

BUSINESS AND POLITICS IN THE MUSLIM WORLD

News Monitoring Report No. 132 on Latin America

Reference period: Aug.06-13, 2010

Presentation: Aug. 18, 2010

Usman Choudry

Argentina

News Headlines

Political Issue

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

- High prices lift hopes for Argentina's wheat crop

Geostrategic Issues

- Argentina Inks Deal to Build Gas Pipeline From Bolivia to Salta
- China May Soon Lift Curbs on Imports of Argentine Soy Oil, Ambassador Says

Brazil

Political Issue

- Lula pledges to work for developing countries after retirement
- Is José Serra Campaigning in Washington or in Brazil?

Economic Issue

- Brazil's Finance Ministry Raises 2010-2014 GDP Forecast to 5.7% From 5.5%

Social/Humanitarian Issue

Food, Environment and Energy Issue

- Brazilian government says Amazon deforestation down sharply in June, continuing recent trend

Geostrategic Issues

- Lula to address the Colombian issue with Chávez
- S America-Africa meeting opens to discuss closer ties
- Lula, Chavez, Kirchner talk on Colombia-Venezuela relations
- Paraguay's president to seek cancer treatment in Brazil
- Brazil says FARC issue Colombia's internal affair

Chile

Political Issue

- Chile to Straddle Line between Rich and Poor Nations

Economic Issue

Social/Humanitarian Issue

- New cave-in cumpers Chilean mine rescue, president shortens Colombia visit
- No quick rescue for trapped Chile miners - minister

Food, Environment and Energy Issue

Geostrategic Issues

- Chile calls for int'l aid to rescue trapped miners

Colombia

Political Issue

- Juan Manuel Santos sworn in as Colombian president

Economic Issue

- Santos Inherits Country of Economic Contrasts

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

- US government to support closer ties between Santos and Venezuela
- Colombian president-elect, Chinese envoy vow to advance bilateral ties
- Uribe uses Twitter to ask Chávez to stop insults
- Colombia, Venezuela leaders to meet today
- Venezuela, Colombia seek to patch up relations
- Chávez wants to build peace with Colombia
- Ecuador blames Uribe for damaging Ecuador-Colombia ties
- Brazil says FARC issue Colombia's internal affair
- Venezuela and Colombia Restore Diplomatic Ties after Scandal

Mexico

Political Issue

- Former Mexico President Supports Legalizing Drugs
- Mexican president plans new money-laundering measures, open to changing drug war strategy
- Mexican Government Switches Focus On Drug War
- Mexicans Continue Support for Drug War

Economic Issue

Social/Humanitarian Issue

- Mexico drug cartels thrive despite Calderon's offensive
- Mexico soldiers arrest eight gunmen

Food, Environment, Health and Energy Issue

- Mexican negotiator urges climate talk compromises
- Mexico extends health insurance coverage
- Mexico to strengthen health cooperation with China: minister

Geostrategic Issues

Venezuela

Political Issue

- Venezuela again stopped at Mercosur's door
- Hugo Chávez's Twitter habit proves a popular success
- Venezuelan ex-general who denounced Cuban influence in military faces investigation

Economic Issue

- Chavez: Venezuela's economy soon to recover

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

- Chavez optimistic on Silva's help in Colombia spat
- Venezuela's FM to attend inauguration ceremony of new Colombian president
- Colombia accuses Chavez of "crimes against humanity"
- Hugo Chavez wants new US ambassador
- Colombia's Santos offers direct talks to Chavez of Venezuela
- Venezuela acquiring Russian submarines
- Four items in Chávez-Santos agenda
- Venezuela praises Unasur's mediation role in Colombia row

Report Summary/Argentina

Political Issue

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

US department of agriculture said Argentina's wheat export will be doubled from this year which was decreased in last years due to draught in the country and soy was seeded in heavy amounts. Argentina has seeded soy in heavy amounts in last few years and exported as Argentina became the largest exporter of soy in the world. But now the government is going to focus on wheat crop due to its heavy demand and increasing rates in the world. Chinese ambassador to Argentina has also said that China is going to lift sanctions on Argentinean soy very soon but he did not mention the time.

Geostrategic Issues

Government of Argentina has signed an agreement with the government of Bolivia by which Bolivian government will supply 27 million cubic natural gas in a day to the northern province of Salta. Argentine government said this 32 kilometer pipeline will take \$47 million and will be completed in May 2011. It is also said that this will provide natural gas to more than 1.5 million people living in 163 residential areas in the provinces of Chaco, Corrientes, Formosa, Misiones, Santiago del Estero and parts of northern Santa Fe.

Report Summary/Brazil

Political Issue

It is said PSDB candidate for residential elections of October Mr. Serra is going totally against the Lula's policies. He strictly opposed Lula's meddling in Colombia – Venezuela relations and US – Iran relations. He said Colombia is right as it has given proofs of FARC presence in Venezuela as their laptops and cell phones are found from Venezuelan territory which also provides date of their presence in laptops that they are in Venezuela and struggling to weaken Colombian government from Venezuela. He also said Brazil should not indulge itself in US – Iran affairs as it is their matter. Serra's statement is criticized by the public and said he is speaking United States' language.

Economic Issue

Finance ministry of Brazil said the economy of Brazil is expected to grow in the second quarter of this year but not like first quarter. In the first quarter economic growth was expected 5.5 percent but the growth went till 9 percent that is a huge increase but in this year it may not increase like this but as a normal growth that may be 5.7 percent. The abnormal growth in the first quarter was 9 percent that was the fastest growth in last 15 years.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Brazilian government said the deforestation rate decreased quite quickly in June and deforestation is decreased till 49 percent in this year. It is said the sudden decrease in deforestation is due to enforcement of the better environmental policies from the government.

Geostrategic Issues

Brazilian president Mr. Lula is going to pay visit to Caracas and then he will go to Bogota to attend the ceremony of newly elected president Santos. He will discuss on the Colombia Venezuela dispute with both presidents and to find the solution then he will sign some agreements on trade, agriculture, housing and financing etc.

Africa and South American (ASA) countries' summit held in Venezuela that was attended by the Brazilian president who said not only North is towards development but Southern countries are also moving towards development gradually. UNASUR president and the former president of Argentina Mr. Nestor Kirchner said on the behalf of all South American countries this summit is to bring closer to the African and South American countries and to promote their interests with each others. He also said Argentina and Brazil are here for meddling between two neighboring countries. President Lula also said in the summit that he will dedicate himself for the developing countries of the world after his retirement from the office in the end of this year.

President Lula said in Sao Paulo with Salvadorian president in a press conference that FARC is Colombia's internal matter so on the bases of this Colombia should not blame Venezuela and should not break relationships with Venezuela. He also said if Colombia needs Argentina or Brazil's help we shall provide help against FARC in Colombia.

Report Summary/Chile

Political Issue

Chile's entrance in the Organization for Economic Cooperation and Development (OECD) has become a trouble for it as all 120 members countries in United Nations remain divided to solve this issue. Chili also want to be the member of G-77 along OECD but some African members like Nigeria and Tanzania has challenged its membership in OECD. These two countries are of the argue that Chile cannot hold two memberships of OECD and G-77 that are both organizations of rich nations. In 1994 and 1996 Mexico and North Korea had to leave the membership of G-77 to join OECD so these two African nations wants Chile's membership only with one group but the chairperson of OECD has said there is no such rule that if a country has joined one group then he cannot join second.

Economic Issue

Social/Humanitarian Issue

Chilean president went to Colombia to attend the formal ceremony of newly elected president Santos but just after a few he had to leave Colombia when he received a message from Chile that 33 copper mine workers died in the mine. He shortened his visit and came back to Chile and met with the families of the died workers and observed the rescue work there at the spot. Chile's copper reserve is over 200 million tons, almost one third of the world's reserve. Chile's mine minister said three days have past in drilling and to find the 22 workers so it may take a week more to reach them.

Food, Environment and Energy Issue

Geostrategic Issues

President Pinera has also asked for help from the international community who are expert in mining and have latest equipments as Peru, Australia, Canada and United States. President Pinera said the workers had gone in the deep side of mine so Chilean rescue workers are facing difficulty to get access to them.

Report Summary/Colombia

Political Issue

Newly elected president of Colombia Mr. Santos sworn last day and he said he will establish relations with its neighboring country Venezuela and he has never thought of war with Venezuela. He also said the word war is not in his dictionary as he even wants negotiations with FARC leaders if they stop violence. On the other hand, United Nations Security Council's spokes person said that UN want negotiations and peaceful solutions of Colombia and Venezuela dispute. He also said UN will support such actions by any country.

Economic Issue

Colombia's economy remained very low in last several years and unemployment also increased and it is said now Santos may uplift the economic growth by his policies but the new government has to struggle a lot to uplift country's economy. Colombia is exporting textile, bananas, coffee and other garments stuff but its export was also affected due to war in the country. It is said the export can also increase due to the new government's policies.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

China's Justice Minister attended president Santos' ceremony and later Colombian president said both countries have their relations 30 years back and Colombia has learnt a lot from China. Santos said Colombia appreciate China's successful policies and want to follow to make Colombia a successful country. Chinese minister said China is ready to work with Colombia to enhance mutual political trust, deepen economic cooperation and further promote exchanges and cooperation in such areas as justice, education, health, tourism and science and technology, so as to promote the sound and fast development of the friendly relations between the two countries.

Former President Uribe has made a comment on Twitter against Chavez that do not just make points from your country but say face to face. Before that Chavez has said to Uribe an American lackey which annoyed Uribe and forced him to comment. Chavez also said Uribe has spread blood in Bogota's streets. Both presidents are regularly giving tweets on each other's account.

President Chavez of Venezuela is invited by the president Santos of Colombia to start a new phase of relationships with his country. Newly elected president of Colombia said he wants god relationships with Venezuela that would be on the basis of harmony and peace so that both countries could grow economically in the region. President Chavez said he shall go to Colombia to negotiate as Santos has invited him for dialogue and he is hopeful their negotiations shall be fruitful.

President Chavez arrived in Colombia and met his Colombian counterpart there and both presidents restored diplomatic relations that were freeze in the last month. Both leaders held a private meeting before and then hold a press conference and pledged to work jointly against the

Marxist guerillas and other border issues. Santos said to patch up relations with Ecuador and Venezuela was the priority of his foreign policy and he wants to reestablish the relations with Ecuador and Venezuela. President Chavez also said he wants relations with Colombia. Both countries are also going to send their ambassadors to other countries once again. President of UNASUR Mr. Kirchner played an important role in the mediation between both countries.

Ecuadorian president has said Ecuador broke relations with Colombia due to Uribe's policies when he attacked in Ecuador in 2008 and killed FARC chief and 20 other people but he remained fail to deliver a report of this incident. Ecuadorian president said Ecuador wants to establish relationships with Colombia if Colombia inquires the case of Colombia's attack on Ecuadorian territory.

Report Summary/Mexico

Political Issue

President Calderon said he is going to focus on the crackdown of the money laundering people in Mexico and going to stress on their crackdown more than war against drug cartels. Recently in a raid of Mexican forces in a northern state of Mexico the security forces arrested 8 men who were involved in money laundering and seized latest weapon with \$A 1.3 million which they were ready to ship.

According to a survey by Pew Research Center's Global Attitude Project in April-May 2010, 80 percent of Mexicans support army to combat against drug traffickers while 83 percent supported in 2009. Just over half (55%) of Mexicans say the army is making progress against the traffickers, while only 22% think it is losing ground and 21% believe things are about the same as they have been in the past.

Economic Issue

Social/Humanitarian Issue

It is said by some analysts of Mexico and United States that the war against the drug cartels is not in the right direction as more than 28,000 people have lost their lives including soldiers and the results are not very clear and far away. Government has lost a lot in this as its politicians and offices have been under threats and many of the high profiles have been the victims of this war but only two kingpins have been arrested in the total war but almost 78,000 total dealers are arrested, among them most are the street vendors.

Mexican government has been blamed that it is supporting Sinaloa drug cartels as its members are not captured but the government argues it doesn't do discrimination but operation of crackdown is continue against every drug cartel. Main problem that is faced by the Mexican army is that the drug cartels are using very modern weapon equipments against the army that they ring from the US where they sell their drugs as methamphetamine and cocaine.

Drug cartels are not only selling their drugs in the US that is the largest market of drugs but also they are involve in human smuggling, extortions and in selling pirated stuff like DVDs

etc. recently Mexico's former president Fox has said to legalize the drugs in Mexico. He said this legalization doesn't mean he encourage drugs in the society but by legalizing drugs the economy of drug cartels will be collapse that will automatically affect the business of drug cartels and their business will be collapse. He wrote a letter to president Calderon but Calderon said he wants to hold public debates in this issue first because he fears it legalization of drug will not affect much on drug dealers' economy but its legalization will spread drugs more in the society.

Food, Environment, Health and Energy Issue

Mexico's environment minister said on a forum of UN that it is the time for the countries to show more sense in making environmental policies. He said the next meeting on environmental issues is that how can we make affective policies to save the environment. he also said he wants the maximum outcome of this environmental conference at Cancun.

Mexican health ministry stated that it has increased it health insurance in the rural areas of Mexico where poor people are living. It is said in this large social program 1 million people are treated in a month. Ministry also said \$197 million have been spent on overcome H1N1 influenza. Mexico has launched vaccination of A/H1N1 influenza with the collaboration of China who provided Mexico its vaccination. China is also providing facility to Mexico to combat with other diseases as well like malaria and dengue fever that is spread in the region.

Geostrategic Issues

Report Summary/Venezuela

Political Issue

Recent MERCOSUR meeting was a setback once again for Venezuela as its membership has challenged again by the president of Paraguay. Paraguayan president said his parliament do not allow him to pass Venezuela's entry into MERCOSUR so he is forced to reject its membership. Other three members of MERCOSUR like Argentina, Brazil and Uruguay have accepted Venezuela's entry into MERCOSUR but Paraguayan parliamentarians have objection on Hugo Chavez's aggressive attitude towards its enemies. If Venezuela gets MERCOSUR's membership, it can increase trade with many South American countries by the platform of MERCOSUR.

It is said Twitter is considered a tool of narcissism and trivia but Chavez is using it as a tool of government and he is going very successful in this tool. He has 720,000 followers and getting almost 2,000 followers daily. But few days back he had very pinching comments from former president of Colombia Mr. Alvo Uribe and Chavez also responded accordingly.

One of the retired military generals of Venezuela is going to face a court trial in next days. The general had also lead a management cell in military but he was accused of conspiracy in the Venezuelan military so he was sent to the prison. The general said Cuba is interfering in Venezuelan military and giving training to its military and president Chavez has given access to Cuban military in all sensitive places of its country which could be harmful for Venezuela. He said I am just saying for the sake of the country. But president Chavez has denied of this accusation from the general and said he has much trade relations with Cuba as it is supplying oil

to Cuba and in exchange getting benefits of Cuban services as Venezuelan patients are going to Cuban hospitals and also Cuban doctors are giving training to Venezuelan doctors.

Economic Issue

Chavez said in a TV program that Venezuela's economy is going to boost up and TV should conduct programs on such issues that create hope in the society. He said Venezuela has created more jobs and reduced unemployment in the society that is clear signal of coming out of recession. The economy of Venezuela is continuously decreasing since last year as it is the worst economic fall in Latin American countries and in the first quarter of this year economy decreased 5.3 percent.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Venezuelan president Chavez said he is very optimistic about Brazilian president Silva's and UNASUR president's stance over Colombia – Venezuela dispute that they are working for peaceful solutions as mediators. He said Venezuela's foreign minister will go to Colombia to attend the ceremony of newly elected president Mr. Santos and his this visit will also decrease the tensions between both countries. Leaders of many other Latin American and some other countries are coming to attend the inauguration of president Santos.

It is said mainly there are four points in the agenda of Chavez's meeting with Santos and the first and most important is to restore economic and trade issues that are disturbed much. Secondly there are some political matters that include border cooperation and migration issues. Then steps to counter anti narcotics and anti-terrorists issues. Trade between both countries was \$7 billion in 2008 that is decreased now just \$1 billion in this year.

An attorney from Bogota has said he has filed a case against Hugo Chavez of Venezuela on the behalf of the victims of FARC in International Court of Justice. The attorney said Chavez has violated the human rights by hiding FARC rebels in Venezuela who are creating troubles for Colombians and killing them. Former Colombian President Uribe is backing the attorney in this case.

President Chavez said the new nominee for US ambassador in Venezuela is not good for this post in Venezuela so United States government should appoint another ambassador by replacing him. The nominee ambassador has criticized Cuba's interference in Venezuela's military affairs and said Cuba is giving training to the Venezuelan military but Venezuelan military is still unprofessional and unskilled.

Venezuela has made a weapon deal with Russia by which Venezuela will buy submarines from Moscow but the payment is not cleared yet that would it be paid by cash or on credit. Venezuela has been conscious of getting more weapons as its dispute started with Colombia and

it had blamed that Colombia is going to attack on Caracas. It is said Russia is also in search of selling its old submarines to get money so that it could invest on new ones.

Detailed Report/Argentina

High prices lift hopes for Argentina's wheat crop

Argentina's wheat exports will near-double in 2010-11 as sowings, which were hampered by drought last year, rebound further than local officials are betting on, US Department of Agriculture staff said.

The USDA's Buenos Aires bureau lifted by 1.0m tons to 8.0m tons its forecast for shipments from the South American country, whose wheat crop prospects are being closely monitored, given the problems in many other major producers.

The revision reflected raised estimates for sowings, as farmers exploit "better soil moisture conditions and continued high prices", the bureau said, pegging plantings at 4.5m hectares, some 250,000 hectares more than Argentina's farm ministry expects.

Furthermore, growers are reducing the intensity of soybean seeding, to combat a build-up of pests of the oilseed, and "are expected to put more wheat land into the crop rotation".

La Nina threat

The revision comes amid a surge in global wheat prices, reflecting the worst drought on record in Russia, but which many investors believe will depend for its future direction to a large extent on the fortunes of crops in Argentina and Australia, the southern hemisphere two biggest exporters of the grain.

Opinion on Argentine prospects is divided, with some analysts noting continued dryness in many parts of the country's wheat belt.

Dry weather is also afflicting Western Australia, Australia's top wheat growing state, with a source at a leading Australian grain company telling Agrimoney.com on Friday that the state "could use some rain, that's for sure".

Rabobank analysts said on Friday: "It is worth noting that dry conditions continue to threaten Western Australia yields and La Nina weather patterns correlate strongly with below-average yields in Argentina, the combination of which may provide further bullish impetus for prices in the second half of 2010."

The bank has pegged Argentina's wheat crop at 12m tonas.

Argentina Inks Deal to Build Gas Pipeline from Bolivia to Salta

The Argentine government signed a deal Monday to build a pipeline to carry up to 27 million cubic meters a day of natural gas from Bolivia to the northern province of Salta. The 32-kilometer pipeline will cost about \$47 million and should be completed in May 2011, Argentina's Planning Ministry said in a statement.

The pipeline is a key aspect of the government's plan to invest \$2.75 billion to build a 4,144-kilometer pipeline network in northeastern Argentina.

The project, known here as GNEA, will provide natural gas to more than 1.5 million people living in 163 residential areas in the provinces of Chaco, Corrientes, Formosa, Misiones, Santiago del Estero and parts of northern Santa Fe.

The government says the GNEA project will take three years to finish, although it's unclear if a completion date has been set or when that might be.

"Starting in the winter of 2011 we'll be able to bring in 7.7 million cubic meters a day" through this pipeline," Planning Minister Julio De Vido said in a speech. "Today we're at six million during days of peak demand."

The pipeline will be transporting 11.6 million cubic meters by the winter of 2012, 13.5 million a year after that and 27 million cubic meters a day by 2015, De Vido said.

Demand for natural gas and electricity has hit record levels this winter as a booming economy and cold weather combine to put pressure on the supply of electricity and gas. Amid a shortfall of gas, the government has been rationing natural gas to hundreds of industrial companies as it seeks to ensure supplies to households.

But De Vido told Monday that there will be no trouble meeting demand for electricity this season.

"I can assure you that the national energy system is capable of satisfying demand for the rest of the winter," he said.

China May Soon Lift Curbs on Imports of Argentine Soy Oil, Ambassador Says

China, the world's biggest buyer of cooking oils, will soon lift restrictions on imports of soybean oil from Argentina as the nations seek a closer relationship, Ambassador to China Cesar Mayoral said.

The country needs to widen its sources of cooking oil to help control inflation, Mayoral said in an interview in Beijing Aug. 4. Chinese officials have replied "soon" when Argentina asked for a

timeline, he said. A faxed request for comment to the quality control and quarantine bureau received no response.

The Asia nation halted shipments from Argentina, the largest supplier, in April because of trade disputes ranging from textiles to kitchen products. Talks continue, President Cristina Fernandez de Kirchner said July 15 in Shanghai, and the Ministry of Foreign Affairs in Beijing said July 13 that the matter can be resolved.

China won't let "such small" issues strain ties and shipments may resume as early as September, Mayoral said, adding that was his own estimate.

Zhou Yongkang, one of the nine highest-ranking politburo officials of the Communist Party, will visit Argentina this fall, and his trip and similar ones will help exports of soybean oil and beef to resume, Mayoral said.

The Ministry of Foreign Affairs doesn't have enough information to comment on Zhou's trip, said a spokesman at the media office yesterday. Last year, China bought \$1.4 billion worth of soybean oil from Argentina, according to Bloomberg calculations based on customs data.

China allowed imports of U.S. soybean oil in June for the first time because of the embargo. Total purchases as of July 29 amounted to 154,100 tons, according to the U.S. Department of Agriculture. Imports from Argentina plunged 93.5 percent to 33,895 tons in April-June from 519,879 tons a year ago, according to Bloomberg calculations.

Detailed Report/Brazil

Lula to address the Colombian issue with Chávez

Based on the agenda released by the Brazilian Presidential Office, Brazilian President Luiz Inácio Lula Da Silva will head from Maiquetía airport, about 30 kilometers of Caracas, to the Venezuelan Ministry of Foreign Affairs, to attend the Africa-South America Summit. Brazilian President Luiz Inácio Lula Da Silva arrived on Friday in Caracas for a new quarterly meeting with his Venezuelan counterpart Hugo Chávez, in order to discuss several bilateral issues and the Venezuela-Colombia impasse.

Right after his visit to Caracas, Lula will travel to Bogotá, where he is to attend a luncheon hosted by outgoing Colombian President Álvaro Uribe, honoring the presidents who will be present at the inauguration of his successor Juan Manuel Santos, Efe quoted.

Based on the agenda released by the Brazilian Presidential Office, Lula will head from Maiquetía airport, about 30 kilometers of Caracas, to the Venezuelan Ministry of Foreign Affairs, to attend the Africa-South America Summit.

Lula will be welcomed by Chávez at the Miraflores Presidential Palace, where they will hold a private meeting. Ministers from both governments will subsequently join the activity.

According to Brazilian official sources, Lula and Chávez will discuss, among others, the break-off of Venezuela-Colombia relations resolved by Caracas after Bogotá reported on the alleged deployment of about 1,500 Colombian guerrillas in Venezuelan territory.

Finally, several agreements in the agricultural, financial, housing and social fields are scheduled to be executed.

S America-Africa meeting opens to discuss closer ties

Venezuelan President Hugo Chavez and his Brazilian counterpart Luiz Inacio Lula da Silva opened here on Friday a meeting of foreign ministers from South American and African countries aimed at promoting ties between the two sides.

During the opening ceremony, President of the African Union Erastus Mwencha said he was in favor of strengthening the ties between Africa and South America and the South-South cooperation.

Nestor Kirchner, General Secretary of the Union of South American countries (Unasur), said on behalf of Latin American presidents that they stand for equity and integration to deepen the economic exchanges between the two regions.

It is time for Latin America and Africa to discuss the possibilities of a common future and start understanding each others better, Lula said.

Chavez said that unity is the only path for Latin America and Africa to get integrated to consolidate the development of the South.

"Some naive people think that the North is the way to the development, but actually there are more restrictions," Chavez said.

South American countries cannot expect anything from the North and should move forward to build a multi-polar world, he added.

This was the first foreign ministers' meeting held to implement the agreements reached during the second Arica and South America Summit (ASA) held in Venezuela last September.

The ASA is a regional cooperation forum between South America and Africa.

Lula pledges to work for developing countries after retirement

Brazilian President Luiz Inacio Lula da Silva said on Friday he intended to dedicate himself to helping developing countries after he leaves office at the end of this year. "From 2011 on, although not being the Brazilian president anymore, I will contribute to whatever is necessary," said Lula, who was in Venezuela to meet his Venezuelan counterpart Hugo Chavez.

Lula is near the end of his second consecutive term and will not run for a third one. Dilma Rousseff, the candidate of Lula's Workers' Party, enjoys a 10 percentage-point lead over opposition candidate Jose Serra in opinion polls.

Lula reaffirmed his confidence that Rousseff will win the general elections in October and assured that the country's foreign policy will remain unchanged.

"The South-South cooperation will maintain the development and assure the people of our countries have the same opportunities (as those in developed countries)," he said.

Lula and Chavez met in Caracas to discuss Venezuela's diplomatic crisis with Colombia, and cooperation in agricultural, financial and housing sectors between Brazil and Venezuela.

Lula will visit Colombian capital Bogota later on to attend Saturday's inauguration ceremony of new Colombian President Juan Manuel Santos, who replaces Alvaro Uribe.

Lula, Chavez, Kirchner talk on Colombia-Venezuela relations

General-secretary of the Union of South American Nations (Unasur) Nestor Kirchner, Venezuelan President Hugo Chavez and Brazilian President Luiz Inacio Lula da Silva met on Friday in Caracas to talk about the ties between Colombia and Venezuela.

"We are all mediating, we are mediating," Chavez said while entering the Miraflores Palace along with Lula and Kirchner.

Venezuela severed its diplomatic ties with Colombia on July 22, after Bogota accused it of sheltering Colombian guerrilla chiefs in its territory.

Kirchner arrived in Caracas on Thursday noon in order to mediate the conflict between the two neighbors.

Lula arrived on Friday to fulfill an agenda including the analysis of the bilateral ties between Brazil and Venezuela and participation in the Presidential Strategic Table of the South American and African countries (ASA).

Chavez also said it was "very possible" that Venezuelan Foreign Minister Nicolas Maduro will attend the inauguration of Colombia's president-elect Juan Manuel Santos, to be held on Saturday, adding that the issue is still being discussed.

Paraguay's president to seek cancer treatment in Brazil

Asuncion - Paraguayan President Fernando Lugo will check into a clinic in Sao Paulo on Tuesday for cancer treatment, his physician said Saturday.

Brazilian President Luiz Inacio Lula Da Silva was sending a plane to bring Lugo for tests at the prestigious Sirio-Libanés Hospital, the Paraguayan president's lead doctor Nestor Martinez said.

Referring to his diagnosis of lymphoma, Martinez told reporters: "We have made a simple clinical diagnosis. In Brazil, they are going to look at the stage the disease is at, how it should be treated, with what medications and for how long."

While Lugo most likely will undergo chemotherapy, Health Minister Esperanza Martinez earlier said he would keep up his schedule and that "this cancer is potentially curable."

Lugo, 59, is a leftist former Roman Catholic bishop.

Brazilian government says Amazon deforestation down sharply in June, continuing recent trend

Sao Paulo (AP) — Brazil's government says the rate of deforestation in the Amazon fell significantly in June, continuing recent trends.

The National Institute for Space Research says satellite imagery shows nearly 95 square miles (244 square kilometers) were destroyed in June. The amount of forest lost was down 58 percent from the same month in 2009. For the 11 months through June, deforestation was 49 percent below the losses during the same period a year earlier.

The government credits better enforcement of environmental laws for slowing deforestation. But environmental groups say the global financial crisis has only temporarily lowered demand for goods such as wood and cattle.

Brazil's Finance Ministry Raises 2010-2014 GDP Forecast to 5.7% From 5.5%

Brazil's economy will average 5.7 percent growth in the 2010-2014 period, the Finance Ministry said today in a report distributed in Brasilia.

The economy is growing without "relevant inflationary risks" in the second half of the year, after growing 9 percent in the first quarter, the fastest growth in 15 years, the ministry said. It previously forecast an average growth of 5.5 percent.

"With the end of fiscal and monetary stimulus, starting in the second half, the Brazilian economy is returning to a sustainable rhythm of growth," the ministry said.

The pace of expansion in Latin America's biggest economy has slowed, helping to contain inflation risks, the central bank said in the minutes of its July 20-21 meeting. The bank increased the benchmark interest rate by a less-than-expected 50 basis points last month, as inflation fell to the lowest level in four years in June and the second-lowest in July.

Consumer prices will rise 5.2 percent this year, above the government's target, the ministry said. Inflation may end 2011 and 2012 at 4.5 percent, the ministry said. Brazil targets annual inflation of 4.5 percent plus or minus two percentage points.

Brazil's current account deficit may widen to \$46 billion, from \$24.3 billion last year, the Finance Ministry estimates. The gap will rise to \$56 billion next year and won't hinder economic

growth, the ministry said. Risk aversion among global investors may help weaken the real against the dollar in coming months, the ministry added.

The real declined 0.7 percent to 1.7604 per dollar at 11:38 New York time from 1.7489 yesterday. Yields on the interest-rate futures contract due in January added two basis points to 10.78 percent.

Brazil says FARC issue Colombia's internal affair

Brazilian President Luiz Inacio Lula da Silva said Monday that Colombia should deal with the Revolutionary Armed Forces of Colombia (FARC) by itself.

"If Brazil, Argentina or any other country is willing to help, we will only move if Colombia asks for something," Lula told a press conference after meeting with Salvadorian President Mauricio Funes in Sao Paulo.

"If they do not ask, it is an internal problem of Colombia that must be resolved by themselves," he said at the Federation of Industries of Sao Paulo.

The Brazilian president said he was optimistic about the possibility of building peace between Colombia and Venezuela, adding that the first step is to restore diplomatic ties between the two countries.

Last month, Venezuelan President Hugo Chavez severed relations with Colombia after Bogota accused Caracas of harboring FARC guerrillas in its territory and asked the Organization of American States to investigate it.

Is José Serra Campaigning in Washington or in Brazil?

What is José Serra trying to do? In his campaign for president of Brazil he has accused Bolivia of complicity in drug trafficking, and criticized Lula for trying to mediate in Washington's fight with Iran and for refusing (along with the most of the rest of South America) to recognize the government of Honduras, which was "elected" under a dictatorship. For a while he stayed away from joining Washington's international campaign against Venezuela, but now he and his vice-presidential candidate Indio da Costa have waded into that putrid swamp as well, saying that Venezuela is "sheltering" the FARC (the main guerrilla group fighting the Colombian government).

For the record: despite a decade of allegations, Washington has yet to publicly present one shred of evidence that the Chávez government actually supports the FARC. The only "evidence" in the public domain comes from laptops and computer equipment allegedly captured by the Colombian military in their raid across the Ecuadorian border in March 2008. Right-wing bloggers such as Reinaldo Azevedo repeat the media myth that Interpol verified the authenticity of these allegedly captured files, but Interpol's report emphatically says no such thing. All we have is the word of the Colombian military - an organization that has been known to murder hundreds of innocent teenagers and dress them up as guerrillas.

Does Serra really want Brazil to pick fights with all of its neighbors in order to place itself defiantly on the wrong side of history? And this just to become Washington's biggest right-wing

ally? Yes, in case Serra has not noticed, the United States under President Obama, as under Bush, has only right-wing governments as allies in this hemisphere: Canada, Panama, Colombia, Chile, Mexico. There is a reason for that: U.S. policy toward Latin America hasn't changed under Obama.

Even from a purely Machiavellian point of view - abandoning any idea of helping to make the region or the world a better place - the "Serra Palin" strategy makes little sense. Brazil had good relations with President Bush, and can have good relations with Obama, without surrendering to this kind of disgraceful servitude. Brazil is not El Salvador, a small country whose government is blackmailed by threats to send home hundreds of thousands of migrants residing the United States. And El Salvador has not gone down the road that Serra has chosen.

It is not just in Venezuela and Bolivia that the United States spends tens of millions of dollars to influence politics. In 2005, as this newspaper reported, the U.S. funded an effort to change Brazilian law so as to strengthen the opposition to the Workers' Party. Washington has a big stake in this election, as it seeks to reverse the changes that have made Latin America - formerly the United States' "backyard" -- more independent than it has ever been in its history. José Serra is making that stake bigger every day.

Detailed Report/Chile

Chile to Straddle Line between Rich and Poor Nations

United Nations, Aug 6, 2010 (IPS) - The 130 developing countries at the United Nations remain divided over Chile's decision to hold onto its seat in the Group of 77 (G77) - even after it formally joined the exclusive club of rich nations, the Organization for Economic Cooperation and Development (OECD).

What was discussed in whispered tones has broken out into the open, with Latin American countries predictably standing in solidarity with Chile, while some of the African nations are challenging Chile's right to continue its membership in the largest single coalition of developing nations.

After a fruitless debate, the G77 chair Ambassador Abdullah M. Alsaidi concluded there are no rules of procedure pertaining to dual membership in both the G77 and OECD - and there is no consensus among the 130 members of the G77 about Chile's status.

The African countries that have expressed "concern" over Chile's decision to retain its G77 membership include Nigeria and Tanzania.

Both countries have said there was a "need for detailed explanations" since Chile's membership in the 30-member Paris-based OECD is not compatible with the interests of the G77.

"Sooner or later," one African diplomat told IPS, "there is going to be a conflict of interest because we in the G77 have nothing in common with the OECD."

Put simply, he said, "You cannot run with the hare and hunt with the hounds."

At a meeting of the G77 last month, Chile had the backing of several Latin American and Caribbean countries, including Brazil, Ecuador, Peru, Colombia, Costa Rica, Barbados, Guatemala and Argentina.

Additionally, it also had the support of several non-Latin American countries, including Singapore and Morocco.

Chile has maintained there are no rules of procedure for membership in the G77, and more importantly, the OECD has not demanded that Chile quit the G77 as a condition for membership in the OECD.

Chile, which was formally inducted last May into the OECD, has also argued there is no conflict of interest in holding seats in both bodies.

But when Mexico and South Korea broke ranks from the developing world and joined the OECD back in 1994 and 1996 respectively, both countries voluntarily quit the G77.

On North-South economic issues at the United Nations, the G77 and the OECD hold diametrically opposite views - most or all of the time.

The OECD is home to some of the world's major economic powers, including the United States, Britain, Germany, France and Japan. But most of the emerging economic powers, including Brazil, India, China, Indonesia and South Africa, are longstanding members of the G77 and not members of the OECD.

According to the OECD, it is planning to have discussions with all of these G77 countries "with a view to possible membership".

Besides Mexico and South Korea, the G77 has lost four other members over the years: Cyprus and Malta (both in May 1994) and Romania (January 2007) when they joined the European Union.

A fourth country, Palau, a small island developing nation in the Pacific, withdrew from the G77 in June 2006, ostensibly for financial reasons.

According to an OECD statement, the invitation to Chile to become the organization's 31st member came at a time when the OECD is expanding its relations with the region.

As an OECD member, Chile will participate in all areas of the OECD's work, from economic and financial policy to education, employment and social affairs.

The statement also said that during two years of accession negotiations, Chile was reviewed by some 20 OECD committees with respect to OECD instruments, standards and benchmarks.

The invitation to take up membership confirms that Chile is taking appropriate steps to reform its economy including in the areas of corporate governance, anti-corruption, and environmental protection, the OECD said.

New cave-in cumpers Chilean mine rescue, president shortens Colombia visit

Chilean President Sebastian Pinera cut short his visit to Colombia to devote himself to the rescue of 33 miners trapped in a copper mine, but a new cave-in blocked the rescue work there Saturday.

The miners were trapped Thursday in a collapse in the "San Jose" mine, 40 km from the northern city of Copiapo. They were 300 meters down in the mine that stretches seven kilometers.

Chilean Mining Minister Laurence Golborne said Saturday that rescue teams had begun to enter the accident mine well through ventilation tunnels and were expected to descend to a depth of 300 meters underground in the hope of finding any survivors.

Yet the new cave-in added difficulty for the rescue work which had been going on in an orderly way.

"The easiest, most logical way is now blocked. Experts have to find other alternatives, but those will be tougher and take longer time," said Golborne, as already anguished relatives cried in despair when they heard about this setback.

"I feel very sorry, because the pause of rescuing them is not what we have expected," said Wilson Avalos, whose two nephews were trapped underground, adding that he would not leave before he saw them rescued.

Chilean Minister of Labor Camila Merino expressed great hope on Friday that the missing would survive. According to her, there was oxygen for 72 hours and food in the well as well as ventilation facilities.

Chilean government spokeswoman Enna Von Baer told reporters that President Pinera was on his way back from the visit to Colombia and was due to arrive at the accident scene by midnight on Saturday, where he was expected to meet with the victims' families and direct the rescue works in progress.

Baer said that at this very moment it was more important to concentrate on the rescue work and an investigation into the accident would start later. "We hope that these people are alive," she said.

Teams currently working at the scene are from the police, firefighters, armed forces, local authorities and the central government.

The mining company "San Esteban," owner of the accident mine, is to face a tough investigation into their security measures, said the local press.

In 2007, a complaint was raised against the company after the death of three miners in the cited mine and another mine. These mines were ordered to be closed for not having appropriate escape routes, said Javier Castillo, Secretary of the labor union of the company.

Carlos Vilches, a veteran legislative deputy in the Copiapo region, also recalled that "this mine have a collapse history and poor quality of bedrock area."

The authorities that "authorized to reopen this mine will have to give an explanation," he said.

Chile's copper reserve is over 200 million tons, almost one third of the world's reserve. As the "Kingdom of Copper," Chile is the No.1 in copper reserve, production and export.

No quick rescue for trapped Chile miners - minister

Copiapo, Chile (Reuters) - Rescuers started drilling small holes deep inside a mine in northern Chile on Sunday in a bid to rescue 33 miners trapped for three days, and the mining minister said the effort could take more than a week.

Rescuers faced a major setback on Saturday when a fresh collapse blocked the ventilation shaft rescue workers were descending. No contact has been made with the miners, trapped since Thursday 4.5 miles (7 km) inside the winding mine, and around 900 feet (300 metres) vertically underground.

Mining Minister Laurence Golborne, who is in Copiapo overseeing the rescue bid, said workers had begun drilling smaller shafts but that it could take "probably more than a week" to reach the area where the miners were believed to be.

"The fact is that in the short term reaching these people directly does not seem viable," he said, adding that authorities were also considering digging a tunnel in addition to the smaller shafts.

Authorities hope the miners have reached an underground shelter with oxygen and are rationing food and water.

Rescuers aim to find the miners and then pass fresh supplies of water and food and communication lines down a narrow drill hole until experts find a way to extract them from the small gold and copper mine.

Workers used mechanical diggers to clear a path for a drilling rig to enter the mine, and they were also trying to clear areas that were caved-in along the main mine ramp underground and the ventilation shaft.

"I personally promised the families of the trapped miners the rescue operations will continue with all the strength in the world," President Sebastian Pinera said on Sunday at the presidential palace in the capital, Santiago, a day after meeting miners' relatives at the mine.

"Unfortunately it is not easy," he added. "I also pledged to thoroughly investigate, establish where responsibility lies, and punish accordingly."

Rescuers face a race against time to reach the miners, who, if they reached the shelter, are huddled in a space the size of a small apartment.

For a graphic, see <http://link.reuters.com/baj73n>

The San Jose mine, which belongs to local private company Compania Minera San Esteban Primera, was shut down by the accident. It is one of three adjacent sites producing a combined 1,200 metric tonnes of refined copper annually.

The closure is not expected to hurt copper output in Chile, the world's No.1 copper producer. Major mining accidents are uncommon in the country, because authorities keep strict controls over operations.

Anguished relatives, who spent a second night at the mouth of the mine around a bonfire, wailed when they heard news of the fresh collapse on Saturday.

They later calmed down when they were told the mine had not collapsed entirely and rescue efforts would continue, though several then tried to storm the mine entrance and scuffled briefly with police, calling company officials "murderers".

"We're still optimistic. I know it may sound hard to believe, but we can't lose hope," said Pedro Contreras, 37, a school bus driver whose nephew is trapped in the mine, 450 miles (725 km) north of Santiago.

Local union official Felix Medina said conditions at many smaller mines in the area were precarious. He said the San Jose mine, which employs 150 people, has a recent history of accidents, with 13 fatalities on site and three deaths on the road to Copiapo.

The mine lacks escape routes and was closed in 2005 by workers because of bad conditions, he added. It was reopened two years ago.

Chile calls for int'l aid to rescue trapped miners

Chilean President Sebastian Pinera on Monday called for international aid to rescue the 33 miners trapped in a copper mine in northern Chile since Thursday.

"We have contacted countries with a lot of experience on mining, such as Peru, the United States, Canada and Australia, because if they have technology, equipment or knowledge to help us, we are going to use it," Pinera said.

The miners are trapped some 350 meters deep in San Jose copper mine, near Copiapo city, some 800 km from capital city Santiago.

The trapped miners took refuge in a shelter with oxygen, water and ventilation in the mine, so they can still hold to life, said the San Esteban Company, owner of the mine.

Pinera visited the mine on Monday to meet with the miners' relatives and pledged that his government will take all possible measures to rescue them.

Tunnel and engineering experts from mining companies will rush to the scene to rescue the miners, said Pinera. After the rescue attempt failed on Saturday, rescue teams are working day and night on the scene.

Pinera also announced on Monday the restructuring of the Geology and Mining National Service, which is in charge of the operation of the mining industry.

Meanwhile, National Prosecutor Sabas Chahuan said on Monday that a formal investigation of the mine's cave-in is conducted by the Regional Prosecutor of Atacama and the investigation police was ordered to collect evidence.

Detailed Report/Colombia

US government to support closer ties between Santos and Venezuela

US National Security Council spokesman Mike Hammer called for dialogue between both nations

Mike Hammer, the spokesman of the United States National Security Council, said his government would support the new president of Colombia, Juan Manuel Santos, in efforts to restore relations with Venezuela.

According caracol.com.co, when asked about the alleged presence of FARC guerrillas in Venezuela, Hammer called for dialogue between the two nations and said that the fact should be investigated, because no country should harbor terrorists within its territory.

Hammer added that the United States received information from Colombia with alleged evidence of guerrilla camps in Venezuela. Hammer is part of the US delegation attending the inauguration of Colombian President Juan Manuel Santos on August 7.

Juan Manuel Santos sworn in as Colombian president

In his inaugural speech, Mr Santos said that mending relations with neighbors Ecuador and Venezuela would be one of his government's main priorities.

In response, Venezuelan President Hugo Chavez said he would like to meet "face-to-face" with Mr Santos.

Mr Santos also told Colombia's left-wing rebel groups the door to dialogue was open, but they would have to renounce violence first.

'New dawn'

He promised to tackle the main problems besetting Colombians, saying his government would aim to lower unemployment to a single digit figure, fight corruption and reduce poverty.

He said the work of his predecessor in office, President Alvaro Uribe, had paved the way for "a new dawn for Colombia".

Mr Santos, who served as Mr Uribe's defense minister, said the former president had inspired hope in Colombians and allowed them to move freely in their own country again.

He said it was now time the country moved from Mr Uribe's policy of "democratic security" to one of "democratic prosperity".

He asked the heads of the security forces to continue delivering results in their battle against left-wing rebels and drug traffickers.

But he made it clear to the rebels, who have been fighting a 46-year insurgency against the Colombian state, that he did not rule out dialogue completely.

"To the armed illegal groups, who invoke political reasons and now talk of dialogue and negotiation, I say my government is open to any kind of conversation which seeks to eradicate violence and build a more prosperous, equal and just society," he said.

He added that a dialogue would only go ahead if the rebels laid down their arms and stopped their campaign of kidnapping, intimidation, extortion and drug-dealing.

'Rebuilding trust'

On foreign policy, he tried to mend some of the relations which broke down during his predecessor's tenure.

In a reference to accusations by Venezuela's President Chavez that Mr Uribe had been planning an attack on Venezuela, President Santos said that the word "war" was not in his dictionary when he thought of Colombia's relations with its neighbors.

Mr Chavez broke off diplomatic ties with Colombia two weeks ago after Bogota accused him of harboring FARC rebels.

The Venezuelan president did not attend the inauguration, but did send his Foreign Minister, Nicolas Maduro.

Speaking on live TV after Mr Santos' inauguration, Mr Chavez said he wanted to "turn over the page" in relations with Colombia.

He would be seeking a "face-to-face" meeting with Mr Santos.

The new Colombian president also appealed to Ecuador, whose president, Rafael Correa, was in the audience.

Ecuador cut its ties with Bogota after the Colombian military conducted a cross-border bombing raid on a FARC camp on Ecuadorian territory.

He said that one of his main priorities would be to rebuild trust between Colombia and its neighbors.

"Every country in our region has great strength, but together we can be a formidable power," he added.

Colombian president-elect, Chinese envoy vow to advance bilateral ties

Bogota, Aug. 6 (Xinhua) -- Colombian President-elect Juan Manuel Santos met here Friday with Chinese Justice Minister Wu Aiyong, and both sides reaffirmed the need to expand bilateral cooperation.

At the invitation of the Colombian government, Wu is here to attend Santos' presidential inauguration ceremony on Saturday as a special envoy of the Chinese government.

During the meeting, the president-elect said Colombia is pleased to see the remarkable achievements China has made in the past three decades and also wishes to learn from China's experience in national development.

Colombia-China relations have become ever closer in recent years and Colombia's new administration and himself attach great importance to developing ties with China, Santos said, adding that Colombia is ready to work with China to enhance exchanges and cooperation in various areas and promote common development.

He said the economies of Colombia and China are highly complementary and there is a huge potential for bilateral economic cooperation. More Chinese entrepreneurs are welcomed to invest in Colombia and more Chinese tourists are welcomed to visit the country, he said.

Wu said the Colombian government has long been making great efforts to maintain the country's stability, develop its economy and improve the people's living standards, and the Latin American country is playing an active role in international and regional affairs. China wishes the Colombian government and its people every success in their country's economic and social development.

Wu said relations between the two countries have developed smoothly since the establishment of diplomatic ties 30 years ago. In recent years in particular, thanks to efforts from both sides, remarkable progress has been made in the development of bilateral ties, with mutual political trust growing steadily and cooperation of mutual benefit becoming more fruitful, she said.

The two countries have also maintained good cooperation in international affairs, she added.

China attaches great importance to developing its relations with Colombia, Wu said. China is ready to work with Colombia to enhance mutual political trust, deepen economic cooperation and further promote exchanges and cooperation in such areas as justice, education, health, tourism and science and technology, so as to promote the sound and fast development of the friendly relations between the two countries, she said.

Uribe uses Twitter to ask Chávez to stop insults

Uribe asked Chávez to stop "being a coward hurling insults remotely"
Former Colombian President Álvaro Uribe asked Venezuelan President Hugo Chávez to "stop being a coward hurling insults remotely," in a message through his Twitter account.

"I ask President Hugo Chávez to stop being a coward hurling insults remotely," Uribe said in a message posted on his Twitter account @AlvaroUribeVel on Sunday night, AFP quoted.

Last Saturday, just after Uribe handed over power to Juan Manuel Santos, the Venezuelan ruler called him a "lackey of the US empire" and said that during Uribe's eight years in office, he led Colombia on roads leading to "blood" and "war."

Venezuela broke off diplomatic relations with Colombia on July 22, after the then government of Uribe denounced that leftist guerrillas of the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) are hiding in Venezuela.

According to Chávez, during his administration, Uribe "ravaged international relations, destroyed international law, respect among peoples, and respect for sovereignty."

Santos Inherits Country of Economic Contrasts

Bogotá, Aug 9, 2010 (IPS) - During the eight years that Álvaro Uribe governed Colombia, annual economic growth averaged 4.3 percent. Nevertheless, President Juan Manuel Santos, who was sworn in on Saturday, has taken over a country with the highest unemployment rate in Latin America.

"Economic growth in the Uribe era was far higher than the 1994-2001 average of 2.1 percent" and was quite stable compared to the rest of the countries of Latin America, said outgoing finance minister Oscar Zuluaga.

But that did not prevent this country from holding the region's record in unemployment: 12 percent in July (after hitting 14 percent in January 2009, the highest level during the Uribe administration), according to official figures.

Unemployment soared despite the fact that "the minimum salary set for workers was increased just 16 percent during the two four-year terms," economist Juan Pablo Fernández, a congressional adviser for the leftwing Alternative Democratic Pole, told IPS. "It was employers, who gained an additional eight percent in profits per worker, that benefited from the tiny increase in the minimum wage," he said.

Uribe's policies, based on International Monetary Fund prescriptions, "mark the difference with the region," Fernández said. "When the crisis is overcome, and regional growth is stabilized, Colombia will find itself lagging behind the countries that did not toe the IMF line."

He added that even after the measurement method was modified by the Uribe administration in 2007, introducing cosmetic improvements in social indicators like poverty, the statistics show that the country's economic growth has not trickled down. The proportion of the labor force working in the informal sector of the economy has risen to 57 percent, official figures show.

And the rates for poverty and extreme poverty remain high, at 46 and 17 percent respectively -- a far cry from Uribe's pledge to bring poverty down to 35 percent this year, as part of Colombia's efforts to meet the Millennium Development Goals (a set of anti-poverty and development targets adopted by the international community in 2000).

The contrast was especially marked between 2005 and 2007, when the extreme poverty rate expanded 2.1 percent, despite 5.6 percent economic growth.

According to the Economic Commission for Latin America and the Caribbean (ECLAC), Colombia is now unequal country in Latin America, based on the Gini inequality index, which measures the degree of income disparity.

The Gini coefficient -- where 0 represents perfect equality and 1 perfect inequality -- is now 0.85 in Colombia, compared to 0.55 in 2002, indicating a growing concentration of wealth, ECLAC reported.

"The economic policies of the outgoing government basically favored foreign capital, turning Colombia into a tax haven," Fernández said.

The Finance Ministry reported that gross foreign investment represented 3.1 percent of GDP in 2009, up from two percent in 2002. "In monetary terms, that means it climbed from 2.1 billion dollars to 7.2 billion dollars in eight years," Zuluaga said.

But Colombia has the most volatile exchange rate in the region, "which benefits the foreign market and keeps the country's exporters of cut flowers, coffee, bananas, textiles and garments in a state of complete uncertainty," Fernández said.

The Uribe administration's policies favored foreign capital to the detriment of national production, and as a result, "10 million tons of food are imported annually, in sharp contrast with the country's identity as a major agricultural producer," he said.

The economic model followed by Uribe led to a boom in maquilas -- export assembly factories in tax-free zones -- that use "very cheap labour," the economist said.

Colombia, Venezuela leaders to meet today

Colombia's new President Juan Manuel Santos is moving swiftly to defuse a quarrel with Venezuela that raised the specter of war between the South American neighbors, hosting a summit today with President Hugo Chavez.

"We will meet Tuesday in Colombia at a place chosen by mutual agreement," said Santos, one day after he was sworn into office.

"Today, I'll go to bed a happy man," said Chavez. "We are going to initiate a new relationship for the good of our two countries."

With Venezuela's Foreign Minister Nicolas Maduro in attendance, Santos had used his inauguration address on Saturday to call for a "direct dialogue" with Caracas. Maduro then took the next step toward ending a tense, weeks-long diplomatic crisis, meeting the following day in Bogota with his Colombian counterpart Maria Angela Holguin to arrange the summit.

Chavez severed relations with Colombia July 22 after it brought charges before the Organization of American States that Venezuela was harboring 1,500 rebels of the Revolutionary Armed Forces of Colombia (FARC).

Dispatching troops to Venezuela's border with Colombia, the leftist Venezuelan leader charged that outgoing president Alvaro Uribe was trying to create a pretext for "armed aggression." But Santos stayed out of what had the hallmarks of a grudge match between Chavez and Uribe, who had won enormous popularity during eight years in office in part by taking a hard line against leftist guerrillas.

As Uribe's defense minister from 2006 to 2009, Santos also had often called Venezuela a threat to regional peace, but as president-elect he sent Caracas conciliatory signals.

In naming Holguin his foreign minister, for instance, he chose a former ambassador to Caracas who is well regarded in Venezuela.

Chavez reciprocated, calling on Sunday for Colombian guerrillas to renounce kidnappings and declaring it no longer made sense for them to take up arms against the state.

"Just as we have proposed that the Colombian government resume the search for peace, so must we also launch an appeal ... in the direction of the guerrilla (movement)," he said.

Santos also has moved to improve relations with Rafael Correa, Ecuador's socialist president and a Chavez ally.

As defense minister, Santos ordered a cross-border raid on a FARC camp in Ecuador in March 2008 that killed the guerrilla organization's number two, Raul Reyes, but at a cost of its relations with Quito.

Santos has now sought to make peace with Correa by turning over to him Reyes' captured laptop computer, the source of a trove of intelligence on the FARC and its connections in Venezuela. The gesture, long sought by Quito, is expected to open the way for the full normalization of relations between the two countries, which were re-established at a lower level in November 2009.

Ecuadoran Foreign Minister Ricardo Patino, after meeting Holguin on Sunday, said the gift of the laptop to Correa at Santos' inauguration was "significant and important."

"We'll continue working with the full commitment of the Colombian government toward restoring normal relations" with Ecuador, Holguin said.

Venezuela, Colombia seek to patch up relations

Bogota - Presidents Juan Manuel Santos of Colombia and Hugo Chavez of Venezuela met Tuesday in a bid to overcome differences that have led both countries to cut off their diplomatic relations.

The leaders symbolically met in the Colombian Caribbean town of Santa Marta, at the residence where Simon Bolivar, the hero of both countries' independence, died on December 17, 1830.

Upon his arrival in Santa Marta, Santos, who was inaugurated Saturday, said he felt 'optimism' about the meeting, although he did not want 'to generate too many expectations.'

Chavez said had the will to 'rebuild what was destroyed.' He presented Colombian Foreign Minister Maria Angela Holguin with some red carnations, and broke protocol by getting out of his car to greet residents of a humble neighborhood who were cheering for him.

According to Colombian government sources, Santos and Chavez were to talk privately first, and then meet with Holguin and Venezuelan Foreign Minister Nicolas Maduro.

They were also set to be joined by former Argentine president Nestor Kirchner, who has played a major role in brokering an agreement as secretary general of the Union of South American Nations (Unasur).

Tension was rife between Chavez and Santos' predecessor and mentor Alvaro Uribe.

'The talks will be frank, transparent and direct. The most important thing is to have permanent communication, because we cannot persist on this situation which is very harmful for both countries,' Holguin said.

Santos said in his inaugural speech that his foreign policy priority was to rebuild relations with Ecuador and Venezuela.

Chavez had ordered a diplomatic 'freeze' a year ago after Bogota announced it would allow the US military to use seven Colombian Army bases. He broke off relations completely on July 22, when Uribe accused Venezuela at the Organization of American States of harbouring 1,500 Colombian guerrillas.

Chávez wants to build peace with Colombia

The Venezuelan Head of State is certain that his meeting with Santos has been the best decision ever made by Bogotá and Caracas

Venezuelan President Hugo Chávez landed on Simón Bolívar airport at Santa Marta, Colombia, where he was to meet shortly with his Colombian counterpart Juan Manuel Santos.

In arriving at the airport, Chávez said that Santa Marta is a "holy" city for Colombia and Venezuela and commented that holding this meeting has been the best decision ever made by Bogotá and Caracas.

"Colombia, I have come to ratify my love," Chávez said shortly after going down from the plane where he flew from Caracas. He stressed that he wanted peace with Colombians.

The Venezuelan president sent his regards to Colombian soldiers and referred to the work "Love in the time of cholera" by Gabriel García Márquez. He claimed to have gone in order to build peace after failed talks.

Chávez was expected by Santos at the Quinta de San Pedro Alejandrino, where Liberator Simón Bolívar died in 1830.

After a meeting of about 30 minutes, both presidents would share a luncheon with a dozen people. A press conference has been scheduled at 5:00 p.m.

Ecuador blames Uribe for damaging Ecuador-Colombia ties

Ecuadorian President Rafael Correa has blamed Alvaro Uribe for wrecking trust between the two nations by ordering a military attack on Ecuador's soil without asking permission from Ecuador.

"President Uribe preferred asking for forgiveness to asking for permission and that is not how you build trust," Correa said in an interview published here on Monday by Colombian daily El Tiempo.

Ecuador broke off its diplomatic ties with Uribe's government in March 2008 after the Colombian military raided a camp of the rebelling Revolutionary Armed Forces of Colombia (FARC) in Ecuador, killing more than 20 people, including an FARC chief.

Correa told El Tiempo that Colombia still had not met conditions set by the Ecuadorian government to resume diplomatic relations.

"They bombed us and we need to know why. The bombs were U.S.-made, intelligent devices were never before used in the region," he said.

Correa said Uribe had promised to deliver a report on the incident, but failed to do so.

Correa also said he hoped that Juan Manuel Santos, who was sworn in as Colombia's 59th president on Saturday, would come to Ecuador soon even though Ecuador was currently prosecuting him.

Correa said he had told Santos that he "can go to Ecuador as often as he wants, and we hope he does so soon, thanks to his immunity as head of state," Correa said.

"As soon as the Colombian government has fulfilled the commitments it has acquired, we will be very pleased to reestablish diplomatic relations," he added.

Correa said the new Colombian government had already delivered information that had been stored on computers belonging to Raul Reyes, the FARC chief who was killed in the 2008 attack.

Brazil says FARC issue Colombia's internal affair

Brazilian President Luiz Inacio Lula da Silva said Monday that Colombia should deal with the Revolutionary Armed Forces of Colombia (FARC) by itself.

"If Brazil, Argentina or any other country is willing to help, we will only move if Colombia asks for something," Lula told a press conference after meeting with Salvadorian President Mauricio Funes in Sao Paulo.

"If they do not ask, it is an internal problem of Colombia that must be resolved by themselves," he said at the Federation of Industries of Sao Paulo.

The Brazilian president said he was optimistic about the possibility of building peace between Colombia and Venezuela, adding that the first step is to restore diplomatic ties between the two countries.

Last month, Venezuelan President Hugo Chavez severed relations with Colombia after Bogota accused Caracas of harboring FARC guerrillas in its territory and asked the Organization of American States to investigate it.

Venezuela and Colombia Restore Diplomatic Ties after Scandal

Venezuela and Colombia agreed to restore diplomatic relations and vowed to step up security along their border to prevent Marxist guerrillas and drug traffickers from mounting attacks or using dense jungle for hideouts.

The two countries will form joint committees to work on any lingering issues, Colombian President Juan Manuel Santos said yesterday after meeting with his Venezuelan counterpart - Hugo Chavez. The nations had been locked in a dispute over Colombian accusations that Venezuela was harboring rebels.

The agreement paves the way for a restoration in trade between the countries, which plummeted during the past two years amid accusations that Chavez was aiding the Revolutionary Armed Forces of Colombia in its campaign to disrupt the government, according to Bloomberg.

Trade between Colombia and Venezuela plunged more than 30 percent in 2009 from the previous year, after Venezuela imposed restrictions on Colombian imports.

The meeting's modest results included an agreement to send ambassadors to each other's capitals, improve military patrols along their border and determine how Venezuela would pay about \$800 million in debts to Colombian companies, *New York Times* reports.

Detailed Report/Mexico

Mexico drug cartels thrive despite Calderon's offensive

Reporting from Mexico City — Nearly four years after President Felipe Calderon launched a military-led crackdown against drug traffickers, the cartels are smuggling more narcotics into the United States, amassing bigger fortunes and extending their dominion at home with such savagery that swaths of Mexico are now in effect without authority.

The groups also are expanding their ambitions far beyond the drug trade, transforming themselves into broad criminal empires deeply involved in migrant smuggling, extortion, kidnapping and trafficking in contraband such as pirated DVDs.

Undeterred by the 80,000 troops and federal police officers arrayed against them, gunmen frequently take on Mexican forces in the open. Operatives of one group, the Zetas, did so in northern Mexico this spring when they blockaded army garrisons. In June a group believed to be linked to another organization, La Familia, ambushed federal police in the western state of Michoacan, killing 12 officers in early morning light.

Since Calderon announced the offensive when he took office in December 2006, more than 28,000 people have been killed. Most of them have been traffickers, dealers and associates. But innocent civilians account for a growing portion.

Billions of dollars have been spent on the anti-drug effort with the enthusiastic backing of the George W. Bush and Obama administrations. Calderon and his administration say one reason progress is proving so difficult is that the problem festered far too long. They have predicted that the violence will subside by the end of the year.

But statistics, intelligence reports and interviews with Mexican and U.S. authorities over the last six months make it clear that the effort has failed to dismantle the networks or significantly slow the flow of drugs.

Scarcely a decade after Mexico took a giant step toward genuine multiparty democracy, traffickers may now pose a long-term danger to its stability. Rising chaos "requires us to change our view of the problem, that it is no longer a matter of organized crime but rather of the loss of the state," the leading newspaper El Universal said in an editorial in June.

Calderon himself acknowledged the threat last week in comments at a national security conference: "This criminal behavior is what has changed, and become a challenge to the state, an attempt to replace the state."

Mexican traffickers have increased their shipments of several types of narcotics north across the border, becoming titans of an industry that by some estimates earns \$39 billion a year, equivalent to almost 20% of the government's annual budget.

They have muscled aside competitors to gain control over shipments of most types of illegal drugs in the hemisphere: marijuana, cocaine, heroin and methamphetamine.

And they are becoming increasingly important producers, a shift from an earlier age when Mexican gangs served chiefly as smugglers for South American producers. Marijuana and poppy fields have flourished for decades in the northwestern state of Sinaloa, but now production has expanded into states from Chihuahua in the north to Oaxaca in the south. Some of the world's largest meth labs have been uncovered in Michoacan.

The Zetas and La Familia have grown into trafficking powerhouses since Calderon became president. They have altered the playing field by employing methods once unthinkable, such as beheading or dismembering rivals and then displaying the remains in squares, on street corners and in other public places.

Trafficking groups flex their muscles by hanging threatening banners from bridges, stringing up corpses or parking buses across key streets to paralyze traffic, actions that appear increasingly aimed at cowing the populace.

Drug gangs armed with military-class weapons smuggled from the United States or, as The Times has reported, left over from U.S.-backed wars in Central America now threaten or hold sway over vital industrial cities such as Monterrey. On July 15, traffickers hit another chilling milestone by detonating a car bomb in an attack on federal police officers in Ciudad Juarez, Mexico's deadliest city.

The cartels have diversified, grafting human trafficking onto their drug-smuggling routes, and padding their income with kidnapping, extortion and the movement of a wide range of contraband, including fake luxury products and exotic animals.

In large parts of Calderon's home state of Michoacan, criminal groups charge businessmen to operate, essentially usurping the government's role as tax collector. The same phenomenon occurs in states such as Tamaulipas and Coahuila on the Texas border.

This year, traffickers succeeded for the first time in shutting down major operations of Pemex, the state oil company and top source of national income.

Juan Jose Suarez Coppel, Pemex's general director, acknowledged to a congressional committee that rampant kidnapping of workers forced the closing of oil and liquid gas plants in the Burgos Basin in northeastern Mexico, among the company's most lucrative installations. Traffickers have been stealing oil for years, but the goal in this case was to halt production and control the region.

The kidnapped workers' families told The Times that state officials, prosecutors and the army have proved unable or unwilling to help; hope that their relatives will return alive diminishes daily.

The spread of drug-related chaos across Mexico can be roughly gauged by the list of places the State Department says American citizens should avoid.

Two years ago, Americans were cautioned about border cities such as Tijuana and Ciudad Juarez. But a warning issued in July includes highways around Monterrey, Mexico's third-largest city, as well as the states of Coahuila, Chihuahua and Tamaulipas along the border, Durango and Sinaloa in the northwest and Michoacan on the Pacific coast.

Gun battles have spilled into the famed resort of Acapulco. The mayor of Cancun, Mexico's top tourist destination, was arrested in May on drug-trafficking charges in the middle of his campaign for governor of the state of Quintana Roo.

An assessment of the drug threat issued early this year by the U.S. National Drug Intelligence Center said Mexican drug-trafficking organizations, or DTOs, "continue to represent the single greatest threat to the United States."

Mexican cartels, with operations in more than 2,500 U.S. cities, are the only ones working in every part of the United States, it said. They have largely displaced Colombian and Italian traffickers.

"The influence of Mexican DTOs, already the dominant wholesale drug traffickers in the United States, is still expanding," said the report, known formally as the National Drug Threat Assessment.

Cultivation and smuggling of Mexican marijuana had doubled since 2004 to an estimated 23,700 tons, it said. Production of heroin had more than quadrupled by 2008, to an estimated 41.9 tons. A separate State Department report said poppy cultivation doubled again between September 2008 and September 2009 and that cannabis production had reached its highest level since 1992.

Production of methamphetamine is also on the rise, despite the Mexican government's efforts to crimp the flow of precursor chemicals. Its availability in the United States has hit a five-year

high.

The availability of cocaine north of the border has declined, however. The U.S. drug assessment report cited several possible explanations, including major seizures by Mexico. It also cited a drop in production in Colombia and the increasing flow of cocaine to other markets.

Calderon administration officials have cited the data on cocaine as a sign they are winning the war against drug-trafficking groups, and they dispute some of the U.S. statistics on marijuana and other drug production as excessively high.

Seizure rates for marijuana and heroin have often been higher under Calderon than under his three predecessors, according to Mexican government statistics. Yet in some cases, the Calderon record is no better, and comparisons are even less favorable when adjusted for the growth in the drug market.

Mexican forces seized 74.2 tons of cocaine during Calderon's first two years in office. Without a record-setting 25.9-ton seizure in the Pacific port of Manzanillo in November 2007, the total would be about equal to the amount impounded in a similar period under Calderon's predecessor, Vicente Fox, and under Ernesto Zedillo in the mid-1990s. It is far short of the 98.6 tons seized under Carlos Salinas de Gortari in 1989 and 1990.

Only two top-ranking cartel leaders have been killed, Arturo Beltran Leyva and Ignacio "Nacho" Coronel Villarreal. But authorities are arresting more suspects, nearly 78,000 from the start of Calderon's term to January of this year. Of those, roughly 96% were street dealers, lookouts and other low-level helpers. But only about 2% were charged and convicted of a crime, according to official statistics. The rest remained in jail or were released.

The arrests have been unevenly distributed. Fewer than 1,000 of the 53,000 drug-trafficking arrests studied in a report this year by Edgardo Buscaglia, an international expert on organized crime and a legal scholar at the Autonomous Technological Institute of Mexico, involved people working for the Sinaloa cartel, the oldest and mightiest of the narco-empires.

Those figures have led many in Mexico to conclude that Calderon's government is going easy on the Sinaloa traffickers, whose leader is the country's most wanted fugitive, billionaire Joaquin "Chapo" Guzman. The motive, this argument goes, would be to reduce violence by allowing one group to essentially win. Calderon has vehemently denied favoritism.

"My government is absolutely determined to continue fighting against criminality without quarter until we put a stop to this common enemy and obtain the Mexico we want," Calderon said in a paid, two-page message in Mexican newspapers in June.

More recently, officials have countered the idea of favoritism by pointing to the killing July 29 of Coronel, a top figure in the Sinaloa conglomerate.

For now, says Guillermo Valdes, head of the secretive national intelligence agency, Mexicans will have to accept that increasing violence is inevitable.

"We have made progress in deploying forces and in slowing down the operational capacity of organized crime," he said in a rare public appearance this month. "But we have not achieved the

objective of restoring normal living conditions in regions affected by organized crime."

Officials and institutions remain under threat, particularly poorly protected small town mayors, city council members and

police chiefs in the provinces.

A day after Calderon published his defense of his crime strategy, residents in the west-central state of Nayarit were in a near panic. Recent gun battles had left more than 30 dead and rumors circulated on the Internet that schools would be targeted.

It is a threat that would once have sounded preposterous.

No longer. The governor, Ney Gonzalez Sanchez, called an end to the school year three weeks early to prevent what he called a public "psychosis."

Mexican negotiator urges climate talk compromises

It is time for the parties of the United Nations climate talks to compromise with a sense of balance in order to have positive outcome at the upcoming conference in Cancun, Mexico's top negotiator says.

Speaking during an interview with Xinhua on Thursday, Luis Alfonso de Alba, Mexico's climate change ambassador, said progress was being made in the U.N. climate talks.

That's because the parties at the Bonn gathering on Aug. 2-6 have sat down to discuss a draft text line by line since the first day, he said.

The negotiating text, drafted by the chair of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA), was a revised version based on discussions in the last session in Bonn that ended June 11.

There are "growing commitments" although the final solution "is unfortunately not going to be reached in one or two years," de Alba said.

The next round of talks in Tianjin, China in October will be the only session left before the ministerial meeting in Cancun, Mexico, which is scheduled Nov. 29-Dec. 30, the ambassador said.

"It is no longer the time to repeat national position, (and) it is no longer the time to argue infeasible options. It has come to the time to compromise, which is the only way to reach a consensus in Cancun," he said.

De Alba said he was hoping for engagement "directly in finding compromises on a number of key issues with a sense of balance" by the time the negotiators meet in China.

He said it is most important that the United States keep its commitment to move forward on climate financing and emission reductions.

"The United States is certainly in a sophisticated process of getting in time a (climate) legislation, which has not been done as well as we all expected, including the Obama administration," de Alba said, referring to the U.S. Senate's decision to abandon the bill this year.

As for emission cuts, the ambassador said "it goes first to developed countries that they should continue to lead on the efforts of reducing emission because of their own responsibilities and capabilities."

"But we are also looking for a great effort from developing countries, as they need to make contribution to this. It is not the question of the form of the outcome (in Cancun), but the impact that the meeting has on how close it will bring us to the solution," he said.

Mexico always hopes for the maximum outcome at Cancun, de Alba told reporters earlier on the day.

"What we can expect through this process of negotiation, not only in Cancun but also beyond, is that we will have a better sense of what is fair and equitable so that everybody contributes according to its own level of responsibility and capacity," he said.

Mexico extends health insurance coverage

Mexico City, Aug. 6 (Xinhua) -- Mexico extended health insurance coverage by about a million people a month in the first half of the year, said the Mexican Health Ministry on Friday.

The ministry said there are 36.8 million subscribers to the Social Health Protection System (SPSS) created in 2004. The SPSS targets Mexico's low-income population, especially those living in rural areas.

The National SPSS Commission seeks out citizens not covered by Mexico's multiple health care systems and provides them with health insurance.

According to the Health Ministry, the SPSS Catastrophic Spending Protection Fund paid out 5.1 billion pesos (789 million U.S. dollars) to subscribers in the first half of the year.

The ministry added that over 2.5 billion pesos (197 million dollars) have been spent in fighting H1N1 flu, a pandemic that brought the Mexican economy to a standstill in April and May last year.

Mexico to strengthen health cooperation with China: minister

New projects will be launched soon in health cooperation between Mexico and China, Mexico's Health Minister Jose Angel Cordova says.

In a recent interview with Xinhua, Cordova said both Mexico and China were willing to strengthen their cooperation in the health sector.

Mexico is interested in purchasing A/H1N1 flu vaccine from China and hopes to share information with China on epidemiological vigilance and human resources.

"There is a sincere friendship between the two countries and their ties will be strengthened," Cordova said.

According to the minister, Mexico has initiated a project to promote the fight against malaria and dengue -- the two common diseases in the region -- and other health causes.

Speak of last year's A/H1N1 flu epidemic, Cordova praised Mexican people for their "extraordinary" reaction during the crisis.

Advising people to stay at home and go to see the doctor once having any flu symptoms "were among the things that helped Mexico contain the crisis," Cordova said.

On the issue of drug legalization, Cordova said it is not a solution to drug problems, as it would harm the health of Mexican people and boost consumption.

"It would truly be a catastrophe," the minister said.

Drug addiction has become one of the gravest health issues in the country because of the increased access to "addictive and illegal substances," he added.

Former Mexico President Supports Legalizing Drugs

Mexico City (Reuters) - Vicente Fox, the former Mexican president who was a key U.S. ally in the war on drugs, has backed the legalization of drugs, saying prohibition has failed to curb Mexico's spiraling violence and corruption.

Fox, whose successor Felipe Calderon is mired in a bloody military campaign against powerful drug cartels, criticized the government's anti-drugs strategy on his blog, joining the ranks of other Latin American leaders who say the war on drugs is fundamentally flawed.

"Legalization does not mean that drugs are good ... but we have to see (legalization of the production, sale and distribution of drugs) as a strategy to weaken and break the economic system that allows cartels to earn huge profits," Fox wrote in a posting over the weekend.

"Radical prohibition strategies have never worked."

Violence is escalating in Mexico, where cartels earn billions of dollars a year as they battle for lucrative routes smuggling cocaine, marijuana, methamphetamine and other illegal drugs into the United States.

An estimated 28,000 people have died since late 2006, when Calderon sent soldiers and police across the country to battle drug gangs. The United States is funneling hundreds of millions of dollars into beefing up Mexico's ability to chase cartels.

Yet there are few signs Mexico has turned the corner on what may be the defining issue of Calderon's presidency. Many Mexicans now fear violence could deter business and investment, especially if it becomes more generalized.

"Although we know that many of the deaths are criminals killed by their rivals, unfortunately there are also officials, police and innocent people who have died," Fox said.

He suggested the army, which has been accused of rights abuses as they go after drug suspects across Mexico, should return to the barracks.

"They are not prepared for police work," Fox wrote.

While Calderon, like Fox a member of the conservative PAN party, opposes legalizing drugs, he has said that he supports a public debate on the issue. Since leaving office in 2006, Fox is seen as having little political influence in Mexico.

The pro-legalization position aligns Fox, once a close collaborator with former U.S. President George W. Bush, with other Latin American politicians seeking to reframe the "war on drugs" first declared by U.S-President Richard Nixon in 1971.

"Prohibitionist policies based on eradication, interdiction and criminalization of consumption simply haven't worked," Fernando Henrique Cardoso, Cesar Gaviria and Ernesto Zedillo, the former presidents of Brazil, Colombia and Mexico, wrote in a Wall Street Journal editorial last year.

Mexican president plans new money-laundering measures, open to changing drug war strategy

Mexico City (AP) — President Felipe Calderon said Tuesday he is willing to change Mexico's drug-war strategy and promised a new offensive against money laundering after hearing blistering criticism from opposition leaders.

Calderon's drug-war talks, the latest session with leaders of most of the country's opposition political parties, come as the government offensive against drug cartels is drawing more criticism. More than 28,000 people have died in drug-related violence since Calderon launched the offensive in late 2006, sending thousands of troops to drug hot spots.

"I know that the strategy has been questioned, and my administration is more than willing to revise, strengthen or change it if needed," Calderon said at the meeting. "What I ask, simply, is for clear ideas and precise proposals on how to improve this strategy."

The series of meetings started last week with Calderon calling together academics, experts and civic groups to exchange ideas on combating drugs.

For more than 3½ years, Calderon fiercely defended his policies, even as vicious cartel turf battles and attacks on police spread deep into Mexico and all along the regions bordering the United States.

He now appears more willing to discuss alternatives — even the legalization of drugs, a proposal that he personally opposes. Calderon repeated his argument again Tuesday that unilateral legalization would increase drug use and do little to reduce the cartels' income.

Some of the toughest criticism from the opposition leaders came on the subject of money laundering. An estimated \$10 billion in suspicious cash possibly linked to drug trafficking flows through Mexico annually, fueling the cartels' violence and ability to bribe officials.

"The government's strategy is not working," said Jesus Ortega, leader of the leftist Democratic Revolution Party. "I don't think there even is a strategy ... A government policy implies attacking this financial system that benefits from money laundering, and as a consequence, benefits from the violence."

While Mexico imposed tough restrictions on U.S. dollar transactions in June, limiting tourists and Mexicans without bank accounts to exchanging a maximum of \$1,500 in cash each month, critics claim little has been done to combat laundering through banks or other businesses.

"This money — millions and millions of dollars — isn't stuffed under the mattress of the drug lords or the hit men," Ortega said. "The largest part of this money, the immense majority, is in the banks and financial institutions of Mexico and the United States."

Calderon says officials from Mexico's Treasury Department and central bank are drawing up a new strategy to fight money laundering.

"I have asked that this be presented this week," Calderon said, but did not offer specific details.

The Mexican Banking Association proposed earlier this month that the government impose limits on cash transactions in pesos as well as dollars.

Association vice president Luis Pena proposed at the time that transactions conducted in cash be limited to about 50,000 pesos (\$4,000).

Calderon said Mexico has had a hard time hiring the kind of financial experts needed to fight money laundering, because wages in the private sector are higher and the risks of government service are greater.

Other political leaders at the meeting said government needs to do more to provide educational and job opportunities for youth who otherwise might lapse into drug addiction or be recruited by drug cartels.

On Tuesday, Mexican troops detained seven people counting more than 16 million pesos (\$1.2 million) in cash inside a home in northern Mexico and a gunman who was guarding the house, the Defense Department said.

The department said the gunman ran inside the house in the Monterrey suburb of Guadalupe after seeing the soldiers, who gave chase and found the other suspects.

Mexico soldiers arrest eight gunmen

Mexican soldiers say they have arrested eight heavily armed men, and seized \$US1.2 million (\$A1.31 million) in cash, and cocaine and marijuana ready to be shipped.

Soldiers chased gang suspects into a safe house in the northern city of Monterrey, where they also found communications equipment.

Monterrey is the capital of Nuevo Leon, one of six Mexican states bordering the United States, the world's most lucrative market for illegal narcotics.

Mexican Government Switches Focus On Drug War

El Paso, Texas -- A city once filled with promise attracted hundreds of thousands of migrant workers to Juarez. It was a city promising jobs, money and a better life. Instead, they are now living in a crime-ridden city dominated by drug cartel rivalry. The Mexican government admits the lack of housing and jobs is what probably led to the drug war.

In a new effort to create a dent in the drug war, Juarez residents can soon expect new housing and schools with student breakfasts. Hospital renovations, drug treatment centers, anti-violence programs and a financial support for a new orchestra are also in the works.

This Mexican government project, a city renewal effort branded "Todos Somos Juarez," comes at a cost of \$270 million.

It's been six months since the project was first introduced, and KFOX asked the people of Juarez if they've seen a difference.

Everyone declined an interview, some of them admitting they were scared of retaliation, especially since they had nothing positive to say.

KFOX then spoke to Radio La Chusma, a local El Paso band, who said they are strongly influenced by the Juarez culture. They said they understand why people don't see improvements, saying the money is in the wrong hands again.

"It's just another business. All the DEA agents, all the probation officers, everybody gets paid because of the drugs," said Ernie Tinajera, of Radio La Chusma.

One man KFOX spoke with said there are no jobs and no trust, in turn forcing people to take drug smuggling jobs where they earn more in one trip, than they do in a weeks worth of work, if they're lucky to even find work.

"It's up to the rest of the community to still support what they're trying to do and get rid of all the rest," said Selina Nevarez, of Radio La Chusma.

The Mexican government admits the death toll has not gone down since sending the federal army and more officers to the city where on average this year at least ten people are killed everyday. Radio La Chusma said the government is finally putting focus where it needs to be.

"The real community, the real people that are in charge of the city, which is the people of Juarez. The artists, musicians, the workers," said Nevarez.

Mexican president Felipe Calderon is also questioning judges and prosecutors this week on why so many murders are going unsolved.

Mexicans Continue Support for Drug War

Sense of Progress and Support for U.S. Involvement Decline

A survey of Mexico by the Pew Research Center's Global Attitudes Project, conducted April 14-May 6, finds 80% of Mexicans support using the army to fight drug traffickers, essentially unchanged from 83% in 2009.

Just over half (55%) of Mexicans say the army is making progress against the traffickers, while only 22% think it is losing ground and 21% believe things are about the same as they have been in the past.

There is also continuing support for American involvement in the battle against drug cartels, but opposition to the U.S. providing money and weapons to Mexican police and the deployment of U.S. troops in Mexico has increased.

Detailed Report/Venezuela

Chavez optimistic on Silva's help in Colombia spat

Caracas, Venezuela – President Hugo Chavez expressed optimism Friday that Brazil's president may help ease tensions between Venezuela and Colombia, and said his foreign minister will likely attend the inauguration of Colombia's new president.

Brazilian President Luiz Inacio Lula da Silva has been seeking to encourage talks between the neighbors and will attend Saturday's inauguration of Colombian President-elect Juan Manuel Santos.

Chavez cut diplomatic ties with Colombia on July 22 after its U.S.-allied government released evidence that it says shows Venezuela giving haven to Colombian rebels.

After meeting with Silva, Chavez said the Brazilian leader is going to Bogota with "a mission that we've discussed quite a bit today."

"We're very optimistic," Chavez said, declining to give details of what they discussed.

Chavez said Venezuelan Foreign Minister Nicolas Maduro will probably attend the inauguration as well. Such a visit could be a first step toward restoring dialogue, which Silva has said he hopes to promote.

Chavez has said he hopes Santos' approach is different from that of his hard-line predecessor, Alvaro Uribe.

"We're all mediating," Chavez told reporters with a smile as he walked into the meeting with Silva and former Argentine President Nestor Kirchner, secretary-general of the South American Unasur group.

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

Venezuela again stopped at Mercosur's door

Caracas, Venezuela, Aug. 6 (UPI) -- Venezuela suffered a fresh setback to its bid for full membership of Latin America's premier trading bloc, Mercosur, as a deeply politicized Paraguayan Parliament again held back on ratification necessary for the joining process.

Venezuela became a member in 2006, but its full affiliation hinges on Paraguay, the last of the four full members, fulfilling a treaty requirement and giving its go-ahead. The other three -- Argentina, Brazil and Uruguay -- voted Venezuela in earlier but, Paraguay's President Fernando Lugo faces stiff opposition in Congress as well as from his Vice President Federico Franco.

At issue is not the state of Venezuela but the political style of President Hugo Chavez. Opposition critics in Asuncion, the Paraguayan capital, see Chavez as undemocratic and fear his arrival will unravel Mercosur. Latin American visionaries see Mercosur as a mirror of the European Union and argue the entry of Chavez will be the undoing of the trade pact.

Only last week Mercosur leaders met in Argentina and pledged to work toward a full customs union as a step toward economic and political integration of the member states.

Despite strong sentiment against the populist Venezuelan leader, pragmatism prevailed in other Mercosur member countries, driven by the promise of lucrative trade with oil-rich Venezuela and its burgeoning middle and upper classes. Pragmatists argue that leaders come and go, but Venezuela's market offers major long-term opportunities.

Venezuela's entry will open its economy to merchandise and services from the four member countries as well as associates Bolivia, Chile, Colombia, Ecuador and Peru.

Senate officials said negotiations over Venezuela joining had not matured enough to justify the Congress taking the issue forward.

Franco this week reiterated he would oppose Venezuela joining Mercosur as full member but left the issue in the hands of the Senate. "My position is very clear," he said. "Everybody knows what I think of President Chavez," he added.

He said he thought it "ironic" that the well-being of Mercosur depends on the Senate of a small state like Paraguay because, he explained, the vote could be "salvaging or condemning Mercosur."

He cited what he called the Venezuelan leader's "anti-democratic attitudes" as the reason behind his opposition.

Lugo in contrast appealed to the Congress to approve Venezuela's incorporation and take account of a country with trade and investment advantages for Paraguay.

"I respect Parliament and they are free to address the issue," he said. However, logical arguments are necessary, he added, pointing out that Venezuela is a great market for foodstuff as it imports 80 percent of its needs and Paraguay as a leading exporter of grains, oil seeds and meats could fulfill some of those needs.

He called for a calm and dispassionate reassessment because, even as Chavez was in office now, what mattered more was that Venezuela would remain on the scene in the longer term.

Mercosur membership is crucial to Chavez's plans for retaining control of the Venezuelan Legislature before the Sept. 26 elections to the National Assembly. Chavez is already feeling financial pressures after the state-run Petroleos de Venezuela SA reported a major drop in earnings last year. PDVSA said its earnings in 2009 totaled \$4.49 billion, down from \$9.41 billion in 2008.

Venezuela's FM to attend inauguration ceremony of new Colombian president

Venezuela's foreign minister will attend Colombian President-elect Juan Manuel Santos' inauguration ceremony on Saturday, a move widely regarded as the first step to restore ties between the two feuding neighbors.

Tensions started to build after Venezuela severed ties with its neighbor and beefed up military deployment at the border to retaliate against Bogota's claim that its rebel militants were hiding in Venezuelan territories.

Venezuelan President Hugo Chavez Thursday said his country is ready to resume ties with Colombia and hoped Foreign Minister Nicolas Maduro's presence at the inauguration of Colombia's new president would be a turning point.

Meanwhile, Argentine President Cristina Fernandez said the ceremony could be an opportunity to discuss the spat between Colombia and Venezuela.

Many international delegations will also attend the ceremony, including leaders from Latin American countries.

Various presidents, Georgia's Mikheil Saakashvili, Costa Rica's Laura Chinchilla, El Salvador's Mauricio Funes and Honduras' Porfirio Lobo arrived in Bogota Friday to attend the inauguration ceremony.

"Colombia is a very important country, therefore I accepted the invitation and attend this historic ceremony with great pleasure," the Georgian president told local media.

Costa Rica's president highlighted Colombia's efforts against drug trafficking and expressed her confidence in the new government.

El Salvador's president expressed his gratitude for the invitation to the inauguration ceremony. "We are interested in deepening economic, political and commercial ties with this country," he said.

Haiti's Prime Minister Jean Max Bellerive also arrived Friday and thanked the Colombian people for their support after the devastating earthquake of Jan. 12.

About 5,000 guests are expected to attend Santos' inauguration ceremony on Saturday.

Santos won the second round of Colombia's presidential election on June 20 with around 70 percent of the vote.

Colombia accuses Chavez of "crimes against humanity"

Bogota - A politically connected Bogota lawyer said he has filed an international suit charging Venezuelan President Hugo Chavez with 'crimes against humanity' for alleged support of Colombian guerrillas.

Jaime Granados, personal attorney for outgoing President Alvaro Uribe, filed the claim with the International Criminal Court at The Hague, alleging evidence of guerrilla camps in Venezuelan territory.

Granados claimed that Uribe, an arch-foe of Chavez, was not behind the lawsuit, but would be called as a witness.

He said he filed the case on behalf of victims of guerrilla attacks near the common border. Granados said he had also denounced Venezuela to the Inter-American Commission on Human Rights.

The lawyer announced the moves just before Uribe's successor, president-elect Juan Manuel Santos, was to assume office Saturday.

Colombia had denounced Venezuela before the Organization of American States on July 22, presenting alleged photographic evidence in Venezuela of 1,500 combatants of the Revolutionary Armed Forces of Colombia, including a senior commander called Ivan Marquez.

Uribe's administration called for an international investigation, prompting Chavez to break off all diplomatic relations.

Uribe then ordered Colombian Attorney General Guillermo Mendoza to prepare a case to be filed in the International Criminal Court.

Hugo Chavez wants new US ambassador

Hugo Chavez, the Venezuelan President, has rejected the US ambassadorial nominee, urging Barack Obama to "look for another candidate."

Larry Palmer recently voiced concern about Cuba's growing influence in the Venezuelan military, which, he said was "considerably low" in morale and professionalism.

In written answers to a US lawmaker's questions - his nomination as ambassador must be confirmed by the Senate - Mr Palmer also said there were "clear ties" between leftist Colombian guerrillas and Mr Chavez's government.

"How can you think I'd accept this gentleman coming here? You'd best withdraw him, Obama. Don't insist, I'm asking you," said Chavez in his weekly "Alo Presidente" radio and television show.

Venezuela's foreign ministry on Thursday protested Mr Palmer's statements as "interference and interventionism" and asked the United States for an explanation before he was confirmed in his post.

Mr Palmer "can't come here as ambassador," said Mr Chavez. "He disqualified himself by breaking all the rules of diplomacy. He messed with all of us. He can't come here."

"The best thing the United States government can do is to look for another candidate," for ambassador to Venezuela, he added.

Chavez: Venezuela's economy soon to recover

Caracas, Venezuela (AP) "President Hugo Chavez expressed optimism Sunday that Venezuela is about to emerge from a recession, even describing its oil-dependent economy as robust.

Chavez suggested state television should broadcast a series of programs focusing on the strength of the economy as a way to debunk what he called erroneous predictions from analysts of more economic problems on the horizon.

"They say that Venezuela's economy is in shambles," Chavez said on his weekly television and radio program. "Our economic, social and political system is so strong ... that we've increased salaries this year despite the fall in gross domestic product."

"We are going to revive" the economy, he added.

In addition to the decline in economic output, Venezuela is struggling with the highest inflation rate in Latin America at 30.5 percent.

The economy shrank 5.8 percent in the first three months of 2010 from the same period a year earlier. It was pulled down by a 5 percent decline in the oil sector, a 6 percent decrease in the private sector and a 27.9 percent fall in private investment, Venezuela's central bank said.

That followed a 2.9 percent decline for all of 2009.

Business owners blame Chavez's socialist-oriented economic policies for the country's financial woes, arguing that government-imposed price controls, expropriations and strict currency controls are strangling the economy.

Many analysts expect the economy to remain stagnant, and Chavez's critics scoffed at the president's rosy assessment of the economy.

"There's no denying that there's an economic collapse here," said Delsa Solorzano, an opposition politician. "The president is insulting the intelligence of Venezuelans."

Solorzano attributed the nation's economic problems to "a lack of private investment, state expropriations that have led to reduced industrial and agricultural production, and terrible administration and management of our oil earnings," which accounts for approximately 32 percent of the government's budget.

"I don't see any possibility of recovery because there are not plans to change the economic policies," Solorzano said.

Colombia's Santos offers direct talks to Chavez of Venezuela

Colombia's new president has offered an olive branch to Venezuela, assuring the neighboring country that "war" was not part of his vocabulary and he was ready for talks to patch up their rift. His Venezuelan counterpart responded immediately by offering a face-to-face meeting.

Juan Manuel Santos, 58, made the diplomatic overture to Caracas in his inaugural address on Saturday, after being sworn in as Colombia's president. "I prefer a frank and direct dialogue with Venezuela, hopefully as soon as possible," Santos said after thanking countries that had offered mediation in Bogota's row with Caracas.

With Venezuelan Foreign Minister Nicolas Maduro listening from a VIP stand, Santos said talks with Caracas must evolve “within a framework of mutual respect, cooperation ... and a strong stand against crime.”

Santos, a former defence minister, said Colombia had only peaceful intentions and viewed no country as its enemy, even after Venezuela sent troops to their common border amid growing tensions.

“I don’t see enemies either in the national or international arenas,” the new president said. “The word ‘war’ is not part of my dictionary.”

In Caracas, Venezuelan President Hugo Chavez responded by saying he was ready “to turn the page” and work with Santos.

“I am full of faith, hope and desire to work with the new president of Colombia,” Chavez said in a speech broadcast on national television.

He added that if Santos could not travel to Venezuela in the next three or four days, he “will be ready to go for a meeting in Colombia.”

Maduro’s attendance at the inauguration ceremony was seen as a sign of Chavez’s willingness to repair the diplomatic relations broken off July 22, one week after Colombia accused Venezuela of harbouring leftist rebels from the Revolutionary Armed Forces of Colombia (FARC).

According to Chavez, Maduro is expected to meet his new Colombian counterpart, Foreign Minister Mariangela Holguin, in Bogota.

Santos enjoys strong support from Colombians after his 2006-2009 stint as defence minister, when he was credited with dealing FARC its worst blow in 40 years of fighting.

On March 1, 2008, then-president Alvaro Uribe and Santos ordered the military to attack a clandestine base deep in the jungle in Ecuadorean territory run by Colombian FARC guerrillas. FARC number-two Raul Reyes was killed in the raid, as well as 24 others.

Diplomatic relations with the leftist government in Quito were severed days later and have yet to be fully restored.

Santos said one of his key objectives now was to “rebuild relations with Venezuela and Ecuador and re-establish trust and the pre-eminence of diplomacy and prudence” in international relations.

Ecuador’s Correa said that Santos “can always count on our total support. We are here to ratify that unbreakable bond between our people.”

A consummate politician with a pedigree - his great uncle Eduardo Santos was president from 1938-1942 - Santos has held several top government positions, including foreign trade minister, head of the treasury department, and vice president of Congress.

An economist and father of three, Santos has announced a government of national unity that includes members of centrist and conservative parties.

He even appointed his right-wing election rival, German Vargas Lleras, as interior minister over the very public objections of the outgoing vice president.

On the domestic front, Santos will face the daunting task of pulling Colombia out of its economic quagmire, with 12-percent unemployment and a 46-percent poverty rate. As a first order of business, he has vowed to create 2.5mn new jobs during his four-year term in office.

Venezuela acquiring Russian submarines

Caracas, Venezuela, Aug. 10 (UPI) -- Venezuela is close to acquiring Russian submarines but President Hugo Chavez isn't giving anything away -- yet.

He told the audience of his populist Sunday political sermon on Venezuela's state-run radio and television the submarines that are about to join the country's armed forces would be "normal" submersibles with conventional weapons and radar technology.

"They won't have atomic bombs, I'm saying so now, so they don't accuse of us of becoming nuclear," Chavez said in a characteristic reference to Venezuela's unnamed detractors or his personal critics within the opposition.

Venezuela went on an arms shopping spree last year, spurred by a tense standoff with Colombia over what Chavez characterized as that country's covert preparations for war after it joined forces with the U.S. military to fight the drug cartels. Both Colombian and U.S. officials dismissed Venezuelan allegations, pointing out that the narcotics threat to North America justified the collaboration to control the drug cartels.

In the meantime, however, Russian aims to expand the arms market coincided with Chavez's needs and the stage was set for one of the biggest lines of credit for oil-rich Venezuela to buy Russian military hardware. Up to \$800 million of credit is available for Venezuelan arms buying in Moscow.

Critics of Chavez say the country, currently in recession, can ill afford that scale of defense spending on cash or credit. Instead, the critics want the government to channel funds or foreign capital into strengthening the economy. A combination of prolonged drought and alleged government inefficiencies plunged Venezuela into crippling power cuts through winter and spring. Substitutes for hydroelectric power generation are in the cards but not implemented yet.

Analysts said the Venezuelan purchases of Russian submarines would also solve a major problem for Russian military manufacturers who have been trying to find customers to phase out older items on their inventories. It's not clear what to make of the submarines involved but Caracas and Moscow have been in discussion over a submarine deal since 2005.

Earlier reports cited Russian interest in transferring to Venezuela at least three diesel-electric powered Project 636 Varshavianka class submarines at a cost that could run over \$1 billion.

Included in the deal would be the training of Venezuelan personnel. It isn't clear if Russian experts and trainers will be stationed in Venezuela, though analysts didn't rule out that possibility.

The Project 636 submarines, called the Kilo class by NATO, are already in the services of Chinese and Indian navies, while Russia has been busy marketing a much lighter and quieter Project 677 Lada-class submarine in Southeast Asia. The vessels are built at Admiralteyskie Verfi shipyard, St. Petersburg.

Industry experts say Russia expects to maintain a market lead in what are widely seen as relatively inexpensive submarines. More important, Russia is keen to set aside political considerations while pushing for more customers for its hardware to sustain its defense industries.

The Kilo class submersible is usually equipped with four 533mm torpedo launchers and 10 missile launchers and other equipment. The fighting machine is renowned for being able to resist heavy radio and electronic interference while in operation.

Venezuela has two German built submarines U-209 dating to the 1970s and considered unable to compete with newer rivals on the high seas.

Hugo Chávez's Twitter habit proves a popular success

Venezuelan president passes 720,000 followers as Twitter account lets public bypass bureaucrats and go straight to the top

It is known mainly for transmitting celebrity trivia and narcissism, but in the hands of Hugo Chávez Twitter has become something else: a tool of government.

Venezuela's president has harnessed the social networking and micro blogging service for his socialist revolution by encouraging the population to tweet him its concerns.

Chávez's Twitter account, [@chavezcandanga](#), has exceeded 720,000 followers after gaining a reputation as a way to bypass bureaucracy and appeal directly to the president. It gains about 2,000 followers daily.

The leftist leader ordered the establishment of a 200-strong team to process and respond to the avalanche of messages complaining about government services and requesting help.

"This telephone is close to melting. Now I am aware of many things going on here," said Chávez, brandishing his BlackBerry, during a recent televised meeting with police officials.

Sometimes Twitter bites back. Earlier this week Colombia's former president Alvaro Uribe, a regular Chávez target, tweeted from [@AlvaroUribeVel](#): "I ask President Hugo Chávez to stop being a coward hurling insults remotely."

Since signing on to the service in April, Venezuela's leader has routinely ordered ministers to attend to specific tweets. Told of an apparent mugging and kidnapping, he tweeted: "I'm telling [interior] minister Tarek [El Aissami] to investigate!! Good luck friend."

Chávez said some pleas for medical help haunted him. "These things stay with you. Sometimes I can't sleep because I think 'Oh my God!' and I start to reply and I call the ministers: 'Help me here. Locate this person.'"

The president said he has received more than 287,921 pleas for help, including 19,000 for a job, 17,000 for a house, 12,000 for credit and 7,000 for legal aid.

"It's another mechanism for contact with the public, to evaluate many things and to help many people," he said. Chávez's Twitter bio identifies him as "president of the Bolivarian Republic of Venezuela. Bolivarian soldier, socialist and anti-imperialist."

Supplicants still petition the old-fashioned way – proffering handwritten notes to Chávez at rallies – but cheap internet cafes have put many of the poor online. BlackBerries are common even in impoverished barrios.

Analysts said Twitter was a new technological twist on a familiar Latin American phenomenon in which populist leaders bypassed state institutions to pose as champions of the poor and marginalized.

"Twitter has become a fundamental instrument for Chávez," said Carlos Romero, a political analyst at the Central University of Venezuela. "It has tremendous propaganda value and is part of his charisma mechanism."

With legislative elections due next month the president, in power for more than a decade, is trying to arrest a slump in ratings amid recession, runaway inflation and high crime.

Not so long ago the former army officer decried Twitter, which has had explosive growth in Venezuela, as a tool of oligarchs and terrorists who used it to spread false information and conspire against his government.

A jailed judge and an opposition leader tweeted their plight from their cells. Students opposed to Chávez used the technology to co-ordinate protests. So politicised is Venezuela that half of the top 10 Twitter accounts are news or politics-related.

Authorities still view Twitter with suspicion – two people were recently detained for tweeting rumours about a bank failure – but Chávez's entry into the field has lifted the previous "capitalist" stigma.

He tweets about trips – "off to Brazil today" – and events such as the exhumation of the remains of Simón Bolívar, Venezuela's 19th-century independence hero and secular saint. Chávez follows seven accounts linked to a newspaper, his socialist party, cabinet colleagues and his ally Fidel Castro.

"He has joined the game and has won, at least in public relations terms," said Billy Vaisberg, the creator of the directory Twitter Venezuela. "But it's no way to run a country. You can't make decisions based on messages of 140 characters."

Vaisberg doubted Chávez wrote all his own tweets and questioned whether there really was a 200-strong team in the presidential palace. "They're trying to give an impression of modernity but you have to wonder how much is behind it. Even if they respond to your message that doesn't mean they'll find you a job or solve your problem."

The information ministry did not respond to requests to tour the Twitter centre and interview members of the team. A tweeted interview request to @chavezcandanga also went unanswered.

1 "Hey how's it going? I appeared like I said I would: at midnight. I'm off to Brazil. And very happy to work for Venezuela. We will be victorious!!"

2 "What impressive moments we have lived tonight!! We have seen the remains of the Great Bolívar! Our father who is in the earth, the water and the air ... You awake every hundred years when the people awaken. I confess that we have cried, we have sworn allegiance."

3 "The kingdom of the heavens must be built here on Earth. With the help of God and the work of all: that is Socialism!"

4 "Brother and sisters of my fatherland, the best present you can give me is to continue strengthening the Bolivarian revolution and Socialism!!"

5 "Hello Tums... of course it is possible to also help out with medicines. That's where we are going!! That's socialism!!"

Four items in Chávez-Santos agenda

Venezuelan President Hugo Chávez and Colombian President Juan Manuel Santos are to meet face to face on Tuesday at the historical city of Santa Marta, Colombia, with a compulsory agenda of at least four items.

The meeting is to take place three days after Santos' inauguration amidst high expectations of getting back relations with Venezuela and Ecuador back to normal and recover the economic momentum on one of the liveliest borders in South America.

In the opinion of experts, economic and trade issues are top in the agenda, but also political matters, including border cooperation, anti-terrorist and counternarcotics efforts, and migration.

First and foremost is bilateral trade. In 2008, it went as high as USD 7 billion, but dramatically fell down to USD 1 billion this year. Colombian businessmen hope that the potential reestablishment of relations allows resume exports and receive payment for debts of about USD 1.5 billion.

Santos is concerned about the downward trend of Colombian sales to Venezuela. This has stricken the bilateral border thus far this year. Around 20,000 people have lost their jobs and numerous businesses have closed their doors, according to the data provided by the Táchira state

chapter of the Federation of Trade and Industry Chambers (Fedecámaras).

Last June, Colombian exports to Venezuela sank by 73.7 percent, according to the Colombia's National Administrative Statistics Institute (Dane). Colombian authorities estimate losses at USD 2.5 billion a day due to the arrested trade exchange with Venezuela.

Border and politics

Another item pending in the "face-to-face" at Santa Marta is President Chávez's concern about a military agreement entered into last year by Colombia and the United States, viewed by Chávez as a threat on Venezuela's sovereignty. Colombia, for its part, argues that the legal instrument is just an extension of an old deal between Bogotá and Washington.

Bogotá's main request from Caracas over the past few years has been the fight against the guerrillas allegedly stationed in Venezuela and denounced by Santos more than once when he acted as Defense Minister. The Colombian side thinks that there is the need to renew contacts of the Binational Border Committee (Combifron) suspended in 2002 for being of the essence in anti-terrorist and counternarcotics efforts.

Venezuela praises Unasur's mediation role in Colombia row

Venezuelan Vice President Elias Jaua Wednesday praised the Union of South American Nations (Unasur) for its mediating efforts to restore Venezuelan-Colombian diplomatic ties.

He highlighted Secretary-General Nestor Kirchner's work in the feud, saying the Unasur had become an important institution to solve the new problems of Latin America.

Venezuelan President Hugo Chavez and his Colombian counterpart Juan Manuel Santos met on Tuesday and announced the restoration of bilateral ties, severed since July 22 after Bogota accused Caracas of harboring Colombian rebels.

That was the first meeting between Santos and Chavez since Santos's inauguration on Aug. 7. The meeting was hosted in San Pedro Alejandrino estate in Santa Marta, a Colombian city on the Caribbean coast.

Venezuelan ex-general who denounced Cuban influence in military faces investigation

Caracas, Venezuela (AP) — A former Venezuelan army general who has denounced growing involvement by Cuban troops in President Hugo Chavez's military appeared before prosecutors Wednesday to respond to charges of insulting the armed forces and revealing military secrets.

Retired Brig. Gen. Antonio Rivero was once the government's emergency management director, but he grew concerned about what he saw as growing Cuban influence in the military and retired early in protest over that and other issues.

He now faces accusations that carry a possible penalty of up to 10 years in prison.

Rivero said after the arraignment hearing before military prosecutors that he was barred from discussing details of the case while the investigation proceeds. He has not yet been formally charged.

In a telephone interview Tuesday night before the hearing, he said: "I'm totally innocent. ... I'm going to face it because I'm convinced that I haven't committed any crime, and I'm doing it simply for the good of my country."

Rivero has become a political opponent of Chavez since leaving the military and is running for a National Assembly seat in September elections. Some government opponents call the case against him one more attempt to silence a government critic through the courts.

Rivero has denounced what he calls a "passive invasion" by Cuban soldiers, saying their influence goes far beyond what should be permitted. He has said Cuban officers participated in high-level military meetings, trained snipers, gained detailed knowledge of communications and advised the military on underground bunkers built to store and conceal weapons.

Rivero has expressed concern the Cuban advisers now know where the Venezuelan military stores weapons and where its command offices are. He also has said the Cubans have been helping with a digital radio communications system for security forces, meaning they have sensitive information on antenna locations and radio frequencies — knowledge that could be used to help secure the status quo in Venezuela in the future.

Among other issues that bother the 49-year-old career soldier is what he calls the "politicization" of the military, including the slogan that soldiers now repeat when saluting: "Socialist homeland or death!" Rivero also condemns Chavez's enlistment of supporters in a growing civilian militia and says it's improper for the president, a civilian, to wear a military uniform as he often does.

Rivero's lawyer, Guillermo Heredia, said his client hasn't insulted the military or revealed anything that isn't already public knowledge.

"Soldiers who retire have the right to give their opinions about things in the country, and to denounce things they consider abnormal," Heredia told reporters after the closed hearing.

Military prosecutors did not immediately comment on the case.

Chavez, who views Fidel Castro as a "father" and mentor, has acknowledged that Cuban troops are teaching his soldiers how to repair radios in tanks and to store ammunition, among other tasks. He has declined to elaborate on the military assistance, saying everything his close ally does help strengthen Venezuela.

Cuban officials have dismissed claims of undue influence in Venezuela, saying the vast majority of Cubans working in the country are assigned to medical, education, sports and cultural programs. Other Cubans have been working on software for Venezuela's passport and identification-card systems.

Venezuela, in turn, is Cuba's largest trading partner and provides more than 100,000 barrels of oil a day in exchange for social services such as the Cuban doctors who see patients in free neighborhood clinics.

News Sources

Argentina

<http://www.agrimoney.com/news/high-prices-lift-hopes-for-argentinas-wheat-crop--2078.html?>

<http://www.bloomberg.com/news/2010-08-06/china-may-soon-lift-restrictions-on-argentine-soybean-oil-ambassador-says.html?>

<http://www.tbpetroleum.com.br/news/see/id/17552/titulo/argentina-inks-deal-to-build-gas-pipeline-from-bolivia-to-salta?>

Names of consulted News Agencies/Argentina

Agri-Money

Bloomberg

TB Petroleum

News Sources

Brazil

<http://www.abs-cbnnews.com/global-filipino/world/08/08/10/paraguays-president-seek-cancer-treatment-brazil?>

http://axisoflogic.com/artman/publish/Article_60885.shtml?

<http://www.bloomberg.com/news/2010-08-10/brazil-s-finance-ministry-raises-2010-2014-gdp-forecast-to-5-7-from-5-5-.html?>

http://english.eluniversal.com/2010/08/06/en_pol_esp_lula-to-address-the_06A4306373.shtml?

<http://english.people.com.cn/90001/90777/90856/7096721.html?>

<http://english.people.com.cn/90001/90777/90852/7096695.html?>

<http://english.people.com.cn/90001/90777/90852/7096662.html?>

<http://english.people.com.cn/90001/90777/90852/7099738.html?>

<http://www.foxnews.com/world/2010/08/09/brazilian-government-says-amazon-deforestation-sharply-june-continuing-recent/?>

Names of consulted News Agencies/Brazil

ABS-CBN News

Axis of Logic

Bloomberg

El Universal (English)

Fox News

People (English)

News Sources

Chile

<http://english.people.com.cn/90001/90777/90852/7097275.html>

<http://english.people.com.cn/90001/90777/90852/7099767.html?>

<http://www.ipsnews.net/news.asp?idnews=52406>

http://thestar.com.my/news/story.asp?file=/2010/8/9/worldupdates/2010-08-09T081454Z_01_NOOTR_RTRMDNC_0_-507016-2&sec=Worldupdates

Names of consulted News Agencies/Chile

IPS News

People (English)

The Star

News Sources

Colombia

<http://www.bbc.co.uk/news/world-latin-america-10904788?>

http://english.eluniversal.com/2010/08/06/en_pol_esp_us-government-to-sup_06A4307219.shtml?

http://english.eluniversal.com/2010/08/09/en_pol_art_uribe-uses-twitter-t_09A4316611.shtml?

http://english.eluniversal.com/2010/08/10/en_pol_esp_chavez-wants-to-buil_10A4320291.shtml?

<http://english.people.com.cn/90001/90777/90852/7099752.html?>

<http://english.people.com.cn/90001/90777/90852/7099738.html?>

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=379147&version=1&template_id=43&parent_id=19

<http://www.ipsnews.net/news.asp?idnews=52434>

http://www.monstersandcritics.com/news/americas/news/article_1576785.php/Venezuela-Colombia-look-to-patch-up-relations?

http://news.xinhuanet.com/english2010/china/2010-08/07/c_13434518.htm?

<http://english.pravda.ru/news/world/11-08-2010/114562-Venezuela-0>

Names of consulted News Agencies/Colombia

BBC

El Universal (English)

Gulf-Times

IPS News

Monster and Critics

People (English)

Pravda News

Xinhua Net

News Sources

Mexico

<http://abcnews.go.com/International/wirestory?id=11361089&page=2>

<http://english.people.com.cn/90001/90777/7096858.html>

<http://english.people.com.cn/90001/90776/90883/7097262.html?>

<http://www.foxnews.com/world/2010/08/10/mexican-president-plans-new-money-laundering-measures-open-changing-drug-war/?>

<http://www.kfoxtv.com/news/24603842/detail.html?>

<http://www.latimes.com/news/nationworld/world/la-fg-mexico-cartels-20100808,0,361156.story?page=2>

http://news.xinhuanet.com/english2010/health/2010-08/07/c_13434094.htm?

www.pewresearch.org

www.pewglobal.org

<http://www.watoday.com.au/breaking-news-world/mexico-soldiers-arrest-eight-gunmen-20100811-11yii.html>

Names of consulted News Agencies/Mexico

ABC News

Fox News

K Fox TV

Los Angeles Times

People (English)

Pew Research Organization

WA Today Australia

Xinhua Net

News Sources

Venezuela

<http://english.people.com.cn/90001/90777/90852/7096917.html>

http://english.eluniversal.com/2010/08/10/en_pol_esp_four-items-in-chavez_10A4318333.shtml?

<http://english.people.com.cn/90001/90777/90852/7102743.html?>

<http://www.foxnews.com/world/2010/08/11/venezuelan-ex-general-denounced-cuban-influence-military-faces-investigation/>

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=378988&version=1&template_id=43&parent_id=19

<http://www.guardian.co.uk/world/2010/aug/10/hugo-chavez-twitter-venezuela?>

http://www.monstersandcritics.com/news/americas/news/article_1576069.php/Colombia-accuses-Chavez-of-crimes-against-humanity?

http://news.yahoo.com/s/ap/20100806/ap_on_re_la_am_ca/lt_venezuela_brazil_colombia?

http://newsok.com/chavez-venezuelas-economy-soon-to-recover/article/feed/179930?custom_click=rss

<http://www.telegraph.co.uk/news/worldnews/southamerica/venezuela/7933770/Hugo-Chavez-wants-new-US-ambassador.html?>

http://www.upi.com/Top_News/Special/2010/08/06/Venezuela-again-stopped-at-Mercosur-door/UPI-60711281118533/

http://www.upi.com/Business_News/Security-Industry/2010/08/10/Venezuela-acquiring-Russian-submarines/UPI-75881281471976/

Names of consulted News Agencies/Venezuela

EL Universal (English)

Fox News

Gulf Times

Guardian UK

Monster and Critics

News OK .com

People (English)

Telegraph News UK

UPI News

Yahoo News