because since it is associated with this trade block its economy is stabilizing and it is getting more benefits.

One of the Republican Senators of the United States has accused Venezuela of harboring FARC rebels in its country. He said Colombia has provided all proves in shape of video and pictures that are enough to believe. On the other side Venezuelan government has protested on the US accusation and intervention in Venezuela's affairs. But president Chavez also said his foreign minister will also attend the inauguration of the newly elected president of Colombia as he is invited.

### **Detailed Report/Argentina**

#### **Fernandez Says Argentina's Jobless Rate Fell to 7.9% in Second Quarter**

Argentina's unemployment rate fell to the lowest in more than a year in the second quarter as economic growth picked up, President Cristina Fernandez de Kirchner said.

The jobless rate was 7.9 percent in the three months through June, down from 8.8 percent a year earlier, Fernandez said today in Buenos Aires. It's the lowest unemployment rate since the end of 2008.

"This reveals the vigorous growth we are having," Fernandez said at the presidential palace, where she signed loan accords with the Corporacion Andina de Fomento, the Andean development lender.

The economy, South America's second largest after Brazil, is recovering from a slump that cut economic growth to 0.9 percent in 2009, the slowest rate since Argentina pulled out of a recession in 2003. Gross domestic product rose 6.8 percent in the first quarter, the fastest annual pace since 2008.

The national statistics institute is scheduled to release the second-quarter unemployment report Aug. 23.

#### **Mercosur urged to take part in Venezuela-Colombia showdown**

Argentinean Minister of Foreign Affairs Héctor Timerman conceded that the matter would be discussed in the talks wrapping up on Tuesday with the presidential summit to be attended by the Heads of State of Argentina, Brazil, Paraguay, Uruguay, Bolivia, Chile and Venezuela

Paraguayan Minister of Foreign Affairs Héctor Lacagnata encouraged Mercosur to help find a solution for Venezuela-Colombia clashes when taking the floor at a meeting presently held by the trade bloc in the Argentinean city of San Juan.

"This conflict hurts us, but reasserts our conviction that Mercosur can and should make room for dialogue among our nations so that their relations can be restored and back to normal," Lacagnata said at the meeting of the Common Market Council, which gathers foreign and economy ministers of Mercosur Member State, AFP quoted.

Venezuela broke diplomatic relations with Colombia last July 22, after the claims of outgoing Colombian president Álvaro Uribe on the alleged action of Colombian guerrillas based in Venezuelan territory.

The tension escalated last Friday, when Venezuela's President Hugo Chávez reported on the deployment of troops on the border in the face of "a war threat" from Uribe's government. For his part, President Uribe ruled out any raid on Venezuela.

Argentinean Minister of Foreign Affairs Héctor Timerman conceded that the matter would be discussed in the talks ending on Tuesday with the presidential summit to be attended by the Heads of State of Argentina, Brazil, Paraguay, Uruguay, Bolivia, Chile and Venezuela.

### **England unwilling to solve Malvinas issue - Argentina**

Argentina: England has shown no interest in solving the issue of Argentina's sovereign claim to the Malvinas Islands, Argentine Foreign Minister Hector Timerman stated in Buenos Aires.

The tireless struggle for dialogue on the Malvinas — which England calls the Falklands — and Britain's repeated refusal to participate, is one of the axes of Argentina's foreign policy, Timerman said in a meeting on Friday with foreign correspondents.

In this regard, the diplomat said his country had stated in all international forums the need for England to sit down and negotiate. England has ignored all resolutions on the issue approved by the United Nations, which is proof of the need to undertake structural reforms in international organizations, he said.

He also reaffirmed that his government "will do everything possible for England to respect the sovereign rights of Argentina" over the Malvinas, and insisted that the exploitation of natural resources there is not something permitted by his country.

Deputy Foreign Minister Alberto D Alotto said warning letters were sent to companies involved in oil exploitation on the continental shelf around the Malvinas.

The foreign minister added that various diplomatic actions have been undertaken intended to highlight the illegal nature of the activities of UK companies in the disputed territory.

## **The Power of Soy: Commercial Relations between Argentina and China**

After months of delay, President Cristina Fernández Kirchner of Argentina traveled to China on July 11 to discuss economic issues affecting the two countries. China is Argentina's largest commercial partner after Brazil. The primary purpose of this meeting was to convince China to lift the now two-month blockade against Argentine soy oil. However, the most significant occurrence of the meeting was the signing of an investment agreement that will boost mining and railroad infrastructure in Argentina through the import of Chinese goods. Though this is seen as a successful agreement in terms of Argentine interests, both countries, but especially Argentina, are suffering from the ongoing soy oil dispute.

### **The importance of soy**

During the 1990s neo-liberal era of former President Carlos Menem, Argentina started to make the switch from exporting wheat and meat to cultivating transgenic soybeans. Thirteen years ago, the U.S.-based Monsanto Company—the leading multinational corporation in agricultural biotechnology—started operating in Argentina by producing genetically modified soybean, also known as Roundup Ready soya. By 2004, soy oil production had increased by 75 percent, bringing large profits for the farmers. Monsanto has used the case of Argentina as one of the examples of the "success stories" of genetically modified agriculture.

## **Foreign envoys reiterate to expand economic ties with Pakistan**

Islamabad, Aug 5 (APP) - The Ambassadors of Brazil, Argentina and Cuba here at a roundtable conference have expressed their desire to expand and explore economic and trade relations with Pakistan. The roundtable on the business and politics in key countries and regions of the world was organized by Global Studies here and shared their respective countries experiences with reference to the developments of those countries for the benefit of Pakistan. The program will adopt the same course of action for specific countries of the world whose politics are of particular interest for Pakistan and vice versa and are impacting global issues. The ambassadors of Brazil Alfred Villioni, Argentina Rodolfo J. Martin and Cuba Juan Hidalgo said that Pakistan has vast scope and potentials for exploring markets of Latin American countries.

They said that economic ties of Latin American countries with Pakistan are gradually improving. Speaking on the occasion Former Senators Enwar Baig and Sadia Abbasi highlighted the true potentials for expansion of trade and economic relations of Pakistan with Latin American countries.

They stressed the need for identifying new ways and means for bolstering the trade and economic ties with these countries.

They said that Latin American countries have great demand for sports and surgical goods and Pakistan can explore these markets.

Ejaz Shafi Gillani, Masood Hussain and Dr.M.Islam also spoke on the occasion.

## **Mercosur trade bloc agrees to reduce customs fees**

San Juan, Argentina -- The Mercosur trade bloc agreed Tuesday on a common customs code that should speed up and reduce the cost of commerce across South America.

Argentine President Cristina Fernandez announced that she and six other presidents approved the customs regulations in their closed-door meeting.

"It's an issue we've been trying to resolve for a long time, and it's an achievement for all of us," Fernandez said, adding that it shows Mercosur is a forum for action and not just talk. "The important thing is that we have agreed on a formula and have overcome all kinds of differences."

Mercosur has long wanted to eliminate double-taxation and related transport delays on imports that move through one member country to reach another. The common code will be phased in before fully taking effect in 2012.

The effort had been stuck for years as Brazil, Argentina, Uruguay and Paraguay differed over how to distribute a unified import tax among themselves and eventually the associate Mercosur members of Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela. The fine print on dividing up such taxes remains to be worked out, but the four member nations agreed to:

- Eliminate double-taxation of goods imported from outside Mercosur that are shipped as-is through one country to another, starting Jan. 1, 2012
- Eliminate double-taxation of imported goods that receive some added value in one Mercosur nation before reaching another, by 2014.
- Create a single Mercosur customs declaration, unifying terms so that taxes on imports as well as exports can be calculated and shared across Mercosur.

Brazil's President Luiz Inacio Lula da Silva called it the most successful Mercosur summit ever - and chided Venezuela for raising its dispute with Colombia at the trade summit.

Venezuelan Foreign Minister Nicolas Maduro had sought Mercosur support for his country's position that it is being threatened by U.S.-backed Colombia, which alleges that Venezuela harbors leftist Colombian guerrillas. After other Mercosur members suggested their trade bloc was the wrong venue for discussing the bilateral dispute, Venezuelan President Hugo Chavez decided not to attend.

Maduro said Chavez stayed home for health reasons and to "guarantee peace in our country," and expressed hope that the conflict will be resolved in the coming days as Colombian President-elect Juan Manuel Santos replaces Chavez's nemesis, Alvaro Uribe.

Silva insisted that bilateral dialogue is the only way for Venezuela and Colombia to resolve their differences, and joked that he, for one, would have no problem sitting down next to Uribe at Santos' inauguration next week.

South America is a place of peace, even though its countries engage in verbal wars that don't kill anyone, he said.

Also joining the summit in remote San Juan, nearly 800 miles (1,265 kilometers) west of Buenos Aires, were the presidents of Bolivia, Chile, Paraguay and Uruguay, and representatives of Peru, Colombia, Mexico and the United Nations.

Argentina also handed over the rotating Mercosur leadership to Brazil, which will host the next meeting by December in Foz do Iguazu, a city in the triple-border region Brazil shares with Argentina and Paraguay.

### **Detailed Report/Brazil**

#### **Mercosur, Egypt to sign free-trade deal**

Buenos Aires: Mercosur, a South American trade bloc that groups big agricultural exporters Brazil and Argentina, will sign a free-trade deal with Egypt next week, the Egyptian trade minister said on Friday.

Egypt is the world's biggest importer of wheat and Argentina is among the leading global exporters of the grain, although it did not export wheat to the North African country last year, according to official data.

Mercosur's other full members are Uruguay and Paraguay, large exporters of beef and soybeans, respectively.

"We've analyzed and covered about 99 percent of what we were planning to cover, therefore I'm sure we'll be able to go through what's left in the next few days," Egyptian Trade Minister Rachid Mohamed Rachid told reporters in Argentina, where a Mercosur summit will be held early next week.

Egypt is an important buyer of corn from Argentina, the world's No. 2 exporter of the grain.

Egypt's exports to Brazil, the largest economy in Latin America, totaled \$87.7 million in 2009, while its imports came to \$1.53 billion, the Egyptian Trade Ministry reported.

Trade between the two countries covers the industrial, transportation, textiles, agriculture and fishing sectors.

## **Brazil's trade surplus falls in first seven months**

Brazil's trade surplus in the first seven months of 2010 was down 45.1 percent year-on-year, the Development, Industry and Foreign Trade Ministry said Monday.

The ministry said the surplus reached 9.237 billion U.S. dollars, as exports in the seven months totaled 106.861 billion dollars, up 27.1 percent year-on-year. Imports totaled 97.624 billion dollars, up 45.1 percent year-on-year.

From August 2009 to July 2010, Brazil accumulated a trade surplus of 17.699 billion dollars, down 34.3 percent from the previous 12-month period.

According to the latest Focus market survey released earlier on Monday by the Brazilian Central Bank, the expected trade surplus this year has been lowered from 15.41 to 15.1 billion dollars. The market foresees a trade surplus of 8.5 billion dollars for the year 2011.

## **Iran dismisses Lula's 'emotional' stoning asylum offer**

Iran says the Brazilian president did not have enough information when he offered refuge to an Iranian woman sentenced to death by stoning.

A foreign ministry spokesman said President Luiz Inacio Lula da Silva was an "emotional" person and that details of the case would be made clear to him.

Sakineh Mohammadi Ashtiani, 43, was sentenced to death for adultery, but her stoning was suspended pending a review. She could still be hanged.

The case has caused international fury.

President Lula offered refuge to Ashtiani during a campaign rally for his party in southern Brazil on Saturday.

Speaking at a news conference in Tehran on Tuesday, Iran's foreign ministry spokesman said Ashtiani had been sentenced in accordance with Iranian law.

"As far as we know, [President Lula] is a very humane and emotional person who probably has not received enough information about the case," Ramin Mehmanparast said.

"What can be done is to let him know about the details of the case of this person who has committed a crime and has been convicted accordingly," he added.

In mid-July, Iranian officials temporarily halted the stoning of Ashtiani pending a judicial review, noting that the punishment was rarely applied and that stoning was not in a draft Islamic penal code currently under consideration in the Iranian parliament.

Iran and Brazil have close ties.

Earlier this year Brazil initiated diplomatic efforts to reach a compromise over Iran's uranium enrichment program.

### **Brazil presidential rivals hold first televised debate**

The four main candidates in Brazil's presidential election have taken part in the first televised debate.

Attention focused on the two front-runners in recent opinion polls, Dilma Rousseff of the Workers' Party and Jose Serra of the Social Democracy Party.

Ms Rousseff is a former chief of staff of President Luiz Ignacio Lula da Silva, but has never run for office. Mr Serra is Sao Paulo's former governor.

Correspondents say no clear winner emerged from Thursday's contest.

President Lula is stepping down after serving two consecutive four-year terms, the maximum allowed under Brazil's constitution.

Popular government

The first televised debate came two months before the election.

The BBC's Paulo Cabral in Sao Paulo says Mr Serra carefully avoided criticizing President's Lula's highly popular government but told voters he was the best person to build on its economic achievements.

He also promised to improve the health system and infrastructure.

"Travelling on federal highways in Brazil today is a public danger," said the 68-year-old, who only six months ago had a 20-percentage point advantage over his nearest rival in the polls.

### Brazil's Elections

- 3 October: presidential first round
- 31 October: second round if no candidate gets 50% + 1 of valid votes
- Also on 3 October - governors of all 26 states and the federal district
- Representatives of state legislatures
- 513 federal deputies
- Two thirds (54) of the 81 Senate seats

- Brazil election: Candidate profiles

Ms Rousseff, 62, who Mr Serra now trails by 10-percentage points, meanwhile sought to show that she had her own ideas in an effort to counter criticism that her campaign has been based almost solely on the president's popularity, our correspondent says.

But she nevertheless vowed to continue the government's economic policies, which have brought growth of about 7%.

"We have lifted 24 million people out of poverty and brought 31 million people into the middle class. In the middle of the crisis in 2009, we created 1.7 million jobs"

The Green Party's Marina Silva and Plinio Soares de Arruda Sampaio of the Socialism and Freedom Party also participated, but they are far behind in the polls with little chance of victory, our correspondent adds.

If no candidate wins more than 50% of the vote on 3 October, a run-off election will be held four weeks later.

## **The Brazilian president described the situation as personal matter**

The Colombian president regretted that his Brazilian counterpart has ignored the threat posed by the Revolutionary Armed Forces of Colombia (FARC) to his country. Colombia's President Álvaro Uribe said on Thursday that he "deplores" the fact that Brazilian President Luiz Inácio Lula da Silva described the crisis between Colombia and Venezuela "personal matter," and that Lula is ignoring the "threat" that the presence of Colombia guerrillas deployed in Venezuelan territory represents.

"President Lula is overlooking our efforts to seek solutions based on dialogue. With all due respect for President Lula and the Brazilian government, we repeat that the only solution accepted by Colombia is that the presence of the FARC and ELN (National Liberation Army) terrorists in Venezuelan territory can not be allowed," said Uribe in a statement, as reported by AFP.

Uribe's remarks came in response to Lula's claims on Wednesday that he planned to talk to Venezuelan President Hugo Chávez, Uribe and president-elect Juan Manuel Santos to help ease tensions between Colombia and Venezuela after the rupture of relations.

The Brazilian president is expected to visit Chávez in Caracas next August 6. The following day he is expected to attend the inauguration of Santos.

## **Brazil, Uruguay one step closer to integration**

"We undertake a strong commitment to strengthen bilateral and regional integration, highlighting the importance of Mercosur and Unasur (regional trading blocs) as the foremost vehicles for political, social, economic and commercial integration of the region," Presidents Luiz Inacio Lula da Silva and Jose Mujica said in a joint statement.

Brazil's Lula and Uruguay's Mujica held their fourth meeting since the Uruguayan leader took office in March, in this Brazilian city on the border with Uruguay.

After the meeting, the pair signed cooperation agreements on defense, science, technology, energy, river transportation and fishing, and pledged to establish a common currency for the two nations to facilitate and boost commercial and social exchanges.

Brazil is Uruguay's chief trading partner. Bilateral trade between the neighbors reached 1.3 billion dollars in the first six months of the year, a 23 percent increase from the same period last year.

## **Update 1-Brazil ruling party's Rousseff widens lead in poll**

Brasilia July 30 (Reuters) - Brazil's ruling party candidate in October's presidential election, Dilma Rousseff, widened her lead over opposition candidate Jose Serra, an opinion poll showed on Friday.

Rousseff, a career civil servant from President Luiz Inacio Lula da Silva's Workers' Party, got 39 percent of voter support, while Serra received 34 percent, according to the Ibope poll released by TV Globo.

With just over two months left to the Oct. 3 election, investors are watching to see whether either candidate can maintain a significant lead.

Poll results have fluctuated in response to campaign advertisements on TV, but since December, Rousseff has closed a large gap, benefiting from the support of Lula, the most popular president in Brazil's history, and breakneck economic expansion.

Neither of the two leading candidates is seen as breaking with the mostly market-friendly policies that have helped Brazil's economy become a global-investor favorite.

The same poll taken a month ago showed Rousseff and Serra tied with 39 percent support each.

The survey polled 2,506 people between July 24 and 29 and had a margin of error of plus or minus 2 percentage points.

### **Brazilian president, Colombian president-elect hold phone talks to soothe ties**

Brazilian President Luiz Inacio Lula da Silva held a telephone conversation on Friday with Colombian President-elect Juan Manuel Santos to ease uneasiness in relations between the two countries over the Colombia-Venezuela conflict.

The talks came a day after outgoing Colombian President Alvaro Uribe called "deplorable" Lula's statement that the Colombia-Venezuela conflict was a "personal matter" between Uribe and Venezuelan President Hugo Chavez.

"President Lula was satisfied (with his talks with Santos). He believes the conversation was productive, as it helped undo the tensions between Brazil and Colombia," Brazilian presidential spokesman Marcelo Baumbach told reporters.

Baumbach also said that there had been no scheduled meeting between Lula and Uribe, who will leave office on Aug. 7.

Venezuela had cut off ties with Colombia after Uribe's government accused Caracas of harboring its rebel militants, a charge firmly denied by Venezuela.

### **Brazilian ruling party's Rousseff leads 5 percentage points in latest poll**

The presidential candidate from Brazil's ruling Workers' Party, Dilma Rousseff, has a five percentage-point lead over her main rival Jose Serra, a latest opinion poll showed Friday.

Rousseff gained 39 percent of voter support while Serra, from the Brazilian Social Democracy Party, received 34 percent, according to a survey conducted by Ibope Institute.

Another survey released last week showed Rousseff led her rival by eight percentage points.

The first round of Brazilian elections is scheduled on Oct. 3. A run-off will be followed on Oct. 31 if necessary.

The same poll taken a month ago showed Rousseff and Serra tied with 39 percent support each.

The survey polled 2,506 voters in 174 Brazilian municipalities between July 26 and 29 and had a margin of error of two percentage points.

### **Brazil offers asylum to Iranian woman sentenced to death**

Brasilia (AFP) – Brazilian President Luiz Inacio Lula on Saturday offered to give asylum to an Iranian woman sentenced to death by stoning for adultery, according to news reports.

"I want to make an appeal to my friend (Iranian President Mahmoud) Ahmadinejad, the supreme leader of Iran (Ali Khamenei), and to the government of Iran" to allow Brazil to take in the woman, Lula said during a campaign rally for his chosen successor in the southern city of Curitiba, the Estadao news agency reported.

Sakineh Mohammadi-Ashtiani, a 43-year-old Iranian mother of two, was sentenced to death by stoning after being convicted in 2006 of having an extramarital affair during the trial of her husband's alleged murderer, according to Amnesty International.

Her sentence sparked an outcry in Western countries, and was temporarily halted earlier this month by Iranian judiciary chief Sadeq Larijani.

Human rights activists in London on Saturday released a letter they said was written by her in which she said: "The day I was given the stoning sentence, it was as if I fell into a deep hole and I lost consciousness... I'm afraid of dying. Help me stay alive and hug my children."

Lula said Saturday: "I have to respect a country's laws, but if my friendship and regard I have for the president of Iran and the Iranian people is worth something, if this woman is causing discomfort, we could take her in in Brazil."

Lula announced the offer as he stumped for Dilma Rousseff, the candidate from his ruling Workers Party he wants to see be elected president in October.

### **Growing Brazil needs more private capital-Rousseff**

Brasilia, Aug 1 (Reuters) - Brazil's private sector needs to step up its participation in the huge investments planned for the fast-growing country in the next few years, the ruling party candidate for October presidential elections said.

In a two-page interview with the Estado de Sao Paulo newspaper published on Sunday, Dilma Rousseff said the government's role needed to be "rationalized" while continuing to provide guarantees for large state-backed projects.

"The capital requirements in the area of logistics, energy as well as those of private companies are extremely high ... The (state development bank) BNDES won't have capital to meet all this demand," Rousseff told the paper.

Rousseff has been handpicked by President Luiz Inacio Lula da Silva to succeed him when his second consecutive term ends this year. The constitution bars him from running for a third term.

The latest poll published on Friday showed she had widened her lead over her main opposition rival Jose Serra. [ID:nN30185728]

Rousseff said increased government lending through the BNDES, was a response to the credit crisis that erupted in 2008 and a means of cushioning the economy from the severe downturn that took hold elsewhere.

The economic crisis interrupted Brazil's strong economic growth, plunging it into a recession which soon proved shallow and short-lived. It has been one of the few economies to begin raising interest rates since the crisis, to avoid overheating.

The economy minister, Guido Mantega, expects growth of between 6.5 and 7 percent in 2010.

Brazil has ambitious plans for investment in infrastructure including the Belo Monte hydroelectric dam in the north of the country, a state insurance company as well large investments to tap huge offshore oil reserves discovered in 2007.

"National private banks need to have incentives to increase their presence. They are fundamental elements ... Pension funds in general need to get involved, private, public, part-public, we need to build our own financial machinery, through so-called infrastructure funds or by launching debentures," she said.

#### Comfortable With Currency

The role of the state has expanded significantly under the Lula government particularly in the last few years. It has also sought to increase its control of the oil sector as it expands but the legislation required looks unlikely to be passed before Lula's term ends on Dec. 31.

Rousseff said she expected interest rates, raised last month by 50 basis points to 10.75 percent, would eventually begin to fall if the debt to GDP ratio continued to drop. She said she was in favor of an independent central bank.

The country's currency, which has continued to hover around 1.8 reals to the dollar, despite temporarily weakening some 30 percent during the worst of the global economic crisis, reflected its true worth, Rousseff said.

The country's exporters say the strength of the currency has left them struggling to compete as investors optimistic about Brazil's prospects, pump money into its markets.

Rousseff said she would avoid heavy-handed intervention with the country's currency if elected, and instead advocate an "aggressive policy of financing" to help Brazilian firms compete globally.

"I'm not inclined to believe this can all be resolved by manipulating the exchange rate, something I think is a bit of a primitive approach," she said.

Asked about a growing trade deficit despite huge exports of commodities including iron ore, petroleum and agricultural produce such as soy, coffee, sugar and orange juice as well as automobiles, she said it was not a cause for concern.

"Today imports are intermediate goods, more capital goods, and this equates to increasing the rate of investment. If we were importing non-durable consumer goods, I would agree (that it was)," she said.

## **Detailed Report/Chile**

### **Chile resumes diplomatic relations with Honduras**

(CNN) -- Chile is re-establishing diplomatic relations with Honduras more than a year after a coup sent the Central American country into political crisis, Chile's foreign ministry announced Friday.

In a declaration posted on its website, the ministry said it based its decision on a report released by the Organization of American States noting significant steps towards normal democratic practices and the defense of human rights in Honduras.

Foreign Minister Alfredo Moreno said in a press conference that the Chilean government recognizes Honduras President Porfirio Lobo was elected in a free and democratic process.

Lobo was elected president in November of last year with 56 percent of the vote. His election came months after the ouster of former President Manuel Zelaya, who was removed from office by the Honduran National Congress after he tried to change the country's constitution to allow for his re-election.

Chile and many other nations broke off relations with Honduras after the coup, and some have refused to recognize Lobo's election.

Moreno said his country's diplomatic presence in Honduras will help strengthen the democratic process in that country.

### **Chile formally recognizes Honduran government**

Santiago, Chile -- Chile is formally recognizing the government of Honduran President Porfirio Lobo a year after a coup ousted his predecessor.

Chilean Foreign Minister Alfredo Moreno said late Friday that the country's ambassador will return to Tegucigalpa.

Chile withdrew its envoy in protest following the June 2009 coup, in which soldiers seized President Manuel Zelaya at gunpoint and flew him out of the country.

Former Chilean President Michelle Bachelet, a socialist, pulled the ambassador; she was succeeded by the conservative Sebastian Pinera in March.

Lobo was elected in November in a vote that was scheduled before the coup.

Other nations including Brazil, Argentina, Venezuela and Nicaragua have not recognized Lobo.

## **Detailed Report/Colombia**

### **Lula Ignoring Venezuela Rebel Threats, Uribe Says**

July 29 (Bloomberg) -- Colombian President Alvaro Uribe said that Brazilian President Luiz Inacio Lula da Silva is ignoring the security threat that the presence of Marxist rebels in Venezuelan territory represents for his country.

Uribe's accusation came as foreign ministers were set to gather at an emergency meeting of the Union of South American Nations in Quito, Ecuador today to resolve a dispute between Venezuela and the U.S.-allied Colombia.

Uribe, in a statement sent by his office, said he regrets that Lula is also overlooking his government's efforts to seek dialogue with its neighbor. He said Lula is treating Colombia's claims that Venezuela is harboring members of the Revolutionary Armed Forces of Colombia, or FARC, and National Liberation Army, or ELN, as if the controversy were a clash of personalities.

"With all respect we repeat to President Lula and the government of Brazil that the only solution Colombia will accept is that the presence of FARC and ELN terrorists on Venezuelan territory should not be permitted," said the statement.

Venezuelan President Hugo Chavez last week severed ties with Colombia after Uribe's government presented photos and satellite images that it said pointed to the presence of 1,500 guerrillas inside his country.

Chavez denied the charges, presented to the Washington-based Organization of American States, and claimed instead the accusations were a prelude to an invasion by the U.S. using its ally Colombia as a proxy.

Lula said on July 23 that timing of Colombia's accusations, as Uribe is set to hand power to President-elect Juan Manuel Santos on Aug. 7, seemed "awkward."

"I haven't seen any conflict--I've seen a verbal conflict," Lula told reporters yesterday, adding that he would discuss the regional crisis with Santos, Uribe and Chavez during a visit to Bogota and Caracas next week.

Brazil's presidential spokesman Marcelo Baumbach said it was not appropriate for Lula to respond to Uribe's comments. He said today's Unasur summit can help foster dialogue in the region.

### **FARC Ties**

Opposition presidential candidate Jose Serra has said Lula's Workers' Party has ties to the FARC, and Serra's running mate Indio da Costa said the party has links to drug trafficking.

“Everyone one knows the Workers Party is linked to the FARC, linked to drug trafficking, linked to the worst elements,” Costa said in an interview July 16.

Venezuela has repeatedly clashed with Colombia over claims it is providing weapons and funneling money to the FARC. Relations soured and trade plunged after Uribe last year decided to allow the U.S. military to increase its presence in Colombia, the recipient of more than \$7 billion, leading to a freeze in relations and a plunge in trade.

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.

While Chavez denies giving the FARC support, he has repeatedly called on the European Union and other governments to stop classifying the group as terrorists.

Santos after being elected last month invited Chavez to attend his inauguration and tapped Uribe’s former ambassador to the country, Maria Angela Holguin, as foreign minister in a bid to improve relations with the country.

### **The Brazilian president described the situation as personal matter**

The Colombian president regretted that his Brazilian counterpart has ignored the threat posed by the Revolutionary Armed Forces of Colombia (FARC) to his country. Colombia's President Álvaro Uribe said on Thursday that he "deplores" the fact that Brazilian President Luiz Inácio Lula da Silva described the crisis between Colombia and Venezuela "personal matter," and that Lula is ignoring the "threat" that the presence of Colombia guerrillas deployed in Venezuelan territory represents.

"President Lula is overlooking our efforts to seek solutions based on dialogue. With all due respect for President Lula and the Brazilian government, we repeat that the only solution accepted by Colombia is that the presence of the FARC and ELN (National Liberation Army) terrorists in Venezuelan territory can not be allowed," said Uribe in a statement, as reported by AFP.

Uribe's remarks came in response to Lula's claims on Wednesday that he planned to talk to Venezuelan President Hugo Chávez, Uribe and president-elect Juan Manuel Santos to help ease tensions between Colombia and Venezuela after the rupture of relations.

The Brazilian president is expected to visit Chávez in Caracas next August 6. The following day he is expected to attend the inauguration of Santos.

### **Colombian FARC rebels call for talks with new president**

Colombia's largest left-wing rebel group, the Farc, says it is willing to talk to the new Colombian government of President-elect Juan Manuel Santos.

The Farc leader known as Alfonso Cano said the Marxist rebel group was willing to search for a political solution to the 46-year-old conflict.

A spokesman for Mr Santos said the government was prepared to talk to the rebels, providing they downed arms and released all the hostages they hold.

Mr Santos takes up office on 7 August.

Common ground?

Alfonso Cano, whose real name is Guillermo Leon Saenz, appeared in a videotaped message broadcast by the Arabic news channel al-Jazeera and posted on a Farc website.

In the 36-minute recording, Alfonso Cano said the Marxist group was looking for a political way out of the armed conflict.

"Between all of us, we have to find common ground and, with the input of a majority of Colombians, we have to identify the difficulties, the problems and contradictions, and create perspectives and a way out of the armed conflict," he said.

But he was also critical of the new government of Juan Manuel Santos, elected last month with a convincing majority.

"The success of Juan Manuel Santos this past 20 June guarantees political and strategic continuity for the Colombian oligarchy," he said referring to Mr Santos's long-standing political connections.

The president-elect, who served as defence minister under the current president, Alvaro Uribe, comes from an influential Colombian family.

His great-uncle, Eduardo Santos, was president from 1938 to 1942, and his cousin, Francisco Santos, is the current vice-president.

As defence minister, Mr Santos was instrumental in carrying out the so-called "democratic security policy", aimed at increasing the presence of the security forces throughout the country and driving back the Farc.

In the video, Alfonso Cano does not mention any of the setbacks the Farc have recently suffered.

Last month, the Colombian military rescued four members of the security forces who had been held by the rebel group for almost 12 years.

During the past eight years, Farc numbers have dwindled and many of their top leaders have died or been killed, prompting the Colombian military to say they have reached "the end of the end game".

Alfonso Cano himself only took over the Farc leadership after the death of Manuel Marulanda in 2008.

Mr Cano said the Farc did not enjoy war and asked the Colombian government to stop "forcing us to take up arms".

"We want to create an egalitarian society through political means," he added.

#### Diplomatic impasse

But he also warned that if the Colombian government continued its military offensive, the Farc would have "no other option but to continue the armed struggle" until their objectives had been met.

During the past eight years, there has been no dialogue with the rebels, as President Alvaro Uribe ruled out talks unless the guerrillas agreed to lay down their arms.

The Farc video comes amid a diplomatic crisis between Colombia and Venezuela following charges that some 1,500 Farc guerrillas are using Venezuelan territory as a haven.

#### **Colombia accuses Venezuela of boycotting UNASUR's final declaration**

The foreign ministers of the Union of South American Nations (Unasur) failed to overcome the diplomatic crisis between Venezuela and Colombia

The Colombian government has accused the Venezuelan authorities of boycotting a final declaration adopted by consensus in the summit of Unasur's foreign ministers held on Thursday in Quito to discuss the crisis between the two countries. The meeting ended with no agreement.

"We agreed on a final declaration which had been virtually adopted by all (member countries)," which included Colombia's request to establish a "mechanism for effective cooperation and monitoring" of the alleged presence of guerrillas in Venezuela, Colombian Foreign Minister Jaime Bermúdez told several radio stations on Friday, Efe reported.

However, "Venezuela changed its mind at the last minute, when all the foreign ministers had agreed on an official position," Bermúdez said.

#### **Colombian president-elect tells rebels to stop violence**

One week before he takes office, Colombia's president-elect Juan Manuel Santos on Saturday took up FARC's offer of a dialogue, but said the leftist rebels must first stop all hostilities and release their hostages.

"The government of Juan Manuel Santos has not closed the door to peace, but we're demanding that the guerrillas release all the people they've kidnapped, stop their terrorist activities... and free the children they've recruited by force," vice president-elect Angelino Garzon told reporters.

A former labor minister and union leader, Garzon said he was responding on behalf of Santos to the offer of dialogue that Revolutionary Armed Forces of Colombia's top commander Alfonso Cano made in a videotaped message on Friday.

FARC, Colombia's oldest and strongest leftist rebel group, was hoping the Santos administration would signal a break with eight years of a tough, anti-rebel crackdown by President Alvaro Uribe, who ends two terms in office on August 7.

Uribe has staunchly refused to meet FARC's conditions for a dialogue and Santos, who as defense minister under Uribe was instrumental in dealing with the group, vowed during his election campaign to continue Uribe's anti-rebel stance.

FARC's proposal and Santos's response comes amid a diplomatic crisis between Colombia and Venezuela over Bogota's charges that some 1,500 FARC and National Liberation Army (ELN) guerrillas are using Venezuelan territory as a haven.

Venezuela denies the charges and has broken diplomatic relations with its neighbor.

Meanwhile, at least four police officers and one soldier died Saturday during a FARC ambush in Solita, a town 690 kilometers (430 miles) south of Bogota, a local government spokesman said.

### **Colombia says it never thought to attack Venezuela**

Colombia rejected on Saturday accusations by Venezuelan President Hugo Chavez that Bogota was planning to attack neighboring Venezuela, saying the socialist leader was deceiving his people with such charges.

The Andean countries have faced off over allegations by Bogota that Chavez's government harbors Colombian rebels in camps in Venezuela. Chavez said on Friday he had sent troops to repel a possible Colombian assault. (Reuters)

### **Venezuela positions troops along Colombian border**

Caracas—Venezuelan troops were in position along the Venezuela-Colombia border Saturday after President Hugo Chavez ordered their deployment and accused his outgoing Colombian counterpart of being “capable of anything.” Chavez broke off diplomatic relations with Colombia on July 22, one week after outgoing Colombian President Alvaro Uribe accused Venezuela of harboring 1,500 leftist Colombian rebels in its territory, a charge Chavez has strongly denied.

“We’ve deployed military units, air force, infantry, but quietly because we don’t want to upset anybody, the population,” Chavez told state-run VTV television in a telephone interview. The leftist leader did not say how many troops and exactly what military ordnance was involved in the move. “Uribe is capable of anything in these last days” before he leaves office on August 7, said Chavez. “This has become a threat of war and we don’t want war,” added Chavez, who had also threatened to cut off oil supplies to the United States if it backed an attack by Colombia, its chief ally in the region.

Last Sunday the president cancelled a trip to Cuba, claiming the risk of a Colombian attack had never been greater. The Colombian Air Force on Friday said it would set up an air base in Yopal, in eastern Casanare department, to keep an eye over the border area with Venezuela and take on Colombian rebel forces in the region. The air base will also be tasked with protecting crude oil

installations in the region and also with “fighting the different drug trafficking groups in that part of the Colombian territory,” the air force statement said.

Uribe and Chavez have often been at loggerheads in the past. In November, Chavez broke off diplomatic relations over a US-Colombian military base agreement he said was a threat to regional stability. Chavez also did some sabre-rattling at the time. In their latest tussle, Colombia took its accusations to the Washington-based Organization of American States (OAS) on July 22, while Venezuela earlier this week went before a foreign ministers’ meeting of regional body Unasur, the Union of South American Nations, which called for a presidential summit to try to resolve the crisis. Venezuelan Foreign Minister Nicolas Maduro on Tuesday said there was a possibility things could be patched up between Caracas and Bogota when Colombian president-elect Juan Manuel Santos takes over from Uribe next week.—AFP

### **Colombia looks for Indian investments**

Business process outsourcing (BPO), information technology, biofuel, hospitality, packing and agro chemical would be some of the key areas where Colombia would look for Indian investments, according to a senior official from the Embassy of Colombia.

“We have vast resources of coking coal and we are inviting Indian companies to invest in our country. We are also open to investment in mines either by way of mergers, acquisition, or joint venture with Indian companies.

“This apart, BPO, IT, biofuel, hospitality, packing and agro chemical will be the key areas of focus,” said Mr Alejandro Pelaez, First Secretary (Commercial), Embassy of Colombia.

Colombia would look at importing machinery and tools for its food processing, mining and agri-business segments from India, Mr Pelaez said, while talking at an inter-active session on India-Colombia bilateral trade organised by the Merchants' Chamber of Commerce here on Wednesday.

The Kalyani Group was scouting for a coking coal mine in Colombia, he said.

“They are looking for a coking coal mine in the Andean region; they are conducting a research on the available reserves in various locations,” he added.

The bilateral trade between the two countries grew by about 109 per cent at \$813 million in 2009-10, against \$388 million during 2008-09. India's main exports to Colombia were motorcycles, auto parts, organic chemicals, pharmaceuticals and threads and cotton textiles.

Colombia's exports to India jumped to \$449 million in 2009-10, from \$17 million in 2008-09. Oil, coal, sugar, candies, wood, furniture, petrochemicals, iron and nickel were the key products of export from Colombia into India, according to Mr Juan Alfredo Pinto Saavedra, Colombian Ambassador.

### **Colombian president delivers farewell speech**

Colombian President Alvaro Uribe delivered his last speech to the nation Thursday, two days before his second term ends.

In the 16-minute televised speech, Uribe compared his work during his eight years in office as growing seeds, one of them being convincing the country that security was possible.

The president said another seed he left was convincing the country Colombia is able to make social progress that was manifested in reality rather than speeches.

In addition, Uribe believed that Colombia should continue to attract regional investment to create more jobs.

He thanked different departments of the government and the international community for supporting him during his two terms in office.

Uribe also asked his countrymen to forgive his mistakes and failures that may have occurred under his watch.

He urged Colombians to support his successor, Juan Manuel Santos, his former minister for national defense.

Uribe was elected president of Colombia in 2002 and re-elected for a second term in 2006, becoming the first president to be consecutively re-elected in Colombia in more than a century.

Uribe's supporters had sought an amendment to the constitution that would have allowed him to run for a third term, but the Constitutional Court of Colombia rejected the proposal in a 7-2 ruling on Feb. 26, 2010.

The Colombian presidential election of 2010 took place under a two-round system with an initial vote held on May 30 and a second poll held three weeks later on June 20.

Since no candidate garnered a majority of the votes in the May 30 poll, Santos of the Social Party of National Unity and Antanas Mockus of the Green Party competed in a runoff election, in which Santos won a landslide victory with 69 percent of the votes.

The president-elect will be inaugurated on Saturday. A recent poll showed he would start with a 76 percent popularity rating.

## **Detailed Report/Mexico**

### **US closes consulate in violence-hit Mexican border city**

Mexico City (AFP) – The United States has closed its consulate in the Mexican border city of Ciudad Juarez to carry out a security review amid spiraling drug gang-related violence, officials said Friday.

The indefinite shutdown of the facility comes after the fatal shootings in March of three people linked to the US consulate in Ciudad Juarez, Mexico's notorious crime capital.

"The US consulate general in Ciudad Juarez has closed to review its security posture," said a statement released by the US embassy in Mexico City.

"The facility will be closed all day on Friday, July 30, and remain closed until the security review is completed."

US officials added: "American citizens are advised avoid the area around the consulate general until it reopens."

In Washington, State Department spokesman Philip Crowley told reporters that the consulate was closed because "there is some threat information that we've received that we're evaluating." But "it's hard to know" whether the threat information concerns the broad area around the consulate or is "more specific to the consulate itself," Crowley added.

He described the consulate as "a very significant facility for" the United States as it is a "major component of our ability to process these (visa) applications for Mexicans wishing to come to the United States."

Mexico has been gripped by drug-related bloodshed since President Felipe Calderon launched a military clampdown on the country's powerful drug gangs after taking office in December 2006. In March this year gunmen killed Lesley Enriquez, an American working at the consulate, her American husband Arthur Redelfs, and Jorge Alberto Salcido, the Mexican husband of another US consular employee, in ambushes just minutes apart after they left a birthday party in the Mexican city.

US and Mexican investigators said they suspected members of the Los Aztecas gang of carrying out the hit.

Some 25,000 people have died in drug violence since 2006, including 7,000 this year alone, particularly in towns and cities near the US border.

A top leader of Mexico's Sinaloa drug gang, Ignacio "Nacho" Coronel, was killed Thursday while resisting arrest in a military raid in the western Mexican city of Guadalajara, the defense ministry said.

Separately the bodies of 15 people, many bearing marks of torture and bullet wounds, were found Thursday along a road in northern Mexico near the US border, an official said.

### **Top drug lord killed in gun battle with soldiers in major blow to Mexico's most powerful cartel**

The death of Coronel on Thursday is the biggest strike yet against Sinaloa cartel led by Joaquin "El Chapo" Guzman - Mexico's top drug lord - since President Felipe Calderon launched a military offensive against drug traffickers in late 2006.

Mexico City: The Mexican army has announced that one of the top three leaders of Mexico's most powerful drug cartel, Ignacio "Nacho" Coronel, was killed in a gun battle with soldiers.

The death of Coronel on Thursday is the biggest strike yet against Sinaloa cartel led by Joaquin "El Chapo" Guzman - Mexico's top drug lord - since President Felipe Calderon launched a military offensive against drug traffickers in late 2006.

The US Drug Enforcement Administration called Coronel's death "a crippling blow" to the Sinaloa cartel.

According to the FBI, which offered a \$5 million reward for Coronel, he was believed to be "the forerunner in producing massive amounts of methamphetamine in clandestine laboratories in Mexico, then smuggling it into the US."

### **Chinese, Mexican FMs agree to promote ties**

Mexico City - Chinese Foreign Minister Yang Jiechi and his Mexican counterpart Patricia Espinosa agreed here Thursday to enhance strategic cooperation between their countries.

During the talks, the two highly appreciated the healthy growth of the 7-year-old China-Mexico strategic partnership, and concurred that strengthening bilateral strategic cooperation will significantly contribute to the development of both countries.

Meanwhile, as both China and Mexico are large developing countries and key members of multilateral international organizations, a stronger link between them is also of great significance to the political multi polarization and the democratization of international relations, they stressed. In order to deepen their strategic cooperation, the two sides agreed to continue conducting high-level exchanges and enhancing political mutual trust, and to further improve the mechanism of

the China-Mexico Permanent Binational Commission to better plan and facilitate their joint causes in various fields.

Meanwhile, the two top diplomats underscored the need to further expand mutual investment and broaden cooperation on trade, agriculture, infrastructure construction, tourism and people-to-people exchange.

The two countries should also consolidate communication and coordination under international frameworks, such as the United Nations and the Group of 20 major economies, so as to create a stronger voice for and defend the interests of developing countries, they said.

China supports Mexico in hosting a climate change summit later this year, said Yang, adding his country is ready to help achieve sound progress at the conference in line with the principle of "common but differentiated responsibilities."

The two sides are also committed to promoting the dialogues and cooperation between China and Latin American countries, said the two foreign ministers.

Yang and Espinosa jointly presided over the opening ceremony of the fourth meeting of the Mexico-China Permanent Binational Commission, a high-level platform for the two countries to discuss their cooperation in various fields.

Over 150 delegates from both countries are expected to attend the two-day talks, whose previous three sessions took place in 2004, 2006 and 2008.

### **Mexico, Chile recognize Honduran government**

Mexico City -- Mexico and Chile are formally recognizing the government of Honduran President Porfirio Lobo a year after his predecessor was ousted by a military-backed coup.

Mexico's Foreign Relations Department said Saturday in a statement that it will send its ambassador back to Honduras next week.

The department took into account a recent report commissioned by the Organization of American States that found "significant advances on the part of the government and other Honduran actors to deal with the main problems that came about after the coup," according to the statement.

Late Friday, Chilean Foreign Minister Alfredo Moreno said his nation's ambassador would also return to Tegucigalpa. He did not specify when.

Former Honduran President Manuel Zelaya was seized at gunpoint by soldiers and flown out of the country on June 28, 2009. Soon after, several Latin American governments withdrew their ambassadors in protest and to push for Zelaya's reinstatement.

Lobo won office in November in a vote that was scheduled before the coup, though critics of the interim government said the campaign was conducted in a climate of fear that precluded a fair election.

A year later, nations such as Brazil, Argentina, Venezuela and Nicaragua refuse to recognize Lobo's legitimacy.

Former Chilean President Michelle Bachelet, a socialist, was in charge when her nation pulled its ambassador; she was succeeded by the conservative Sebastian Pinera in March.

Zelaya is currently living in exile in the Dominican Republic.

### **Drug lord's death hits Mexico cartel**

Mexico City — The killing of a top leader of the Sinaloa cartel in a raid on his hide-out has dealt the biggest blow yet to Mexico's most powerful drug gang since President Felipe Calderón launched a military offensive against organized crime in 2006.

Ignacio "Nacho" Coronel, a reputed founder of Mexico's methamphetamine trade, was gunned down late Thursday trying to escape soldiers in the western city of Guadalajara. Mexican authorities say he fired on soldiers as helicopters hovered overhead and troops closed in.

Coronel was a close associate of Mexico's most wanted man, Sinaloa cartel leader Joaquin "El Chapo" Guzman, and was number three in the organization after Ismael "El Mayo" Zambada.

"Nacho Coronel tried to escape, and fired on military personnel, killing one soldier and wounding another," General Edgar Luis Villegas said at a news conference in Mexico City. "Responding to the attack, this 'capo' died."

The raid "significantly affects the operational capacity and drug distribution of the organization run by Guzman," he added.

The US Drug Enforcement Administration described Coronel as a major trafficker who was "directly responsible for the deaths of hundreds of people," and called his death "a crippling blow" to the Sinaloa cartel.

In an unrelated development, the United States closed its consulate in the Mexican border city of Ciudad Juárez on Thursday, pending a security review. The unexpected decision was made months after drug gangs killed three people tied to the consulate.

Coronel was killed amid persistent allegations that Calderón's administration appeared to be favoring the Sinaloa cartel, or not hitting it as hard as other drug gangs.

Those allegations have drawn angry denials from the president and his top law enforcement officials, who point to the 2009 arrest of Vicente “El Vicentillo” Zambada — the son of Ismael Zambada — as proof they were going after the gang.

Coronel’s death was also the biggest strike against Mexican cartels since drug lord Arturo Beltran Leyva and six of his bodyguards were killed in a Dec. 16 raid by Mexican marines in the central city of Cuernavaca. Beltran Leyva, whose gang was once allied with the Sinaloa cartel, had become an enemy of Guzman’s organization by the time of his death.

The mysterious Coronel was believed to be “the forerunner in producing massive amounts of methamphetamine in clandestine laboratories in Mexico, then smuggling it into the US,” according to the FBI, which offered a \$5 million reward for the 56-year-old.

Coronel allegedly controlled trafficking through the Mexican states of Jalisco, Colima, and parts of Michoacán — the “Pacific route” for cocaine smuggling.

“The scope of its influence and operations penetrate throughout the United States, Mexico, and several other European, Central American, and South American countries,” according to an FBI statement.

During Thursday’s raid, soldiers appeared to search at least two homes and arrested Francisco Quinonez Gastelum, alleged to be Coronel’s right-hand man and the only associate allowed to accompany him to his mansion.■

### **Drug war's death toll in Mexico: 28,000 killed since 2006**

Mexico City — More than 28,000 people have been killed in drug violence since President Felipe Calderon launched a crackdown against cartels in 2006, a government official said Tuesday.

Intelligence agency director Guillermo Valdes also said authorities have confiscated about 84,000 weapons and made total cash seizures of \$411 million in U.S. currency and \$26 million worth in pesos (330 million pesos).

Valdes released the statistics during a meeting with Calderon and representatives of business and civic groups. Attendees are exploring ways to improve Mexico's anti-drug strategy.

Drug violence in Mexico "is still growing," Valdes said.

The most recent official toll of the drug war dead came in mid-June, when the attorney general said 24,800 had died. He did not specify a time frame.

The government does not regularly break down murder statistics, but leading newspapers who kept their own counts say last month was the deadliest yet under Calderon: According to national daily Milenio, 1,234 were killed in July.

The Mexican government says most victims were involved in the drug trade.

Kingpin's death could mean more violence

One of the world's most powerful drug cartels took a major hit last week when soldiers killed a top kingpin in a gunbattle, and his death will likely mean more violence as factions fight for the cocaine and methamphetamine empire that he left behind.

The death of Ignacio "Nacho" Coronel during an army operation also challenges a long-held notion that Mexican government officials at the highest levels have been helping the Sinaloa cartel win the drug war. Coronel was the No. 3 of the gang led by Joaquin "El Chapo" Guzman, Mexico's most-wanted drug lord.

The attack was an exclusively Mexican operation, unlike other recent raids targeting top drug lords that have relied on U.S. intelligence, Mexican and U.S. officials said Friday. After months of intelligence work, the Mexican army zeroed in on Coronel at his mansion Thursday in a ritzy suburb of Guadalajara.

"I absolutely believe that this will have an impact on ... the Sinaloa federation's capability to move their drugs, at least in the short term," said Dave Gaddis, deputy chief of operations at the U.S. Drug Enforcement Administration. "They will require time to rebuild."

Continuing the raids Friday, soldiers killed Coronel's nephew, Mario Carrasco Coronel, in a shootout in the suburb of Zapopan.

Mexico's Defense Department said in a statement that Carrasco Coronel was one of his uncle's possible successors. He opened fire on soldiers, wounding one, before he was killed, the department said.

\$5 million U.S. bounty on his head

The elder Coronel, who had a \$5 million U.S. bounty on his head, is considered one of the founders of Mexico's methamphetamine trade, building clandestine laboratories in the country and smuggling the drug into the United States. He controlled meth and cocaine trafficking routes that extended from Mexico's Pacific coast and inland up to Arizona.

Gaddis said a battle over who will control those routes next is "a distinct possibility." Sinaloa cartels rivals are already thought to be encroaching into some of the territory that Coronel dominated, including the Pacific port of Manzanillo that has been a major entry point for meth precursor chemicals, he said.

"It would be reasonable to suspect that either a new trafficking group or components of the current Sinaloa drug trafficking organization would try to take over the area that he once controlled," Gaddis said in an interview with The Associated Press. "And that may spawn some resistance from people he has worked for."

And experts said Coronel's death would not mean the imminent destruction of the Sinaloa cartel, which some U.S. law enforcement officials believe has become the most powerful drug trafficking organization in the world.

Mexican police once captured "El Chapo" Guzman himself, only to see him escape from a high security prison in a laundry truck. He has since become one of the world's richest men and Forbes magazine even listed him as one of the "World Most Powerful People." U.S. law enforcement officials say he has won control over trafficking routes in Ciudad Juarez after a bloody fight with the Juarez cartel in the border city.

Sinaloa cartel forms alliances vs. Zetas

Most recently, the Sinaloa cartel co-opted several other cartels into an alliance to destroy the Zetas gang. That could help Sinaloa keep control of the southern Pacific trafficking routes that Coronel ruled, said George Grayson, an expert on Mexico's drug war at the College of William & Mary in Virginia. One of Sinaloa's new allies — La Familia — has a growing presence in the so-called Pacific route, he said.

"It's a blow but it's not a knock out punch," Grayson said.

President Felipe Calderon's government has brought down several kingpins since he deployed thousands of troops in 2006 to fight traffickers at their strongholds.

Those victories have nearly always unleashed waves of violence that have terrified ordinary citizens and sapped popular support for Calderon's drug war, an effort supported by millions of dollars in U.S. aid for equipment and training. Nearly 25,000 people have been killed by drug violence during Calderon's government.

Cartels have fought back with brash attacks against security forces and even their families. In December, hit men gunned down the mother, aunt and siblings of a marine killed in a raid that took out kingpin Arturo Beltran Leyva. And Leyva's death opened a new front in the drug war, turning the picturesque central town of Cuernavaca into a bloody battleground for control over his cartel.

This time, the army was careful not to reveal the name of the only soldier killed in the raid on Coronel's home.

Government subdued after capo's death

The government was subdued in victory, making no immediate comment beyond the initial announcement that the capo was dead. Defense Department officials said the government did not want to compromise the safety of its security forces or compromise its intelligence strategies by discussing the attack.

Calderon — who at the time of the operation had been attending a public event just miles away in the same Guadalajara suburb — made no public appearances Friday. This, even though Coronel's downfall gives him ammunition against those who have long alleged that the Sinaloa cartel is protected by top government officials.

Coronel's death "does lay that perception to rest," Grayson said.

The insinuations have come from Mexican analysts, politicians from Calderon's own National Action Party and countless banners put up by rival gangs. Scandals ensnaring top officials have fueled the suspicions.

In May, the newspaper Reforma reported that secret police documents containing the names and contact numbers of federal officers were found in the car of an associate of "El Chapo" Guzman. The government never confirmed or denied the report. Two years ago, Mexico's former anti-drug czar and several other high-ranking officials were arrested for allegedly protecting the Beltran Leyva gang, which at the time was allied with the Sinaloa cartel.

The suspicions have increasingly provoked violence against government security forces, including a July 15 car bomb that killed a federal police officer and two other people in Ciudad Juarez. The Juarez cartel claimed responsibility for the bomb and threatened more attacks against unless federal police who protect the Sinaloa cartel are arrested.

Washington discounts insinuations about Calderon

Washington officials have always dismissed insinuations that Calderon favors any cartel.

"The government of Mexico has given full attention to combatting the drug trafficking threat from the Gulf cartel, the Beltran Leyva organization, the Sinaloa or Pacific organization, La Familia Michoacana all equally," Gaddis said.

And Calderon has always insisted that he is aggressively trying to root out corrupt officials who protect any criminals. Two months ago, Mexican marines arrested the captain of Manzanillo — the port where Coronel brought in many of his meth shipments — on charges of drug trafficking ties.

Mexico's military made clear they had long been learning details that proved crucial to bringing Coronel down, including his habit of traveling with only one bodyguard, Iran Francisco Quinonez, who was captured in the raid.

Coronel and Quinonez were the only ones in the house when soldiers stormed in, backed by helicopters hovering overhead. The army said Coronel grabbed a gun and opened fire, provoking a shootout in which he and the soldier were killed.

### **Mexico Added More Than 45,000 Formal Jobs in July, Led by Retail, Services**

Mexico created 45,697 formal jobs in July as employers in the retail, manufacturing and services industry added positions, Finance Minister Ernesto Cordero said.

Total job creation in the first seven months of the year numbered 559,070, Cordero said today in a presentation to lawmakers in Mexico City.

Former Mexican Economy Minister Gerardo Ruiz Mateos said in an interview June 29 that the country will create 750,000 formal jobs this year as the economy rebounds from a recession and foreign direct investment increases. The estimate would beat the central bank's forecast last month of 525,000 to 625,000 new positions.

"Our country is in a process of solid economic recovery," Cordero said. "The proof of this is that in July it registered a net growth in jobs, just as in all other months of 2010."

Formal jobs are registered with the social security institute.

Latin America's second-biggest economy is recovering from a 6.5 percent contraction last year, the biggest slump since 1932. The central bank forecasts growth of 4 percent to 5 percent this year.

## **Detailed Report/Venezuela**

### **Venezuela borrows USD 4 billion from China**

Vice-President Elías Jaua specified that it is the first installment of a loan granted by China for about USD 20 billion

Venezuela is to receive USD 4 billion from China as the first installment of a long-term funding facility executed some months ago, Venezuelan Vice-President Elías Jaua said on Thursday, without specifying the date of delivery.

President Hugo Chávez reported on April that his government would get a loan from the Asian giant for about USD 20 billion, for major national development projects, Reuters quoted.

"Firstly, the first outlay of this long-term, high-level funding facility has been agreed (...) The first installment entails about USD 4 billion," Jaua told reporters on leaving a bilateral business

round.

The senior officer specified that the instrument is composed of approximately USD 10 billion; the remainder will be denominated in Chinese yuans.

### **FM Maduro: Venezuela suffers "serious threats" from Colombia**

Venezuela's Foreign Minister Nicolás Maduro rejected the "infamous attacks, manipulations and lies from the outgoing Colombian government against Venezuela's integrity, institutions and President Hugo Chávez"

Since Venezuela is suffering "serious threats" from Colombia, it suggested "to take again" the road to peace with leftist guerrilla groups in Colombia, said Nicolás Maduro, the Venezuelan Minister of Foreign Affairs, before a meeting with his counterparts of the Union of South American Nations (Unasur) in the Ecuadorian city of Quito.

Maduro stressed that Venezuela requested to the Pro Tempore presidency of Unasur, which is held by Ecuador, to call an emergency meeting with the foreign ministers of the region "to address the serious threats and attacks that we have received in recent days," from the government of President Álvaro Uribe.

There have been "infamous attacks, manipulations and lies from the outgoing Colombian government against Venezuela's integrity, institutions and President Hugo Chávez," the Venezuelan Foreign Minister told reporters upon his arrival in Quito.

### **He was cautious about Colombia's allegations**

"There is room for improved cooperation," he said, adding that if confirmed by the Senate he would increase contacts with members of the civil society in both countries to find "common ground on which to cooperate"

Larry Palmer, the US ambassador-designate to Venezuela, disclosed in a hearing at the Senate Foreign Relations Committee the priorities of his mission in Venezuela. Palmer said that a key component of his work would include support for human rights, and democratic freedoms in Venezuela.

"If confirmed, a key component of my work will include support for democracy, human rights, and fundamental democratic freedoms," Palmer stressed, as reported by AFP.

"There is room for improved cooperation," Palmer said in the hearing. He added that if confirmed by the Senate he would increase contacts with members of the civil society in both countries to find "common ground on which to cooperate."

"In case of nationalizations, I will work with the Venezuelan government to fulfill its obligations to provide adequate compensation for any expropriations," Palmer stressed.

In a cautious tone, typical of US diplomats who have not yet been confirmed in their posts, Palmer referred to Colombia's claims that 1,500 leftwing rebel troops are hiding in Venezuelan territory. ""We do support the call of the OAS to dialogue." He hoped that Venezuela and Colombia can "settle their differences" peacefully.

### **Venezuela to protect Colombian refugees**

The Venezuelan government will protect Colombian refugees currently living in Venezuela despite its diplomatic spat with Colombia, the Venezuelan National Commission for Refugees said Thursday.

Idelfonso Finol, president of the commission, said his country broke off relations "with the Colombian government, not the Colombian people." He said that Venezuelans and Colombians were brothers sharing a common cultural and historical heritage

On July 22, Venezuelan President Hugo Chavez severed diplomatic ties with Colombia, which shares a 2,120-km border with Venezuela, after Bogota accused Caracas of harboring Colombian guerilla chiefs on its soil, a charge vehemently denied by Venezuela.

Some 350 Colombian citizens enter Venezuela every day to escape Colombia's guerillas, paramilitary activities, terrorism and drug trafficking, according to the Association of Colombians in Venezuela.

Over four million Colombians living in Venezuela have the same rights to "food, health, education, and living in peace" as Venezuelan citizens, Finol told the state-owned news agency Agencia Venezolana de Noticias.

On Thursday, Venezuelan Trade Minister Richard Canan and Food Minister Carolos Osorio said the government will guarantee the food supplies in the states bordering Colombia, including Tachira, Zulia and Apure states.

"We promise security and food to Colombian refugees," Osorio said, adding that there has been business as usual in the border areas.

## **Summit failed to resolve the crisis**

### **Venezuela's FM denies Colombian allegations of boycotting**

Nicolás Maduro said that the diplomatic meeting was not aimed “at signing a final declaration” responding to the allegations made by Colombian Foreign Minister Jaime Bermúdez, who accused Venezuela of boycotting the establishment of a verification commission. Venezuela's Minister of Foreign Affairs Nicolás Maduro said that the meeting of foreign ministers of the Union of South American Nations (Unasur) held in Quito to deal with the diplomatic crisis between his country and Colombia was not aimed "at signing a final declaration," several state-run media reported.

According to a report from the state-run news agency Agencia Venezolana de Noticias (AVN), Maduro denied claims from his Colombian counterpart Jaime Bermúdez that Venezuela had allegedly boycotted a final declaration adopted by consensus by Unasur's foreign ministers. Although "Colombia's Foreign Minister is leaving Unasur and bidding farewell to the institution, he is lying," Maduro said, as reported by Efe.

According to the report of the state-run news agency, it is unclear whether the Venezuelan foreign minister acknowledged the existence of a "final declaration."

### **Ecuador for summit to solve Colombia-Venezuela row**

Quito: Ecuador yesterday called for a presidential summit of the Unasur group of South American nations to deal with the diplomatic breakdown between Bogota and Caracas over Colombian rebels allegedly in Venezuela.

“We invite the heads of state to meet so they can directly take on and deal with the issues we’ve addressed in this meeting,” Ecuadoran Foreign Minister Ricardo Patino said after four hours of closed-door discussions with his Unasur colleagues. A leadership summit of the Union of South American Nations, he added, “will be very useful to Colombia and Venezuela in paving the road” to a peaceful resolution of their diplomatic crisis.

The Unasur foreign ministers meeting was the latest step in a diplomatic row stemming from Colombia’s claim that some 1,500 guerrillas of the Revolutionary Armed Forces of Colombia (FARC) and National Liberation Army (ELN) - both of which have been fighting Bogota for decades - are now operating from Venezuela.

Venezuelan Foreign Minister Nicolas Maduro said his government had requested the meeting to respond to the “grave threats and grave attacks” on it by the government of President Alvaro Uribe of neighboring Colombia. While accusing the Uribe government of “slander, manipulation, lies” against Venezuela and its President Hugo Chavez, Maduro said he would propose ways “we can retake the path of peace.”

Colombia's Foreign Minister Jaime Bermudez said he would appeal to his South American colleagues for help in preventing Colombian rebel forces from taking refuge in Venezuela, or elsewhere. "Colombia comes with a clear willingness to ask for an efficient cooperation mechanism so that neither the FARC nor the ELN, nor any criminal group can be present in Venezuelan territory, with the collusion of the authorities, or in any part of the world," Bermudez said. However, he said he did not have high expectations for the Unasur meeting.

Chavez broke off diplomatic relations with Colombia after denouncing its charges as a pretext for "armed aggression."

Bermudez said his country "has lots of evidence, lots of information" on the guerrilla presence in Venezuela.

Meanwhile, Brazilian President Luiz Inacio Lula da Silva announced he would travel to Caracas and Bogota on August 6 for talks with Chavez and Uribe as well as with Colombia's president-elect Juan Manuel Santos, who takes office August 7.

Uribe, however, complained that Lula was approaching the crisis as if it were merely a conflict of personalities. The Brazilian leader is "ignoring the threat for Colombia and the continent that the presence of FARC terrorists in (Venezuela) represents," he said in a statement.AFP

### **Firebombs hurled at Venezuela newspaper office**

Caracas, Venezuela (AP) -- A Venezuelan newspaper that takes a critical line against President Hugo Chavez's government says its office has been attacked with firebombs.

Carlos Hernandez is executive director of Las Noticias de Cojedes. He says no one was injured when unknown people hurled two Molotov cocktails at the building early Tuesday.

Hernandez told the local television channel Globovision there was minor damage to the structure and to a vehicle. Firefighters doused the flames.

Hernandez said the motive was unclear, but it could be due to the daily's critical stance toward the government.

In June, attackers threw firebombs at the Cadena Capriles newspaper group's office in Caracas, causing minor damage.

## **During the 39th summit of the trade bloc FM Maduro asks Paraguay to okay Venezuela's admission to Mercosur**

Minister of Foreign Affairs Nicolás Maduro said that since Venezuela joined Mercosur as an associate member in December 2004 and later, in 2006, as a full member, "the link is tighter and the relation is deeper, not only a trade relation, because Mercosur has gone as far as the Andes and the Caribbean"

Venezuelan Minister of Foreign Affairs Nicolás Maduro encouraged Paraguayan political and business sectors to welcome a request made by Venezuela and other South American countries and give their blessing to Venezuela's admission to the Common Market of the South (Mercosur).

During the 39th Summit of Heads of State of the trade bloc currently held in the city of San Juan, northeast of Argentina, Maduro made a "brotherly, candid" appeal to Paraguay to "open its heart and comprehension and look at the Venezuela of today, the Bolivarian Venezuela, which has risen from nothing, from being a colony, and has started to tackle major development issues and challenges of modern time."

The minister said that since Venezuela joined Mercosur as an associate member in December 2004 and later, in 2006, as a full member, "the link is tighter and the relation is deeper, not only a trade relation, because Mercosur has gone as far as the Andes and the Caribbean."

## **Republican Senator claims that Venezuela is harboring the FARC**

Colombia submitted to the OAS videos and photos to report that 1,500 troops of the FARC have a camp in Venezuelan territory, 23 kilometers off the Venezuela-Colombia border US Senator Richard Lugar said he is certain that Venezuela is harboring the Revolutionary Armed Forces of Colombia (FARC) in its territory and praised the work of outgoing Colombian President Álvaro Uribe.

"I think the case was already made and that is precisely what is happening, that Venezuela is harboring FARC members who remain a potential threat to the integrity of Colombia," said the Republican leader of the Senate Foreign Relations Committee, AP reported.

"I think the government of President Uribe has tried the FARC courageously and successfully, and it is understandable that it is concerned that a significant number of guerrilla troops may be living across the border in Venezuela safely and openly," said the lawmaker.

Lugar made the comments after a special session of the Senate Foreign Relations Committee, in which 14 of its 17 members agreed to recommend to the plenary session of the Senate to confirm 32 nominated ambassadors, including US envoys to Colombia, Peru, Chile and Panama. Larry Palmer, the nominated ambassador to Venezuela, was not included in the list.

Lugar told reporters he was not sure why Palmer was not on the list.

After listening to Palmer during a hearing on Friday, Republican Senator Robert Menéndez voiced doubts about the ability of Palmer to act strongly enough vis-à-vis the government of Venezuelan President Hugo Chávez.

Last month, Colombia submitted videos and photos to the OAS to report that 1,500 troops of the FARC have a camp in Venezuelan territory, 23 kilometers off the Venezuela-Colombia border.

Caracas rejected the allegations and for the first time, broke diplomatic relations with its neighbor.

### **Venezuela slams US comment on military**

Caracas (Venezuela): Venezuela has protested as “interference and interventionism” statements by the US ambassador-designate on morale in the Venezuelan military and the presence of Colombian guerrillas in the country.

The Venezuelan government “has asked for an explanation from the government of the United States before it takes a definitive decision on this matter,” the foreign ministry said on Wednesday.

The statements by Larry Palmer “constitute a serious precedent of interference and interventionism by someone who has not even set foot on Venezuelan territory,” it said.

Palmer, whose nomination to the post of ambassador to Venezuela must be confirmed by the Senate, made the statements in a written response to questions from Senator Richard Lugar, a Republican.

Palmer expressed concern about Cuba’s growing influence in the Venezuelan military as defense ties between the two countries grow.

“Professionalism in the Venezuelan Army has decreased,” he wrote.

“Most significantly, there has been a noted preference for political loyalty over professional talent. Morale is reported to be considerably low, particularly due to politically oriented appointments,” he said.

Palmer also offered the most detailed explanation yet of Washington’s view of the presence of Colombian guerrillas in Venezuela, an issue that Bogota and Caracas have been quarrelling over.

### **Venezuela's Chavez 'optimistic' over Colombia row**

Venezuelan President Hugo Chavez has said his foreign minister will attend the inauguration of new Colombian president Juan Manuel Santos.

The apparent easing of relations came two weeks after President Chavez broke off relations with Colombia.

The row erupted after Bogota accused Mr Chavez of harboring Colombian rebels.

Mr Chavez also said he was optimistic mediation efforts by Brazilian President Luiz Inacio Lula da Silva would ease tensions with Colombia.

President Lula has been encouraging President Chavez to resume dialogue with Colombia.

While President Chavez did not give any details of his discussions with his Brazilian counterpart in the Venezuelan capital Caracas, he said he had asked President Lula "to convey my greetings to the new president of Colombia".

Diplomatic stand-off

He also said that Venezuelan Foreign Minister Nicolas Maduro would attend the inauguration on Saturday of Colombian President-elect Juan Manuel Santos.

Mr Maduro has already hinted he is willing to enter into talks with the new Colombian government.

Speaking on Tuesday, he said he was confident "the diplomatic crisis could be overcome within days".

Both Mr Maduro and President Lula will be attending the inauguration of Mr Santos on Saturday.

President Chavez severed diplomatic ties with Colombia on 22 July, after Bogota accused Venezuela of tolerating Colombian rebel camps on its territory at an extraordinary session of the Organisation of American States.

The Colombian ambassador presented videos, photos and maps, which he said proved that 1,500 members of the Revolutionary Armed Forces of Colombia (Farc) and National Liberation Army (ELN) were operating inside Venezuela.

President Chavez angrily denied the accusation.

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